

# CRM - Status update

IIROC FAS Conference

September 11, 2015

# CRM - Status update

## Agenda

- Status of exemption requests relating to the 2015 CRM2 rule amendments
- Exemption requests we expect to receive relating to the 2016 CRM2 rule amendments

## CRM - Status update

### 2015 CRM Rule Amendment Exemption Requests

- Requests to be exempted from the new “Report on client positions held outside the Dealer Member”
  - \* 46 Dealer Member applications
  - \* 9 of these applications were considered at the June 25<sup>th</sup> Board meeting; the remaining 37 were considered yesterday by the Board

## CRM - Status update

### 2015 CRM Rule Amendment Exemption Requests

- Requests to be exempted from the new “Report on client positions held outside the Dealer Member” [continued]
  - \* IIROC staff performed reviews of these applications to:
    - \* determine whether each application met all of the “general exemption conditions”
    - \* determine whether the rules Dealer Members requested being exempted from were rule that IIROC supported granting relief from
    - \* assess the business case provided by the applicant where off-book business line “exceptions” were requested

## CRM - Status update

### 2015 CRM Rule Amendment Exemption Requests

- Requests to be exempted from the new “Report on client positions held outside the Dealer Member” [continued]
  - \* IIROC staff then prepared and submitted a staff memo to the board that included:
    - A summary of the exemption requests received (including key statistics relating the each applicant’s off-book holdings)
    - A classification of each exemption request as a “clean” or “exception” exemption request
    - Staff recommendations regarding each exemption request

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### 2015 CRM Rule Amendment Exemption Requests

- Requests to be exempted from the new “Report on client positions held outside the Dealer Member” [continued]
  - \* Of the total of 46 applications:
    - \* 36 were classified as “clean” applications
    - \* 10 were classified as “exception” application
  - \* Of the 10 exception applications:
    - \* 1 had material off-book holdings
    - \* 9 were requesting to be able to retain compensation earned on one or more off-book business lines

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### 2015 CRM Rule Amendment Exemption Requests

- Requests to be exempted from the new “Report on client positions held outside the Dealer Member” [continued]
  - \* The results are the Board approved:
    - \* an exemption order for all 36 “clean” applications
    - \* an exemption order for the 1 Dealer Member with material off-book holdings whereby the firm will be exempted at a future date when they can prove to IIROC staff that they have immaterial off-book holdings
    - \* some, but not all of the requests to be able to retain compensation earned on one or more off-book business lines

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### 2015 CRM Rule Amendment Exemption Requests

- Requests to be exempted from the new “Report on client positions held outside the Dealer Member”
  - \* The most noteworthy exceptions granted as with respect to the off-book RDSP and RESP business lines; these exceptions will also be offered to those applicants who submitted a “clean” exemption application
  - \* Specific exemption orders will be issued within the next couple of weeks



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### **2015 CRM Rule Amendment Exemption Requests**

- Requests to be exempted from the new “Report on client positions held outside the Dealer Member”
  - \* Given the number and significance of the exemption requests granted we will issue a notice summarizing the exemptive relief that been granted

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### 2016 CRM Rule Amendment Exemption Requests

- Starting to receive applications relating to the 2016 CRM2 requirements
- Two types of requests are:
  - \* Requests for futures accounts to be exempted from the annual performance reporting requirements
  - \* Requests for “custodial” accounts to be exempted from both the suitability obligation and the annual performance reporting requirements