

Amendments to Enhance Protection of Older and Vulnerable Clients

Earlier this year the Canadian Securities Administrators and its members announced amendments to securities laws to enhance protection of older and vulnerable clients. These enhancements come into effect on December 31, 2021 and clients may be contacted by their adviser regarding them.

Trusted Contact Person

Under the new amendments registrants are required to take reasonable steps to obtain the name and contact information of a trusted contact person (TCP) from their clients, as well as the client's written consent to contact the TCP under specific circumstances. It remains up to the client to decide if they want to give the registrant this information. It is recommended but not required.

A registrant may contact a TCP under certain circumstances:

- Inability to contact their client
- Signs that the client may be a victim of financial exploitation, or they are lacking the mental capacity to make financial decisions.

Your trusted contact person:

- Does not gain control of your accounts or finances.
- Cannot make trades using your account
- Cannot make financial decisions about your account.
- Does not gain power of attorney, or the powers of a legal guardian, trustee or executor.



When naming a TCP it is recommended you choose someone that:

- knows you well and can reliably act in your best interest
- does not have a vested financial interest in your affairs
- does not hold power of attorney

Temporary Holds

Under the new amendments registrants may place a temporary hold on a transaction if they believe the client is being financially exploited or if they appear to lack the mental capacity to make financial decisions.

A temporary hold does not apply to the client's entire account, only to the suspect transaction. Transactions that are unrelated to suspected financial exploitation or a lack of mental capacity should not be held.

For example, if a temporary hold were placed on a sale of securities, automated bill payments from the client's account would not be suspended or held.

How can these enhancements help investors?

A registrant may have had a long relationship with an older client and may be able to spot signs of financial exploitation or abuse, or possibly spot signs of reduced mental capacity in a client.

The addition of a TCP to a client's account gives a registrant a resource to take these concerns to and by allowing temporary holds, registrants have a new layer of protection for older and vulnerable clients. The guidance provided to registrants gives them clear and consistent guidelines and recommendations when working with clients.



For more information on the collection of TCP information or the placing of temporary hold please see the amendments to 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations on the website of your local securities regulator.

