

For Immediate Release**March 5, 2020****Canadian securities regulators propose changes to tackle financial exploitation and diminished mental capacity of older and vulnerable clients**

Toronto and Saint John – The Canadian Securities Administrators (CSA) today published for comment proposed amendments designed to clearly outline how registrants can address situations involving diminished mental capacity or the potential financial exploitation of vulnerable clients.

“Due to the nature of their client relationships, registrants are in a position to be among the first to recognize signs of diminished mental capacity or financial exploitation of older or vulnerable clients,” said Louis Morisset, CSA Chair and President and CEO of the Autorité des marchés financiers. “The proposed amendments increase investor protection and provide certainty and clarity to firms on how to act in these situations, while preserving client autonomy.”

Under the proposed amendments, registrants will be 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 in specified circumstances.

Additionally, the proposed amendments set out the steps that a registered firm must take if they place a temporary hold on a transaction due to a reasonable belief that a vulnerable client is being financially exploited, or that a client lacks mental capacity. The proposed amendments also clarify that Canadian securities legislation does not prevent a registered firm from placing temporary holds in circumstances where the firm has a reasonable belief of these concerns.

The proposed amendments were developed together with the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association of Canada (MFDA).

The comment period closes on June 3, 2020. Subject to the nature of comments received, the CSA anticipates that the proposed amendments will come into force at the same time as the Client Focused Reforms relating to enhanced “Know Your Client” (KYC) requirements.

The proposed amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103) and related changes to its companion policy 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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