

NEWS RELEASE

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For further information, please contact:

Andrea Zviedris
Manager, Media & Public Affairs
416-943-6906
azviedris@iiroc.ca

Clarifying use of automation for IIROC-regulated OEO investment firms

August 28, 2019 (Toronto, ON) – The Investment Industry Regulatory Organization of Canada (IIROC) today published [guidance](#) to clarify how Order Execution Only (OEO) investment firms may use automation in their approval process for opening certain accounts.

“IIROC supports firms using technology that enhances the client experience and generates operational efficiencies as long as investor protection and market integrity are not compromised,” says Irene Winel, IIROC’s Senior Vice-President, Member Regulation & Strategy.

Today’s guidance responds to feedback from some firms during an [extensive consultation](#). Specifically, OEO firms expressed uncertainty about whether they can use automation to approve new accounts. IIROC clarifies how firms can use automation in approving new basic trading accounts. Where automation is used, responsibility remains with the firm and/or the Supervisor for ensuring they meet IIROC requirements. Such responsibility cannot be abdicated to the technology, such as an algorithm.

“Moving forward, IIROC intends to continue to apply flexibility as appropriate and clarify IIROC requirements to help industry participants reduce unnecessary costs and pursue innovative ideas while preserving investor protection and choice,” adds Winel.

Among other steps recently taken to increase regulatory efficiency:

- IIROC published its [Dealer Member Rules in plain language](#), removing duplicative and obsolete requirements, so that firms could better understand and interpret the regulator’s expectations and objectives.
- IIROC clarified the use of [e-signatures](#), confirming that firms have the flexibility to choose whether an accepted signature may be wet or electronic.

About IIROC:

IIROC is the national self-regulatory organization that oversees all investment dealers and their trading activity in Canada's debt and equity markets. IIROC carries out its regulatory responsibilities through setting and enforcing rules regarding the proficiency, business and financial conduct of more than 170 Canadian investment dealer firms and their more than 29,000 registered employees, the majority of whom are commonly referred to as investment advisors. IIROC also sets and enforces market integrity rules regarding trading activity on Canadian debt and equity marketplaces.

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