



SIPA

SMALL INVESTOR PROTECTION ASSOCIATION

**A Voice for Small Investors
Seeking Truth and Justice**

OPEN LETTER to Securities Regulators

All regulators claim that it is important for investors to check the registration of their Financial Advisor to ensure that they are registered. Therefore, the Small Investor Protection Association believe this should be an easy straightforward process for investors to do. Yet, we continue to find this is not the case.

SIPA has no issue with suggesting people check registration as *one* step. It is indeed a basic one to avoid being defrauded by an unregulated fraudster, but it is certainly no protection against having your savings destroyed by a registered sales person.

SIPA informs all of its members that it is equally, if not even more important, to understand the limits of their advice giver's registration category with respect to their accountability and responsibility towards them.

The present process for checking registration is far more complex than it needs to be and is confusing. The rule of thumb for any good website design, is to make it as straightforward as possible for your users.

Although the Canadian Securities Administrators (CSA) website claims "It takes only 10 seconds to check registration...as much time as it takes to read this headline". We do not find this to be the case.

<https://www.securities-administrators.ca/investortools.aspx?id=1128>

We believe that by giving the illusion if your advice giver is listed that investors can somehow breathe a sigh of relief that all is well, is a gross disservice. It encourages a false sense of security and an incomplete picture on how to best make an informed decision on choosing an advice giver. This important topic is covered in greater detail in this SIPA report.

http://sipa.ca/library/SIPASubmissions/500_SIPA_REPORT_REGISTRATION-Above-the-Law_201611.pdf

Once someone sees their advice giver is registered, they need to click on their name and then multiple small plus (+) signs to get to their actual category of registration. Five screens before they can see the category of registration and then they need to click on a small question mark (?) to discover what that category actually even means. There is no reason for all of this information to not be available in the ten seconds claimed and with one click of the mouse.

One of the most important elements in user-friendly website design is navigation. The visitors to a website need to find what they are looking for as quickly as possible with the least amount of time expenditure and effort. Visitors shouldn't have a hard time figuring out how to navigate through a website. Everything should be intuitive, not overly complicated and certainly critical information should not be hidden. We suggest you get rid of these unnecessary multiple layers.

SIPA has also found that there is a lack of consistency between regulators websites.

We have found that someone can be listed on the Investment Industry Regulatory Organization of Canada (IIROC) as a Portfolio Manager, yet listed on the CSA website as a Dealing Representative. This inconsistency presents unnecessary confusion for investors.

IIROC has recently issued an Investor Bulletin, "What You Should Know About Your Investment Advisor"

http://www.iiroc.ca/investors/Documents/what-do-you-know-about-your-financial-advisor_en.pdf



It opens with, "When it comes to decisions about investing our hard-earned savings, many of us rely on the knowledge and advice of an investment advisor. That's a lot of trust to put in anyone so it makes sense to first ask some questions when choosing your advisor." We agree, that is a lot of trust. It goes on a little later to provide a list of questions to ask when considering choosing an investment advisor. Interestingly though, they miss the most important question of all..." Do you have an obligation to act solely in my best interests...?" Now there's a question that might save you a whole lot of trouble. **How many people would invest with anyone who had the disclaimer, "We have no legal requirement to operate in your best interest"?**

If you want to view the Advisor Report on the IIROC website you must first agree to a five-page document regarding its Terms of Use. If you do not agree, you cannot access their website. **"IF YOU DO NOT ACCEPT AND AGREE TO THIS AGREEMENT, THEN YOU MAY NOT USE THE WEBSITE."** Not very investor friendly.

The five-page document is full of confusing legalese. We have never encountered so many intimidating and unnecessary roadblocks from any other regulatory site quite like IIROC's.
http://www.iroc.ca/Documents/LegalDisclaimer_en.pdf

SIPA has a few simple suggestions.

- MAKE SURE YOUR NAVIGATION IS SIMPLE AND EASY TO FOLLOW.
- PUT **ALL** THE INFORMATION NEEDED IN ONE PLACE.
- USE CONTENT THAT IS SIMPLE, CONCISE AND (RELATIVELY) JARGON FREE.

Canadians are busy. People want to browse webpages as efficiently as possible. They need and want to find their critical information as quickly as possible. Make sure that people can access it across all platforms. People look at websites on a daily basis from their mobile devices. The website should be as similar as possible across all platforms to the computer version.

It's also important to test your website with real investors, since they may see issues that you may have missed. Test it for usability and then optimize accordingly from their feedback.

Good website design means: it is easy to use, concise yet has all the information needed. If you make it difficult to obtain information or to navigate through the website, investors become suspicious and/or do not obtain the information they actually require to make an informed decision.

SIPA ADVISORY COMMITTEE



Appendix A

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA WEBSITE USE AGREEMENT

This version in effect since July 1, 2016.

THIS AGREEMENT GOVERNS USE OF THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA ("IIROC") WEBSITE, INCLUDING THE IIROC ADVISOR REPORT SERVICE.

IT EXEMPTS IIROC AND OTHER PERSONS FROM LIABILITY OR LIMITS THEIR LIABILITY, AND CONTAINS OTHER IMPORTANT PROVISIONS THAT YOU SHOULD READ.

BY USING THE WEBSITE, INCLUDING THE IIROC ADVISOR REPORT SERVICE, YOU ACKNOWLEDGE AND SIGNIFY THAT YOU HAVE READ, UNDERSTAND AND AGREE, WITHOUT LIMITATION OR QUALIFICATION, TO BE BOUND BY THIS AGREEMENT.

1. Your Acceptance of this Agreement

This is an Agreement between you and any legal entity on whose behalf you are using the IIROC website, on the one hand, and the Investment Industry Regulatory Organization of Canada ("IIROC"), on the other hand, regarding your access to and use of the IIROC website and the content, information, and services available on or through the website, including the IIROC AdvisorReport Service but excluding IIROC's Debt Information Processor Service (collectively the "Website"). Each time you use the Website you signify that you unconditionally accept and agree, without limitation or qualification, to be bound by this Agreement as it then reads, and if you are using the Website on behalf of a legal entity then you accept and agree to this Agreement on behalf of that legal entity and you represent and warrant that you have full legal authority to do so. If you do not unconditionally accept and agree to this Agreement on your own behalf and on behalf of any legal entity on whose behalf you are using the Website, then you and the legal entity may not access or use the Website. In this Agreement, "User" refers individually and collectively to you and any legal entity on whose behalf you are using the Website.

2. Permission to Use the Website

The Website may be accessed and used only by persons located in Canada and by individuals over the age of majority in their jurisdiction of residence. The Website, and the information and documents available on or through the Website, including the IIROC AdvisorReport Service, are not intended for persons resident or located in any other jurisdiction. User is solely responsible for determining whether User's use of the Website is lawful, and User must comply with all laws applicable in the jurisdiction from which User is accessing and using the Website. By using the Website, User represents and warrants that User is eligible to use the Website as set out in this section 2.

3. Scope of Agreement and Other Agreements

(a) General: Subject to section 3(b), this Agreement governs User's use of the Website and is the entire agreement between User and IIROC relating to User's use of the Website and supersedes all previous agreements, written, oral or otherwise, between User and IIROC with respect to User's use of the Website. This Agreement is in addition to and supplements any other written agreements that User may have with IIROC concerning User's dealings with IIROC generally. If there is any inconsistency or conflict between this Agreement and any other agreements that User has with IIROC, then this Agreement will take priority and govern regarding access to and use of the Website and the other agreements will take priority and govern regarding all other matters. (b) IIROC's Debt Information Processor Service: Access



to and use of IIROC's Debt Information Processor Service, which is accessible through the Website, is governed by the Terms of Use for IIROC's Deb Information Processor Service

(online: www.bondtradedata.iiroc.ca

). If there is any conflict or inconsistency between this Agreement and those Terms of Use, then this Agreement will take priority and govern regarding the Website generally, and the Terms of Use will take priority and govern regarding IIROC's Debt Information Processor Service and related matters.

4. Changes to this Agreement

IIROC in its discretion may change, supplement or amend this Agreement from time to time as it relates to User's future use of the Website, without any prior notice or liability to User or any other person, by posting the revised Agreement on the Website. Each time User uses the Website after this Agreement - 2 - has been revised, User signifies User's acceptance and agreement to be bound by the revised Agreement, without limitation or qualification, and User represents and warrants that User has the legal authority to agree and to accept the revised Agreement. User may not change, supplement or amend this Agreement or any revised Agreement in any manner.

5. No Advice / Verbatim Reporting

The Website is for informational and educational purposes only. The Website is not a comprehensive or detailed statement concerning the matters addressed, nor does it contain detailed advice or recommendations (including any financial or legal advice). It is User's responsibility to obtain appropriate and qualified professional advice before acting or omitting to act based on any information obtained on or through the Website, including any information provided through webcasts, symposia or other materials available on or through the Website. In many instances, the information provided to User through the IIROC AdvisorReport Service appears as it was provided to IIROC or other securities market regulators by or on behalf of the relevant individual or firm. IIROC reserves the right, in its discretion, to edit or redact certain of the information provided to IIROC or other securities market regulators by or on behalf of the relevant individual or firm before making the information available to User through the IIROC AdvisorReport Service, but is under no obligation to do so.

6. Permitted Use of the Website

The Website is made available to User for User's lawful, personal or professional use only. User may use the Website only in the manner described expressly in this Agreement and subject to all applicable laws. Using the Website (including the IIROC AdvisorReport Service) for any other purpose (including for any commercial or solicitation purposes) or in any other manner is strictly prohibited. User may print the pages of the Website for User's private, personal or professional use, provided that User does not modify any of the content and User does not remove or alter any visible or non-visible identification, marks, notices, or disclaimers. The Website may not be copied, imitated, reproduced, republished, uploaded, posted, transmitted, modified, indexed, catalogued, scraped, mirrored or distributed in any way, in whole or in part, without the express prior written consent of IIROC. User may not reproduce, copy, duplicate, sell, or resell any part of the Website, including the information available through the IIROC AdvisorReport Service. User will not: (a) attempt to circumvent the ordinary navigational structure, technical delivery systems or display of the Website or attempt to access or use the Website by any means that is not purposely made available for that purpose by IIROC; (b) use the Website in a way that interferes with or disrupts the integrity or performance of the Website or related systems or networks, or to attempt to gain unauthorized access to the Website or related systems or networks; (c) test or tamper with the security of the Website or attempt to interfere with the proper functionality, operation or performance of the Website or any other person's use of the Website; or (d) authorize, assist, encourage or enable any other person to do any of the foregoing or to use the Website in a way that would constitute an infringement of the rights of IIROC or any other person or a breach of these Terms if it were done by User.



7. Disclaimers, Liability Exclusions/Limitations/Release and Indemnity

The following provisions apply to all matters arising from, connected with or relating to the Website. (A) DISCLAIMERS USER ACCESSES AND USES THE WEBSITE AT USER'S OWN RISK. THE WEBSITE IS PROVIDED ON AN "AS IS" AND "AS AVAILABLE" BASIS, WITHOUT ANY REPRESENTATIONS, WARRANTIES OR CONDITIONS OF ANY KIND, WHETHER EXPRESS, IMPLIED OR STATUTORY, AND INCLUDING IMPLIED REPRESENTATIONS, WARRANTIES OR CONDITIONS OF OR RELATING TO ACCURACY, ACCESSIBILITY, AVAILABILITY, COMPLETENESS, ERRORS, FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY, NON-INFRINGEMENT, PERFORMANCE, QUALITY, RESULTS, SECURITY, SEQUENCE OR TIMELINESS, ALL OF WHICH ARE HEREBY DISCLAIMED BY IROC TO THE FULLEST EXTENT PERMITTED BY LAW. THERE WILL NOT BE ANY REPRESENTATIONS, WARRANTIES OR CONDITIONS CREATED BY A COURSE OF DEALING, COURSE OF PERFORMANCE OR TRADE USAGE. - 3 - WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, IROC MAKES NO REPRESENTATION, WARRANTY, CONDITION OR GUARANTEE THAT: (1) THE WEBSITE WILL BE AVAILABLE OR WILL FUNCTION WITHOUT INTERRUPTION OR WILL BE FREE OF ERRORS OR THAT ANY ERRORS WILL BE CORRECTED; (2) THE WEBSITE WILL MEET USER'S REQUIREMENTS; (3) THE INFORMATION AVAILABLE ON, THROUGH OR CONNECTED WITH THE WEBSITE WILL BE TIMELY, UNINTERRUPTED, SEQUENTIAL, ACCURATE, AUTHENTIC OR COMPLETE; (4) CERTAIN OR ANY RESULTS MAY BE OBTAINED THROUGH THE ACCESS TO OR USE OF THE WEBSITE; OR (5) ACCESS TO AND USE OF THE WEBSITE WILL BE FREE OF VIRUSES, TROJAN HORSES, WORMS OR OTHER DESTRUCTIVE OR DISRUPTIVE COMPONENTS OR WILL NOT INFRINGE THE RIGHTS (INCLUDING INTELLECTUAL PROPERTY RIGHTS) OF ANY PERSON; AND IROC DISCLAIMS ALL LIABILITY REGARDING THOSE MATTERS TO THE FULLEST EXTENT PERMITTED BY LAW. (B) LIABILITY EXCLUSIONS/LIMITATIONS AND RELEASE NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW: (I) EXCLUSIONS: UNDER NO CIRCUMSTANCES WILL IROC EVER BE LIABLE TO USER OR ANY OTHER PERSON FOR ANY LOSS OR DAMAGE (INCLUDING DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, PUNITIVE, OR EXEMPLARY LOSS OR DAMAGE, INCLUDING LOSS OF INCOME OR TRADING LOSSES) ARISING FROM, CONNECTED WITH, OR RELATING TO THE WEBSITE, THIS AGREEMENT, THE SUBJECT MATTER OF THIS AGREEMENT, THE TERMINATION OF THIS AGREEMENT OR OTHERWISE. (II) LIMITATIONS: IF, NOTWITHSTANDING THIS AGREEMENT, IROC IS LIABLE TO USER OR ANY OTHER PERSON, THEN IN NO EVENT AND UNDER NO CIRCUMSTANCES WILL IROC'S TOTAL AGGREGATE LIABILITY TO USER OR ANY OTHER PERSON UNDER ANY THEORY OF LIABILITY (WHETHER IN CONTRACT, TORT, STRICT LIABILITY OR ANY OTHER THEORY), EVER EXCEED \$10 (CDN). USER HEREBY RELEASES, REMISES AND FOREVER DISCHARGES IROC FROM ALL LIABILITY IN EXCESS OF \$10 (CDN). (III) RELEASE: USER HEREBY RELEASE, REMISE AND DISCHARGE IROC FROM ALL OBLIGATIONS, LIABILITIES, CLAIMS AND DEMANDS IN EXCESS OF THE EXCLUSIONS AND LIMITATIONS SET FORTH ABOVE. (C) INDEMNITY USER WILL INDEMNIFY, DEFEND AND HOLD IROC HARMLESS FROM AND AGAINST ALL LIABILITIES, EXPENSES AND COSTS, INCLUDING REASONABLE LEGAL FEES AND EXPENSES, INCURRED BY IROC IN CONNECTION WITH ANY CLAIM OR DEMAND ARISING OUT OF, RELATED TO, OR CONNECTED WITH USER'S ACCESS TO OR USE OF THE WEBSITE, USER'S BREACH OF THIS AGREEMENT OR ANY WRONGFUL CONDUCT BY USER OR ANY PERSON FOR WHOM USER IS RESPONSIBLE UNDER THIS AGREEMENT OR AT LAW. USER WILL ASSIST AND COOPERATE AS FULLY AS REASONABLY REQUIRED BY IROC IN THE DEFENCE OF ANY SUCH CLAIM OR DEMAND. The exclusion of certain warranties and conditions and the exclusion or limitation of certain liabilities are prohibited by law in some jurisdictions, and those limitations may apply to User.

8. Proprietary Rights

(a) Ownership: The Website (including the IROC AdvisorReport Service; publications; reports; information in text, graphical, video and audio forms; documents; images; icons; software; designs;



applications and other elements available on or through the Website) are the property of IIROC and other persons, and are protected by Canadian and international copyright, trademark and other laws. User's use of the Website does not give to User any right, title or interest in, to or associated with the Website. All rights not expressly granted by this Agreement are reserved by IIROC. (b) Trademarks: IIROC® and related logos are registered or unregistered trademarks of IIROC or its licensors. Other product and company names and logos appearing on the Website may be registered or unregistered trademarks of their respective owners. Any use of the trademarks appearing on the Website is strictly prohibited. User does not have, and will not acquire, any licence or right to use any of those trademarks.

- 4 - (c) Feedback: If User gives to IIROC any feedback (including any comments, ideas or suggestions for corrections, enhancements or improvements) regarding the Website, then IIROC and its successors, assigns, licensors, data providers and licensees may use the feedback for any and all purposes (including to support, maintain and improve the Website and other IIROC products and services) without providing any compensation or attribution to User or any other person.

9. Other Sites

The Website may include links or references to other Internet sites or resources operated by other persons (collectively "Other Sites"). Other Sites are independent from IIROC, and IIROC has no responsibility or liability for or control over Other Sites or their content. IIROC does not sponsor or endorse Other Sites. User's use of Other Sites and User's dealings with the owners or operators of Other Sites is at User's own risk, and User will not make any claim against IIROC arising from, connected with, or relating to User's use of Other Sites or User's dealings with the owners or operators of Other Sites. The provisions of this Agreement under section 7 (Disclaimers, Liability Exclusions/Limitations/Release and Indemnity) apply, with all necessary modifications, to User's access to and use of Other Sites.

10. No Linking, Framing, Mirroring, Scraping or Data-Mining

Unless otherwise expressly permitted by IIROC in writing, User may provide a hypertext link to the Website if and only if: (a) the link is a text-only link clearly marked "IIROC Home Page" or "IIROC.ca"; (b) the link points to the URL <http://www.iiroc.ca> and not to any other page of the Website; (c) the appearance, position and other aspects of the link do not damage or dilute the goodwill associated with IIROC's name and trade-marks and do not suggest or imply that a person is associated with or sponsored by IIROC; and (d) the link, when activated by a user, displays the Website in a full-screen, and not within a frame on the linking website. All other links to the Website are strictly prohibited. IIROC in its discretion may cancel and revoke its permission in respect of any particular link at any time and without any notice or liability to any person. The framing, mirroring, scraping or data-mining of the Website or any of its content in any form and by any means is strictly prohibited. User may not use any browsing or display technologies in connection with use of the Website or to post comments, communications, or any other data of any kind to or on the Website with the intention that the postings may be viewed by other users of the Website.

11. Changes / Termination

IIROC in its discretion and for its convenience may at any time change, discontinue, modify, restrict, suspend or terminate the Website or any part of it without any notice or liability to User or any other person. IIROC in its discretion and for its convenience may at any time immediately suspend or terminate (in whole or in part) User's permission to access and use the Website without any notice or liability to User or any other person. If this Agreement or User's permission to access or use the Website is terminated by User or IIROC for any reason, then this Agreement will continue to apply and be binding on User regarding User's prior access to and use of the Website, and anything connected with, relating to or arising therefrom.

12. Governing Law and Dispute Resolution



This Agreement, User's access to and use of the Website and all related matters are governed solely by the laws of Ontario, Canada and applicable federal laws of Canada, excluding any rules of private international law or the conflict of laws that would lead to the application of any other laws. Any dispute between User and IIROC or any other person arising from, connected with or relating to the Website, this Agreement or any related matter (a "Dispute") will be resolved before the Courts of Ontario, sitting in the City of Toronto, and User hereby irrevocably submit and attorn to the original and exclusive jurisdiction of those courts in respect of all Disputes.

13. Other Matters

If any provision of this Agreement is held by a court or arbitrator of competent jurisdiction to be invalid or unenforceable for any reason, then the provision will be deemed severed from this Agreement and the remaining provisions will continue in full force and effect without being impaired or invalidated in any way, unless as a result of the severance this Agreement would fail in its essential purpose. - 5 - This Agreement enures to the benefit of and is binding on each of IIROC and its successors, assigns, licensees and related persons, and User and User's heirs, executors, administrators, successors, permitted assigns and personal representatives. User may not assign this Agreement or User's rights or obligations under this Agreement. IIROC may assign this Agreement and IIROC's rights and obligations under this Agreement without User's consent. No consent or waiver by IIROC to or of any breach of this Agreement by User will be effective unless in writing and signed by IIROC or will be deemed or construed to be a consent to or waiver of a continuing breach or any other breach by User. In this Agreement: (a) "this Agreement" and similar expressions refer to this Agreement as a whole and not just to the particular provision in which those words appear; (b) headings are for reference only and do not define, limit or enlarge the scope or meaning of this Agreement or any of its provisions; (c) words importing the singular number only include the plural and vice versa; (d) "discretion" means a person's sole, absolute and unfettered discretion; (e) "including" and "includes" mean including or includes (as applicable) without limitation or restriction; (f) "law" includes common law, equity, statutes and regulations, and reference to a specific statute includes all regulations made under the statute and all amendments to, or replacements of, the statute or any regulation made under the statute in force from time to time; and (g) "person" includes an individual (natural person), corporation, partnership, joint venture, association, trust, unincorporated organization, society and any other legal entity. The parties have expressly requested and required that this Agreement and all other related documents may be drawn up in the English language. Les parties ont expressément exigé que le présent contrat et tous les documents qui s'y rapportent soient rédigés en anglais. If you have any questions or comments regarding this Agreement, please contact IIROC's Complaints and Inquiries Department.

IF YOU DO NOT ACCEPT AND AGREE TO THIS AGREEMENT, THEN YOU MAY NOT USE THE WEBSITE.