

IIROC NOTICE

Administrative Notice General

Please distribute internally to:

Senior Management
Institutional
Investment Banking
Legal and Compliance
Operations
Regulatory Accounting
Registration
Retail
Senior Management
Trading Desk

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IIROC 2017 Priorities

This Notice summarizes the significant activities and initiatives that we will focus on in our 2017 Fiscal Year (April 2016 – March 2017) to execute IIROC's Strategic Plan.

Our **Mission** is to **protect investors and support healthy Canadian capital markets**, while addressing the many changes impacting the industry.

Our **Vision** describes what we want to achieve over time – our definition of long-term success. Our Vision is that we will **demonstrate how our self-regulatory model serves the public interest by:**

1. Inspiring confidence and deterring wrongdoing by having and using robust and appropriate tools
2. Making the delivery of securities regulation in Canada significantly more efficient
3. Being known as a trusted, respected, and valued partner by our stakeholders
4. Being a leading-edge securities regulator



5. Creating a culture that attracts and retains high-quality employees

For more information regarding our Strategic Plan, please see [IIROC Notice 16-0109](#).

In the year ahead, IIROC staff across Canada will continue to work diligently to fulfill our mandate through a variety of means.

As a conduct and prudential regulator, we will continue to take a risk-based approach to business conduct, trading conduct, financial and operational reviews of IIROC-regulated firms to ensure they comply with statutory and IIROC requirements and to encourage a strong culture of compliance. As a market regulator, we will continue to oversee both debt and equity trading in Canada to ensure that trading is carried out in compliance with both IIROC rules and applicable securities legislation. For more details of our compliance activities and priorities, see our [IIROC Compliance Priorities report](#) for 2015/16.

In keeping with our oversight role, we will continue to investigate and enforce our rules and hold IIROC-regulated dealers and individual registrants responsible for their actions through various disciplinary sanctions. For more details of our investigation and enforcement activities, see our [2015 Enforcement Report](#).

In addition to our strong day-to-day oversight and surveillance role, and many internal initiatives designed to further enhance our core capabilities, better equip our staff and increase the efficiency of our operations, IIROC will be working on the following priorities over the next twelve months.



| Priorities | Target Date | Inspire confidence and deter wrongdoing | Make the delivery of securities regulation more efficient | Be a trusted, respected, and valued partner | Be a leading-edge securities regulator | Attract and retain high-quality employees |
|---|--------------------|--|--|--|---|--|
| Market Supervision | | | | | | |
| Hold roundtables to discuss specific market structure issues affecting small-cap issuers | June 2016 | ✓ | ✓ | ✓ | | |
| Restructure the Trading Conduct Compliance program to support multiple asset classes, non-equity execution venues and non-Participant Dealer Member reviews | October 2016 | | ✓ | | ✓ | |
| Provide Canadian Securities Administrators (CSA) with access to interactive tool for market data metrics | October 2016 | | | ✓ | | |
| Complete implementation of the Debt Trade Reporting Requirements for all remaining Dealer Members | November 2016 | ✓ | ✓ | | ✓ | |
| Complete vendor selection for an enhanced Market Surveillance System | March 2017 | ✓ | ✓ | ✓ | ✓ | |
| Implement a new Integrated Case Management system | March 2017 | ✓ | ✓ | | ✓ | ✓ |
| Conduct and Prudential Supervision | | | | | | |
| Conduct a comprehensive survey of Dealer Member practices in addressing compensation-related conflicts of interest | June 2016 | ✓ | | ✓ | | |



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| Enhance Business Conduct Compliance examination test procedures in the areas of “Know Your Client” (KYC) and suitability and deliver a webcast to inform Dealer Members about ways to enhance the collection of KYC information ¹ | June 2016 | ✓ | | ✓ | | |
| Conduct dealer self-assessment survey to determine level of dealer- and industry cyber-security preparedness. Report to firms their risk ranking by peer group, gaps and recommended actions | Survey - June 2016 Results - October 2016 | | | ✓ | ✓ | |
| Enhance Business Conduct Compliance examination test procedures related to the use of social media and deliver a webcast to inform Dealer Members about ways to enhance their social media policies and procedures | August 2016 | ✓ | | ✓ | | |
| Distribute first, annual suite of complaint and inquiry statistics and trend information to the public and Dealer Members | October 2016 | ✓ | ✓ | ✓ | | |

¹ This initiative will fulfill the commitment we made to next steps as a result of the OSC/IIROC/MFSA Mystery Shopping initiative. See [Mystery Shopping for Investment Advice](#) for further information.



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| Recalibrate Compliance risk models to ensure Dealers are appropriately risk-ranked | January 2017 | | ✓ | ✓ | ✓ | |
| Enhance training program for Compliance examiners to improve application of risk-based approach | March 2017 | | ✓ | ✓ | ✓ | ✓ |
| Monitor efforts to implement T+2 settlement in Canada and assess the impact to our Members by participation in Canadian Capital Markets Association (CCMA) Board and committees | Ongoing | | ✓ | | | |
| Enforcement | | | | | | |
| Finalize and implement Consolidated Enforcement Rules | September 2016 | ✓ | | | | |
| Research and evaluate potential alternative forms of disciplinary action and determine next steps | February 2017 | ✓ | | | | |
| Continue to pursue expanded legal authority to collect fines | Ongoing | ✓ | | | | |
| Continue to seek statutory immunity for IIROC and its personnel when acting in the public interest | Ongoing | ✓ | | ✓ | | ✓ |



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| Policy Development | | | | | | |
| Issue Seniors' guidance complemented by a member and investor education webcast and investor bulletin | June 2016 | ✓ | | ✓ | | |
| Publish updated guidance on Order-Execution-Only (OEO) service offerings | November 2016 | ✓ | | ✓ | | |
| Refine our approach to consulting directly with investors through independent research | September 2016 | | | ✓ | ✓ | |
| Add checkpoints to our policy development procedures to verify that proposals are proportionate and enforceable, and materials are in plain language | September 2016 | | ✓ | ✓ | | |
| Assess existing KYC and suitability requirements in the context of evolving service offerings, and determine next steps | November 2016 | ✓ | | ✓ | | |
| Consider the results of our compensation-related conflicts survey and CSA Consultation Paper 33-404, and determine next steps required to clarify our best interest requirements | December 2016 | ✓ | | ✓ | | |



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| Review and, where necessary, modify advisory committee structure & mandates to optimize stakeholder consultation | March 2017 | | ✓ | ✓ | | |
| Respond to comments on Dealer Member Plain Language Rule Book and finalize rules or republish for comment | March 2017 (dependent on CSA approval) | | ✓ | | | |
| Repeal, revise or issue new guidance as appropriate to align with the Plain Language Rule Book | Ongoing | | ✓ | | | |
| Information Sharing | | | | | | |
| As Information Processor, implement the first phase of a public corporate debt transparency service | July 2016 | ✓ | ✓ | ✓ | ✓ | |
| Complete a technology proof of concept to create a shareable trade data repository for our regulatory partners | December 2016 | | ✓ | ✓ | ✓ | |
| Value Delivery within the Canadian Regulatory System | | | | | | |
| Open discussions with the CSA to enhance their reliance on IIROC in Registration matters | June 2016 | | ✓ | ✓ | | |



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| Review and respond to the comments we received on our White Paper on Proficiency Upgrade and Directed Commissions | October 2016 | | ✓ | ✓ | | |
| Establish tracking of Key Measures – including investor, Dealer Member and regulatory partner satisfaction – to assess our progress in achieving our Vision | February 2017 | | | ✓ | ✓ | |
| Seek delegated firm and individual Registration authority from the proposed Capital Markets Regulatory Authority | On CMRA launch | | ✓ | ✓ | | |
| Increase cooperation and information sharing with other Self-Regulatory Organizations and Regulatory Authorities | Ongoing | ✓ | ✓ | ✓ | ✓ | |
| Continue to participate in various government consultations to strengthen investor protection and ensure consistent approach to regulation across regulatory jurisdictions and platforms | Ongoing | ✓ | ✓ | ✓ | ✓ | |
| Investor Awareness | | | | | | |
| Implement rule changes that require Dealer Members to disclose they are regulated by IIROC on client account statements, on their websites and through mandatory distribution of brochures | January 2017 | ✓ | ✓ | ✓ | ✓ | |



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| Develop, refresh and distribute new and existing collateral materials which explain the standards and protections that are in place for investors | March 2017 | ✓ | ✓ | ✓ | ✓ | |
| Technology Capabilities | | | | | | |
| Enhance data management and governance practices and refine the enterprise data architecture to anticipate regulatory evolution | September 2016 | | ✓ | | ✓ | |
| Complete implementation of new finance management information system to support financial planning and forecasting | November 2016 | | ✓ | | ✓ | |
| People & Organizational Culture | | | | | | |
| Improve employee experience and realize cost efficiencies through piloting hoteling and work-from-home initiatives | December 2016 | | | | | ✓ |
| Extend succession planning deeper into the organization and enhance development plans accordingly | March 2017 | | | | ✓ | ✓ |