

For Immediate Release

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Canadian securities regulators implement investor protection reforms, strengthening the client-registrant relationship across Canada

Toronto – The Canadian Securities Administrators (CSA) today published rule amendments to implement the Client Focused Reforms (the reforms) across Canada. These reforms are based on the fundamental concept that clients’ interests come first in their dealings with firms and individuals that are registered to give investment advice and trade in securities (registrants).

Registrants will be required to address material conflicts of interest in the best interest of their clients and put clients’ interests first when determining the suitability of investments. These reforms introduce new obligations on registrants or codify best practices, particularly with registrants’ obligations to “know your product,” “know your client,” consider specific suitability factors, and disclose important information to clients.

The reforms are expected to increase investor confidence in the industry by better aligning industry conduct with investors’ expectations.

“Taken together, these changes mean better protection for retail investors across Canada, and a high and uniform standard of conduct for all registrants. Both investors and the industry as a whole will benefit from these new requirements,” said Louis Morisset, CSA Chair and President and CEO of the Autorité des marchés financiers.

These reforms follow a multi-year policy process which included two consultation papers and public roundtables, leading to the publication of proposals for comment in June 2018. In response to stakeholder feedback, the CSA revised specific aspects of the 2018 proposals to provide flexibility for registrants to comply with their obligations in a way that reflects their business models and their clients’ needs and objectives. The CSA will continue to provide guidance, and will provide an implementation committee to respond to questions and otherwise assist registrants with implementing these fundamental changes.

The Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association of Canada (MFDA) were active participants throughout this process, and will amend their respective member rules, policies and guidance to be consistent with the changes published today.

The reforms come into force across Canada on December 31, 2019, provided all ministerial approvals are obtained. There will be a phased transition period, with the reforms relating to conflicts of interest and the associated relationship disclosure provisions taking effect on December 31, 2020, and the remaining changes taking effect on December 31, 2021.

The reforms are amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* and Companion Policy 31-103CP [include link] and can be found on CSA members' websites.

The CSA, the council of the securities regulators of Canada's provinces and territories, coordinates and harmonizes regulation for the Canadian capital markets.

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For Investor inquiries, please refer to your respective securities regulator. You can contact them here.

For media inquiries, please refer to the list of provincial and territorial representatives below or contact us at media@acvm-csa.ca.

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