

**For Immediate Release
August 3, 2023**

CSA and CIRO release results of review and guidance on conflicts of interest obligations

Toronto – The Canadian Securities Administrators (CSA) and the Canadian Investment Regulatory Organization (CIRO) today published joint Staff Notice 31-363 *Client Focused Reforms: Review of Registrants' Conflicts of Interest Practices and Additional Guidance* ([Notice](#)).

The Notice summarizes the findings of the CSA and CIRO's review of conflicts of interest practices at 172 firms across various registration categories. It provides additional staff guidance to securities advisers, dealers, and representatives (registrants) including suggested practices to comply with the conflicts of interest requirements under the Client Focused Reforms.

“The implementation of the Client Focused Reforms was an important step in the protection of retail investors across Canada,” said Stan Magidson, CSA Chair and Chair and CEO of the Alberta Securities Commission. “Under these requirements, registrants are expected to abide by a high standard of conduct and address material conflicts of interest in the best interests of the client.”

Deficiencies noted in the review include failure to identify one or more material conflicts of interest, inadequate controls to address certain material conflicts of interest, and inadequate or outdated written policies and procedures relating to conflicts of interest.

“The CSA and CIRO are committed to ensuring compliance with the Client Focused Reforms for the benefit of Canadians,” said Andrew Kriegler, President and CEO, CIRO. “We encourage all firms to carefully review this notice to identify opportunities for strengthening their compliance programs to ensure they meet the enhanced standards established by the Client Focused Reforms.”

The CSA published the Client Focused Reforms, which are relevant to all registrants, in October 2019. The 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. They also require that registrants address material conflicts of interest in the best interest of their clients.

Later this year, the CSA and CIRO will conduct additional reviews to assess registrants' compliance with other obligations under the Client Focused Reforms, including the know-your-client, know-your-product and suitability determination requirements that came into force on December 31, 2021.

“We'll have a better understanding of the level of compliance once our reviews are complete,” added Mr. Magidson. “If we observe that the high standards of conduct required by the Client Focused Reforms are not achieved, we will consider our course of action at that time, such as considering additional rules.”

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

The Canadian Investment Regulatory Organization (CIRO) is the national self-regulatory organization that oversees all investment dealers, mutual fund dealers and trading activity on Canada's debt and equity marketplaces. CIRO is committed to the protection of investors, providing efficient and consistent regulation, and building Canadians' trust in financial regulation and the people managing their investments. For more information, visit www.ciro.ca.

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For media inquiries, please contact:

Ilana Kelemen
Canadian Securities Administrators
media@acvm-csa.ca

Tari Stork
Ontario Securities Commission
media_inquiries@osc.gov.on.ca

Stephanie Teodoridis
Canadian Investment Regulatory Organization
steodoridis@iiroc.ca

For investor inquiries, please [contact your local securities regulator](#).