



Reference Document for:

Appendix 1: Director Competency Profile

Appendix 2: Executive Competency Profile

Appendix 3: Ultimate Designated Person (UDP) Competency Profile



Director, Executive and UDP Competencies

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From a regulatory perspective, the competencies for highly competent and compliant Directors/Executives/UDPs at a minimum include the following:

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1	Understand and apply the following as applicable: <ul style="list-style-type: none">I. Role of securities regulators, SROs and applicable lawsII. Role of other financial regulators and lawsIII. Dealer Member business models and related areasIV. Offering and distribution of securities	2	Understand and apply the following as applicable: <ul style="list-style-type: none">I. Corporate governanceII. Ethics
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3	Understand and apply the following as applicable: <ul style="list-style-type: none">I. DutiesII. LiabilitiesIII. Defences	4	Understand and apply the following as applicable: <ul style="list-style-type: none">I. Risk managementII. Significant areas of riskIII. UDP responsibilities* <p style="text-align: right;">*Note that this competency applies only to UDPs</p>



1. General Regulatory Framework		
SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable	BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply and ensure compliance
I. Role of securities regulators, SROs and applicable laws	<p>Directors/Executives/UDPs</p> <ul style="list-style-type: none"> • Securities Regulators, Marketplaces/Exchanges and SRO <ul style="list-style-type: none"> ○ Canadian Securities Administrators (CSA) and provincial securities regulators, including: <ul style="list-style-type: none"> ▪ Jurisdiction ▪ Mandate and objectives ▪ Governance structure ▪ Legislation ▪ National Instruments (NI) and Multilateral Instruments (MI), National policies and Staff Notices ▪ Distinctions between provincial regulatory frameworks ▪ Enforcement powers ○ Role and authority of marketplaces/exchanges in the securities industry, including: <ul style="list-style-type: none"> ▪ Toronto Stock Exchange (TSX) ▪ Montréal Exchange ▪ Alternative Trading Systems (ATS) ▪ Other major foreign markets, including the National Association of Securities Dealers Automated Quotations exchange (NASDAQ) and the New York Stock Exchange (NYSE) 	<p>Directors/Executives/UDPs</p> <ul style="list-style-type: none"> • Stay up to date with knowledge and understanding of all relevant business, industry and regulatory developments • Ensure that firm policies, procedures and structure remain current and reflective of business, industry and regulatory developments • Ensure that an internal monitoring system is in place to identify regulatory changes and corresponding impacts to the organization



1. General Regulatory Framework		
SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable	BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply and ensure compliance
	<ul style="list-style-type: none"> ○ Investment Industry Regulatory Organization of Canada (IIROC), including: <ul style="list-style-type: none"> ▪ Jurisdiction ▪ Recognition orders and delegated authorities ▪ Mandate and objectives ▪ Enforcement powers ▪ IIROC Dealer Member Rules ▪ Universal Market Integrity Rules (UMIR) ▪ Importance of regulatory guidance ● Applicable laws <ul style="list-style-type: none"> ○ Provincial securities laws, regulations, corporate laws and statutes, including: <ul style="list-style-type: none"> ▪ Director conduct ▪ Shareholder rights, remedies and obligations ▪ Primary and secondary distribution of securities ▪ Secondary market liability ▪ Raising capital ▪ Issuer disclosure ▪ Proxy solicitation ▪ Takeover bids ▪ Improper conduct (e.g., trading with non-public information) ▪ Firm and individual registration categories 	



1. General Regulatory Framework		
SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable	BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply and ensure compliance
II. Role of other financial regulators and laws	Directors/Executives/UDPs <ul style="list-style-type: none"> • Other regulators and agencies <ul style="list-style-type: none"> ○ Canadian Investor Protection Fund (CIPF), including: <ul style="list-style-type: none"> ▪ Purpose and objective ▪ Funding requirements by Dealer Members ▪ Governance structure ▪ Role of CIPF in a firm’s bankruptcy/insolvency, including pooling of customer assets ○ Mutual Fund Dealers Association (MFDA) ○ Bank of Canada ○ RCMP Integrated Market Enforcement Teams (IMET) ○ Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) ○ Office of the Superintendent of Financial Institutions (OSFI) ○ Federal and Provincial privacy commissioners ○ Ombudsman for Banking Services and Investments (OBSI) ○ Foreign regulators, including the U.S. Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA) • Other applicable laws 	Directors/Executives/UDPs <ul style="list-style-type: none"> • Stay up to date with knowledge and understanding of all relevant business, industry and regulatory developments • Ensure that firm policies, procedures and structure remain current and reflective of business, industry and regulatory developments • Ensure that an internal monitoring system is in place to identify regulatory changes and corresponding impacts to the organization



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	<ul style="list-style-type: none"> ○ National (Federal) statutes, including: <ul style="list-style-type: none"> ▪ Bank Act ▪ Bankruptcy and Insolvency Act, Part XII – Bankruptcy of a Securities Firm ▪ Criminal Code and its application to financial crimes, including: <ul style="list-style-type: none"> • Fraud • Theft • Theft by person holding power of attorney • Misappropriation of money under direction • False statement or false pretenses • Obtaining execution of security by fraud • Forgery • Uttering a forged document • False prospectus • Organized crime offences • Illegal insider trading ▪ Canada Business Corporations Act (CBCA) ▪ Competition Act ▪ Canadian Anti-Spam Legislation (CASL) ▪ National Do Not Call List (DNCL) 	



1. General Regulatory Framework		
SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable	BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply and ensure compliance
	<ul style="list-style-type: none"> ▪ Personal Information Protection and Electronic Documents Act (PIPEDA) ▪ Proceeds of Crime (Money Laundering) and Terrorism Financing Act (PCMLTFA) ○ Additional common and civil law liabilities, including: <ul style="list-style-type: none"> ▪ Breaches of contract law, including: <ul style="list-style-type: none"> • Awards for damages or losses suffered • Exemplary or punitive damages • An order that the contract be completed • A declaration that the contract is void and of no effect • Litigation costs ▪ Tort law, including: <ul style="list-style-type: none"> • Negligence • Misrepresentation ▪ Vicarious liability 	
III. Dealer Member business models and related areas	<p>Directors/Executives/UDPs</p> <ul style="list-style-type: none"> • The risks and opportunities associated with each of the following business models: <ul style="list-style-type: none"> ○ Advisory, including various peer groups and roles of Approved Persons ○ Discretionary, including: <ul style="list-style-type: none"> ▪ Managed account model, including role of Portfolio Managers 	<p>Directors/Executives/UDPs</p> <ul style="list-style-type: none"> • Stay up to date with knowledge and understanding of all relevant business, industry and regulatory developments • Ensure that firm policies, procedures and structure remain current and reflective of business, industry and regulatory developments



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SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable	BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply and ensure compliance
	<ul style="list-style-type: none"> ▪ Online model, including: <ul style="list-style-type: none"> • Operations, regulatory obligations and product limitations • Role of algorithms and modern portfolio theory • Product limits such as exchange-traded funds (ETFs) • Role of Approved Persons ○ Order-Execution Only (OEO), including: <ul style="list-style-type: none"> ▪ Suitability exempt ▪ DEA (Direct Electronic Access) ▪ Contracts-for-Difference (CFDs) • Services <ul style="list-style-type: none"> ○ Underwriting and other capital raising ○ Mergers & Acquisition (M&A) and other corporate advisory ○ Trading services and sales ○ Research ○ Introducing and Carrying Broker relationships ○ Prime brokerage ○ Corporate and merchant banking (within institution) ○ Asset and product securitization ○ Soft-dollar commission arrangements • Client types, including: 	



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	<ul style="list-style-type: none"> ○ Retail ○ Institutional (including DEA) ● Account types <ul style="list-style-type: none"> ○ Non-discretionary accounts ○ In-house managed accounts ○ Third-party managed accounts ○ Wrap accounts ○ Tax deferred accounts (e.g., registered and non-registered) ● Types of securities <ul style="list-style-type: none"> ○ Equity ○ Mutual funds ○ Fixed-income ○ Derivatives ○ Specialized (e.g. cryptocurrency) ● Compensation structures, including: <ul style="list-style-type: none"> ○ Commission-based ○ Fee-based ○ Negotiated flat fee ○ Fees for non-core activities ○ Interest spread income ● Profitability measures 	



1. General Regulatory Framework		
SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable	BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply and ensure compliance
	<ul style="list-style-type: none"> • Development, evaluation and delivery of products and services, including: <ul style="list-style-type: none"> ○ Products, their risk characteristics and appropriate accounts ○ Industry initiatives, developments, new and existing rules ○ Requirement to have as many Executives and Supervisors as necessary to supervise activities of the Dealer Member and its employees ○ Procedures to conduct due diligence on new products and services, and continue risk assessment of existing products and services ○ Ongoing risk assessment of listing products and services 	
IV. Offering and distribution of securities	<p>Directors/Executives/UDPs</p> <ul style="list-style-type: none"> • Dealer Member underwriting rights and obligations, including: <ul style="list-style-type: none"> ○ Types of underwriting (e.g., bought deal, agency, etc.) ○ Underwriter due diligence policies, procedures and statutory defences ○ Prospectus preparation ○ Prospectus certification ○ Capital requirements on underwriting positions ○ Termination clauses ○ Standard-form new issue letter (SFNIL) 	<p>Directors/Executives/UDPs</p> <ul style="list-style-type: none"> • Comply with rules and requirements • Be mindful of business affairs closely enough to determine when an obligation or liability is present



1. General Regulatory Framework		
SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable	BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply and ensure compliance
	<ul style="list-style-type: none"> • Required preliminary and final prospectus content • Continuous disclosure obligations, including: <ul style="list-style-type: none"> ○ Annual Information Form (AIF) ○ Mutual Funds and Fund Facts documents • Selective disclosure considerations, including: <ul style="list-style-type: none"> ○ Legislative prohibitions ○ High-risk disclosure practices (e.g., private briefings with analysts, confidentiality agreements with analysts) ○ Timely disclosure requirements ○ Confidential filing mechanisms • Press releases and material change filings • Prospectus-related rules and commonly used exemptions, including: <ul style="list-style-type: none"> ○ Private placements ○ Exempt market securities ○ Capital raising exemptions ○ Rights of withdrawal, rescission and action for damages ○ Mandatory proxy solicitation ○ Information circulars ○ Shareholder communication procedures, including: <ul style="list-style-type: none"> ▪ Beneficial owners ▪ Voting by Dealer Members 	

**1. General Regulatory Framework**

SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable	BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply and ensure compliance
	<ul style="list-style-type: none">• Reporting issuers and short form prospectuses• Insider reporting• System for Electronic Document Analysis and Retrieval (SEDAR)• Rules for the sale of shares from a control position	



2. Corporate Governance and Ethics			
SUB-COMPETENCY	KNOWLEDGE	BEHAVIOURS AND SKILLS	
	For Directors/Executives/UDPs to understand as applicable	For Directors/Executives/UDPs to apply and ensure compliance as applicable	
I. Corporate governance	Directors/Executives/UDPs	Directors	Executives/UDPs
	<ul style="list-style-type: none"> • Corporate bylaws, including: <ul style="list-style-type: none"> ○ Shareholder and Director meetings ○ Director qualifications ○ Election and removal of Directors ○ Declaration and payment of dividends ○ Authority to bind the corporation • Shareholders' agreements, proxy voting and other legal rights • Corporate governance guidelines, including: <ul style="list-style-type: none"> ○ Composition of the Board of Directors or equivalent governing body ○ Duties of Directors ○ Board mandate ○ Delegation (i.e., appointment and composition of Board committees) ○ Segregation of duties ○ Directors' conflicts of interest, including: <ul style="list-style-type: none"> ▪ Sources of Director conflicts (e.g., contested Director elections, one-sided and/or contingent dealer arrangements) ▪ Conflicts specific to smaller dealers, including segregation of duties and escalation ▪ Obligations to avoid, manage and resolve material and non-material conflicts 	<ul style="list-style-type: none"> • Act in the best interest of the corporation • Guide and approve business strategy • Guide and approve the firm's code of conduct • Define the firm's risk appetite • Integrate the firm's governance structure with risk management and compliance functions • Seek reliable, timely information from trusted sources • Interpret and synthesize financial, technical and qualitative information • Appoint officers and approve their mandates 	<ul style="list-style-type: none"> • Develop a culture of compliance and emphasize its value towards managing risks in daily decisions • Manage firm operations and ensure that the firm and its staff comply with all relevant requirements • Exercise authority and strategic influence over material decisions • Maintain timely knowledge of all business, industry and regulatory developments • Balance business development decisions with day-to-day risks, firm processes and compliance considerations • Review financial statements and measure financial performance



2. Corporate Governance and Ethics			
SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable	BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply and ensure compliance as applicable	
	<ul style="list-style-type: none"> ▪ Disclosure obligations <ul style="list-style-type: none"> ○ Records management and document disclosure ○ Specific governance considerations for small Dealer Members 		
II. Ethics	Directors/Executives/UDPs	Directors/Executives/UDPs	
	<ul style="list-style-type: none"> • Ethics versus rules • Ethics as a standard of conduct • Ethics in the securities industry, including: <ul style="list-style-type: none"> ○ Proper care ○ Independent professional judgment ○ Trustworthiness and integrity ○ Honesty and fairness ○ Professionalism • Ethics in corporate governance, including compensation conflicts • Consequences and risks of unethical behaviour • Various types of ethical dilemmas • Conflicts of interest, including where a Director or Executive has a material interest • Conflicts of interest rules and obligations • Protection and proper use of corporate assets and opportunities • Confidentiality of corporate, client and third-party information 	<ul style="list-style-type: none"> • Ensure the culture of the organization supports ethical decision-making • Apply an ethical decision-making process: <ul style="list-style-type: none"> ○ Identify the issue ○ Identify the individuals involved ○ Gather the facts and identify potential courses of action, and the potential consequences of each action ○ Make the decision ○ Reflect on the process • Address, disclose and/or avoid conflicts of interest consistent with the applicable rules on conflicts 	
		Directors	Executives/UDPs
	<ul style="list-style-type: none"> • Adopt a written code of business conduct and ethics that is reasonably designed to promote integrity and to deter wrongdoing • Monitor compliance with the firm’s ethics code 	<ul style="list-style-type: none"> • Set the “tone at the top” • Apply and enforce the written code of business conduct 	

**2. Corporate Governance and Ethics**

SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable	BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply and ensure compliance as applicable	
	<ul style="list-style-type: none"><li data-bbox="422 435 1024 500">• Fair dealing with securities holders, customers, suppliers, competitors and employees		



3. Duties, Liabilities and Defences				
SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable		BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply and ensure compliance as applicable	
	Directors	Executives/UDPs	Directors	Executives/UDPs
I. Duties	<ul style="list-style-type: none"> • Strategic objectives and positions • Models and methods of strategic analysis, option evaluation and organizational strategy • Business planning and strategy • Significant strategic initiatives (e.g., M&A) • Legal obligations, including: <ul style="list-style-type: none"> ○ Fiduciary duties, including: <ul style="list-style-type: none"> ▪ To act fairly, honestly and in good faith ▪ To manage corporate assets consistent with the corporation's objectives ▪ To avoid conflicts of 	<ul style="list-style-type: none"> • Legal obligations as officers of a corporation, including: <ul style="list-style-type: none"> ○ Fiduciary duties, including: <ul style="list-style-type: none"> ▪ To act honestly and in good faith ▪ To manage corporate assets consistent with the corporation's objectives ▪ To not abuse position for personal benefit ▪ To maintain the confidentiality of information ▪ To serve the corporation selflessly, 	<ul style="list-style-type: none"> • Guide and approve the vision and strategy • Act in accordance with fiduciary duties • High standards of skill, integrity, care and diligence in professional activities • Deliver effective leadership • Consider regulatory requirements and relevant risks with regards to matters brought to the Board's attention and in reviewing relevant materials 	<ul style="list-style-type: none"> • Consider duties of officers and Directors' duties, liabilities and defences and inform them as needed



3. Duties, Liabilities and Defences				
SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable		BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply and ensure compliance as applicable	
	<p>interest with the corporation</p> <ul style="list-style-type: none"> ▪ To not abuse position for personal benefit ▪ To maintain the confidentiality of information ▪ To serve the corporation selflessly, honestly and loyally <ul style="list-style-type: none"> • Mandatary duties (Québec only) • Obligations to perform duties with the care, skill and diligence of a reasonably prudent person • Duty of diligence at Board meetings, including the duty to not support improper resolutions 	<p>honestly and loyally</p> <ul style="list-style-type: none"> • Obligations to perform duties with the care, skill and diligence of a reasonably prudent person • Develop knowledge of Directors' duties as they apply to the role of Executives 		



3. Duties, Liabilities and Defences				
SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable		BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply and ensure compliance as applicable	
	<ul style="list-style-type: none"> • General duty of legal compliance • Standards applicable to “inside” and “outside” Directors • Directors actively engaged in the business of the dealer 			
II. Liabilities	Directors	Executives/UDPs	Directors	Executives/UDPs
	<ul style="list-style-type: none"> • Potential legal liabilities that may arise from: <ul style="list-style-type: none"> ○ Knowledge and authorization of illegal acts ○ Misrepresentations ○ Failure to make proxy-related disclosures ○ Failure to respond to requests from the Director appointed under Federal and Provincial corporation acts 	<ul style="list-style-type: none"> • Potential legal liabilities • Securities-related criminal penalties • Limitation of liability (i.e., indemnity) • Directors’ duties, and duties as officers to ensure proper escalation to Directors as needed 	<ul style="list-style-type: none"> • Minimize liabilities in decision-making 	<ul style="list-style-type: none"> • Consider duties of officers and Directors’ duties, liabilities and defences and inform them as needed • Minimize liabilities in decision-making



3. Duties, Liabilities and Defences					
SUB-COMPETENCY		KNOWLEDGE		BEHAVIOURS AND SKILLS	
		For Directors/Executives/UDPs to understand as applicable		For Directors/Executives/UDPs to apply and ensure compliance as applicable	
		<ul style="list-style-type: none"> • Securities-related criminal penalties, including: <ul style="list-style-type: none"> ○ Absolute or conditional sentences ○ Fines ○ Imprisonment ○ Parole and probation conditions ○ Restitution orders ○ Forfeiture of property ○ Committal for contempt • Other liabilities subject to applicable corporate laws • Limitation of liability (i.e., indemnity) 			
III.	Defences	Directors	Executives/UDPs	Directors	Executives/UDPs
		<ul style="list-style-type: none"> • Legal defences, including: <ul style="list-style-type: none"> ○ Reasonable diligence 	<ul style="list-style-type: none"> • Legal defences available to officers • General awareness of Directors' defences 	<ul style="list-style-type: none"> • Incorporate legal defences in decision-making 	<ul style="list-style-type: none"> • Consider defences available to officers and Directors' duties, liabilities and

**3. Duties, Liabilities and Defences**

SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable	BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply and ensure compliance as applicable	
	<ul style="list-style-type: none">○ Due diligence○ Good faith reliance○ Business Judgment rule		defences and inform them as needed



4. Risk Management and Oversight				
SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable		BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply and ensure compliance as applicable	
	Directors/Executives/UDPs	Executives/UDPs	Directors	Executives/UDPs
I. Risk management	<ul style="list-style-type: none"> • Definition and objectives of risk management • Enterprise-wide risk management • Risk management in a principles-based regulatory environment • Regulatory expectations of risk management • Role of risk in growth and value creation, and of risk management in preservation of value, including: <ul style="list-style-type: none"> ○ Importance of integrating risk assessments into strategic decision-making ○ Assessment of risk/return trade-offs • Risk management frameworks, including: <ul style="list-style-type: none"> ○ Scope of risks, including: 	<ul style="list-style-type: none"> • Risk management approach and infrastructure • Processes for risk identification, measurement, monitoring, control and reporting, considering: <ul style="list-style-type: none"> ○ Nature, scale and complexity of the business ○ Nature and range of activities undertaken in support of that business ○ Internal control approach and infrastructure ○ Degree of risk associated with each area of its operation and consequence of 	<ul style="list-style-type: none"> • Oversee, guide and approve material business strategy • Define risk appetite, review frequently and manage to an acceptable level of exposure • Direct Executives' and other senior management's full commitment to the risk management framework and oversight • Oversee the development of material policies and procedures • Direct Executives and other senior management to budget for sufficient personnel and resources to fully and properly enforce the written policies and procedures • Designate an Ultimate Designated Person (UDP) to be responsible to IIROC for the conduct of the firm and the supervision of its employees 	<ul style="list-style-type: none"> • Identify material compliance risks • Regularly assess material risks and the effectiveness of addressing the risks • Consider budget and implement appropriate supervision and compliance procedures to manage risks • Establish, maintain and enforce timely updates and amendments to written policies and procedures regarding: <ul style="list-style-type: none"> ○ Business and compliance conduct ○ Supervision and compliance communication • Identify, measure and report on the firm's risks • Allocate adequate resources



4. Risk Management and Oversight			
SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable		BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply and ensure compliance as applicable
	<ul style="list-style-type: none"> ▪ Risk tolerance and risk appetite ▪ Risk identification and measurement ▪ Risk limits ▪ Risk mitigations ▪ Risk and compliance controls ○ Risk management policies and procedures ○ Roles and responsibilities • Regulatory roles and responsibilities of Directors, Executives, CFO, CCO and UDP • Dealer Member risks, risk limits and methods of measuring risk • Auditor’s reports • Implications of internal and external audits on the firm 	<p style="text-align: center;">negative risk events</p> <ul style="list-style-type: none"> • Risk management tools, including: <ul style="list-style-type: none"> ○ Hedging ○ Securitization ○ Insurance ○ Compliance 	<ul style="list-style-type: none"> • Support the UDP in carrying out their regulatory responsibilities • Assess the effectiveness of the firm’s risk management and internal controls • Review written compliance governance document, which describes the firm’s organizational structure and reporting relationships that support required compliance arrangements • Review compliance and audit reports • Review CCO reports and recommendations to determine what actions are necessary to rectify outstanding compliance deficiencies • Oversee that rectifying actions are completed on a timely basis, recorded and that ongoing monitoring is adequate
			<ul style="list-style-type: none"> • Authorize Supervisors to implement and enforce the firm’s policies and procedures



4. Risk Management and Oversight			
SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable	BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply and ensure compliance as applicable	
		Directors/Executives/UDPs	Directors
II. Significant areas of risk	<ul style="list-style-type: none"> • Significant areas of risk which may include the following: <ul style="list-style-type: none"> ○ Financial, including: <ul style="list-style-type: none"> ▪ Financing arrangements (including cash and security borrowing and lending arrangements) ▪ Regulatory financial report filings ▪ Pricing internal controls ▪ Minimum capital levels ▪ Early warning tests ○ Operational, including: <ul style="list-style-type: none"> ▪ Account openings and transfers ▪ Account information and records ▪ Dealer Member records ▪ Client communications ▪ Internal controls over the protection of firm and customer assets, including segregation and safekeeping-related procedures ▪ Containment of non-material information ▪ Business continuity planning ▪ Privacy, cyber-security and information technology infrastructure ▪ Money laundering and terrorist financing ▪ Introducing Broker/Carrying Broker arrangement risks 	<ul style="list-style-type: none"> • Ensure appropriate identification of areas of risk and designate an Executive responsible for the area • Respond appropriately to matters escalated by Executives 	<ul style="list-style-type: none"> • Inform and escalate to Directors as needed • Manage designated significant areas of risk • Ensure adequate internal control over the firm’s day-to-day activities, resolve weaknesses and assess risks to expanding business lines, product shelf, etc. • Review and approve, at least annually, all internal control policies and procedures within area of responsibility • Communicate changes to policies and procedures • Ensure that supervisory activities and decisions are properly and clearly documented with respect to area of responsibility • Adopt adequate internal investigation and whistleblower policies



4. Risk Management and Oversight			
SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable	BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply and ensure compliance as applicable	
	<ul style="list-style-type: none"> ○ Corporate finance, including: <ul style="list-style-type: none"> ▪ Underwriting due diligence ▪ Professional and fairness opinions ▪ Containment of material non-public information ▪ Risk of not selling the new issue ○ Trading, including: <ul style="list-style-type: none"> ▪ Clearing and settlement ▪ Derivative risk management ▪ Market manipulation, tipping and illegal insider trading ▪ Market structure and the dealer’s role within the market, including best execution obligations ○ Wealth management ○ Research ● The impact of significant areas of risk on the organization and ways to mitigate risk 		<p>and procedures, review them regularly and update as appropriate</p> <ul style="list-style-type: none"> ● Engage in risk reporting, including: <ul style="list-style-type: none"> ○ Level and content of risk information ○ Enterprise-wide perspective on aggregate losses, policy exceptions, key risk exposures, emerging risk and performance issues ● Ensure appropriate record-keeping, regulatory reporting policies and procedures ● Ensure oversight of complaint handling, litigation, other regulatory reviews, and that such matters are appropriately addressed at the firm ● Ensure the implementation of



4. Risk Management and Oversight			
SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable	BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply and ensure compliance as applicable	
			appropriate policies and procedures relating to: <ul style="list-style-type: none"> ○ Complaints ○ External client litigation ○ OBSI ○ IIROC investigations ○ Provincial securities commissions' investigations
The following competency applies only to UDPs			
III. UDP responsibilities	UDPs	UDPs	
	<ul style="list-style-type: none"> • IIROC supervisory system requirements • Monitoring and supervision responsibilities, including: <ul style="list-style-type: none"> ○ Specific cases of non-compliance ○ Internal control weaknesses that might lead to non-compliance ○ Significant areas of risk • Role of the Executives (including CCO and CFO) in managing significant areas of risk and using risk-based approaches to compliance • UDP and CCO continuing education compliance requirements 	<ul style="list-style-type: none"> • Apply the correct “tone at the top” • Identify significant areas of risk • Ensure appropriate resources are provided for compliance and supervision • Establish and oversee the firm’s risk management infrastructure, supervisory and compliance systems • Exercise ultimate authority and accept full responsibility for firm and employee compliance • Promote a culture of compliance and regularly communicate the importance of compliance within the firm • Exercise care in the selection of a CCO, CFO and Executive team 	



4. Risk Management and Oversight		
SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable	BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply and ensure compliance as applicable
	<ul style="list-style-type: none"> • IIROC audit content and resolution plans (report is directed at the UDP) • Early warning rules • Risk trend reports 	<ul style="list-style-type: none"> • Oversee the compliance activities of CCO, CFO and all Executives responsible for managing significant areas of risk, including: <ul style="list-style-type: none"> ○ Setting goals or projects and monitoring progress ○ Making compliance matters a regular discussion topic at Executive committee (or similar structure) meetings ○ Advising Executives of specific matters that must be brought to the UDP’s attention • Ensure CCO, CFO and all Executives responsible for managing significant areas of risk have adequate resources and direction to competently exercise their responsibilities • Ensure CCO, CFO and all Executives responsible for managing significant areas of risk have unrestricted access to UDP in order to report any instances of non-compliance with securities legislation that: <ul style="list-style-type: none"> ○ Create a reasonable risk of harm to a client or to the market ○ Are part of a pattern of non-compliance • Oversee the development and implementation of adequate written compliance policies and procedures • Ensure there is documentary evidence of each key supervisory step • Ensure that effective procedures for identifying and escalating all instances of non-compliance are in place • Ensure the timely resolution of all instances of non-compliance are completed, recorded and regularly monitored



4. Risk Management and Oversight		
SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable	BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply and ensure compliance as applicable
		<ul style="list-style-type: none"> • Communicate with the Board of Directors at such times as is necessary or advisable • Ensure all staff understand the importance of consulting with the compliance department • Review risk trend report and resolve deficiencies identified in regulatory examinations • Accountability for regulatory examinations • Distinguishing between matters of non-compliance • Oversee governance document, including: <ul style="list-style-type: none"> ○ A list of all roles required by regulation (i.e., UDP, CCO, CFO and Supervisors) ○ A clear description of what each role requires ○ The identity and role of the person to whom each required role reports ○ The reporting relationship of the CCO to the Board of Directors of the firm • Establish and maintain procedures in place to promptly address statistical and summary information reported through the Complaints and Settlement Reporting System (ComSet) • Ensure that sufficient qualified employees are hired and trained to assure compliance with regulatory requirements