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Guidance on order execution only account services and activities

Executive Summary

The Canadian Investment Regulatory Organization (**CIRO**) is publishing guidance regarding the ability of Investment Dealer Members offering order execution only (**OEO**) account services (**OEO Dealers**) to provide reliable, timely, useful information and other decision-making supports in a manner that maintains the regulatory limitations to which OEO Dealers are subject, and that will allow investors to more confidently engage in do-it-yourself (**DIY**) investing.

This Guidance sets out key regulatory requirements applicable to OEO Dealers, including the prohibition on recommendations, and our expectations concerning their practical application.¹ This includes a discussion of what we believe are the key considerations for determining whether decision-making supports (such as educational resources, notifications, alerts and self-help tools) that OEO Dealers may choose to offer clients would be permissible, on the basis that they **contain factual information that does do** not endorse the taking of a specific investment decision.

OEO Dealers should review existing and planned decision-making supports against this Guidance to determine whether they are consistent with the OEO regulatory framework. In doing so, consideration should be given to the relevant facts and circumstances of each case. As such, this Guidance is not intended to be exhaustive. We encourage OEO Dealers to speak to us about any decision-making supports they currently offer or are considering.

¹ [In this guidance, all rule references are to the Investment Dealer and Partially Consolidated Rules \(IDPC Rules\) unless otherwise specified.](#)

~~In this guidance all rule references are to the Investment Dealer and Partially Consolidated Rules (IDPC Rules) unless otherwise specified.~~

Note that this guidance does not contemplate an OEO Dealer that restricts its product shelf wholly or largely to proprietary or affiliate products^{1,2} or a very limited range of products. ~~There~~in these scenarios, different considerations would ~~be serious concerns as to how such an operating model could be reconciled with the recommendation prohibition as set out in this guidance, as well as~~apply to a Dealer Member's ability to address the related conflicts of interest in the best interests of the client. Any OEO Dealer contemplating operating in such a manner should ~~contact CIRO at an early stage in its planning~~submit a notice of material change to business activities pursuant to subsection 2246(2) of the IDPC Rules.

^{1,2} Note that the use of the term “proprietary or affiliate products” throughout this document refers to any securities or investment products for which the OEO Dealer has a proprietary or affiliate interest, including any securities or products in which the OEO Dealer or its affiliate does not have an ownership interest but has an incentive to promote.

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1. Introduction

OEO accounts are intended for investors who choose to make their own investment decisions, sometimes referred to as DIY investors. OEO Dealers provide platforms where investors can trade investment products independently and are solely responsible for making all investment decisions, without the benefit of receiving personalized recommendations and suitability assessments from OEO Dealers.

Although not required to do so, OEO Dealers may offer decision-making supports to their clients for the purpose of assisting them in making more informed investment decisions for themselves. This may not only ~~promotes~~promote better financial outcomes, but also ~~fosters~~foster greater investor confidence and engagement. Curated, trustworthy, relevant information and self-help tools based on it can help clients make more informed investment decisions by allowing them to better understand investment principles, self-assess their risk tolerance, and accurately align their own investment decisions with their self-defined financial goals.

Decision-making supports offered by OEO Dealers may take the form of the following examples. Note that the following list is not intended to be exhaustive:

- information that is made available for clients to access on the OEO Dealer's platform,
- notifications and alerts sent to clients, or
- self-help tools intended to enable clients to gain a better understanding of their investment goals, willingness or capacity to assume investment risk, and other related matters such as how to construct their investment portfolios.

These kinds of decision-making supports are especially useful for clients who may otherwise access information and advice from unregulated and potentially misleading sources. Below, we discuss the ways in which OEO Dealers can offer these decision-making supports to clients in a way that is consistent with the OEO regulatory framework.

We also recognize that DIY investors have varying levels of financial literacy, and some may not fully understand the risks associated with investing. Accordingly, when providing decision making supports (especially for higher-risk products or services), OEO Dealers should consider the needs of DIY investor clients across a range of financial literacy levels, rather than assuming a uniform baseline.

2. Regulatory framework

The IDPC Rules establish the regulatory framework for OEO accounts. OEO Dealers must comply with all CIRO requirements^{2,3} other than those for which compliance is specifically exempted.^{3,4}

The key provision that distinguishes OEO Dealers from other Dealer Members and which forms the basis for their operating model is the definition of “order execution only account”, meaning:^{4,5}

An account which is not subject to a suitability determination (other than as required by clauses 3402(3)(i) and 3403(4)(i)) where:

- (i) the client is solely responsible for making all investment decisions, and*
- (ii) the Dealer Member provides no recommendation to purchase, sell, hold or exchange any security, including any class of security or security of a class of issuer, or transact in any derivative. [emphasis added]*

2.1 Recommendation prohibition

In its plain meaning, a “recommendation” is a statement that a particular course of action is endorsed by the party making the statement, which does not necessarily have to be directed at any particular individual.

The ~~prohibition against~~ IDPC Rules prohibit recommendations in ~~the IDPC Rules applies to investment decisions within the context of~~ an OEO account, ~~and the client whose account it is~~. A communication constitutes a recommendation ~~is prohibited~~ if it endorses a specific investment decision for the client.

This prohibition applies even ~~where~~ when the communication was not intended as ~~a deliberate~~ an endorsement, if a reasonable client might perceive it in that way. ~~That perception~~ Such perceptions can occur not only when a communication is directed at a single client, but also when a communication is sent to clients generally, or to a number of clients, or when a tool is made available to clients on a broad basis. ~~This guidance includes discussions of the kinds of safeguards we consider effective to prevent any such misunderstandings and for ensuring that clients make investment decisions independently~~ OEO Dealers also cannot avoid the recommendation prohibition simply by stating that a communication or tool is not tailored to a specific client.

For example, if an OEO Dealer sends a message to all its clients (or a subset of clients) stating, “Now is a good time to buy security X”, a reasonable client might infer the OEO

^{2,3} See IDPC Rule subsection 2207(2).

^{3,4} For example, see IDPC Rule clauses 3208(1)(i) (KYC), 3211(2)(i) (Product Appropriateness), 3303(2)(i) (KYP), 3404(1)(i) (Suitability).

^{4,5} See IDPC Rule subsection 1201(2).

Dealer is recommending this investment decision to them, specifically, to act upon, regardless of whether others received the same communication. This is distinct from properly presented decision-making supports, such as informative notifications and alerts, research reports or self-help tools made available to clients (all discussed further below).

~~Note also that OEO Dealers cannot avoid the recommendation prohibition by simply stating that a communication or tool is not tailored to a specific client~~

This guidance includes discussions of the kinds of safeguards we consider effective to prevent any such misunderstandings and for ensuring that clients make investment decisions independently.

2.1.1 Decision-making supports

The recommendation prohibition does not ~~extend to capture~~ factual information about investing that might be relevant to any given client’s account, or which may potentially influence the client’s decision-making, so long as the information does not include anything that a reasonable client would consider to be an endorsement by the OEO Dealer of a specific investment decision ~~for the client~~.

~~Self-help tools~~ Decision-making supports may rely, in part, on information provided by clients about themselves (for example, a self-assessment risk questionnaire). These tools will generally not be considered to produce prohibited recommendations where:

- the tool helps the client make their own decision without recommending a specific investment decision ~~or specific investment products~~,
- the input is provided solely by the client, and
- it is made clear to the client that the output is generic to investors who input similar information and that the OEO Dealer takes no position on whether that output is suitable for that client (for example, by using language such as: “Here is a typical asset allocation mix that a pre-retirement investor might wish to adopt for their portfolio ...”).⁶⁶

For further details, see the below discussion of decision-making supports.

2.2 Account appropriateness

Prior to opening an account and on an ongoing basis, an OEO Dealer must determine that it is appropriate for an investor to become or remain a client of the OEO Dealer.⁶⁷

⁶⁶ See IDPC Rule subsection 3110(1).

⁶⁷ See IDPC Rule ~~clause~~ clauses 3211(1)(i), 3402(3)(i), and 3403(4)(i).

OEO Dealers should watch for “red flags” that indicate DIY investing is not appropriate for an individual. For example, where ~~they~~:

- they have clear and ongoing difficulties with online activities (e.g., struggling to complete the OEO Dealer’s online new-account application form).
- the client information provided is inconsistent with the requested account type (e.g., requesting a margin account despite insufficient experience or assets), or
- they are seeking personalized investment recommendations.

As set out in the IDPC Rules, OEO Dealers must provide to their clients, prior to opening an account, written disclosures confirming the OEO Dealer will not:

- provide recommendations and that the client is solely responsible for making all investment decisions,
- be responsible for making suitability determination assessments,
- consider the client’s personal financial circumstances, investment needs and objectives, investment knowledge, risk profile, investment time horizon, or other similar factors,
- be responsible for making a determination that the products, services, and account relationships are appropriate for the client.^{7,8}

2.3 Conflicts of interest

Like other CIRO member firms, OEO Dealers must take reasonable steps to identify existing material conflicts of interest as well as those that are reasonably foreseeable.^{8,9} Material conflicts of interest must be addressed in the best interests of the client or avoided.^{9,10}

In the OEO channel, material conflicts of interest can arise in several circumstances, including the following ~~scenarios~~ (Note that this list is ~~non-~~not intended to be exhaustive):

- the OEO Dealer benefits financially when clients engage with certain features or platforms (e.g., OEO Dealers could be inclined to design or prioritize ~~alerts or self-help tools~~decision-making supports in a way that enhances dealer revenue rather than optimizing client outcomes),

^{7,8} IDPC Rule clause 3241(3)(i).

^{8,9} IDPC ~~Rules~~Rule subsection 3110(1).

^{9,10} IDPC Rule subsections 3112(1) and (2).

- the OEO Dealer incentivises clients to engage with digital features that influence trading in ways that align with the interests of the OEO Dealer or an affiliate, rather than the client’s best interest; this includes digital engagement practices such as social interaction feeds that award points or otherwise encourage behaviour inconsistent with general investment principles, decision-making supports provided by the OEO Dealer that create an advantage for any products or services that the OEO Dealer offers in respect of which the OEO Dealer would be more favourably compensated (e.g., offering filtering tools that prioritize specific ~~products~~securities or derivatives, or selecting a specific series of a fund to offer on their platform that advantages the OEO Dealer),
- proprietary or affiliate products could incentivize the OEO Dealer to promote these products to clients, or direct or “nudge” clients to such products ~~over others~~ via decision-making supports over other comparable products, to maximize internal, or affiliates’, revenue ~~and doing so would almost always amount to a material conflict of interest that must be avoided. We also note that any such communications by an OEO Dealer regarding proprietary or affiliate products are more likely to imply an endorsement, and thus are more likely to be offside the recommendation prohibition~~ (see below for further guidance regarding proprietary or affiliate products), and
- the OEO Dealer receives incentives or referral fees for directing business to external service providers, fund managers, or liquidity venues, which may influence which services or products are highlighted, potentially at the expense of impartiality regarding the best interests of the client.

OEO Dealers are expected to provide clear and fulsome disclosure and disclaimers that are sufficient to avoid misleading clients in any way with respect to decision-making supports (such as failing to disclose that an OEO Dealer receives a benefit for a particular product or service provided in a decision-making support). ~~The extent of~~In determining what constitutes sufficient disclosure, ~~and how~~ OEO Dealers should consider the unique features of the OEO channel, such as DIY investors not having access to a regulated adviser to explain potential conflicts, and should not assume that these investors have a baseline understanding of the conflicts such arrangements may create. Consistent with CIRI guidance for Dealer Members (including guidance that disclosure alone is not sufficient to address a material conflict of interest in the best interest of clients),¹¹ whether an OEO Dealer can address such material conflicts in the best interests of clients by either managing them or ~~avoid~~avoiding them; will vary according to the specific

¹¹ See IROC Rules – IROC Rules Notice – Guidance Note – GN-16-0068 – Managing Conflicts in the Best Interest of the Client (April 6, 2016). See also Guidance Note – GN-17-0093 – Managing Conflicts in the Best Interest of the Client – Compensation-related Conflicts Review (April 27, 2017).

circumstances, ~~consistent with CIRO guidance for Dealer Members, including guidance that disclosure alone is not sufficient to address. For example, decision-making supports designed to increase trading without clear benefit to the client may create~~ a material conflict of interest ~~in the best interest of clients~~¹⁰ ~~and should generally be avoided.~~

OEO Dealers should adopt transparent practices, and their conflict-of-interest policies should be robust. Further guidance regarding key safeguards that OEO Dealers should implement relating to conflicts of interest is detailed below.

2.4 Due diligence

OEO Dealers must take reasonable steps to:

- assess the relevant aspects of investment products they offer, such as their structure, features, risks, initial and ongoing costs and the impact of those costs,
- monitor these investment products for significant changes.¹¹¹²

If an OEO Dealer offers decision-making supports for client use, they should adopt similar steps as they do in their product due diligence. This should include reasonable steps to assess the key aspects of these decision-making supports, such as their design, functionality, clarity, and any inherent risks to clients or costs to clients associated with their use. Any information made available to clients by OEO Dealers should be accurate and consistent across their platforms and communications.

OEO Dealers also should continuously monitor any decision-making supports they provide for any significant changes that could impact client understanding or the overall user experience. This ~~will~~ can help ensure that any decision-making support provided by an OEO Dealer is aligned with both regulatory expectations and best practices in client communication.

3. Decision-making supports

Whether a communication by an OEO Dealer constitutes a prohibited recommendation will depend upon how various factors in a given situation apply to the parameters outlined above.

The examples below are intended to illustrate considerations of which OEO Dealers should be mindful to remain outside the recommendation prohibition if they choose to offer decision-making supports. These examples are not intended to constitute an exhaustive list of the types of decision-making supports that OEO Dealers may choose to

¹⁰ ~~See IIROC Rules – IIROC Rules Notice – Guidance Note – GN-16-0068 – Managing Conflicts in the Best Interest of the Client (April 6, 2016). See also Guidance Note – GN-17-0093 – Managing Conflicts in the Best Interest of the Client – Compensation-related Conflicts Review (April 27, 2017).~~

¹² See IDPC Rule clause 3241(1)(i).

offer, nor is it exhaustive of the factors that may need to be taken into consideration and the safeguards that OEO Dealers should consider.

OEO Dealers should make clear to clients that any decision-making supports they offer are intended to empower the client to make their own investment decisions, and that the OEO Dealer ~~will never review clients' accounts or trading activities~~ is not permitted to recommend specific investment decisions, even if a client makes use of an OEO Dealer's decision-making supports to inform their own investment decisions.

The method of delivery of a communication ~~by the OEO Dealer regarding a decision-making support~~, is not, on its own, determinative of whether ~~the content of that communication makes it~~ constitutes a prohibited recommendation. However, ~~particularly in the context of a decision-making support that includes a third party's generic recommendations (such as a research report)~~, if an OEO Dealer proactively sends a communication to a client, ~~it might be more likely to be seen by the client as implying that the OEO Dealer has recommended~~ that contains content that a reasonable client would interpret as endorsing a specific ~~investment decision to that client~~, the communication may be more likely to be perceived as a recommendation. This perception may be ~~more likely if it is the case, or appears to be the case, that~~ heightened where the communication is ~~sent~~ directed to a ~~specific~~ single client ~~alone~~. Again, the method of delivery is not determinative in itself of whether the communication is a prohibited recommendation, but OEO Dealers should bear this consideration in mind ~~when preparing communications of this kind and apply~~ OEO Dealers should consider applying the safeguards discussed below ~~accordingly to help ensure such communications are not interpreted as prohibited recommendation, including providing clear and prominent disclosure. For example, where a client receives research reports made available by their OEO Dealer, the Dealer should make clear that any recommendations in the reports are generic and it should not be assumed that the Dealer agrees with them.~~

3.1 Examples of decision-making supports

3.1.1 Alerts and notifications

OEO Dealers can proactively provide clients with factual, objective information through alerts or notifications. These alerts may cover topics such as market news, regulatory actions, stock reorganizations, dividend announcements, market trends, and portfolio performance. They may also draw attention to high-risk and complex products (e.g., highly leveraged securities), market movements, speculative activity, or risky behaviors.

Alerts and notifications can be presented as pop-up messages when clients place orders ~~or~~, when self-help tool outputs are delivered, or when a client opens a high-risk account type. Incorporating pop-up alerts and notifications serves as a

best practice in ensuring that clients are fully informed about the implications of their decisions, particularly at critical interaction points.

In our view, alerts and notifications will not be considered prohibited recommendations (whether alerts and notifications are selected and/or customizable solely by the client user or are preconfigured or proactively sent by the OEO Dealer) where they contain only factual information with nothing that a reasonable client might regard as an endorsement of a specific investment decision.

OEO Dealers should mitigate the risk that a generic notification or alert might be understood by a client to be a personalized recommendation rather than purely factual information by using general language and providing clear disclosure, as discussed below.

Below are some examples of alerts that would not be considered a prohibited recommendation:

- **Alerts and notifications to investors making significant use of leverage:** *“Use of leverage amplifies investment risk. You are responsible for repaying the borrowed amount plus borrowing charges, irrespective of how your investments perform. Cost of borrowing compounds over time and may exceed investment returns”.*
- **Alerts and notifications to investors significantly invested in crypto assets or about to invest in them for the first time:** *“Crypto assets are highly volatile, highly speculative investments. Their value can fluctuate significantly and rapidly. This means that crypto investors can experience large losses or realize large gains in short periods of time”.*

Depending on the context, repeated alerts or notifications concerning an investment product could create the impression that an OEO Dealer is endorsing a specific investment decision ~~by a client~~, contrary to the recommendation prohibition. We also note that any promotional statements are more likely to imply, or be perceived by a reasonable client as, an endorsement, and thus are more likely to be offside the recommendation prohibition if they reference a specific investment product. Further, any promotional statements in the OEO channel regarding any proprietary or affiliate products would generally always amount to a material conflict of interest that must be avoided.

An OEO Dealer’s use of alerts and notifications must be consistent with the OEO regulatory framework requirements and must be appropriately addressed in the OEO Dealer’s policies and procedures.¹²¹³ Additionally, to ensure consistency and to avoid any suggestion of bias, OEO Dealers should develop clear policies and

¹²¹³ See IDPC Rule subsection 2207(3).

procedures for these alerts and notifications, and ensure disclosure to clients regarding why an alert or notification is triggered.^{13,14}

Use of client specific information in notifications and alerts

As long as the OEO Dealer does not make a prohibited recommendation, OEO Dealers may make use of ~~limited~~ client-specific information as a means of fostering clients understanding and engagement with decision-making supports, and to encourage objectively positive investment behaviors.

For example, an OEO Dealer may use ~~limited~~ client-specific information to:

- Design tools to monitor trading patterns and trigger alerts to clients regarding their engagement with high-risk activities (such as excessive trading) or high-risk product types, to help ensure that clients remain aware of potential risks that they may consider relevant to their investment objectives,
- Send alerts highlighting opportunities to take generally positive investment behaviors (such as reducing cash drag, alerting clients of the benefits of investing idle cash holdings, or minimizing unnecessary or duplicative fees).

By implementing the key safeguards outlined below in this Guidance, OEO Dealers can offer investors the advantages of self-help tools without crossing into prohibited recommendations. In addition, when decision-making supports include, or make use of, ~~limited~~ client-specific information, OEO Dealers should:

- Provide explicit warnings that any decision-making support outputs or insights should not be considered personalized recommendations, and
- Ensure that the information provided is unbiased and solely aimed at educating the client.

3.1.2 Educational information

Communications that contain only general, factual information (such as market reports, dictionaries of investing terminology, or informational articles about general features of a product type (e.g., ‘What is an ETF?’), and do not endorse a specific investment decision, would not be considered a recommendation.

Research reports

^{13,14} See IDPC Rule clause 3241(1)(i).

Research reports differ from merely educational or informative content because they typically include a specific investment decision (for example, a research report may describe a specific investment product as a ‘buy’ or ‘sell.’).

Since these recommendations are general in nature, not specific to any particular client, and not normally expressed as the views of the OEO Dealer, we generally do not regard it as inconsistent with the recommendation prohibition if an OEO Dealer makes research reports available to its clients.

However, there can be a risk that the recommendations in a research report could be understood by a reasonable investor to be endorsed by their OEO Dealer. OEO Dealers should not assume that DIY investors have the same level of familiarity with documents like research reports that an adviser may have, nor should they assume that DIY investors automatically understand that any specific investment decisions described in decision making supports are not endorsed by the OEO Dealer.

Therefore, OEO Dealers who make research reports available to clients should ~~therefore~~ make it explicitly clear that recommendations contained in them are made by the third parties responsible for their preparation and the OEO Dealer does not endorse any recommendations made in the reports. Best practice would be for OEO Dealers to include explanatory language at the outset of the document, in equal prominence to the content of the research report. OEO Dealers should also consider applying the safeguards discussed below accordingly.

3.1.3 Self-help tools

OEO Dealers can provide a broad array of self-help tools designed to empower investors to make informed investment decisions for themselves. The mere fact that a self-help tool gathers client specific information (such as investment knowledge, objectives, or risk tolerance) does not, in itself, render the tool’s output a recommendation.

To safeguard investors, ~~the availability of any proprietary~~ self-help ~~investment~~ tools should be ~~limited to offered on~~ the OEO Dealers’ trading platforms, ensuring consistency and security in their use. With respect to third-party decision-making supports that are provided by the OEO Dealer to its clients, but are not housed on their platform, please refer to section 3.1.4 below.

To ensure ~~these self-help~~ tools are effective and trustworthy, we emphasize the importance of key safeguards ~~for investors~~ to help investors understand the methodology, limitations, and proper use of such tools, fostering transparency and confidence in their use. OEO Dealers should consider the safeguards set out in

section 3.3 when providing decision-making supports that are intended to be used by clients as self-help tools.

We discuss below some types of self-help tools and the unique considerations that may apply to them. This section is not exhaustive of the types of self-help tools that can be offered, nor is it exhaustive of the safeguards and best practices that OEO Dealers should consider applying when offering decision-making supports.

a) Filtering tools

Data-driven, customizable filtering tools can play a critical role in enhancing investor autonomy and decision-making. Filters that can be selected by the client allow those investors to access detailed, unbiased information to identify investments, simplify the investment selection process, and provide results that align with clients' individual preferences. By providing flexibility and customization available to investors, these tools support a wide range of investor needs while fostering confidence through transparency and unbiased data delivery.

OEO Dealers may choose to provide filtering tools that allow clients to review ~~investment products~~securities or derivatives sorted by objective criteria that is consistent with industry standards for selecting an investment product, such as cost (e.g., MER of investment funds), risk rating, market capitalization or assets under management, liquidity etc.

~~OEO Dealers should consider the following safeguards for self-help filtering tools:~~

~~— Customization Options~~

~~§ — Clients~~To ensure that filtering results do not amount to a recommendation, clients should be able to select which criteria they wish to use ~~and how many investment products they wish to see ranked on that basis.~~

~~§ — Allow users to~~ customize filters based on their individual preferences, ~~investment goals, and risk tolerance, providing flexibility while maintaining objectivity.~~

~~— Clear Descriptors, Transparent Methodology, and Objective Criteria~~

~~§ — Provide~~and how many securities and derivatives they wish to see ranked on that basis. OEO Dealers should provide clear and transparent descriptors regarding ~~the filtering tool's purpose and its inherent~~

limitations, including how investment products [how results](#) are filtered (e.g., alphabetically, by value or segment, etc.).

§ — Ensure that all filter criteria are explicitly defined, objective, and reproducible, so clients can understand how results are generated and replicate them if needed.

§ — All of the above information should be easily accessible to help clients understand the criteria and methodology for the filtering tools.

— Conflicts of Interest

§ — Establish policies to address material conflicts of interest in the best interest of clients or avoid them.

§ — Filtering tools should be designed to deliver unbiased information consistent with this guidance and prevent them from favoring any specific investment product.

§ — This includes avoiding material conflicts of interest, such as promoting proprietary or affiliate products over similar non-proprietary products, which would almost always constitute a failure to meet the requirements regarding conflicts of interest set out in IDPC Rule clause 3111(2). § — Any results generated by the filtering tool should be prepared based on the OEO Dealer's full product shelf, rather than any selection that might be perceived to favour certain securities.

§ — Proprietary or affiliate products should only appear in results on the basis of the same objective criteria as other securities.

— Clear Disclosures and Disclaimers

§ — Ensure that all filtering tools include clear disclosures and disclaimers, including:

o — A prominent disclosure that states that the filtering results are limited to the products that the OEO Dealer offers.

o — If the OEO Dealer has a proprietary or affiliate products, or any material conflict of interest for any

~~specific investment products referenced in the filtered results, the OEO Dealer must explicitly disclose this fact.~~

~~— Regular Monitoring and Updates~~

~~§ — Regularly review, test and update the filtering tool to maintain its relevance and accuracy and to reflect current market conditions.~~

~~— Educational Resources~~

~~§ — Accompany the filtering tools with resources that help users understand how to use the filters effectively and interpret the tools properly.~~

b) Sample portfolios

OEO Dealers ~~can~~may provide sample portfolios that set out asset allocations, ~~provided they adhere to robust key safeguards to avoid any implication that a specific investment decision is recommended (see below)~~ based on the investment needs of generic types of investors (e.g., conservative vs. growth-oriented) or focused investment themes (e.g., technology or consumer staples). The asset allocations for generic types of investor should reflect standard industry portfolio design criteria such as risk profile, time horizon and cost, etc.

OEO Dealers may ~~also~~ provide filtering tools that ~~allow~~help clients to ~~select investment products~~make their own selections of securities or derivatives to fill in the asset allocations of sample portfolios. OEO Dealers should not ~~select~~include specific ~~investment products~~securities or derivatives for these sample portfolios because this implies an endorsement of a specific investment decision and would be considered a prohibited recommendation. See ~~the above~~ section 3.1.3(a) “Filtering tools” for a list of key features and safeguards that apply to filtering tools, all of which would also apply in the context of sample portfolios offered in combination with filtering tools.

~~Sample portfolios, assessed on the basis of all of their features (including any accompanying tools and communications), must not in their net effect be similar to the managed service that is provided in the model portfolios offered by full-service dealers and portfolio managers. An example of this~~

would be if an OEO Dealer regularly updates the asset allocations, securities selections or other components of a sample portfolio and then informs clients so that the clients can mirror those changes.

OEO Dealers should apply the following safeguards if offering sample portfolios: [that offer these kinds of decision-making supports should also do so consistent with the safeguards set out below in section 3.3 of this guidance.](#)

~~— A range of sample portfolios~~

~~§ — Provide a range of sample portfolios consistent with this guidance to avoid any implication that the OEO Dealer endorses a specific investment decision for a client, and to ensure that a client will have available to them a wide-enough selection to make it reasonably likely that they will find one that aligns with their individual goals and risk tolerance.~~

~~— Clear Descriptors, Transparent Methodology, and Objective Criteria~~

~~§ — Provide clear and transparent descriptors regarding the sample portfolio's purpose and its inherent limitations, including [OEO Dealers should describe](#) how a given sample portfolio may fulfill a general type of investor's investment criteria or goals.~~

~~§ — Ensure that all criteria are explicitly defined, objective, and reproducible, so investors can understand how sample portfolios are applicable to a corresponding general class of investors.~~

~~§ — All of the above information should be easily accessible to help clients understand the criteria and methodology for the sample portfolios.~~

~~— Conflicts of Interest~~

~~§ — Sample portfolios should be designed to deliver unbiased information consistent with this guidance and prevent them from favoring any specific investment products or asset allocations.~~

~~§ — Establish policies to address material conflicts of interest in the best interest of clients or avoid them.~~

~~§ — If the OEO Dealer provides filtering tools that allow clients to select investment products to fill in the asset allocations of sample~~

portfolios that reference specific securities or investment products via filtering tools, these decision-making supports should be consistent with the conflicts of interest responsibilities set out under sections 2.3, and 3.1.3(a) “Filtering tools” of this guidance.

— Clear Disclosures and Disclaimers

§ Ensure that all sample portfolio tools include clear disclosures and disclaimers, including:

- A prominent disclosure that states that the sample portfolio:
- Is not personalized investment advice,
- Cannot be guaranteed by the OEO Dealer to be aligned with or achieve any client’s specific financial goals, and
 - The OEO Dealer has no obligation to notify clients when there are changes to the asset allocations (nor any outputs from an accompanying filtering tool) that result in the sample portfolio no longer being consistent with its previous characterization.
- Risk metrics and warnings provided alongside the sample portfolio, highlighting the and highlight any risks associated with the asset allocations within it.
 - If the OEO Dealer has a proprietary or affiliate products, or any material conflict of interest for any specific investment products referenced in the filtered results, the OEO Dealer must explicitly disclose this fact.
- A reminder that the client is solely responsible for making all investment decisions for their account.

— Regular Monitoring and Updates

§ Regularly review, test and update each of the sample portfolios to maintain their relevance and accuracy, subject to the caution that the net

~~effect of any combination of self-help tools, and the manner of their delivery, cannot approximate or replicate a full-service, recommendation-based product.~~

~~— Educational Resources~~

~~§ — Accompany the sample portfolio. Sample~~ portfolios ~~with~~ should also be accompanied by resources that help investors understand how to use and interpret ~~sample portfolios~~ them effectively, including information on portfolio construction, diversification, and risk management.

Dealers should regularly review, test and update each of the sample portfolios to maintain their relevance and accuracy, as appropriate. OEO Dealers may notify clients of relevant changes such as updates to sample portfolios, new ETF listings, or fee adjustments that could affect the assumptions underlying the sample portfolios provided on their platform. If an OEO Dealer does not intend to notify clients regarding these kinds of updates, this should be clearly disclosed to clients upfront.

To avoid any implication that the OEO Dealer endorses a specific investment decision, OEO Dealers should:

- offer a range of sample portfolios, and/or
- provide the client with readily-accessible editing functionality so that the client can easily adjust the composition of a sample portfolio (such as its asset weightings) to generate their own results.

This also ensures that a client will have available to them a wide enough range of alternatives to make it reasonably likely that they will find one that aligns with their individual goals and risk tolerance.

c) Self-assessment tools

Self-assessment tools are designed to help investors to better understand their investment needs, thereby aiding the investor in their investing decisions. Examples of self-assessment tools include risk tolerance questionnaires, financial knowledge quizzes, goal-setting tools, etc. As set out above, these will generally not be considered a prohibited recommendation if all inputs are made by the client and the OEO Dealer does not endorse a specific investment decision ~~tailored to that client.~~

To ensure that a client understands that outputs from tools are not recommendations made by the OEO Dealer, the language used in outputs

should be framed in general terms, such as “the information you have provided suggests that you have characteristics typical of a conservative investor.”

OEO Dealers should ~~consider the following safeguards for self-assessment tools:~~

~~— Sufficient Inputs~~

~~§ Gather~~gather information from clients that is sufficient to support the output of self-assessment tools.

~~— User Validation~~

~~§ Allow~~If the tool classifies investors into general types, the OEO Dealer should explain the criteria used to do so and allow clients to review and validate the results of their classification before proceeding to asset allocation or product selection tools, such as filtering tools or sample portfolios. For example, an OEO Dealer may explain that a conservative investor is one who generally has certain characteristics, and portfolios for these investors typically have a more significant allocation of income-generating securities and a smaller exposure to growth stocks. This extra step ensures that clients can self-align any outputs from such tools with their personal objectives, risk tolerance, and other investment considerations.

~~— Clear Descriptors, Transparent Methodology, and Objective Criteria~~

~~§ Provide clear and transparent descriptors regarding the tool’s purpose and its inherent limitations including, if the tool classifies investors, the criteria and methodology used to do so:~~

~~§ Ensure that all criteria are explicitly defined, objective, and reproducible by the client.~~

~~§ All of the above information should be easily accessible to help clients understand the criteria and methodology for the self-assessment tools.~~

~~— Conflicts of Interest~~

~~— Establish policies to manage or avoid material conflicts of interest, such as ensuring that the results of the tool are not influenced by the promotion of any proprietary or affiliate products or any incentives from third parties.~~

~~— Clear Disclosures and Disclaimers~~

- ~~§ Ensure that all self-help tools include clear disclosures and disclaimers, including:~~
- ~~o A prominent disclosure provided alongside the tool that states that the output is not personalized investment advice and cannot be guaranteed by the OEO Dealer to be aligned with or achieve any client's specific financial goals, and that the OEO Dealer has no obligation to notify clients when a change is made to the tool that could change its output.~~
 - ~~o Risk metrics and warnings provided alongside tool outputs, highlighting any risks associated with the tool.~~
 - ~~o If the OEO Dealer has any material conflict of interest (such as the OEO Dealer receiving a financial incentive when clients use a specific tool or service), the OEO Dealer must explicitly disclose this fact alongside the tool.~~

~~← **Regular Monitoring and Updates**~~

~~← Regularly review, test and update the tool to maintain its relevance and accuracy, and reflect changes in market conditions, regulatory standards, advancements in technology, and financial practices.~~

~~← **Educational Support**~~

~~← Accompany the The tools with should also be accompanied by resources that help investors understand how to use self-assessment toolsthem effectively, including information on the importance of self-identifying personal finance goals, investment time horizons, diversification, segmentation, and asset allocation.~~

d) Rebalancing tools and alerts

Rebalancing ~~alerts~~lerts, and the output from self-help tools for automatic rebalancing, will generally not be considered a prohibited recommendation, provided that:

- the OEO Dealer does not communicate any endorsement of a specific investment decision, ~~the~~ rebalancing is limited to the client's selection of their desired pre-determined allocations or rebalancing instructions, and

- the OEO dealer does not retain any form of discretion to act on its own initiative.

3.1.4 ~~Finfluencers & Copy-Trading~~ Third-Party Content

OEO Dealers must consider whether they could be making prohibited recommendations or facilitating registerable activity by unregistered ~~others~~parties (such as some “finfluencers”) if they link to, host or provide third-party content, enter into referral or marketing arrangements, or facilitate copy-trading functionality.

OEO Dealers should be mindful of any applicable requirements or guidance that CIRO or the CSA may issue specifically concerning such practices, ~~including referral arrangements, conflicts of interest, marketing activities and advertising.~~ OEO Dealers are reminded that depending on the circumstances, they may be held responsible for statements made on their behalf.¹⁵

3.2 Combining Decision-Making Supports

OEO Dealers may offer multiple decision-making supports, such as informative notifications, self-assessment tools, filtering, and rebalancing tools that may be combined to better assist investors in their independent decision-making.

When determining whether the combined effect of various decision-making supports amounts to a prohibited recommendation, the same considerations set out in section 2.1 apply. ~~All of the applicable key~~ safeguards ~~that apply to the applicable~~ relevant to individual decision-making supports should also be considered.

As stated above, the recommendation prohibition applies both to each individual support and to their collective output. If none of the individual supports endorse a specific investment decision, and the combined output also does not amount to a recommendation, then the overall process would not be offside the recommendation prohibition. For example, some OEO Dealers may guide clients through a sequence of decision-making supports. Clients should be able to opt out of any decision-making support and should not be forced into an automatic, default sequence that steers them toward a specific investment decision.

OEO Dealers should also ensure that information and outputs across combined tools are aligned and consistent. For example, what is ~~described~~classified as ‘conservative’ in one self-help tool should be consistently ~~described~~classified as such across all such tools offered by the OEO Dealer.

¹⁵ For more details, see Guidance Note 25-0340 Joint Canadian Securities Administrators and Canadian Investment Regulatory Organization Staff Notice 31 – 369 Guidance on the Application of Securities Legislation to Finfluencer Activity.

The net effect of any combination of self-help tools, and the manner of their delivery, cannot in practical terms replicate a full-service, recommendation-based service of the kind that is provided in the model portfolios offered by full-service dealers and portfolio managers. An example of a format that would be acceptable would be if an OEO Dealer updates the asset allocations, securities selections, or other components of a sample portfolio, the Dealer may proactively inform clients so that the clients can consider making their own changes in response.

These measures support the effective and responsible use of combined tools, ensuring they enhance investor autonomy without introducing unintended risks and confusion.

3.3 Safeguards for Decision-Making Supports

We discuss below some of the key safeguards that should generally be considered for all decision-making supports, where applicable. This section is not exhaustive of the safeguards and best practices that OEO Dealers should consider applying when offering these types of decision-making supports.

- **Clear Disclosures and Disclaimers**
 - All disclosures and disclaimers should be drafted in plain language that is clear and accessible to DIY investors.
 - Decision making supports should include disclosures and disclaimers that clearly explain the following:
 - A reminder that the client is solely responsible for making all investment decisions for their account,
 - A prominent disclosure that states that the output:
 - Is not personalized investment advice,
 - Cannot be guaranteed by the OEO Dealer to be aligned with or achieve any client’s specific financial goals,
 - The OEO Dealer has no obligation to notify clients when changes to a tool’s criteria, functionality, or methodology results in outputs different from how the tool was previously characterized,
 - Risk metrics and warnings provided alongside decision-making support, highlighting the risks associated with its results,
 - A prominent disclosure that states that the output is limited to the products and services that the OEO Dealer offers,

- If the results of a decision-making support reference proprietary or affiliate products or services of the OEO Dealer, or any other product for which the OEO Dealer has a material conflict of interest, the OEO Dealer must explicitly disclose this fact.
- OEO Dealers should consider whether certain disclaimers should be provided to clients on a repeated, regular or continuous basis, rather than one-time, to achieve meaningful disclosure.
 - For example, if the above disclaimers are information provided to clients alongside the decision-making supports to which they relate, then clients may better understand how these disclaimers apply rather than if disclaimers were provided only once at account opening or housed on a standalone webpage.
- **Clear Descriptors, Transparent and Objective Criteria**
 - Provide clear and transparent descriptors in plain language regarding a decision making support's purpose and its inherent limitations.
 - Ensure that all criteria and outputs are explicitly defined in plain language, and are objective and reproducible so clients can understand how results are generated and can replicate them if needed.
 - Allow clients to adjust, edit or change their inputs easily so that they can adjust the results or output of a tool as appropriate.
 - To help clients understand how the criteria affect the output methodology, all of the above information should be easily accessible and provided alongside the decision making support.
 - Descriptors should make clear that the output of a decision making support relies on objective criteria and its outputs do not endorse any specific investment decision for that individual client.
- **Supplementary Educational Resources**
 - Accompany decision making supports with resources that help users understand how to use them effectively and interpret the outputs.
- **Conflicts of Interest**
 - OEO Dealers must establish policies to address material conflicts of interest in the best interest of clients or avoid them.
 - OEO Dealers must also ensure that the results of the tool are not influenced by the promotion of any proprietary or affiliate products or

services, or any incentives from third parties, consistent with IDPC Rule section 3112.

- Decision-making supports should be designed to deliver unbiased information consistent with this guidance and prevent them from favoring any specific security or derivative
 - This includes avoiding material conflicts of interest, such as promoting proprietary or affiliate products over similar non-proprietary products, which would almost always constitute a failure to meet the requirements regarding conflicts of interest set out in IDPC Rule clause 3111(2).
 - Where decision making supports reference any products for which there is a material conflict of interest, the OEO Dealer should provide a reasonably representative set of alternatives for which no conflicts of interest are present.
- **Regular Monitoring and Updates**
 - Regularly review, test and update decision-making supports to maintain their relevance and accuracy, and to reflect regulatory standards, advancements in technology, and financial practices, current market conditions.¹⁶
 - Perform outcome monitoring and escalation, such as requiring periodic reports on client outcomes across benchmarks, and follow an escalation and remediation process if outcomes are adverse.¹⁷

4. Conclusion

This Guidance is not intended to be exhaustive. Whether or not any content provided to a client constitutes a prohibited recommendation, or is permissible on the basis that it is purely factual information that does not endorse a specific investment decision, will depend on an analysis of all the relevant facts and circumstances of the particular case. OEO Dealers should evaluate their existing and planned decision-making supports against this guidance and the principles set out therein to determine whether they are consistent with the OEO regulatory framework.

We encourage OEO Dealers to speak to us about their current and proposed decision-making supports if they have any questions.

5. Applicable Rules

IDPC Rules this Guidance Note relates to:

¹⁶ See IDPC Rule section 1404.

¹⁷ IDPC Rule section 1404.

- subsection 1201(2),
- [section 1404](#),
- [section 2207](#),
- [subsection 2246\(2\)](#),
- section 3110,
- [section 3111](#),
- section 3112,
- section 3208,
- section 3211,
- section 3241,
- section 3303,
- section 3402,
- section 3403,
- section 3404.

6. Previous Guidance Note(s)

This Guidance Note replaces IIROC Rules - IIROC Rules Notice - Guidance Note - GN-3400-21-003 - Guidance on Order Execution Only Services and Activities (March 12, 2021).

7. Related Documents

This Guidance Note is related to the following Bulletins [indicate implementation bulletin under which the Guidance Note is published].