

Limited Market Dealers

Compliance Risk Assessment Questionnaire

Frequently Asked Questions and User Guide

The Compliance team of the Ontario Securities Commission (OSC) has developed a list of frequently asked questions (FAQs) and a user guide to help you complete the risk assessment questionnaire (Questionnaire).

A copy of the Questionnaire is also available on the OSC website at www.osc.gov.on.ca.

1. What is the purpose of the Questionnaire?

The Questionnaire gathers information from limited market dealers¹ (LMDs) about their history, operations, business practices and procedures. We use this information to populate our risk assessment model.

2. How does the risk assessment model work?

Our risk assessment model assigns a risk ranking to each LMD based on the LMD's overall risk score. There are four risk categories: high, medium high, medium low and low. The risk ranking helps us determine which LMDs to review, how frequently we should review them and what areas to focus on. For example, an LMD with a low risk ranking may be subject to less frequent field reviews than an LMD with a high risk ranking. This allows us to use our resources more efficiently and effectively.

3. Do I have to complete the Questionnaire?

Yes, all LMDs must complete and submit a Questionnaire. We need data from all LMDs in order to apply our risk assessment model effectively.

4. How to I complete the questionnaire

You can access the Questionnaire through the secure URL link that was provided to you by e-mail. Detailed instructions for completing the Questionnaire are in the user guide in Appendix A to these FAQs. We recognize that some responses may be based on your professional judgment. By completing the Questionnaire, you acknowledge that to the best of your knowledge, the information you provide to us is true, complete and accurate.

¹ As of September 28, 2009, the LMD category is replaced by the category of exempt market dealer (EMD) under National Instrument 31-103 Registration Requirements and Exemptions (NI 31-103). Section 16.3 of NI 31-103 provides that firms that are registered as LMDs on September 28, 2009 will be automatically registered in the new EMD category. Please refer to NI 31-103, which was published on July 17, 2009, for further details. In addition, a CSA Staff Notice 31-312 The Exempt Market Dealer Category under National Instrument 31-103 Registration Requirements and Exemptions (CSA Staff Notice 31-312) was published on August 7, 2009. This notice summarizes the key requirements and transition process for the new EMD category. Copies of both NI 31-103 and CSA Staff Notice 31-312 can be found on the OSC website at www.osc.gov.on.ca



5. What happens once I have submitted the Questionnaire?

Your Questionnaire will be electronically stored in a database and used to develop our risk assessment model.

6. Will the information submitted be kept confidential?

Information that you provide to the OSC in the Questionnaire will be treated in strict confidence and will not be shared with outside parties. However, the OSC is subject to the *Freedom of Information and Protection of Privacy Act (FOIPPA)*. Therefore, it is possible that this information could be requested under the *FOIPPA*.

Although the *FOIPPA* protects business information that has been supplied to an institution in confidence, the final decision on whether information falls within the relevant exemption provisions resides with the Information and Privacy Commissioner. Before any information could be disclosed under an access request, you would be notified and given the opportunity to make written submissions on whether or not the information should be disclosed.

7. What should I do if the choices for a response do not adequately describe our business operations?

The responses are designed to apply to the majority of LMDs and may not cover all situations. If this is the case, select the response that best describes your business and provide an explanation in the comment box. If a comment box is not available for a question, use the final overall feedback box for your comments. Please include the question number in your comments.

8. I am having difficulty accessing and completing the Questionnaire on-line. What should I do?

First, review the instructions for accessing and completing the Questionnaire. These are in the e-mail you received with the URL link and in the user guide in Appendix A to these FAQs.

In particular, keep the following in mind:

- a. **The URL link is case sensitive.** Copy and paste the entire URL link into the Internet address line to avoid typing error
- b. **Save the Questionnaire frequently to avoid timing out.** Save your work in progress every 15 to 20 minutes to minimize the impact of any Internet disruptions. If you close the Questionnaire and log in later, the system will retrieve the last saved version of the Questionnaire.

If you're still having difficulty, contact us for assistance.



9. Who do I contact if I have questions?

E-mail us at: ComplianceSurvey@osc.gov.on.ca.

You can also contact any of the individuals listed below:

Maria Carelli, CA
Accountant, Compliance
416-593-2380

Stratis Kourous, CA
Accountant, Compliance
416-593-2340

Anita Chung, CA
Accountant, Compliance
416-593-8074

Estella Tong, CA, CPA
Senior Accountant, Compliance
416-593-8219



Appendix A

Limited Market Dealers

Compliance Risk Assessment Questionnaire

User Guide

Software and system requirements

Windows users: Use Internet Explorer version 6.0 or higher.

Mac users: Use FireFox version 2.0 or higher.

Multiple users

Only one user at a time should enter data into the Questionnaire. If multiple users enter data into the Questionnaire at the same time, the system will maintain only the last saved copy of the Questionnaire.

Pop-up windows

You will have to allow pop-up windows from our site in order to save or submit the Questionnaire. If your browser requests permission to allow pop-up windows, click **Yes** or **OK**.

Two-hour inactivity limit

After two hours of inactivity, the Questionnaire will close automatically and any unsaved data will be lost. Save your data frequently and before you leave your computer.

Getting started

Open the email you received. Click the URL link to go to the OSC Questionnaire web site. For example,

<https://eforms.osc.gov.on.ca/compliance/2009LMDrag/filename>



This alert box may pop up to ask you to accept the OSC security certificate. Click **Yes** to continue.



Home page

The home page of the Questionnaire contains the contact information, the instructions and a brief description of the function of each button.

LMD Risk Assessment Questionnaire (RAQ)

Please complete the contact information before starting the questionnaire

Prepared by:

Position:

Firm name:

Contact name:

Position:

Phone No.: Email:

Instructions:

Please respond to ALL 43 questions in this questionnaire. We understand that the responses may require a high level of professional judgement. By completing this questionnaire, you acknowledge that the information provided to us is, to the best of your knowledge, complete and accurate. Please complete this questionnaire with information that is current as at July 31, 2009. (Note: Only one user at a time should enter data into the questionnaire. If multiple users enter data into the questionnaire at the same time, the system will maintain only the last saved copy of the questionnaire).

Please submit the completed questionnaire by October 1, 2009. If you have any questions, please send an email to 'ComplianceSurvey@osc.gov.on.ca'.

We appreciate your feedback. Please feel free to complete the feedback box at the end of the questionnaire.

Click the "Start" button to begin. You can later retrieve the saved questionnaire using the link in the email we sent you.

You will find these buttons on the following pages. Here are their meanings:

Begin the questionnaire



Question pages

Each page contains one question and buttons for you to navigate, print, save or submit the Questionnaire

LMD BUSINESS STRUCTURE

Q3. Management Experience

How many years of industry experience does your management have on average?

a) Less than 2 years

b) More than 2 years but less than 5 years

c) Between 5 years and 10 years

d) 10 years or more

Go to previous Question

Go to Next Question

Save questionnaire

Send complete questionnaire to OSC

Definition

Previous

Next

Save

Submit

Print

Generate PDF print file

Navigation and status of questions

Questionnaire Sections

LMD Business Structure

Q1. Business Model

Q2. Years In Business

▶ Q3. Management Experience

Q4. Size - employees

Q5. Size - revenue

Q6. Clients

Q7. Residency

Affiliates

Product/Service

Fees

Investment

Distribution

Investment Review Process

Conflicts Of Interest

Marketing

Disclosure

Policies And Procedures

Compliance

Others

Home

Click Section name to display question(s) of the section.

Click each question to see the question details

Return to the first page

Use the column on the left-hand side to:

- navigate between questions
- check whether you have completed all questions before submitting the Questionnaire

A checkbox with a tick mark appears once you have completed a question. The same checkbox appears next to a section name once you have completed all questions in a section.

Click the **Home** button to return to the home page of the Questionnaire.

Types of questions

There are three main types of questions: multiple choice, check box and multiple field.

1. Multiple choice questions. These appear as radio buttons. You can only select one choice for this type of question.

• **Radio buttons**

Mr.

Mrs.

Ms.

2. Check box questions. You can select one or more choices for this type of question.

• **Check boxes**

Check all that apply:

Newspaper

Radio

Television

3. Multiple field questions. You must enter data in the applicable fields. For example, if you do not have any clients, enter zero in the total line so the system can confirm that you have completed this question.

Click to move to the next field—do not use the **Enter** button.

Q6. Type of clients

Provide the number of **clients** the firm has in each category:

	Number of clients	Percentage % of total clients
a) Clients that meet the permitted client definition	0	0
b) Clients that meet the accredited investor definition but are not permitted clients	0	0
c) Other – clients that have not been included in a) or b) above	0	0
Total:	0	0

Comment box

Some answers require you to provide information in a comment box. The comment box field will change to yellow to prompt you to enter the information. If you don't enter any information, the system will mark the question as incomplete.



Definitions

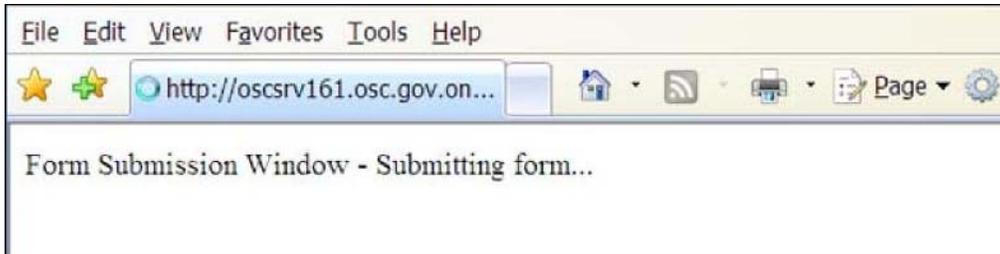
Click any term that is highlighted in red for a definition or additional explanation. You can also find the definition by clicking the **Definition** button.

Printing the Questionnaire

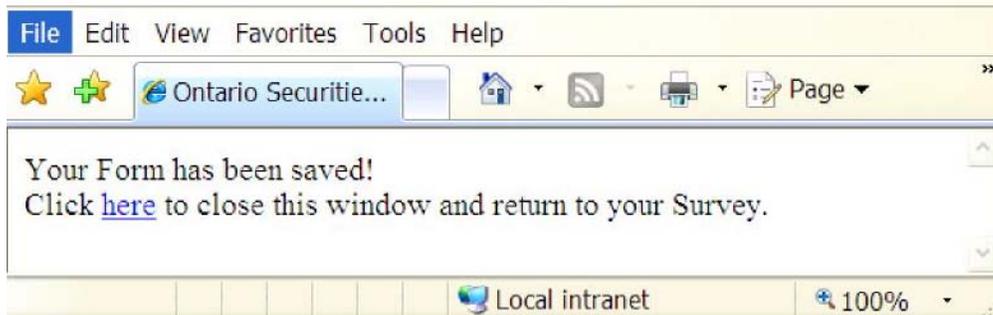
You can print the Questionnaire at any time using the print button. It may take some time to print as the system needs to generate a print image of the Questionnaire prior to printing.

Saving the Questionnaire

Use the save button to save your work-in-progress. Your Questionnaire will be saved to our secured server.



Once the Questionnaire is saved successfully, you will get the following message.



Exiting the Questionnaire

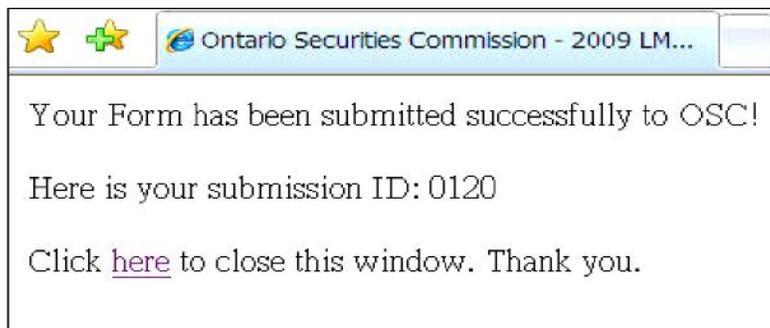
You can **exit** the Questionnaire at any time by closing the browser window. *Make sure you save your work before you exit.*

Submitting the Questionnaire

We suggest that you print and review your answers before you submit the Questionnaire. *You cannot make any changes to the Questionnaire after you submit it.*

Use the submit button to send your completed Questionnaire to the OSC. If any information is missing, the system will require you to enter the information before it will accept the submission.

Once the submission is successful, you will get a submission successful message.



Viewing the Questionnaire

Once the Questionnaire has been submitted, you can view it using the same URL link that you used to complete the Questionnaire.

