

Preparing for an ASC Compliance Review

1. Role of Registrant Oversight
2. Types of examinations
3. How to prepare for a review
4. Compliance review process
5. Key areas of review
6. Outcomes of a compliance review
7. Christmas Wish List

Role is to oversee direct Registrants:

- Review mandatory filings
- Review and assess a Registrant's policies and procedures for compliance with Alberta's securities laws
- Monitor terms and conditions
- Gain an understanding of a Registrant's business model
- Focus on enhancing compliance

Types of compliance reviews

Types of oversight reviews:

Initial

Scheduled

For cause

Surrender

How to prepare for a review

- Review policies and procedures
- Organize books and records
- Set aside resources to deal with regulators
- Prepare for initial interview and examination

Compliance review process

- Contact Registrant
- Request for required books and records
- Initial Interview
- On-site field work
- Exam completion
- Exit meeting
- Issue a compliance report

Key areas of review

- All obligations under NI 31-103
- Compliance systems and processes
- KYC, KYP and suitability
- Conflicts of interest
- Marketing
- Financial condition
- Policies and procedures

Possible outcomes from a Compliance Examination

- Expect firm to:
 - enhance compliance
 - significantly enhance compliance
- Recommend terms and conditions on registration
- Referral to Corporate Finance, Enforcement, other regulators
- Recommendation for suspension of registration

Registrant Oversight's Christmas wish list

- Risks: consider business model and risks (potential client harm)
- Conflicts: thorough assessment and appropriate response
- Suitability: deep understanding and application
- Firm's P&PM is current, reflective and useful
- DR supervision program in place
- Comprehensive KYP

Registrant Oversight's Christmas wish list

- IFMs and PMs with discretion: best interests standard
- Financial filings accurate, complete and on time
- Appropriate management/services agreements
- Be able to evidence compliance
- Stay current with regulatory changes
- Continually self-assess and enhance compliance

Questions