

## MEMBER REGULATION



INVESTMENT DEALERS  
ASSOCIATION OF CANADA

# notice



ASSOCIATION CANADIENNE DES  
COURTIERS EN VALEURS MOBILIÈRES

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**MR0359**

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**ATTENTION:**

Ultimate Designated Persons  
Chief Financial Officers  
Panel Auditors

**Distribute internally to:**

- Corporate Finance
- Credit
- Institutional
- Internal Audit
- Legal & Compliance
- Operations
- Registration
- Regulatory Accounting
- Research
- Retail
- Senior Management
- Trading desk
- Training

### **Revised Guidelines for 90-Day Training Program**

The Basic Proficiency Subcommittee of the IDA's Education and Proficiency Committee has developed new guidelines for the 90-Day Training program required for Registered Representatives under Policy 6, Part I, A. 3. This updates the previous guidelines issued in Bulletin 2105.

The Subcommittee has done a thorough review of the 90-day program requirement. It created a working group composed of over 20 practitioners from several member firms and CSI staff. Based on the input from the working group, the Education and Proficiency Committee has revised the guidelines for the 90-day program. The overall length of the program, and time allocated to the major themes have not changed from the previous guidelines. The new guidelines do provide suggested sub-topics which reflect changing industry trends, practices and products.

Firms are responsible for overseeing and administering the 90-day program and ensuring that their representatives have completed the program. CSI offers a optional on-line program that incorporates the new guidelines.

**IDA 90-day Program**  
**Revised Curriculum and Time Allocation**

	<b>Topic</b>	<b>Time</b>
<b>Ch. 1</b>	<b>General Background</b>	<b>1 week</b>
1.1	Overview of the Financial Services Industry and the Securities System	
1.2	Your Positioning in Financial Services	
1.3	Capital Markets and the Economy	
<b>Ch. 2</b>	<b>Product Knowledge</b>	<b>4 weeks</b>
2.1	Fixed-Income Products	
2.2	Equities	
2.3	Derivatives & Hybrid Securities (income trusts, PPNs etc.)	
2.4	Mutual Funds and Other Managed Products	
2.5	Proprietary Products and Accounts	
<b>Ch. 3</b>	<b>Portfolio Planning</b>	<b>3 weeks</b>
3.1	Basic Financial Planning	
3.2	Tax and Retirement Planning	
3.3	Portfolio Theory and Asset Allocation	
3.4	Firm Specific Planning Programs & Services	
<b>Ch. 4</b>	<b>Operations and Administration</b>	<b>2 weeks</b>
4.1	Accounts and Client Records	
4.2	Transactions and Settlement Procedures	
4.3	Margin & Credit Policies	
4.4	Commissions/Compensation/Fees	
4.5	Firm Structure	
4.6	Systems & Technology	
<b>Ch. 5</b>	<b>Communication Training</b>	<b>2 weeks</b>
5.1	Client Communication	
5.2	Prospecting/Marketing	
5.3	Selling/Communication Skills	
5.4	Relationship Management/Practice Management	
<b>Ch. 6</b>	<b>Standards of Conduct &amp; Practice</b>	<b>1 week</b>
6.1	Code of Ethics & Standard of Conduct	
6.2	Compliance Rules and Regulations	
6.3	Compliance Procedures	
6.4	Know Your Client/ Suitability	
6.5	New & Pending legislation/ regulation	
6.6	Broker Liability/Complaint Processes & Penalties	

*IDA 90-day Program  
Topics and Learning Objectives*

**Chapter 1: General Background (1 week)**

1.1 Overview of Financial Services and the Securities System

By the end of this lesson, the IA should be able to:

- Discuss the evolution of the financial services industry and the securities industry.
- Discuss current issues and trends in the industry.
- Describe the various institutions and organizations involved in the securities system.

1.2 Your Positioning in Financial Services

By the end of this lesson, the IA should be able to:

- Describe the role, registration and proficiency requirements for their position and those of their competitors and colleagues.
- Describe the size, activities and profitability of the securities industry.
- Describe the position and competitive advantages of the IA's firm in the industry.
- Explain the role of the IA at the firm.

1.3 Capital Markets and the Economy

By the end of this lesson, the IA should be able to:

- Discuss the various economic principles that impact the capital markets and the economy, such as GDP growth, inflation, interest rates, unemployment, and the exchange rate.
- Discuss the relationship between risk and return.
- Discuss the purpose and impact of monetary and fiscal policy.
- Apply these economic principles when providing recommendations to their clients.

## Chapter 2: Product Knowledge (4 weeks)

### 2.1 Fixed-Income Products

By the end of this lesson, the IA should be able to:

- Describe in detail the various fixed-income products available.
- Explain and predict the impact of the factors that affect bond prices and yields, including the term structure of interest rates, duration, immunization and convexity
- Calculate the various types of bond yields as well as bond prices.
- Discuss the various factors that should be considered when selecting the appropriate fixed-income product for clients.
- Compare and contrast passive fixed-income portfolio management with active fixed-income portfolio management.

### 2.2 Equities

By the end of this lesson, the IA should be able to:

- Describe the characteristics, risks and advantages of equity products currently available.
- Discuss and use various stock selection and valuation techniques and models.
- Research and evaluate a company, read and interpret analysts' research reports including the assumptions and valuation approach used.
- Discuss the various factors that should be considered when selecting the appropriate equity product for clients.

### 2.3 Derivatives & Hybrid Securities

By the end of this lesson, the IA should be able to:

- Describe the features of derivatives and explain the use of various option and futures strategies.
- Explain the characteristics of the various types of options and futures and describe the mechanics of trading.
- Calculate the value of an option.
- Describe the characteristics of income trusts, closed-end funds, ETFs and other structured products such as PPNs.
- Discuss the various factors that should be considered when selecting the appropriate derivative or hybrid product for clients.

### 2.4 Mutual Funds and Other Managed Products

By the end of this lesson, the IA should be able to:

- Explain how open-end mutual funds operate and the process and calculations used to buy and sell units.
- Describe the features, fees charged, objectives and risks of the various types of mutual funds.
- Evaluate a fund for inclusion in a client's portfolio based on appropriate criteria including rate of returns, fund objectives and client objectives, needs and risk tolerance.
- Describe the characteristics and uses of hedge funds and explain when they would be appropriate in a client's portfolio.

## 2.5 Proprietary Products and Accounts

By the end of this lesson, the IA should be able to:

- Describe the features and characteristics of the IA's firm-specific products and accounts including proprietary structured products, wrap accounts, managed accounts, and fee-based accounts.
- Describe other services offered to the client by the firm (such as access to research on the internet, financial planning tools for the client, etc.).
- Compare the firm's proprietary products to the proprietary products available from other firms in the industry.

## **Chapter 3: Portfolio Planning (3 weeks)**

### 3.1 Basic Financial Planning

By the end of this lesson, the IA should be able to:

- Identify and collect all the appropriate information about a client's financial situation.
- Calculate a net worth statement and a cash flow statement.
- Evaluate the requirements and savings needed for insurance and post-secondary education of the client's children.
- Develop a financial plan based the information collected, make appropriate investment recommendations and recognize when expert advice needs to be sought.

### 3.2 Tax and Retirement Planning

By the end of this lesson, the IA should be able to:

- Explain the different ways that investment income can be taxed and calculate the after-tax income from the various types of investments.
- Recommend appropriate tax-reducing strategies.
- Explain the different sources of retirement income that are available to a client, including RRSPs, company plans and government plans.
- Evaluate a client's retirement needs and determine what they need to save in order to make up any shortfall in meeting their goals.

### 3.3 Portfolio Theory and Asset Allocation

By the end of this lesson, the IA should be able to:

- Describe the portfolio management process including the role diversification plays in an overall portfolio strategy.
- Describe the basic features of the efficient frontier and the Capital Asset Pricing Model (CAPM).
- Describe the various market efficiency theories and the various asset allocation techniques.
- Develop an investment policy statement for a client applying the concepts of market efficiency, portfolio management and international investing, while taking the client's objectives, risks and constraints into account.
- Explain the various measures of risk and their use in performance measurement.

### 3.4 Firm Specific Planning Programs & Services

By the end of this lesson, the IA should be able to:

- Describe the features and characteristics of the IA's firm-specific financial planning tools and services offered.
- Compare the firm's proprietary planning products and services to the proprietary tools and services available from other firms in the industry.

## **Chapter 4: Operations and Administration (2 weeks)**

### 4.1 Accounts and Client Records

By the end of this lesson, the IA should be able to:

- Describe the various types of accounts available to a client.
- Describe the procedure for opening accounts, the information required and explain the significance of the Know Your Client obligation and the reason behind the collection of specific information.
- Explain when and why certain client documents are required and outline the procedure to be followed to ensure the necessary documents are filed at the branch and updated on a timely basis.
- Identify the need for specific trading authorizations.
- Describe and implement the account transfer procedures.

### 4.2 Transactions and Settlement Procedures

By the end of this lesson, the IA should be able to:

- Explain the role of clearing corporations and depository services.
- Explain the processes of the clearing services and rules regarding CDS and over-the-counter trade settlements.
- Describe trade processing flow and correctly perform all order entry procedures.
- Describe the types of reports that are generated when an order is executed and filled and use these reports (e.g., the commission report) to ensure that trades are processed accurately and correct any errors if necessary.

### 4.3 Margin & Credit Policies

By the end of this lesson, the IA should be able to:

- Explain the regulatory minimum and firm-specific cash and margin account rules.
- Calculate the margin requirements for a client's account.

### 4.4 Commissions, Compensation and Fees

By the end of this lesson, the IA should be able to:

- Explain the schedule of compensation available to the IA.
- Calculate the compensation earned on all products, services and accounts.
- Explain, and calculate any other firm fees charged to the client.

### 4.5 Firm Structure

By the end of this lesson, the IA should be able to:

- Describe the structure of the IA's firm.
- Contact the appropriate department for help with any issues that arise, such as underwriting, trading, research, portfolio management, operations, treasury/finance, accounting, credit and compliance and administration.

4.6 Systems & Technology

By the end of this lesson, the IA should be able to:

- Describe the order entry, execution and confirmation process and documents.
- Access and optimize the use of systems resources and software programs available for working with the client, and create professional investment solutions documents and presentations (e.g. programs to help determine suitability of instruments, create a financial plan, proposed asset allocation, and record client notes).
- Access and utilize any client contact software to record and set up meetings, phone conferences.
- Explain the process of downloading and uploading client data to the internet and describe what information is available to the client on the internet.



## **Chapter 5: Communication Training (2 weeks)**

### 5.1 Client Communication

By the end of this lesson, the IA should be able to:

- Apply the rules and guidelines regarding external communication to create and approve appropriate print and internet marketing materials.
- Apply the rules regarding the use of business titles, professional associations and memberships on business cards and marketing materials.

### 5.2 Prospecting and Marketing

By the end of this lesson, the IA should be able to:

- Develop a plan and process for effective prospecting which may include cold calling, client referrals and direct mail.
- Conduct persuasive prospecting calls that result in new appointments.
- Identify the appropriate target or niche markets for prospecting and develop an effective marketing plan to reach those markets.

### 5.3 Selling/Communication Skills

By the end of this lesson, the IA should be able to:

- Prepare and deliver effective written and oral presentations to clients and facilitate promotional seminars.
- Uncover the unique investment needs and objectives of a client through advanced question asking skills and techniques, as well as observed client behaviour.
- Present investment solutions in an influential manner.
- Secure the client's commitment to recommended investment solutions.

### 5.4 Relationship Management/Practice Management

By the end of this lesson, the IA should be able to:

- Describe the elements of a successful business plan.
- Develop a personal business plan for the practice.
- Build effective rapport with all different types of customer personalities.
- Effectively manage the team in the practice.

## **Chapter 6: Standards of Conduct & Practice (1 week)**

### 6.1 Code of Ethics & Standards of Conduct

By the end of this lesson, the IA should be able to:

- Explain the importance of ethics in the securities industry and be able to use the Standards of Conduct and the Code of Ethics to guide his/her behaviour as an IA, both with clients and colleagues.
- Describe the consequences of not dealing ethically with clients.

### 6.2 Compliance Rules and Regulations

By the end of this lesson, the IA should be able to:

- Describe the structure, principles and rules of Canadian securities industry regulation.
- Explain the penalties that can be applied by regulators for contravention of rules.
- Discuss the role of the SROs, the provincial regulators, CIPF and limits of CIPF coverage.
- Describe the takeover bid process and relevant takeover legislation, including insider and issuer bids.

### 6.3 Compliance Procedures

By the end of this lesson, the IA should be able to:

- Comply with the rules and regulations specified by the firm.
- Follow the procedures specified by the firm to meet all compliance obligations.

### 6.4 Know Your Client/Suitability

By the end of this lesson, the IA should be able to:

- Explain the importance of the Know Your Client rule and suitability in dealings with clients.
- Discuss the role suitability plays in the IA-client relationship.
- List and recognize investment attributes that should first be considered when determining whether a proposed trade is suitable.

### 6.5 New & Pending Legislation/Regulation

By the end of this lesson, the IA should be able to:

- Knowledgeably discuss and explain the impact of new and pending legislation and regulation.

### 6.6 Broker Liability/Complaint Processes & Penalties

By the end of this lesson, the IA should be able to:

- Identify the contractual, civil and fiduciary obligations an IA has to a client.
- Identify issues with clients that could potentially lead to liability and recognize the potential costs involved.
- Determine the correct course of action to avoid liability.
- Explain the procedures to follow if a client has filed a complaint.
- Explain what recourse a dissatisfied client has including arbitration and litigation.