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COMPLIANCE & LEGAL
SECTION

CSA Client Focused Reforms

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November 27, 2018, 9:40 a.m.

Overview

- Roadmap and format for this presentation
- What are the “client focused reforms”?
- History and context of the reforms, next steps and timelines
- How the reforms are organized and the main areas of dealer and advisor practice they address

1. know your client obligations

- Are there any new KYC obligations under the reforms?
- How should the new proposed KYC regime be properly supervised?
- Will there be any attendant increased costs, complexities, etc.?

2. know your product obligations

- Are there any new KYP obligations under the proposed reforms?
- Suggested methods and tools for complying with and supervising the new obligations?

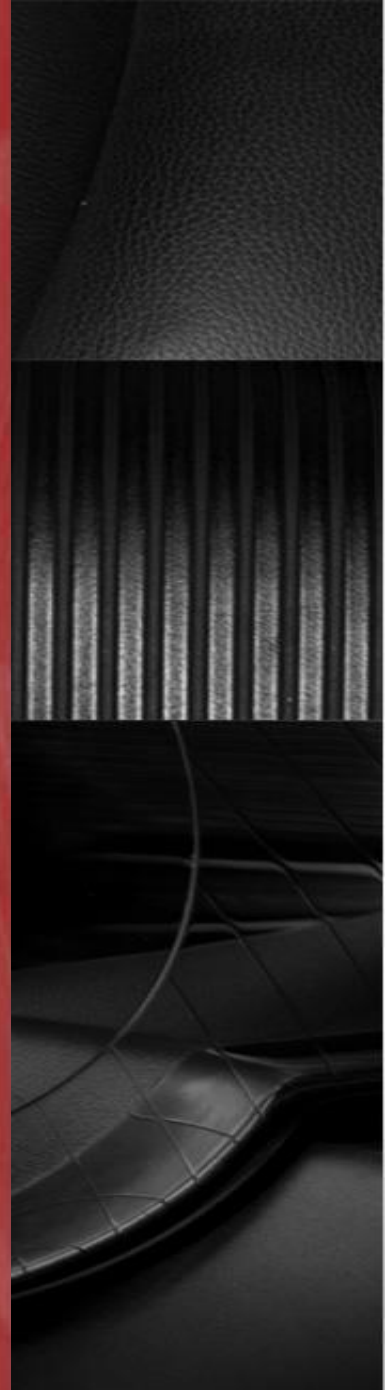
3. client–advisor/dealer conflict management

- What are the new standards for managing conflicts under the proposed reforms?
- Any recent feedback from the regulators on this proposal?

4. best interest v. client interest first

The proposed reforms purport to back away from the OSC's once proposed "best interest" standard. However, they include a "best interest" standard for dealing with *conflicts*, and a "client interest first" standard for *suitability*.

- Are there differences between the two standards?
- If so, what are the differences?
- How are these standards different that a fiduciary duty?



5. managed accounts under the reforms

- How are managed accounts impacted under the proposed reforms?
- Strategies for dealing with those impacts

6. client obligations

- How will the reforms impact the role of clients in their relationship with their broker, and regarding responsibility for investment decisions?
- Are the reforms an *evolution* or *devolution* of the client's role?

7. why the proposed reforms are a friend, and not a foe!

- More contact (by advisors and dealers) with clients is an opportunity to deepen client relationships, including opportunity to explain the value advisors bring
- Enhanced standards should result in enhanced confidence in the securities industry, attracting clients and capital
- All Western economies are taking further steps to protect clients and increase registrant standards, and Canada should not fall behind
- Helps weed out registrants who are inclined to cut corners and be non-compliant, and who generate the bad headlines that have negative impacts on the good actors