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October 21, 2002

## FAIR DEALING MODEL

The Ontario Securities Commission has released its Fair Dealing Model available on its new interactive website at <http://osc.electramedia.com/>.

The IDA encourages Members to consult with others at your respective firms and comment on the initiatives proposed. We would also appreciate receiving a copy of your comments in order to better determine the issues that need to be addressed in the IDA response. The IDA understands that the OSC has received a great deal of positive feedback from individual investors.

The OSC has said that the Fair Dealing Model is a blueprint for major reform of the regulation of retail financial services.

It is difficult to encapsulate all the initiatives outlined in the Fair Dealing Model as set out in the website. The OSC does not propose to issue a Concept Paper on the Model until year-end. As a result, the IDA suggests that Members review the website for a comprehensive understanding of how the OSC proposes changes to the regulation of the service provider/investor relationship.

Some of these changes being considered by the OSC include:

- Replacing the existing New Client Application Form with a new 14-page Fair Dealing Document, which articulates all aspects of the relationship chosen by the investor. It provides information, defines services, sets rates and captures the investor's approach to risk. It must be fully understood by the investor, agreed to formally by both parties and revised and revisited regularly. This new form would replace all existing NCAFs.
- More complete information on how service providers are compensated and the possible regulation of compensation in order to manage perceived conflicts of interest.
- A shift from the regulatory focus on products and transactions to advice and relationships and the principles that apply to these relationships.
- The recognition of rights and responsibilities on both the part of the investors and the service providers.
- Replacing current registration categories with a single service provider license which makes no distinction between trading and advising.

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