



Reference Document for:

Appendix 4: Chief Compliance Officer (CCO) Competency Profile





CCO Competencies

Table of Contents

From a regulatory perspective, the competencies for a highly competent and compliant CCO at a minimum include the following:

Compliance Function and Operations	Page 3	Risk Management	Page 6
1 Understand and apply the following as applicable: <ul style="list-style-type: none">I. Fundamental regulatory and industry knowledgeII. Role, mandate and oversight of the compliance department		2 Understand and apply the following as applicable: <ul style="list-style-type: none">I. Compliance risk managementII. Business functions and compliance risk	
Regulatory Reporting, Examinations, Investigations and Actions	Page 8	Compliance Responsibilities	Page 10
3 Understand and apply the following as applicable: <ul style="list-style-type: none">I. Regulatory reportingII. Regulatory examinationsIII. Regulatory investigationsIV. Regulatory action		4 Understand and apply the following as applicable: <ul style="list-style-type: none">I. Policies and Procedures (P&Ps)II. Complaint handlingIII. Dealing with clients	
CCO Duties and Obligations	Page 14		
5 Understand and apply the following as applicable: <ul style="list-style-type: none">I. Monitoring and assessing complianceII. UDP and annual Board compliance reporting			



1. Compliance Function and Operations		
SUB-COMPETENCY	KNOWLEDGE For CCO to understand as applicable	BEHAVIOURS AND SKILLS For CCO to apply as applicable
I. Fundamental regulatory and industry knowledge	<ul style="list-style-type: none"> • Qualifications and registration requirements • Business conduct requirements • Trade conduct compliance • Investment Industry Regulatory Organization of Canada (IIROC) examination procedures • Arbitration and hearing procedures • Oversight and compliance responsibilities • Supervisory responsibilities • Insider trading regulations • Ethical decision-making • Corporate governance • How to deliver effective leadership and oversight 	<ul style="list-style-type: none"> • Demonstrate understanding of fundamental regulatory and industry knowledge • Promote a dealer culture that stresses integrity and effective risk management • Demonstrate behaviour that conforms to high standards of conduct • Maintain high standards of skill, care and diligence in professional activities • Build good stakeholder relations
II. Role, mandate and oversight of the compliance department	<ul style="list-style-type: none"> • Compliance department's role within the dealer • Objectives and enterprise-wide authority for compliance department activities • Authority to oversee effectiveness and consistency of business units' compliance practices • The compliance department's relationship with the dealer's Supervisors, other Executives, business and compliance units • Role of other Executives and Supervisors • Role of the Board and Board reporting • Role of the Ultimate Designated Person (UDP) • Dealer-level factors for compliance program design, including: <ul style="list-style-type: none"> ○ Products and services ○ Clients (i.e. retail or institutional) 	<ul style="list-style-type: none"> • Adopt and maintain a deep understanding of all aspects of compliance • Apply the compliance department's mandate across the dealer • Support and promote a visible commitment to a culture of compliance, integrity and ethical values • Effectively conduct general compliance department activities, including: <ul style="list-style-type: none"> ○ Acting as a knowledge resource on compliance and regulatory matters ○ Establishing and updating compliance policies and procedures (P&Ps) regularly and when the need arises ○ Advising on the adequacy and effectiveness of the dealer's compliance status and related processes ○ Monitoring significant areas of compliance risk



1. Compliance Function and Operations		
SUB-COMPETENCY	KNOWLEDGE For CCO to understand as applicable	BEHAVIOURS AND SKILLS For CCO to apply as applicable
	<ul style="list-style-type: none"> ○ Nature, scale and complexity of the dealer’s business and operations ○ Volume and size of transactions ○ Internal and external stakeholders 	<ul style="list-style-type: none"> ○ Mandatory training and education ○ Taking active measures to ensure that employees comply with rules and regulations ○ Enforcing the dealer’s P&Ps and applicable industry rules ○ Reviewing business opportunities from a compliance perspective, including new products and markets ○ Proactively identifying and correcting issues of non-compliance ○ Documenting results and corresponding actions ○ Undertaking a risk-based approach to monitor and test for compliance ○ Identifying key risks related to new products, services, locations and technology changes ● Monitor adherence to applicable laws, regulations and guidelines across the dealer ● Ensure significant issues are identified and resolved in a timely manner ● Balance business development decisions with compliance considerations ● Explain and demonstrate importance of compliance to business units when considering business decisions ● Ensure Directors and Executives understand compliance and regulatory measures needed to fulfill their respective obligations

**1. Compliance Function and Operations**

SUB-COMPETENCY	KNOWLEDGE For CCO to understand as applicable	BEHAVIOURS AND SKILLS For CCO to apply as applicable
		<ul style="list-style-type: none">• Act, where necessary, to fulfil Board directions concerning compliance matters• Ensure all unaddressed compliance matters are resolved in a timely matter• Ensure compliance staff have direct access to all Executives• Ensure independence and accountability through internal controls policies and procedures (P&P)



2. Risk Management		
SUB-COMPETENCY	KNOWLEDGE For the CCO to understand as applicable	BEHAVIOURS AND SKILLS For CCO to apply as applicable
I. Compliance risk management	<ul style="list-style-type: none"> • Risk of legal/regulatory sanctions, financial loss and reputational damage, which arise from regulatory requirement violations • Role of compliance as a risk management function • Quality control (transactional) testing • Controls to be used to comply with legislation and to manage risk • Standards of conduct and the system for monitoring and enforcing standards • “What, when and how” guidance • Updates when changes arise to the dealer’s business practices and/or regulatory requirements • Obligation to deal fairly, honestly and in good faith with clients • Annual employee certification 	<ul style="list-style-type: none"> • Make diligent inquiries when faced with non-compliance “red flags” • Document compliance actions • Administer and monitor internal controls • Adopt and carry out risk mitigation measures, where necessary • Appropriate allocation of resources based on business model, operations, regulatory priorities, and considering risk mitigation strategies • Ensure sufficient resources and staff training, including: <ul style="list-style-type: none"> ○ Time and materials needed to fulfill monitoring requirements and to assess compliance-driven activities ○ Regular instruction on dealer compliance policies, procedures, regulatory requirements and relevant topics • Maintain effective, clear communications with all staff and other Approved Persons in order to emphasize the importance of compliance
II. Business functions and compliance risk	<ul style="list-style-type: none"> • Registration obligations, including: <ul style="list-style-type: none"> ○ New registrations (including enhanced due diligence or fit and proper review) ○ Registrants on enhanced (close or strict) supervision ○ Terms and conditions ○ Suspensions and termination ○ Proficiency and continuing education 	<ul style="list-style-type: none"> • Assess overall adequacy of the trade surveillance system • Ensure proper trade compliance reporting, including: <ul style="list-style-type: none"> ○ Reporting on potential market violations ○ Following-up on non-compliance matters relating to trade violations ○ Providing adequate response to regulatory matters relating to potential and exposed trading violations



2. Risk Management		
SUB-COMPETENCY	KNOWLEDGE For the CCO to understand as applicable	BEHAVIOURS AND SKILLS For CCO to apply as applicable
	<ul style="list-style-type: none"> • Regulatory reporting/filing, including: <ul style="list-style-type: none"> ○ Complaints and Settlement Reporting System (ComSet) ○ Suspicious transaction reporting ○ Gatekeeper reports ○ Investigations and disciplinary matters (internal and external) ○ Record-keeping requirements • Obligation of those with supervisory responsibilities including: <ul style="list-style-type: none"> ○ Daily supervision ○ Monthly supervision ○ Supervision of business locations ○ Internal audit program • Investment banking • Trade desk obligations, including: <ul style="list-style-type: none"> ○ Trading Conduct Compliance ○ Market surveillance, including live and post-trade surveillance ○ Universal Market Integrity Rules (UMIR) violations and gatekeeper reports ○ Non-Participant reviews 	<ul style="list-style-type: none"> ○ Anti Money Laundering Legislation (AML) reporting • Assess, report, follow-up and respond to all areas of compliance risk



3. Regulatory Reporting, Examinations, Investigations and Actions		
SUB-COMPETENCY	KNOWLEDGE For the CCO to understand as applicable	BEHAVIOURS AND SKILLS For CCO to apply as applicable
I. Regulatory reporting	<ul style="list-style-type: none"> • Regulatory reporting requirements, including: <ul style="list-style-type: none"> ○ Registration reporting ○ Complaint reporting ○ Internal investigation and discipline reporting ○ Gatekeeper reporting • Importance of timely responses to market-related inquiries 	<ul style="list-style-type: none"> • Ensure appropriate reports are generated as required • Ensure required reports are filed in a timely manner • Ensure the dealer has appropriate processes in compliance with its regulatory reporting requirements
II. Regulatory examinations	<ul style="list-style-type: none"> • Regulatory examination, including: <ul style="list-style-type: none"> ○ External auditor results on the existence of specific internal controls ○ Periodic self-assessment and/or certifications ○ UDP and CCO responsibilities in responding to regulatory examinations, including: <ul style="list-style-type: none"> ▪ Supervisory duties and responsibilities ▪ Delegation of compliance duties ▪ Lines of communication/accessibility ▪ Measures taken for non-compliance • The process and information reviewed in regulatory examinations <ul style="list-style-type: none"> ○ Supervisory structure, risk management, internal policies, operational procedures and controls of the firm 	<ul style="list-style-type: none"> • Conduct timely remediation of compliance matters where issues have been identified
III. Regulatory investigations	<ul style="list-style-type: none"> • Regulatory investigation and potential disciplinary actions arising from IIROC investigations, including: 	<ul style="list-style-type: none"> • Communicate and cooperate with regulatory investigations, including fulfilling document production requests



3. Regulatory Reporting, Examinations, Investigations and Actions		
SUB-COMPETENCY	KNOWLEDGE For the CCO to understand as applicable	BEHAVIOURS AND SKILLS For CCO to apply as applicable
	<ul style="list-style-type: none"> ○ Failure to adequately conduct an internal investigation, review or audit, where required by legislation or by the dealer’s P&Ps ○ Failure to follow up with appropriate internal disciplinary action ○ Failure to keep adequate records regarding an investigation 	
IV. Regulatory action	<ul style="list-style-type: none"> ● Enforcement proceedings <ul style="list-style-type: none"> ○ Temporary orders ○ Protective orders ○ Hearings ○ Sanctions ● Dealer-level terms and conditions ● Registration action on individual Approved Persons ● “Opportunity to be heard” process 	<ul style="list-style-type: none"> ● Take steps to ensure remediation of matters of non-compliance identified through regulatory action



4. Compliance Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For the CCO to understand as applicable	BEHAVIOURS AND SKILLS For CCO to apply as applicable
<p>I. Policies and Procedures (P&Ps)</p>	<ul style="list-style-type: none"> • Principal/agent arrangements • Personal financial dealing with clients • Other business activities • Referral arrangements • AML and anti-terrorism requirements • Outsourcing and 3rd party risk management • Reporting of attempted suspicious transaction • Reporting of terrorist property to Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) • Trade desk, order taking and trading restrictions • Personal trading by employees • Corporate finance/underwriting • Conflicts of interest • Information containment and barriers (fire walls) • Sales/advertising/marketing/promotional activities • Education and training • Record-keeping requirements • Disclosure requirements • Registration requirements • Business locations (e.g. site openings, closings) • Privacy and data protection legislation requirements and procedures • Business continuity and disaster recovery planning • Cyber-security and technology related controls 	<ul style="list-style-type: none"> • Establish and maintain P&Ps for assessing compliance by the dealer and individuals acting on its behalf • Ensure that P&Ps include the following: <ul style="list-style-type: none"> ○ Identify controls to be used to comply with laws and manage risk ○ Set out standards for conduct, and systems for monitoring and enforcing standards ○ Outline who is expected to do what, when (frequency), and how ○ Be readily accessible ○ Be updated when business or laws change (and any required subsequent testing for effectiveness) • Ensure adequacy of P&Ps, including: <ul style="list-style-type: none"> ○ Aligning the compliance department’s practices with industry and regulatory compliance practices that are appropriate for executing its mandate ○ Evaluating how new and changing legislation affect the dealer’s risk profile, in addition to internal business changes ○ Developing or amending the dealer’s compliance policies as legislation is introduced/amended, or as new or changing business activities require different legislative obligations ○ Documenting new or amended compliance policies and communicating them across the dealer on a timely basis



4. Compliance Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For the CCO to understand as applicable	BEHAVIOURS AND SKILLS For CCO to apply as applicable
		<ul style="list-style-type: none"> ○ Supporting other Executives to identify, address and integrate significant legislative or regulatory requirements into their business activities through appropriate procedural controls ● Ensure appropriate procedures for delegation of duties across compliance and supervisory units ● Confirm that all delegated duties are fulfilled by individuals who have the requisite knowledge and experience ● Ensure individuals are included in the correct Approved Persons/Registration category, including appropriate jurisdictions and related exemptions ● Ensure Executives are alerted about serious alleged misconduct and legal actions ● Appoint a Designated Complaints Officer (DCO) ● Adopt adequate internal investigation and whistleblower P&Ps, and revise periodically ● Establish procedures to ensure that appropriate internal disciplinary measures are applied for breaches of IIROC rules and applicable securities legislation ● Consider the role of other Executives and Supervisors with respect to implementation and updating of the P&Ps
II. Complaint handling	<ul style="list-style-type: none"> ● Sales and operational matters ● The role of the DCO ● Published complaint handling procedures ● Duty to assist in client complaint resolution 	<ul style="list-style-type: none"> ● Establish P&Ps for complaint handling, which describe: <ul style="list-style-type: none"> ○ The fair and thorough investigation of the complaint



4. Compliance Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For the CCO to understand as applicable	BEHAVIOURS AND SKILLS For CCO to apply as applicable
	<ul style="list-style-type: none"> • External client litigation management • Alternative Dispute Resolution (ADR) • Internal Ombudsman and Ombudsman for Banking Services and Investments (OBSI) • Settlement agreements 	<ul style="list-style-type: none"> ○ The process by which an assessment is made regarding the merit of the complaint ○ Where the complaint is determined to have merit, the process to be followed in determining what offer should be made to the client ○ The remedial actions which may be appropriate to be taken within the dealer ○ Internal disciplinary measures • Actively review and change applicable internal procedures and practices after detecting frequent and repetitive complaints about the same or similar matters • Ensure all clients receive a clearly written summary of the dealer’s complaint handling procedures and a copy of an IIROC approved complaint handling process brochure • Ensure appropriate training of relevant staff about client complaint handling, to ensure: <ul style="list-style-type: none"> ○ Appropriate levels of due diligence are observed when hiring personnel ○ Designated staff have appropriate training and resources and to fulfill their responsibilities ○ Registered Representatives (RRs) communicate regularly with clients and review accounts periodically ○ All client issues are raised with Supervisors and compliance staff as needed



4. Compliance Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For the CCO to understand as applicable	BEHAVIOURS AND SKILLS For CCO to apply as applicable
		<ul style="list-style-type: none"> • Ensure Approved Persons, their Supervisors and relevant Executives are alerted about respective complaints as needed • Be mindful of RRs with a pattern of potential misconduct
III. Dealing with clients	<ul style="list-style-type: none"> • Know Your Client (KYC), Know Your Product (KYP) and suitability • Documentation requirements for compliance with: <ul style="list-style-type: none"> ○ Client account openings ○ Compliance with the KYC rule and suitability requirements ○ Correspondence with clients ○ Compliance and supervision activities of the dealer • Account opening, approval and documentation • Discretionary accounts • Account transfers 	<ul style="list-style-type: none"> • Monitor compliance with account supervision policies • Monitor compliance with supervision of trading and non-trading activity • Compliance with clients' investment mandates • Conduct regular review of client contracts, forms and disclosure to ensure continuous compliance with the regulatory requirements



5. CCO Duties and Obligations		
SUB-COMPETENCY	KNOWLEDGE For the CCO to understand as applicable	BEHAVIOURS AND SKILLS For CCO to apply as applicable
<p>I. Monitoring and assessing compliance</p>	<ul style="list-style-type: none"> • Processes and procedures for identifying areas of non-compliance with securities legislation, which: <ul style="list-style-type: none"> ○ May reasonably create a risk of harm to a client ○ May reasonably create a reasonable risk of harm to the capital markets ○ Is reasonably part of a pattern of non-compliance • Dealer’s marketing activities, including: <ul style="list-style-type: none"> ○ Electronic and print advertising ○ Sales practices • Client disclosures • Processes and procedures for review or self-assessment of all compliance programs • Compliance department training, including: <ul style="list-style-type: none"> ○ New training sessions and content ○ Ongoing training and updates • Ongoing and future compliance initiatives • Operational considerations and deficiencies • Evaluation of existing reporting and effectiveness • Monitoring and surveillance (including supervision of Tier 2 trading and on-site business locations reviews) • Aggregation and trend analysis • Daily trade review for errors, proper settlement and unusual trading activity • Role of CCO on managed account committee 	<ul style="list-style-type: none"> • Advise on compliance mandate and budget for Board approval • Proactively identify, assess, advise on, act on, communicate, monitor, escalate and report on dealer compliance with regulatory requirements • Provide business units and staff with assistance, guidance and training on compliance • Review and assess “red flags” that have been escalated to the CCO • Where required by law or regulation, provide regulators with timely notice about a dealer’s material compliance breaches • When appropriate, notify regulators about dealer misconduct and all related actions, including remedial measures • Support and guide business units, all Approved Persons, compliance and staff members • Oversee the scope, structure and activities of the compliance department to ensure that it fulfills its mandate • Establish a system of controls to: <ul style="list-style-type: none"> ○ Provide reasonable assurance that the dealer and its individuals comply with securities laws ○ Manage the dealer’s business risks in accordance with prudent business practices ○ Identify, mitigate and resolve novel and ongoing compliance issues



5. CCO Duties and Obligations		
SUB-COMPETENCY	KNOWLEDGE For the CCO to understand as applicable	BEHAVIOURS AND SKILLS For CCO to apply as applicable
		<ul style="list-style-type: none"> ○ Notify parties (internal or external) when an issue occurs and must be reported ● Monitor and assess individual and dealer compliance with internal requirements and applicable securities laws ● Provide UDP and the Board with: <ul style="list-style-type: none"> ○ Reasonable assurance that the dealer meets all standards, applicable securities laws and regulations ● Instances of material weaknesses and non-compliance ● Remind appropriate staff members of key procedures and controls
<p>II. UDP and annual Board compliance reporting</p>	<ul style="list-style-type: none"> ● When and how to report material information and deficiencies to the UDP and the Board 	<ul style="list-style-type: none"> ● Report on: <ul style="list-style-type: none"> ○ Overall dealer and individual compliance assessment ○ Significant issues and corrective measures concerning regulatory examinations, internal audits, inquiries, investigations, enforcement actions and outcomes ○ Changes to the dealer’s P&Ps ○ Civil actions and material complaints ○ Compliance deficiencies for both dealers and Approved Persons, including significant issues identified in gatekeeper reports ○ Weaknesses in significant areas of risk and gaps in compliance ○ Insufficient resources

**5. CCO Duties and Obligations**

SUB-COMPETENCY	KNOWLEDGE For the CCO to understand as applicable	BEHAVIOURS AND SKILLS For CCO to apply as applicable
		<ul style="list-style-type: none">○ Proposed changes to regulatory requirements○ Key compliance risks facing the dealer and how they are being addressed● Escalate “red flags” to the UDP and report all material incidents of non-compliance to the UDP● Report the results of the assessment to the Board of Directors at least annually● Document outcomes of all matters escalated