

SERIES 1000 | INTERPRETATION AND PRINCIPLES RULES

RULE 1100 | APPLICATION AND INTERPRETATION

[...]

1102. General application

- (1) *CIRO requirements apply to Dealer Members and, if the context is appropriate, their Approved Persons and employees.*
- (2) Certain requirements within these *Rules* also apply to all *Regulated Persons* other than those referred to in subsection 1102(1). Specific reference is made to *Regulated Persons* where a requirement is applicable to all *Regulated Persons*.
- (3) A *Mutual Fund Dealer Member* is prohibited from:
 - (i) offering its clients:
 - (a) a *derivatives account*,
 - (b) a *discretionary account*,
 - (c) a *managed account*,
 - (d) a margin account, except where it is offered in accordance with subsection 5112(2), or
 - (e) an *order execution only account*,
 - (ii) underwriting new issue distributions,
 - (iii) borrowing fully paid *securities* from clients,
 - (iv) issuing *research reports*, and
 - (v) using clients' *free credit balances*, except where they are used in accordance with subsection 4382(2).
- (4) A *Mutual Fund Dealer Member* or its *Approved Persons* shall not, directly or indirectly, engage in any *securities and derivatives related business*, except where:
 - (i) such *securities and derivatives related business* can be conducted by a mutual fund dealer under *securities laws*, and
 - (ii) all such *securities and derivatives related business* is carried on for the account of the *Mutual Fund Dealer Member*, through the facilities of the *Mutual Fund Dealer Member* (except as expressly provided for in these *Rules*) and in accordance with these *Rules*, other than:
 - (a) such business as it relates solely to trading in deposit instruments conducted by any *Approved Person* not on account of the *Mutual Fund Dealer Member* and,
 - (b) such business conducted by an *Approved Person* as an employee of a *chartered bank* and in accordance with the Bank Act (Canada) and the regulations thereunder, or as an employee of a credit union or *caisse populaire* and in accordance with applicable legislation governing such credit union or *caisse populaire*, and in each case, in accordance with applicable *securities laws*.

[...]

RULE 1200 | DEFINITIONS

1201. Definitions

- (1) Some terms used throughout the *CIRO requirements* are defined in subsection 1201(2). Additional terms are set out in *CIRO General By-law No. 1*, and Form 1. Terms that are used only in a single Rule are defined in that Rule.

Any term not defined in subsection 1201(2), in *CIRO General By-law No. 1*, Form 1 or in a specific Rule, which is defined in *securities laws*, has the same meaning as provided for in *securities laws*.

When a prescribed or adopted policy defines a term that the *CIRO requirements* also defines, the definition contained in the policy prevails to the extent of any inconsistency, when interpreting that policy.

- (2) The following terms have the meanings set out when used in the *CIRO requirements*:

[...]	[...]
Dealer Member (<i>courtier membre</i>)	The same meaning as set out in General By-law No. 1, section 1.1.
[...]	[...]
“Investment Dealer Member” (<i>courtier membre en placement</i>)	A <i>Member</i> that is registered as an investment dealer in accordance with <i>securities law</i> .
[...]	[...]
“Mutual Fund Dealer Member” (<i>courtier membre en épargne collective</i>)	A <i>Member</i> that is registered as a mutual fund dealer in accordance with <i>securities law</i> .
[...]	[...]

[...]

SERIES 2000 | DEALER MEMBER ORGANIZATION AND INDIVIDUAL APPROVAL RULES

[...]

RULE 2200 | DEALER MEMBER ORGANIZATION

2201. Introduction

- (1) Rule 2200 sets out requirements for a *Dealer Member* when organizing and managing its business and activities.
- (2) A *Dealer Member* must take reasonable care to organize and manage its business responsibly and effectively.
- (3) A *Dealer Member's* business must be organized to enable adequate supervision of all of its activities and cannot be organized to avoid *CIRO requirements*.
- (4) Rule 2200 is divided into the following parts:
 - Part A - Dealer Member Structure
 - Part A.1 - Business locations
[section 2202]
 - Part A.2 - Holding companies, related companies and order execution only service providers
[sections 2205 through 2207]
 - Part A.3 - Exceptions for Investment Dealer Members with a mutual fund division
[section 2208]
 - Part A.4 - Non-securities or non-derivatives business
[sections 2215]
 - Part A.5 - Shared office premises
[sections 2216 through 2218]
 - Part B - Dealer Member Membership Changes
[sections 2220 through 2228]
 - Part C - Notification Requirements
[sections 2245 through 2248]
 - Part D - Trade Names and Disclosures
[sections 2280 through 2285]

PART A – DEALER MEMBER STRUCTURE

[...]

PART A.3 – EXCEPTIONS FOR INVESTMENT DEALER MEMBERS WITH A MUTUAL FUND DIVISION

2208. Exceptions for Investment Dealer Members with a mutual fund division

- (1) The following requirements do not apply to the mutual fund activities carried out by an *Investment Dealer Member* within a separate mutual fund only division:
 - (i) clauses 3202(1)(ii), 3203(1)(iv) and 3204(1)(iv) relating to the determination of

client's insider status, except for single-stock exchange-traded funds or exempt market products of issuers which have other *securities* that are listed on *Marketplaces*,

- (ii) subsection 3214(6) and clause 3945(4)(i) relating to the designation of *non-client accounts*, except for single-stock exchange-traded funds or exempt market products of issuers which have other *securities* that are listed on *Marketplaces*, and provided that:
 - (a) the *Investment Dealer Member* and its *employees* and *Approved Persons* must not participate in any capital market business activities, including acting as Market Maker for exchange-traded funds,
- (iii) subsection 3851(2), with respect to the client's non-margin accounts within the mutual fund division.

2209.– 2214. Reserved.

PART A.4 - NON-SECURITIES OR NON-DERIVATIVES BUSINESS

[...]

PART A.5 - SHARED OFFICE PREMISES

[...]

[...]

2302. Principal and agent relationships

- (1) An *individual* who conducts *securities and derivatives related business* on behalf of a *Dealer Member* must be an *employee* or *agent* of the *Dealer Member*.
- (2) With the exception of the arrangement permitted in subsection 2302(3), a *Dealer Member* must not allow a corporation or other non-*individual* entity to conduct *securities and derivatives related business* on its behalf.
- (3) Any *remuneration, gratuity, benefit* or other consideration in respect of business conducted by an *individual* on behalf of the *Dealer Member* may be paid by the *Dealer Member* to a corporation that is not registered under *securities laws* provided:
 - (i) the *individual*:
 - (a) is approved as a *Registered Representative* dealing in mutual funds only, and
 - (b) acts as an *agent* of a *Dealer Member*:
 - (I) that is either:
 - (A) registered as a mutual fund dealer, or
 - (B) registered as an investment dealer with a mutual fund division,
 - (II) in compliance with the requirements set out in Rule 2300,
 - (ii) the arrangement is not prohibited or otherwise limited by the relevant *securities laws* or *securities regulatory authorities*,
 - (iii) the corporation is incorporated under the laws of Canada or a province or territory of Canada, and
 - (iv) the *individual, Dealer Member* and the unregistered corporation have entered into a written agreement, in a form prescribed by *CIRO*, the terms of which provide that:
 - (a) the *individual* and *Dealer Member* have the same:
 - (I) obligations to comply with applicable *CIRO requirements* and *securities laws*, and
 - (II) liabilities to third parties, including clientsirrespective of the method by which any *remuneration, gratuity, benefit* or other consideration is disbursed,
 - (b) the *Dealer Member* shall engage in appropriate supervision with respect to the conduct of the *individual* and the unregistered corporation to ensure compliance with the requirements in sub-clause 2302(3)(iv)(a) and all other applicable *CIRO requirements*, and
 - (c) the *individual* and the unregistered corporation shall provide the *Dealer Member, CIRO* and the applicable *securities regulatory authorities* with access to all books and records maintained by or on behalf of either of them for the purpose of ensuring compliance with the *CIRO requirements* and *securities laws*.

[...]

[...]

RULE 2500 | DEALER MEMBER DIRECTORS AND EXECUTIVES, AND APPROVAL OF INDIVIDUALS

[...]

PART B - APPROVAL OF INDIVIDUALS

[...]

2551. Individual approval

[...]

- (3) A Dealer Member must ensure that each *Approved Person* at the Dealer Member complies with *CIRO requirements* applicable to that *individual's Approved Person* category.
- (4) All *Approved Persons* are subject to *CIRO* jurisdiction and must comply with *CIRO requirements*.
- (5) A Dealer Member must ensure that, when dealing with the public, its *Approved Persons* use titles and designations that accurately indicate:
 - (i) the type of business that they have been approved by *CIRO* to conduct, and
 - (ii) the role that they carry out or has been approved by *CIRO* to carry out.

[...]

2552. Compliance with the proficiency requirements or other conditions

- (1) Each *Approved Person* who is registered under *securities laws* must have satisfied any applicable proficiency and other registration requirements set out in the applicable *securities laws* and established by the *securities regulatory authorities* having jurisdiction.
- (2) Each Dealer Member's *Approved Person* must:
 - (i) meet the applicable pre-approval proficiency requirements set out in sections 2603 and 2605 before *CIRO* approval is granted, and
 - (ii) complete the applicable post-approval proficiency requirements set out in sections 2604 and 2605 after receiving *CIRO* approval.
- (3) *CIRO* will automatically suspend an *Approved Person* if they do not complete the applicable post-approval proficiency requirements in the *Approved Persons* category as set out in clauses 2604(1)(i), 2604(2), or section 2630.

[...]

2553. Approval of Registered Representatives, Investment Representatives, Portfolio Managers and Associate Portfolio Managers and their obligations

- (1) A *Portfolio Manager* and *Associate Portfolio Manager* is also permitted to conduct activities carried on by a *Registered Representative* in accordance with *CIRO requirements* applicable to *Registered Representatives*.
- (2) An *Associate Portfolio Manager* must not advise on *securities* unless, before giving the advice, the advice has been pre-approved by a *Portfolio Manager*.
- (3) A *Registered Representative*, *Investment Representative*, *Portfolio Manager* or *Associate Portfolio Manager* may not conduct on behalf of an *Investment Dealer Member*, and an

Investment Dealer Member may not permit an *Approved Person* to, on its behalf, deal with the types of clients set out in clauses 2553(3)(i) through 2553(3)(iii) and conduct the type of business set out in clause 2553(3)(iv), unless the *Investment Dealer Member* complies with the following:

- (i) The *Investment Dealer Member* must notify *CIRO*, and seek *CIRO*'s prior approval on whether the *Registered Representative*, *Investment Representative*, *Portfolio Manager* or *Associate Portfolio Manager* will deal with either *retail clients* or *institutional clients*.
- (ii) A *Registered Representative* dealing with:
 - (a) *retail clients*, may take orders from, or give advice to, all types of clients, or
 - (b) *institutional clients*, may take orders from, or give advice to, *institutional clients* only.
- (iii) An *Investment Representative* dealing with:
 - (a) *retail clients*, may take orders from all types of clients, or
 - (b) *institutional clients*, may take orders from *institutional clients* only.
- (iv) The *Investment Dealer Member* must notify *CIRO* which of its *individuals* approved as a *Registered Representative*, *Investment Representative*, *Portfolio Manager* or *Associate Portfolio Manager* will deal in or advise in:
 - (a) only mutual funds, government or government-guaranteed debt instruments, and deposit instruments issued by a federally regulated bank, trust company, credit union or *caisse populaire*, except those for which all or part of the interest or return is indexed to the performance of another financial instrument or index,
 - (b) *derivatives* subject to the limitations set out in subsection 2625(5), and
 - (c) general *securities* business; including equities, fixed income and other *investment products* not listed above.

[...]

[...]

PART A - PROFICIENCY REQUIREMENTS

2602. Proficiency principle

- (1) An *Approved Person* must not perform an activity that requires approval unless the *Approved Person* has satisfied the applicable proficiency requirements set out in Rule 2600 and has the education, experience and training that a reasonable person would consider necessary to perform the activity competently, including understanding the structure, features and risks of each *investment product* the *Approved Person* deals with, recommends or supervises.
- (2) The *Dealer Member* must ensure that an *individual* does not perform an activity that requires *CIRO* approval unless the *individual* has satisfied the applicable proficiency requirements set out in Rule 2600 and has the education, experience and training that a reasonable person would consider necessary to perform the activity competently, including understanding the structure, features and risks of each *investment product* the *individual* deals with, recommends or supervises.

2603. Proficiency requirements prior to approval

[...]

- (2) An applicant for approval, who, where applicable, is eligible to complete a prescribed exam, must at a minimum successfully complete the following before *CIRO* will grant approval in the following categories:

[...]

- (vii) *Investment Representative* dealing in mutual funds only and *Registered Representative* dealing in mutual funds only: meet the requirements to be registered as a mutual fund dealer – dealing representative, pursuant to National Instrument 31-103,

[...]

[...]

2604. Post-approval proficiency requirements

- (1) *Dealer Member* training
 - (i) An *Investment Dealer Member* must, as prescribed by *CIRO*, provide training to its *Registered Representatives* and *Investment Representatives* within 90 days after approval considering the type of client and product the *Approved Person* will be dealing with, and
 - (a) the *Dealer Member* must notify *CIRO* of completion of the training within 90 days after approval.
 - (ii) A *Dealer Member* who sponsors an *Approved Person* must ensure that the *individual* has received the appropriate training relevant for its business type including its client and product type to ensure compliance with the proficiency principle in section 2602.

- (a) A *Dealer Member* may permit an *Approved Person* to apply on-going training to meet prescribed continuing education requirements.
 - (iii) In addition to any training prescribed in Rule 2600, a *Dealer Member* must provide on-going training to its *Approved Persons* on compliance with *CIRO requirements, securities laws, and applicable laws* including, without limitation, the obligations relating to conflicts of interest, know-your-client, account appropriateness, product due diligence, know-your-product, and suitability determination.
 - (a) A *Dealer Member* may permit an *Approved Person* to apply on-going training to meet prescribed continuing education requirements.
 - (iv) The *Dealer Member* must keep a record of all training provided, as prescribed in Rule 2600, and provide the record to *CIRO* on request to demonstrate compliance with the proficiency principle.
- (2) Conduct training
- (i) Each *Approved Person* must complete the conduct training prescribed by *CIRO* within 30 days after approval, and
 - (a) the *Dealer Member* must notify *CIRO* of completion of the training within 30 days after approval.
 - (ii) Each *Mutual Fund Dealer Member's Approved Person* not captured by (i), approved as of the date of these *Rules*, must complete the conduct training prescribed by *CIRO* by no later than [date], and
 - (a) the *Dealer Member* must notify *CIRO* of completion of the training by no later than [date].

2605. Mutual funds only Registered Representatives and Investment Representatives dealing in exchange-traded funds or alternative mutual funds

- (1) An applicant for approval, or an *individual* approved, as a *Registered Representative* dealing in mutual funds only, or an *Investment Representative* dealing in mutual funds only, will be also permitted to trade in exchange-traded funds that meet the definition of a mutual fund provided the *individual* complies with the relevant proficiency requirements in sections 2603 and 2604, and has successfully completed one of the following within the timeline prescribed in subsection 2628(1):
 - (i) the ETFs for Mutual Fund Representatives course administered by CSI Global Education Inc., or
 - (ii) the Exchange Traded Funds Course administered by the IFSE Institute, or
 - (iii) the Exchange Traded Funds for Representatives of Mutual Fund Dealers course administered by the Smarten Up Institute.
- (2) The following terms have the meaning set out below when used in subsection 2605(3):

“alternative mutual fund” <i>(organisme de placement collectif non</i>	The same meaning as the definition in National Instrument 81-102, <i>Investment Funds</i> .
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<i>traditionnel or OPC non traditionnel)</i>	
“bridge course” (<i>cours de transition</i>)	Either: (i) the Investing in Alternative Mutual Funds and Hedge Funds course administered by the IFSE Institute, or (ii) the Hedge Funds and Liquid Alternatives for Mutual Fund Representatives course administered by CSI Global Education Inc.

- (3) An applicant for approval, or an *individual* approved, as a *Registered Representative* dealing in mutual funds only, or an *Investment Representative* dealing in mutual funds only, will be also permitted to trade in alternative mutual funds provided the *individual* complies with the relevant proficiency requirements in sections 2603 and 2604, and has successfully completed one of the following within the timeline prescribed in subsection 2628(1):
- (i) the bridge course,
 - (ii) the Derivatives Fundamentals Course administered by CSI Global Education Inc.,
 - (iii) the Canadian Securities Course administered by CSI Global Education Inc., or
 - (iv) the courses required to be registered as a Portfolio Manager – Advising Representative pursuant to section 3.11 of National Instrument 31-103, *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

2606. – 2624. Reserved.

PART B - EXEMPTIONS FROM PROFICIENCY REQUIREMENTS

2625. Specific exemptions

- (1) An applicant seeking approval as a *Supervisor* in relation to activities of *individuals* approved to deal in mutual funds only at an *Investment Dealer Member*, including those in subsection 2605(1), is exempt from the pre-approval exam requirements in subsection 2603(2) provided the *individual*:

[...]

[...]

[...]

[...]

PART A - CONTINUING EDUCATION REQUIREMENTS FOR INVESTMENT DEALER MEMBERS' APPROVED PERSONS

[...]

PART A.1 - THE INVESTMENT DEALER MEMBER CONTINUING EDUCATION PROGRAM AND CONTINUING EDUCATION REQUIREMENTS

[...]

2704. Investment Dealer Member continuing education requirements

[...]

(2) *Registered Representatives* dealing in mutual funds only who are *employees of an Investment Dealer Member* with a mutual fund division:

- (i) are not subject to and do not need to comply with the *Registered Representative* continuing education requirements set out in subsection 2704(1), and
- (ii) are subject to and must comply with the continuing education requirements for *individuals* registered as a *Mutual Fund Dealer Member's Registered Representative* set out in Part B of this Rule 2700.

[...]

[...]

SERIES 3000 | BUSINESS CONDUCT AND CLIENT ACCOUNTS RULES

[...]

RULE 3200 | KNOW-YOUR-CLIENT AND CLIENT ACCOUNTS

[...]

PART A – KNOW-YOUR-CLIENT AND CLIENT IDENTIFICATION REQUIREMENTS

3202. Know Your-Client

- (1) A *Dealer Member* must take reasonable steps to learn and remain informed of the essential facts relative to every order, account and client it accepts, and to:
 - (i) establish the identity of a client and, if the *Dealer Member* has any cause for concern, make reasonable inquiries as to the reputation of the client,
 - (ii) in the case of *Investment Dealer Members*, except as set out in section 2208, establish whether the client is an insider of a reporting issuer or any other issuer whose *securities* are publicly traded,
 - (iii) ensure it has collected sufficient information regarding all the following to enable it to meet its obligations under Rule 3400:
 - (a) the client's:
 - (I) personal circumstances,
 - (II) financial circumstances,
 - (III) investment needs and objectives,
 - (IV) investment knowledge,
 - (V) risk profile, and
 - (VI) investment time horizon, and
 - (iv) establish the creditworthiness of the client if the *Dealer Member* is financing the client's acquisition of an *investment product*.

[...]

3203. Identifying partnerships or trusts

- (1) When opening an initial account for a partnership or trust, a *Dealer Member* must:
 - (i) in the case of a trust, obtain the names and addresses of all trustees and all known beneficiaries and settlors of the trust,
 - (ii) establish the existence of the partnership or trust and the nature of its business,
 - (iii) in accordance with the requirements set out in section 3206 establish the identity of each *individual* that exercises control over the affairs of the partnership or trust, and
 - (iv) in the case of *Investment Dealer Members*, except as set out in section 2208, not open a partnership or trust account unless it first obtains the information referred to in clause 3203(1)(iii) and determines whether the *individuals* described in clause 3203(1)(iii) and, in the case of a trust, any of the known beneficiaries of more than

10% of the trust are insiders of a reporting issuer or any other issuer whose *securities* are publicly traded.

3204. Identifying corporations

- (1) When opening an initial account for a corporation, a *Dealer Member* must:
- (i) obtain the names of all directors of the corporation within 30 days of opening the account,
 - (ii) establish the existence of the corporation and the nature of its business,
 - (iii) in accordance with the requirements set out in section 3206, establish the identity of any *individual* who is the *beneficial owner*, or exercises direct or indirect control or direction, of 25% or more of the voting rights attached to the outstanding voting *securities* of the corporation, and
 - (iv) in the case of *Investment Dealer Members*, except as set out in section 2208, not open an account unless it identifies any such *individual beneficial owners* required under clause 3204(1)(iii) and determines whether one or more of them are insiders of a reporting issuer or any other issuer whose *securities* are publicly traded.

[...]

PART B – REQUIREMENTS FOR CLIENT ACCOUNTS

[...]

3214. Opening new client accounts

[...]

- (6) Except as set out in section 2208, before opening a new account for an *employee* of another *Investment Dealer Member*, an *Investment Dealer Member* must obtain written approval from the other *Investment Dealer Member*, and must designate the account as *non-client account*.

[...]

[...]

PART B – CLIENT REPORTING

[...]

3851. Client account statements

[...]

(2) A *Dealer Member* must send a monthly statement to each client who:

- (i) requests to receive a client account statement on a monthly basis,
- (ii) during the month had in their account:
 - (a) a transaction, other than an *automatic plan transaction*,
 - (b) a cash or account position modification, other than modifications due to dividend payments, interest payments or *automatic plan transactions*, or
- (iii) as at the end of the month has in their account:
 - (a) an unexpired and unexercised option contract, futures contract option or similar *derivative* position, or
 - (b) an open futures contract, forward contract, contract for difference or similar *derivative* position,

except that for a *Mutual Fund Dealer Member*, or the mutual fund division of the *Investment Dealer Member* specified in section 2208, the requirements under this subsection 3851(2) apply only with respect to the client's margin account.

[...]

[...]

[...]

PART C – SUPERVISION OF RETAIL CLIENT ACCOUNTS

3945. Daily and monthly trade supervision

[...]

(4) An *Investment Dealer Member* must specifically designate the following *retail client* accounts for supervision purposes:

- (i) *non-client accounts*, except for the instances set out in section 2208,
- (ii) *discretionary accounts*,
- (iii) *managed accounts*,
- (iv) registered accounts, and
- (v) restricted accounts.

[...]

[...]