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Canada's Investment Professionals: Committed to Protecting Senior Investors

IIAC issues report outlining solutions to challenges faced by investment dealer firms and advisors when working with senior clients

Tuesday, March 18, 2014 (Toronto) – The Investment Industry Association of Canada (IIAC) today published a Guidance Report (“report”) entitled *Canada's Investment Industry: Protecting Senior Investors* with the goal of sharing best practices investment dealer firms and advisors are using when working with senior clients.

The report underscores how seriously the industry takes its responsibility to ensure senior investors are being served in an ethical, respectful and informed manner. It also calls attention to the important role firms and advisors are playing in protecting this client base.

“We are pleased to provide a comprehensive list of not only the challenges, but also a wide range of best practices currently – and successfully – in use,” said Michelle Alexander, IIAC Vice President. “During the development of this report, I was repeatedly struck by the lengths advisors and their firms go to to ensure their senior clients are not being taken advantage of by family members and/or other interested parties. It is commendable – and reassuring – that advisors are intervening when they suspect or identify suspicious activity.”

The report identifies why it is important for investment dealers and advisors to remain vigilant when dealing with their senior clients. These factors include:

- With few exceptions, seniors have limited ability to replenish capital losses through future income from other sources;
- Extra caution needs to be exercised when dealing with seniors engaged in higher risk investments or strategies, or who deplete capital through withdrawals that exceed returns;
- Unrealistic client expectations for investment income which is inconsistent with a low risk tolerance;
- Senior clients' fears and uncertainty about their future financial situation and life circumstances can be strong behavioural influences in their investment activities; and
- Seniors are more susceptible to physical (e.g. hearing, vision) and cognitive (e.g. memory, context) impairments which need to be accommodated.

“The special factors highlighted in this report underscore the importance of working with IIAC member firms and advisors, all of which are regulated by the Investment Industry Regulatory Organization of Canada, the national industry self-regulator. These firms and advisors are subject to rigorous regulatory oversight, comprehensive proficiency standards, and mandatory ongoing training. As a

result, they are uniquely qualified to manage the needs of senior investors,” Alexander said.

Specific elements of the report include:

- The numerous challenges facing firms and advisors when dealing with senior investors and why it is important to ensure there are internal policies and procedures in place so that clients warranting heightened supervision can be readily identified;
- A comprehensive list of best practices currently – and successfully – in use by investment dealer firms and advisors when serving senior clients; and
- The importance of conducting senior-focused supervision, surveillance and compliance reviews.

Alexander concluded: “Family members and friends of senior clients should be encouraged that the industry has been proactive and diligent in its efforts to protect these clients. The IIAC will continue to capture best practices in this area so they can be shared with the industry at large.”

A copy of this report is available [here](#).

The IIAC – Representing Canada’s Investment Professionals

The Investment Industry Association of Canada (IIAC) is the national association representing the investment industry’s position on securities regulation, public policy and industry issues on behalf of our 160 IIROC-regulated investment dealer Member firms in the Canadian securities industry. These dealer firms are the key intermediaries in Canadian capital markets, accounting for the vast majority of financial advisory services, securities trading and underwriting in public and private markets for governments and corporations. The IIAC provides leadership for the Canadian securities industry with a commitment to a vibrant, prosperous investment industry driven by strong and efficient capital markets.

For more information, please visit www.iiac.ca.

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