



RE: PROPOSED NEW GUIDANCE ON ORDER EXECUTION ONLY ACCOUNT SERVICES AND AGREEMENTS

November 10, 2025

Table of Contents

Executive Summary	4
A. Principled Based Approach	4
B. The Governing Rules and Principles to an OEO Platform	4
C. Applying the Governing Rules and Principles to an OEO Platform	6

Schedule A: Annotated Proposed Guidance

Schedule B: Answers to CIRO Questions

November 10, 2025

Attention:

Canadian Investment Regulatory Organization
2600-40 Temperance Street, Toronto, Ontario M5H 0B4
E-mail: memberpolicymailbox@ciro.ca

Dear CIRO:

RE: PROPOSED NEW GUIDANCE ON ORDER EXECUTION ONLY ACCOUNT SERVICES AND ACTIVITIES (“PROPOSED GUIDANCE”)

The Canadian Forum for Financial Markets (CFFiM)/ Forum Canadien des Marchés Financiers (FCMFi) is dedicated to moving forward proposals to demonstrably grow healthy, competitive financial markets in Canada for the greater good. We are a mission-first, values-driven, purposeful, and reform-minded organization committed to Canada’s broader economic interests.

With full recognition of the sustained growth of self-directed investing in Canada¹, this organization has led² practical recommendations, for your consideration, in the necessary, yet challenging re-shaping of our regulatory framework to reflect the benefit of emerging technologies.

CIRO’s response and efforts to expand Order Execution Only (OEO) platforms and the tools available to Do- It-Yourself investors are acknowledged with appreciation.

We continue to offer constructive analysis, as a solutions partner, to stimulate regulatory modernization and inclusive growth needed to meet today’s and the next decade’s challenges.

¹[CIRO: Canadian Opening Do-it-Yourself Accounts in Unprecedented Numbers;2023 Annual Report of OSC’s Investor Advisory Panel; DIY Investing: National Survey Summary ; BCSC](#)

² [CFFiM: Defining-Non-Tailored-Advice-in-Order-Execution-Only-Channels. CFFiM: Getting Do-it-Yourself Investors More Tools to Do-it-Themselves](#)

EXECUTIVE SUMMARY

The CFFiM recommends a consistent principle-based approach to the Proposed Guidance, reflective of CIRO rules, subject to rescission of ‘account appropriateness’.

Key principles to a welcomed, expanded OEO platform are included with recommendations to ensure consistency and investor autonomy.

Details of surrounding considerations and proposed refinements to the Proposed Guidance are included in Schedule A.

Answers to CIRO’s Questions are included in Schedule B.

A. PRINCIPLED BASED APPROACH

Like CIRO, the CFFiM supports a principled based approach.

The Proposed Guidance should reflect CIRO rules and principles, in turn, reflective of OEO platform realities.

Though well-meaning, CIRO’s Proposed Guidance, includes highly specific input-oriented content, including, at times, beyond the parameters of OEO platforms. They risk getting enshrined as mandatory and having an unintended chilling effect on the innovation and growth CIRO intends to support. As a result, there are currently specific phrases in the Proposed Guidance that merit reconsideration.

It is appreciated that in efforts to achieve compliance, there are often requests to provide prescription and examples. The better approach is for the market to determine outcomes within broad principles reflective of CIRO rules. The success of this approach is dependant upon reasonableness in regulatory expectation and interpretation, reasonableness in the exercise of judgment by expert dealers and, importantly, in the deference by CIRO to that judgment. Reasonableness is informed by the governing rules and principles to an OEO platform outlined below.

B. THE GOVERNING RULES AND PRINCIPLES TO AN OEO PLATFORM

The following general principles, also reflected in CIRO rules, inform a reasonableness standard:

- a) Investors choose an OEO platform to drive their own, independent decisions, and as recognized by CIRO, wish to maintain full control over their accounts while open to receiving further non-promotional information.³
- b) An OEO account cannot provide a suitability determination where:
 - (i) The client is solely responsible for making all investment decisions, and

³ [CIRO Proposed New Guideline Order Execution Only Account Services and Activities](#)

- (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.⁴
- c) An extensive suitability determination, by an advisor or portfolio manager, is necessary for a recommendation to be made.⁵ An OEO platform therefore does not issue recommendations.⁶

⁴ CIRO Rule Account Definition. This is subject to account appropriateness in CIRO Rules 3402(3)(i), 3403(4) and 3211(1)(i), which should be rescinded.

⁵ CIRO Rule 3402. Retail client suitability determination requirements

(1) Before a Dealer Member purchases, sells, withdraws, exchanges or transfers-out securities or precious metals bullion, or transacts in derivatives for a retail client's account, takes any other investment action for a client, makes a recommendation or exercises discretion to take any such action, the Dealer Member must determine, on a reasonable basis, that the action satisfies the following criteria:

(i) the action is suitable for the retail client, based on the following factors:

(a) the retail client's information collected in accordance with section 3202,

(b) the Dealer Member's assessment of and an Approved Person's understanding of the security, derivative or precious metals bullion, required in accordance with Rule 3300,

(c) the impact of the action on the retail client's account, including the concentration of securities, derivatives or precious metals bullion, within the account and the liquidity of those securities, derivatives or precious metals bullion,

(d) the potential and actual impact of costs on the retail client's returns, and

(e) a consideration of a reasonable range of alternative actions available to the Registered Representative, Portfolio Manager, or Associate Portfolio Manager through the Dealer Member at the time the determination is made, and

(ii) the action puts the retail client's interest first.

(2) A Dealer Member must review the retail client's account and the securities, derivatives or precious metals bullion, in the retail client's account to determine whether the criteria in subsection 3402(1) are met, and take reasonable steps, within a reasonable time, after any of the following events:

(i) securities, derivatives or precious metals bullion are received or delivered into the client's account by way of deposit or transfer-in,

(ii) a Registered Representative, Portfolio Manager or Associate Portfolio Manager is designated as responsible for the account,

(iii) the Dealer Member becomes aware of a change in the retail client's information collected in accordance with subsection 3202(1) that could result in a security, derivative or precious metals bullion, or the retail client's account not satisfying subsection 3402(1),

(iv) the Dealer Member becomes aware of a change in a security, derivative or precious metals bullion, in the retail client's account that could result in the security, derivative or precious metals bullion, or account not satisfying subsection 3402(1), or

(v) the Dealer Member reviews the retail client's information in accordance with subsection

(3). A Dealer Member must determine, on a reasonable basis and putting the retail client's interest first that: (i) it is suitable for the retail client to continue having an account with the Dealer Member, and (ii) the scope of products, services and account relationships which the retail client has access to within the account are suitable for the retail client.

(4) When making a suitability determination pursuant to subsection 3402(1), a Dealer Member must determine, on a reasonable basis, that the retail client's account portfolio of investments that would result from the investment action the Dealer Member takes, recommends or exercises discretion to take is suitable for the retail client and puts the retail client's interest first.

(5) Despite subsection 3402(1), if a Dealer Member receives an instruction from a retail client to take an action that, if taken, does not satisfy subsections 3402(1), the Dealer Member may carry out the retail client's instruction if the Dealer Member has: (i) informed the retail client of the basis for the determination that the action will not satisfy subsection 3402(1) and advised the client against proceeding with the order, (ii) recommended to the retail client an alternative action that satisfies subsection 3402(1), and (iii) received recorded confirmation of the retail client's instruction to proceed with the action despite the determination referred to in clause 3402(5)(i).

See CIRO Rule 3403 for Institutional client suitability determination requirements.

⁶ See Also:

CIRO Rule 3208: Exemptions from Know Your Client: Exemptions from Know-Your-Client Investment Dealer and Partially Consolidated Rules (1) Clause 3202(1)(iii) and subsection 3209(4) do not apply in respect to: (i) an order execution only account,

CIRO Rule 3211 Account Appropriateness

- (1) Before a Dealer Member opens an account for a person, the Dealer Member must determine, on a reasonable basis and putting the person's interest first, that

(i) Investment Dealer and Partially Consolidated Rules this action is appropriate for the person, and

- d) Clear, fulsome and prominent client disclosure that the dealer cannot provide a suitability determination or recommendation to a client is required.⁷ As a result, the value and impact of client disclosure and client validation should not be minimized.

The comments provided in Schedule A support these principles and are aimed at consistency in their application throughout the Proposed Guidance.

C. APPLYING THE GOVERNING RULES AND PRINCIPLES TO AN OEO PLATFORM

In applying the governing rules and principles in Part B above to the Proposed Guidance, the following observations are made:

a) Non-Tailored Advice

A move away from the term ‘non-tailored’ advice means regulatory inconsistency and lack of harmonization. The term and concept respectively are used in National Instrument 31-103, Registration Requirements, Exemptions and Ongoing Registrant Obligations NI 31-103CP and s. 34 of the Ontario Securities Act.

In contrast, the term ‘decision making support’ is unique to CIRO’s, non-statutory Proposed Guidance, giving rise to unnecessary confusion and civil and regulatory exposure. Please see Schedule A for further details and suggestions. Please also see paragraph c) immediately below.

b) Recommendations

Thank you for recognizing that the current guidance definition of ‘recommendation’ and specifically the clause ‘reasonably expected to influence’ is overly broad and may catch purely informational resources.⁸

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- (ii) the scope of products, services and account relationships which the person would have access to within the account are appropriate for the person.

Clause 3211(1)(ii) does not apply in respect to: (i) an order execution only account.

⁷ Rule 3241 Order Execution Only Account Services

3241(3) A Dealer Member approved by the Corporation to provide order execution only account services must, prior to opening an order execution only account:

- (i) provide the following written disclosures to the client:
- (a) a statement confirming that the Dealer Member will not provide any recommendations to the client and that the client is solely responsible for making all investment decisions in the order execution only account,
 - (b) a statement confirming that the Dealer Member will not be responsible for making a suitability determination for the client, as set out in sections 3402 or 3403 (other than as required by clauses 3402(3)(i) and 3403(4)(i)), and, in particular, that the Dealer Member will not consider the client’s personal and financial circumstances, investment needs and objectives, investment knowledge, risk profile, investment time horizon, nor other similar factors, and a
 - (c) statement confirming that the Dealer Member will not be responsible for making a determination that the products and account types offered by the Dealer Member in the order execution only account are appropriate for the client, and
- (ii) obtain a positive acknowledgement from the client, and each beneficial owner of the account, confirming that the client, and each beneficial owner, has received and understood the disclosures described in clause 3241(3)(i).

⁸ Supra at note 2.

As described above, recommendations are not possible on OEO platforms. Recommendations require a fulsome suitability determination through an advisor or portfolio manager. The investor pays for and receives the benefit of this determination.

To reflect the fact that recommendations are not possible on an OEO platform, the Proposed Guidance may provide general principles that render tools, resources and communications compliant.

c) Tools & Resources

‘Decision making supports’ are ‘tools and resources’ such as alerts, notifications, educational information, self help, filtering, self-assessment and rebalancing tools, sample portfolios and copy trading.

The use of these tools and resources, including with select client specific information, cannot substitute a suitability determination as defined by CRO Rules and, therefore, cannot amount to a recommendation.

Rather, the OEO platform is fundamentally different. These tools or resources, which may include calculators, sample portfolios or ‘alerts’, which provide the ability to explore options, model potential outcomes and consider different approaches, are for use at the investor’s option, whether pushed or pulled, and available for the investors’ own analysis and decision making.

The platform brings the benefit of autonomy, low cost and tools, which through technological advancements, have expanded, and should be made available.

Among the tools and resources:

- Various of the alerts and notifications in the Proposed Guidance will unintentionally mandate qualitative judgment, endorsement or evaluation.
- With respect to sample portfolios, the expansion of filtering tools that allow clients to select securities to fill in the asset allocations of sample portfolios is commended. The continued prohibition the use of specific securities in sample portfolio appears overly restrictive and not in keeping with global practices.

d) The Reasonable Person

As a matter of fairness, an objective reasonable person test is recommended in lieu of reference to subjective client perception.

On this basis, the concern that “without an advisor to make abundantly and continuously clear to a client that a sample portfolio is fundamentally unable to be personalized and/or assessed as suitable for that client in the OEO channel”⁹, a client will understand these investment products to be endorsed by the OEO dealer is overstated without proper regard to disclosure and investor abilities.

e) Push v. Pull

The substantive content of a communication or tool should be determinative of whether it constitutes a

⁹ [CRO Proposed New-Guidance-Order-Execution-Only-Account-Services-and-Activities](#)

recommendation rather than its method of delivery.

f) OEO Platform Limitations

The spreading of misinformation through social media cannot be prevented by OEO platforms. Though concerns regarding certain social media, internet forums or influencers are understandable, overgeneralization should be avoided.

An OEO platform also cannot determine whether investors have ‘enough’ information or make ‘well-informed’ investment decisions, reduce reliance on social media or other non-regulated sources, nor, protect investors from potentially incomplete, biased or misleading communications on those platforms.

Finally, an OEO platform cannot determine account appropriateness. In addition to the enclosed suggestions to the Proposed Guidance, the following rules should be rescinded:

CIRO Rule 3211 Account Appropriateness

- (1) Before a Dealer Member opens an account for a person, the Dealer Member must determine, on a reasonable basis and putting the person’s interest first, that
 - (i) Investment Dealer and Partially Consolidated Rules this action is appropriate for the person, and
 - (ii) the scope of products, services and account relationships which the person would have access to within the account are appropriate for the person.

Clause 3211(1)(ii) does not apply in respect to: (i) an order execution only account.

CIRO Rule 3402. Retail client suitability determination requirements: (3). A Dealer Member must determine, on a reasonable basis and putting the retail client’s interest first, that: (i) it is suitable for the retail client to continue having an account with the Dealer Member.

CIRO Rule 3403. Institutional client suitability determination requirements 4) A Dealer Member must determine, on a reasonable basis and putting the institutional client’s interest first, that: (i) it is suitable for the institutional client to continue having an account with the Dealer Member.

The comments provided in **Schedule A** are aimed at consistency in the application of OEO rules and principles in Part B above throughout the Proposed Guidance.

Answers to CIRO’s questions are included in **Schedule B**.

We look forward to our continued work together.

Respectfully submitted,

Canadian Forum for Financial Markets

www.CFFiM-FCMFi.Ca

SCHEDULE A – ANNOTATED PROPOSED GUIDANCE

D. Note: CFFiM comments in track changes to Proposed Guidance with analysis in blue.

CIRO Draft 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~~ tools and resources 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. This includes a discussion of what we believe are the key considerations for determining whether ~~decision-making supports~~ tools and resources (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 not endorse the taking of a specific investment decision.

OEO Dealers should review existing and planned ~~decision-making supports~~ tools and resources 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~~ tools and resources they currently offer or are considering.

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 products¹ or a very limited range of products. There 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 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.

- ¹Note 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.

Contact

Member Regulation Policy

memberpolicymailbox@ciro.ca

- [1. Introduction](#)
- [2. Regulatory framework](#)
- [2.1 Recommendation prohibition](#)
- [2.1.1 ~~Decision-making supports~~ Tools and Resources](#)
- [2.2 Account appropriateness](#)
- [2.3 Conflicts of interest](#)
- [2.4 Due diligence](#)
- [3. ~~Decision-making supports~~ Tools and Resources](#)
- [3.1 Examples of tools and resources ~~decision-making supports~~](#)
- [3.1.1 Alerts and notifications](#)
- [3.1.2 Educational information](#)
- [3.1.3 Self-help tools](#)
- [3.1.4 Finfluencers & Copy Trading](#)
- [3.2 Combining tools and resources ~~Decision-Making Supports~~](#)

- [4. Conclusion](#)
- [5. Applicable Rules](#)
- [6. Previous Guidance Note\(s\)](#)
- [7. Related Documents](#)

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 securities](#) 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 tools and resources](#) to their clients for the purpose of assisting them in making more informed investment decisions for themselves. This not only promotes better financial outcomes but also fosters greater investor confidence and engagement. Curated, 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 Tools and resources](#) offered by OEO Dealers may take the form of:

- 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 tools and resources](#) 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 tools](#) to clients in a way that is consistent with the OEO regulatory framework.

CFFiM Analysis:

Only CIRO uses the term 'decision making support' which is in turn exclusive to its guidance (as opposed to rules). NI 31-103 refers to non-tailored advice. For harmonization and liability reasons, there should be consistency with NI 31-103:

- Section 8.25(2) of NI 31-103 states: The adviser registration requirement does not apply to a person or company that acts as an adviser if the advice the person or company provides does not purport to be tailored to the needs of the person or company receiving the advice.

2. This section does not apply in Ontario. Measures like those in section 8.25 of NI 31-103 are in section 34 of the Ontario Securities Act: 3.34(1) Each of the following persons and companies is exempt from the requirement to be registered as an adviser under this Act while engaging in the business of providing advice with respect to investing in or buying or selling securities:

- A person or company that engages in or holds himself, herself, or itself out as engaging in the business of providing advice, either directly or through publications or other media, with respect to investing in or buying or selling securities, including any class of securities and the securities of a class of issuers, that are not purported to be tailored to the needs of anyone receiving the advice.
- Such persons or companies as may be prescribed by the regulations or whose activities are prescribed by the regulations

According to s. 8.25 of NI -31-103CP:

Section 8.25 contains an exemption from the requirement to register as an adviser if the advice is not tailored to the needs of the recipient.

In general, we would not consider advice about specific securities to be tailored to the needs of the recipient if it:

- is a general discussion of the merits and risks of the security
- is delivered through investment newsletters, articles in general circulation newspapers or magazines, websites, e-mail, Internet chat rooms, bulletin boards, television or radio, and
- does not claim to be tailored to the needs and circumstances of any recipient.

"Decision-making supports" contains ambiguities and is unique to non-statutory CIRO guidance. It is not in legislation or NI 31-103. It is not a clear legal term. There's room for interpretation by clients, courts, or regulators with potential civil and regulatory exposure.

In addition to consistent wording and concepts, clear disclosure with client acknowledgement on OEO limits should be included in the guidance. Clear disclosure should include that the content, tool, or alert is provided for informational purposes only, does not constitute, nor should be relied upon, as personalized advice, and that the investor is responsible for their trade /the firm's non-liability.

2. Regulatory framework

The IDPC Rules establish the regulatory framework for OEO accounts. OEO Dealers must comply with all CIRO requirements² other than those for which compliance is specifically exempted.³

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

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

1. *the client is solely responsible for making all investment decisions, and*
2. *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 recommendations in the IDPC Rules applies to investment decisions within the context of an OEO account, and the client whose account it is. ~~A recommendation is prohibited if it endorses a specific investment decision for the client.~~

~~This applies even where a communication was not intended as a deliberate endorsement, if a reasonable client might perceive it in that way. That perception 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.~~

CFFiM Analysis:

The language should reflect CIRO rules for OEO platforms and the meaning of non-tailored advice in accordance with NI – 31-103CP.

The current language is too broad and equates "recommendation" with any perceived endorsement and emphasizes client perception at parts rather than a consistent reasonable person test. It risks unnecessarily restricting investor tools.

For example:

With respect to the phrase: "In its plain meaning, a 'recommendation' is a statement that a particular course of action is endorsed by the party making the statement..." "endorsed" too broad. OEO guidance (CIRO, SEC, FINRA) explicitly allows general educational content or tools, even if they imply a course of action in general, as long as they are non-personalized.

With respect to the phrase: "A recommendation is prohibited if it endorses a specific investment decision for the client." This is largely correct, but it could mislead the reader to think all endorsement is prohibited, even in broad communications or educational content. The regulatory distinction is between personalized recommendation and non-tailored information. OEO accounts are allowed to provide tools, even if they discuss specific investments in a neutral, non-personalized manner.

With respect to The phrase: "Even where a communication was not intended as a deliberate endorsement, if a reasonable client might perceive it in that way..." is too broad, overstates risks and may unduly restrict investor tools. ...

The same applies to the phrase: "That perception can occur not only when a communication is directed at a single client, but also when a communication is sent to clients generally..."

2.1.1 ~~Decision-making supports~~Tools and Resources

~~The recommendation prohibition does not extend to factual information about investing that might be relevant to any given client's account, or which may potentially influence the client's decision-making is permitted, 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.~~

CFFiM Analysis:

The phrase "...so long as the information does not include anything that a reasonable client would consider to be an endorsement..." overstates the restriction, potentially chilling the provision of legitimate tools and resources. The paragraph suggests that any information that could influence a client's decision might be considered a recommendation. OEO regulation allows tools, alerts, and general educational content even if they might influence a client.

All resources, tools, and general communications should include clear disclosure stating that the content is for informational purposes only. Clients should also acknowledge that their account is execution-only and that the investor is responsible for their own decision-making.

Self-help tools 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 compliant~~ where:

- the tool helps the client make their own decision without recommending a specific investment decision or specific ~~investment products, securities,~~
- 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 ...”).~~⁵

~~4- Optional “range-based” or scenario ap~~

~~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.~~⁶ ~~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)~~
- ~~are seeking personalized investment recommendations.~~

CFFiM Analysis:

The statement: “an OEO Dealer must determine that it is appropriate for an investor to become or remain a client...” implies suitability obligations and should be deleted. OEO dealers cannot assess suitability or appropriateness.

The statement: “OEO Dealers should watch for ‘red flags’ that indicate DIY investing is not appropriate...” should be deleted for the same reasons.

The statement “where they have clear and ongoing difficulties with online activities” raises similar difficulties. Assessing whether a client can complete online forms is a form of personalized oversight not available on OEO platforms. OEO rules permit execution-only trading without evaluating client knowledge or experience. Asking staff to monitor this is regulatory over-reach.

The statement “seeking personalized investment recommendations” is redundant. Simply asking for recommendations already excludes the client from OEO. There is no need to monitor this on an ongoing basis.

CIRO Rule 3211 (1) (i) should not apply to an order execution only account.

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 ~~cannot 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

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 Material conflicts of interest must be addressed in the best interests of the client or avoided.⁹

In the OEO channel, material conflicts of interest can arise in the following scenarios (this list is non-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 in a way that enhances dealer revenue rather than optimizing client outcomes);~~

CFFiM Analysis:

The phrase: “...rather than optimizing client outcomes” implies OEO Dealers have an obligation to “optimize client outcomes,” which they do not. They are execution-only intermediaries with no suitability obligation. Introducing “client outcomes” language imports advisory-channel expectations (e.g., those under the Client Focused Reforms for advisors) into an OEO context, where they cannot belong.

It also framing conflict risk as tied to the dealer’s obligation to design tools in the client’s interest. OEO dealers manage conflicts through

transparency and disclosure, not through client-specific outcome management.

It overstates “benefiting financially” as a conflict. All firms benefit financially from client engagement, which alone does not comprise a material conflict. As written, it implies that normal commercial incentives are inherently improper and could be misinterpreted as an admission that the dealer’s revenue model itself is conflicted or non-compliant.

It does not address disclosure, control, or avoidance, which are the recognized responses under CIRO rules 3110 - 3114. It leaves the impression that the dealer must restructure its business model, rather than disclose or control the conflict as appropriate.

- ~~Tools 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 prioritizes specific products, 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 tools and resources~~, 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.~~

CFFiM Analysis:

Proprietary products should be addressed in the context of conflicts of interest. An endorsement is not a recommendation.

The phrase “...potentially at the expense of impartiality regarding the best interests of the client” refers to an unqualified best interest standard which is incorrect for OEO and applies to advisory channels only. Best interest obligations for OEO platforms are in respect of conflicts (s. 13.4 (1)-(7) of NI 31-103 and CIRO Rules 3111 and 3112. Using unqualified “best interest” language incorrectly implies an advisory obligation.

The phrase “...which may influence which services or products are highlighted...” conflates execution conflicts (execution venues, payment for order flow, spreads, etc.) with product recommendations, which OEO dealers do not make.

The phrase “...receives incentives or referral fees for directing business to external providers...” overstates inherent conflict in normal commercial arrangements. The statement implies these arrangements are automatically improper and could discourage legitimate, disclosed arrangements. These are disclosable, not inherently prohibited, conflicts. Regulation requires that they be identified, disclosed, and controlled so they do not mislead clients or affect execution quality.

Suggested rephrasing to avoid advisory implications and focus on conflict management:

Firms must take reasonable steps to identify material conflicts of interest and “address all material conflicts in the best interest of the client, ensuring that the dealer’s activities remain consistent with its an OEO platform.

OEO Dealers are expected to provide clear and fulsome disclosure and disclaimers to avoid misleading clients in any way with respect to ~~decision-making supports tools and resources~~ (such as failing to disclose that an OEO Dealer receives a benefit for a particular product or service provided in a ~~decision-making support tool or resource~~). The extent of sufficient disclosure, and how OEO Dealers should address material conflicts in the best interests of clients or avoid them, will vary according to the specific circumstances, consistent with CIRO guidance for Dealer Members, including guidance that disclosure alone is not sufficient to address a material conflict of interest in the best interest of clients¹⁰.

OEO Dealers should adopt transparent practices, and their conflict-of-interest policies should be robust. Further guidance regarding key ~~safeguards principles~~ 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.~~¹¹

CFFiM Analysis:

The phrase “OEO dealers must take reasonable steps to assess the relevant aspects of investment products” and “monitor these investment products for significant changes” incorrectly imposes Know Your Product obligations. – Assessing or monitoring products implies that the dealer

is taking responsibility for whether a product is appropriate or continues to be appropriate for the client and may act or warn clients if a product changes, which is explicitly outside the OEO model and conflicts with CIRO Rule 3240. Similarly, “reasonable steps” suggests a duty and standard of care for product assessment, which runs contrary to CIRO Rule 3240 and NI 31-103 s.13.3–13.4.

Suggested rephrasing to remove implication of suitability or individualized advisory duties:

OEO Dealers may provide clients with factual information about the securities available, such as their structure, features, risks, and costs. OEO Dealers do not assess or monitor these products for client suitability.

~~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.~~

CFFiM Analysis:

The phrase: “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” conflates an informational tool or resource with a security. The assessment of an informational tool cannot be compared to product due diligence/suitability obligations imposed on advisory firms for securities - ‘an apples to oranges’ comparison.

~~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 ensure that any decision-making support provided by an OEO Dealer is aligned with both regulatory expectations and best practices in client communication.~~

CFFiM Analysis:

The phrase: “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 ensure that any decision-making support provided by an OEO Dealer is aligned with both regulatory expectations and best practices in client communication” also gives rise to prior stated concerns regarding ‘apples to oranges’ importation of Know-Your-Product language to describe suitability obligations of advisory firms. The continuous monitoring for significant changes that could impact client understanding is not realistic nor in keeping with an OEO platform. “The overall user experience” is a business concern outside of CIRO’s mandate.

Suggested rephrasing:

OEO Dealers may provide factual informational tools and resources. Dealers should ensure that any tool or resource is technically functional, clear in presentation, and accompanied by disclosure indicating that clients are solely responsible for their investment decisions.

3. ~~Decision-making supports~~Tools and Resources

Whether a communication by an OEO Dealer ~~constitutes a prohibited recommendation~~ is compliant 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 inside 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 ~~tools and resources decision-making supports~~ that OEO Dealers may choose to 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 ~~tools and resources decision-making supports~~ they offer are intended ~~to empower for~~ the client to make their own investment decisions, and that the OEO Dealer will never review clients’ accounts or trading activities to recommend specific investment decisions, even if a client makes use of an OEO Dealer’s ~~decision-making supports to inform~~ tools and resources for their own investment decisions.

The method of delivery of a communication by the OEO Dealer regarding a ~~decision-making support tool or resource~~ is not determinative of whether the content of that communication is compliant. ~~makes it 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 a specific investment decision to that client. This perception may be more likely if it is the case, or appears to be the case, that a communication is sent to a specific client alone. Again, the method of delivery is not determinative in itself of whether the communication is a prohibited recommendation compliant,~~ but OEO Dealers should bear this consideration in mind when preparing communications of this kind and apply the safeguards discussed below accordingly.

CFFiM Analysis:

Content and disclosure matter more than mode of or client-specific delivery.

The phrasing may cause unnecessary compliance risk aversion, limiting permissible educational communications.

Suggested rephrasing to remove ambiguity with focus on content over delivery: The method of delivery of a communication does not, by itself,

determine compliance. Communications, including those that proactively provide third-party research or illustrative information, are permitted where the content is factual, generic, and accompanied by clear disclosure that the client is solely responsible for investment decisions.

3.1 Examples of ~~tools and resources 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. ~~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 compliant~~ (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.~~

CFFiM Analysis:

A principled, non-prescriptive approach is recommended.

The phrase: *“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.”* incorrectly imposes suitability-like obligations. It incorrectly suggest dealer responsibility for “ensuring clients are fully informed”. On an OEO platform, there is no implied duty to ensure clients understand the implications of their decisions. In OEO accounts, the dealer cannot be responsible for client understanding or outcomes.

~~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 ~~compliant, non-mandatory 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.”*

CFFiM Analysis:

The phrase *“OEO Dealers should mitigate the risk that a generic notification ... might be understood ... as a personalized recommendation”* implies dealer responsibility for subjective client interpretation or understanding. Compliance should be dependant on content and disclosure. Investors prior experience can be unknown.

Alerts are not mandatory on an OEO platform.

~~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.¹² ~~Additionally, to ensure consistency and to avoid any suggestion of bias,~~ OEO Dealers should develop clear policies and procedures for these alerts and notifications, and ensure disclosure to clients regarding why an alert or notification is triggered.¹³

Use of client specific information in notifications and alerts

~~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 client tools and resources such as notifications and alerts.~~

~~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).~~

CFFIM Analysis:

A principled- based approach without qualitative judgement is recommended.

Suggested reframing:

OEO Dealers may provide clients with factual information that is educational or illustrative in nature. Alerts may address matters such as general market or product information and must include clear disclosure that the client is solely responsible for investment decisions.

By implementing the key ~~safeguards principles~~ 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 tools and resources~~ 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

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 who make research reports available to clients should therefore make it 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.

3.1.3 Self-help tools

OEO Dealers can provide a broad array of self-help tools designed ~~to empower for~~ investors to make ~~informed~~ investment decisions for themselves. ~~To safeguard investors,~~ the availability of self-help investment tools should be limited to the OEO Dealers’ trading platforms, ensuring consistency and security in their use.

CFFIM Analysis:

The phrase “to safeguard investors” raises concerns as OEO dealers may provide tools for informational purposes but cannot take responsibility for client outcomes or risk mitigation.

The phrase “availability ... should be limited to the OEO Dealers’ trading platforms” is a practical operational consideration for consistency and security rather than a ‘safeguard’ in respect of investment losses.

Suggested rephrasing to avoid misrepresentation of dealer responsibility for client decisions, protection, or outcomes, with Operational controls (e.g., platform access) as practical measures:

OEO Dealers may provide self-help investment tools for educational or informational purposes. These tools should be made available in a controlled environment, such as the dealer’s trading platform, to ensure consistency, security, and proper functionality. All tools must be factual and accompanied by clear disclosure that clients are solely responsible for any investment decisions.

To ensure these tools are effective and trustworthy, we emphasize the importance of key ~~safeguards principles~~ for investors to help investors understand the methodology, limitations, and proper use of such tools, fostering transparency and confidence in their use.

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, ~~factual 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.

CFFiM Analysis:

The term “*unbiased information*” suggests a value judgment through a KYP process which does not apply to OEO platforms.

OEO Dealers may choose to provide filtering tools that allow clients to review ~~investment products securities~~ sorted by ~~factual 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.

CFFiM Analysis:

The use of “*consistent with industry standards for selecting an investment product*” and sorting by ‘*objective criteria*’ implies a KYP process that does not apply to OEO platforms.

Factual criteria should be presented generically, with description of what metrics mean. Suggested non-prescriptive rephrasing: OEO Dealers may provide filtering tools that allow clients to organize or view securities based on factual, informational attributes. These tools are for informational and educational purposes only. Clients remain solely responsible for their investment decisions.

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

- Customization Options
 - Clients should be able to select which criteria they wish to use and how many ~~investment products securities~~ 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 clear and transparent descriptors regarding the filtering tool’s purpose and its inherent limitations, including how ~~investment products securities~~ 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 ~~factual 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:
 - A prominent disclosure that states that the filtering results are limited to the products that the OEO Dealer offers.

- If the OEO Dealer has a proprietary or affiliate products, or any material conflict of interest for any specific ~~investment products securities~~ 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 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).~~

OEO Dealers may also provide filtering tools that allow clients to select ~~investment products securities~~ to fill in the asset allocations of sample portfolios. ~~OEO Dealers should not select specific investment products 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.

CFFiM Analysis:

Even illustrative examples cannot reference specific stocks, ETFs, or mutual funds, limiting the dealer to asset class or generic allocations only. This can reduce the practical usefulness of sample portfolios.

Outside Canada, some platforms allow sample portfolios with specific ETFs or funds if clearly qualified as illustrative, with disclosures, and without being tied to a client's personal situation. CIRO's prohibition on referencing specific securities in sample portfolios is more restrictive compared to practices in other jurisdictions like the U.S., UK, Australia, and the EU, where such references are permitted under certain conditions.

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.~~

CFFiM Analysis

Appears restrictive relative to practices in other jurisdictions.

Suggested rephrasing:

Communications accompanying sample portfolios, including updates should clearly indicate that the portfolio and any updates is for illustrative purposes only and do not constitute personalized investment advice/client is responsible for their own decision-making.

OEO Dealers should apply the following ~~practices safeguards~~ if offering sample portfolios:

- 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 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-factual information consistent with this guidance and prevent them from favoring any specific investment-products-securities or asset allocations.
 - Establish policies to address material conflicts of interest in the best interest of clients or avoid them.
 - If OEO Dealer provide filtering tools that allow clients to select investment-products-securities to fill in the asset allocations of sample portfolios that reference specific securities or investment-products-securities via filtering tools, these decision-making-supports-tools 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 risks associated with the asset allocations within it.~~

CFFIM Analysis:

Risk metrics and warnings alongside a portfolio highlighted the risks associated with the asset allocation should not be required on an OEO platform.

- If the OEO Dealer has a proprietary or affiliate products, or any material conflict of interest for any specific investment-products-securities 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 portfolios with resources that help investors understand how to use and interpret sample portfolios effectively, including information on portfolio construction, diversification, and risk management.

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, Where inputs are made by the client, 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.”~~

CFFIM Analysis:

Guidance can recognize the significance of user validation: allowing investors to review and validate the results of their classification before

proceeding to asset allocation or product selection tools.

Guidance can recognize the significance of disclosure.

d) Rebalancing tools and alerts

Rebalancing alerts, and the output from self-help tools for automatic rebalancing, ~~will generally not be considered a prohibited recommendation, are generally permitted~~ 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.~~

CFFIM Analysis:

Globally, automatic rebalancing functionality is offered by various platforms, ranging from manual alerts to fully automated trade execution based on clients' predetermined asset allocations, as long as client consent and instructions guide such actions rather than discretionary decision making or recommendations by the firm.

The phrase: "*the OEO dealer does not retain any form of discretion to act on its own initiative*" can be clarified by stating:

Automatic rebalancing per client-agreed parameters and on predetermined dates does not require discretionary fund manager permissions, where OEO dealer does not provide recommendations.

Fully automated execution may include explicit client approval for each rebalancing action to avoid appearing as a managed service. Communications and disclosures may reinforce that the client retains control.

3.1.4 Finfluencers & Copy Trading

OEO Dealers must consider whether they ~~could be making prohibited recommendations are non-compliant~~ or facilitating registerable activity by unregistered others (such as "finfluencers") if they link to, host or provide third-party content, enter into referral arrangements or facilitate copy-trading functionality. OEO Dealers should be mindful of any applicable guidance that CIRO or the CSA may issue specifically concerning such practices.

CFFiM Analysis:

This could benefit with principled criteria as per our prior recommendations: [Defining Non-Tailored Advice](#).

For example, regarding finfluencers: Generally, firms are to review and approve finfluencer posts, which are to be fair and balanced, retain their communications and have a reasonable system in place for supervising them.

For example, regarding copy trading: acknowledge that it meets the definition of non-tailored advice.

3.2 Combining ~~Decision-Making Supports~~ Tools and Resources

OEO Dealers may offer multiple ~~decision-making supports~~ tools and resources, 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 ~~tools and resources~~ ~~decision-making supports amounts to a prohibited recommendation, is compliant~~ the same considerations set out in section 2.1 apply. All of the applicable key ~~safeguards principles~~ that apply to the applicable ~~individual decision-making supports~~ tools and resources should also be considered.

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

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

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 ~~tools and resources~~ ~~decision-making supports~~ against this guidance 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~~ tools and resources if they have any questions.

5. Applicable Rules

IDPC Rules this Guidance Note relates to:

- subsection 1201(2),

- section 2207,
- section 3110,
- 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:

[Bulletin 25-0227](#) - Proposed new guidance on order execution only account services and activities

- [2](#)See IDPC Rule subsection 2207(2).
- [3](#)For example, see IDPC Rule clauses 3208(1)(i) (KYC), 3211(2)(i) (Product Appropriateness), 3303(2)(i) (KYP), 3404(1)(i) (Suitability).
- [4](#)IDPC Rule subsection 1201(2).
- [5](#)IDPC Rule clause 3211(1)(i), 3402(3)(i), and 3403(4)(i).
- [6](#)IDPC Rule clause 3241(3)(i).
- [7](#)IDPC Rules subsection 3110(1).
- [8](#)IDPC Rule subsections 3112(1) and (2).
- [9](#)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).
- [10](#)See IDPC Rule subsection 2207(3).
- [11](#)See IDPC Rule clause 3241(1)(i).
- [12](#)See IDPC Rule subsection 2207(3).
- [13](#)See IDPC Rule clause 3241(1)(i).

SCHEDULE B – ANSWERS TO CIRO CONSULTATION QUESTIONS

Question 1

The Proposed Guidance sets out a non-exhaustive list of key safeguards for OEO Dealers to consider when offering decision-making supports to clients. Are there any additional safeguards you believe should be included to further enhance investor protection in the OEO channel? If so, please specify.

- **Please see Schedule A. In light of the nature of an OEO platform, principles, practices and guidance are suggested instead of ‘safeguards.’**

Question 2

As discussed in section 2.2.2(d) above, the Proposed Guidance permits OEO Dealers to provide sample portfolios that can be used in combination with filtering tools so that clients can receive support from OEO Dealers on asset allocation at the portfolio level, while still remaining responsible for their own specific investment decisions.

1. Do you agree that this approach appropriately balances OEO Dealers’ desire to provide sample portfolios with investor protection concerns (particularly around conflicts of interest)?
 2. If you do not agree with this approach, please describe how can OEO Dealers could provide sample portfolios that reference specific investment products but do *not* constitute a prohibited recommendation under the revised recommendation prohibition. Recall that (as set out in 2.1 of the Proposed Guidance) OEO Dealers cannot avoid the revised recommendation prohibition by simply stating that a sample portfolio is not tailored to a specific client if, in every other regard, it meets the test of a recommendation.
- **Please see Schedule A.**

Question 3

Consistent with a principle-based approach, we have abstained from listing extensive examples in the Proposed Guidance of decision-making supports and whether or not they would be considered prohibited recommendations. We believe this is crucial for the Proposed Guidance to remain technology-neutral and allowing OEO Dealers to create new decision-making supports without being hindered by a point-in-time, binding analysis in the Proposed Guidance. However, throughout the consultation process, feedback continues to be varied as to whether the industry would benefit from CIRO providing more examples.

Would commenters like CIRO to publish an analysis of different decision-making supports as against the revised recommendation prohibition in a supporting document alongside the Proposed Guidance? If so, please submit examples for which you would like that analysis.

- **CIRO is encouraged to review and publish the tools and resources available from firms globally and domestically on a no-names and ongoing basis. This helps to avoid unintended ‘chilling effects’ on innovation, better ensures Canadian investors are not disadvantaged globally and**

supports growth and competition in the market.

Question 4

In its Executive Summary, the Proposed Guidance indicates that it does not contemplate an OEO Dealer that restricts its product shelf largely to proprietary or affiliate products, or a very limited range of products, because of the revised recommendation prohibition and conflicts of interest implications.

1. Do commenters disagree with this position? If so, please describe in what ways the material conflict that arises in this scenario (such as filtering tools generating results that only reference proprietary or affiliate investment products) could be appropriately addressed in the best interests of the client instead of avoided.
 - **Requiring OEO Dealers to include a minimum number of products goes beyond an OEO framework's intent. The intent of the framework is to ensure investors retain full control over their investment decisions, to provide them tools to do so and clear disclosure. Mandatory product counts are also disproportionately unfair to smaller or niche OEO dealers who may naturally have a limited product range.**
2. In the case of an OEO Dealer that offers a very limited range of products, how could an OEO Dealer ensure that decision-making supports do not offer so few options that it ultimately endorses specific investment products? For example, should such OEO Dealers be required to generate a minimum number of options to offer certain tools (such as filtering tools when used in combination with sample portfolios)?
 - **Please see immediately above.**