

Raising the bar



Many investors rely on an advisor to help them achieve their financial objectives. In this relationship, the client expects **knowledgeable, unbiased advice** that is consistent with his or her financial circumstances, investment needs, investing experience and tolerance for risk. Our Client Relationship Model (CRM) builds on a statutory duty of care for advisors to act fairly, honestly and in good faith.

We revised the CRM proposals to clarify existing advisor obligations, including the need to manage conflicts of interest, and to impose enhanced disclosure guidelines relating to compensation practices, fees and account performance, as well as enhanced suitability assessment requirements.

We are moving forward on other initiatives related to suitability, including changes to enhance our compliance and enforcement efforts, as well as a stronger focus on suitability issues relating to seniors.

Registration, proficiency and titles

Investors need to have confidence in the quality, integrity and professionalism of IIROC-regulated firms and their IIROC-approved staff. In the past year, we increased our focus on higher-risk applications by individuals where “fit and proper” issues were raised. Our Registration staff made almost 350 recommendations to impose terms and conditions on individual approvals this past year. Further, staff have increased their efforts to review firms’ internal recruitment and hiring policies and procedures and conducted a mini sweep of higher-risk firms to ensure that they have the required supervisory personnel approved under IIROC rules.

IIROC sets proficiency standards for approved individuals and reviews these standards to ensure they continue to reflect current marketplace realities and investor needs. This year, we surveyed our member firms and identified a number of proficiency improvements that IIROC will be pursuing with the firms and CSI Global Education Inc. in the coming year.



We conducted a survey to better understand the use of titles and designations by approved individuals at IIROC-regulated firms, in response to the proliferation and use of various titles and designations. These results will provide insight into firm policies and procedures relating to titles and designations, including applicable approval and compliance processes. The survey results will help us determine the appropriateness of regulatory oversight and/or guidance in this area.

In order to help investors more easily access background information on IIROC-approved individuals employed by investment dealers under our regulation, we launched the IIROC *AdvisorReport* service. This online search and report-generating tool supports informed decision-making by investors by providing them with information about the services that individuals have been approved to offer, their work and education history, as well as a record of any disciplinary actions. In the seven months after the service's launch, more than 43,000 IIROC *AdvisorReports* were generated in fiscal 2010–11.

Focusing on fixed income

Over the past year, we have focused regulatory resources on the oversight of the large and growing Canadian fixed-income market.

Our increased focus reflects the importance of this market to institutional and retail investors alike and the reduced level of transparency in the Over-the-Counter fixed-income markets compared to the market for listed equities.

Our new fair pricing rule for fixed-income and other OTC securities, which was adopted in final form this year, sets out clear standards to ensure that prices paid or received by clients are fair and reasonable and that there is clear disclosure of whether a commission was paid in relation to the transaction.

Registration Activity

Actions involving individual registrants for the 12 months ended March 31, 2011

Applications for registration	3,759
Amendments to registration status	5,688
Total	9,447

Onsite Compliance Reviews of Firms by IIROC Compliance Teams

for the 12 months ended March 31, 2011

