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Study Guide

KNOWLEDGE POINTS

203

CHAPTERS

15

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CHAPTER 1

Element 1: Know-Your-Client (KYC) & suitability

1.1 Key aspects of the firm–client relationship

Covers the foundational relationship between a Registered Representative and their client, including cross-border considerations.

- ✓ The client relationship model
- ✓ Concepts of trust, agency and conflicts of interest
- ✓ Procedures and requirements for working with clients residing in the United States, including snowbirds and other foreign jurisdictions as applicable
- ✓ Considerations for changes in residence

1.2 Importance and content required of KYC information

Addresses the range of client information required to fulfill KYC obligations.

- ✓ Financial circumstances: income, liquidity needs, financial assets, liabilities, net worth, whether the client is borrowing to invest
- ✓ Personal circumstances
- ✓ Investment knowledge
- ✓ Risk profile
- ✓ Investment objectives and needs
- ✓ Investment constraints and restrictions including EDI, ESG and other personal preferences
- ✓ Investment time horizon

1.3 Processes for assessing a client's risk profile

Covers thorough assessment of a client's risk tolerance, capacity and need.

- ✓ The client's willingness to accept risk or risk tolerance, including behavioural aspects
- ✓ The client's ability to endure financial loss or risk capacity
- ✓ How much risk is needed to achieve the client's goals or risk need
- ✓ Resolving conflicts between a client's expectations and risk profile

1.4 Types of business structures and investment opportunities

Covers different business structures and how they impact investment opportunities.

- ✓ Sole proprietorship
- ✓ Partnership
- ✓ Corporation (private vs. public)
- ✓ Co-operative

1.5 Documenting discussions with clients

Addresses the need to accurately document client discussions and have clients confirm accuracy.

1.6 Trusted contact person requirements

Covers application of trusted contact person requirements to specific scenarios.

- ✓ How to establish a trusted contact person
- ✓ What this permits and what it does not permit
- ✓ Actions if the client refuses to provide a trusted contact person
- ✓ When to contact a trusted contact person
- ✓ How to recognize potential capacity concerns
- ✓ How to recognize financial exploitation issues
- ✓ Conditions for using temporary holds
- ✓ Document the discussion

1.7 Primary responsibility and keeping KYC current

Covers primary responsibility, prohibition on KYC delegation and the obligation to keep KYC current.

1.8 Types of client account records and information collected

Covers the types of client account records and information gathered.

- ✓ Verification of identity
- ✓ Account appropriateness assessment
- ✓ KYC information
- ✓ Acknowledgement of disclosures
- ✓ Record of trusted contact person refusal

1.9 Account appropriateness obligation

Covers application of the account appropriateness obligation to specific scenarios.

1.10 Key features of various types of accounts

Covers matching account features, advantages and disadvantages to client requirements.

- ✓ Advisory (non-managed) account – fee-based and commission-based
- ✓ Managed account
- ✓ Discretionary account
- ✓ Cash account vs. margin account

1.11 Account-related documentation and information collected

Covers documentation related to account opening and information collected.

- ✓ Investment Dealer's business model
- ✓ Relationship with clients
- ✓ Investment products and services offered by the Investment Dealer
- ✓ Conditions for when to collect one set of KYC information for multiple accounts

1.12 Objective and content of the Relationship Disclosure document

Covers the purpose and required elements of the Relationship Disclosure document.

- ✓ Objective
- ✓ Frequency of provision
- ✓ Form and format
- ✓ Content
- ✓ Review

1.13 Containment of confidential information

Covers the importance of protecting confidential information within an Investment Dealer.

- ✓ Information barriers and firewalls
- ✓ Grey and restricted lists
- ✓ The role of investment banking, the research department and corporate finance
- ✓ Cybersecurity
- ✓ Privacy

1.14 Required documents in the Investment Dealer's Welcome Package

Covers the purpose of documents provided to clients in the Welcome Package.

- ✓ Fee schedule
- ✓ CIRO brochures (CIRO Complaints Brochure, How CIRO protects investors, Opening an Investment Account)
- ✓ Canadian Investor Protection Fund
- ✓ Derivative Risk Disclosure
- ✓ Investment Dealer conflict of interest disclosures
- ✓ Investment Dealer complaint handling procedures

1.15 Product due diligence obligation

Covers the product due diligence obligation on the Dealer and the Approved Person.

- ✓ The Investment Dealer
- ✓ The Approved Person

1.16 Know-Your-Product (KYP) obligation

Covers application of the KYP obligation to all investments purchased, sold or recommended.

- ✓ Structure
- ✓ Features (initial and ongoing costs)
- ✓ Risks (impact of costs)

1.17 Retail client suitability determination requirements

Covers application of suitability determination requirements to specific situations.

- ✓ The relationship of KYC to recommendations
- ✓ The need to avoid excessive switches (churning)

1.18 Unsolicited or unsuitable client instructions

Covers obligations where client instructions are unsolicited or unsuitable.

1.19 Types of investment action for a client's account

Covers applying types of investment action to specific situations.

- ✓ Purchasing
- ✓ Selling
- ✓ Holding a position
- ✓ Depositing
- ✓ Exchanging or transferring securities

1.20 Account appropriateness vs. suitability determination

Covers the difference between account appropriateness and suitability determination.

1.21 Monitoring and maintaining accounts

Covers Dealer and regulatory requirements for monitoring and maintaining accounts, including triggering events.

1.22 Impact of changes on suitability determination

Covers analysis of how relevant changes affect suitability for a client's portfolio.

- ✓ Material change to the client's circumstances
- ✓ Product and market research
- ✓ Economic, political and social events
- ✓ Emerging issues, financial trends, economic trends and world news

1.23 Managing conflicts of interest in the client's best interest

Covers regulatory requirements for managing conflicts of interest.

- ✓ Identifying
- ✓ Avoiding
- ✓ Addressing
- ✓ Disclosure

1.24 Requirements relating to outside activities

Covers requirements relating to outside activities in specific situations.

- ✓ Definition
- ✓ Pre-approval
- ✓ Disclosure

1.25 Personal financial dealings with clients

Covers requirements relating to personal financial dealings with clients.

- ✓ Prohibition and action relating to accepting consideration, settlement agreements, borrowing/lending, control or authority, comingling of assets
- ✓ Business partnerships
- ✓ Investment clubs

1.26 Dealer policies for managing conflicts of interest

Covers application of Dealer policies and procedures for managing conflicts of interest.

- ✓ Effective controls and qualified supervision
- ✓ Applicable due diligence process for approvals
- ✓ Appropriate record-keeping

1.27 CRO standards of conduct

Covers application of CRO standards of conduct to situations involving representatives, clients and firms.

1.28 Thorough processes for assessing a client's risk profile

Examines how to assess a client's risk profile through willingness, ability and need for risk.

- ✓ The client's willingness to accept risk or risk tolerance, including behavioural aspects
- ✓ The client's ability to endure financial loss or risk capacity
- ✓ How much risk is needed to achieve the client's goals or risk need
- ✓ Resolving conflicts between a client's expectations and risk profile

1.29 Types of business structures and impact on investment opportunities

Covers different business structures and how they affect investment opportunities.

- ✓ Sole proprietorship
- ✓ Partnership
- ✓ Corporation (private vs. public)
- ✓ Co-operative

1.30 Requirements around a trusted contact person

Applies trusted contact person requirements to scenarios, including establishment, permissions and use.

- ✓ How to establish a trusted contact person
- ✓ What this permits and what it does not permit
- ✓ Actions if the client refuses to provide a trusted contact person
- ✓ When to contact a trusted contact person
- ✓ How to recognize potential capacity concerns
- ✓ How to recognize financial exploitation issues
- ✓ Conditions for using temporary holds
- ✓ Document the discussion

1.31 Primary responsibility and KYC currency obligations

Covers the prohibition on KYC delegation and obligation to keep KYC information current.

1.32 Account appropriateness obligation applied to scenarios

Applies the account appropriateness obligation to specific situations.

1.33 Key features of various account types

Applies advantages and disadvantages of account types to client requirements.

- ✓ Advisory (non-managed) account – fee-based and commission-based
- ✓ Managed account
- ✓ Discretionary account
- ✓ Cash account vs. margin account

1.34 Account-related documentation and opening process

Covers documentation tied to account opening and the information collected relative to the dealer's model.

- ✓ Investment Dealer's business model
- ✓ Relationship with clients
- ✓ Investment products and services offered by the Investment Dealer
- ✓ Conditions for when to collect one set of KYC information for multiple accounts

1.35 Required documents in the Welcome Package

Covers the purpose of documents included in the Investment Dealer's Welcome Package.

- ✓ Fee schedule
- ✓ CIRO brochures (Complaints Brochure, How CIRO protects investors, Opening an Investment Account)
- ✓ Canadian Investor Protection Fund
- ✓ Derivative Risk Disclosure
- ✓ Investment Dealer conflict of interest disclosures
- ✓ Investment Dealer complaint handling procedures

1.36 Obligations for unsolicited or unsuitable instructions

Covers obligations of the Registered Representative and Dealer when instructions are unsolicited or unsuitable.

1.37 Monitoring and maintaining accounts requirements

Analyzes Dealer and regulatory requirements for monitoring accounts and triggering events.

1.38 Managing conflicts of interest in client's best interests

Applies regulatory requirements for managing conflicts of interest to specific situations.

- ✓ Identifying
- ✓ Avoiding
- ✓ Addressing
- ✓ Disclosure

1.39 CIRO standards of conduct applied to situations

Applies CIRO standards of conduct to situations involving a Registered Representative and their client or firm.

CHAPTER 2

How should I study for the Retail Securities Exam?

2.1 CIRO Proficiency Model and open access

The blueprint explains that the exam follows the CIRO Proficiency Model, under which all tested information is freely available on websites, in regulatory rule books and in national or regional laws.

- ✓ CIRO does not produce a consolidated study book
- ✓ Sample study resources are listed later in the document
- ✓ Materials listed are suggestions, not endorsements or accredited

2.2 Choosing self-study or a preparatory provider

Candidates may choose to self-study or use a preparatory course provider, and it is up to the candidate to select the best study journey for their learning style, time and experience.

- ✓ CIRO does not guarantee passing using these methods
- ✓ Refer to CIRO information if resources conflict with it

2.3 Open access to competency exams

The CIRO Proficiency Model aims to allow open access to competency exams, with all tested information freely available on websites, in regulatory rule books and in national or regional laws.

- ✓ CIRO does not produce a consolidated study book for the competency exams
- ✓ A sample of relevant study resources is listed in this guide

2.4 Choosing between self-study and prep providers

Candidates may choose to self-study or use a preparatory course provider, selecting the study journey that best fits their learning style, time commitment and experience.

- ✓ CIRO does not guarantee passing using any method
- ✓ Listed resources are suggestions, not endorsements, and are not accredited or recognized by CIRO

2.5 Discrepancy resolution with CIRO information

If there is a discrepancy between CIRO-provided information and any external resource, candidates should defer to CIRO's information.

- ✓ Refer to CIRO relevant rules, guidance and the syllabus in case of discrepancy

CHAPTER 3

How do I self-study?

3.1 Familiarization with the exam syllabus

The starting point is the exam syllabus, which is the authoritative roadmap outlining topics and subtopics covered and prioritizing study time.

- ✓ Syllabus is the authoritative list of what can be tested
- ✓ You will not be tested on topics not explicitly in the syllabus
- ✓ Being familiar with the syllabus matters even when using a provider

3.2 Strategic self-study step-by-step approach

The blueprint outlines a strategic approach to studying using only the syllabus learning outcomes, structured into a series of steps.

- ✓ Understand the scope
- ✓ Create a study schedule
- ✓ Identify key concepts
- ✓ Use supplementary materials
- ✓ Employ the practice exam
- ✓ Use active learning techniques
- ✓ Do regular self-assessment
- ✓ Join study groups
- ✓ Stay updated

3.3 Understand the scope of learning outcomes

Reviewing the list of learning outcomes to grasp the breadth and depth of exam content and organize related outcomes into a study plan.

- ✓ Carefully review learning outcomes for breadth and depth
- ✓ Understand question types indicated by the taxonomy (e.g. Remember or Understand)
- ✓ Group similar or related outcomes together

3.4 Create a study schedule

Allocating study time across learning outcomes using question weighting to set realistic goals with review and practice.

- ✓ Allocate specific times for each learning outcome
- ✓ Use question weighting (e.g. one hour per question)
- ✓ Set realistic goals allowing for review and practice

3.5 Identify key concepts

Pinpointing the key concepts and terms to master for each learning outcome and mapping out what is needed to know.

- ✓ Identify key concepts and terms per outcome
- ✓ Make a list of key points for quick reference
- ✓ Create a mind map of key points

3.6 Use supplementary materials

Deepening understanding through textbooks, online resources, industry publications and peers, including university course reading lists for non-regulatory content.

- ✓ Use textbooks, online resources, industry publications and peers
- ✓ University reading lists useful for non-regulatory financial markets content

3.7 Employ the practice exam

Using the practice exam as a representative benchmark of exam readiness and pacing, informally at the start and formally when ready.

- ✓ Practice exam represents type and breadth of competency exam questions
- ✓ Avoid memorizing specific questions or taking it before self-study is done
- ✓ Use informally at start, then formally when ready

3.8 Use active learning techniques

Reinforcing understanding through active methods such as summarizing, mind maps, flash cards, peer discussion and teaching others.

- ✓ Summarize information in your own words
- ✓ Create mind maps and use flash cards
- ✓ Teach material to someone else

3.9 Do regular self-assessment

Periodically testing understanding and retention on each learning outcome and adjusting the study plan toward weaker areas.

- ✓ Periodically test yourself on each outcome
- ✓ Use lists and mind maps to assess
- ✓ Adjust study plan to focus on weaker areas

3.10 Join study groups

Considering study groups or online forums to discuss learning outcomes and share resources with fellow candidates.

- ✓ Join study groups or online forums to discuss outcomes and share resources

3.11 Stay updated on the industry

Keeping abreast of updates or changes in the investment industry sector that might impact the exam.

- ✓ Keep abreast of investment industry updates or changes affecting your exam

CHAPTER 4

Element 2: Fixed income

4.1 Regulatory requirements for debt markets

Covers requirements to promote fair and efficient debt markets.

- ✓ General requirements to promote fair and efficient debt markets
- ✓ Policies and procedures – the requirement and content
- ✓ Prohibited practices – obligations on the Investment Dealer and Approved Person

4.2 Types and features of fixed-income products

Covers types and features of various fixed-income products.

- ✓ Government of Canada Securities
- ✓ Provincial and municipal government securities
- ✓ Corporate securities
- ✓ Guaranteed income certificates (GIC)

4.3 Terminology of fixed-income products

Covers application of fixed-income terminology to specific situations.

- ✓ Par value
- ✓ Coupon rate
- ✓ Maturity date
- ✓ Term to maturity
- ✓ Bond price
- ✓ Yield to maturity
- ✓ Settlement
- ✓ Covenants

4.4 Characteristics of fixed-income products

Covers analysis of fixed-income product characteristics for investors and issuers.

- ✓ Advantages and disadvantages to the investor
- ✓ Advantages and disadvantages to the issuer
- ✓ Sources of risks and potential returns
- ✓ Impact of costs associated with acquiring and holding fixed-income products

4.5 Instrument characteristics affecting risk-return profile

Covers characteristics and conditions affecting the risk-return profile of fixed-income instruments.

- ✓ Strips
- ✓ Floating rate
- ✓ Callable/puttable
- ✓ Convertible
- ✓ Extendable
- ✓ Sinking/purchase funds

4.6 Standard calculations to bond yields

Covers application of standard yield calculations to bonds.

- ✓ Income (or current) yield
- ✓ (Approximate) yield to maturity
- ✓ Yield on a zero-coupon instrument
- ✓ Yield curves

4.7 Relationships between bond variables

Covers relationships among coupon, yield, maturity, price and duration in specific situations.

- ✓ Coupon, yield, term-to-maturity and price volatility
- ✓ Macaulay duration, modified duration and price sensitivity
- ✓ Changes in economic factors and price of fixed-income products

4.8 Modified duration calculation

Covers applying modified duration to assess a bond's price change for a given yield change.

4.9 Time value of money in investment calculations

Covers applying time value of money to fixed-income calculations.

- ✓ Calculation of present value of a fixed-income security given par value, coupon rate, term to maturity and discount rate
- ✓ Calculation of any missing variable in a time value of money calculation

4.10 Instruments affecting the risk–return profile

Covers characteristics of instruments and conditions affecting risk-return profiles.

- ✓ Strips
- ✓ Floating rate
- ✓ Callable/puttable
- ✓ Convertible
- ✓ Extendable
- ✓ Sinking/purchase funds

4.11 Relationships between bond factors

Applies the relationships between coupon, yield, term, price volatility and duration.

- ✓ Coupon, yield, term-to-maturity and price volatility
- ✓ Macaulay duration, modified duration and price sensitivity
- ✓ Changes in economic factors and price of fixed-income products

4.12 Time value of money to investment calculations

Applies time value of money to fixed-income calculations.

- ✓ Calculation of present value given par value, coupon rate, term to maturity and discount rate
- ✓ Calculation of any missing variable in a time value of money calculation

CHAPTER 5

If I use a preparatory provider, what does a good one look like?

5.1 Key factors when selecting a prep provider

The blueprint lists factors to consider when evaluating whether a preparatory provider is a good fit for exam preparation.

- ✓ Reputation and reviews
- ✓ Accreditation and credentials
- ✓ Comprehensive study materials
- ✓ Structured study plan
- ✓ Flexibility and accessibility
- ✓ Practice exams and assessments
- ✓ Student support
- ✓ Cost and value
- ✓ Trial options

5.2 Reputation and reviews

Assessing a prep provider's standing in the investment industry through reputation and independent reviews.

- ✓ Look for a solid reputation in the investment industry
- ✓ Check reviews and testimonials on independent websites

5.3 Accreditation and credentials

Verifying whether the provider is accredited and confirming the qualifications of its instructors.

- ✓ Check accreditation by relevant bodies
- ✓ Verify instructor qualifications and experience

5.4 Comprehensive study materials

Ensuring the provider offers current materials covering all exam learning outcomes with varied resource types.

- ✓ Comprehensive up-to-date materials covering all learning outcomes
- ✓ Variety such as textbooks, online modules, practice exams and interactive tools

5.5 Structured study plan

Looking for a structured plan aligned to your exam schedule with guidance on using materials and managing time.

- ✓ Structured plan aligned with exam schedule
- ✓ Guidance on using materials and managing study time

5.6 Flexibility and accessibility

Considering flexible delivery options, platform usability, device and mobile access, and access duration to materials.

- ✓ Flexible options like online courses, live webinars and on-demand videos
- ✓ User-friendly platform accessible on various devices
- ✓ Mobile app access
- ✓ Consider length of access to study materials against your timeline

5.7 Practice exams and assessments

Ensuring ample practice exams that mimic the actual format with detailed feedback on mistakes.

- ✓ Ample practice exams mimicking the actual format
- ✓ Detailed feedback and explanations for practice questions

5.8 Student support

Checking availability of support services and quality of customer support for interacting with instructors and peers.

- ✓ Support services such as tutoring, study groups, help desks or forums
- ✓ Quality customer support for technical or administrative issues

5.9 Cost and value

Comparing costs and package inclusions to evaluate the overall value relative to materials, support and success rates.

- ✓ Compare cost and package inclusions across providers
- ✓ Evaluate value including materials, support and success rates

5.10 Trial options

Taking advantage of free trials or sample materials to assess quality, variety and suitability.

- ✓ Use free trials or sample materials to assess quality and suitability

CHAPTER 6

Element 3: Equities

6.1 Prospectus requirements and exemptions

Covers the requirement and purpose of a prospectus and when exemptions apply under national instruments.

- ✓ Application to primary and secondary distributions
- ✓ Application to takeovers
- ✓ Comprehensive disclosure
- ✓ Advertising and marketing
- ✓ Timely disclosure requirements
- ✓ Exempt market securities
- ✓ Private placements
- ✓ Accredited investor

6.2 Types and key features of common shares

Covers classes and features of common shares.

- ✓ Dividend rights
- ✓ Voting rights
- ✓ Rights to surplus on dissolution

6.3 Canadian depositary receipts (CDRs)

Covers the types and key features of Canadian depositary receipts.

- ✓ Rights to holder
- ✓ CDR ratio

6.4 Characteristics of common shares and depositary receipts

Covers analysis of investing in different classes of common shares and depositary receipts.

- ✓ Source of risks and potential returns
- ✓ Impact of costs associated with acquiring and holding common shares and depositary receipts

6.5 Features of common share ownership

Covers analysis of the advantages and disadvantages of common share ownership.

- ✓ Advantages and disadvantages of common share ownership
- ✓ Advantages and disadvantages to the issuer of common shares

6.6 Corporate actions affecting the shareholder

Covers how corporate actions can affect a shareholder's position.

- ✓ How dividends are declared, claimed and taxed
- ✓ The impact of stock splits and consolidations
- ✓ Share buyback

6.7 Types and key features of preferred shares

Covers classes and features of preferred shares.

- ✓ Dividend rights
- ✓ Voting rights
- ✓ Rights on dissolution

6.8 Characteristics of preferred shares

Covers analysis of investing in different classes of preferred shares.

- ✓ Source of risks and potential returns
- ✓ Impact of costs associated with acquiring and holding preferred shares

6.9 Common vs. preferred share ownership

Covers applying the distinction between common and preferred share ownership.

- ✓ Advantages and disadvantages to the owners of preferred shares
- ✓ Advantages and disadvantages to the issuer of preferred shares

6.10 Time value of money for equity calculations

Covers applying time value of money to equity valuation.

- ✓ Calculation of present value of an equity security using discounted cash flow and price–earnings growth models

6.11 Requirement and purpose of a prospectus

Covers prospectus requirements and exemptions under National Instruments 41-101 and 45-106.

- ✓ Application to primary and secondary distributions
- ✓ Application to takeovers
- ✓ Comprehensive disclosure
- ✓ Advertising and marketing
- ✓ Timely disclosure requirements
- ✓ Exempt market securities
- ✓ Private placements
- ✓ Accredited investor

6.12 Types and key features of Canadian depositary receipts

Covers CDRs and their holder rights.

- ✓ Rights to holder
- ✓ CDR ratio

6.13 How corporate actions affect the shareholder

Covers the effect of corporate actions on a shareholder's position.

- ✓ How dividends are declared, claimed and taxed
- ✓ The impact of stock splits and consolidations
- ✓ Share buyback

6.14 Common share vs. preferred share ownership

Applies the distinction between common and preferred share ownership.

- ✓ Advantages and disadvantages to the owners of preferred shares
- ✓ Advantages and disadvantages to the issuer of preferred shares

CHAPTER 7

Element 4: Securities analysis

7.1 Factors in performing company analysis

Covers analysis of factors to determine whether a company is a good investment.

- ✓ All relevant documents and sources of information
- ✓ Clear explanations of company analysis to retail clients when requested
- ✓ Collaboration and consultation with internal and external subject matter experts

7.2 Statement of financial position

Covers the purpose and content of a company's statement of financial position.

- ✓ Format and items included and how they are classified
- ✓ Purpose of the statement of changes in equity and its relation to the balance sheet and earnings statement

7.3 Statement of comprehensive income

Covers the purpose and content of the statement of comprehensive income, including sources of income.

7.4 Statement of cash flows

Covers the purpose and content of the statement of cash flows.

- ✓ Cash flow from operating activities
- ✓ Cash flow from investing activities
- ✓ Cash flow from financing activities

7.5 Other factors regarding financial statements

Covers additional factors relating to company financial statements.

- ✓ Note for the financial statements
- ✓ Auditor's report

7.6 Analyzing financial statements with ratios

Covers analysis of basic financial statements to give meaningful responses, including ratio calculations.

- ✓ Liquidity ratios (current, quick, cash)
- ✓ Risk analysis ratios (debt to equity, debt to assets, interest coverage)
- ✓ Profitability ratios (profit margins, return on assets, return on invested capital)
- ✓ Efficiency ratios (fixed asset, inventory, receivables, payables, working capital turnover)
- ✓ Equity ratios (dividend payout, retention rate, earnings per share, book value per share, free cash flow to equity)

7.7 Analyzing financial statements for investment value

Covers analysis of financial statements to respond on the investment in question.

- ✓ Value ratios (EPS, price to earnings, dividend yield, dividend cover, dividend payout, equity to common share)
- ✓ The use of trend analysis and external comparisons

7.8 Information from exchanges and regulators

Covers types and uses of equity and fixed-income information provided by exchanges and regulators.

- ✓ Price, volumes, yields and market capitalization
- ✓ Restrictions including cease trade orders (CTOs)

7.9 Purpose and uses of market indices

Covers the purpose, construction and uses of market indices.

- ✓ How index values are constructed
- ✓ Index vs. average vs. multi-factor
- ✓ Market-value-weighted vs. price-weighted vs. equal-weighted
- ✓ Price return vs. total return
- ✓ Asset class, sector, country, international

7.10 Use of indices

Covers applying indices to market summaries and benchmark performance.

- ✓ Providing a market summary
- ✓ Calculating performance versus a benchmark

7.11 Methods of assessing stock market behaviour

Covers analysis of methods used to assess stock market behaviour.

- ✓ Importance of using different sources of company analysis and information
- ✓ Fundamental analysis
- ✓ Quantitative analysis
- ✓ Technical/statistical analysis
- ✓ The assumptions and valuation approaches which may be used

7.12 Classifying industries into sectors

Covers how industries are classified into sectors and interpreted in stock valuation.

- ✓ Consumer products
- ✓ Manufacturing industries
- ✓ Service industries
- ✓ Technologies

7.13 Macroeconomic factors on securities prices

Covers applying macroeconomic factors to investor expectations and market movements.

- ✓ Interest rates
- ✓ Inflation
- ✓ Employment
- ✓ Productivity

7.14 Factors impacting performance expectations

Covers analysis of other factors impacting performance expectations over various time horizons.

- ✓ Asset class
- ✓ Volatility
- ✓ Market sector
- ✓ Economic cycle
- ✓ Benchmarks

7.15 Factors involved in performing company analysis

Analyzes the factors in company analysis to determine if a company is a good investment.

- ✓ All relevant documents and sources of information
- ✓ Clear explanations of company analysis to retail clients when requested
- ✓ Collaboration and consultation with internal and external subject matter experts

7.16 Purpose and content of the statement of financial position

Covers the format and classification of the statement of financial position.

- ✓ Format and items included and how they are classified
- ✓ Purpose of the statement of changes in equity and its relation to the balance sheet and earnings statement

7.17 Purpose and content of statement of comprehensive income

Covers the statement of comprehensive income and sources of income.

7.18 Purpose and content of the statement of cash flows

Covers the components of the statement of cash flows.

- ✓ Cash flow from operating activities
- ✓ Cash flow from investing activities
- ✓ Cash flow from financing activities

7.19 Other factors regarding company financial statements

Covers supplementary elements of financial statements.

- ✓ Note for the financial statements
- ✓ Auditor's report

7.20 Analyzing financial statements on the company

Analyzes financial statements to give meaningful responses on a company, involving ratio calculations.

- ✓ Liquidity ratios – current, quick and cash ratios
- ✓ Risk analysis ratios – debt to equity, debt to assets, interest coverage
- ✓ Profitability ratios – profit margins, return on assets, return on invested capital
- ✓ Efficiency ratios – fixed asset, inventory, receivables, payables, working capital turnover
- ✓ Equity ratios – dividend payout, retention rate, earnings per share, book value per share, free cash flow to equity

7.21 Analyzing financial statements on the investment

Analyzes financial statements to give responses on the investment, involving value ratios and trends.

- ✓ Value ratios – EPS, price to earnings, dividend yield, dividend cover, dividend payout, equity to common share
- ✓ The use of trend analysis and external comparisons

7.22 Information provided by exchanges and regulators

Covers types and uses of information for equities and fixed income from exchanges and regulators.

- ✓ Price, volumes, yields and market capitalization
- ✓ Restrictions including cease trade orders (CTOs)

7.23 Other factors impacting performance expectations

Analyzes factors affecting performance over various time horizons.

- ✓ Asset class
- ✓ Volatility
- ✓ Market sector
- ✓ Economic cycle
- ✓ Benchmarks

CHAPTER 8

Should I use a preparatory provider or self-study?

8.1 Pros and cons of using a prep provider

The blueprint weighs the advantages and disadvantages of using a good preparatory provider to prepare for the exam.

- ✓ Pros: structured learning, expert guidance, comprehensive resources, practice exams, peer interaction, time efficiency
- ✓ Cons: cost, less flexibility, dependency

8.2 Pros and cons of studying on your own

The blueprint weighs the advantages and disadvantages of self-study as an approach to exam preparation.

- ✓ Pros: cost-effective, flexibility, personalized learning, self-reliance, accessible
- ✓ Cons: self-discipline required, time-consuming, limited guidance, potential gaps

8.3 Pros of using a good prep provider

Benefits of a prep provider including structured learning, expert guidance, comprehensive resources, practice exams, peer interaction and time efficiency.

- ✓ Structured learning to stay on track
- ✓ Expert guidance from experienced instructors
- ✓ Comprehensive resources tailored to the exam
- ✓ Practice exams mirroring the test
- ✓ Peer interaction via study groups, forums or classes
- ✓ Time efficiency in organizing study

8.4 Cons of using a prep provider

Drawbacks of prep providers including cost, less flexibility and potential dependency.

- ✓ Cost can be significant
- ✓ Less flexibility due to set schedules
- ✓ Dependency may limit independent study skills

8.5 Pros of studying on your own

Benefits of self-study including cost-effectiveness, flexibility, personalized learning, self-reliance and accessible public resources.

- ✓ Cost-effective using free or low-cost resources
- ✓ Flexibility to study at your own pace
- ✓ Personalized learning focused on weak areas
- ✓ Self-reliance and critical thinking
- ✓ All tested resources are publicly accessible

8.6 Cons of studying on your own

Drawbacks of self-study including required self-discipline, time demands, limited guidance and potential coverage gaps.

- ✓ Self-discipline and motivation required
- ✓ Time-consuming to gather materials and plan
- ✓ Limited expert guidance for complex concepts
- ✓ Potential gaps without a structured plan

CHAPTER 9

Where can I get additional support to study for the Retail Securities Exam?

9.1 CIRO Investment Dealer and Partially Consolidated (IDPC) rules

Some tested content relates directly to CIRO rules governing Investment Dealers; the blueprint identifies specific IDPC rule sections candidates should be familiar with.

- ✓ Rule 1100 – Interpretation
- ✓ Rule 1200 – Definitions
- ✓ Rule 1400 – Standards of conduct
- ✓ Rule 2600 – Proficiency requirements and exemptions from proficiencies
- ✓ Rule 2700 – Continuing education requirements for Approved Persons
- ✓ Rule 3000 – Business conduct and client account rules
- ✓ Rule 5100 – Margin requirements – application and definitions
- ✓ Rule 7100 – Debt markets

9.2 Universal Market Integrity Rules (UMIR)

The blueprint identifies specific parts of the Universal Market Integrity Rules provided by CIRO that candidates should be particularly familiar with.

- ✓ Part 2 – Abusive trading
- ✓ Part 4 – Frontrunning
- ✓ Part 5 – Best execution obligation
- ✓ Part 7 – Trading in a marketplace
- ✓ Part 10 – Gatekeeper obligations

9.3 Investment Dealer and Partially Consolidated (IDPC) Rules

Some tested content relates directly to CRO rules governing Investment Dealers, with candidates expected to be familiar with specified IDPC rule sections.

- ✓ Rule 1100 – Interpretation
- ✓ Rule 1200 – Definitions
- ✓ Rule 1400 – Standards of conduct
- ✓ Rule 2600 – Proficiency requirements and exemptions from proficiencies
- ✓ Rule 2700 – Continuing education requirements for Approved Persons
- ✓ Rule 3000 – Business conduct and client account rules
- ✓ Rule 5100 – Margin requirements – application and definitions
- ✓ Rule 7100 – Debt markets

9.4 Anti-money laundering legislation (PCMLTFA)

The exam covers the purpose, general requirements and implications of breaching the Proceeds of Crime (Money Laundering) and Terrorism Financing Act and its regulations, recorded on the FINTRAC site.

- ✓ Focus on purpose, general requirements and implications of breach
- ✓ PCMLTF Regulations

9.5 National Instruments from the CSA

The blueprint notes that specific National Instruments found on the Canadian Securities Administrators website are referenced in the syllabus.

- ✓ NI 41-101 General Prospectus Requirements
- ✓ NI 45-106 Prospectus Exemptions

9.6 Accounting terminology under IFRS

Although specific accounting regulations will not be tested, the blueprint states that familiarity with accounting terminology under International Financial Reporting Standards is required.

9.7 Governmental and regulatory body resources

The blueprint lists governmental and regulatory bodies whose resources are relevant to understanding the regulatory environment and legislation governing the Canadian investment industry.

- ✓ Government of Canada (Canada.ca)
- ✓ Office of the Superintendent of Financial Institutions (OSFI)
- ✓ Canadian Securities Administrators (CSA)
- ✓ Financial Consumer Agency of Canada (FCAC)
- ✓ Bank of Canada
- ✓ Canadian Investment Regulatory Organization (CIRO)

9.8 PCMLTFA and PCMLTF Regulations

The exam addresses the purpose, general requirements and implications of breaching anti-money laundering and terrorist financing legislation recorded on the FINTRAC site.

- ✓ Proceeds of Crime (Money Laundering) and Terrorism Financing Act (PCMLTFA)
- ✓ PCMLTF Regulations
- ✓ Recorded on the FINTRAC site

9.9 IFRS accounting terminology

While specific accounting regulations will not be tested, familiarity with accounting terminology under International Financial Reporting Standards is required.

- ✓ Accounting terminology under IFRS is required
- ✓ Specific accounting regulations will not be tested

CHAPTER 10

Element 5: Managed products and other investments

10.1 Types of managed products

Covers the various types of managed products available.

- ✓ Mutual fund trusts
- ✓ Mutual fund corporations
- ✓ Income trusts
- ✓ Closed-end funds
- ✓ Real estate investment trusts (REITs)
- ✓ Exchange-traded funds (ETFs)
- ✓ Wrap funds/fund of funds/ETF wrap
- ✓ Pooled funds

10.2 Considerations for investors in managed products

Covers analysis of main considerations affecting investors in managed products.

- ✓ Range of exposures available (income and growth, asset classes, sectors, geography, ethical and ESG, diversification/concentration)
- ✓ Advantages and disadvantages of managed products

10.3 Main features of mutual funds

Covers the main features of mutual funds.

- ✓ Access to mutual funds in Canada
- ✓ Structure (trust vs. corporate)
- ✓ Participants – trustee, manager, distributor, custodian
- ✓ Fee structures
- ✓ Daily pricing

10.4 Considerations for investors in mutual funds

Covers analysis of main considerations affecting investors in mutual funds.

- ✓ Advantages and disadvantages to the investor
- ✓ Advantages and disadvantages to the provider
- ✓ Source of risks and potential returns, including risk-ranking methodologies

10.5 Considerations for investors in ETFs

Covers analysis of main considerations affecting investors in ETFs.

- ✓ Access to ETFs
- ✓ Creation
- ✓ Pricing: market price vs. net asset value (NAV)
- ✓ ETF management styles
- ✓ The use of leverage
- ✓ Advantages and disadvantages of ETFs over mutual funds
- ✓ Cost structures

10.6 Fund management styles

Covers features and purpose of fund management styles.

- ✓ Active and passive management
- ✓ Smart beta/factor investing
- ✓ Leveraged funds
- ✓ Inverse funds

10.7 Information sources on managed products

Covers information sources on managed products, including fund facts and ETF fact sheets.

10.8 Criteria for evaluating fund performance

Covers typical criteria for evaluating a fund's performance.

- ✓ Measuring return (holding period, money-weighted, time-weighted rate of return)
- ✓ Comparing return (benchmark, peer group)

10.9 Methods of valuation for managed funds

Covers application of valuation methods for managed funds, including calculations.

- ✓ Pricing of mutual fund units or shares, including NAVPS
- ✓ Measurement and comparisons of fund performance
- ✓ Standard performance data and total return
- ✓ Use of comparisons and appropriate benchmarks (specified in advance, appropriate, measurable, unambiguous, reflective, accountable, investable)

10.10 Impact of costs on managed products

Covers the impact of costs on the performance of managed products.

- ✓ Loads and charges
- ✓ Turnover
- ✓ Taxes (on the fund, on the investor, withholding tax, recoverable, unrecoverable)
- ✓ Assessing expense ratios (management expense ratio, trading expense ratio)

10.11 Implications of redemptions

Covers analysis of the implications of redemptions.

- ✓ Tax consequences (T-swaps)
- ✓ Withdrawal plans
- ✓ Suspension of redemptions – Gating

10.12 Deciding between managed and non-managed products

Covers factors to consider when deciding between managed and non-managed products.

- ✓ The investor's decisions
- ✓ The Registered Representative's recommendation

10.13 Alternative strategy funds and alternative assets

Covers the types of alternative strategy funds and alternative assets.

- ✓ Hedge funds
- ✓ Structured products
- ✓ Alternative investment funds
- ✓ Crypto-assets
- ✓ Private equity
- ✓ Venture capital

10.14 Characteristics of alternative strategy funds

Covers analysis of alternative strategy funds and other investment types.

- ✓ Structure
- ✓ Features
- ✓ Fees: management, performance, hurdle rates
- ✓ Advantages and disadvantages to the investor and provider
- ✓ Source of risks and potential returns
- ✓ Impact of costs associated with acquiring and holding other investments
- ✓ Accredited investor requirement

10.15 Considerations affecting investors in managed products

Analyzes considerations affecting investors in managed products.

- ✓ Range of exposures available – income and growth, asset classes, sectors, geography, ethical and ESG, diversification/concentration
- ✓ Advantages and disadvantages of managed products

10.16 Considerations affecting investors in mutual funds

Analyzes considerations affecting investors in mutual funds.

- ✓ Advantages and disadvantages to the investor
- ✓ Advantages and disadvantages to the provider
- ✓ Source of risks and potential returns, including risk-ranking methodologies

10.17 Considerations affecting investors in ETFs

Analyzes considerations affecting investors in ETFs.

- ✓ Access to ETFs
- ✓ Creation
- ✓ Pricing: market price vs. net asset value (NAV)
- ✓ ETF management styles
- ✓ The use of leverage
- ✓ Advantages and disadvantages of ETFs over mutual funds
- ✓ Cost structures

10.18 Features and purpose of fund management styles

Covers different fund management styles and their purposes.

- ✓ Active and passive management
- ✓ Smart beta/factor investing
- ✓ Leveraged funds
- ✓ Inverse funds

10.19 Criteria for evaluating a fund's performance

Covers typical criteria for evaluating fund performance.

- ✓ Measuring return – holding period, money-weighted, time-weighted rate of return
- ✓ Comparing return – benchmark, peer group

10.20 Impact of costs on managed product performance

Covers how costs affect managed product performance.

- ✓ Loads and charges
- ✓ Turnover
- ✓ Taxes – on the fund, on the investor, withholding tax (recoverable and unrecoverable)
- ✓ Assessing expense ratios – management expense ratio, trading expense ratio

10.21 Types of alternative strategy funds and assets

Covers alternative strategy funds and alternative assets.

- ✓ Hedge funds
- ✓ Structured products
- ✓ Alternative investment funds
- ✓ Crypto-assets
- ✓ Private equity
- ✓ Venture capital

CHAPTER 11

Element 6: Portfolio construction

11.1 Process of asset allocation decisions

Covers the process and principles of asset allocation in portfolio construction.

- ✓ Principles of portfolio construction
- ✓ Categories, process and importance of asset allocation
- ✓ Types and key aspects of asset allocation (tactical, strategic, rebalancing)
- ✓ Asset mix categories and strategies for setting the asset mix
- ✓ Benefits of different stock selection techniques
- ✓ Benefits of a rebalancing strategy
- ✓ Costs of implementation and rebalancing (spread, commission, time)

11.2 Different types of risk

Covers the different types of risk affecting portfolios.

- ✓ Interest rate risk
- ✓ Inflation risk
- ✓ Liquidity risk
- ✓ Capital risk
- ✓ Income risk
- ✓ Issuer risk
- ✓ Financial crime risk

11.3 Measures of risk

Covers what different measures of risk indicate about an asset or portfolio.

- ✓ Standard deviation and variance
- ✓ Beta
- ✓ Multi-factor
- ✓ Drawdown

11.4 Risk management processes for risk and return

Covers applying risk management processes to deal with risk and return.

- ✓ The role of risk in asset selection
- ✓ Hedging and diversification
- ✓ Factors that affect the expected return and risk of a portfolio

11.5 Risk management for short selling

Covers applying risk management processes to short selling.

- ✓ The process of short selling and the risks associated
- ✓ Margin requirements for long and short positions

11.6 Concepts of portfolio recommendations

Covers concepts underlying portfolio recommendations.

- ✓ Modern portfolio theory/mean variance theory
- ✓ Efficient diversification, naïve diversification and industry or issuer concentration
- ✓ Black–Litterman model
- ✓ Monte Carlo Simulation

11.7 Asset pricing models

Covers the purpose, advantages and disadvantages of asset pricing models.

- ✓ Capital asset pricing model
- ✓ Arbitrage pricing theory
- ✓ Multi-factor models (Fama–French five-factor, Fama–French five-factor + momentum, Carhart four-factor)

11.8 Applying the capital asset pricing model

Covers applying CAPM to calculate expected return and risk on a portfolio or asset.

11.9 Efficient markets hypothesis implications

Covers the implications of the efficient markets hypothesis on portfolio management.

11.10 Active portfolio management for equity managers

Covers analysis of active portfolio management techniques for equity managers.

- ✓ Top-down vs. bottom-up
- ✓ Sector rotation
- ✓ Growth investing
- ✓ Value investing
- ✓ Market timing

11.11 Passive portfolio management for equity managers

Covers analysis of passive portfolio management techniques for equity managers.

- ✓ Buy and hold
- ✓ Tracking/indexing

11.12 Fixed-income portfolio management techniques

Covers passive and active fixed-income portfolio management techniques.

- ✓ Passive buy and hold
- ✓ Index matching
- ✓ Immunization
- ✓ Duration management
- ✓ Bond swaps
- ✓ Sector rotation

11.13 Risk management processes for short selling

Applies risk management methods to short selling.

- ✓ The process of short selling and the risks associated
- ✓ Margin requirements for long and short positions

11.14 Purpose and pros/cons of asset pricing models

Covers the advantages and disadvantages of asset pricing models.

- ✓ Capital asset pricing model
- ✓ Arbitrage pricing theory
- ✓ Multi-factor models – Fama–French five-factor, Fama–French five-factor + momentum, Carhart four-factor

11.15 Implications of the efficient markets hypothesis

Covers the implications of the EMH on portfolio management.

11.16 Active portfolio management techniques for equity

Analyzes active equity portfolio management techniques.

- ✓ Top-down vs. bottom-up
- ✓ Sector rotation
- ✓ Growth investing
- ✓ Value investing
- ✓ Market timing

11.17 Passive portfolio management techniques for equity

Analyzes passive equity portfolio management techniques.

- ✓ Buy and hold
- ✓ Tracking/indexing

CHAPTER 12

Academic or topical learning programs

12.1 Topical program areas relevant to the syllabus

The blueprint identifies examples of academic or topical program contents offered through colleges and universities that are relevant to specific parts of the syllabus.

- ✓ Financial markets – components, key activities and asset classes
- ✓ Portfolio management – portfolio or asset management
- ✓ Fund management – investment funds and managed portfolio products

12.2 Financial markets programs

Programs introducing the components, key activities and asset classes within financial markets, relevant to specific parts of the syllabus.

- ✓ Introductions to components, key activities and asset classes within financial markets

12.3 Portfolio management programs

Programs relating to portfolio or asset management as relevant topical learning content.

- ✓ Programs that relate to portfolio or asset management

12.4 Fund management programs

Programs that explain investment funds and other managed portfolio products.

- ✓ Programs explaining investment funds and other managed portfolio products

CHAPTER 13

Element 7: Investment recommendations

13.1 Relationship between objectives, risk profile and performance

Covers analysis of the relationship between a client's objectives, needs, risk profile and performance.

13.2 Non-financial constraints on investment choices

Covers analysis of the impact of clients placing non-financial constraints on their choices.

- ✓ Equity, diversity and inclusion considerations
- ✓ Environmental, social and governance criteria
- ✓ Other personal preferences

13.3 Principles of behavioural finance

Covers behavioural finance principles and their impact on client decisions and returns.

- ✓ Cognitive errors (representativeness, illusion of control, confirmation, hindsight)
- ✓ Information processing biases (framing, anchoring, mental accounting, availability)
- ✓ Emotional biases (loss aversion, overconfidence, endowment)
- ✓ Capital market biases (survivorship, gambler's fallacy, herding, home country)

13.4 Retail client suitability determination in recommendations

Covers applying suitability determination requirements to recommendation situations.

- ✓ Selection of suitable products
- ✓ The impact of the Investment Dealer's product shelf
- ✓ The client's net worth and liquidity needs
- ✓ Cash management planning and savings strategies
- ✓ Features of government pension programs

13.5 Choosing a portfolio based on KYC information

Covers applying processes to choose a portfolio based on KYC information.

- ✓ The client's investment needs, objectives and risk profile
- ✓ Current investment portfolio compositions, risk level and potential shortfall
- ✓ Relevant investment management strategies
- ✓ Solutions to resolve conflicts between expectations and risk profile
- ✓ The benefit of cash flow analysis

13.6 Addressing investment actions for a client

Covers applying relevant factors to investment actions for a client.

- ✓ Impact of significant changes to a client's KYC information
- ✓ Unexpected impact of investment action (concentration, liquidity)
- ✓ Potential and actual impact of costs on returns
- ✓ Consideration of a reasonable range of alternative actions

13.7 Key requirements of the recommendation process

Covers analysis of the key requirements of the investment action recommendation process.

- ✓ Pros and cons of each product and recommended action
- ✓ Risks involved for each product and recommended action
- ✓ What the recommended action can accomplish for the client
- ✓ Process for securing the client's commitment

13.8 Time value of money in setting financial goals

Covers applying time value of money to set client financial goals.

- ✓ Regular investment required to meet a known future objective/liability
- ✓ Regular future income from a single investment (present value of an annuity)

13.9 Personal and corporate tax planning

Covers applying basics of personal and corporate tax planning to recommendations.

- ✓ Tax planning strategies and advantages
- ✓ Tax preferential accounts (FHSAs, RRSPs, RESPs, TFSAs)
- ✓ Strategies for minimizing tax liabilities (deductions/credits, income splitting, tax loss harvesting)
- ✓ Corporations (active vs. passive income, integration, notional accounts CDA/RDTOH/GRIP)

13.10 Canadian capital gains tax system

Covers applying the basics of the Canadian capital gains tax system to investment gains.

- ✓ Calculation of capital gains and capital losses
- ✓ Tax treatment of gains and losses
- ✓ Strategies for minimizing capital gains tax liabilities

13.11 Canadian income tax system

Covers applying the basics of the Canadian income tax system to investment income.

- ✓ Calculation of income tax payable
- ✓ Tax treatment of interest
- ✓ Tax treatment of dividends (qualifying, non-qualifying, foreign)

13.12 Complaints handling requirements

Covers applying regulatory requirements governing complaints handling.

- ✓ Recognition
- ✓ Process
- ✓ Resolution
- ✓ Reporting
- ✓ Prohibited practices

13.13 Relationship between client objectives, risk and performance

Analyzes the relationship between a client's objectives, needs, risk profile and performance.

13.14 Impact of non-financial constraints on choices

Analyzes the impact of client-imposed non-financial constraints on investment choices.

- ✓ Equity, diversity and inclusion considerations
- ✓ Environmental, social and governance criteria
- ✓ Other personal preferences

13.15 Factors in addressing investment actions for a client

Applies relevant factors to investment actions for a client.

- ✓ The impact of significant changes to a client's KYC information
- ✓ Unexpected impact of the investment action – concentration, liquidity
- ✓ The potential and actual impact of costs on returns
- ✓ Consideration of a reasonable range of alternative actions

13.16 Canadian income tax system for investments

Applies income tax basics to income from client investments.

- ✓ Calculation of income tax payable
- ✓ Tax treatment of interest
- ✓ Tax treatment of dividends – qualifying, non-qualifying, foreign

13.17 Regulatory requirements governing complaints handling

Applies complaint handling requirements to specific situations.

- ✓ Recognition
- ✓ Process
- ✓ Resolution
- ✓ Reporting
- ✓ Prohibited practices

CHAPTER 14

Element 8: Execution and market integrity

14.1 UMIR abusive trading requirements

Covers applying UMIR requirements on best execution and abusive trading.

- ✓ Best execution
- ✓ Abusive trading (specific unacceptable activities, manipulative and deceptive practices, artificial pricing, improper orders and trades)
- ✓ Front running

14.2 UMIR gatekeeping responsibilities

Covers applying regulatory requirements for UMIR gatekeeping.

- ✓ Purpose of UMIR gatekeeping obligations
- ✓ Client's typical financial activity and patterns to identify suspicious transactions
- ✓ How to identify and escalate suspicious transactions
- ✓ Possible insider trading activity and violations
- ✓ Applicable regulatory frameworks on whistleblowers
- ✓ Applicable reporting obligations to firms and regulators

14.3 Types of orders

Covers applying features of different order types to client requirements.

- ✓ Limit order
- ✓ Market order
- ✓ Immediate and cancel
- ✓ Fill or kill
- ✓ On-stop orders
- ✓ Iceberg orders
- ✓ Short sales

14.4 Trade execution and settlement process

Covers applying aspects of the trade execution and settlement process to client requirements.

- ✓ Awareness of the various marketplaces
- ✓ Placing orders, including handling order errors and changes
- ✓ The settlement and delivery process
- ✓ Foreign exchange transactions and currency conversions
- ✓ Purpose and application of the cash account rule
- ✓ Restriction process on overdue cash accounts

14.5 Long and short margin accounts

Covers the use of long and short margin accounts.

- ✓ Special margin situations
- ✓ The need for specialized trading authorizations

14.6 Reporting requirements to clients

Covers reporting requirements to clients on orders and confirmations.

- ✓ Requirements to confirm orders with clients, including fees and commissions
- ✓ Investment Dealer responsibility for trade confirmations and account statements

14.7 Understanding of the UMIR

Applies UMIR provisions covering execution and abusive trading to situations.

- ✓ Best execution
- ✓ Abusive trading – specific unacceptable activities, manipulative and deceptive practices, artificial pricing, improper orders and trades
- ✓ Front running

14.8 Features of different types of orders

Applies the features of different order types to client requirements.

- ✓ Limit order
- ✓ Market order
- ✓ Immediate and cancel
- ✓ Fill or kill
- ✓ On-stop orders
- ✓ Iceberg orders
- ✓ Short sales

14.9 Use of long and short margin accounts

Covers use of long and short margin accounts and special situations.

- ✓ Special margin situations
- ✓ The need for specialized trading authorizations

CHAPTER 15

Element 9: Monitoring, reporting and maintaining client relationships

15.1 Monitoring and evaluating portfolio performance

Covers applying the process of monitoring and evaluating portfolio performance.

- ✓ The market and the economy
- ✓ Client needs and circumstances

15.2 Investment performance disclosure and measurement

Covers applying the process of investment performance disclosure and measurement.

- ✓ How performance is measured
- ✓ How comparative performance is determined
- ✓ The use of multi-factor regression
- ✓ Proper use of benchmarks in assessing portfolio performance
- ✓ Transaction costs and tax implications of recommendations
- ✓ Fees and charges and the impact on client returns

15.3 Investment performance calculations

Covers analysis of investment performance calculations for securities or portfolios.

- ✓ Rate of return
- ✓ Absolute risk/standard deviation
- ✓ Risk-adjusted returns (Sharpe, Treynor, Jensen)
- ✓ Performance against benchmarks
- ✓ Multi-factor regression

15.4 CIRO communication requirements

Covers applying CIRO requirements when communicating with clients and the public.

- ✓ Awareness of obligations and best practices
- ✓ The appropriate use of professional titles
- ✓ Misleading communications
- ✓ Restrictions and guidelines regarding social media and other communications
- ✓ Off-channel communication issues

15.5 Requirements to maintain client records

Covers applying requirements to maintain all client responses/records.

- ✓ Account appropriateness
- ✓ Suitability determination
- ✓ Know-your-client (KYC)
- ✓ Know-your-product (KYP)
- ✓ Conflict of interest
- ✓ Sales practices
- ✓ Compensation arrangements
- ✓ Incentive practices and other compensation arrangements
- ✓ Incentive practices which may benefit the Investment Dealer or Registered Representative

15.6 CIRO requirements for communicating with clients/public

Applies CIRO communication requirements to situations.

- ✓ Awareness of obligations and best practices
- ✓ The appropriate use of professional titles
- ✓ Misleading communications
- ✓ Restrictions and guidelines regarding social media and other communications
- ✓ Off-channel communication issues