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Challenges and Tips: Meeting CRM2 Deadlines



March 31, 2015

Featured Speakers

- **Donna Bristow**, VP Business Management & Operations at Broadridge, opened the session.
- **Paul Strijckers**, VP Business Solutions at Broadridge, spoke on the annual performance and fee/charge reports.
- **Rebecca Cowdery**, Partner, BLG, moderated expert panels on the 2015 and 2016 CRM2 deliverables.
- **Catherine Davis**, FMA, FCSI, Compliance Consultant, CRM2 Communications Working Group Member, discussed how firms can prepare for a CRM1&2 audit.
- **Susan Silma**, Co-Founder and Partner at CRM2 Navigator, discussed CRM2 challenges to be aware of and how to manage them.
- **David Tasker**, COO, NBCN, discussed the responsibilities of introducing brokers and carrying brokers for CRM2.
- **Barb Amsden and Adrian Walrath**, IIAC, discussed the 2015 deliverables.



Agenda

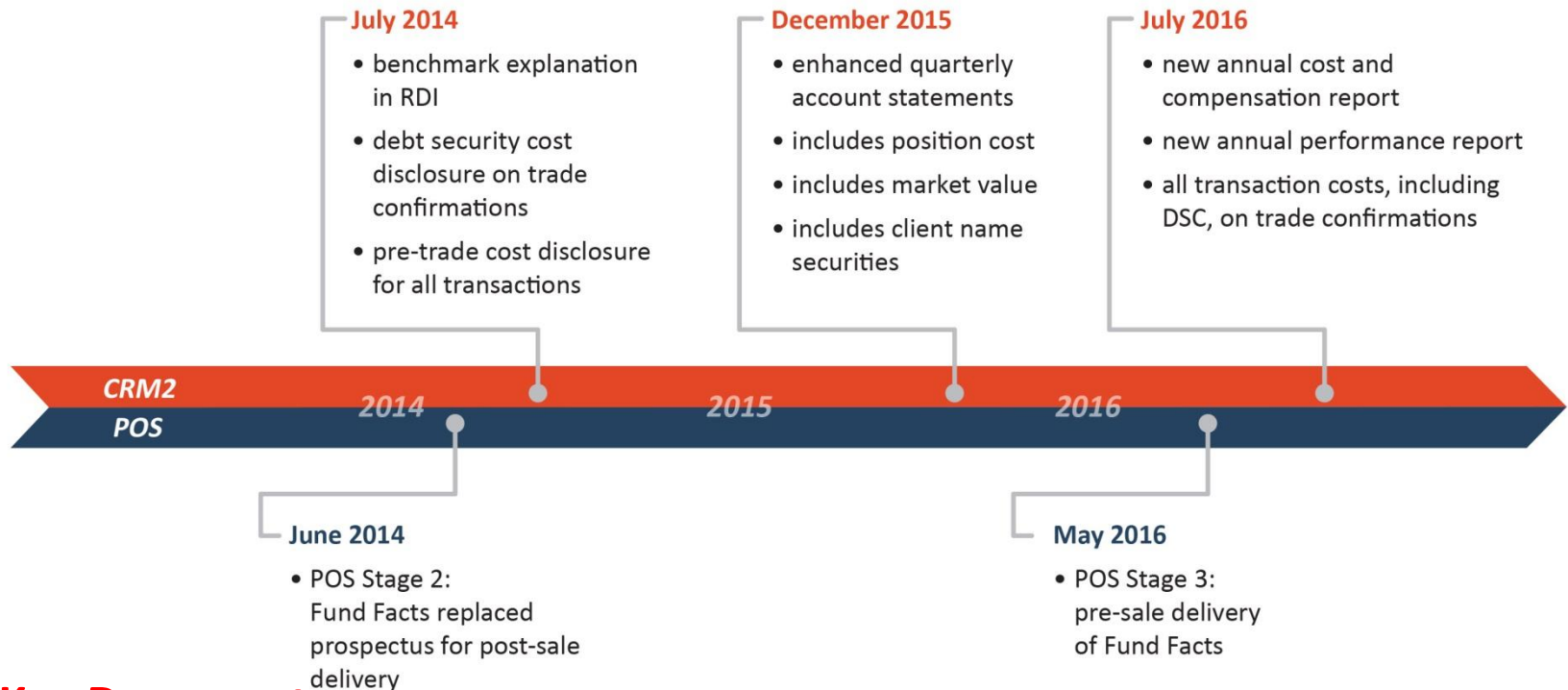
- **Regulatory Update**
- **Challenges to watch out for**
- **Tips to help in 2015 and 2016**
- **Meeting regulatory and client expectations**
- **Achieving CRM2 goals**



Regulatory Update



Regulatory Update



Key Documents

[CRM FAQs v. 2](#) (Feb. 9, 2015)

[Final IIROC CRM2 Rules](#) (Jan. 19, 2015)

[Unofficial NI 31-103 and CP](#) (Jan. 11, 2015)

Challenges to watch out for

- Variations between different sets of rules (CSA vs IIROC vs MFDA)
- Ongoing uncertainty – continuing rule changes, guidance, FAQs
- Making things more complicated than necessary
- Underestimating the amount of time required to prepare advisors **and** clients

The litmus test:

Are we improving the client's life?



2015 – Market value

Checklist – the basics

- ❑ Read IIROC requirements and related FAQs
- ❑ Understand IIROC decision tree for valuation
 - ▶▶ 1. Liquid securities classes with adjustments
 - ▶▶▶ 2.a *Inputs other than published price quotes*
 - ▶▶▶▶ 2.b *Unobservable inputs/assumptions*
 - ▶▶▶▶▶ 2.c *No data or too many possibilities*
 - ▶▶▶▶▶▶▶ 3. Non-determinable (with notice)
 - ▶▶▶▶▶▶▶▶▶ 4. \$0



Tips and Tools for 2015



2015 – Market value

Checklist – analysis

- ❑ Engage fast with service providers/carrying brokers
- ❑ Analyse client holdings – dates and variances
 - Sample to assess bid, ask, last traded price variance

Variance	0 to < .01	.01 to < .02	.02 to < .10	0.1 to < .5	0.5 to < 1.0	1 to < 5	5 to < 10	10 to < 50	> 50	% of Total	Sample Results
Nil (0%)											19.1%
>0<10%											68.2%
10<20%											3.7%
20<30%											2.6%
30<40%											1.8%
40<50%											0.9%
>50%											3.8%



2015 – Market value

Checklist – preparing a plan

- Set timelines for achieving market value definition
- Understand data feed pricing parameters
- Find out service provider/carrying broker plans



2015 – Market value

Checklist – policy and procedures

- Update/develop securities market value policy
 - Purpose and basis for policy
 - Roles and responsibilities
- Market valuation procedures
 - Periodic tolerance/testing plan
 - Figure out exception-handling process
 - Revisit processes for security transfers



2015 – Market value

Checklist – and more policies and procedures

- Learn what options may be right for your firm profile
 - 1. Liquid markets
 - 2.a Using inputs other than published price quotes
 - 2.b Using unobservable inputs/assumptions, e.g.
 - 2.c Cost, e.g.
- Develop market value aging matrix
 - ONE-TIME: Reduction in stale-dated <one year



2015 – Market value

Checklist – aging matrix

Security Class & Code	Listed, OTC or House	Prime Source	Second Source	Pricing Method	Price Frequency	Max. Days Reused	Action if Price Stale
Traded securities	Listed	SVC	Manual	200.1(c)(i)(A)	Daily	35	TBD
	OTC	SVC	Manual	(B), (C)	Daily	35	TBD
	House	Manual	N/A	(C)	Ad hoc	TBD	TBD
OTC	Listed	SVC	Manual	(A)	Daily	35	TBD
	OTC	SVC	Manual	(B), (C)	Daily	35	TBD
	House	Manual	N/A	(C)	Ad hoc	TBD	TBD
Mutual funds (ex. CEFs, ETFs)	Listed	N/A	N/A	N/A	N/A	N/A	N/A
	OTC	SVC	Manual	(B)	Daily	35	TBD
	House	N/A	N/A	N/A	N/A	N/A	N/A
CCPCs, Other Unlisted	Listed	N/A	N/A	N/A	N/A	N/A	N/A
	OTC	SVC	#	#	#	#	#
	House	Manual	N/A	(C)	Ad hoc	365	TBD



2015 – Market value

Checklist – more details

- Update relevant written materials
- Check with legal and tax operations
- Keep an eye open for sources of help



Position cost

- Misunderstanding
- Cost or book value
- Position cost
 - Original cost
 - Book cost
 - Personal elections
 - Client-specific changes



Position cost

- ❑ Policy & Procedures for:
 - ❑ Accepting and documenting changes from clients
 - ❑ Accepting information on transfers in
- ❑ Notations and cost definitions, notice if cost includes market value, is non-determinable
- ❑ Evidence of testing/review of book value quality (confirm process used to calculate/record book value, take changes from clients, accept transfers in)
- ❑ Evidence where book cost changed



Off-book/client-name

- IIROC survey – plan to seek exemption or not?
- Process
 - Immaterial off-book accounts (or reducing to 2%?)
 - Cost of building/administering new reporting outweighs benefits to client of new report
 - Good faith efforts to convert positions
 - No promotion/"actively making available"
 - No ongoing compensation (selective exceptions?)
- <http://iiac.ca/crm-2/crm-help-at-your-fingertips/>



Statement notices

- Option for clients to receive monthly statements
- Disclosure requirements include:
 - Identification of each security subject to redemption charges such as DSCs
 - Notification of applicable investor protection fund coverage
 - Market Value – notation if estimated MV, or if not determinable
 - Position Cost – notation re calculation method, if MV used as cost or if cost is not determinable



March 2015

CRM2: Phase 3

2016 requirements





CRM2: Phase 3

- Charges and Compensation Reporting
- Performance Reporting
- Additional Confirmation data/information



Regulations

- CSA
- IIROC Rules
- MFDA Rules
- FAQs:
 - CSA
 - IIROC
 - MFDA

- Rules versus Expectations from the Regulators

Charges and Compensation Reporting (IIROC 200.2 (g))



Regulation for CRM2 – Phase 3 Charges and Compensation Reporting

- Reporting must be done on all Charges and Compensation associated with client accounts (Nominee, Client name and Intermediary account types; Holds at least one security, or Credit/Debit of Cash, or paid a fee or incurred a Charge)
- 12-month period - for accounts open at the end of the 12-month period
 - First reporting period must include July 15, 2016.
- At a minimum, Charges are to be reported:
 - Operating Charges
 - Total of each type Operating Charges
 - Aggregate of all Operating Charges
 - Transaction Charges
 - Total of each type of Transaction Charge
 - Aggregate of All Transaction Charges
 - Total of Operation and Transaction Charges
- Trailer Fees
- Commissions received
- Other Compensation and Referral Fees

Charged by the Dealer to Client

Compensation Earned by the Dealer

Regulation for CRM2 – Phase 3 Charges and Compensation Reporting

- Disclosure/Explanation on Trailer fees and amount earned
- Disclosure/Explanation on spread earned for Debt Securities transaction
- Sent within 10 calendars days of the Month-end Statement
- Must be a separate report/Statement section
- Must be sent with the Performance Report

Deferred Sales Charge

- **Deferred Sales Charge on a Redemption:**
 - Not necessary to report as per CSA FAQ:
 - February 27, 2014; Question 27:
 - If, when the securities are sold by the client (i.e., redeemed back to the issuer), a deferred sales charge is triggered but no commission or other payment goes to the registered dealer or adviser, there is no requirement to include it in the annual report.
- **What will your firm do?**
 - Transaction charges by Third Parties

Business Decisions

- **Is the Dealer going to report:**
 - Securities only
 - All investments (GIC, Seg Funds, PPN, etc.)
- **Disclosure will be required if only reporting on “Securities” as defined under the provincial securities act.**
- **Define the Operating Categories and Transaction Categories.**
 - Or will it be a laundry list?
- **Handling Fee allocated/paid by other accounts.**
- **Frequency of the Fees and Compensation:**
 - Annual Report only
 - New Quarterly report
 - Part of the Month End Statement
- **Will other data/information and disclosures be incorporated?**
- **Will the Charges and Compensation reporting be part of the Performance Report?**
- **Service Providers:**
 - Identified
 - SLA impacts
 - Delivery timeframes

Check List for

- **Have you identified all Transaction Charges?**
- **Have you identified all Operating Charges?**
- **Have you identified all sources of compensation received by the Dealer based on clients holdings/transactions?**
 - Mutual Funds
 - PPN
 - Exchange Trade Funds
 - Seg Funds
 - GIC
 - Referral arrangements
- **Are you able to correctly allocate/attribute the compensation back to specific accounts?**
- **Has your firm identified the necessary transaction codes/journal and processes to create the necessary data?**
- **Has your firm defined the titles/data elements to present on the Fee Disclosure?**
- **Review with Operations the transaction codes and processes.**
 - Errors will occur –how will these be handled?
 - Audit/Verification processes

Charges and Compensation Report

Reporting Period: January 1, 2016 to December 31, 2016

This report summarizes the compensation that we received from you and/or third parties during 2016 related to the maintenance of this account and the services we provided.

Account For: Jane Smith
Account #123456789

Fees Charged to Your Account

Operating Charges	
Investment Management Fees	\$0.00
Annual Administration/ Trustee Fees	150.00
Other Fees	0.00
Taxes	0.00
Total Operating Charges	\$150.00
Transaction Charges	
Commission on Equities/ Options	0.00
Commissions on Mutual Funds	\$162.00
Commissions on Debt/ Fixed Income	0.00
Commissions on Other Investments	0.00
Transfer Out & Deregistration Fees	0.00
Wire, Cheque & Payments Fees	0.00
Interest Charges	0.00
Other Activity Fees & Charges	0.00
Taxes	0.00
Total Transaction Charges	\$162.00
Total Operating and Transaction Charges	\$312.00

For debt securities purchased or sold for you during the period covered by this report, dealer firm remuneration was added to the price you paid (in the case of a purchase) or deducted from the price you received (in the case of a sale). This amount was in addition to any commissions you were charged.

Fees Earned by Us from Third Parties

In order to provide you with advice and to cover the cost of supporting/maintaining your account and our associated services, we may earn compensation on the securities held by you, through specific activities, or through other registered services. Please contact your advisor for more information.

Third Party Compensation Paid to <DEALER NAME>	
Trailing Commission from Mutual Funds	\$180.00
Compensation for other Investments/ Referral Fees	0.00
Commission on Deferred Sales Charge Fund Purchases	550.00
Total Commission and Fees Earned	\$730.00

Additional Notes:

There may be investments, which are not considered securities (example: GICs, Principal Protect Notes, and Segregated Funds), where we may have received compensation or payments related to services and advice on these investments, and this compensation, if any, has not been included in the above Charges and Compensation Report.

Operating Charges

Operating Charges are charges associated with the administration and non-trade related activities in your account and will vary dependent upon the account type, investments, and type of activities in your account.

Transaction Charges

Transaction Charges are expenses incurred when you are buying or selling securities. Transaction charges include brokers' commissions, other fees, and spreads (the difference between the price the dealer paid for a security and the price the buyer pays). The transaction charges to the buyers and sellers are the payments that the dealer receives for their roles and work involved in processing these transactions.

Trailing Commissions

We received \$180.00 in trailing commissions in respect of securities you owned during the 12-month period covered by this report. Investment funds pay investment fund managers a fee for managing their funds. The managers pay us ongoing trailing commissions for the services and advice we provide you.

The amount of the trailing commission depends on the sales charge option you chose when you purchased the fund. You are not directly charged the trailing commission or the management fee, but these fees affect you, because they reduce the amount of the fund's return to you. Information about management fees and other charges to your investment funds is included in the prospectus or Fund Facts document for each fund.

V160315

Performance Reporting(IIROC 200.2 (f))



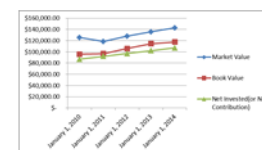
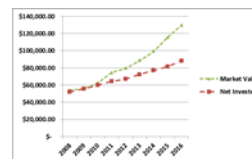
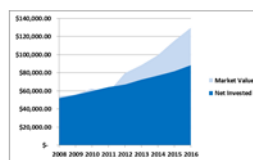
Regulation for CRM2 – Phase 3 Performance Reporting

- **Reporting must be done on all client accounts where the account has at least one security position or Cash Credit/Debit. Includes Nominee, Client name, and Intermediary Account types.**
- **12-month period - for account open at the end of the 12-month period**
 - First reporting period must include July 15, 2016.
- **Since Inception***
- **Sent within 10 calendars days of a Month-end Statement**
- **Must be a separate report or Statement section**
- **Must be sent with the Charges and Compensation Report**

Performance Content

- **Graph, tables, and text/notes:**

- Column/Bar Graph
- Pie Charts
- Linear Graph
- Area Graph



- **Change in Value of Account**

	12 month Period	Since Inception
Opening Market Value	\$115,299.00	\$0.00
Deposits and Transfers In	\$15,000.00	\$88,334.00
Withdrawals and Transfer Out	(\$5,000.00)	(\$15,000.00)
Total Market Value change	\$4,359.00	\$56,324.00
Closing Market Value	\$129,658.00	\$129,658.00

- **Account Rate of Return**

- 1 Year
- 3 Years
- 5 Years
- 10 Years
- Since Inception

- **Disclosure/Explanation of Rate of Return: Money-Weighted Rate of Return**

- Net of Fee/Charges
- Plain Language

Business Decisions

- **What Graph(s) will be used?**
 - Consider the exception!
- **Defining “Since Inception” date**
 - Consider the Data Quality! (dependent on correct transaction codes and market values)
- **Will other data/information and disclosures be incorporated?**
 - At what cost?
- **Will the Performance Report be part of the Charges and Compensation Report?**
- **Service Providers:**
 - Identified
 - SLA impacts
 - Delivery timeframes

Mrs. Jane Smith
57 Main Street,
Toronto, ON M8R 8X6

Performance Report

Annual Period Ending December 31, 2016

This report tells you how your account has performed to December 31, 2016. It can help you assess your progress toward meeting your investment goals. Speak to your representative if you have questions about this report. It is important that you tell your representative if your personal or financial circumstances have changed. Your representative can recommend adjustments to your investments to keep you on track to meeting your goals.

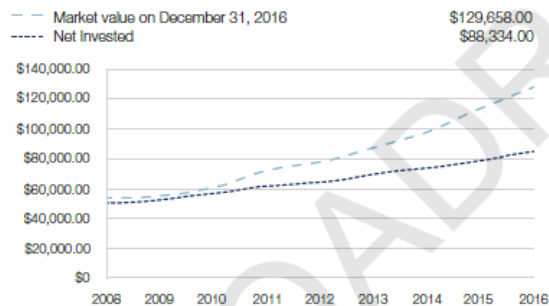
Account For:

Jane Smith
Account #123456789

Your Investment Advisor

John Doe
Phone: (613) 555-0194
Email: jdoe@hextone.com
Fax: (613) 555-0153
Toll-Free: (800) 555-0116
Website: www.hextonefinancial.com

Total Value Summary



Your personal rate of return

The table below titled Your Account Rate of Return shows the total percentage return of your account for periods ending December 16, 2016. Returns are calculated after charges to your account have been deducted. These include charges you pay for advice, transaction charges, and operating charges, but not income taxes.

Keep in mind, your returns reflect the mix of investments and risk level in your account. When assessing your returns, consider your investment goals, that amount of risk you are comfortable with, and the value of advice and services you receive. Contact your advisor to discuss your personal rate of return and investment objectives.

Change in the Value of Your Account

This table is a summary of the activity in your account. It shows how the value of your account has changed based on the type of activity.

	Past year	Since mm/dd/yyyy
Opening market value	\$115,299.00	\$0.00
Contributions	15,000.00	88,334.00
Withdrawals/Transfers Out	(5,000.00)	(15,000.00)
Change in the market value of your account	4,359.00	56,324.00
Closing market value	\$129,658.00	\$129,658.00

Calculation method or rate of return

Your rate of return was calculated using the money-weighted rate of return method as required by regulations. The results of this calculation method are based on a number of factors, including changes in the value of your investments, dividends and interest you earned, fees that you paid, and the amount/size and timing of your contributions and/or account withdrawals. This type of calculation is also sometimes referred to as an internal rate of return. Contact your advisor if you want more information about this calculation.

Your Account Rate of Return

1 Year	3 Years	5 Years	10 Years	Since mm/dd/yyyy
3.39%	6.34%	7.28%	7.14%	6.81%

HEX TONE FINANCIAL IROC

Mrs. Jane Smith
57 Main Street,
Toronto, ON M8R 8X6

Performance Report

Annual Period Ending December 31, 2016

Account For:
Jane Smith
Account #123456789

Your Investment Advisor

John Doe
Phone: (613) 555-0194
Email: jdoe@hextone.com
Fax: (613) 555-0153
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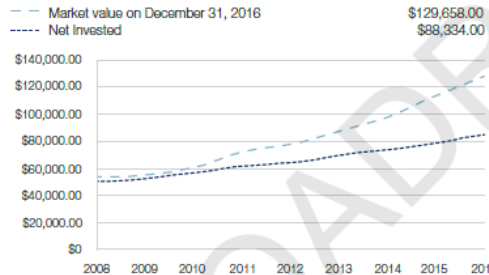
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HEX TONE FINANCIAL IROC

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Taxes	0.00
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For debt securities purchased or sold for you during the period covered by this report, dealer firm remuneration was added to the price you paid (in the case of a purchase) or deducted from the price you received (in the case of a sale). This amount was in addition to any commissions you were charged.

Fees Earned by Us from Third Parties

In order to provide you with advice and to cover the cost of supporting/maintaining your account and our associated services, we may earn compensation on the securities held by you, through specific activities, or through other registered services. Please contact your advisor for more information.

Third Party Compensation Paid to <DEALER NAME>	
Trailing Commission from Mutual Funds	\$180.00
Compensation for other Investments/ Referral Fees	0.00
Commission on Deferred Sales Charge Fund Purchases	550.00
Total Commission and Fees Earned	\$730.00

Additional Notes:

There may be investments, which are not considered securities (example: GICs, Principal Protect Notes, and Segregated Funds), where we may have received compensation or payments related to services and advice on these investments, and this compensation, if any, has not been included in the above Charges and Compensation Report.

V160315

Confirm changes (200.2(l)(v))



Confirm Changes

- **Effective: July 15, 2016**
- **Trades involving Debt securities or other over the counter traded securities**
 - **Retail Customer trades:**
 - Each Transaction Charge
 - Deferred Sales Charge
 - Other charges
 - Total amount of all charges in respect to the Transaction
 - **Institutional Customers:**
 - Charges in respect of the transaction

Business Decision:

Is it time to redesign the Confirm?

Check list



Check List

- Educate Advisor force on upcoming Rule changes.
- What will be the impact on the Advisors?
- What should the Advisors start to do?
- What tools will the Advisors have?
- What tools will the Dealer provide (To Advisors and Retail Clients)?
- How will the Advisor handle questions from Clients?
- What should be done if a client is at risk of leaving due to the information provided?

Others:

- Create an FAQ for Advisors.
- Create an FAQ for Retail Clients
 - Include examples on how Performance can differ due to timing of contribution/purchases.
- Be adaptable:
 - Meet the rules first – learn and expand upon the requirements
 - Rules will likely be clarified/changed/amended

Book Value	Market Value	Fees
DSC	Rate of Return	Debt Securities
Performance Reports	Charges and Compensation Reports	Disclosures

Carrying Broker Update



National Bank | Correspondent Network



CRM2
National Bank Correspondent Network Update

April 2015

NBCN STATUS

- We are working to finalize our policy on Market Value of securities and determining how that will be applied to the Book of Record (OSS)
- We have just finalized the Business Requirements Document and developed the System Requirements Documents (SRD) for both the Performance Report and the Statement of Fees and Compensation and work on these will begin shortly.
- The standard Book of Record statement will be updated to meet the 2015 requirements including the provision of Book Cost information on each monthly statements as well as meeting the Market Value requirements and indication of DSC mutual fund holdings. For IB firms that do not currently have book cost information reflecting on the statements – additional work will be required to manage this implementation.
- Client Name ("Offbook") holdings are not targeted to be part of the reporting solution provided by NBCN and we will be seeking an exemption for assets held in Client Name under our dealer number. As a result if any NBCN Member firms intend to maintain Client Name holdings and to either add to as having Client Name holdings or continue to generate revenue from them, then they will have to set up their own dealer number and transfer these holdings and arrange for their own reporting solution.

2016 Reporting

- With regards to the 2016 requirements and as mentioned previously, we have recently developed the SRD requirements for the Performance and Statement of Fees and Compensation reports.
- Under the Performance Report we contemplate calculating both Time Weighted and Money Weighted rates of return. We will be able to turn the Time Weighted calculation on or off by RR code. We do not anticipate calculating performance for Portfolio Managers as, in the vast majority of cases, they already provide this reporting to their clients today and will have to add Money Weighted to their reporting.
- For the Statement of Fees and Compensation there are complications as there may be fees that are not reflected on the Book of Record system. Further, for Portfolio Managers it is likely that most fees are captured in both the Book of Record and Portfolio Management systems that are in use but the Book of Record may not show all fees. This will require further investigation.

What do you need to be doing?

- Stay tuned to ensure you understand where your Carrying Broker (if you have one) is able to assist
- Consider if there are any fees that are charged directly to your Clients that are not reflected on Book of Record
- Consider if there are any fees that are received indirectly that are not reflected on Book of Record
- Review Book Costs reflected on your systems to identify if there are any "outliers" that may need to be investigated
- Develop a strategy for communicating the reporting changes to your Clients

Crossing the Finish Line

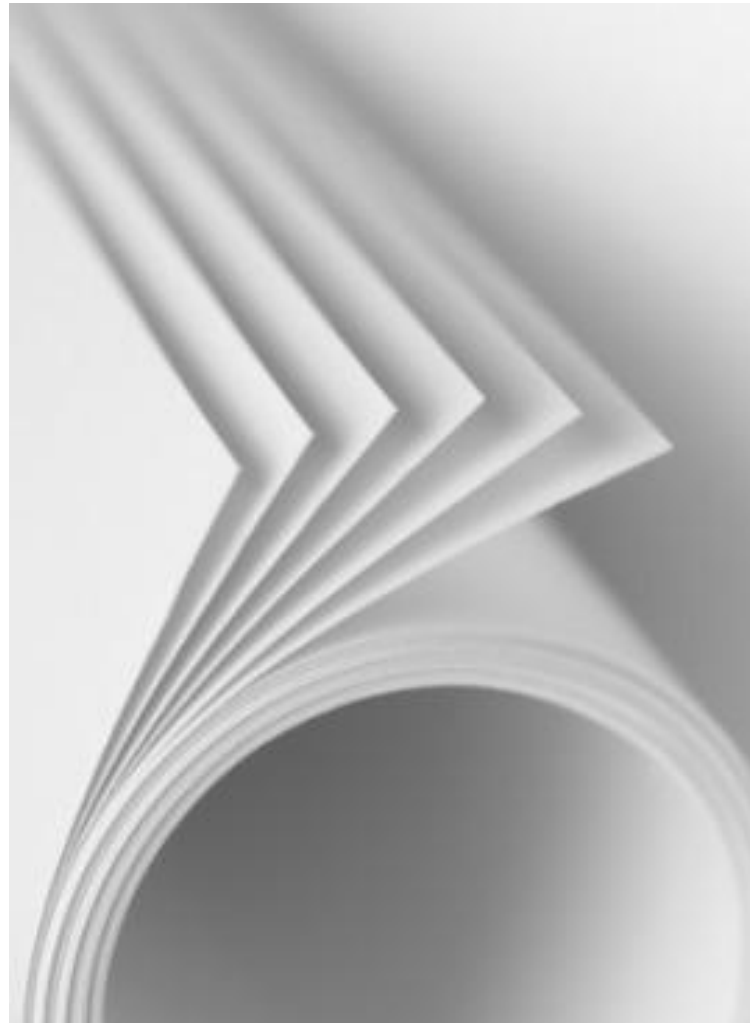
Two tests: Regulatory examiners AND clients



CRM: PREPARE TO BE... EXAMINED



1. RELATIONSHIP DISCLOSURE





1. RELATIONSHIP DISCLOSURE



- Supervisor's approval
- Audit trail account documents provided to client
- Method of client's acknowledgement of receipt of the KYC
- Employee training

2. CONFLICTS OF INTEREST

- How Dealer Member identifies, avoids, discloses and addresses material conflicts of interest
- Approved Persons and Dealer Member responsibilities
- Method of disclosure new vs existing clients
- Employee training



3. ENHANCED SUITABILITY

- Client-specific factors
- Methodology consistent with Relationship Disclosure document
- When suitability assessment occurs and “trigger” events
- Employee training
- Dealer Member due diligence



4. PRE-TRADE COMPENSATION DISCLOSURE



- Guidance on types of compensation that must be disclosed
- Training specific for employees with client contact
- Audit trail

5. ENHANCED DEBT TRADE CONFIRMATION REPORTING

- Gross commission or Total Compensation
- Test sampling confirmation slips for commission and disclaimer



CRM – PREPARE TO BE EXAMINED CHECKLIST ✓

Note: This highlights particular, or expected, areas of examination focus and is not exhaustive. Policies must identify responsibilities and show review of sources suggesting higher standards (“authoritative literature”, in/external/regulatory audit comments, industry practices; annual review and senior sign-off)

CRM1

ACCOUNT RELATIONSHIP DISCLOSURE

Dealer Member Rule 3500 – Relationship Disclosure

- Use Dealer Member Rule 3500.5 as a checklist for content
 - Products and services offered by the Dealer Member
 - Nature of the account and the manner in which the account will operate
 - Tip:** RDs must “at the very least” be tailored to account type (advisor, order-ex and managed) in some way to avoid confusion
 - Suitability assessment process
 - Must include “at least” description of KYC factors, how they are taken into account “individually and combined”
 - Tip:** IROC concerned KYC information collected is not precise, but slots clients into small number of investor profiles; pay more attention to objectives, time horizon, risk tolerance
 - Portfolio suitability must use plain language)
 - Fees and commission charges
 - Account reporting
 - Conflicts of interest (detail types of conflict, explain the significance and how managed)
 - Complaint handling
- If Investment Performance Benchmarks were previously provided as an addendum, add it to the RD (no later than July 15, 2016)
- Add Annual Fee Summary and Annual Performance Report to list of account documents required to be provided to the client (effective date Jan. 1, 2017)
 - Include Operating Charges list with Annual Fee Summary (*fee changes require 60 days’ notice)
- Ensure Policies & Procedures address:
 - Supervisor’s approval of the RD provided to each client



LETTER FROM THE PRESIDENT

12345

IIAC's Ian Russell is the author of *Letter from the President*, a distillation of topical investment industry issues. [Sign up here](#) for this free publication.



Crossing The Finish Line

1. Advisor Support
2. Client Communication



1. Advisor Support

What Advisors Say

We've spoken to 100's of advisors in the past year

We heard:

We can't let CRM2 reduce our value to a number.

A fee is only a problem in the absence of value.

But they

- struggle to express their unique value
- lack tools that could help them talk about value

Changing the Conversation

From:



To:

How are my investments performing?

How are my investments performing **relative to my goals**, and **relative to my appetite for risk**?

What is it costing me?

What do I pay for the **value I receive**?

CRM2 is not primarily about either cost or performance. It's primarily about VALUE.



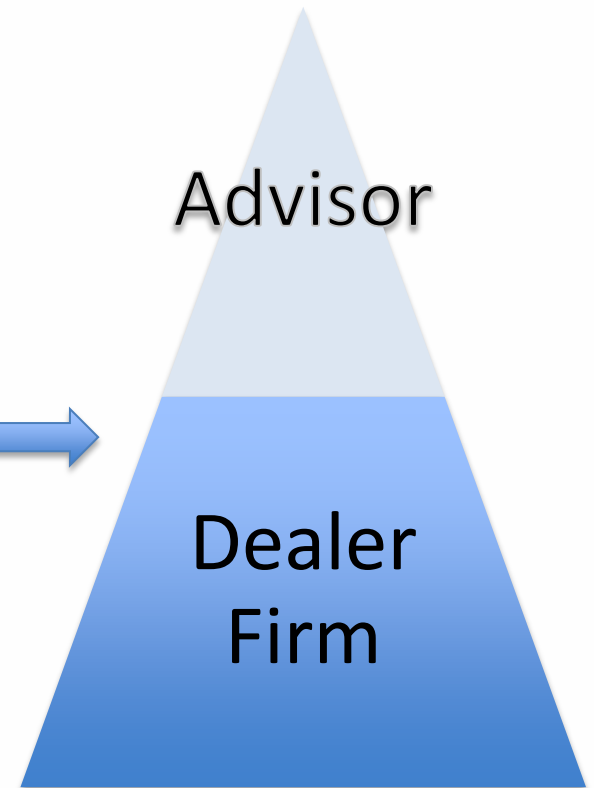
What Value Is Not About...

Our hugely compelling value proposition, embossed on a lovely plaque, hanging on a wall somewhere.

The Value Story: The Dealer Firm

Start with the foundation

- Strong? Stable?
- Breadth of Investment Products?
- Depth of Expertise?
- Financial Planning Platform?
- Boutique?

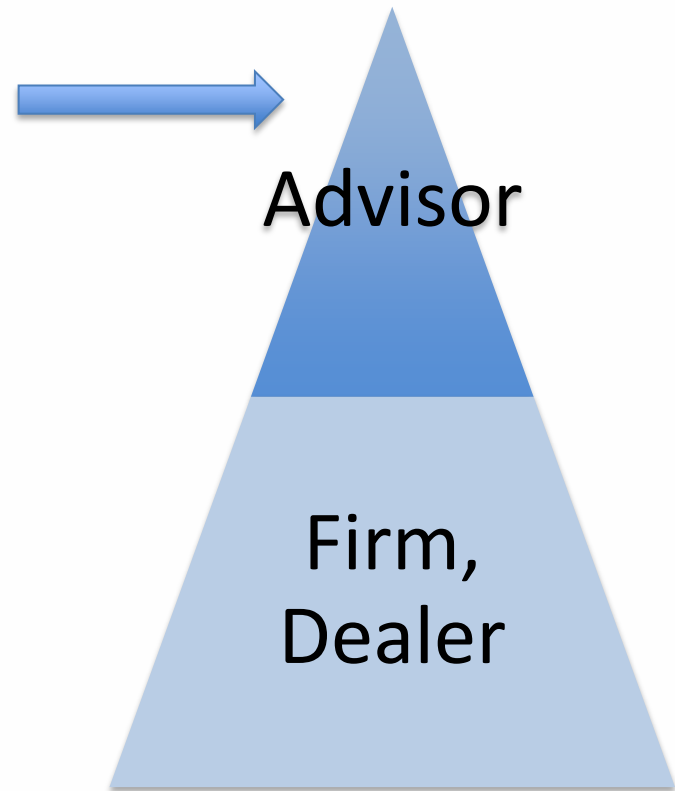


+ the Advisor's Unique Value

Add the advisor's unique value:

- “I like to work with young families”
- “I’m a pension expert”
- “I provide great advice to entrepreneurs”
- “I have a notary on staff to assist my clients with a wide range of financial needs”

Often personal, unrelated to investment approaches or products



Assess your advisor toolkit

Help advisors **deliver** Value

- Do they need better tools to create **context** for the cost and performance information?
- Do they **communicate** well and often with their clients? Does the firm support this?
- Do current tools enhance **productivity** or detract from it?
 - Eg. At account opening

2. Client Communication

What we know about Client Communication

Highly satisfied investors receive more **proactive contacts** from their advisor via all communication channels*

The No. 1 complaint among clients is that their advisors aren't **contacting them enough****

*JD Power 2011 Canadian Full Service Investor Satisfaction Study

**Joanne Ferguson, founder of Advisor Pathways Inc., Investment Executive, Nov. 2014

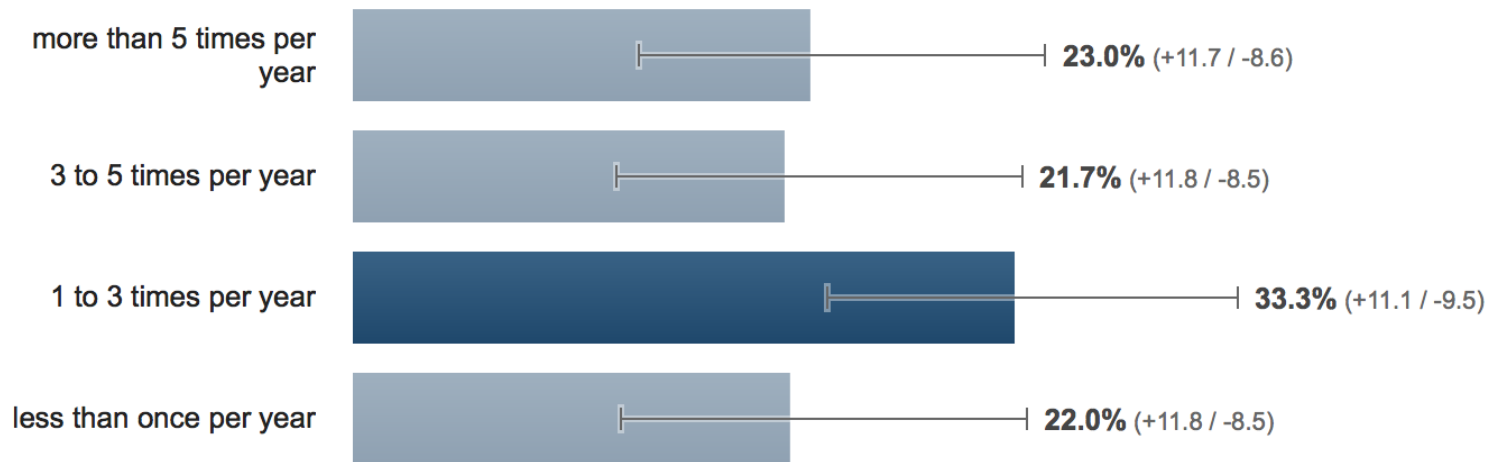
CRM2



NAVIGATOR

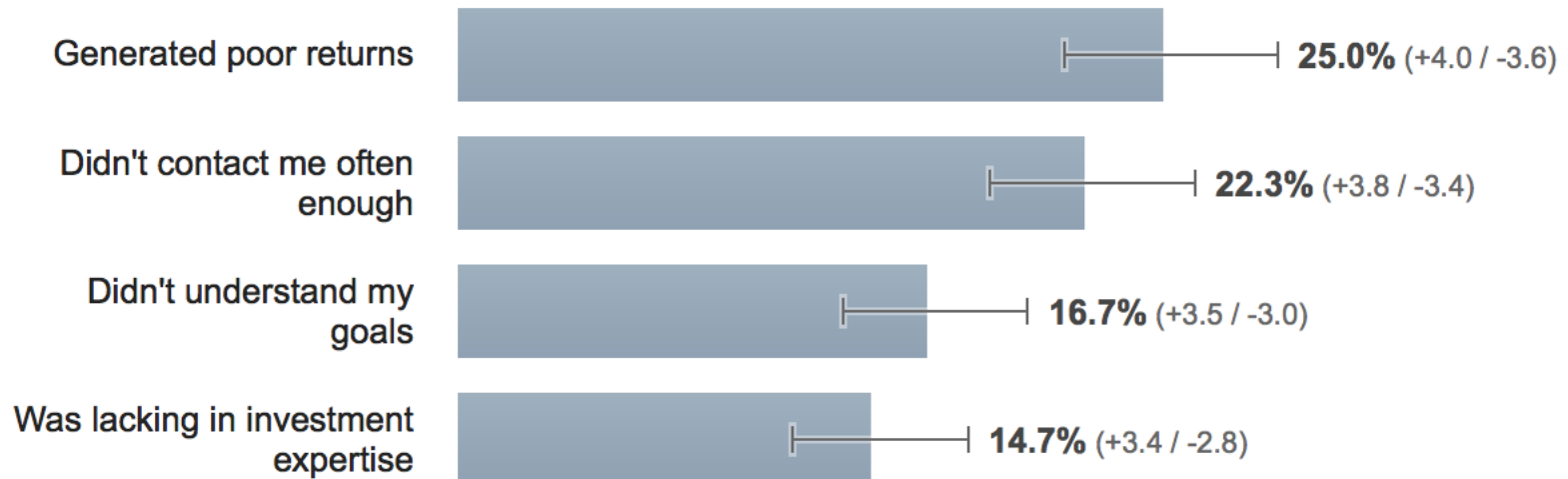
CRM2 Navigator – Investor Survey

How often does your advisor contact you in one year?
(Include meetings, phone calls, emails, newsletters, etc.)



CRM2 Navigator – Investor Survey

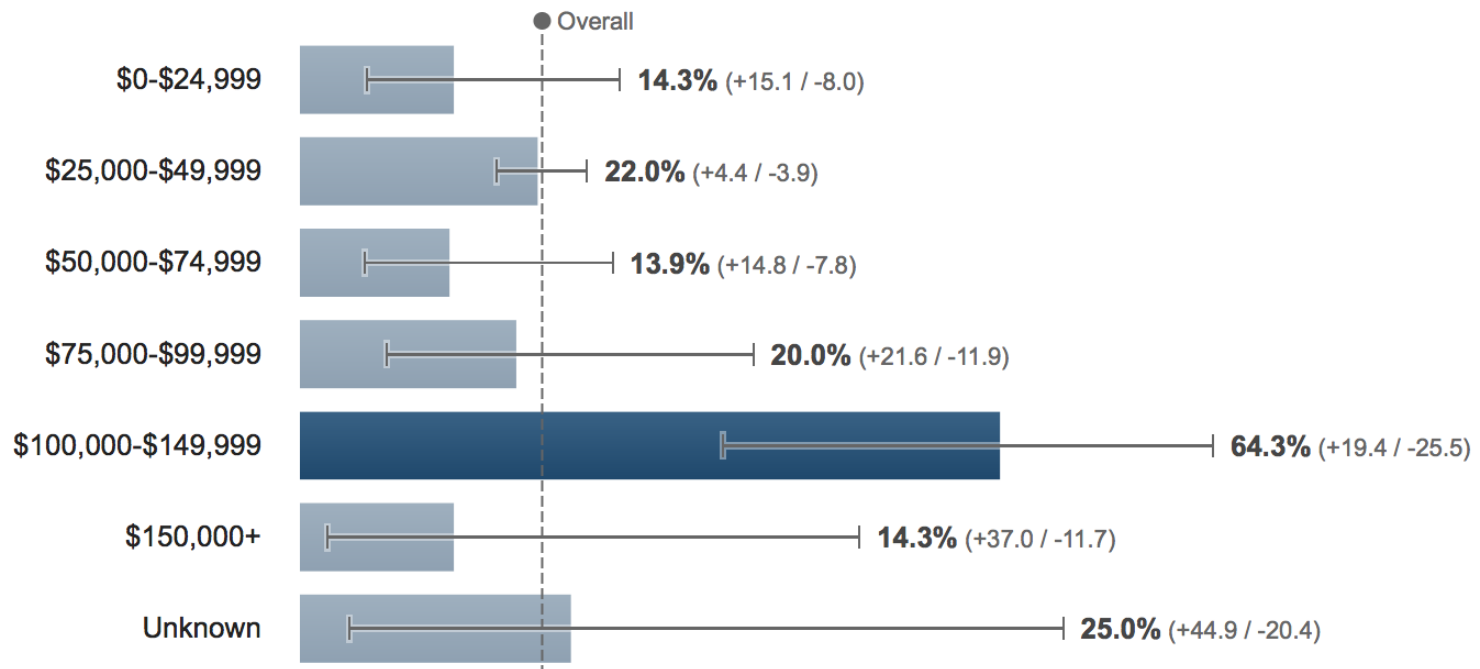
Have you ever discontinued a relationship with a financial advisor? If so, why?



CRM2 Navigator – Investor Survey

Have you ever discontinued a relationship with a financial advisor? If so, why?

Didn't contact me often enough (108 responses)



Once there is a clear Value Story

Tell it ... now

Don't let the first time clients see the fees on the statement be their introduction

- More touches
- Every client needs a contact plan

What content? Are you relevant and “in the game”?

Once there is a clear Value Story

More channels (mail, email, social, phone, in person)

More often



The goal: comfortable, confident conversations



Questions?

Thank you very much for you
for your attention.

Send any questions we couldn't answer to
awalrath@iiac.ca and we'll try to help.

