

OSC new review procedure of calling investors

Staff of the Compliance and Registrant Regulation Branch of the Ontario Securities Commission (the **OSC**) is sending this email to firms that are registered under the *Securities Act* (Ontario) (the **Act**) in the categories of exempt market dealer, scholarship plan dealer, or portfolio manager, to advise such firms of a new approach OSC staff will be adopting when performing compliance reviews under section 20 of the Act. Specifically, OSC staff will now contact clients of registered firms as a routine part of its compliance review process.

While OSC staff have historically not contacted clients of a registered firm as part of the compliance review process, we have done so in a number of exceptional cases and have found that client contact is a valuable method of assessing the firm's compliance with Ontario securities law. Accordingly, we will be expanding our use of this important tool and will be contacting clients in the normal course of compliance reviews. Clients may be asked a variety of questions regarding their experience with their registered firm and representative, including such things as the accuracy of know-your-client information the firm has about them and investment recommendations and advice provided to them.

Unless OSC staff have reason to believe that regulatory action against a firm may be warranted, clients who are contacted by OSC staff will be informed that they are being contacted in the normal course of a compliance review of the firm, and that the call to them should not be interpreted as a sign of any misconduct by the firm. Clients will also be informed that they are not required to speak with OSC staff should they choose not to, and that their participation in the compliance review process is entirely voluntary.

For more information, please contact:

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