



Retail Securities Exam Syllabus

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Retail Securities Exam Overview

Exam parameters

Exams	1 paper
Exam format	Proctored (remote or in person)
Exam duration	3 hours
Question format	Multiple choice
Questions per exam	120
Attempts allowed per exam	3

Question weighting

Element	Indicative Qs
1 Know-Your-Client (KYC) & suitability	27
2 Fixed income	10
3 Equities	12
4 Securities analysis	14
5 Managed products and other investments	16
6 Portfolio construction	13
7 Investment recommendations	14
8 Execution and market integrity	7
9 Monitoring, reporting and maintaining client relationships	7





Syllabus key

The syllabus is divided into a series of learning outcomes. Each learning outcome expects the candidate to remember, understand, apply or analyze information. These expectations are set out below.



Remember requires the candidate to recall information such as facts, rules and principles. Associated terms include describe, identify, recognize and state.

For example:

- Which of the following is an enforcement power of the Canadian Securities Administrators?
- What is the objective of the Canadian Investor Protection Fund?
- Who is responsible for the management of fiscal policy in Canada?



Understand requires the candidate to demonstrate comprehension of an issue, fact, rule or principle. Associated terms include describe, explain, interpret, recognize and select.

For example:

- Which of the following best describes the role of the middle office in an Investment Dealer?
- Why might a person grant power of attorney for their financial affairs?
- Labour markets are used as a key economic indicator in market analysis. Which of the following explains what they can tell us?



Apply requires the candidate to use information in specific situations created in the question. Associated questions include calculate, demonstrate, implement and use.

For example:

- Which of the following demonstrates compliance with the know-your-client (KYC) rule for retail investors?
- Review the information on the three funds in the table below. Calculate the average return of the funds.

	Start value (millions)	End value (millions)
Fund A	\$540	\$590
Fund B	\$2,400	\$2,250
Fund C	\$920	\$935

- In which of the following situations would a Portfolio Manager use the money-weighted rate of return rather than the time-weighted rate of return?



Analyze requires the candidate to review information and draw conclusions or make connections. Associated questions include compare, contrast, differentiate and examine.

For example:

- An investor buys 100 shares in a publicly traded company for \$25.80 each and subsequently sells them several months later for \$32.40. They make their trades through an order execution only (OEO) account which charges a \$15 flat fee per transaction. Calculate the impact of the fee on the return for the investor.
- Natasia is reviewing the information that she has collected from her client. The information has indicated that her client is seeking long term growth with minimal risk. The account to be opened is a cash account and the client is concerned about the tax implications. Based on this information alone, which of the following indicates the product and explanation that best meets Natasia's client's needs?
- A client chooses an OEO account at an Investment Dealer. What impact will this choice have on their experience compared to choosing a full-service Investment Dealer?

Note: The syllabus terms are cumulative. For example, learning outcomes using the **Apply** verb can also test on the levels of **Understand** and **Remember**.



Element 1: Know-Your-Client (KYC) & suitability

Summary: A Registered Representative's relationship with their client is a fundamental part of the Retail Securities exam. Element 1 tests an in-depth understanding of the processes around KYC, product due diligence and suitability.

1.1 Understand key aspects of the firm–client relationship. Consider:

- The client relationship model
- Concepts of trust, agency and conflicts of interest
- Procedures and requirements for working with clients residing in the United States, including snowbirds and other foreign jurisdictions as applicable
- Considerations for changes in residence

1.2 Understand the importance and content required of KYC information. Consider the client's:

- Financial circumstances:
 - Income
 - Liquidity needs
 - Financial assets
 - Liabilities
 - Net worth
 - Whether the client is borrowing to invest
- Personal circumstances
- Investment knowledge
- Risk profile
- Investment objectives and needs
- Investment constraints and restrictions
 - Equity, diversity and inclusion considerations
 - Environmental, social and governance criteria
 - Other relevant personal preferences
- Investment time horizon

1.3 Understand the importance of having thorough processes for assessing a client's risk profile. Consider:

- The client's willingness to accept risk or risk tolerance, including:
 - The behavioural aspects that can influence this, e.g. preference, knowledge, experience
- The client's ability to endure financial loss or risk capacity, including:
 - Financial situation, current investments, investment horizon and need for liquidity
- How much risk is needed to achieve the client's goals or risk need, including:
 - Required rates of return
 - Market risk environment
 - Consequence of failure
- Resolving conflicts between a client's expectations and risk profile

1.4 Understand different types of business structures and the impact on investment opportunities:

- Sole proprietorship
- Partnership
- Corporation
 - Private vs. public
- Co-operative

1.5 Remember the need to accurately document discussions with clients and have the client confirm the accuracy of the information.

1.6 Apply the requirements around a trusted contact person to specific scenarios.

- How to establish a trusted contact person
- What this permits and what it does not permit
- Actions if the client refuses to provide a trusted contact person
- When to contact a trusted contact person

- How to recognize potential capacity concerns
- How to recognize financial exploitation issues
- Conditions for using temporary holds
- Document the discussion

1.7 Understand the primary responsibility, prohibition on KYC delegation and obligation to keep KYC information current.

1.8 Understand the types of client account records and information collected.

- Verification of identity
- Account appropriateness assessment
- KYC information
- Acknowledgement of disclosures
- Record of trusted contact person refusal

1.9 Apply the account appropriateness obligation to specific scenarios.

1.10 Apply the key features, advantages and disadvantages of various types of accounts to meet client requirements. Consider:

- Advisory (non-managed) account
 - Fee-based and commission-based
- Managed account
- Discretionary account
- Cash account vs. margin account

1.11 Understand account-related documentation in relation to the account opening process and the amount and type of information collected. Consider:

- Investment Dealer's business model
- Relationship with clients
- Investment products and services offered by the Investment Dealer
- Conditions for when to collect one set of KYC information for multiple accounts



1.12 Understand the objective and content of the Relationship Disclosure document. Consider:

- Objective
- Frequency of provision
- Form and format
- Content
- Review

1.13 Analyze the importance of containment of confidential information. Consider:

- Information barriers and firewalls
- Grey and restricted lists
- The role of:
 - Investment banking
 - The research department
 - Corporate finance
- Cybersecurity
- Privacy

1.14 Understand the purpose of the required documents in the Investment Dealer's Welcome Package. Consider:

- Fee schedule
- CIRO brochures that must or can be disclosed to the client:
 - CIRO Complaints Brochure
 - How CIRO protects investors
 - Opening an Investment Account
- Canadian Investor Protection Fund
- Derivative Risk Disclosure
- Investment Dealer conflict of interest disclosures
- Investment Dealer complaint handling procedures

1.15 Apply to specific situations the product due diligence obligation on:

- The Investment Dealer
- The Approved Person

1.16 Apply the Know-Your-Product (KYP) obligation to all investments purchased, sold or recommended for a client. Consider the investment's:

- Structure
- Features
 - Initial and ongoing costs
- Risks
 - Impact of costs

1.17 Apply the retail client suitability determination requirements to specific situations.

- The relationship of KYC to recommendations
- The need to avoid excessive switches (churning)

1.18 Understand the obligations of the Registered Representative and of the Investment Dealer where client instructions are unsolicited or are not suitable.

1.19 Apply types of investment action for a client's account to specific situations, including:

- Purchasing
- Selling
- Holding a position
- Depositing
- Exchanging or transferring securities

1.20 Analyze the difference between the account appropriateness obligation and the suitability determination.

1.21 Analyze Investment Dealer and regulatory requirements for monitoring and maintaining accounts, including undergoing a suitability determination when there are triggering events.

1.22 Analyze the potential impact on the suitability determination for a client's portfolio when relevant changes and updates occur. Consider:

- Material change to the client's circumstances
- Product and market research
- Economic, political and social events
- Emerging issues, financial trends, economic trends and world news

1.23 Apply to specific situations the regulatory requirements governing the management of conflicts of interest in the best interests of the client.

Consider:

- Identifying
- Avoiding
- Addressing
- Disclosure

1.24 Apply to specific situations the requirements relating to outside activities. Consider:

- Definition
- Pre-approval
- Disclosure

1.25 Apply to specific situations the requirements relating to personal financial dealings with clients. Consider:

- Prohibition and action relating to:
 - Accepting any consideration
 - Settlement agreements
 - Borrowing from clients
 - Lending to clients
 - Control or authority
 - Comingling of assets or funds
 - Business partnerships
 - Investment clubs

1.26 Understand the application of the Investment Dealer's policies and procedures relating to the management of conflicts of interest. Consider:

- Effective controls and qualified supervision
- Applicable due diligence process for approvals
- Appropriate record-keeping

1.27 Apply the CIRO standards of conduct to specific situations involving a Registered Representative and their client or a Registered Representative and their firm.



Element 2: Fixed income

Summary: Element 2 requires the candidate to understand the features of fixed-income securities issued by governments, corporations and other bodies. Candidates will need to apply this knowledge to specific situations to show how these features provide different risks and potential rewards to the holders and issuers of these securities. This element also requires an ability to calculate the price and yields of fixed-income securities, as well as analyze the factors that can change these.

2.1 Understand regulatory requirements for debt markets. Consider:

- General requirements
 - To promote fair and efficient debt markets
- Policies and procedures
 - The requirement
 - The content
- Prohibited practices
 - Obligations on the Investment Dealer
 - Obligations on the Approved Person

2.2 Understand types and features of fixed-income products. Consider:

- Government of Canada Securities
- Provincial and municipal government securities
- Corporate securities
- Guaranteed income certificates (GIC)

2.3 Apply terminology of fixed-income products to specific situations. Consider:

- Par value
- Coupon rate
- Maturity date
- Term to maturity
- Bond price
- Yield to maturity
- Settlement
- Covenants

2.4 Analyze characteristics of fixed-income products. Consider:

- Advantages and disadvantages to the investor
- Advantages and disadvantages to the issuer
- Sources of risks and potential returns
- Impact of the costs associated with acquiring and holding fixed-income products

2.5 Understand the characteristics of the following instruments and the conditions that affect the risk–return profile. Consider:

- Strips
- Floating rate
- Callable/puttable
- Convertible
- Extendable
- Sinking/purchase funds

2.6 Apply standard calculations to bond yields. Consider:

- Income (or current) yield
- (Approximate) yield to maturity
- Yield on a zero-coupon instrument
- Yield curves

2.7 Apply in specific situations the relationships between:

- Coupon, yield, term-to-maturity and price volatility
- Macaulay duration, modified duration and price sensitivity
- Changes in economic factors and price of fixed-income products

2.8 Apply modified duration calculation to assess the change in a bond's price for a given change in yields.

2.9 Apply time value of money to investment calculations. Consider:

- The calculation of the present value of a fixed-income security having been given the par value, coupon rate, term to maturity and discount rate
- The calculation of any missing variable in a time value of money calculation



Element 3: Equities

Summary: Element 3 requires the candidate to understand the features of equity securities issued by corporations. Candidates will need to apply this knowledge to specific situations to show how these features provide different risks and potential rewards to the holders and issuers of these securities.

- 3.1** Understand the requirement for and purpose of a prospectus under National Instrument 41–101 General Prospectus Requirements and when this requirement may not apply under National Instrument 45–106 Prospectus Exemptions. Consider:
- Application to primary and secondary distributions
 - Application to takeovers
 - Comprehensive disclosure
 - Advertising and marketing
 - Timely disclosure requirements
 - Exempt market securities
 - Private placements
 - Accredited investor
- 3.2** Understand the types and key features of different classes of common shares. Consider:
- Dividend rights
 - Voting rights
 - Rights to surplus on dissolution
- 3.3** Understand the types and key features of Canadian depository receipts (CDRs). Consider:
- Rights to holder
 - CDR ratio
- 3.4** Analyze the characteristics of investing into different classes of common shares and depository receipts. Consider:
- Source of risks and potential returns
 - Impact of the costs associated with acquiring and holding common shares and depository receipts
- 3.5** Analyze features of common share ownership. Consider:
- Advantages and disadvantages of common share ownership
 - Advantages and disadvantages to the issuer of common shares
- 3.6** Understand how corporate actions can affect the shareholder's position. Consider:
- How dividends are declared, claimed and taxed
 - The impact of stock splits and consolidations
 - Share buyback
- 3.7** Understand types and key features of different classes of preferred shares. Consider:
- Dividend rights
 - Voting rights
 - Rights on dissolution
- 3.8** Analyze the characteristics of investing into different classes of preferred shares. Consider:
- Source of risks and potential returns
 - Impact of the costs associated with acquiring and holding preferred shares
- 3.9** Apply the distinction between common share and preferred share ownership to specific situations. Consider:
- Advantages and disadvantages to the owners of preferred shares
 - Advantages and disadvantages to the issuer of preferred shares
- 3.10** Apply time value of money to investment calculations. Consider:
- The calculation of the present value of an equity security using appropriate models. Including:
 - Discounted cash flow
 - Price–earnings growth models





Element 4: Securities analysis

Summary: Element 4 goes into detail on the information that is available about companies and the economy and how this information can be used to assess the value of an investment. Candidates may be required to calculate various accounting ratios and interpret the results.

- 4.1** Analyze the factors involved in performing company analysis to determine whether a company represents a good investment. Consider:
- All relevant documents and sources of information
 - Clear explanations of company analysis to retail clients when requested
 - Collaboration and consultation with both internal and external subject matter experts as required, in relation to company analysis matters
- 4.2** Understand the purpose and content of a company's statement of financial position. Consider:
- Format and items included on a statement of financial position and how they are classified
 - Purpose of the statement of changes in equity and its relation to both the balance sheet and earnings statement
- 4.3** Understand the purpose and content of the statement of comprehensive income, including sources of income.
- 4.4** Understand the purpose and content of the statement of cash flows, including:
- Cash flow from operating activities
 - Cash flow from investing activities
 - Cash flow from financing activities
- 4.5** Understand other factors regarding company financial statements. Consider:
- Note for the financial statements
 - Auditor's report
- 4.6** Analyze the information provided from basic financial statements to give meaningful responses on the company in question. This may involve calculations. Consider:
- Liquidity ratios
 - Current, quick and cash ratios
 - Risk analysis ratios
 - Debt to equity
 - Debt to assets
 - Interest coverage
 - Profitability ratios
 - Profit margins
 - Gross, pre-tax and net
 - Return on assets
 - Return on invested capital
 - Efficiency ratio
 - Fixed asset turnover
 - Inventory turnover
 - Receivables turnover
 - Payables turnover
 - Working capital turnover
 - Equity ratios
 - Dividend payout
 - Retention rate
 - Earning per share
 - Book value per share
 - Free cash flow to equity





- 4.7** Analyze the information provided from basic financial statements to give meaningful responses on the investment in question. This may involve calculations. Consider:
- Value ratios
 - Earnings per share, price to earnings, dividend yield, dividend cover, dividend payout, equity to common share
 - The use of trend analysis and external comparisons
- 4.8** Understand the types and uses of information for equities and fixed income provided by exchanges and regulators. Consider:
- Price, volumes, yields and market capitalization
 - Restrictions including cease trade orders (CTOs)
- 4.9** Understand the purpose and uses of market indices. Consider:
- How index values are constructed
 - Index vs. average vs. multi-factor
 - Market-value-weighted vs. price-weighted index vs. equal-weighted
 - Price return vs. total return
 - Asset class, sector, country, international
- 4.10** Apply the use of indices when:
- Providing a market summary
 - Calculating performance versus a benchmark
- 4.11** Analyze methods of assessing stock market behaviour. Consider:
- The importance of using different sources of company analysis and company information
 - Fundamental analysis
 - Quantitative analysis
 - Technical/statistical analysis
 - The assumptions and valuation approaches which may be used

- 4.12** Understand how industries can be classified into sectors and how these classifications are interpreted in a company's stock valuation. Consider
- Consumer products
 - Manufacturing industries
 - Service industries
 - Technologies
- 4.13** Apply macroeconomic factors to investor expectations of the price of securities and market movements. Consider:
- Interest rates
 - Inflation
 - Employment
 - Productivity
- 4.14** Analyze other factors that impact performance expectations over various time horizons. Consider:
- Asset class
 - Volatility
 - Market sector
 - Economic cycle
 - Benchmarks





Element 5: Managed products and other investments

Summary: Candidates will be required to show an understanding of managed products and analyze how they compare to direct investments. General fund management approaches will be tested alongside the information that needs to be provided to investors. Questions will expect candidates to differentiate between the various types of managed products, from mutual funds to private equity funds and analyze the relative advantages and disadvantages of these products. Questions may also require candidates to calculate the value of a portfolio or the units/shares being issued.

5.1 Understand the types of managed products. Consider:

- Mutual fund trusts
- Mutual fund corporations
- Income trusts
- Closed-end funds
- Real estate investment trusts (REITs)
- Exchange-traded funds (ETFs)
- Wrap funds/fund of funds/ETF wrap
- Pooled funds

5.2 Analyze the main considerations affecting an investor or potential investor, in managed products. Consider:

- Range of exposures available
 - Income and growth
 - Asset classes
 - Sectors
 - Geography
 - Ethical and ESG considerations
 - Diversification/concentration
- Advantages and disadvantages of managed products

5.3 Understand the main features of mutual funds. Consider:

- Access to mutual funds in Canada
- Structure
 - Trust vs. corporate
- Participants – trustee, manager, distributor, custodian
- Fee structures
- Daily pricing

5.4 Analyze the main considerations affecting an investor or potential investor, in mutual funds. Consider:

- Advantages and disadvantages to the investor
- Advantages and disadvantages to the provider
- Source of risks and potential returns, including
 - Risk-ranking methodologies

5.5 Analyze the main considerations affecting an investor or potential investor, in ETFs. Consider:

- Access to ETFs
- Creation
- Pricing: market price vs. net asset value (NAV)
- ETF management styles
- The use of leverage
- Advantages and disadvantages of ETFs over mutual funds
- Cost structures

5.6 Understand features and purpose of fund management styles. Consider:

- Active and passive management
- Smart beta/factor investing
- Leveraged funds
- Inverse funds

5.7 Understand information sources on mutual funds, ETFs and other managed products, including the requirement for the fund fact document and EFT fact sheets.

5.8 Understand the typical criteria for the evaluation of a fund's performance. Consider

- Measuring return
 - Holding period return
 - Money-weighted rate of return
 - Time-weighted rate of return
- Comparing return
 - Benchmark
 - Peer group

5.9 Apply methods of valuation for investment in and performance of managed funds. This may include some calculations. Consider:

- Pricing of mutual fund units or shares, including a fund's net asset value per share (NAVPS)
- Measurement and comparisons of fund performance
 - Standard performance data and total return
 - Use of comparisons and appropriate benchmarks
 - Specified in advance
 - Appropriate
 - Measurable
 - Unambiguous
 - Reflective
 - Accountable
 - Investable



5.10 Understand the impact of costs on the performance of managed products. Consider:

- Loads and charges
- Turnover
- Taxes
 - On the fund
 - On the investor
 - Withholding tax
 - Recoverable
 - Unrecoverable
- Assessing expense ratios
 - Management expense ratio
 - Trading expense ratio

5.11 Analyze the implications of redemptions. Consider:

- Tax consequences
 - T-swaps
- Withdrawal plans
- Suspension of redemptions – Gating

5.12 Apply the factors to consider when deciding between managed products or non-managed products. Consider:

- The investor's decisions
- The Registered Representative's recommendation

5.13 Understand the types of alternative strategy funds and alternative assets. Consider:

- Hedge funds
- Structured products
- Alternative investment funds
- Crypto-assets
- Private equity
- Venture capital

5.14 Analyze the characteristics of alternative strategy funds and other types of investments. Consider:

- Structure
- Features
- Fees: management, performance, hurdle rates
- Advantages and disadvantages to the investor
- Advantages and disadvantages to the provider
- Source of risks and potential returns
- Impact of the costs associated with acquiring and holding other investments
- Accredited investor requirement





Element 6: Portfolio construction

Summary: Element 6 requires the candidate to consider the impact of this information on the decisions to make when constructing a portfolio. Candidates may be required to apply and analyze the capital asset pricing model to evaluate the expected return of a security.

6.1 Understand the process of asset allocation decisions. Consider:

- Principles of portfolio construction
- Categories, process and importance of asset allocation
- Types and key aspects of asset allocation (tactical, strategic, rebalancing, etc.)
- Asset mix categories and strategies for setting the asset mix
- The benefits of different stock selection techniques
- Benefits of a rebalancing strategy
- Costs of implementation and rebalancing
 - Spread
 - Commission
 - Time

6.2 Understand the different types of risk. Consider:

- Interest rate risk
- Inflation risk
- Liquidity risk
- Capital risk
- Income risk
- Issuer risk
- Financial crime risk

6.3 Understand what different measures of risk indicate about an asset or portfolio. Consider:

- Standard deviation and variance
- Beta
- Multi-factor
- Drawdown

6.4 Apply risk management processes to deal with risk and return. Consider:

- The role of risk in asset selection
- Hedging and diversification
- Factors that affect the expected return and risk of a portfolio

6.5 Apply methods of risk management processes to deal with short selling. Consider:

- The process of short selling and the risks associated
- Margin requirements for long and short positions

6.6 Understand concepts of portfolio recommendations. Consider:

- Modern portfolio theory/mean variance theory
- Efficient diversification, naïve diversification and industry or issuer concentration
- Black–Litterman model
- Monte Carlo Simulation

6.7 Understand the purpose, advantages and disadvantages of asset pricing models:

- Capital asset pricing model
- Arbitrage pricing theory
- Multi-factor models
 - Fama–French five-factor model
 - Fama–French five-factor model + momentum
 - Carhart four-factor model

6.8 Apply the capital asset pricing model to calculate the expected return and risk on a portfolio or asset.

6.9 Understand the implications of the efficient markets hypothesis (EMH) on portfolio management.

6.10 Analyze active portfolio management techniques for equity managers. Consider:

- Top–down vs. bottom–up
- Sector rotation
- Growth investing
- Value investing
- Market timing

6.11 Analyze passive portfolio management techniques for equity managers. Consider:

- Buy and hold
- Tracking/indexing

6.12 Understand passive fixed-income portfolio management and active fixed-income portfolio management techniques. Consider:

- Passive buy and hold
- Index matching
- Immunization
- Duration management
- Bond swaps
- Sector rotation



Element 7: Investment recommendations

Summary: Element 7 requires candidates to use the knowledge and understanding of the syllabus so far and apply this to a variety of specific situations. Candidates should expect to be presented with various clients with different objectives and needs and be able to respond to their needs in the correct manner. Candidates may also be required to make tax calculations.

- 7.1** Analyze the relationship between a client's investment objectives and needs, risk profile and performance.
- 7.2** Analyze the impact of a client placing non-financial constraints and restrictions on their own investment choices. Consider:
- Equity, diversity and inclusion considerations
 - Environmental, social and governance criteria
 - Other personal preferences
- 7.3** Understand principles of behavioural finance and the potential impact on a client's decisions and returns. Consider the following behavioural biases:
- Cognitive errors
 - Representativeness
 - Illusion of control
 - Confirmation
 - Hindsight
 - Information processing biases
 - Framing
 - Anchoring
 - Mental accounting
 - Availability
 - Emotional biases
 - Loss aversion
 - Overconfidence
 - Endowment
 - Capital market biases
 - Survivorship
 - Gambler's fallacy
- Herding
 - Home country
- 7.4** Apply retail client suitability determination requirements to specific situations. Consider:
- Selection of suitable products
 - The impact of the Investment Dealer's product shelf
 - The client's net worth and liquidity needs
 - Cash management planning and savings strategies
 - Features of government pension programs
- 7.5** Apply relevant processes to choose a portfolio for the client, based on their know-your-client (KYC) information. Consider:
- The client's investment needs and objectives and risk profile
 - Current investment portfolio compositions, risk level and potential shortfall
 - Relevant investment management strategies
 - Solutions to resolve conflicts between a client's expectations and risk profile
 - The benefit of cash flow analysis
- 7.6** Apply relevant factors to specific situations in addressing investment actions for a client. Consider:
- The impact of significant changes to a client's KYC information
 - The potentially unexpected impact of the investment action on the client account. Consider:
 - Concentration
 - Liquidity
 - The potential and actual impact of costs on the client's returns
 - Consideration of a reasonable range of alternative actions





7.7 Analyze the key requirements of the investment action recommendation process. Consider:

- The pros and cons of each product and recommended investment action
- The risks involved for each product and recommended investment action
- What the recommended investment action can accomplish for the client
- The process for securing the client's commitment to recommended investment action

7.8 Apply the time value of money calculation in setting financial goals for the client. Consider:

- Regular investment required to meet a known future objective/liability
- Regular future income acquired from a single investment (i.e. the present value of an annuity)

7.9 Apply the basics of personal and corporate tax planning in relation to investment recommendation scenarios. Consider:

- Basic knowledge of tax planning strategies and their advantages
 - Tax preferential accounts and their uses
 - FHSAs, RRSPs, RESPs and TFSAs
 - Strategies for minimizing tax liabilities
 - Claiming all deduction and credits
 - Income splitting
 - Tax loss harvesting
 - Corporations
 - Active vs. Passive income
 - Integration
 - Notional accounts (CDA, RDTOH, GRIP)

7.10 Apply the basics of the Canadian capital gains tax system to a client's investment gains. Consider:

- Calculation of capital gains and capital losses
- Tax treatment of gains and losses
- Strategies for minimizing capital gains tax liabilities

7.11 Apply the basics of the Canadian income tax system to income from a client's investments. Consider:

- Calculation of income tax payable
- Tax treatment of interest
- Tax treatment of dividends
 - Qualifying
 - Non-qualifying
 - Foreign

7.12 Apply to specific situations the regulatory requirements governing complaints handling. Consider:

- Recognition
- Process
- Resolution
- Reporting
- Prohibited practices





Element 8: Execution and market integrity

Summary: In Element 8, candidates are expected to analyze the requirements under the Universal Market Integrity Rules (UMIR) regarding the recognition of abusive trading and the gatekeeping responsibilities of Investment Dealers and their representatives. An application of the types of orders that can be placed and the process of execution, will also be tested in the exam.

8.1 Apply to specific situations an understanding of the UMIR covering:

- Best execution
- Abusive Trading
 - Specific unacceptable activities
 - Manipulative and deceptive practices
 - Artificial pricing
 - Improper orders and trades
- Front running

8.2 Apply to specific situations the regulatory requirements in relation to the UMIR gatekeeping responsibilities. Consider:

- The purpose of the UMIR gatekeeping obligations
- The client's typical financial activity and patterns, to identify suspicious transactions
- How to identify and escalate suspicious transactions
- Possible insider trading activity and violations
- Applicable regulatory frameworks on whistleblowers
- Applicable reporting obligations to firms and regulators

8.3 Apply the features of different types of orders to specific client requirements. Consider:

- Limit order
- Market order
- Immediate and cancel
- Fill or kill
- On-stop orders
- Iceberg orders
- Short sales

8.4 Apply various important aspects of the trade execution and settlement process to specific client requirements. Consider:

- Awareness of the various marketplaces
- Placing orders, including processes for handling order errors and changes
- The settlement and delivery process
- Considerations for foreign exchange transactions and currency conversions to facilitate transactions
- The purpose and application of the cash account rule
- The restriction process on overdue cash accounts

8.5 Understand the use of long and short margin accounts, including:

- Special margin situations
- The need for specialized trading authorizations

8.6 Understand reporting requirements to clients. Consider:

- Requirements to confirm orders with clients, including fees and commissions
- Investment Dealer responsibility for trade confirmations and account statements to be sent to clients





Element 9: Monitoring, reporting and maintaining client relationships

Summary: Monitoring the client's portfolio is an important part of the relationship between clients and the Investment Dealer. This element requires candidates to apply requirements around the monitoring and reporting of portfolio performance to specific scenarios. Candidates should also apply and analyze the requirements on Investment Dealers when recording and communicating information.

9.1 Apply to specific situations the process of monitoring and evaluating portfolio performance. Consider:

- The market and the economy
- Client needs and circumstances

9.2 Apply to specific situations the process of investment performance disclosure and measurement. Consider:

- How performance is measured
- How comparative performance is determined
- The use of multi-factor regression
- The proper use of benchmarks in assessing portfolio performance
- Transaction costs and tax implications of investment recommendations
- Fees and charges for the product and the impact on client returns

9.3 Analyze investment performance calculations to individual securities or portfolios over any timeframe. Consider:

- Rate of return
- Absolute risk/standard deviation
- Risk-adjusted returns
 - Sharpe
 - Treynor
 - Jensen
- Performance against benchmarks
- Multi-factor regression

9.4 Apply to specific situations the CIRO requirements when Investment Dealers communicate with clients and/or the public. Consider:

- Awareness of obligations and best practices
- The appropriate use of professional titles
- Misleading communications
- Restrictions and guidelines regarding social media and other communications with the public
- Off-channel communication issues

9.5 Apply to specific situations the requirements to maintain all client responses/records in respect of:

- Account appropriateness
- Suitability determination
- Know-your-client (KYC)
- Know-your-product (KYP)
- Conflict of interest
- Sales practices
- Compensation arrangements
- Incentive practices and other compensation arrangements
- Incentive practices which may benefit the Investment Dealer or Registered Representative



