

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 (FAQ) and a user guide to assist investment counsel portfolio managers (ICPMs or advisers) and fund managers (collectively market participants) in the successful completion of the risk assessment questionnaires (Questionnaire). Although the FAQ does not cover every scenario that may arise when completing the Questionnaire, it does focus on areas which may be problematic during the completion process and provides clarification. Market participants should be aware that we are available to answer any additional questions that may arise. For your ease of reference, we have posted copies of both Questionnaires on the OSC website, www.osc.gov.on.ca.

1. What is the purpose of the Questionnaire?

The Questionnaire is used as a tool to gather information from market participants to populate our risk assessment model for advisers and fund managers. The Questionnaire has a series of multiple choice questions designed to provide information about a market participant's history, operations, business practices, and applicable procedures. In order to gather additional information, some questions have more than one part in addition to the multiple choice question, such as a check box and/or comment box question. Mandatory questions are highlighted and must be answered. Please ensure to scroll down on your screen in order to view all parts of each question. The results of the risk assessment model facilitate our decision-making process to determine which market participants to review, how frequently we should review them and what subject matters to focus on. As a result, we are able to deploy our resources more efficiently and effectively and add greater value to market participants through a better understanding of the market participants' business and risk.

2. How do I complete the Questionnaire?

All Questionnaires are accessed through a secure web-based application via a URL link that was provided to the market participants. A user guide is also included in this document to provide more detailed instructions (see Appendix).

3. What is my obligation to complete the Questionnaire?

The completion of the Questionnaire is being requested for all advisers and fund managers. In order to apply our risk assessment model effectively, we must perform a risk assessment of the entire population. Therefore, all ICPMs and fund managers must complete and submit a Questionnaire.

An adviser is defined in sub-section 1(1) of the Securities Act (the Act). Furthermore, paragraphs 2 and 3 of section 99 of R.R.O. 1990, Regulation 1015 made under the Act describe the categories of investment counsel and portfolio managers respectively. An investment fund manager is defined in sub-section 1(1) of the Act. Firms that manage funds distributed via a prospectus, as well as firms that manage funds that are prospectus exempt, are considered to fall under the fund manager category for the purposes of completing the Questionnaire.

If you are registered as an ICPM and perform fund manager activities, you are required to complete both the ICPM and fund manager Questionnaires.

We understand that the responses may require a high level of professional judgement. By completing the Questionnaire, you acknowledge that the information provided to us is, to the best of your knowledge, complete and accurate.

4. How often will I be required to complete and submit the Questionnaire?

Our risk-based approach uses a model that continues to be developed and enhanced. To date, we have requested that ICPMs and fund managers complete and submit the Questionnaire periodically. However, as our model continues to evolve, we may request the completion of the Questionnaire on a more frequent basis.

5. What happens once I have submitted the Questionnaire?

Once the Questionnaires are submitted on-line they will be electronically stored in a database. Then, our risk assessment model assigns a risk ranking to each ICPM and fund manager based on the overall risk score. There are four risk categories: High, Medium High, Medium Low and Low. The risk ranking determines the extent and frequency of compliance field reviews. For example, a market participant who receives a low risk ranking may be subject to less frequent field reviews than a market participant with a high risk ranking.

6. Will the information submitted be kept confidential?

Information that you provide to the OSC in the Questionnaire will be treated strictly in confidence and will not be shared with outside parties. However, the OSC is subject to the *Freedom of Information and Protection of Privacy Act* and, therefore, it is possible that this information could be requested pursuant to the Act. Although the *FOIPPA* protects confidential 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. Nonetheless, before any information could be disclosed pursuant to an access request, you would receive formal notification with respect to the request and would have the opportunity to make written submissions on whether or not the information ought to be disclosed.

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

The majority of questions require you to choose a scenario that describes your business operations. The available responses have been narrowed to a total of five and are based on criteria that generally apply to the majority of the ICPM and fund manager populations. There are, however, exceptions to this rule, as all possible scenarios cannot be addressed. When you encounter a scenario where you are uncertain on how to respond to a question, we ask that you select the most applicable response and provide supplementary information in a comment box. If a comment box is not available for a question, the final feedback box should be used for additional comments and a corresponding reference to the question should be made.

8. I am having information technology difficulties when trying to access and complete the applicable Questionnaire on-line. What should I do?

The initial email sent to all ICPMs and fund managers contains a URL link, as well as this document. You should read this document in full prior to commencing the Questionnaire. The user guide included in this document provides step by step procedures for accessing and completing the Questionnaire. Further assistance is also available, either by sending an email to the Compliance mailbox (compliance@osc.gov.on.ca) or by contacting us directly.

We acknowledge that many firms are conducting business on various information technology platforms. It has become apparent that access and incompatibility difficulties may exist. Please keep in mind the following:

a. Failure to access the web-site link and Questionnaire

The URL link is case sensitive. It is recommended that the entire URL link be copied and pasted into the Internet address line in order to avoid manual input errors.

b. Time out limitations and lost data

We suggest that you save your work in progress every 15 to 20 minutes in order to minimize the impact of any Internet disruptions. If you close the Questionnaire and login at a later time, the system will retrieve the last saved version of the Questionnaire.

9. Who do I contact if I have any further questions?

For questions related to the Questionnaire, or for general matters, please email us at: compliance@osc.gov.on.ca.

Alternatively, please do not hesitate to contact the individuals listed below:

For content specific questions related to the ICPM Questionnaire, please contact:

Dave Santiago, CA, CFA
Accountant, Compliance
416-593-8284

Christina Forster Paziienza, CA
Assistant Manager, Compliance
416-593-8061

For content specific questions related to the Fund Manager Questionnaire, please contact:

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

Felicia Tedesco, CA
Assistant Manager, Compliance
416-593-8273

Appendix

Compliance Risk Assessment Questionnaire User Guide

Software requirements

- o Windows users should use Internet Explorer version 6.0 or higher.
- o Mac users should use FireFox version 2.0 or higher.

Getting started with the Questionnaire

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

<https://eforms.osc.gov.on.ca/ComplianceSurvey08/>

Since our site is secured with an OSC security certificate, this alert box may pop up to ask you to accept the OSC certificate. Please click Yes to continue.



Working with the Questionnaire

Each page contains one question and buttons to help you navigate, print, save or submit the Questionnaire (the first page of the Questionnaire also contains an explanation of each button). 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.

The screenshot shows a questionnaire interface. At the top, there is a status line with the text "Business activity (Fund Manager)". Below this, there is a progress indicator "1 / 24" and a "Goto question..." dropdown menu. To the right of the dropdown are icons for "Go to previous question", "Go to next question", "Save copy of questionnaire", and "Print copy of questionnaire". A "Submit" button is located to the right of the "Print" icon. Below the navigation controls, there is a question about asset management with four radio button options. At the bottom, there is a text input field for "Part II - If you wish to provide more information, please describe below." Callouts point to various elements: "Status line", "Save copy of questionnaire", "Print copy of questionnaire", "Go to previous question", "Go to selected question", "Go to next question", and "Send completed questionnaire to OSC".

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The first number is the current question number. The second number is the total number of questions.



Go to previous question.



Go to next question.

Goto question...

Go to selected question.



Save Questionnaire.



Print copy of the Questionnaire.
(Please print a copy for your own record).

Submit

Send completed Questionnaire to the OSC.

Contact information

Before you click the **Start** button to begin the Questionnaire, please enter the contact information for your company (mandatory fields are highlighted).

Ontario Securities Commission - Fund Manager Compliance Risk Assessment Questionnaire

Goto question...



Submit

Market Participant Name...OSC

Prepared by:

Position:

Start

Please complete contact information before starting the questionnaire.

Firm name:

Contact name:

Position:

Phone No.:

Email:

Types of questions

There are three main types of questions and mandatory questions are highlighted.

a. Multiple choice questions (radio button). You must select one choice for this type of question.

• **Radio buttons**

Mr.

Mrs.

Ms.

b. Check box questions (check boxes). You can select one or more choices for this type of question.

• **Check boxes**

Check all that apply:


Newspaper

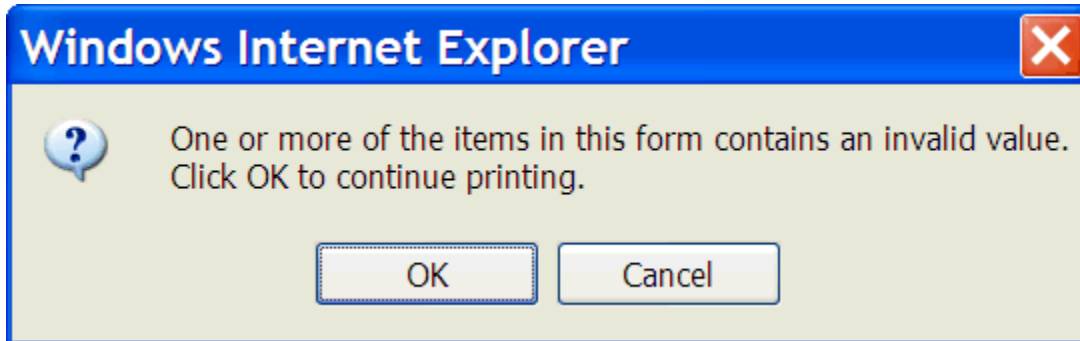
Radio

Television


c. Comment box question. Comment boxes allow for supplementary or mandatory information to be entered.

Printing the Questionnaire

You can print a copy of Questionnaire at any time using the  button (note: the print image of the questionnaire will take some time to generate). However, when printing an incomplete Questionnaire, the following warning about an invalid value, which indicates missing information in mandatory fields, will pop up as a reminder. Please click the 'OK' button to continue printing.




Saving the Questionnaire

Use the  button to **save** your work-in-progress Questionnaire to our secured server. When the save is successful, you will get a save successful message window.

Exiting the Questionnaire

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

Submitting the Questionnaire

Use the  button to send the completed Questionnaire to the OSC. The mandatory fields will be automatically checked. If there is missing information in any of the mandatory fields, the Questionnaire will take you back to the pages that are incomplete. Once the submission is successful, you will get a submit successful message window and the answers on the Questionnaire will be protected and further changes to the Questionnaire will not be allowed.

To **view** the submitted Questionnaire, you can use the same URL link in the email we sent you. The system will display your Questionnaire in 'read only' mode.