The TAMRIS Consultancy Comments on IIROC/OSC Client Relationship Model

Introduction

Regulation of the retail financial service's industry appears to be undergoing considerable change: we have proposals for a) mutual and segregated fund point of sale information, b) amendments to the complaints' process and c) the CRM or Client Relationship Model.

While all these proposed changes are welcome, they are far from an end game in the struggle to improve investor protection, transparency and competitive market structure, and financial services standards in the Canadian retail financial services market place.

- We still have a mindset that appears to accept the "transaction by transaction" sales based service process as the regulatory standard governing advisory based services; indeed, much of these standards often permeate into the provision of discretionary/managed services (especially within brokerages providing both service options) to the point that it is sometimes difficult to differentiate between the suitability outcomes of both[1].

- We still have regulation devised to a certain extent by those entities which regulation is designed to manage, yet no real input or influence by consumer bodies which would be required to provide competitive market regulation solutions. As previously discussed in TAMRIS documents, this is not a competitive market solution since both buy and sell sides are not involved in setting the rules. Regulation it would seem is more concerned with maintaining low standards and high costs.

- This standard continues to be exposed to a rudimentary know your client form (insufficient to provide optimal suitability[2]), little or no client education (indirect consequence of minimum standards and transaction based services), rudimentary risk assessment and profiling processes and oral communication of recommendations and advice that allow for greater levels of misrepresentation. While a rudimentary form and process might satisfy the informational and process requirements of a simple transaction by transaction service (with caveats), such a constrained service in reality only comprises a small spectrum of the potential wealth management service universe.

- This standard ignores the wider universe of potential services (many firms already offer higher standards), responsibilities and "implied" contracts within the financial services industry. In the TAMRIS report "Theatre of the Absurd/A Retail Financial Groundhog Day", this was considered to be an impediment to the innovation and development of enhanced service based processes in the industry.

- We still have a mindset, by assigning apparent (incredulous though it may seem) unqualified responsibility (because the regulatory statement defining the responsibility is itself unqualified) for the investment decision to the client (in advisory relationships), that appears to ignore the complexity of the three key components of suitability.

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[1] There are many firms and advisors that provide advanced service based processes in the industry and the comments made here do not relate to them.

[2] "*Suitability, Minimum Standards & Fiduciary Duty In the Canadian Financial Services Industry"*

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a) The risk profiling, fact finding and educational requirement components of the process; which vary in accordance with the sophistication of the process and the standards employed.

b) The suitability component of the process: portfolio construction, planning and management.

c) The demands of due diligence with regard to security and product research and selection[3]; there is frequent misrepresentation of the true nature of product risk and return in industry communication.

- We continue to have separate regulation of product lines and services and the attendant dysfunction that results - IIROC, MFDA and Insurance bodies – and we continue to have a complaints' process constrained by minimum standards with a final arbiter (OBSI) itself beholden to the industry (ex insurance).

- We lack a vision of the type of market place and hence regulation we want to exist for financial services.

Leadership needs to be taken with respect to instituting the type of structure, regulation and standards that will drive Canadian Retail Financial Services forward. The current state of standards and regulation in the retail financial services industry is dysfunctional and hence difficult to rationalise let alone comprehend. While many of the recommendations in the current series of proposed changes (CRM, complaints, point of sale) will challenge the boundaries of the current system and hopefully raise standards, the reforms are still those of a compromised system and the fundamental structural problems will remain.

This document will primarily address the client/advisor relationship in the context of issues raised by the CRM project.

[3] As discussed in ""*Theatre of the Absurd/A Retail Financial Groundhog Day*", this is stifling innovation and competition in financial services in Canada.

Client/advisor relationship

Current regulatory and legal interpretation of client advisor relationships seems to assume that there is no fiduciary responsibility, in advisory relationships, because the client is making the investment decision. In fact, where there should be greater advisor/firm responsibility for key components of complex service processes (note a, b and c above) over which the advisor and the firm have discretion, there is effectively a vacuum, a grey area devoid of definition and acknowledgement.

While the new CRM proposals ask that the suitability process be disclosed (where applicable), there is no regulatory discussion, unless I am mistaken, of the fundamentals (including steps) of the process itself and the importance of process to advisor and firm responsibility. This would seem to me to imply some ignorance of the wealth management process and the various levels of complexity relating to different service structures; it is almost as if regulators and government assume that minimum standard transaction by transaction services represent an optimal outcome.

OSC Rule 31-103 states that "an advisory account is an account *where the client is responsible for investment decisions but is able to rely on advice* given by a registered representative. But just what does an investment decision in the context stated comprise?

- Does it mean the client is responsible for accepting the advice and recommendations of the advisor, providing the advisor has followed the due process with respect to the three key components of the wealth management solution/service process?

  - Due process with respect to risk assessment and profiling; fact find to determine financial position; communication and education over investment discipline, service, investment discipline and portfolio construction, planning and management; communication and explanation of recommendations and suitability of service and product/security solution.

  - Due process with respect to risk profiling (structure, rationale and relationships underpinning the process), portfolio construction, planning and management structure, decision rules relating components of the process, the overall process, systems and discipline key to providing service and managing wealth management solutions.

  - Due process with respect to security research and selection, and market and economic research where this is relevant to investment style and portfolio construction discipline. One of the drawbacks to the MFDA guidelines to suitability is its focus on statistic driven structures as opposed to the wider portfolio universe which would also include valuation and other mathematical relationship models.

  Sophistication of process relates directly to service outcomes and the client/advisor (firm) relationship. Disclosure/transparency of the process and the sophistication of the process is key to the decision making process whereby an investor[4] decides whether or not to enter into a relationship (price, quality/value added), and hence for the type of competition within the market place for services. In other words, if the CRM objective is to better define the contract between the client and the advisor, this can only be achieved via transparency over the processes and the attendant responsibilities of the parties involved.

- Or, does it mean that the limited communication associated with the transaction, based on a constrained minimum standard process, is deemed sufficient for an investor to accept the consequences of those transactions, and sufficient to obviate the advisor from any further or prior responsibility? This would

[4] This decision making process is likely to be an iterative learning in the sense that it will be the market place and not the individual that will benefit over time.

imply a very basic service offering and a very limited client/advisor relationship in terms of the ability to provide personalized wealth management solutions.

Such a nuance might be due to a perception that current technology and investment processes are incapable of delivering higher standards. While certain segments of the market place are not able to deliver better service outcomes, transparency over service standards are important for better decision making, allocation of resources, efficiency and innovation.

Firms and advisors should not be prevented from offering any type of service outcome providing there is transparency in the market place. Likewise aversion to change because of the costs of change is not sufficient reason to fail to disclose the reality of current service standards and relationship responsibilities.

- Or does it mean that the very basic, and at times flawed, suitability outcome of transaction based advisory services is an accepted and understood outcome (by the regulatory community) of the service offering? If this is the case, investors need communication that explains that limitations of the service provided and the extent to which the service is able to meet personal financial objectives.
    - There is little or no objective regulatory analysis of what constitutes optimal suitability outcomes for different service relationships. If regulators are making judgments as to what constitutes a suitable service relationship between clients and advisors, then this analysis need to be and should also be made public.
    - Additionally, if there are flaws in terms of what a suitability outcome can deliver, and that these are known, but not communicated to the investor, then this needs to be rectified.

In the context of the CRM document's attempt to define the service and the relationship, just what relationship and service structure is the definition in rule 31-103 applying to? This definition does not appear to allow for wide variations in the sophistication of service outcomes (implied contractual relationships), and regulators need to be aware of the service spectrum when making such deliberations; they also need to be aware of the probable evolutionary path of service development and allow for such in planning for and development of regulation. The Fair Dealing Model acknowledged this wider spectrum in calling for fiduciary type responsibility in a significant component of the advisory segment.

The job of the regulator is not to inhibit service development or the definition and delivery of service, yet its current rules are likely to confine wealth management service development. Further thought needs to be given to the role of regulation in allowing competitive markets and service innovation. The absence of such discussion within the CRM proposals is markedly noticeable.

Suitability and advisor responsibility

Rule 31-103 also states that the (advisor) "*registered representative is responsible for the advice given. In providing this advice, the registered representative must meet an **appropriate standard of care**, provide **suitable investment recommendations** and provide **unbiased investment advice***".

Despite the obvious contradiction of "unbiased investment advice" in a market place (a definition which needs further definition) where getting your product sold is as much to do with remuneration as anything else, the issue of suitability and responsibility for the process (as well as its transparency) that defines suitability is critical to the client relationship and the ability for the client to accept responsibility for the investment.

In terms of providing an integrated wealth management solution, an investment is suitable if its allocation and place within the portfolio is determined by the client risk profile (aversions and preferences) relative to the advisor/firm discipline, the client's financial needs, the size, risk and disposition of all other assets and current market conditions (dependent on portfolio theory and discipline). Note that current suitability rules are limited to individual accounts, which further confirms the transaction based disposition of regulation and industry structure.

Note that the optimality of the outcome is dependent on a) the transparency over the process (including limitations) and b) the due process of the 3 components of the wealth management/suitability process.

"Standard of care", which must vary and which requires transparency, relates directly to these three process components; "appropriate" must relate to the effectiveness of the process components in delivering suitability, an outcome which in itself cannot be achieved without full transparency (decision arrived at between investor and firm/advisor), which would include the effective communication and representation of the service. Additionally, there is no point in being on the one hand transparent in written documentation, if an advisor then orally proceeds to paint a different outcome.

A lower standard of care for a simple cookie cutter process is fine as long as there is transparency over the nature of the service, the relationships and responsibilities and balanced communication of expectations over outcomes. Indeed, appropriate is a qualification based often on what the client is willing to pay and the market is willing to offer with the proviso that the qualitative aspects of the service are clearly communicated and investors are able to shop around for those services better able to match investor supply/demand constraints.

Transparency and process and efficient market outcomes

Transparency of relationships, service and responsibilities as well as process allows the market place to differentiate between the price and the quality and quantity of a service; minimum standards are allowed but should not be allowed to constrain the market place.

Given that the attraction of investment services (sales and service based) are often based on perception, transparency is key to minimizing the risk of misrepresentation. Minimum standards in a competitive market place are enhanced by transparency, and a competitive market place lowers costs and raises standards through technology and process innovation.

Process and the management of expectations in a transaction by transaction based service

It is worthwhile noting that transaction by transaction service processes are more likely to be impacted by ineffective management of expectations and rudimentary asset and liability management processes (key to delivering optimal suitability): focus is on the remuneration associated with the sale (and repeat transactions) than on the service and process underpinning portfolio construction, planning and management which are not directly remunerated. The purpose of this document is not to go into detail into the specifics, but regulators and policy makers need to be aware of the dynamics of different service structures.

Maintaining standards associated with low transparency transaction based services as regulatory benchmarks ultimately dilutes suitability outcomes: note that the MFDA allows on the one hand for leverage to be provided for medium risk investors yet on the other hand counsels that high risk investments should not be allocated to medium risk selections; leverage is a speculative investment strategy, leveraging risk.

Regulation needs to free the market place from minimum standard constraints through greater accountability for process and process outcomes and greater transparency of the process and the relationship.

Within a wealth management service based process, greater focus is on the management of the overall portfolio risk/return profile and the longer term investment planning and management, which requires greater education, communication and management of expectations and hence greater transparency over the process, the relationship and responsibilities. Much less focus is on the product or the security which is no longer the end but only the means. Additionally, within a wealth management context, focus is on overall assets and financial needs, rather than those specifically denoted for the account; an account appears to be set up with the sole focus of transacting, and regulation and definition of regulation appears to be likewise constrained by this focus.

Therefore explaining the difference between the different service outcomes (and carefully delineating between different service relationships) will help investors and the industry make better wealth management service option decisions. This is not currently allowed for within the CRM proposals which still reflect a transaction by transaction based service process mentality.

Further divisions within suitability

But with numerous investment and investment planning disciplines, styles and views of market and economic risks, the suitability of an investment or a portfolio is also dependent on how an investor's preferences relate to those of the advisor/advising firm.

Risk assessment, including profiling and education, is as much designed to determine the client's position relative to the advisor's and/or firm's view as it is to assess an individual's absolute aversions to certain risks. As such, education over the advisor/firm's process and investment/investment planning style is an important part of the risk profiling: are the client and the advisor on the same page?

Regulators need to make sure that the advisor's position in the risk/return universe is clear and that the risk assessment process clearly allows the client to determine their position with respect to this. One advisor's high and low risk strategies may be different from another's, as are individual client perceptions over those statements.

Ergo, the risk profiling process is central to defining the client/advisor relationship. Failure to disclose the true nature of this particular process will lead to failure to disclose the true nature of the service and the client relationship.

Additionally, there are various degrees of suitability or personalization of a set of recommendations to an individual's personal financial position and risk profile. Size and timing of income and capital inflows to and from a portfolio also impact the allocation structure, the client's aversion to risk and their ability to take risk. This does not mean that services have to deliver optimal outcomes, just that the degree of personalization and optimization should be transparent.

Service process components' impact on suitability outcome

As discussed above, in addition to more robust risk profiling, education and financial data gathering, other processes which are relevant to suitability are the portfolio construction, planning and management process and due diligence with respect to products and securities recommended.

Levels of sophistication with respect to wealth management service provision will impact the degree to which products and securities recommended are suitable to an investor's risk profile and financial position in the absence of communication discussing the practical optimality of the outcome.

Regulators will need to compare service and relationship definition with the disclosure made in the client relationship management documents and will also need to monitor claims made over marketing of service outcomes.

Negligence and flaws in process components

Flaws in the data gathering, risk assessment and profiling, education, portfolio construction, planning and management and due diligence with respect to security selection are all advisor/firm responsibilities with potentially negative consequences for suitability, transparency and management of expectations (or true representation of the contract). Such flaws could be considered both negligent and in some cases fraudulent in that they impact the consideration bound within the contract.

Investor responsibility for the suitability decision

An individual investor can only reasonably accept responsibility for the generics of the solution (given that the mechanics and detail are often far too complex), a state which is itself dependent on the integrity of the three process areas and the transparency of communication.

Investor/advisor relationships

In order for an investor to be in complete control of the investment decision they need to be in control of processes a, b and c discussed in this document. This is highly unlikely in the vast majority of instances.

In a reality there are a number of possible service relationships.

1. Execution only: sought by those investors looking only for specific security and product recommendations and who are either able to manage their own affairs or who have expressly confirmed acceptance of the risks of execution only services.

2. Transaction advisory: essentially a transition based service run along the lines of the current brokerage business model. Investment advisors/salesmen sell products and securities appropriate to simple account based KYC parameters, but are not responsible for delivering portfolio construction, planning and management. Outcomes are simple, constrained to the account, often higher cost, less sophisticated. The limitations of such a service need to be clearly defined at outset.

3. Service (asset or asset and liability management) advisory – a wealth management service process designed to deliver enhanced levels of suitability via responsibility for portfolio construction, planning and management. This would be sought by investors looking to rely on their advisors for wealth management advice and portfolio construction, planning and management for all accounts. Advisors responsible for the 3 process components, the client responsible for accepting the risk/return profile of the recommended solution providing transparency over relationship, service and process and process outcomes. Providers would have a fiduciary responsibility towards the 3 process components and disclosure over those components making it clear the parameters, limitations and costs of the service.

   Advisory does not mean that the client is taking responsibility for the entire investment decision: they are only responsible for accepting the effectively communicated generics providing due process has been followed with respect to suitability and transparency. There are many reasons for the existence of advisory relationships and it is wrong to lump all such relationships as simple transaction relationships noted in 2 above.

4. Discretionary asset and or asset/liability management: many discretionary based services are little different from advisory based services in that principal boundaries of the service are defined by agreement at outset between advisors/portfolio managers and the client; given this there is little difference between the acceptance a client makes under such mandates and the acceptance they make under a similar advisory based service. Complete discretion by the advisor over all aspects of the portfolio construction, planning and management process does still exist, but again this is only one part of the wider universe.

As far as the IIROC CRM recommendations are concerned, TAMRIS is generally positive about the intention to mandate disclosure over the types of service and the types of relationship, but remains concerned as to whether the true nature of the service and the relationship will indeed be disclosed. Regulators need to accept the existence of a wider universe of client/advisor relationships, that optimal services are not bounded by the transaction or the account. To do this they will need greater understanding of the components of service and sales processes and the varying levels of advisor and client responsibility for the components of the investment decision. The CRM if it is to be successful will need to expose the limitations of the current regulatory structure.

IIROC Client relationship management proposals

This section provides an assessment of the IIROC specific proposals and points made in the document dated 24 April 2009 and titled IIROC Rules Notice Request for Comments "Client Relationship Model".

- Services and products – a description of the services and products is important, but the devil is in the detail. Much work will need to be done monitoring the transition, the nature and effectiveness of the disclosure. Given the work being undertaken in the Point of Sale documentation it would also be important to point out the client responsibilities when making investment decisions with respect to reading and understanding of point of sale documentation.

- A description of the account relationship – unless this specifically describes the legal and regulatory boundaries of the relationship and is transparent about the limitations and boundaries of the service and responsibilities of each party, this may be of limited benefit in terms of investor protection. Work will be needed in monitoring the transition and the effectiveness of disclosure.

- A description of the process used to assess suitability – this should be mandatory since it is key to a) defining the service provided and b) in making sure the boundaries of client/advisor responsibilities are clear. Hopefully such documents will become one of the many means by which firms will aim to differentiate their services in the market place. The description of the suitability process should clearly delineate that part of the process for which the advisor is taking responsibility and to define the standard of care the advisor and firm will be taking.

- Statement concerning conflicts of interests – if the client is responsible for the investment decision in advisory relationships then this should be much more than a simple statement, but a warning providing details of specific actions an investor would need to take with regard to accepting responsibility for the investment decision in cases where a conflict of interest exists.

    - The new rules state that all conflicts of interests must be disclosed and addressed in a manner that is consistent with the client's best interests. In a transaction driven relationship remunerated by commission, an advisor will not be remunerated by advice, or at times by what is best for the client. A list of the types of conflict of interest needs to be made available to the client so that the client can, if possible, adjust for such conflicts in making investment decisions.

- A description of fees and charges – this would need to include actual % or nominal monetary figures.

- Performance information – asset allocation (sector, market, market cap, yield) and risk and return information relevant to a benchmark, is important for an investor to be able to determine the risk profile of their assets. Where the investor is deemed responsible for the investment decision, it is only logical that they be provided with the information that would better enable them to make overall investment decisions. Many legal cases hinge on whether or not the investor mitigated the risk within their portfolio of investments, when an investor has clearly not been provided with the perspective to have been able to have achieved such. After all, performance information is important in allowing an investor to work out the efficacy of the relationship, the services and decisions made.

    - That the industry does not want performance and other detailed information to be provided will prevent an investor from being able to take full responsibility for their investment decisions which should be central to defining investor protection under current regulation.

    - Additionally, under the proposed CRM rules, the suitability of investments in the account needs to be reviewed under a number of circumstances. Having an overall top down view of the allocation, risk and relative performance structure of investments in an account will help the advisor make a better assessment, more effective communication and the client a more informed decision.

- Mandating the provision of benchmarked performance (and asset allocation) information is a risk to a transaction based industry dependent on transaction returns. However, it is important that investors are aware of both absolute and relative performance of their investments for a variety of reasons. It would seem rationale that regulators provide generic content disclosing the importance of performance data and that the value of such disclosure should not be left up to the advisor or firm. The objective of regulation is to make the capital markets and the allocation of capital more efficient and not to hinder a level of transparency which might force greater competition and lower costs. Failure to mandate transparency over risk/return and asset allocation profiles of portfolios will limit true disclosure over the value of services investors receive.

- IIROC state that they will not mandate the format of the disclosure, which is fine, but it is important that statements concerning the importance of the new CRM requirements are provided by the regulators for inclusion within these documents. Otherwise there may be ambiguity over the core message regulators are looking to get out.

- Reference to information held in other documents should be accompanied by an explanation as to the importance of this information and not merely be “please refer to document x for information about xyz”.

- With reference to removal of information regarding client obligations: client obligations and responsibilities under current regulation of advisory based relationships would strongly suggest that warnings over client responsibilities with regard to understanding and accepting transactions, with regard to taking part in the risk assessment process and client information process would be important. Likewise, making sure that investors are responsible for recording reasons for recommendations made in the absence of a written explanation from the advisor would also be important.

- Statement regarding events that will force a reconsideration of suitability of existing assets. The new rules state that the suitability of investments in an account needs to be reviewed, amongst others, whenever a trade is accepted or a recommendation is made. But, the rules do not mention ongoing due diligence with respect to products and securities held, which is an important part of the suitability process nor is there a requirement for the advisor to communicate the results of his or her suitability assessment.

  - Within a well organised service an advisor or team would have an asset allocation spectrum for client risk aversion and financial needs and a set of recommended securities. Changes in security recommendations and asset allocation recommendations should filter through automatically to client portfolios raising flags with regard to suitability. Similarly, any changes to client financial circumstances would be inputted into the portfolio management systems with resulting changes in the profile impacting the recommended benchmarks and security recommendations. Monitoring and managing suitability, at optimality is actually a real time activity.

- Relationship disclosure customization – it is worthwhile noting that such customisation is closer to an investment policy statement or comprehensive investment planning and management reporting. While customization will involve greater commitment to updating and reinforcing the relevance of the IPS type/detailed reporting CRM, such customization is almost always backed up by more sophisticated processes which ultimately increase productivity. Advanced systems and the benchmarking of client profiles and asset allocation and security outputs can effectively automate and personalise at the same time. Technology is a positive factor in the development of client relationship management regulation. Such disclosure, through technology, is likewise capable of being real time, irrespective of whether real time disclosure is needed.

- Report data requirements and report calculation requirements – what the CRM is effectively proposing is a step up in service transparency and the potential for improvements in quality. Better referencing and storage of data will aid automation and service quality, increasing costs in one area with the potential to significantly reduce them in others. It is difficult to see how having to perform more calculations will increase overall costs given that, once coded into software, the costs of additional calculation are negligible to non existent. That said, retaining a low tech transaction based service structure with the advanced reporting requirements of more accountable service processes would increase costs.

Overall the client relationship management proposals should push the industry to step up to provide a higher level of accountability and service but will raise questions as to the efficacy of the current modus operandi of both industry and regulators.

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Other relevant issues

Point of Sale and CRM

The number 1 concern with the point of sale proposals is the absence of transparency over the nature of the contractual relationship between the advisor and individual investor.

There is no statement on the fund facts point of sale document that provides transparency over the client/advisor relationship with respect to the transaction. This needs to be clearly pointed out in the CRM document or other documents.

TAMRIS recommends that given current regulation and legal interpretation of such regulation, that it is made clear that the investor is responsible (advisory relationships) for accepting the transaction and the consequences of the transaction and that the document holds all information that the regulators consider necessary to accept responsibility for the transaction.

If it is the client who is responsible for accepting the recommendation, then the information provided in the fund facts point of sale documentation must be sufficient to allow an investor to make the type of analysis needed to integrate an asset into a portfolio.

It is here that the fund facts point of sale documentation falls down: it only provides for a brief description of a fund's objective, the top 10 investments, sector allocation, non benchmarked performance, a limited suitability spectrum, information over fund costs (excluding transaction costs with no information on the impact of costs) and an overview of the types of charging structures. This information is sufficient for a very basic understanding of the generics of the fund, but insufficient information for an investor to make a purchase decision that would allow the fund to be integrated within a portfolio or to make a sufficient comparative analysis. If advisory services in Canada were responsible for the suitability of the overall wealth management solution and the processes underpinning that solution, then the fund facts document would be sufficient information at the transaction point, providing of course that the impact of management and fund costs on risk/return relative to a comparative benchmark was provided. But we must note that this communication is made at the point of sale with a limited 2 day cooling off period.

These comments should be read in conjunction with the July 2007 TAMRIS document on the Joint Forum of Market Regulators point of sale disclosure for mutual funds and segregated funds.

Complaint handling

Despite the fact that many of the problems associated with transaction based services and transaction based regulation will remain, the complaint handling process should become better defined with the new client relationship management regulations. However, that said, the regulators will need to make sure that complaint handling processes match the new CRM disclosure requirements; the substantive response to a client complaint should involve a description of the process used to define the suitability of the security, advice and or strategy if the CRM is proposing that the suitability process be part of initial disclosure; it should also involve an explanation as to whether the service provided matches that discussed in the CRM documentation.

Conclusion

The proposed IIROC Client Relationship Management disclosure could go some way to improving investor protection in the industry, but this will depend on its implementation. Regulators will also need to monitor both the transition and the disclosure to ensure that the objectives of the CRM are being achieved.

The optimality of the solution is still woefully constrained given that a) the fundamentals of the “transaction by transaction” service based structure are being retained, b) that the industry is still self regulated and that this self regulation is dysfunctional and lacks central co-ordination, and c) that the consumer does not have an effective voice in the regulation and standard setting process.

It is hoped that the disclosure of services, costs and processes will lead to greater competition in the market place, improve the complaint handling process by creating additional qualitative benchmarks against which a complaint must be judged, highlight the need for greater co-ordination between SROs (note the differences between the MFDA and IIROC CRM proposals) and expose the limitations of a transaction based service and regulatory structure to consumers, regulators and politicians alike. It should also hopefully provide opportunities for those in the industry who want to introduce higher standards and service offerings to challenge limitations currently set on advisory based services.

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