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RULE 1100 | INTERPRETATION

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1102. General interpretation

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(3) References to:

- (i) a Dealer Member include its employees and Approved Persons, if the context is appropriate,
- (ii) an Approved Person or an Incorporated Approved Person include the employees and shareholders of an Incorporated Approved Person, if the context is appropriate,
- (iii) a Dealer Member's board of directors include a Dealer Member's equivalent governance body for a Dealer Member that is not a corporation,
- (iv) a corporation, as a type of entity to which the Corporation requirements apply, includes unincorporated entities if the context is appropriate, and
- (v) provinces include all provinces and territories of Canada.

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1104. Electronic signatures

- (1) Subject to applicable laws, a Dealer Member may use an electronic or digital signature where a signature is required by Corporation requirements for an agreement, contract or transaction between a Dealer Member and its clients, Approved Persons, the Corporation, other Dealer Members or any other person unless specifically prohibited.

1105. Transitional provision

- (1) The Corporation is the corporation continuing from the amalgamation effective January 1, 2023 of the Investment Industry Regulatory Organization of Canada and the Mutual Fund Dealers Association of Canada and as a result, for greater certainty:

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- (iii) any individual that was an Approved Person under the Investment Industry Regulatory Organization of Canada requirements immediately prior to January 1, 2023 continues to be an Approved Person in respect of these Rules if that individual has not ceased to be approved by the Corporation, and



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RULE 1200 | DEFINITIONS

1201. Definitions

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

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“agent”	An <i>individual</i> who is subject to the principal and agent relationship requirements set out in Rule 2300.
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“Approved Person”	<p>A <i>person</i> approved by the <i>Corporation</i> under these Rules to carry out a function for a <i>Dealer Member</i>, namely, the following:</p> <p>(i) <i>individuals</i>:</p> <ul style="list-style-type: none"> (a) <i>Associate Portfolio Manager,</i> (b) <i>Chief Compliance Officer,</i> (c) <i>Chief Financial Officer,</i> (d) <i>Director,</i> (e) <i>Executive,</i> (f) <i>Investment Representative,</i> (g) <i>Portfolio Manager,</i> (h) <i>Registered Representative,</i> (i) <i>Supervisor,</i> (j) <i>Trader, or</i> (k) <i>Ultimate Designated Person,</i> <p>(ii) <i>non-individuals</i>:</p> <ul style="list-style-type: none"> (a) <i>Incorporated Approved Person.</i>
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“Corporation requirements”	Requirements set out within the <i>Corporation’s</i> articles, by-laws and rules, along with all other instruments prescribed or adopted within <i>Corporation’s</i> by-laws and rules, and <i>Corporation</i> rulings, except, for the purposes of these Rules, requirements applicable to <i>Mutual Fund Dealer Members</i> and their <i>Approved Persons</i> and <i>employees</i> are to be excluded.
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“employee”	An employee or <i>agent</i> of a <i>Dealer Member</i> .
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“Incorporated Approved Person”	A non-individual who is subject to the requirements set out in Rules 2300 and 2500 that are applicable where the activities an <i>agent</i> performs for the <i>Dealer Member</i> are conducted through a separate corporation that employs the <i>agent</i> .
“individual”	A natural person.

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“non-client accounts” or “non-client orders”	Accounts or orders in which the <i>Dealer Member</i> or an <i>Approved Person</i> has a direct or indirect interest other than the commission charged.
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“person”	An <i>individual</i> , a partnership, a corporation, a government or any of its departments or agencies, a trustee, an incorporated or unincorporated organization, an incorporated or unincorporated syndicate or an <i>individual’s</i> heirs, executors, administrators or other legal representatives.
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“qualified individual financial services advisor”	An <i>individual</i> who: (i) provides financial services in a <i>regulated Canadian financial services sector</i> , and (ii) has the necessary registration, approvals and proficiencies to provide these financial services in Canada.
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“records”	Books, records, audio and video recordings, client files and other documentation, including information electronically stored or records stored by any other means, related to the <i>Regulated Person’s</i> business.
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“regulated Canadian financial services sector”	A Canadian financial services sector that is subject to adequate regulatory oversight by a regulator or self-regulatory organization as determined at the discretion of the <i>Corporation</i> and as made available on Corporation’s website.
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“related person”	The same meaning as set out in the Income Tax Act (Canada).
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“Rules”	These Rules made pursuant to General By-law No.1 and any Forms prescribed thereunder.
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“securities laws”	Any laws about trading, distributing, advising or any other related activities in <i>securities</i> or <i>derivatives</i> in Canada enacted by the government of Canada or any province or territory in Canada and all regulations, rules, orders, judgments and other regulatory directions relating to such laws.
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"securities and derivatives related business"	Any business or activity (whether or not carried on for gain) engaged in, directly or indirectly, which constitutes trading or advising in <i>securities</i> or <i>derivatives</i> for the purposes of <i>securities laws</i> , including for greater certainty, offers and sales pursuant to exemptions under <i>securities laws</i> .
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"Supervisor"	An <i>individual</i> given responsibility and authority by a <i>Dealer Member</i> , and approved by the <i>Corporation</i> , to manage the activities of the <i>Dealer Member</i> or its <i>employees</i> or <i>Approved Persons</i> to provide reasonable assurance they comply with the <i>Corporation requirements</i> and <i>securities laws</i> .
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"trade name"	A name a <i>Dealer Member</i> or <i>Approved Person</i> uses to conduct business and includes a group name under which a <i>Dealer Member</i> and its <i>affiliates</i> conduct business.
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RULE 1300 | EXEMPTIVE POWERS OF THE CORPORATION

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1302. Exemptions from the Corporation requirements

- (1) The Board may exempt a *Dealer Member*, *Approved Person*, or *Regulated Person* from any of the *Corporation requirements* if satisfied that doing so would not be prejudicial to the interests of the public, *Dealer Members*, *Regulated Persons* or their clients.
- (2) The Board may exempt a group of *Dealer Members*, *Approved Persons*, or *Regulated Persons* from any of the *Corporation requirements* if satisfied that doing so would not be prejudicial to the interests of the public, *Dealer Members*, *Regulated Persons* or their clients.



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- (3) In granting an exemption under subsections 1302(1) or 1302(2), the *Board* may impose any terms or conditions that it considers necessary.

RULE 1400 | STANDARDS OF CONDUCT

1402. Standards of conduct

- (1) *A Regulated Person*:
 - (i) in the transaction of business must observe high standards of ethics and conduct and must act openly and fairly and in accordance with just and equitable principles of trade, and
 - (ii) must not engage in any business conduct that is unbecoming or detrimental to the public interest.
- (2) Without limiting the generality of the foregoing, any business conduct that:
 - (i) is negligent,
 - (ii) fails to comply with a legal, regulatory, contractual or other obligation, including the rules, requirements, and policies of a *Regulated Person*,
 - (iii) displays an unreasonable departure from standards that are expected to be observed by a *Regulated Person*, or
 - (iv) is likely to diminish investor confidence in the integrity of *securities* or *derivatives* markets,
 may be conduct that contravenes one or more of the standards set forth in subsection 1402(1).

1403. Applicability

- (1) For purposes of *Corporation requirements*:
 - (i) *Dealer Members* are responsible for all acts and omissions of their *employees*, *Approved Persons*, partners, *Directors* and *officers*, and
 - (ii) non-*Dealer Member* users and subscribers to a *Marketplace* for which the *Corporation* is the regulation services provider are responsible for all acts and omissions of their employees, partners, directors, and officers.
- (2) In addition to complying with all *Corporation requirements*:
 - (i) *Approved Persons* must avoid any act or omission that would cause their *Dealer Member* to violate any *Corporation requirements*, and



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1404. Policies and procedures

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- (2) A Dealer Member must establish, maintain and apply written policies and procedures that establish a system of controls and supervision sufficient to provide reasonable assurance the Dealer Member and its employees and Approved Persons comply with Corporation requirements and securities laws. A Dealer Member may establish more stringent policies and procedures than those needed to comply with such requirements.

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RULE 2200 | DEALER MEMBER ORGANIZATION

2201. Introduction

- (1) A Dealer Member must take reasonable care to organize and manage its business responsibly and effectively. A Dealer Member’s business must be organized to enable adequate supervision of all of its activities and cannot be organized to avoid Corporation requirements.
- (2) 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 – Non-securities or non-derivatives business and shared premises [sections 2215 and 2216]
 - Part B – Dealer Member Membership Changes [sections 2220 through 2228]
 - Part C – Notification Requirements [sections 2245 through 2248]
 - Part D – Branch Offices of Dealer Members [sections 2265 through 2268]
 - Part E – Trade Names and Disclosures



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[sections 2280 through 2285]

PART A – DEALER MEMBER STRUCTURE

PART A.1 - BUSINESS LOCATIONS

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PART A.2 - HOLDING COMPANIES, RELATED COMPANIES AND ORDER EXECUTION ONLY SERVICE PROVIDERS

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2206. Related companies

(1) *A Dealer Member, or an employee, Approved Person, or investor of a Dealer Member, must obtain Corporation approval before it sets up, or acquires any interest in, a related company or associate.*

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PART A.3 - NON-SECURITIES OR NON-DERIVATIVES BUSINESS AND SHARED PREMISES

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2216. Shared office premises

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(17) *At the shared office premises, a manager, assistant manager or credit officer of the financial services entity who has a high degree of knowledge about the client’s financial affairs may help the client to complete the account application, if:*

- (i) *no individual Approved Person is available,*

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PART B - DEALER MEMBER MEMBERSHIP CHANGES

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2227. Payment of Corporation fees

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(2) A resigning, suspended or terminated *Dealer Member* may make payment of its membership fees until the end of the fiscal quarter in which the following conditions have been met:

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(ii) the *Dealer Member* has no remaining *Approved Persons* other than shareholders, the *Ultimate Designated Person*, the *Chief Compliance Officer* and the *Chief Financial Officer*, and

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PART C - NOTIFICATION REQUIREMENTS

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PART D - BRANCH OFFICES OF DEALER MEMBERS

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PART E - TRADE NAMES AND DISCLOSURES



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2281. Trade names

- (1) If a *Dealer Member* carries on business under a *trade name*, the *trade name* must be owned by the *Dealer Member*, an *Approved Person* of the *Dealer Member* or an *affiliate* of the *Dealer Member*.
- (2) *Approved Persons* must not conduct any business under a *trade name* that is not owned by the *Dealer Member* or its *affiliate* without the *Dealer Member's* prior consent.
- (3) A *Dealer Member* or *Approved Person* must not use a *trade name* that any other *Dealer Member* uses unless:
 - (i) the *Dealer Members* are *related companies* or *affiliate companies*, or
 - (ii) the relationship with the other *Dealer Member* is that of *introducing broker* and *carrying broker*.
- (4) *Dealer Members* and *Approved Persons* must not use a *deceptive* or *misleading trade name*.

2282. Corporation notification

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- (2) The *Corporation* may prohibit a *Dealer Member* or *Approved Person* from using a *trade name* that is:
 - (i) contrary to sections 2281, 2282 or 2283,
 - (ii) contrary to the public interest, or
 - (iii) otherwise objectionable.

2283. Displaying the full legal name

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- (2) An *Approved Person* that uses a *trade name* different from that of the *Dealer Member* on materials used to communicate with the public must also include the *Dealer Member's* full legal name in size at least equal to that of the *Approved Persons' trade name*.

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2301. Introduction

- (1) Rule 2300 describes the requirements of relationships between *Dealer Members* and their *agents*.

2302. Permissible arrangements

- (1) An *individual* who conducts *securities and derivatives related business* on behalf of a *Dealer Member* must be an *employee* (which includes an *agent*) of the *Dealer Member*.
- (2) Where a *Dealer Member* plans to conduct *securities and derivatives related business* or other business through an *individual Approved Person agent*:
 - (i) under a principal and agent arrangement:
 - (a) the *Dealer Member* and the *Corporation* must enter into a written agreement that complies with the requirements set out in section 2303, and
 - (b) the *Dealer Member* and the *agent* must enter into a written agreement that complies with the requirements set out in section 2304.
 - (ii) from within a separate corporation as an *agent* of the *Dealer Member* under an incorporated agent arrangement:
 - (a) the *Dealer Member* and the *Corporation* must enter into a written agreement that complies with the requirements set out in section 2303, and
 - (b) the *Dealer Member*, the *agent* and the separate corporation must comply with the requirements set out in section 2305.

2303. Specific requirements involving the Dealer Member and the Corporation

- (1) Before engaging any *agents* to conduct *securities and derivatives related business* or other business on behalf of a *Dealer Member* under a principal and agent arrangement or under an incorporated agent arrangement, the *Dealer Member* must enter into a written agreement with the *Corporation*.
- (2) The written agreement required in subsection 2303(1) must contain terms describing the *Dealer Member's* responsibility:
 - (i) for the *agent's* conduct, including the *agent's* compliance with *Corporation requirements* and *securities laws*, and
 - (ii) to clients for the *agent's* acts and omissions relating to the *Dealer Member's* business.
- (3) The *Corporation* must be satisfied with the form of the written agreement to be executed to comply with subsection 2303(1).
- (4) The written agreement required in subsection 2303(1) must be in a form similar to the following:

“Agreement between the Dealer Member and the Corporation”

1. Recitals

- (i) As a *Dealer Member* of [Name of Corporation], the *Dealer Member* agrees it is subject to *Corporation* requirements.
- (ii) Section 2303 of the *Corporation Investment Dealer and Partially Consolidated Rules*, “Specific requirements involving the *Dealer Member* and the



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Corporation”, requires the Dealer Member to make this agreement with the Corporation.

- (iii) This agreement is in addition to and does not alter Corporation requirements or any other agreement between the Dealer Member and the Corporation.

2. Agreement with the Agent

- (i) The Dealer Member must enter into a written agreement with each of its agents as required by:
 - (a) section 2304 of the Corporation Investment Dealer and Partially Consolidated Rules, “Specific Dealer Member and agent requirements under a principal and agent arrangement”, and any successor rules relating to principal and agent arrangements, and
 - (b) section 2305 of the Corporation Investment Dealer and Partially Consolidated Rules, “Specific Dealer Member, agent and agent’s corporation requirements under an incorporated agent arrangement”, and any successor rules relating to incorporated agent arrangements.
- (ii) The agreement must require that the agent complies with all applicable laws and Corporation requirements.

3. Supervision of the Agent

The Dealer Member must treat each of its agents in the same manner as it would treat its employees with respect to:

- (i) administration of Corporation requirements,
- (ii) supervision of the agent under Corporation requirements, and
- (iii) ensuring its agents comply with all applicable laws and Corporation requirements.

4. Written Disclosure of Respective Responsibilities to Clients

The Dealer Member or the agent must disclose to clients at the time of opening an account:

- (i) the list of securities and derivatives related business conducted by the agent for which the Dealer Member is responsible, and
- (ii) that the Dealer Member is not responsible for any other business activity conducted by the agent.

5. Disclosure to Clients

The disclosure to clients must be made using the following language or similar language acceptable to the Corporation in the account application:

“If your investment advisor is an agent of [the Dealer Member name], [Dealer Member name] is irrevocably liable to you for any acts and omissions of your investment advisor and, if applicable, your investment advisor’s corporation with regard to [Dealer Member name] business. By continuing to deal with our firm, you accept our offer of indemnity.”



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6. Disclosure by Agent

Where the disclosure described in 4(i) and (ii) is made by the agent, the Dealer Member must ensure that the agent has made the disclosure directly to the clients.

7. Regulatory Authority of the Corporation

This contract confers on the Corporation non-exclusive authority to regulate and enforce the provisions set out in the:

- (a) Dealer Member and agent agreement required under section 2304 of the Corporation Investment Dealer and Partially Consolidated Rules, “Specific Dealer Member and agent requirements under a principal and agent arrangement”, and under any successor rules relating to principal and agent arrangements, and
- (b) Dealer Member, agent and agent’s corporation agreement required under section 2305 of the Corporation Investment Dealer and Partially Consolidated Rules, “Specific Dealer Member, agent and agent’s corporation requirements under an incorporated agent arrangement”, and under any successor rules relating to incorporated agent arrangements.

8. Governing Laws

This agreement is governed by the laws of [applicable province] and the laws of Canada.

9. Continuing Benefit

The agreement is for the benefit of and binding upon the parties and their successors and assigns. The Dealer Member may not assign the agreement without the Corporation’s prior written consent.

DATED as of the _____ day of _____, _____

[DEALER MEMBER]

[NAME AND TITLE OF SIGNING INDIVIDUAL]

_____”

2304. Specific Dealer Member and agent requirements under a principal and agent arrangement

- (1) The *Dealer Member* and the *agent* who conducts business on behalf of the *Dealer Member* under a principal and agent arrangement must enter into a written agreement.
- (2) The written agreement required in subsection 2304(1) must not contain any terms inconsistent with *Corporation requirements* or *securities laws*.
- (3) The *Corporation* must be satisfied with the form of the written agreement that is prepared to comply with the requirement in subsection 2304(1) before the *Dealer Member* finalizes the agreement with the *agent*.
- (4) The *Dealer Member* must certify to the *Corporation* that the written agreement complies with Rule 2300 and any other applicable *Corporation requirements* and *applicable laws*.
- (5) The *Corporation* may request that the *Dealer Member* obtain a legal opinion confirming subsection 2304(4).



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- (6) The written agreement must contain the following minimum terms:
- (i) **Compliance with the applicable laws**

The *agent* and the *Dealer Member* confirm that this agreement does not violate *applicable laws*.
 - (ii) **Confirmation of supremacy of Corporation requirements**

The *agent* and the *Dealer Member* confirm that:

 - (a) this agreement is made in compliance with *Corporation requirements*,
 - (b) if there is an inconsistency between this agreement and any applicable *Corporation requirements*, the *Corporation requirements* will prevail,
 - (c) any inconsistent terms will be deemed severed and deleted,
 - (d) the *Corporation* has the authority to regulate and enforce the provisions set out in this agreement, and
 - (e) this agreement will be interpreted and enforced to give full effect to any applicable *Corporation requirements*.
 - (iii) **Compliance by the agent with applicable laws, securities laws, and Corporation requirements**
 - (a) The *agent* warrants to the *Dealer Member* that it is appropriately registered or licensed, in good standing and in compliance with all *applicable laws, securities laws* and *Corporation requirements*.
 - (b) The *agent* covenants to comply with all *applicable laws, securities laws* and *Corporation requirements*.
 - (c) The *agent* agrees to be bound by and comply with the warranties and covenants above throughout the term of the agreement.
 - (iv) **Conduct of the agent's business**
 - (a) The *agent* agrees to conduct all *securities and derivatives related business* in the *Dealer Member's* name, subject to sections 2281 through 2283 relating to the use of trade names.
 - (b) The *agent* agrees to conduct all *securities and derivatives related business* through the *Dealer Member*.
 - (v) **Supervision of the agent by the Dealer Member**

The *Dealer Member* agrees to be:

 - (a) responsible for the supervision of the *agent's* conduct to provide reasonable assurance of the *agent's* compliance with *Corporation requirements* and the requirements of any other *securities regulatory authority* to which the *Dealer Member* is subject, and
 - (b) liable to clients (and other third parties) for the *agent's* conduct.
 - (vi) **Written disclosure to clients**

The *agent* will advise its clients directly:

 - (a) of the list of *securities and derivatives related business* activities conducted by the *agent* for which the *Dealer Member* and the *agent* are responsible, and



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- (b) that the *Dealer Member* is not responsible for any other business activity conducted by the *agent*.

The *Dealer Member* agrees to be responsible for ensuring that the *agent* has done so.

(vii) **Dealer Member assumes responsibility for clients**

- (a) In the event that:

- (I) the *Corporation* or another *securities regulatory authority* has advised the *Dealer Member* that it has started an investigation relating to allegations of misconduct by the *agent*, or
- (II) the *Dealer Member* has reasonable grounds to believe that the *agent* has contravened or may be contravening one or more *Corporation requirements* or *securities laws*,

the *Dealer Member* may immediately and without notice to the *agent*, assume responsibility for the client to the exclusion of the *agent*.

- (b) The *agent* may not have any dealings or communications with the client as long as the *Dealer Member* has assumed this responsibility.
- (c) The *Dealer Member* may designate another qualified *person* to provide services to the client, and that *person* may receive any *remuneration* that would have been paid to the *agent*.

(viii) **Outside activities**

- (a) The *agent* agrees not to conduct any outside activity without disclosing to and obtaining the written consent of the *Dealer Member*.
- (b) If the *agent* is involved in an outside activity, the *Dealer Member* agrees to monitor and enforce compliance with the terms of this agreement directly and not through another employer or principal of the *agent*.
- (c) The *agent* agrees to ensure that the outside activity will not interfere with the *Dealer Member* or the *Corporation* monitoring and enforcing compliance by the *agent* with this agreement or *Corporation requirements*.

(ix) **Access to premises**

The *agent* agrees to give the *Dealer Member* unrestricted access to the premises where the *agent* conducts *securities and derivatives related business* on the *Dealer Member's* behalf.

(x) **Records**

The *agent* agrees that the books and *records* kept by the *agent* for the *Dealer Member's* business:

- (a) will conform to *Corporation requirements*,
- (b) are the *Dealer Member's* property,
- (c) are available at all times for review by and delivery to the *Dealer Member*, and
- (d) shall be delivered to the *Dealer Member* on termination of the agreement.

(xi) **Insurance**



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The *Dealer Member* agrees to maintain financial institution bond and insurance policies that cover the *agent's* conduct relating to the *securities and derivatives related business* they conduct for the *Dealer Member*.

(xii) **Assignment of agreement**

The *agent* acknowledges that the *Dealer Member* has the right to assign to the *Corporation* any or all of the *Dealer Member's* rights to enforce the terms of this agreement that relate to *Corporation requirements*.

2305. Specific Dealer Member, agent and agent's corporation requirements under an incorporated agent arrangement

- (1) Where it is intended that business the *agent* conducts on behalf of the *Dealer Member* will be conducted through a separate corporation:
- (i) the corporation must be:
 - (a) incorporated under the laws of Canada or a province or territory of Canada,
 - (b) registered in the appropriate registration category in those provinces and territories in Canada in which it operates that require the corporation to be registered,
 - (c) exempt from registration in those other provinces and territories in Canada in which it operates, and
 - (d) approved by the *Corporation* as an *Incorporated Approved Person*.
 - (ii) the activities that may be carried out within the *Incorporated Approved Person*, in addition to those activities performed on the sponsoring *Dealer Member's* behalf, are limited to those activities that:
 - (a) are determined by the *Corporation* to be:
 - (I) ancillary to the activities performed within the *Incorporated Approved Person* on the sponsoring *Dealer Member's* behalf, or
 - (II) *regulated Canadian financial services sector* activities, provided the *agent*:
 - (A) is a *qualified individual financial services advisor* in those provinces and territories in Canada in which these activities are to be performed, and
 - (B) is not prohibited from engaging in these activities in any of the provinces or territories in Canada in which these activities are to be performed,
 - (b) are not contrary to *securities laws*, and
 - (c) do not bring the *securities* industry into disrepute, and
 - (d) have been approved in advance by the sponsoring *Dealer Member* to be carried out within the *Incorporated Approved Person* in accordance with the requirements set out in subsection 2555(1).
 - (iii) the *agent* sponsored by the *Dealer Member* must be:
 - (a) an *individual Approved Person*,
 - (b) approved in one or more of the following *individual Approved Person* categories:



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- (I) *Associate Portfolio Manager,*
 - (II) *Investment Representative,*
 - (III) *Portfolio Manager, or*
 - (IV) *Registered Representative,*
 - (c) a shareholder of the corporation, and
 - (d) the sole director on the corporation's board of directors.
 - (iv) subject to the additional applicable shareholder restrictions set out in clause 2305(1)(v):
 - (a) the *agent* sponsored by the *Dealer Member* must be the sole voting shareholder of the corporation, and
 - (b) the non-voting shareholders of the corporation are limited to:
 - (I) the *agent* sponsored by the *Dealer Member,* and
 - (II) *related persons* of the *agent* sponsored by the *Dealer Member.*
 - (v) voting and non-voting shareholders of the corporation and corporation employees must not include:
 - (a) an *individual Approved Person* who is sponsored by a different *Dealer Member* or who otherwise does not provide services from within the corporation, or
 - (b) any *person* who is sanctioned under:
 - (I) clauses 8210(1)(iv), 8210(1)(vi) or 8210(1)(vii), during the period of the sanction, or
 - (II) clause 8210(1)(ix),where the corporation engages in activities that are within the scope of the sanction.
 - (vi) a written agreement is entered into between the *Dealer Member,* the *Incorporated Approved Person* and the *agent* that is employed by or is a shareholder of the *Incorporated Approved Person.*
- (2) The written agreement required in clause 2305(1)(vi) must not contain any terms inconsistent with *Corporation requirements* or *securities laws.*
 - (3) The *Corporation* must be satisfied with the form of the written agreement that is prepared to comply with the requirement in clause 2305(1)(vi) before the *Dealer Member* finalizes the agreement with the *Incorporated Approved Person* and the *agent.*
 - (4) The *Dealer Member* must certify to the *Corporation* that the written agreement complies with Rule 2300 and any other applicable *Corporation requirements* and *applicable laws.*
 - (5) The *Corporation* may request that the *Dealer Member* obtain a legal opinion confirming subsection 2305(4).
 - (6) The written agreement required in clause 2305(1)(vi) must contain the following minimum terms:
 - (i) **Compliance with the applicable laws**

The *agent,* the *agent's* corporation and the *Dealer Member* confirm that this agreement does not violate *applicable laws.*
 - (ii) **Confirmation of supremacy of Corporation requirements**



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The *agent*, the *agent's* corporation and the *Dealer Member* confirm that:

- (a) this agreement is made in compliance with *Corporation requirements*,
- (b) if there is an inconsistency between this agreement and any applicable *Corporation requirements*, the *Corporation requirements* will prevail,
- (c) any inconsistent terms will be deemed severed and deleted,
- (d) the *Corporation* has the authority to regulate and enforce the provisions set out in this agreement, and
- (e) this agreement will be interpreted and enforced to give full effect to any applicable *Corporation requirements*.

(iii) **Compliance by the agent and the agent's corporation with applicable laws, securities laws, and Corporation requirements**

- (a) The *agent* warrants to the *Dealer Member* that it is appropriately registered or licensed, in good standing and in compliance with all *applicable laws, securities laws* and *Corporation requirements*.
- (b) The *agent's* corporation warrants to the *Dealer Member* that it is appropriately registered or licensed, in good standing and in compliance with all *applicable laws, securities laws* and *Corporation requirements*.
- (c) The *agent* and the *agent's* corporation each covenant to comply with all *applicable laws, securities laws* and *Corporation requirements*.
- (d) The *agent* and the *agent's* corporation each agree to be bound by and comply with the warranties and covenants above throughout the term of the agreement.

(iv) **Conduct of the agent's and the agent's corporation's business**

- (a) The *agent* and the *agent's* corporation agree to conduct all *securities and derivatives related business* in the *Dealer Member's* name, subject to sections 2281 through 2283 relating to the use of trade names.
- (b) The *agent* and the *agent's* corporation agree to conduct all *securities and derivatives related business* through the *Dealer Member*.

(v) **Supervision of the agent and the agent's corporation by the Dealer Member**

The *Dealer Member* agrees to be:

- (a) responsible for the supervision of the *agent's* and the *agent's* corporation's conduct to provide reasonable assurance of the *agent's* and the *agent's* corporation's compliance with *Corporation requirements* and the requirements of any other *securities regulatory authority* to which the *Dealer Member* is subject, and
- (b) liable to clients (and other third parties) for the *agent's* and the *agent's* corporation's conduct relating to activities performed on the *Dealer Member's* behalf.

(vi) **Written disclosure to clients**

The *agent* will advise the clients directly:



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- (a) of the list of *securities and derivatives related business* activities conducted by the *agent* and the *agent's* corporation for which the *Dealer Member*, the *agent* and the *agent's* corporation are responsible, and
- (b) that the *Dealer Member* is not responsible for any other business activity conducted by the *agent* and the *agent's* corporation.

The *Dealer Member* agrees to be responsible for ensuring that the *agent* has done so.

(vii) **Dealer Member assumes responsibility for clients**

- (a) In the event that:
 - (I) the *Corporation* or another *securities regulatory authority* has advised the *Dealer Member* that it has started an investigation relating to allegations of misconduct by the *agent* or the *agent's* corporation, or
 - (II) the *Dealer Member* has reasonable grounds to believe that the *agent* or the *agent's* corporation has contravened or may be contravening one or more *Corporation requirements* or *securities laws*,the *Dealer Member* may immediately and without notice to the *agent* or the *agent's* corporation, assume responsibility for the client to the exclusion of the *agent* and the *agent's* corporation.
- (b) The *agent* and the *agent's* corporation may not have any dealings or communications with the client as long as the *Dealer Member* has assumed this responsibility.
- (c) The *Dealer Member* may designate another qualified *person* to provide services to the client, and that *person* may receive any *remuneration* that would have been paid to the *agent* and the *agent's* corporation.

(viii) **Outside agent activities**

- (a) The *agent* agrees not to conduct any outside activity without disclosing to and obtaining the advance written consent of the *Dealer Member*.
- (b) If the *agent* is involved in an outside activity, the *Dealer Member* agrees to monitor and enforce compliance with the terms of this agreement directly and not through another employer or principal of the *agent*.
- (c) The *agent* agrees to ensure that the outside activity will not interfere with the *Dealer Member* or the *Corporation* monitoring and enforcing compliance by the *agent* and the *agent's* corporation with this agreement or *Corporation requirements*.

(ix) **Other agent activities within the agent's corporation**

- (a) The *agent* and the *agent's* corporation agree not to conduct any other activity that is not being performed on the behalf of the sponsoring *Dealer Member* without the *agent* disclosing to and obtaining the advance written consent of the *Dealer Member*.
- (b) If the *agent* is involved in another activity within the *agent's* corporation, the *Dealer Member* agrees to monitor and enforce compliance with the terms of this agreement directly and not through another employer or principal of the *agent* carrying out the proposed other activity.



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- (c) The *agent* and the *agent’s* corporation agree to ensure that the other activity will not interfere with the *Dealer Member* or the *Corporation* monitoring and enforcing compliance by the *agent* and the *agent’s* corporation with this agreement or *Corporation requirements*.
- (x) **Access to premises**
The *agent* and the *agent’s* corporation agree to give the *Dealer Member* unrestricted access to the premises where the *agent* and the *agent’s* corporation conduct *securities and derivatives related business* on the *Dealer Member’s* behalf.
- (xi) **Records**
The *agent* and the *agent’s* corporation agree that the books and *records* kept by the *agent* and the *agent’s* corporation for the *Dealer Member’s* business:
 - (a) will conform to *Corporation requirements*,
 - (b) are the *Dealer Member’s* property,
 - (c) are available at all times for review by and delivery to the *Dealer Member*, and
 - (d) shall be delivered to the *Dealer Member* on termination of the agreement.
- (xii) **Insurance**
The *Dealer Member* agrees to maintain financial institution bond and insurance policies that cover the *agent’s* and the *agent’s* corporation’s conduct relating to the *securities and derivatives related business* they conduct for the *Dealer Member*.
- (xiii) **Assignment of agreement**
The *agent* and the *agent’s* corporation acknowledge that the *Dealer Member* has the right to assign to the *Corporation* any or all of the *Dealer Member’s* rights to enforce the terms of this agreement that relate to *Corporation requirements*.

2306. – 2399. Reserved.

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

2501. Introduction

- (1) Rule 2500 sets out requirements for a *Dealer Member’s Approved Persons*.
- (2) Rule 2500 is divided into the following parts:
 - Part A – Dealer Member Directors and Executives
[sections 2502 through 2507]
 - Part B – Approval of individuals
[sections 2550 through 2556]
 - Part C – Approval of non-individuals
[sections 2560 through 2562]

PART A - DEALER MEMBER DIRECTORS AND EXECUTIVES



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PART B - APPROVAL OF INDIVIDUALS

2550. Introduction

- (1) Part B of Rule 2500 sets out the approval criteria for *individual Approved Persons*.

2551. Individual approval

- (1) An *individual* is not permitted to act as an *Approved Person* and a *Dealer Member* is not permitted to allow an *individual* to act as an *Approved Person* unless:
 - (i) the *Dealer Member* that is sponsoring the *individual* is registered (or exempt from such registration) in the appropriate category under *securities laws* in each jurisdiction in which clients of the *Dealer Member* reside or in which the *Dealer Member* carries on *securities and derivatives related business*,
. . .
 - (ii) the *individual* is approved by the *Corporation* in the appropriate *individual Approved Person* category, before the *individual* begins working in that role. In the case of a *Registered Representative* dealing in mutual funds only who is an *employee* of a firm registered as both an investment dealer and a mutual fund dealer, such approval will be automatic upon the *individual's* registration as a Mutual Fund Dealer - Dealing Representative.
 - (iii) the *individual* is approved by the *Corporation* in the appropriate *individual Approved Person* category, before the *individual* begins working in that role. In the case of a *Registered Representative* dealing in mutual funds only who is an *employee* of a firm registered as both an investment dealer and a mutual fund dealer, such approval will be automatic upon the *individual's* registration as a Mutual Fund Dealer - Dealing Representative.
- (2) Only a *Dealer Member's* director, partner, *officer* or *employee* can be an *individual Approved Person*.
- (3) A *Dealer Member* must ensure that each *individual Approved Person* at the *Dealer Member* complies with *Corporation requirements* applicable to their *Approved Person* category or categories.
- (4) All *individual Approved Persons* are subject to *Corporation* jurisdiction and must comply with *Corporation requirements*.
- (5) A *Dealer Member* must ensure that, when dealing with the public, its *individual Approved Persons* use titles and designations that accurately indicate:
 - (i) the type of business that they have been approved by the *Corporation* to conduct, and
 - (ii) the role that they carry out or has been approved by the *Corporation* to carry out.
- (6) If an *individual Approved Person* ceases to be approved, the former *individual Approved Person* must immediately cease any activity requiring *Corporation* approval.
- (7) Except as set out in subsection 2551(8), an *individual Approved Person* must not accept, nor allow an *associate* to accept, directly or indirectly, any *remuneration*, gratuity, benefit or other consideration from any *person* other than the *Dealer Member*, its *related*



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companies, or affiliates for any Dealer Member related activities carried out by the individual Approved Person.

- (8) Where an *individual Approved Person*:
 - (i) acts as an *agent* of the *Dealer Member* in compliance with the requirements set out in sections 2302 through 2304, and
 - (ii) conducts business on behalf of a sponsoring *Dealer Member* from within their corporation, in compliance with the requirements set out in sections 2302 through 2305,

any *remuneration*, gratuity, benefit or other consideration in respect of business conducted by the *individual Approved Person* on behalf of the sponsoring *Dealer Member* may be paid by the *Dealer Member* to the *individual Approved Person's* corporation.
- (9) Subsection 2551(8) does not apply in respect of any such *remuneration*, gratuity, benefit or other consideration derived from a client in provinces or territories in Canada that prohibit incorporated agent arrangements.

2552. Compliance with the proficiency requirements or other conditions

- (1) Each *individual Approved Person* must:
 - (i) meet the applicable pre-approval proficiency requirements set out in sections 2603 and 2605 before *Corporation* approval is granted, and
 - (ii) complete the applicable post-approval proficiency requirements set out in sections 2604 and 2605 after receiving *Corporation* approval.
- (2) The *Corporation* will automatically suspend an *individual Approved Person* if they do not complete the applicable post-approval proficiency requirements in the *Approved Person's* category as set out in clauses 2604(1)(i), 2604(2)(i), 2604(2)(ii), subsections 2605(1), 2605(2), or section 2630.
- (3) The *Corporation* will reinstate an *individual Approved Person* once they have completed the required post-approval proficiency requirements and the *Corporation* has been notified.
- (4) A *Dealer Member* must file a report specified by the *Corporation* on the conditions imposed on an *Approved Person* under Rule 8200 or Rule 9200 within 10 *business days* of the end of each month.

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

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- (3) A *Registered Representative*, *Investment Representative*, *Portfolio Manager* or *Associate Portfolio Manager* may not conduct on behalf of a *Dealer Member*, and a *Dealer Member* may not permit an *individual Approved Person* to conduct on its behalf, the type of



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business as set out in clause 2553(3)(iv) and deal with a type of customer as set out in clauses 2553(3)(i) and (ii), unless the *Dealer Member* complies with the following:

- (i) The *Dealer Member* must notify the *Corporation*, and seek the *Corporation'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 *Dealer Member* must notify the *Corporation* 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(3), and
 - (c) general *securities* business; including equities, fixed income and other investment products not listed above.

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2554. The Approved Person's activities outside of the Dealer Member

- (1) An *individual Approved Person* may engage in an activity outside of the *Dealer Member* if:
 - (i) the proposed outside activity is not contrary to *securities laws* or *Corporation requirements*,
 - (ii) the proposed outside activity does not bring the *securities* industry into disrepute.
 - (iii) they inform the *Dealer Member* in advance of the proposed outside activity,
 - (iv) they obtain the *Dealer Member's* prior approval to engage in the outside activity,
 - (v) the *Dealer Member's* policies and procedures specifically address:
 - (a) continuous service to clients, and
 - (b) reasonably foreseeable conflicts of interest,and,
 - (vi) the *Dealer Member* notifies the *Corporation* of the outside activity within the time period and manner required by National Instrument 33-109.



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- (2) An *individual* must not act, and a *Dealer Member* must not permit an *individual* to act, as a *Registered Representative, Investment Representative, Portfolio Manager, Associate Portfolio Manager or Trader* in a manner that is contrary to section 4.1 of National Instrument 31-103, unless an exemption is granted by the applicable *securities regulatory authority* and such similar exemption request is also filed with and approved by the *Corporation*.

2555. The individual Approved Person's other activities within an Incorporated Approved Person

- (1) An *individual Approved Person* may engage in other activities within an *Incorporated Approved Person* that are allowable under subsection 2305(1)(ii) if:
 - (i) they inform the *Dealer Member* in advance of the proposed activity,
 - (ii) they obtain the *Dealer Member's* prior approval to engage in the activity,
 - (iii) the *Dealer Member's* policies and procedures specifically address:
 - (a) continuous service to clients, and
 - (b) reasonably foreseeable conflicts of interest,and,
 - (iv) the *Dealer Member* notifies the *Corporation* of the activity within the time period and manner required by National Instrument 33-109.

2556. Approval of investors

- (1) Any investor who owns or holds a *beneficial ownership* interest in a *significant equity interest* in the *Dealer Member* or special warrants or other *securities* that are convertible into a *significant equity interest* in the *Dealer Member* must:
 - (i) be approved by the *Corporation*, and
 - (ii) if applicable, meet the proficiency requirements of subsections 2556(2) and 2556(3).
- (2) A *Dealer Member's Director* who, directly or indirectly, owns or controls a voting interest of a *Dealer Member* of 10% or more must satisfy the proficiency requirements of sub-clause 2603(1)(i)(j).
- (3) Any *individual*, other than a *Dealer Member's Director*, who:
 - (i) is *actively engaged in the business of the Dealer Member*, and
 - (ii) directly or indirectly owns or controls a voting interest in a *Dealer Member* of 10% or more,must satisfy the proficiency requirements of sub-clause 2603(1)(i)(j).

2557. – 2599. Reserved.

PART C - APPROVAL OF NON-INDIVIDUALS

2560. Introduction

- (1) Part C of Rule 2500 sets out the approval criteria for *Incorporated Approved Persons*.

2561. Incorporated Approved Person approval



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- (1) A non-individual is not permitted to act as an *Incorporated Approved Person* and a *Dealer Member* is not permitted to allow a non-individual to act as an *Incorporated Approved Person* unless:
 - (i) the *Dealer Member* that is sponsoring the non-individual is registered in the appropriate category under *securities laws* in each jurisdiction in which clients of the *Dealer Member* reside or in which the *Dealer Member* carries on *securities and derivatives related business*,
 - (ii) the non-individual, if required to do so under *securities laws*, is registered (or exempt from such registration) in the appropriate category under *securities laws* in each jurisdiction in which clients of the non-individual reside or in which the non-individual carries on *securities and derivatives related business*, and
 - (iii) the non-individual is approved by the *Corporation* in the *Incorporated Approved Person* category, before the non-individual begins work on the sponsoring *Dealer Member's* behalf.
- (2) Where the non-individual is wholly owned by an *individual Approved Person* sponsored by the same *Dealer Member*, such approval will be automatic upon the date the approval of the *individual* shareholder to act as an *Approved Person* in the appropriate *individual Approved Person* category or categories is completed.
- (3) Where the non-individual is partially owned by an *individual Approved Person* sponsored by the same *Dealer Member*, such approval will occur upon the later of:
 - (i) the date the approval of the *individual* shareholder to act as an *Approved Person* in the appropriate *individual Approved Person* category or categories is completed, and
 - (ii) the date all other *individual* shareholders are approved by the *Corporation*.
- (4) A *Dealer Member* must ensure that each non-individual *Approved Person* sponsored by the *Dealer Member* complies with *Corporation requirements* applicable to that non-individual's *Approved Person* category.
- (5) All non-individual *Approved Persons* are subject to *Corporation* jurisdiction and must comply with *Corporation requirements*.
- (6) A non-individual *Approved Person* must not accept, nor allow an *associate* to accept, directly or indirectly, any *remuneration*, gratuity, benefit or other consideration from any *person* other than their sponsoring *Dealer Member*, its *related companies*, or *affiliates* for any *activities* carried out by the non-individual *Approved Person* on the sponsoring *Dealer Member's* behalf.
- (7) If an *Incorporated Approved Person* ceases to be approved, the former *Incorporated Approved Person* must immediately cease any activity requiring *Corporation* approval.

RULE 2600 | PROFICIENCY REQUIREMENTS AND EXEMPTIONS FROM PROFICIENCIES

2601. Introduction



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- (1) Rule 2600 sets out the minimum proficiency requirements for *individuals* requiring *Corporation* approval. The requirements are designed to ensure that *Approved Persons* are qualified to perform their job functions competently in order to meet their regulatory obligations and that a *Dealer Member's* business is conducted with integrity.
- (2) Rule 2600 is divided into the following parts:
 - Part A – Proficiency requirements
[sections 2602 through 2605]
 - Part B – Exemptions from proficiency requirements
[sections 2625 through 2628]
 - Part C – Transition provisions
[sections 2629 and 2630]

PART A - PROFICIENCY REQUIREMENTS

2602. Proficiency requirements for Approved Persons and approved investors

- (1) An *individual Approved Person* must not perform an activity that requires approval unless they have satisfied the applicable proficiency requirements set out in Rule 2600 and have the education, experience and training that a reasonable person would consider necessary to perform the activity competently, including an understanding of the structure, features and risks of each *security, derivative* and *precious metals bullion* the *individual Approved Person* deals with, recommends or supervises.
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2603. Proficiency requirements prior to approval

- (1) Each applicant in an *individual Approved Person* category must meet the applicable proficiency requirements prescribed below before the *Corporation* will grant approval, unless an exemption has been granted from the applicable requirements:
 - (i) An applicant for approval, who is eligible to complete a prescribed exam, must at a minimum successfully complete the following before the *Corporation* will grant approval in the following categories:
 - (a) *Investment Representative* dealing with *securities*: Canadian Investment Regulatory Exam
 - (b) *Investment Representative* dealing with *derivatives*: Canadian Investment Regulatory Exam and Derivatives Exam,
 - (c) *Registered Representative* (retail) dealing with *securities*: Canadian Investment Regulatory Exam and Retail Securities Exam,
 - (d) *Registered Representative* (retail) dealing with *derivatives*: Canadian Investment Regulatory Exam and Retail Securities Exam and Derivatives Exam,
 - (e) *Registered Representative* (institutional) dealing with *securities*: Canadian Investment Regulatory Exam and Institutional Securities Exam,
 - (f) *Registered Representative* (institutional) dealing with *derivatives*: Canadian



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- Investment Regulatory Exam and Institutional Securities Exam and Derivatives Exam,
- (g) *Associate Portfolio Manager*: Level 1 of the Chartered Financial Analyst (CFA) program administered by the CFA Institute, or either the Canadian Investment Manager Designation or the Chartered Investment Manager Designation (CIM®) administered by CSI Global Education Inc., and
 - (I) If managing accounts with *derivatives*, the Derivatives Exam,
 - (h) *Portfolio Manager*: a CFA Charter administered by the CFA Institute, or either the Canadian Investment Manager Designation or the Chartered Investment Manager Designation (CIM®) administered by CSI Global Education Inc., and
 - (I) If managing accounts with *derivatives*, the Derivatives Exam,
 - (i) *Supervisor*: Supervisor Exam, and
 - (I) If supervising trading in, or accounts for those who trade in *securities, derivatives, or managed accounts*, the exam requirements applicable to the *individuals* being supervised listed in sub-clauses 2603(1)(i)(a) to (f), and (h) except:
 - (A) the Canadian Investment Regulatory Exam is not required if the *Supervisor* satisfies the experience requirements in sub-clause 2603(1)(ii)(d),
 - (j) *Director*, where required in section 2502: Director and Executive Exam,
 - (k) *Ultimate Designated Person* and *Executive* other than those in sub-clause 2603(1)(i)(l) or (m): Director and Executive Exam,
 - (l) *Chief Compliance Officer*: Chief Compliance Officer Exam,
 - (m) *Chief Financial Officer*: Chief Financial Officer Exam,
 - (n) *Trader*: Trader Exam in addition to any exam mandated by the applicable marketplace.
- (ii) An applicant for approval must have the following minimum education or experience before the *Corporation* will grant approval in the following categories:
- (a) *Registered Representative*: A relevant diploma or degree from an accredited post secondary institution, or minimum four years of relevant experience acceptable to the *Corporation*,
 - (b) *Associate Portfolio Manager*: Minimum two years of relevant investment management experience acceptable to the *Corporation* within three years prior to the date of application for approval,
 - (c) *Portfolio Manager*:
 - (I) If Canadian Investment Manager Designation or Chartered Investment Manager Designation (CIM®) is completed, at least four years of relevant investment management experience acceptable to the *Corporation*, of which one year was gained within the three years prior to the date of application for approval,
 - (II) If CFA Charter is completed, at least one year of relevant investment management experience acceptable to the *Corporation* within the three



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- years prior to the date of application for approval,
- (d) *Supervisor*: Minimum two years of relevant experience acceptable to the *Corporation*,
 - (e) *Ultimate Designated Person and Executive*: Minimum two years of relevant experience acceptable to the *Corporation*,
 - (f) *Chief Compliance Officer*:
 - (I) Five years working for an investment dealer or registered advisor, or affiliated Financial Industry Regulatory Authority (FINRA) dealer, with at least three years in a compliance or supervisory capacity, or
 - (II) Three years providing professional services in the *securities* industry, with at least 12 months experience working at an investment dealer or registered advisor in a compliance or supervisory capacity,
 - (g) *Chief Financial Officer*:
 - (I) A financial accounting designation, finance related university degree or diploma or equivalent work experience as may be acceptable to the *Corporation*.

2604. Post-approval proficiency requirements

(1) Dealer Member training

- (i) A *Dealer Member* must, as prescribed by the *Corporation*, provide training to its *Registered Representatives* and *Investment Representatives* within 90 days after approval considering the type of client and product the *individual Approved Person* will be dealing with, and
 - (a) The *Dealer Member* must notify the *Corporation* of completion of the training within 90 days after approval.
- (ii) A *Dealer Member* who sponsors an *individual Approved Person* must ensure that they have 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 *individual 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 *individual Approved Persons* on compliance with *Corporation 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 *individual 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 the *Corporation* on request to demonstrate compliance with the proficiency principle.

(2) Conduct training



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- (i) Each *individual Approved Person* must complete the conduct training prescribed by the *Corporation* within 30 days after approval, and
 - (a) The *Dealer Member* must notify the *Corporation* of completion of the training within 30 days after approval.
- (ii) Each *individual Approved Person* not captured by clause 2604(2)(i), approved as of the date of these Rules, must complete the conduct training prescribed by the *Corporation* by no later than December 31, 2026, and
 - (a) The *Dealer Member* must notify the *Corporation* of completion of the training by no later than December 31, 2026.

2605. Mutual funds only Registered Representatives and Investment Representatives

- (1) An *individual* applicant for approval, or an *individual* approved as a *Registered Representative* dealing only in mutual funds who is an *employee* of a firm registered as an investment dealer and not registered as a mutual fund dealer must:
 - (i) Complete any of the following prior to approval:
 - (a) Requirements in sub-clause 2603(1)(i)(c),
 - (b) The Canadian Securities Course administered by CSI Global Education Inc.,
 - (c) Canadian Investment Funds Course administered by the IFSE Institute, or
 - (d) Investment Funds in Canada Course administered by CSI Global Education Inc.
 - (ii) Complete the requirements in sub-clause 2603(1)(i)(c) and clause 2604(2)(i) within 270 days of approval.
 - (iii) Complete the training requirement in clause 2604(1)(i) within 18 months after initial approval date, notwithstanding the timeline set out in clause 2604(1)(i).
 - (iv) Upgrade within 18 months of initial approval.
- (2) An *individual* applicant for approval or an *individual* approved as an *Investment Representative* dealing only in mutual funds who is an *employee* of a firm registered as an investment dealer and not registered as a mutual fund dealer must:
 - (i) Complete any of the following prior to approval:
 - (a) Requirements in sub-clause 2603(1)(i)(a),
 - (b) The Canadian Securities Course administered by CSI Global Education Inc.,
 - (c) Canadian Investment Funds Course administered by the IFSE Institute, or
 - (d) Investment Funds in Canada Course administered by CSI Global Education Inc.
 - (ii) Complete the requirements in sub-clause 2603(1)(i)(a) and clause 2604(2)(i) within 270 days of approval.
 - (iii) Complete the training requirement in clause 2604(1)(i) within 18 months after initial approval date, notwithstanding the timeline set out in clause 2604(1)(i).
 - (iv) Upgrade within 18 months of initial approval.
- (3) An *individual* applicant for approval, or an *individual* approved as a *Registered Representative* dealing only in mutual funds who is an *employee* of a firm registered as both an investment dealer and a mutual fund dealer must:
 - (i) Complete any of the following prior to approval:
 - (a) The Canadian Securities Course administered by CSI Global Education Inc.,



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- (b) Canadian Investment Funds Course administered by the IFSE Institute, or
- (c) Investment Funds in Canada Course administered by CSI Global Education Inc.
- (ii) Complete the training requirement in clause 2604(1)(i) within 90 days after initial approval date.
- (4) An *individual* 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*:
 - (i) was permitted to trade in exchange-traded funds within the 90 days prior to these Rules coming into effect, or
 - (ii) complies with the relevant proficiency requirements in subsections 2605(1), 2605(2) or 2605(3), and has successfully completed one of the following within the timeline prescribed in subsection 2628(1):
 - (a) the ETFs for Mutual Fund Representatives course administered by CSI Global Education Inc., or
 - (b) the Exchange-Traded Funds Course administered by the IFSE Institute, or
 - (c) the Exchange Traded Funds for Representatives of Mutual Fund Dealers course administered by the Smarten Up Institute.
- (5) The following terms have the meaning set out below when used in subsection 2605(6):

“alternative mutual fund”	The same meaning as the definition in National Instrument 81-102, <i>Investment Funds</i> .
“bridge course”	Either: <ul style="list-style-type: none"> (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.

- (6) An *individual* 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*:
 - (i) was permitted to trade in alternative mutual funds within the 90 days prior to these Rules coming into effect, or
 - (ii) complies with the relevant proficiency requirements in subsections 2605(1), 2605(2) or 2605(3), and has successfully completed one of the following within the timeline prescribed in subsection 2628(1):
 - (a) the *bridge course*,
 - (b) the Derivatives Fundamentals Course administered by CSI Global Education Inc.,
 - (c) the Canadian Securities Course administered by CSI Global Education Inc., or
 - (d) 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*.



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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, including those in subsection 2605(4) is exempt from the pre-approval exam requirements in clause 2603(1)(i) provided the *individual*:
 - (i) was designated by a member of the Mutual Fund Dealers Association of Canada as a branch manager, within 90 days prior to these Rules coming into effect, or
 - (ii) has successfully completed the following within the timelines prescribed in subsection 2628(1):
 - (a) instead of the applicable requirements described in paragraph 2603(1)(i)(i)(I), either the:
 - (I) Canadian Investment Funds Course administered by the IFSE Institute, or
 - (II) Investment Funds in Canada Course administered by CSI Global Education Inc.
 - (b) instead of the Supervisor Exam, either the:
 - (I) Mutual Fund Branch Managers' Examination Course administered by the IFSE Institute, or
 - (II) Branch Compliance Officers Course administered by CSI Global Education Inc.
- (2) Any *individuals* approved prior to December 31, 2025, are exempt from any new proficiency requirements, other than the requirements in subsection 2604(2), introduced as of January 1, 2026, in Rule 2600, provided the *Approved Person* continues in the same role.
 - (i) Notwithstanding subsection 2625(2), an applicant for approval is not required to complete the Canadian Investment Regulatory Exam prescribed in subsection 2603(1) if the *individual* has minimum two years of prior experience in the same *Approved Person* category within three years prior to the date of application for approval and satisfies other prescribed requirements under sections 2603 and 2604 for their category of approval.
- (3) Any *Approved Person* who would be required to complete the Derivatives Exam under Rule 2600 pursuant to subsection 2603(1), and who is exempt from such requirement pursuant to subsection 2625(2), may only deal in, as applicable, legacy options or futures contract, futures contract options, and must ensure that the scope of their permitted activities are clear in all their communication and in all their dealings.

2626. General and discretionary exemptions

- (1) The *Corporation* may exempt any *person* or class of *persons* from any proficiency requirement, in whole or in part, if the applicant demonstrates acceptable alternative experience, and/or successful completion of alternative courses or examinations to the *Corporation*.
- (2) This exemption may be subject to any terms and conditions the *Corporation* considers appropriate.



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- (3) The applicant must pay any fees prescribed by the *Board* for this exemption.

2627. Exemptions from completing the required exams

- (1) An *individual* applicant for approval is exempt from writing the Canadian Investment Regulatory Exam if they satisfy the following:
 - (i) previously registered with FINRA in a similar capacity within three years prior to the date of application for approval, and have completed the applicable FINRA requirements for that registration category.
- (2) An *individual* applicant for approval is exempt from writing the Derivatives Exam if they satisfy the following:
 - (i) previously registered and dealing in options and futures with FINRA and the National Futures Association (NFA) within three years prior to the date of application for approval, and
 - (ii) completed the Series 3 and Series 7 exams offered by FINRA.
- (3) An *individual* applicant for approval is exempt from writing the Canadian Investment Regulatory Exam and the Retail Securities Exam and Institutional Securities Exam if the applicant has satisfied the requirements in sub-clauses 2603(1)(i)(g) or (h) applicable to *Associate Portfolio Managers* or *Portfolio Managers* respectively.

2628. Exam validity

- (1) An *individual* is deemed to have successfully completed an exam if:
 - (i) the *individual* successfully completed the prescribed exam within three years prior to the date of application for approval,
 - (ii) the *individual* who successfully completed the prescribed exam was previously approved in the same *Approved Person* category, or another category which required the same exam, within three years prior to the date of application for approval, or
 - (iii) the *individual* who successfully completed the prescribed exam gained one year of relevant *securities* industry experience, acceptable to the *Corporation*, within three years prior to the date of application for approval.
- (2) For the purposes of determining exam validity, an *individual Approved Person* is not considered to have been approved during any period in which the *Approved Person's* approval was suspended or the *individual* was otherwise not conducting any activities requiring *Corporation* approval on behalf of the *Dealer Member*.
- (3) The validity periods do not apply to the Canadian Investment Manager Designation, the Chartered Investment Manager Designation (CIM®) and the CFA Charter provided the holders of these designations continue to have the right to use the designation and the designation has not been revoked or otherwise restricted.

PART C – TRANSITION PROVISIONS

2629. Transition from courses prescribed prior to January 1, 2026

- (1) An *individual* is exempt from the requirements in section 2603 if all of the following apply:
 - (i) the *individual* enrolls in a course offered by CSI Global Education Inc. prescribed under the rules prior to January 1, 2026,



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- (ii) the *individual* successfully completes the course and its exam prior to January 1, 2027,
 - (iii) the *individual* would satisfy the proficiency requirements applicable to the same approval category prior to January 1, 2026, upon completion of the course completed in clause (ii), and
 - (iv) the sponsoring *Dealer Member* submits an application for approval for the *individual*, prior to January 1, 2027.
- (2) If an *individual* is required to complete the Wealth Management Essentials (WME) course as of December 31, 2025, the *individual* may complete either of the following:
- (i) WME by earlier of December 31, 2026, or the required completion date prescribed under the rules that were in effect prior to January 1, 2026, or
 - (ii) Retail Securities Exam by the required completion date prescribed under the rules that were in effect prior to January 1, 2026.

2630. Transition of Advising Representatives and Associate Advising Representatives into the Portfolio Manager and Associate Portfolio Manager approval category

- (1) An *individual* registered as an advising representative or associate advising representative by a *securities regulatory authority* within the 90 days prior to the date of application as a *Portfolio Manager* or *Associate Portfolio Manager* has 90 days after the date of approval by the *Corporation* to complete the conduct training in clause 2604(2)(i), and
- (i) The *Dealer Member* must notify the *Corporation* of completion of the training within 90 days after approval.

2631. – 2699. Reserved.

RULE 2700 | CONTINUING EDUCATION REQUIREMENTS FOR APPROVED PERSONS

2701. Introduction

- (1) The *Corporation* requires *Approved Persons* to meet continuing education requirements to enhance and further develop their baseline licensing proficiencies.
- (2) Rule 2700 is divided into the following parts:
- Part A – The continuing education program and continuing education requirements [sections 2703 and 2704]
 - Part B – Continuing education program courses and administration [sections 2715 through 2717]
 - Part C – Participation in the continuing education program [sections 2725 and 2726]
 - Part D – Changes during a continuing education program cycle [section 2735]
 - Part E – Discretionary relief [section 2745]
 - Part F – Penalties applicable to the continuing education requirements for *Approved Persons*



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[section 2755]

2702. Definitions

- (1) The following terms have the meaning set out below when used in sections 2703 through 2799:

“continuing education course”	A single, integrated course or series of relevant courses, seminars, programs or presentations that together meet the time and content requirements for continuing education set out in Rule 2700.
“continuing education participant”	An <i>individual Approved Person</i> approved in one or more of the categories set out in subsection 2704(1).
“continuing education program”	The <i>Corporation’s</i> continuing education program, consisting of compliance and professional development requirements.

PART A - THE CONTINUING EDUCATION PROGRAM AND CONTINUING EDUCATION REQUIREMENTS

2704. Continuing education requirements

- (1) In each *continuing education program* cycle, a *continuing education participant* must meet the continuing education requirements for the applicable *Approved Person* category, regardless of product type, as set out in the following table.

Individual Approved Person Category	Client Type	Compliance course requirement	Professional development course requirement
<i>Registered Representative</i>	<i>retail client</i>	Yes	Yes
<i>Registered Representative</i>	<i>institutional client</i>	Yes	No
<i>Investment Representative</i>	<i>retail client or institutional client</i>	Yes	No
<i>Portfolio Manager</i>	<i>retail client or institutional client</i>	Yes	Yes
<i>Associate Portfolio Manager</i>	<i>retail client or institutional client</i>	Yes	Yes
<i>Trader</i>	N/A	Yes	No
<i>Supervisor</i>	<i>retail client or institutional client</i>	Yes	No
<i>Ultimate Designated Person</i>	N/A	Yes	No



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Individual Approved Person Category	Client Type	Compliance course requirement	Professional development course requirement
Chief Compliance Officer	N/A	Yes	No

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- (3) A *continuing education participant* registered in more than one *individual Approved Person* category must meet the continuing education requirements of the category with the most onerous continuing education requirements.

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PART B – CONTINUING EDUCATION PROGRAM COURSES AND ADMINISTRATION

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PART C – PARTICIPATION IN THE CONTINUING EDUCATION PROGRAM

2725. Participation of recently approved individual Approved Persons

- (1) An *individual* enters the *continuing education program* cycle upon initial approval in an *Approved Person* category listed in subsection 2704(1).
- (2) Notwithstanding subsection 2725(1), an *individual* that receives approval in an *individual Approved Person* category listed in subsection 2704(1) during the last six months of the current *continuing education program* cycle will become subject to the applicable continuing education requirements starting at the beginning of the next *continuing education program* cycle.

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PART D – CHANGES DURING A CONTINUING EDUCATION PROGRAM CYCLE

2735. Changes to individual Approved Person’s category during a continuing education program cycle

- (1) A *continuing education participant* who changes their *individual Approved Person* category during a *continuing education program* cycle must complete the continuing education



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requirements applicable to the new *individual Approved Person* category in the same *continuing education program cycle*.

- (2) Notwithstanding subsection 2735(1), a *continuing education participant* who changes their *individual Approved Person* category during the last six months of the current *continuing education program cycle*, becomes subject to the applicable continuing education requirements of the new *individual Approved Person* category at the beginning of the next *continuing education program cycle*.
- (3) A *continuing education participant* may not change to an *individual Approved Person* category with less onerous continuing education requirements to avoid completing the more onerous continuing education requirements of a former *individual Approved Person* category, or penalties for non-completion of continuing education requirements. Any change to the *individual Approved Person* category during the last six months of the *continuing education program cycle* which results in less onerous continuing education requirements must be accompanied by an explanation from the sponsoring *Dealer Member* to satisfy the *Corporation* that the category change is not an avoidance measure.

PART E – DISCRETIONARY RELIEF

2745. Discretionary Relief

- (3) A *continuing education participant* who is granted an exemption under subsection 2745(2) and returns to the industry after an absence of:
 - (i) three years or less must have the *Corporation* determine the continuing education requirements before they resume any activity that needs approval, or
 - (ii) more than three years must meet the applicable proficiency and registration requirements for their *individual Approved Person* category.

PART F - PENALTIES APPLICABLE TO THE CONTINUING EDUCATION REQUIREMENTS FOR INDIVIDUAL APPROVED PERSONS

RULE 2800 | THE NATIONAL REGISTRATION DATABASE

2801. Introduction



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- (1) A *Dealer Member* must participate in the *National Registration Database* (defined in subsection 2802(1)).
- (2) A *Dealer Member* must ensure timely and accurate filings on the *National Registration Database*.

2802. Definitions

- (1) The following terms have the meaning set out below when used in sections 2803 through 2808:

“authorized firm representative”	For a <i>Dealer Member</i> , an <i>individual</i> with their own <i>National Registration Database</i> user identification and who is authorized by the <i>Dealer Member</i> to submit information in <i>National Registration Database</i> format for that <i>Dealer Member</i> and <i>individual</i> applicants with respect to whom the <i>Dealer Member</i> is the sponsoring <i>Dealer Member</i> .
“chief authorized firm representative”	For a <i>Dealer Member</i> filer, an <i>individual</i> who is an <i>authorized firm representative</i> and has accepted an appointment as a <i>chief authorized firm representative</i> by the <i>Dealer Member</i> .
“National Registration Database”	The online electronic database of registration and approval information regarding <i>Dealer Members</i> , their registered or <i>Approved Persons</i> and other firms and <i>individuals</i> registered under <i>securities laws</i> , and includes the computer system providing for the transmission, receipt, review and dissemination of that registration information by electronic means including, any successor database.
“National Registration Database account”	An account with a member of the Canadian Payments Association from which fees may be paid with respect to <i>National Registration Database</i> by electronic pre-authorized debit.
“National Registration Database Administrator”	The Alberta Securities Commission or a successor appointed by the <i>securities regulatory authorities</i> to operate the <i>National Registration Database</i> .
“National Registration Database format”	The electronic format for submitting information through the <i>National Registration Database website</i> .
“National Registration Database submission”	The information that is submitted under <i>securities laws</i> , <i>securities</i> directions or under Rule 2800, in the <i>National Registration Database</i> format, or the act of submitting information under <i>securities laws</i> , <i>securities</i> directions or under Rule 2800, in the <i>National Registration Database</i> format, as the context requires.
“National Registration Database website”	The website operated by the <i>National Registration Database Administrator</i> for the <i>National Registration Database submissions</i> .

2803. Dealer Member obligations for the National Registration Database



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- (2) The following list describes the submission requirements as prescribed by *securities laws*.
- (i) A *Dealer Member* must make the following submissions using the *National Registration Database* on the *National Registration Database* form specified, within the time period prescribed by National Instrument 33-109.

Type of submission	Form
(a) an application for approval of an <i>individual</i> under any <i>Corporation</i> requirement	Form 33-109F4 - Registration of Individuals and Review of Permitted Individuals
(b) a notification of any change in the type of business which an <i>Approved Person</i> will conduct	Form 33-109F2 - Change or Surrender of Individual Categories
(c) (I) an application for different or additional approval under <i>Corporation</i> requirements for any <i>Approved Person</i> , (II) a surrender of existing approval	Form 33-109F2 - Change or Surrender of Individual Categories
(d) a report of a change of information regarding an <i>Approved Person</i> previously submitted in Form 33-109F4	Form 33-109F5 - Change of Registration Information
(e) an application for an exemption from a proficiency requirement in sections 2603, 2604 or 2605, as applicable, for an <i>Approved Person</i> or applicant for approval	"Apply for an Exemption" submission on the <i>National Registration Database</i>
(f) a notification by a <i>Dealer Member</i> of the end of an <i>individual's Approved Person</i> status	Form 33-109F1 - Notice of End of Individual Registration or Permitted Individual Status
(g) a notification of a <i>business location</i> opening or closing under section 2202	Form 33- 109F3 - Business locations other than head office
(h) a notification of change of address, type of location or supervision of any <i>business location</i>	Form 33-109F3 - Business locations other than head office
(i) notification of reinstatement of an <i>individual's</i> approval.	Form 33-109F7 - Reinstatement of Registered Individuals and Permitted Individuals (see section 2808 for eligible criteria before making this filing).

- (ii) Before filing a notice of change of business type under sub-clause 2803(2)(i)(b) above, a *Dealer Member* must notify the *Corporation* through the *National Registration Database* that either:
- (a) the *Approved Person* has completed the necessary proficiency requirements under sections 2603, 2604 or 2605, as applicable, to undertake the type of business, or



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- (b) the *Approved Person* has been granted an exemption from the proficiency requirements under sections 2625 through 2628.

2805. Due diligence and record keeping

- (2) A *Dealer Member* must keep all documents used to meet its obligation under subsection 2805(1) for seven years after the *individual* ceases to be an *Approved Person* of the *Dealer Member*, or in any case when an *individual* who applied for approval was refused or withdrawn.

2806. Fees

- (3) A *Dealer Member* making an application for a proficiency exemption, for an *Approved Person* or applicant for approval, will be liable for and pay the *Corporation* an exemption request fee as prescribed from time to time by the *Board*.

2807. Cessation of Approved Person status

- (1) A *Dealer Member* must notify the *Corporation* of the cessation of an individual's status as an *Approved Person*, within the time period and the manner prescribed in National Instrument 33-109.
- (2) Approval of an *individual* will end if:
 - (i) the *individual* ceases to be an *Approved Person* sponsored a *Dealer Member*, or
 - (ii) the relevant approved:
 - (a) principal and agent arrangement with the *Dealer Member* is terminated, or
 - (b) incorporated agent arrangement with the *Dealer Member* is terminated.
- (3) A *Dealer Member* must upon receiving a request from an *individual* that was its former *Approved Person*, provide to the *individual* a copy of the Form 33-109F1 that the *Dealer Member* submitted under subsection 2807(1) in respect of that *individual*, within the time period prescribed by National Instrument 33-109.



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2808. Reinstatement of Approved Persons

- (1) An individual may be reinstated in the same *Approved Person* category or categories by submitting a completed Form 33-109F7, provided the conditions in Form 33-109F7 and National Instrument 33-109 are satisfied.

RULE 3100 | DEALING WITH CLIENTS

3101. Introduction

- (1) Rule 3100 sets out a *Dealer Member's* obligations with respect to their dealings with their clients. The requirements are intended to underpin the *Corporation's* objectives of maintaining investor confidence in *securities* markets and reinforcing a *Dealer Member's* responsibility to observe high standards of ethics and conduct in their dealings with clients.
- (2) Rule 3100 is divided into the following parts:
 - Part A – Business Conduct
[section 3102]
 - Part B – Conflicts of interest
[sections 3110 through 3118]
 - Part C – Best execution of client orders
[sections 3119 through 3129]
 - Part D – Client identifiers
[section 3140]

PART A – BUSINESS CONDUCT

PART B – CONFLICTS OF INTEREST

3110. Responsibility to identify conflicts of interest

- (1) A *Dealer Member* must take reasonable steps to identify existing material conflicts of interest, and material conflicts of interest that are reasonably foreseeable:
 - (i) between the *Dealer Member* and the client, and
 - (ii) between each *person* acting on the *Dealer Member's* behalf and the client.
- (2) An *Approved Person* must take reasonable steps to identify existing material conflicts of interest, and material conflicts of interest that are reasonably foreseeable, between the *Approved Person* and the client.
- (3) If an *Approved Person* identifies a material conflict of interest under subsection 3110(2), the *Approved Person* must promptly report that conflict of interest to the *Dealer Member*.

3111. Approved Person responsibility to address conflicts of interest



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- (1) An *Approved Person* must address all material conflicts of interest between the client and the *Approved Person* in the best interest of the client.
- (2) An *Approved Person* must avoid any material conflict of interest between the client and the *Approved Person* if the conflict is not, or cannot be, otherwise addressed in the best interest of the client.
- (3) An *Approved Person* must not engage in any trading or advising activity in connection with a material conflict of interest identified by the *Approved Person* under subsection 3110(2) unless,
 - (i) the conflict has been addressed in the best interest of the client, and
 - (ii) the *Dealer Member* has given the *Approved Person* its consent to proceed with the activity.

3112. Dealer Member responsibility to address conflicts of interest

- (1) A *Dealer Member* must address all material conflicts of interest between the *Dealer Member* and the client, including each *person* acting on its behalf, in the best interest of the client.
- (2) A *Dealer Member* must avoid any material conflict of interest between the client and the *Dealer Member*, including each *person* acting on its behalf, if the conflict is not, or cannot be, otherwise addressed in the best interest of the client.
- (3) A *Dealer Member* must adequately supervise how all material conflicts of interest between the client and the *Approved Person* are addressed by its *Approved Persons* pursuant to section 3111.

3113. Responsibility to disclose conflicts of interest

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- (3) For greater certainty, a *Dealer Member* and an *Approved Person* do not satisfy subsections 3111(1) or 3112(1) solely by providing disclosure to the client.
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3115. Personal financial dealings

- (1) An *employee* or *Approved Person* of a *Dealer Member* or an *employee* or *shareholder* of an *Incorporated Approved Person* it sponsors must not, directly or indirectly, engage in any personal financial dealings with clients.
- (2) Personal financial dealings include, but are not limited to, the following types of dealings:
 - (i) Accepting any consideration
 - (a) Except as permitted in Rules 2300 and 2500 and in paragraphs 3115(2)(i)(a)(I) and 3115(2)(i)(a)(II), accepting any consideration, including *remuneration*, *gratuity* or *benefit*, from any *person* other than the *Dealer Member* for any activities conducted on behalf of a client.



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- (I) Consideration that is non-monetary, of minimal value, and infrequent such that it will not cause a reasonable person to question whether it created a conflict of interest or otherwise improperly influenced the *Dealer Member* or its *employees* or its *Approved Persons* or employees or shareholders of its *Incorporated Approved Persons* would not be considered to be consideration for the purposes of sub-clause 3115(2)(i)(a).
- (II) Compensation received from a client in exchange for services provided through an approved outside activity would not be considered to be consideration for the purpose of sub-clause 3115(2)(i)(a).
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- (iii) Borrowing from clients
 - (a) Borrowing money or receiving a *guarantee* in relation to borrowing money, *securities* or any other assets from a client, unless:
 - (I) the client is a financial institution whose business includes lending money to the public and the borrowing is in the normal course of the institution's business, or
 - (II) the client is a *related person* and the transaction is addressed in accordance with the *Dealer Member's* policies and procedures, and
 - (III) in the case of *Associate Portfolio Managers, Portfolio Managers, Investment Representatives* and *Registered Representatives*, the arrangement set out in paragraph 3115(2)(iii)(a)(II) is disclosed to and approved in writing by the *Dealer Member*, prior to the transaction.
- (iv) Lending to clients
 - (a) Lending money, or providing a *guarantee* in relation to a loan of money, *securities* or any other assets to a client, unless:
 - (I) the client is a *related person* and the transaction complies with the *Dealer Member's* policies and procedures, and
 - (II) in the case of *Associate Portfolio Managers, Portfolio Managers, Investment Representatives* and *Registered Representatives*, the arrangement set out in paragraph 3115(2)(iv)(a)(I) is disclosed to and approved in writing by the *Dealer Member*, prior to the transaction.
- (v) Control or authority
 - (a) Acting as a Power of Attorney, trustee, executor, or otherwise having full or partial control or authority over the financial affairs of a client, unless:
 - (I) the client is a *related person* and the existence of such control is addressed in accordance with the *Dealer Member's* policies and procedures, and



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(II) in the case of *Associate Portfolio Managers, Portfolio Managers, Investment Representatives and Registered Representatives*, the arrangement in paragraph 3115(2)(v)(a)(I) is disclosed to and approved in writing by the *Dealer Member*, prior to entering into the arrangement.

(b) In the case of *discretionary accounts and managed accounts*, paragraph 3115(2)(v)(a)(I) does not apply to the extent that the control or authority is solely exercised consistent with the terms of the *discretionary account agreement* or the *managed account agreement*, and with *Corporation requirements* for such accounts.

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3116. Offering gratuity

(1) A *Dealer Member* or any *employee, Approved Person* or shareholder of a *Dealer Member* must not give, offer, or agree to give or offer, directly or indirectly, a gratuity, advantage, benefit or any other consideration, in relation to any business of the client with the *Dealer Member*, to any partner, director, officer, employee, agent or shareholder of a client or any *associate* of such *persons*.

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3117. Mutual fund sales incentives

(2) A *Dealer Member, related company, partner, employee or Approved Person* sponsored by a *Dealer Member or related company* must not, directly or indirectly, accept or pay any non-cash sales incentive in connection with the sale or distribution of mutual fund products.

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PART C – BEST EXECUTION OF CLIENT ORDERS AND TRANSACTIONS

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PART D: CLIENT IDENTIFIERS

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RULE 3200 | KNOW-YOUR-CLIENT AND CLIENT ACCOUNTS

3201. Introduction

- (1) Rule 3200 sets out *Dealer Members'* obligations when opening new accounts and maintaining existing accounts. Rule 3200 is divided into seven parts as follows:
- Part A – Know-Your-Client and Client Identification Requirements:
sets out *Dealer Members'* obligation to know and identify each client and to learn and remain informed of the essential facts about each client, account and order accepted.
[sections 3202 through 3209]
 - Part B – Requirements for Client Accounts:
sets out the general account opening and updating procedures that, subject to certain exceptions specified within the requirements, are applicable to all accounts.
[sections 3210 through 3222]
 - Part C – Advisory Accounts:
sets out requirements that apply where the account is an *advisory account*.
[section 3230]
 - Part D – Order Execution Only Accounts:
sets out requirements that apply where the account is an *order execution only account*.
[sections 3240 and 3241]
 - Part E – Margin Accounts:
sets out requirements that apply where the account is a margin account.
[sections 3245 through 3247]
 - Part F – Additional Account Opening and Updating Procedures for Derivatives Trading:
sets out additional account opening and updating procedures for *derivatives* accounts.
[sections 3250 through 3255]
 - Part G – Discretionary Accounts and Managed Accounts:
sets out requirements that apply where the account is either a *discretionary account* or a *managed account*.
[sections 3270 through 3281]
- (2) Rule 3200 applies to *Dealer Members* in addition to all other *Corporation requirements*. No part of Rule 3200, unless otherwise specified, shall be interpreted to grant a *Dealer Member* an exemption for complying with other *Corporation requirements*.
- (3) The following terms have the meaning set out below when used in Part A – Know-Your-Client and Client Identification Requirements and Part B – Requirements for Client Accounts:

"financial exploitation"	means the use or control of, or deprivation of the use or control of, a financial asset of an <i>individual</i> by a <i>person</i> through undue influence, unlawful conduct or another wrongful act.
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“trusted contact person”	means an <i>individual</i> identified by a client to a <i>Dealer Member</i> or <i>Approved Person</i> whom the <i>Dealer Member</i> or <i>Approved Person</i> may contact in accordance with the client’s written consent.
“vulnerable client”	means a client who might have an illness, impairment, disability or aging-process limitation that places the client at risk of <i>financial exploitation</i> .

- (4) The following terms have the meaning set out below when used in Part D – Order Execution Only Accounts:

“adviser”	means a <i>person</i> that is not an <i>individual</i> and is registered as an adviser in accordance with <i>securities laws</i> .
“foreign adviser equivalent”	means a <i>person</i> that is not an <i>individual</i> and is in the business of trading <i>securities</i> in a foreign jurisdiction in a manner analogous to an <i>adviser</i> .

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

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PART B – REQUIREMENTS FOR CLIENT ACCOUNTS

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3214. Opening new client accounts

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- (6) Before opening a new account for an employee or agent or Incorporated Approved Person of another *Dealer Member*, the *Dealer Member* must obtain written approval from the other *Dealer Member*, and must designate the account as *non-client account*.

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3216. Relationship Disclosure

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- (5) Content of relationship disclosure information
 - (i) The relationship disclosure information must be entitled “Relationship Disclosure”.
 - (ii) Subject to clause 3216(5)(iii), the relationship disclosure information must contain the following:



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- (a) a general description of the types of products and services the *Dealer Member* will offer to the client including:
 - (I) a description of the restrictions on the client’s ability to liquidate or resell a *security*, and
 - (II) a statement of the investment fund management expense fees or other ongoing fees the client may incur in connection with a *security* or service the *Dealer Member* provides,
- (b) a general description of any limits on the products and services the *Dealer Member* will offer to the client including:
 - (I) whether the firm will primarily or exclusively provide proprietary products to the client, and
 - (II) whether there will be other limits on the availability of products or services,
- (c) a description of the account relationship that states:
 - (I) whether the account opened is an *advisory account*, a *managed account* or an *order execution only account*,
 - (II) whether the client is responsible for making investment decisions and, if so, the manner in which the client will instruct the *Dealer Member* to effect transactions for the account, and
 - (III) whether recommendations or advice will be provided to the client and, if so, the responsibilities and obligations of the *Dealer Member* and its *employees* for any recommendations or advice provided to the client,
- (d) a description of the process used by the *Dealer Member* to determine suitability, including:
 - (I) a description of the approach used by the *Dealer Member* to assess the client’s personal and financial circumstances, investment needs and objectives, investment time horizon, risk profile and investment knowledge,
 - (II) a statement that the client will be provided with a copy of the “know-your-client” information that is obtained from the client and documented at time of account opening and when there are significant changes to the information,
 - (III) a statement that the *Dealer Member* will determine that any investment action it takes, recommends or decides on, for the client is suitable for the client and puts the client’s interest first, including when:
 - (A) *securities* are received into or delivered out of the client’s account by way of deposit, withdrawal or transfer,
 - (B) there is a change in the *Registered Representative*, *Portfolio Manager* or *Associate Portfolio Manager* responsible for the account,
 - (C) the *Dealer Member* becomes aware of a change in the *retail client’s* information collected in accordance with subsection 3202(1) that could result in the *retail client’s* account not satisfying subsection 3402(1),



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- (D) the *Dealer Member* becomes aware of a change in a *security* in the *retail client's* account that could result in the account not satisfying subsection 3402(1), or
- (E) the *Dealer Member* reviews the *retail client's* information in accordance with subsection 3209(4),
- (IV) a statement indicating whether or not the suitability of the investments held in the account will be reviewed in the case of other triggering events not described in paragraph 3216(5)(ii)(d)(III) and, in particular, in the event of significant market fluctuations,
- (e) a description of the client account reporting that the *Dealer Member* will provide, including:
 - (I) a statement indicating when trade confirmations and account statements will be sent to the client,
 - (II) a description of the *Dealer Member's* minimum obligations to provide performance information to the client and a statement indicating when account position cost and account activity information will be provided to the client, and
 - (III) a statement indicating whether or not the provision of account percentage return information will be an option available to the client as part of the account service offering,
- (f) a statement indicating that any *Dealer Member* and *Approved Person* existing material conflicts of interest, and material conflicts of interest that are reasonably foreseeable, which are not avoided, will be addressed in the best interest of the client and will be disclosed, where required, to the client in a timely manner, upon identification of the conflict,
- (g) a general description of any benefits received, or expected to be received, by the *Dealer Member* or the *Approved Person*, from a *person* or company other than the *Dealer Member's* client, in connection with the client's purchase or ownership of a *security* through the *Dealer Member*,
- (h) a description of all account service fees and charges the client will or may incur relating to the general operation of the account,
- (i) a description of all charges the client will or may incur in making, disposing and holding investments by type of investment product,
- (j) a general explanation of the potential impact on a client's investment returns from each of the fees and charges described in 3216(5)(ii)(a)(II), and 3216(5)(ii)(h) and (i), including the effect of compounding over time,
- (k) a listing of the account documents required to be provided to the client with respect to the account,
- (l) a description of the *Dealer Member's* complaint handling procedures and a statement that the client will be provided with a copy of a *Corporation* approved complaint handling process brochure at time of account opening,
- (m) a general explanation of how investment performance benchmarks might be used to assess the performance of a client's investments and any options for



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benchmark information that might be made available to the client by the *Dealer Member*,

- (n) a description of the circumstances under which a *Dealer Member* might disclose information about the client or the client's account to a *trusted contact person* referred to in subsection 3202(4), and
 - (o) a general explanation of the circumstances under which a *Dealer Member* or *Approved Person* may place a *temporary hold* under section 3222 and a description of the notice that will be given to the client if a *temporary hold* is placed or continued under that section.
- (iii) For *order execution only accounts*, the *Dealer Member* does not have to provide the relationship disclosure information required under sub-clause 3216(5)(ii)(d), provided that disclosure is made in compliance with the requirements in section 3241.

3221. Prohibition against discretionary trading

- (1) For the purposes of Rule 3200, a *Dealer Member* must ensure that *individuals* trading on its behalf do not engage in any discretionary trading, including time and price discretion, unless discretion is exercised in a *discretionary account* or *managed account* in accordance with the requirements set out in Part G of Rule 3200.

3222. Conditions for temporary holds

- (1) A *Dealer Member* or an *Approved Person* must not place a *temporary hold* on the basis of *financial exploitation* of a *vulnerable client*, unless the *Dealer Member* reasonably believes all of the following:
- (i) the client is a *vulnerable client*,
 - (ii) *financial exploitation* of the client has occurred, is occurring, has been attempted or will be attempted.
- (2) A *Dealer Member* or an *Approved Person* must not place a *temporary hold* on the basis of a client's lack of mental capacity unless the *Dealer Member* reasonably believes that the client does not have the mental capacity to make decisions involving financial matters.
- (3) If a *Dealer Member* or an *Approved Person* places a *temporary hold* referred to in subsection 3222(1) or subsection 3222(2), the *Dealer Member* must do all of the following:
- (i) document the facts and reasons that caused the *Dealer Member* or *Approved Person* to place, and if applicable, to continue the *temporary hold*,



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- (ii) provide notice of the *temporary hold* and the reasons for the *temporary hold* to the client as soon as possible after placing the *temporary hold*,
- (iii) review the relevant facts as soon as possible after placing the *temporary hold*, and on a reasonably frequent basis, to determine if continuing the hold is appropriate,
- (iv) within 30 days of placing the *temporary hold* and, until the hold is revoked, within every subsequent 30-day period, do either of the following:
 - (a) revoke the *temporary hold*,
 - (b) provide the client with notice of the *Dealer Member’s* decision to continue the hold and the reasons for that decision.

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PART C – ADVISORY ACCOUNTS

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PART D – ORDER EXECUTION ONLY ACCOUNTS

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PART E – MARGIN ACCOUNTS

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PART F – ADDITIONAL ACCOUNT OPENING AND UPDATING PROCEDURES FOR DERIVATIVES TRADING

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PART G – DISCRETIONARY ACCOUNTS AND MANAGED ACCOUNTS

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3271. Rules applicable to discretionary accounts and managed accounts

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- (3) The *Dealer Member* must ensure that *individuals* trading or advising on its behalf, in *discretionary accounts* or *managed accounts*, meet the applicable proficiency requirements.

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RULE 3300 | PRODUCT DUE DILIGENCE AND KNOW-YOUR-PRODUCT

3301. Product Due Diligence

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- (2) An *individual Approved Person* must not purchase *securities* or *derivatives* for, or recommend *securities* or *derivatives* to, a client unless the *securities* or *derivatives* have been approved by the *Dealer Member* to be made available to clients under subsection 3301(1).

3302. Know-Your-Product

- (1) An *individual Approved Person* of a *Dealer Member* must not purchase or sell *securities* or transact in *derivatives* for, or recommend *securities* or *derivatives* to, a client unless the *individual Approved Person* takes steps to understand the *securities* or *derivatives*, including the *securities'* or *derivatives'* structure, features, risks, initial and ongoing costs and the impact of those costs.
- (2) For purposes of subsection 3302(1), the steps required to understand the *securities* or *derivatives* are those that are reasonable to enable the *individual Approved Person* to meet their obligations under Rule 3400.

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RULE 3400 | SUITABILITY DETERMINATION

3401. Introduction

- (1) Rule 3400 sets out a *Dealer Member's* suitability determination obligations in dealing with clients.

3402. Retail client suitability determination requirements

- (1) Before a *Dealer Member* purchases, sells, withdraws, exchanges or transfers-out *securities* or precious metals bullion, or transacts in *derivatives* for a *retail client's* account, takes any other investment action for a client, makes a recommendation or exercises discretion to take any such action, the *Dealer Member* must determine, on a reasonable basis, that the action satisfies the following criteria:
 - (i) the action is suitable for the *retail client*, based on the following factors:
 - (a) the *retail client's* information collected in accordance with section 3202,



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- (b) the *Dealer Member's* assessment of and an *Approved Person's* understanding of the *security, derivative* or precious metals bullion, required in accordance with Rule 3300,
 - (c) the impact of the action on the *retail client's* account, including the concentration of *securities, derivatives* or precious metals bullion, within the account and the liquidity of those *securities, derivatives* or precious metals bullion,
 - (d) the potential and actual impact of costs on the *retail client's* returns, and
 - (e) a consideration of a reasonable range of alternative actions available to the *Registered Representative, Portfolio Manager, or Associate Portfolio Manager* through the *Dealer Member* at the time the determination is made, and
- (ii) the action puts the *retail client's* interest first.

RULE 3500 | SALES PRACTICES

3501. Introduction

- (1) Rule 3500 sets out minimum standards that *Dealer Members* must follow in their dealings with clients and when developing policies and procedures that specifically address sales practices.

3503. Client priority

- (2) The *Dealer Member* must not give priority to orders or transactions for an account in which the *Dealer Member* or an *employee* or *Approved Person* of the *Dealer Member* has a direct or indirect interest, other than an interest in the commission charged.
- (3) Where investment decisions are made centrally and applied across a number of *managed accounts*, subsections 3503(1) and 3503(2) do not apply to the *managed accounts* of partners, *Directors, officers, employees* or *Approved Persons* of a *Dealer Member* who participate in a *managed account* program on the same basis as client accounts.



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3509. Premarketing

- (1) In subsections 3509(2), 3509(4) and 3509(5), an “informed person” refers to any *employee* or *Approved Person* of a *Dealer Member* who:
 - (i) participated in or had actual knowledge of the *distribution discussions*, or
 - (ii) acts on information provided by or is directed by, induced by, or otherwise receives suggestions from a *person* who directly or indirectly participated in or had actual knowledge of the *distribution discussions*.
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- (6) A *Dealer Member* involved in a *distribution* as an underwriter must:
 - (i) maintain policies and procedures that specifically address compliance with the obligations under section 3509, and
 - (ii) monitor the *Dealer Member*, its *employees* and *Approved Persons* compliance with these policies and procedures.

RULE 3600 | COMMUNICATIONS WITH THE PUBLIC

3601. Introduction

- (1) A *Dealer Member’s* policies and procedures must specifically address communication with the public and the *Dealer Member* must monitor compliance with these policies and procedures to provide reasonable assurance the *Dealer Member*, its *employees* and *Approved Persons* comply with the policies and procedures.
- (2) Rule 3600 is divided into the following parts:
 - Part A – Advertisements, sales literature and correspondence
[section 3602]
 - Part B – Research reports
[sections 3606 through 3623]
 - Part C – Misleading Communications
[section 3640]

PART A – ADVERTISEMENTS, SALES LITERATURE AND CORRESPONDENCE

3602. Advertising

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- (5) A *Dealer Member* must provide reasonable assurance:



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- (i) its *employees* and *Approved Persons* are familiar with its policies and procedures relating to *advertisements, sales literature* and *correspondence*, and
- (ii) its policies and procedures include specific ongoing measures to provide reasonable assurance its policies and procedures are being complied with.

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PART B – RESEARCH REPORTS

3606. Definitions

(1) The following terms have the meaning set out below when used in Part B of Rule 3600:

“analyst”	A <i>Dealer Member’s employee</i> or <i>individual Approved Person</i> who is held out to the public as an analyst or whose responsibilities to the <i>Dealer Member</i> include the preparation, for distribution to clients or prospective clients, of any written report, which includes a recommendation with respect to a <i>security</i> .
“equity related security”	A <i>security</i> whose performance is based on the performance of an underlying <i>equity security</i> or a basket of income producing assets, including <i>derivatives</i> , convertible <i>securities</i> and income trust units.
“investment banking” or “investment banking service”	Includes but is not limited to: (i) acting as an underwriter in an offering of <i>securities</i> for an issuer, (ii) acting as a financial adviser in a merger or acquisition, or (iii) providing venture capital, lines of credit or serving as a placement agent for an issuer.

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3618. Public comments

(1) When giving an interview or otherwise making any public comment about the merits of an issuer or its *securities*, an *employee* or *Approved Person* of a *Dealer Member* must disclose whether or not the *Dealer Member* has issued a relevant *research report*.

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PART C – MISLEADING COMMUNICATIONS

3640. Misleading communications



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- (1) An *Approved Person* must not hold themselves out, and a *Dealer Member* must not hold itself or its *Approved Persons* out, including through the use of a *trade name*, in a manner that could reasonably be expected to deceive or mislead any person or company as to any of the following matters:
 - (i) the proficiency, experience, qualifications or category of registration or approval of the *Approved Person*,
 - (ii) the nature of the person’s relationship, or potential relationship, with the *Dealer Member* or the *Approved Person*, or
 - (iii) the products or services provided, or to be provided, by the *Dealer Member* or the *Approved Person*.
- (2) For greater certainty, and without limiting subsection 3640(1), an *Approved Person* who interacts with clients must not use any of the following:
 - (i) if based partly or entirely on that *Approved Person’s* sales activity or revenue generation, a title, designation, award, or recognition,
 - (ii) a corporate officer title, unless their *Dealer Member* has appointed that *Approved Person* to that corporate office pursuant to applicable corporate law, or
 - (iii) if the *Approved Person’s Dealer Member* has not approved the use by that *Approved Person* of a title or designation, that title or designation.

RULE 3700 | REPORTING AND HANDLING OF COMPLAINTS, INTERNAL INVESTIGATIONS AND OTHER REPORTABLE MATTERS

3701. Introduction

- (1) A *Dealer Member* must report complaints, internal investigations and other matters to the *Corporation* as required in Rule 3700.
- (2) A *Dealer Member* must investigate allegations of misconduct as required in Rule 3700.
- (3) A *Dealer Member* must handle all client complaints as required in Rule 3700.
- (4) Rule 3700 is divided into the following parts:
 - Part A – Reporting requirements
[sections 3702 through 3704]
 - Part B – Internal investigations and internal discipline
[sections 3706 through 3708]
 - Part C – Settlement agreements
[sections 3710 and 3711]
 - Part D – Client complaints – Institutional Clients
[section 3715]
 - Part E – Client complaints – Retail Clients
[sections 3720 through 3728]
 - Part F – Legal actions



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[section 3780]

Part G – Record retention requirements

[sections 3785 and 3786]

PART A – REPORTING REQUIREMENTS

3702. Reporting by an Approved Person to the Dealer Member

- (1) An *Approved Person* must report to the *Dealer Member* any of the following matters within two *business days*:
 - (i) if there is a change in the *individual Approved Person's* registration information or Form 33-109F4,
 - (ii) if the *Approved Person* has reason to believe that he or she or it has or may currently be contravening any *Corporation requirements, securities laws, or any applicable laws,*
 - (iii) if the *Approved Person* is the subject of a written client complaint, or
 - (iv) if the *Approved Person* becomes aware of a client complaint, in writing or other form, about another *Approved Person* involving allegations of theft, fraud, misappropriation of funds, *securities* or other property, forgery, money laundering, market manipulation, insider trading, misrepresentation, or unauthorized trading.
- (2) An *Approved Person* must inform the *Dealer Member* of all pending legal actions against the *Approved Person*.

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3703. Reporting by a Dealer Member to the Corporation

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- (2) A *Dealer Member* must report to the *Corporation* any of the following matters, within the time period and using the method prescribed by the *Corporation*:
 - (i) all client complaints, against the *Dealer Member* or any current or former *Approved Person*, except service complaints. For the purpose of clause 3703(2)(i), a service complaint by a client is one that is related to service issues and is not the subject of any domestic or foreign *securities laws,*
 - (ii) whenever an internal investigation is commenced by the *Dealer Member* in accordance with section 3706,
 - (iii) the results of the internal investigation under clause 3703(2)(ii),
 - (iv) any time the *Dealer Member*, or a current or former *Approved Person* is subject to one of the following in any jurisdiction inside or outside of Canada, while in the employ of the *Dealer Member* or concerning matters that occurred while in the employ of the *Dealer Member*:
 - (a) charged with, convicted of, plead guilty or no contest to, any criminal offence,



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- (b) named as a defendant or respondent in, or is the subject of, any proceeding or disciplinary action alleging contravention of any *securities laws*,
- (c) named as a defendant or respondent in, or is the subject of any proceeding or disciplinary action alleging contravention of the requirements or policies of any regulatory or self-regulatory organization, professional licensing or registration body,
- (d) denial of registration or license by any regulatory or self-regulatory organization, professional licensing or registration body, or
- (e) subject to a civil claim or arbitration notice involving any of the following:
 - (I) any matters related to *securities, derivatives* or precious metals bullion,
 - (II) any matter related to handling of client accounts or dealings with clients, or
 - (III) any matter that is the subject of any legislation, rules, regulations, or policies concerning *securities, derivatives* or precious metals bullion or financial services of any *securities, derivatives* or financial services regulatory or self-regulatory organization in any jurisdiction,
- (v) the resolution of any matters set out in clause 3703(2)(iv),
- (vi) any internal disciplinary action that is taken by a *Dealer Member* against an *Approved Person* as a result of:
 - (a) a client complaint within the meaning of clause 3703(2)(i),
 - (b) a *securities, derivatives* or precious metals bullion related civil claim or arbitration notice,
 - (c) an internal investigation,
 - (d) a *Dealer Member* initiated disciplinary action imposing suspension, termination, demotion, or trading restrictions on the *Approved Person*, or
 - (e) a *Dealer Member* initiated disciplinary action not involving any of the matters listed in sub-clauses 3703(1)(vi)(a) through 3703(1)(vi)(c), which results in a monetary penalty:
 - (I) over \$5,000 for a single occurrence,
 - (II) over \$15,000 in total in a calendar year, or
 - (III) imposed three times or more in a calendar year, and
- (vii) any *cybersecurity incident*, in writing,
 - (a) within three calendar days from discovering a *cybersecurity incident*, and must include the following information:
 - (I) a description of the *cybersecurity incident*,
 - (II) the date on which or time period during which the *cybersecurity incident* occurred and the date it was discovered by the *Dealer Member*,
 - (III) a preliminary assessment of the *cybersecurity incident*, including the risk of harm to any *person* and/or impact on the operations of the *Dealer Member*,



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- (IV) a description of immediate incident response steps the *Dealer Member* has taken to mitigate the risk of harm to *persons* and impact on its operations, and
- (V) the name of and contact information for an *individual* who can answer, on behalf of the *Dealer Member*, any of the *Corporation's* follow-up questions about the *cybersecurity incident*,
- (b) within 30 calendar days, unless otherwise agreed by the *Corporation*, from discovering a *cybersecurity incident*, and must include the following information:
 - (I) a description of the cause of the *cybersecurity incident*,
 - (II) an assessment of the scope of the *cybersecurity incident*, including the number of *persons* harmed and the impact on the operations of the *Dealer Member*,
 - (III) details of the steps the *Dealer Member* took to mitigate the risk of harm to *persons* and impact on its operations,
 - (IV) details of the steps the *Dealer Member* took to remediate any harm to any *persons*, and
 - (V) actions the *Dealer Member* has or will take to improve its *cybersecurity incident* preparedness.

3704. Failure to report

- (1) Failure to report, as required by sections 3702 and 3703, may result in the *Corporation* imposing an administrative fee, or other penalties that are permitted under *Corporation requirements*, against the *Dealer Member* or *Approved Person*.

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PART B – INTERNAL INVESTIGATIONS AND INTERNAL DISCIPLINE

3706. Requirement to commence an internal investigation

- (1) A *Dealer Member* must conduct an internal investigation if it appears that the *Dealer Member* or a current or former *Approved Person* while employed by the *Dealer Member* engaged in any of the following types of activities in any jurisdiction inside or outside of Canada:
 - (i) theft,
 - (ii) fraud,
 - (iii) misappropriation of funds, *securities* or other property,
 - (iv) forgery,
 - (v) money laundering,
 - (vi) market manipulation,
 - (vii) insider trading,
 - (viii) misrepresentation, or
 - (ix) unauthorized trading.



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PART C – SETTLEMENT AGREEMENTS

3710. Entering into settlement agreements

- (1) An *Approved Person* must obtain the *Dealer Member's* written consent before entering into any settlement agreement with a client, regardless of the form of the settlement and regardless of whether the settlement is the result of a client complaint or a finding by the *Approved Person* or the *Dealer Member*.
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- (3) Subsection 3710(1) does not apply to settlement agreements entered into by an *employee* or *individual Approved Person* who is authorized by the *Dealer Member* to negotiate or enter into settlement agreements in the normal course of his/her duties and does not arise out of the activities involving the *individual Approved Person* or an *Incorporated Approved Person* for which the *individual Approved Person* is either an employee or a shareholder.

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PART D – CLIENT COMPLAINTS – INSTITUTIONAL CLIENTS

3715. Policies and procedures

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- (2) The *Dealer Member's* policies and procedures must specifically address the following:
 - (i) the *Dealer Member* must acknowledge all written and verbal *institutional client* complaints,
 - (ii) the *Dealer Member* must convey the results of its investigation, if any, of a complaint to the *institutional client* in due course,
 - (iii) the *Dealer Member* must ensure that the *Approved Person* and their *Supervisor* is aware of all *institutional client* complaints filed against the *Approved Person*,
 - (iv) the *Dealer Member* must ensure that all allegations of serious misconduct are reported to an appropriate *Executive*, and
 - (v) complaints are to be handled by a *Supervisor* and a copy must be filed with the compliance department/function (or the equivalent) of the *Dealer Member*.



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PART E – CLIENT COMPLAINTS – RETAIL CLIENTS

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3721. Application

- (1) Part E of Rule 3700 applies to complaints submitted by a *retail client* or a *person* authorized to act on behalf of a *retail client* in the following form:
 - (i) a recorded expression of dissatisfaction with a *Dealer Member, employee or Approved Person* alleging misconduct, or
 - (ii) a verbal expression of dissatisfaction with the *Dealer Member, employee or Approved Person* alleging misconduct where a preliminary investigation indicates that the allegation may have merit.

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3723. Complaint policies and procedures

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- (2) A *Dealer Member's* policies and procedures must specifically address:
 - (i) procedures for a fair and thorough investigation of complaints,
 - (ii) a process for assessing the merits of complaints,
 - (iii) the process to be followed in determining what offer should be made to the client, where the complaint is assessed to have merit,
 - (iv) a description of remedial actions which may be appropriate to be taken within the firm,
 - (v) a procedure that will ensure that complaints are not dismissed without proper consideration of the facts of each case,



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- (vi) a balanced approach to dealing with complaints that objectively considers the interests of the complainant, the *Dealer Member*, including the *employees, Approved Persons* or other relevant parties,
- (vii) a process that ensures that the relevant *employees, Approved Persons* and their *Supervisors* are made aware of all complaints filed by their clients,
- (viii) procedures to inform an appropriate *Executive* of any serious misconduct, and
- (ix) procedures to monitor the general nature of the complaints.

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3727. Duty to assist in client complaint resolution

- (1) If an *Approved Person* moves to a different *Dealer Member* after a complaint has been made against the *Approved Person*, the *Approved Person* must continue to co-operate with the *Dealer Member* where they were employed or acted as an *agent* until the complaint has been resolved.
- (2) *Dealer Members* must co-operate with each other if events relating to a complaint took place at more than one *Dealer Member* or if the *Approved Person* is an *employee* or *agent* of another *Dealer Member* that is not involved in the events relating to the complaint.

3728. Client complaint file

- (1) A *Dealer Member* must retain the following information in accordance with section 3786 for each client complaint:
 - (i) the complainant's name,
 - (ii) the date of the complaint,
 - (iii) the nature of the complaint,
 - (iv) the names of the *employees* and *Approved Persons* who are the subject of the complaint,
 - (v) the *securities, derivatives*, other property or services which are the subject of the complaint,
 - (vi) the materials reviewed in the investigation,
 - (vii) the name, title and date of interview for *employees* and *individual Approved Persons* and *employees* and *shareholders* of *Incorporated Approved Persons* who were interviewed for the investigation, and
 - (viii) the date and conclusion of the decision rendered in connection with the complaint.

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PART F – LEGAL ACTIONS



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PART G – RECORD RETENTION REQUIREMENTS

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3786. Client complaints

- (1) A *Dealer Member* must keep an up-to-date record of all client complaints and associated documentation relating to the conduct, business and affairs of the *Dealer Member*, or an *employee* or an *Approved Person* of the *Dealer Member*, in a central and readily accessible place for a period of two years from the date of receipt of a client complaint.

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RULE 3800 | DEALER MEMBER RECORDS AND CLIENT COMMUNICATIONS

3801. Introduction

- (1) Maintaining complete and accurate *records* is a fundamental responsibility of a *Dealer Member*. A *Dealer Member's records* provide an audit trail to support the *Dealer Member's* supervision of its business and are necessary to prepare regulatory financial reports and to report accurately to clients.

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3804. General requirements to maintain records

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- (2) The *records* required under subsection 3804(1) include, but are not limited to, *records* that do the following:
 - (i) permit timely creation and audit of financial statements and other financial information required to be filed or delivered to the *Corporation* or the applicable *securities regulatory authority*,
 - (ii) permit determination of the *Dealer Member's* capital position,
 - (iii) demonstrate compliance with the *Dealer Member's* capital and insurance requirements,



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- (iv) demonstrate compliance with internal control procedures,
- (v) demonstrate compliance with the *Dealer Member's* policies and procedures,
- (vi) permit the identification and *segregation* of client cash, *securities*, precious metals bullion and other property,
- (vii) identify all transactions conducted on behalf of the *Dealer Member* and each of its clients, including the parties to the transaction and the terms of the purchase or sale,
- (viii) provide an audit trail for:
 - (a) client instructions, orders and transactions, and
 - (b) each trade transmitted or transaction executed for a client or by the *Dealer Member* on its own behalf,
- (ix) permit the generation of account activity reports for clients,
- (x) provide *securities, derivatives* and precious metals bullion pricing as may be required by *securities laws*,
- (xi) document the opening of client accounts, including any agreements with clients and evidence that account related documents required by *Corporation requirements* have been provided to clients,
- (xii) demonstrate compliance with know-your-client, account appropriateness, product due diligence, know-your-product and suitability determination requirements,
- (xiii) demonstrate compliance with complaint handling requirements,
- (xiv) document *correspondence* with clients,
- (xv) document compliance, training, and supervision actions taken by the *Dealer Member*,
- (xvi) demonstrate compliance with conflicts of interest requirements,
- (xvii) document
 - (a) the *Dealer Member's* sales practices, compensation arrangements and incentive practices, and
 - (b) other compensation arrangements and incentive practices from which the *Dealer Member* or its *Approved Persons*, or any *affiliate* or *associate* of that *Dealer Member*, benefit, and
- (xviii) demonstrate compliance with misleading communications requirements,
- (xix) demonstrate compliance with the conditions for *temporary holds*, and
- (xx) demonstrate determination undertaken to classify a client as a *hedger* and as an *institutional client*.

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RULE 3900 | SUPERVISION

3901. Introduction



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- (1) Rule 3900 sets out the *Dealer Member's* obligation to supervise its business and operations. The rule is divided into seven parts as follows:
 - Part A – General supervision requirements
[sections 3904 through 3918]
 - Part B – Supervision of all accounts
[sections 3925 through 3927]
 - Part C – Supervision of retail client accounts
[sections 3945 through 3948]
 - Part D – Supervision of institutional client accounts
[sections 3950 and 3951]
 - Part E – Supervision of order execution only accounts
[section 3955]
 - Part F – Supervision of *derivatives* accounts
[sections 3960 through 3964]
 - Part G – Supervision of discretionary accounts and managed accounts
[sections 3970 through 3973]
 - (2) Appropriate supervision of all aspects of a *Dealer Member's* business and operations is a fundamental responsibility of the *Dealer Member*. The *Dealer Member's* policies and procedures that specifically address its supervision system must remain up-to-date at all times, based on current *Corporation requirements* and *applicable laws*.
 - (3) The *Dealer Member's* board of directors is responsible for ensuring that an appropriate supervision system is in place.
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PART A – GENERAL SUPERVISION REQUIREMENTS

3904. Policies and procedures

- (1) A *Dealer Member's* policies and procedures must establish a supervisory system to supervise the activities of all its *employees* and *Approved Persons* that provides reasonable assurance they comply with *Corporation requirements* and *securities laws*.
- (2) As part of its supervisory system, the *Dealer Member*, at a minimum, must:
 - (i) have policies and procedures that specifically address supervision of its *employees* and *Approved Persons*,
 - (ii) have policies and procedures relating to supervision that provide reasonable assurance of compliance with *Corporation requirements*, *securities laws* and *applicable laws*,
 - (iii) ensure all supervisory policies and procedures are in writing, and
 - (iv) amend its policies and procedures relating to supervision within a reasonable time after changes in *Corporation requirements*, or *securities laws* are made.



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- (3) A *Dealer Member* must communicate its policies and procedures to all relevant *employees* and *Approved Persons* and must:
 - (i) provide its sales and supervisory *employees* and *Approved Persons* with the *Dealer Member's* sales practices policies and procedures relevant to their functions,
 - (ii) obtain and record acknowledgements from all sales and supervisory *employees* and *Approved Persons* that they have read and understood the policies and procedures relevant to their respective roles and responsibilities,
 - (iii) provide introductory and continuing education to all *Approved Persons* on the *Dealer Member's* policies and procedures and any relevant changes to them,
 - (iv) communicate information relating to *Corporation requirements and applicable laws*, to all relevant sales *employees* and *Approved Persons*,
 - (v) have policies and procedures that specifically address the method and timing of the distribution of compliance related notices,
 - (vi) promptly communicate changes in its policies and procedures to all relevant *employees* and *Approved Persons*, and
 - (vii) have procedures to provide reasonable assurance that each *employee* and *Approved Person* understands their responsibilities under the *Dealer Member's* policies and procedures.

3905. Supervisory personnel and resources

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- (2) A *Dealer Member* must appoint as many *Supervisors* as necessary to properly supervise its *employees* and *Approved Persons* taking into account the scope and complexity of the *Dealer Member's* business.
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- (5) A *Dealer Member* must take reasonable steps to ensure all of its *Supervisors* and *Executives* are fully proficient and understand the products that *employees* and *Approved Persons* under their supervision trade in or advise on, as well as the services these *employees* and *Approved Persons* provide, to the degree necessary to properly supervise those *employees* and *Approved Persons*.
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3906. Responsibilities of the Supervisor

- (1) Each *Supervisor* must fully and properly supervise each *employee* and *Approved Person* under their authority in accordance with:
 - (i) the supervisory responsibilities assigned to the *Supervisor*,
 - (ii) the *Dealer Member's* policies and procedures, and



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- (iii) *Corporation requirements and securities laws.*

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3909. Responsibilities of the Executive

- (1) Each *Executive* must supervise and direct the activities of the *Dealer Member*, and its *employees* and *Approved Persons*, in accordance with the areas of its responsibility, to provide reasonable assurance of compliance with *Corporation requirements and securities laws*.

3910. Responsibilities of the Ultimate Designated Person

- (1) The *Ultimate Designated Person* is responsible to the *Corporation* for the conduct of the *Dealer Member* and the supervision of its *employees* and *Approved Persons*.
- (2) The *Ultimate Designated Person* must:
 - (i) supervise the activities of the *Dealer Member*, and the activities of each *person* acting on the *Dealer Member's* behalf, that are directed towards ensuring compliance with *Corporation requirements and securities laws*, and
 - (ii) promote compliance by the *Dealer Member*, and each *person* acting on its behalf, with *Corporation requirements and securities laws*.

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3912. Responsibilities of the Chief Compliance Officer

- (1) The *Chief Compliance Officer* must:
 - (i) establish and maintain policies and procedures to assess compliance by the *Dealer Member* and *persons* acting on its behalf with *Corporation requirements and securities laws*, other than those required under subsection 3913(1),
 - (ii) monitor and assess compliance by the *Dealer Member* and *persons* acting on its behalf with *Corporation requirements and securities laws*, and
 - (iii) report to the *Ultimate Designated Person* as soon as possible if there is any indication that the *Dealer Member* or any *person* acting on its behalf may be in non-compliance with *Corporation requirements or securities laws*, other than those required under subsection 3913(1), and:
 - (a) the non-compliance creates a reasonable risk of harm to a client,
 - (b) the non-compliance creates a reasonable risk of harm to the capital markets, or
 - (c) the non-compliance is part of a pattern of non-compliance.

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3913. Responsibilities of the Chief Financial Officer



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(1) The *Chief Financial Officer* must:

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- (iv) report to the *Ultimate Designated Person* as soon as possible if there is any indication that the *Dealer Member* or any *person* acting on its behalf may be in non-compliance with the financial requirements of the *Corporation* and:
 - (a) the non-compliance creates a reasonable risk of harm to a client,
 - (b) the non-compliance creates a reasonable risk of harm to the capital markets, or
 - (c) the non-compliance is part of a pattern of non-compliance.

3915. Report to Dealer Member’s board of directors

- (1) At least annually, the *Chief Compliance Officer* must provide a written report to the *Dealer Member’s* board of directors for the purpose of assessing compliance by the *Dealer Member*, and its *employees* and *Approved Persons*, with *Corporation requirements* and *securities laws*, other than those required under subsection 3915(2).
- (2) At least annually, the *Chief Financial Officer* must provide a written report to the *Dealer Member’s* board of directors for the purpose of assessing compliance by the *Dealer Member*, and its *employees* and *Approved Persons*, with the financial *Corporation requirements* and *securities laws*, as necessary.

3918. Supervision of shared office premises

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- (2) A *Dealer Member* must have:
 - (i) adequate supervisory resources to implement its policies and procedures,
 - (ii) a system for communicating *Corporation requirements* relating to *employees* and *Approved Persons* at the *shared office premises*, and



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- (iii) a process providing reasonable assurance that *Corporation requirements* relating to *shared office premises* are understood and implemented.

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PART B – SUPERVISION OF ALL ACCOUNTS

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3927. Reviews of account activity

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- (3) A *Dealer Member* must establish and follow procedures for the implementation of additional supervisory measures applicable to *Approved Persons* with a history of regulatory infractions or questionable conduct.

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PART C – SUPERVISION OF RETAIL CLIENT ACCOUNTS

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3945. Daily and monthly trade supervision

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- (2) In addition to meeting the *Dealer Member’s* general supervisory obligations and any relevant obligations relating to trading, the policies and procedures relating to the supervision of *retail client* accounts must specifically address the detection of:

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- (x) improper or excessive trading within *employee* or *Approved Person* accounts,

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PART D – SUPERVISION OF INSTITUTIONAL CLIENT ACCOUNTS

3950. Supervisory policies and procedures for institutional client accounts

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(2) In addition to meeting the *Dealer Member's* general supervisory obligations, including any relevant obligations relating to trading in *securities, derivatives* and precious metals bullion and the policies and procedures relating to the supervision of *institutional client* accounts must specifically address detecting improper or suspicious account activity including:

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(iv) front running within *employee, Approved Person* or proprietary accounts,

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PART E – SUPERVISION OF ORDER EXECUTION ONLY ACCOUNTS

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PART F – SUPERVISION OF DERIVATIVES ACCOUNTS

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3964. Access to Approved Persons qualified in derivatives

(1) The *Dealer Member's* policies and procedures must specifically address that *derivatives* clients have access, during normal business hours, to a *Registered Representative, Investment Representative, Portfolio Manager* or *Associate Portfolio Manager* qualified to deal in, where applicable:



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- (i) options contracts and similar *derivatives*, or
- (ii) futures contracts, forward contracts, contracts for difference, futures contract options or similar *derivatives*, or
- (iii) all *derivatives*.

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PART G –SUPERVISION OF DISCRETIONARY ACCOUNTS AND MANAGED ACCOUNTS

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RULE 7100 | DEBT MARKETS

7101. Introduction

- (1) Rule 7100 establishes trading and settlement practices to promote fair and efficient *debt securities* markets. Unless expressly indicated, Rule 7100 makes no distinction between institutional and retail markets.
- (2) For greater certainty, the provisions set forth in Rule 7100 shall not be construed to abrogate or derogate from any other provision of general applicability found elsewhere within *Corporation requirements*.
- (3) Rule 7100 is divided into the following parts:
 - Part A - General
[sections 7102 and 7103]
 - Part B - Debt market trading
[sections 7104 through 7113]

PART A - GENERAL

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PART B - DEBT MARKET TRADING

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7112. Prohibited practices

- (1) A *Dealer Member* must not accept any order or carry out any trade where the *Dealer Member* knows, or has reasonable grounds to believe, the result would contravene *Corporation requirements* or any *applicable laws*.



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- (2) Except as permitted in Rules 2300 and 2500 and subsection 7112(4), an *employee* or *Approved Person* of a *Dealer Member* or an employee or shareholder of an *Incorporated Approved Person* must not accept, nor allow an *associate* to accept, directly or indirectly, any consideration, including *remuneration*, gratuity, benefit, from any *person* other than the *Dealer Member*, its *related companies*, or *affiliates* for any *securities and derivatives related business* they carry out.
- (3) Except as permitted in Rule 2300 and 2500 and subsection 7112(4), a *Dealer Member* must not offer any consideration, including *remuneration*, gratuity, or benefit, to any partner, director, officer, employee, agent or shareholder of a client or any *associate* of such *persons*, unless the prior written consent of the client has been obtained.
- (4) Consideration that is non-monetary, of minimal value and infrequent such that it will not cause a reasonable person to question whether it created a conflict of interest is not consideration under subsections 7112(2) and 7112(3).

7113. Surveillance and reporting

- (1) A *Dealer Member* must monitor the trading and conduct of its *employees* and *Approved Persons* in the *debt securities* markets.

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RULE 8200 | ENFORCEMENT PROCEEDINGS

8201. Introduction

- (1) Rule 8200 sets out the authority of the *Corporation* and *hearing panels* to hold *hearings* for enforcement purposes.
- (2) Enforcement proceedings are intended to ensure compliance with and to enforce *Corporation requirements*, *securities laws*, and other requirements relating to trading or advising in respect of *securities*, futures contracts or *derivatives*.
- (3) Rule 8200 is divided into the following parts:
 - Part A - General
[sections 8203 through 8208]
 - Part B - Disciplinary proceedings
[sections 8209 through 8217]

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PART A - GENERAL

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8208. Powers of compulsion

- (3) If a *hearing panel* requires an employee, partner, director or officer of a *Regulated Person*, who is not an *Approved Person*, to attend at a *hearing*, the *Regulated Person* must direct the individual to attend and give evidence.

PART B - DISCIPLINARY PROCEEDINGS

8210. Sanctions for Regulated Persons other than Dealer Members

- (1) If after a *hearing*, a *hearing panel* finds that an *Approved Person*, a non-*Dealer Member* user or subscriber of a *Marketplace* for which the *Corporation* is the regulation services provider or an employee, partner, director or officer of such a user or subscriber has contravened *Corporation requirements*, *securities laws*, or other requirement relating to trading or advising in respect of *securities*, futures contracts, or *derivatives*, the *hearing panel* may impose on such *person* one or more of the following *sanctions*:
 - (i) a reprimand,
 - (ii) disgorgement of any amount obtained, including any loss avoided, directly or indirectly, as a result of the contravention,
 - (iii) a fine not exceeding the greater of:
 - (a) \$5,000,000 for each contravention, and
 - (b) an amount equal to three times the profit made or loss avoided by the *person*, directly or indirectly, as a result of the contravention,
 - (iv) suspension of the *person's* approval or any right or privilege associated with such approval, including access to a *Marketplace*, for any period of time and on any terms and conditions,
 - (v) imposition of any terms or conditions on the *person's* continued approval or continued access to a *Marketplace*,
 - (vi) prohibition of approval in any capacity, for any period of time, including access to a *Marketplace*,
 - (vii) revocation of approval,
 - (viii) a permanent bar to approval in any capacity or to access to a *Marketplace*,
 - (ix) a permanent bar to employment in any capacity by a *Regulated Person*, and
 - (x) any other *sanction* determined to be appropriate under the circumstances.



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RULE 8400 | RULES OF PRACTICE AND PROCEDURE

8401. Introduction

- (1) The Rules of Procedure set out the rules that govern the conduct of the Corporation's enforcement proceedings and regulatory review hearings to secure fair and efficient proceedings and just determinations.
(2) Rule 8400 is divided into the following parts:
Part A - General [sections 8403 through 8413]
Part B - Enforcement proceedings [sections 8414 through 8429]
Part C - Regulatory review hearings [section 8430]
Part D - Securities regulatory authority review [section 8431]

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PART A - GENERAL

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8406. Service and filing

- (2) A notice of hearing under section 8414, a notice of application under section 8425 or 8426, a notice of request for review from a decision made under Rule 9200 and a decision of a hearing panel on the merits of such a proceeding that is served on an Approved Person must, for information purposes, be sent concurrently to the Dealer Member that sponsors the Approved Person.

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PART B - ENFORCEMENT PROCEEDINGS

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8421. Order to attend and issue of summons

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(3) If a hearing *panel* orders an employee, partner, director or officer of a *Regulated Person*, who is not an *Approved Person*, to attend at a *hearing*, the *National Hearing Officer* must serve a notice on the *person* in accordance with subsection 8421(2) and on the *Regulated Person* requiring the *Regulated Person* to direct the *person* to comply with the order.

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PART C - REVIEW PROCEEDINGS

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PART D - SECURITIES REGULATORY AUTHORITY REVIEW

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RULE 9200 | APPROVALS AND REGULATORY SUPERVISION

9201. Introduction

(1) Rule 9200 sets out the authority of the *Corporation* to approve *persons* acting on behalf of *Dealer Members*, to grant exemptions from the *Corporation's* proficiency requirements, to impose terms and conditions on approvals and *Membership* in the *Corporation*, to suspend and revoke approvals, and rights of review available to *parties* to such decisions.

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9203. Corporation Decisions

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- (2) The *Corporation* must not:
- (i) refuse an *application*,
 - (ii) impose terms and conditions on an approval, or
 - (iii) suspend or revoke an approval,
- unless the applicant or *Approved Person* has been given an opportunity to be heard.

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9206. Exemption applications

- (1) An *individual* or a *Dealer Member*, with respect to proficiency requirements applicable to its *individual Approved Persons*, may apply to the *Corporation* for an exemption from the proficiency requirements under Rule 2600, or for an extension of or exemption from a continuing education requirement under Rule 2700.

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9207. Continued approval

- (1) The *Corporation* may, in its discretion, impose terms and conditions on the continued approval of an *Approved Person* to ensure continuing compliance with *Corporation requirements*.
- (2) The *Corporation* may suspend or revoke the approval of an *Approved Person*, if it appears to the *Corporation* that:
- (i) the *Approved Person* is not suitable for approval by reason of integrity, solvency, training or experience,
 - (ii) the *Approved Person* has failed to comply with *Corporation requirements*, or
 - (iii) the approval is otherwise not in the public interest.

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9209. Review Hearings



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- (1) Within 30 days after the release of a *decision* under section 9204, 9207 or 9208, an applicant, *Approved Person* or *Dealer Member*, respectively, may request a review of the *decision* by a *hearing panel* under Rule 9300.

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RULE 9400 | PROCEDURES FOR OPPORTUNITIES TO BE HEARD BEFORE DECISIONS ON APPROVAL AND REGULATORY COMPLIANCE MATTERS

9401. Introduction

- (1) These procedures apply where *Corporation requirements* require an opportunity to be heard before:
 - (i) *Corporation* staff,
 - (ii) a *senior decision officer* who has the authority to make a decision concerning a *person* or a *Dealer Member*, or
 - (iii) the *Board* concerning an application for *Dealer Member Membership* in the *Corporation*.
- (2) These procedures will be followed where, under statutory authority that has been delegated to the *Corporation*, the *Corporation* makes a registration decision for which an opportunity to be heard is required under *securities laws*.
- (3) Rule 9400 is divided into the following parts:
 - Part A - Opportunities to be heard by a senior decision officer
[sections 9403 through 9410]
 - Part B - Opportunities to be heard by the Board
[sections 9411 through 9417]

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PART A - OPPORTUNITIES TO BE HEARD BY A SENIOR DECISION OFFICER

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9404. Counsel

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- (2) If an applicant, *Approved Person* or *Dealer Member* is represented by counsel or an agent, *Registration Staff* will communicate with the applicant, *Approved Person* or *Dealer Member* through counsel or the agent.

9405. Corporation Staff Notice

- (1) If *Registration Staff* recommends refusing to grant, revoking, or suspending a *Corporation* approval or that terms and conditions be imposed on an approval or *Membership*, *Registration Staff* must send a letter to the applicant, *Approved Person* or *Dealer Member* giving notice of *Registration Staff's* recommendation and brief reasons for it.

9406. Response of applicant, Approved Person or Dealer Member

- (1) In section 9406 a “response” means the applicant, *Approved Person* or *Dealer Member* must inform *Registration Staff* in writing if an applicant, *Approved Person* or *Dealer Member* wishes to be heard before a decision is made on *Registration Staff's* recommendation.

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9407. Choice of written submissions or appearance

- (1) Unless otherwise decided by a *decision maker*, an opportunity to be heard will be conducted as an exchange of written submissions. However, an applicant, *Approved Person*, *Dealer Member* or *Registration Staff* may request that the opportunity to be heard be conducted as an appearance:
 - (i) in the presence of a *decision maker*,
 - (ii) by telephone conference, or
 - (iii) by other interactive electronic means acceptable to both *parties*.

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9408. Exchange of written submissions

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- (2) *Registration Staff* must provide the applicant, *Approved Person* or *Dealer Member* with a written submission setting out the facts and law supporting *Registration Staff's* recommendation. *Registration Staff's* submission must be delivered to the applicant, *Approved Person* or *Dealer Member* within 10 *business days* after *Registration Staff* receives the applicant's, *Approved Person's* or *Dealer Member's* response (as defined in section 9406).
- (3) An applicant, *Approved Person* or *Dealer Member* must then provide *Registration Staff* with a written submission responding to *Registration Staff's* submission, to be delivered within



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10 *business days* after the applicant, *Approved Person*, or *Dealer Member* receives *Registration Staff's* submission.

- (4) Subject to agreement of the *parties* or a *decision* of the *decision maker*, there will only be one exchange of written submissions so that the *decision maker* may render a decision without unnecessary delay; however, where the *parties* agree to make further submissions or either of them requests that the *decision maker* allow further submissions, such agreement or request must be made within five *business days* after delivery of the applicant's, *Approved Person's* or *Dealer Member's* submission under subsection 9408(3).
- (5) Unless an agreement or request is made under subsection 9408(4), *Registration Staff's* and the applicant's, *Approved Person's* or *Dealer Member's* respective submission will be delivered by *Registration Staff* to the *decision maker* within five *business days* after the applicant's, *Approved Person's* or *Dealer Member's* submission is delivered.

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9409. Appearance before a decision maker

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- (3) At an appearance:
 - (i) the *decision maker* may ask any question and admit any evidence it thinks fit,
 - (ii) witnesses may be called, examined and cross-examined with the consent of the *decision maker*, and
 - (iii) the applicant, *Approved Person* or *Dealer Member* and any witnesses may be required to give evidence under oath or affirmation.

9410. Decisions

- (1) Where an applicant, *Approved Person* or *Dealer Member* requests that an opportunity to be heard be conducted by exchange of written submissions, but fails to deliver submissions within the required time, the *decision maker* may make its decision on *Registration Staff's* recommendation and submissions without further notice or delay.

PART B - OPPORTUNITIES TO BE HEARD BY THE BOARD

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9413. Response of applicant, Approved Person or Dealer Member

- (1) In section 9413 a "response" means the applicant must inform *Corporation* staff in writing if an applicant wishes to be heard before a decision is made on *Corporation* staff's recommendation.

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RULE 9500 | ALTERNATIVE DISPUTE RESOLUTION

9501. Introduction

- (1) Rule 9500 sets out the requirements relating to a *Dealer Member’s* obligation to participate in arbitration programs and ombudsman services approved by the *Corporation*.

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9504. Dealer Members must provide information to ombudsman service

- (1) The ombudsman service may ask a *Dealer Member*, or an *Approved Person*, or other *person* subject to the *Corporation’s* authority for information or *records* relating to a review or investigation.

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