



## Appendix 7 – Clean copy of proposed rule amendments – proposed CIRO Rules

**Note:** As a separate project to develop one set of dealer rules applicable to both investment dealers and mutual fund dealers (CIRO Rules) is nearing completion we have also developed amendments to the proposed CIRO Rules. As the proposed CIRO Rules have not yet been finalized or implemented the amendments included within this appendix are subject to change.



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### RULE 1100 | APPLICATION AND INTERPRETATION

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#### 1102. General application

- (1) *CIRO requirements apply to Dealer Members and, if the context is appropriate, their employees and Approved Persons.*
- (2) Certain requirements within these *Rules* also apply to all *Regulated Persons* other than those referred to in subsection 1102(1). Specific reference is made to *Regulated Persons* where a requirement is applicable to all *Regulated Persons*.
- (3) In the event a *Dealer Member* is registered under *securities laws* as a mutual fund dealer and an investment dealer, the *Dealer Member* and its *Approved Persons* are exempt from *CIRO requirements* that are only applicable to mutual fund dealers, provided they comply with the corresponding *CIRO requirements* that are applicable to investment dealers.

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#### 1103. General interpretation

- (1) 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 *CIRO requirements* apply, includes unincorporated entities if the context is appropriate, and
  - (v) provinces include all provinces and territories of Canada.

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#### 1106. Electronic signatures

- (1) Subject to *applicable laws*, a *Dealer Member* may use an electronic or digital signature where a signature is required by the *CIRO requirements* for an agreement, contract or



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transaction between a *Dealer Member* and its clients, *Approved Persons*, *CIRO*, other *Dealer Members* or any other *person* unless specifically prohibited.

### 1107. Transitional provision

- (1) *CIRO* 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 or the Mutual Fund Dealers Association 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 *CIRO*, and

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## RULE 1200 | DEFINITIONS

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### 1201. Definitions

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

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“agent” ( <i>mandataire</i> )	An <i>individual</i> who is subject to the principal and agent relationship requirements set out in Rule 2300.
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<p>“Approved Person” (<i>Personne autorisée</i>)</p>	<p>A person who is:</p> <p>(i) an <i>individual</i> approved by <i>CIRO</i> in one or more of the following <i>Investment Dealer Member</i> approval categories:</p> <ul style="list-style-type: none"> <li>(a) <i>Associate Portfolio Manager,</i></li> <li>(b) <i>Chief Compliance Officer,</i></li> <li>(c) <i>Chief Financial Officer,</i></li> <li>(d) <i>Director,</i></li> <li>(e) <i>Executive,</i></li> <li>(f) <i>Investment Representative,</i></li> <li>(g) <i>Portfolio Manager,</i></li> <li>(h) <i>Registered Representative,</i></li> <li>(i) <i>Supervisor,</i></li> <li>(j) <i>Trader, and</i></li> <li>(k) <i>Ultimate Designated Person</i></li> </ul> <p>or</p> <p>(ii) an <i>individual</i> approved by <i>CIRO</i> in one or more of the following <i>Mutual Fund Dealer Member</i> approval categories:</p> <ul style="list-style-type: none"> <li>(a) <i>Chief Compliance Officer</i></li> <li>(b) <i>Chief Financial Officer,</i></li> <li>(c) <i>Director,</i></li> <li>(d) <i>Executive,</i></li> <li>(e) <i>Registered Representative,</i></li> <li>(f) <i>Supervisor, and</i></li> <li>(g) <i>Ultimate Designated Person</i></li> </ul> <p>or</p> <p>(iii) a non-<i>individual</i> approved by <i>CIRO</i> in the following <i>Dealer Member</i> approval category:</p> <ul style="list-style-type: none"> <li>(a) <i>Incorporated Approved Person</i></li> </ul>
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<p>“CIRO requirements” (<i>exigences de l’OCRI</i>)</p>	<p>Requirements set out within <i>CIRO’s</i> rules, along with all other instruments prescribed or adopted within <i>CIRO’s</i> rules, and related <i>CIRO</i> rulings.</p>
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<p>“employee” (<i>employé</i>)</p>	<p>An employee or <i>agent</i> of a <i>Dealer Member</i>.</p>
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“Incorporated Approved Person” ( <i>Personne autorisée constituée en société</i> )	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 from within a separate corporation that employs the <i>agent</i> .
“individual” ( <i>personne physique</i> )	A natural person.

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“non-client accounts” or “non-client orders” ( <i>compte non-client or ordre non-client</i> )	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” ( <i>personne</i> )	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” ( <i>conseiller en services financiers compétent qui est une personne physique</i> )	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” ( <i>documentation or dossiers</i> )	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” (secteur canadien réglementé des services financiers)	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 CIRO and as made available on CIRO’s website.
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“related person” (Personne liée)	The same meaning as set out in the Income Tax Act (Canada).
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“Rules” (Règles)	The same meaning as set out in General By-law No. 1, section 1.1.
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“securities laws” (lois sur les valeurs mobilières)	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" (fonctions liées aux valeurs mobilières et aux dérivés)	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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“sub-branch” (sous-succursale)	Any branch office having in total less than four <i>individual Approved Persons</i> and supervised by an <i>individual Approved Person</i> as required under <i>CIRO requirements</i> who is not normally present at such sub-branch office.
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“Supervisor” ( <i>Surveillant</i> )	An <i>individual</i> given responsibility and authority by a <i>Dealer Member</i> , and approved by <i>CIRO</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>CIRO requirements</i> and <i>securities laws</i> .
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“trade name” ( <i>nom commercial</i> )	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 | EXEMPTIONS FROM CIRO REQUIREMENTS

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#### 1302. Board exemptions from the CIRO requirements

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

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#### 1303. Staff exemptions from the CIRO requirements

- (1) *CIRO* may, pursuant to the power granted under a specific *Rule*, exempt a *Dealer Member*, *Approved Person*, or *Regulated Person* from a particular *CIRO requirement*, if it is satisfied



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that to do so would not prejudice the interests of the *Dealer Member's* clients, the public, the *Dealer Member* or the *Regulated Person*.

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### RULE 1400 | STANDARDS OF CONDUCT

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#### 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 the *CIRO 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 *CIRO* 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 of the *CIRO requirements*:
  - (i) *Approved Persons* must avoid any act or omission that would cause their *Dealer Member* to violate any of the *CIRO 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 *CIRO 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

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### 2201. Introduction

- (1) Rule 2200 sets out requirements for a *Dealer Member* when organizing and managing its business and activities.
- (2) A *Dealer Member* must take reasonable care to organize and manage its business responsibly and effectively.
- (3) A *Dealer Member's* business must be organized to enable adequate supervision of all of its activities and cannot be organized to avoid *CIRO requirements*.
- (4) Rule 2200 is divided into the following parts:
  - Part A - Dealer Member Structure
    - Part A.1 - Business locations  
[section 2202]
    - Part A.2 - Holding companies, related companies and order execution only service providers  
[sections 2205 through 2207]
    - Part A.3 - Non-securities or non-derivatives business  
[sections 2215]
    - Part A.4 - Shared office premises



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[sections 2216 through 2218]

Part B - Dealer Member Membership Changes

[sections 2220 through 2228]

Part C - Notification Requirements

[sections 2245 through 2248]

Part D - Trade Names and Disclosures

[sections 2280 through 2285]

### **PART A – DEALER MEMBER STRUCTURE**

#### **PART A.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 CIRO 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**

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#### **PART A.4 - SHARED OFFICE PREMISES**

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#### **2218. Permitted and restricted activities**

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- (2) Non-registered personnel employed by the *Dealer Member* or a representative of another entity in the *shared office premises* 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,
  - (ii) the client's *individual Approved Person* primarily responsible for compliance with *CIRO requirements* relating to know-your-client and suitability determination reviews the account application with the client before any trade is conducted or a recommendation is made to a client, and
  - (iii) a *Supervisor* has approved the account application before any trade is conducted for a client.
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### PART B - DEALER MEMBER MEMBERSHIP CHANGES

#### 2227. Payment of CIRO 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 - 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*.
- (5) Any *trade name* used by a *Dealer Member* or *Approved Person* must comply with the requirements of *applicable laws*.

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#### 2282. CIRO notification

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- (2) *CIRO* may prohibit a *Dealer Member* or an *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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### RULE 2300 | PRINCIPAL AND AGENT RELATIONSHIPS

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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 *CIRO* 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 *CIRO* 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 CIRO

- (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 *CIRO*.
- (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 *CIRO requirements* and *securities laws*, and



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- (ii) to clients for the *agent's* acts and omissions relating to the *Dealer Member's* business.
- (3) *CIRO* 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 CIRO”**

#### **1. Recitals**

- (i) As a Dealer Member of [Name of Corporation], the Dealer Member agrees it is subject to CIRO requirements.
- (ii) Section 2303 of the CIRO Rules, “Specific requirements involving the Dealer Member and CIRO”, requires the Dealer Member to make this agreement with CIRO.
- (iii) This agreement is in addition to and does not alter CIRO requirements or any other agreement between the Dealer Member and CIRO.

#### **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 CIRO 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 CIRO 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 CIRO 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 CIRO requirements,
- (ii) supervision of the agent under CIRO requirements, and
- (iii) ensuring its agents comply with all applicable laws and CIRO 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.



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**5. Disclosure to Clients**

The disclosure to clients must be made using the following language or similar language acceptable to CIRO 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.”

**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 CIRO**

This contract confers on CIRO 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 CIRO 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 CIRO 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 CIRO’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 *CIRO requirements* or *securities laws*.



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- (3) *CIRO* 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 *CIRO* that the written agreement complies with Rule 2300 and any other applicable *CIRO requirements* and *applicable laws*.
- (5) *CIRO* may request that the *Dealer Member* obtain a legal opinion confirming subsection 2304(4).
- (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 CIRO requirements**

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

    - (a) this agreement is made in compliance with *CIRO requirements*,
    - (b) if there is an inconsistency between this agreement and any applicable *CIRO requirements*, *CIRO requirements* will prevail,
    - (c) any inconsistent terms will be deemed severed and deleted,
    - (d) *CIRO* 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 *CIRO requirements*.
  - (iii) **Compliance by the agent with applicable laws, securities laws, and CIRO 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 *CIRO requirements*.
    - (b) The *agent* covenants to comply with all *applicable laws, securities laws* and *CIRO 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 *CIRO 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

(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) *CIRO* 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 *CIRO 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 *CIRO* monitoring and enforcing compliance by the *agent* with this agreement or *CIRO 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:



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- (a) will conform to *CIRO 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**

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 *CIRO* any or all of the *Dealer Member's* rights to enforce the terms of this agreement that relate to *CIRO 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 *CIRO* 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 *CIRO* 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



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- (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:
      - (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)(iv):
    - (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.
  - (iv) 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 *CIRO requirements* or *securities laws*.
  - (3) *CIRO* 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 *CIRO* that the written agreement complies with Rule 2300 and any other applicable *CIRO requirements* and *applicable laws*.
  - (5) *CIRO* may request that the *Dealer Member* obtain a legal opinion confirming subsection 2305(4).



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- (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 CIRO requirements**

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

    - (a) this agreement is made in compliance with *CIRO requirements*,
    - (b) if there is an inconsistency between this agreement and any applicable *CIRO requirements*, *CIRO requirements* will prevail,
    - (c) any inconsistent terms will be deemed severed and deleted,
    - (d) *CIRO* 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 *CIRO requirements*.
  - (iii) **Compliance by the agent and the agent's corporation with applicable laws, securities laws, and CIRO 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 *CIRO 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 *CIRO requirements*.
    - (c) The *agent* and the *agent's* corporation each covenant to comply with all *applicable laws*, *securities laws* and *CIRO 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 *CIRO requirements* and the requirements of any other *securities regulatory authority* to which the *Dealer Member* is subject, and



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- (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:

  - (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) *CIRO* 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 *CIRO 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 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 *CIRO* monitoring and enforcing compliance by the *agent* and the *agent's* corporation with this agreement or *CIRO 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*.



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- (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.
  - (c) The *agent* and the *agent's* corporation agree to ensure that the other activity will not interfere with the *Dealer Member* or *CIRO* monitoring and enforcing compliance by the *agent* and the *agent's* corporation with this agreement or *CIRO 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 *CIRO 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 *CIRO* any or all of the *Dealer Member's* rights to enforce the terms of this agreement that relate to *CIRO requirements*.

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### RULE 2400 | ACCEPTABLE BACK OFFICE AND SERVICE ARRANGEMENTS

#### 2401. Introduction

- (1) In order to manage back office expenses, *Dealer Members* may enter into arrangements that involve back office service sharing with another organization. Services shared may include any combination of: trade execution, trade clearing and settlement, trade financing, trade related cash and *security* custody and trade related *records*. In some cases, before an arrangement can commence, the parties must agree to specific *CIRO* arrangement conditions, including obtaining *CIRO* approval of the arrangement.
- (2) Sections 2401 through 2490 set out the specific *CIRO requirements* for a number of arrangements that a *Dealer Member* may enter into and is organized as follows:



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### Part A – Arrangements between two Dealer Members

#### Part A.1 – General requirements

[sections 2403 through 2409]

#### Part A.2 – Specific requirements for Type 1 introducing broker / carrying broker arrangements

[section 2410]

#### Part A.3 – Specific requirements for Type 2 introducing broker / carrying broker arrangements

[section 2415]

#### Part A.4 – Specific requirements for Type 3 introducing broker / carrying broker arrangements

[section 2420]

#### Part A.5 – Specific requirements for Type 4 introducing broker / carrying broker arrangements

[section 2425]

#### Part A.6 – Specific requirements for Type 5 introducing broker / carrying broker arrangements between Mutual Fund Dealer Members

[section 2430]

### Part B – Arrangements between a Dealer Member and a foreign affiliate dealer

[sections 2435 and 2436]

### Part C – Permitted arrangements that are not considered to be introducing broker / carrying broker arrangements

[sections 2460 and 2461]

### Part D – Prohibited back office sharing arrangements

[section 2480]

### Part E – Service arrangements

[section 2490]

## 2402. Definitions

- (1) The following terms have the meaning set out below when used in sections 2402 through 2490:

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“service arrangement” ( <i>accord de service</i> )	An arrangement entered into between a <i>Dealer Member</i> or <i>Approved Person</i> , and any other <i>person</i> , including another <i>Dealer Member</i> or <i>Approved Person</i> , to provide services, other than <i>clearing arrangements, introducing broker / carrying broker arrangements</i> or <i>custody arrangements</i> , where the services do not
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	include duties or responsibilities that the receiving <i>Dealer Member</i> or <i>Approved Person</i> is required to perform directly under <i>CIRO requirements or securities laws</i> .
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**PART A - ARRANGEMENTS BETWEEN TWO DEALER MEMBERS**

**PART A.1 -GENERAL REQUIREMENTS**

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**PART A.2 -SPECIFIC REQUIREMENTS FOR TYPE 1 INTRODUCING BROKER / CARRYING BROKER ARRANGEMENTS**

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**PART A.3 -SPECIFIC REQUIREMENTS FOR TYPE 2 INTRODUCING BROKER / CARRYING BROKER ARRANGEMENTS**

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**PART A.4 -SPECIFIC REQUIREMENTS FOR TYPE 3 INTRODUCING BROKER / CARRYING BROKER ARRANGEMENTS**

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**PART A.5 -SPECIFIC REQUIREMENTS FOR TYPE 4 INTRODUCING BROKER / CARRYING BROKER ARRANGEMENTS**

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**PART A.6 -SPECIFIC REQUIREMENTS FOR A TYPE 5 INTRODUCING BROKER / CARRYING BROKER ARRANGEMENTS BETWEEN MUTUAL FUND DEALER MEMBERS**

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**PART B - ARRANGEMENTS BETWEEN A DEALER MEMBER AND A FOREIGN AFFILIATE DEALER**

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### PART C - PERMITTED ARRANGEMENTS THAT ARE NOT CONSIDERED TO BE INTRODUCING BROKER / CARRYING BROKER ARRANGEMENTS

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### PART D - PROHIBITED BACK OFFICE SHARING ARRANGEMENTS

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### PART E - SERVICE ARRANGEMENTS

#### 2490. Acceptable service arrangements

- (1) A *Dealer Member* or *Approved Person* may enter into a *service arrangement* provided:
  - (i) both parties enter into a written agreement describing all material terms of the services to be provided,
  - (ii) a copy of the written *service arrangement*, along with any changes or notice of termination, must be provided to *CIRO* upon request,
  - (iii) any *remuneration* or compensation for services provided under the *service arrangement* is paid directly to the *person* providing the services, and
  - (iv) *records* of the *service arrangement* payments are maintained in accordance with *CIRO requirements*.
- (2) A *Dealer Member* or *Approved Person* receiving services under a *service arrangement* is responsible for compliance with all relevant *CIRO requirements*, *securities laws* and *applicable laws*.
- (3) Any *person* preparing or maintaining *records* as a service for a *Dealer Member* or *Approved Person*, under a *service arrangement*, must:
  - (i) comply with the recordkeeping requirements in Rule 3800, and
  - (ii) make the *records* available for review by the *Dealer Member* or *Approved Person* and by *CIRO* in accordance with *CIRO requirements*.
- (4) *CIRO* may request that the *Dealer Member* or *Approved Person* provide additional information related to a *service arrangement*.

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

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#### 2501. Introduction



## Appendix 7 – Clean copy of proposed rule amendments – proposed CICO Rules

- (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 *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*,
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  - (iii) the *individual* is approved by *CICO* in the appropriate *individual Approved Person* category, before the *individual* begins working in that role.
- (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 *CICO requirements* applicable to their *Approved Person* category or categories.
- (4) All *individual Approved Persons* are subject to *CICO* jurisdiction and must comply with *CICO 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 *CICO* to conduct, and
  - (ii) the role that they carry out or has been approved by *CICO* to carry out.



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- (6) If an *individual Approved Person* ceases to be approved, they must immediately cease any activity requiring *CIRO* approval.
- (7) Except as set out in subsections 2551(8) and 2551(9), an *individual Approved Person* of a *Dealer Member* 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 companies*, or *affiliates* for any *Dealer Member related activities* carried out by the *Approved Person*.
- (8) Where an *individual Approved Person* is an *employee* of both a *Dealer Member* and a credit union, the *Approved Person* may accept *remuneration*, gratuity, benefit or other consideration from the credit union by which they are employed, provided the *Dealer Member*:
  - (i) enters into agreements acceptable to *CIRO* staff with both the:
    - (a) credit union, and
    - (b) *employee* that is employed by the credit union,
  - (ii) provides written disclosure to clients that is sufficiently clear and prominent so that clients understand that they are dealing with the *Dealer Member* for *securities and derivatives related business*,
  - (iii) maintains oversight of its *individual Approved Person* compensation programs, and
  - (iv) does not permit credit unions to redirect commissions from the *Dealer Member* to the personal corporations of this *individual Approved Person*.
- (9) 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.
- (10) Subsection 2551(9) 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* who is registered under *securities laws* must have satisfied any applicable proficiency and other registration requirements set out in the applicable *securities laws* and established by the *securities regulatory authorities* having jurisdiction.
- (2) Each *Dealer Member's individual Approved Person* must:
  - (i) meet the applicable pre-approval proficiency requirements set out in sections 2603 and 2605 before *CIRO* approval is granted, and



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- (ii) complete the applicable post-approval proficiency requirements set out in sections 2604 and 2605 after receiving *CIRO* approval.
- (3) *CIRO* will automatically suspend an *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), or section 2630.
- (4) *CIRO* will reinstate an *individual Approved Person* who has been suspended pursuant to subsection 2552(3) once they have completed the required post-approval proficiency requirements and *CIRO* has been notified.
- (5) A *Dealer Member* must file a report specified by *CIRO* on the conditions imposed on an *individual 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 an *Investment Dealer Member*, and an *Investment Dealer Member* may not permit an *individual Approved Person* to, on its behalf, deal with the types of clients set out in clauses 2553(3)(i) through 2553(3)(iii) and conduct the type of business set out in clause 2553(3)(iv), unless the *Investment Dealer Member* complies with the following:
  - (i) The *Investment Dealer Member* must notify *CIRO*, and seek *CIRO's* prior approval on whether the *Registered Representative, Investment Representative, Portfolio Manager* or *Associate Portfolio Manager* will deal with either *retail clients* or *institutional clients*.
  - (ii) A *Registered Representative* dealing with:
    - (a) *retail clients*, may take orders from, or give advice to, all types of clients, or
    - (b) *institutional clients*, may take orders from, or give advice to, *institutional clients* only.
  - (iii) An *Investment Representative* dealing with:
    - (a) *retail clients*, may take orders from all types of clients, or
    - (b) *institutional clients*, may take orders from *institutional clients* only.
  - (iv) The *Investment Dealer Member* must notify *CIRO* which of its *individuals* approved as a *Registered Representative, Investment Representative, Portfolio Manager* or *Associate Portfolio Manager* will deal in or advise in:
    - (a) only mutual funds, government or government-guaranteed debt instruments, and deposit instruments issued by a federally regulated bank, trust company,



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credit union or caisse populaire, except those for which all or part of the interest or return is indexed to the performance of another financial instrument or index,

- (b) *derivatives* subject to the limitations set out in subsection 2625(5), and
- (c) *general securities* business; including equities, fixed income and other *investment products* not listed above.

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### 2554. The individual 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 *CIRO 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 *CIRO* of the outside activity within the time period and manner required by National Instrument 33-109.

### 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 *CIRO* 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 *CIRO*, and
  - (ii) if applicable, meet the proficiency requirements of subsections 2556(2) and 2556(3).



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- (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(2)(xi).
- (3) Any *individual*, other than a *Dealer Member's Director*, who is *actively engaged in the business of the Dealer Member*, and 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(2)(xi).

**2557. – 2599. Reserved.**

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### **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**

- (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 *CIRO* 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 *CIRO*.



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- (4) A *Dealer Member* must ensure that each non-individual *Approved Person* sponsored by the *Dealer Member* complies with *CIRO requirements* applicable to that non-individual's *Approved Person* category.
- (5) All non-individual *Approved Persons* are subject to *CIRO's* jurisdiction and must comply with *CIRO 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 *CIRO's* approval.

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### RULE 2600 | PROFICIENCY REQUIREMENTS AND EXEMPTIONS FROM PROFICIENCIES

#### 2601. Introduction

- (1) Rule 2600 sets out the minimum proficiency requirements for *individuals* requiring *CIRO* 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 principle

- (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 *investment product* 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 in subsections 2603(2) and (3) before *CIRO* will grant approval, unless an exemption has been granted from the applicable requirements.
- (2) An applicant for approval, who, where applicable, is eligible to complete a prescribed exam, must at a minimum successfully complete the following before *CIRO* will grant approval in the following categories:
  - (i) *Investment Representative* dealing with *securities*: Canadian Investment Regulatory Exam
  - (ii) *Investment Representative* dealing with *derivatives*: Canadian Investment Regulatory Exam and Derivatives Exam,
  - (iii) *Registered Representative* (retail) dealing with *securities*: Canadian Investment Regulatory Exam and Retail Securities Exam,
  - (iv) *Registered Representative* (retail) dealing with *derivatives*: Canadian Investment Regulatory Exam and Retail Securities Exam and Derivatives Exam,
  - (v) *Registered Representative* (institutional) dealing with *securities*: Canadian Investment Regulatory Exam and Institutional Securities Exam,
  - (vi) *Registered Representative* (institutional) dealing with *derivatives*: Canadian Investment Regulatory Exam and Institutional Securities Exam and Derivatives Exam,
  - (vii) *Investment Representative* dealing in mutual funds only and *Registered Representative* dealing in mutual funds only: meet the requirements to be registered as a mutual fund dealer – dealing representative, pursuant to National Instrument 31-103,
  - (viii) *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
    - (a) if managing accounts with *derivatives*, the Derivatives Exam,
  - (ix) *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
    - (a) if managing accounts with *derivatives*, the Derivatives Exam,
  - (x) *Supervisor*: Supervisor Exam, and
    - (a) 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 clauses 2603(2)(i) to (vi), and (ix) except:
      - (l) the Canadian Investment Regulatory Exam is not required if the *Supervisor* satisfies the experience requirements in clause 2603(3)(iv),
  - (xi) *Director*, where required in section 2502: Director and Executive Exam,
  - (xii) *Ultimate Designated Person* and *Executive* other than those in clause 2603(2)(xiii) or (xiv): Director and Executive Exam,
  - (xiii) *Chief Compliance Officer* of:
    - (a) an *Investment Dealer Member*: Chief Compliance Officer Exam,



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- (b) a *Mutual Fund Dealer Member*: meet the requirements to be registered as a mutual fund dealer - chief compliance officer, pursuant to National Instrument 31-103,
  - (xiv) *Chief Financial Officer*: Chief Financial Officer Exam,
  - (xv) *Trader*: Trader Exam in addition to any exam mandated by the applicable marketplace.
- (3) An applicant for approval must have the following minimum education or experience before CIRO will grant approval in the following categories:
- (i) *Registered Representative*, except *Registered Representatives* dealing in mutual funds only: A relevant diploma or degree from an accredited post secondary institution, or minimum four years of relevant experience acceptable to CIRO,
  - (ii) *Associate Portfolio Manager*: Minimum two years of relevant investment management experience acceptable to CIRO within three years prior to the date of application for approval,
  - (iii) *Portfolio Manager*:
    - (a) If Canadian Investment Manager Designation or Chartered Investment Manager Designation (CIM®) is completed, at least four years of relevant investment management experience acceptable to CIRO, of which one year was gained within the three years prior to the date of application for approval,
    - (b) If CFA Charter is completed, at least one year of relevant investment management experience acceptable to CIRO within the three years prior to the date of application for approval,
  - (iv) *Supervisor*: Minimum two years of relevant experience acceptable to CIRO,
  - (v) *Ultimate Designated Person* and *Executive*: Minimum two years of relevant experience acceptable to CIRO,
  - (vi) *Chief Compliance Officer* of:
    - (a) An *Investment Dealer Member*:
      - (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,
    - (b) A *Mutual Fund Dealer Member*: meet the requirements to be registered as a mutual fund dealer - chief compliance officer, pursuant to National Instrument 31-103,
  - (vii) *Chief Financial Officer*:
    - (a) A financial accounting designation, finance related university degree or diploma or equivalent work experience as may be acceptable to CIRO.

### 2604. Post-approval proficiency requirements

- (1) *Dealer Member* training



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- (i) An *Investment Dealer Member* must, as prescribed by *CIRO*, provide training to its *Registered Representatives* and *Investment Representatives* within 90 days after approval considering the type of client and product the *individual Approved Person* will be dealing with, and
    - (a) the *Dealer Member* must notify *CIRO* of completion of the training within 90 days after approval.
  - (ii) A *Dealer Member* who sponsors an *individual Approved Person* must ensure that the *individual* has received the appropriate training relevant for its business type including its client and product type to ensure compliance with the proficiency principle in section 2602.
    - (a) A *Dealer Member* may permit an *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 *CIRO requirements, securities laws, and applicable laws* including, without limitation, the obligations relating to conflicts of interest, know-your-client, account appropriateness, product due diligence, know-your-product, and suitability determination.
    - (a) A *Dealer Member* may permit an *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 *CIRO* on request to demonstrate compliance with the proficiency principle.
- (2) Conduct training
- (i) Each *individual Approved Person* must complete the conduct training prescribed by *CIRO* within 30 days after approval, and
    - (a) the *Dealer Member* must notify *CIRO* of completion of the training within 30 days after approval.
  - (ii) Each *individual Approved Person* sponsored by a *Mutual Fund Dealer Member* and not captured by clause 2604(2)(i), approved as of the date of these *Rules*, must complete the conduct training prescribed by *CIRO* by no later than December 31, 2026, and
    - (a) the *Dealer Member* must notify *CIRO* 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 clause 2603(2)(iii), or



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- (b) Requirements in clause 2603(2)(vii).
  - (ii) Complete the requirements in clauses 2603(2)(iii) and 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 clause 2603(2)(i), or
    - (b) Requirements in clause 2603(2)(vii).
  - (ii) Complete the requirements in clauses 2603(2)(i) and 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 the requirements in clause 2603(2)(vii) prior to approval,
  - (ii) Complete the requirements in clause 2604(2)(i) within 30 days after approval, and
  - (iii) 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* 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):
- (i) the ETFs for Mutual Fund Representatives course administered by CSI Global Education Inc., or
  - (ii) the Exchange Traded Funds Course administered by the IFSE Institute, or
  - (iii) the Exchange Traded Funds for Representatives of Mutual Fund Dealers course administered by the Smarten Up Institute.
- (5) The following terms have the meaning set out below when used in subsection 2605(6):

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

- (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* 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):
- (i) the *bridge course*,
  - (ii) the Derivatives Fundamentals Course administered by CSI Global Education Inc.,
  - (iii) the Canadian Securities Course administered by CSI Global Education Inc., or
  - (iv) the courses required to be registered as a Portfolio Manager – Advising Representative pursuant to section 3.11 of National Instrument 31-103, *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

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### PART B - EXEMPTIONS FROM PROFICIENCY REQUIREMENTS

#### 2625. Specific exemptions

- (1) An *individual* applicant seeking approval as a *Supervisor* in relation to activities of *individuals* approved to deal in mutual funds only at an *Investment Dealer Member*, including those in subsection 2605(4), is exempt from the pre-approval exam requirements in subsection 2603(2) 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 January 1, 2023, or
  - (ii) has, prior to these *Rules* coming into effect, successfully completed the following within the timelines prescribed in subsection 2628(1):
    - (a) instead of the applicable requirements described in paragraph 2603(2)(x)(a), 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



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- (II) Branch Compliance Officers Course administered by CSI Global Education Inc.
- (2) Any *Investment Dealer Member individual Approved Persons* 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 *individual Approved Person* continues in the same role.
  - (i) Notwithstanding subsection 2625(2), an *individual* applicant for approval is not required to complete the Canadian Investment Regulatory Exam prescribed in subsection 2603(2) if they have a minimum of two years of prior experience in the same *individual 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) A *Mutual Fund Dealer Member* branch manager or alternate branch manager who was approved in the appropriate *individual Approved Person* category for their role prior to these *Rules* coming into effect, and who satisfied the applicable proficiency requirements for branch managers, is exempt from any new proficiency requirements, other than the requirements in subsection 2604(2), introduced at the coming into effect of these *Rules*, provided the *individual Approved Person* continues in the same role.
- (4) A *Mutual Fund Dealer Member Director*, or *Mutual Fund Dealer Member Ultimate Designated Person* who was approved in the appropriate *individual Approved Person* category for their role prior to these *Rules* coming into effect, is exempt from any new proficiency requirements, other than the requirements in subsection 2604(2), introduced at the coming into effect of these *Rules*, provided they continue in the same role at the same *Mutual Fund Dealer Member*.
- (5) Any *individual Approved Person* who would be required to complete the Derivatives Exam under Rule 2600 pursuant to subsection 2603(2), and who is exempt from such requirement pursuant to subsection 2625(2), may only deal in, as applicable, legacy options or futures contracts, 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 exemption

- (1) *CIRO* 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 *CIRO*.

### 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:



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- (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(2)(viii) or (ix) 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 *CIRO*, 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 *CIRO* 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 previously prescribed courses

- (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 Investment Dealer and Partially Consolidated Rules prior to January 1, 2026,
  - (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) An *individual* is exempt from the requirements in section 2603 if all of the following apply:



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- (i) the *individual* enrolls in a course offered by CSI Global Education Inc. or the IFSE Institute prescribed under the Mutual Fund Dealer Rules before the coming into effect of these *Rules*,
  - (ii) the *individual* successfully completes the course and its exam prior to [date],
  - (iii) the *individual* would satisfy the proficiency requirements applicable to the same approval category prior to the coming into effect of these *Rules*, 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 [date].
- (3) 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 Investment Dealer and Partially Consolidated Rules that were in effect prior to January 1, 2026, or
  - (ii) Retail Securities Exam by the required completion date prescribed under the Investment Dealer and Partially Consolidated 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 *CIRO* to complete the conduct training in clause 2604(2)(i), and
  - (i) The *Dealer Member* must notify *CIRO* of completion of the training within 90 days after approval.

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## **RULE 2700 | CONTINUING EDUCATION REQUIREMENTS FOR APPROVED PERSONS**

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### **2701. Introduction**

- (1) *CIRO* requires *Approved Persons* to meet continuing education requirements to enhance and further develop their baseline proficiencies.
- (2) Rule 2700 is divided into the following parts:
  - Part A – Continuing education requirements for Investment Dealer Members' Approved Persons  
[sections 2702 – 2755]
    - Part A.1 – The Investment Dealer Member's continuing education program and continuing education requirements  
[sections 2703 and 2704]



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- Part A.2 – Investment Dealer Member’s Continuing education program courses and administration  
[sections 2715 through 2717]
- Part A.3 – Participation in the Investment Dealer Member’s continuing education program  
[section 2725]
- Part A.4 – Changes during an Investment Dealer Member’s continuing education program cycle  
[section 2735]
- Part A.5 – Exemptions and Extensions  
[section 2745]
- Part A.6 – Penalties applicable to the Investment Dealer Member’s continuing education requirements for Approved Persons  
[section 2755]
- Part B – Continuing education requirements for Mutual Fund Dealer Members’ Approved Persons  
[sections 2761-2784]
  - Part B.1 – Proration of Credits  
[sections 2763-2765]
  - Part B.2 – Leaves of absence  
[sections 2766-2767]
  - Part B.3 – Component content  
[sections 2768-2771]
  - Part B.4 – Delivery standard  
[sections 2772-2773]
  - Part B.5 – Mutual Fund Dealer Member’s administration of the continuing education program  
[section 2774]
  - Part B.6 – Evidence of completion  
[section 2775]
  - Part B.7 – Reporting  
[sections 2776-2779]
  - Part B.8 – Assessments  
[sections 2780-2782]
  - Part B.9 – Non-Compliance  
[sections 2783-2784]

### **PART A - CONTINUING EDUCATION REQUIREMENTS FOR INVESTMENT DEALER MEMBERS’ APPROVED PERSONS**

#### **2702. Definitions**

- (1) The following terms have the meaning set out below when used in sections 2703 through 2755:



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“Investment Dealer Member continuing education course” ( <i>cours de formation continue des courtiers membres en placement</i> )	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 Part A of Rule 2700.
“Investment Dealer Member continuing education participant” ( <i>participant au programme de formation continue des courtiers membres en placement</i> )	An <i>Investment Dealer Member’s individual Approved Person</i> approved in one or more of the categories set out in subsection 2704(1).
“Investment Dealer Member continuing education program” ( <i>programme de formation continue des courtiers membres en placement</i> )	<i>CIRO’s</i> continuing education program, consisting of compliance and professional development requirements for <i>Investment Dealer Members</i> .

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

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**2704. Investment Dealer Member continuing education requirements**

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

<b>Investment Dealer Member’s Approved Person Category</b>	<b>Client Type</b>	<b>Compliance course requirement</b>	<b>Professional development course requirement</b>
<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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Chief Compliance Officer	N/A	Yes	No
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- (3) An *Investment Dealer Member 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 A.2 – INVESTMENT DEALER MEMBER CONTINUING EDUCATION PROGRAM COURSES AND ADMINISTRATION**

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**PART A.3 – PARTICIPATION IN THE INVESTMENT DEALER MEMBER CONTINUING EDUCATION PROGRAM**

**2725. Participation of recently approved individual Approved Persons**

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

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**PART A.4 - CHANGES DURING AN INVESTMENT DEALER MEMBER’S CONTINUING EDUCATION PROGRAM CYCLE**

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

- (1) An *Investment Dealer Member continuing education participant* who changes their *individual Approved Person* category during an *Investment Dealer Member continuing education program* cycle must complete the continuing education requirements applicable



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to the new *Investment Dealer Member's individual Approved Person* category in the same *Investment Dealer Member continuing education program cycle*.

- (2) Notwithstanding subsection 2735(1), an *Investment Dealer Member continuing education participant* who changes their *Investment Dealer Member's individual Approved Person* category during the last six months of the current *Investment Dealer Member continuing education program cycle*, becomes subject to the applicable continuing education requirements of the new *Investment Dealer Member's individual Approved Person* category at the beginning of the next *Investment Dealer Member continuing education program cycle*.
- (3) An *Investment Dealer Member 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 *Investment Dealer Member's 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 *Investment Dealer Member 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 *CIRO* that the category change is not an avoidance measure.

### PART A.5 – EXEMPTIONS AND EXTENSIONS

#### 2745. Exemptions and extensions

- (3) An *Investment Dealer Member 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 *CIRO* 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 *Investment Dealer Member's individual Approved Person* category.

### PART A.6 – PENALTIES APPLICABLE TO THE INVESTMENT DEALER MEMBER'S CONTINUING EDUCATION REQUIREMENTS FOR APPROVED PERSONS



**PART B - CONTINUING EDUCATION REQUIREMENTS FOR MUTUAL FUND DEALER MEMBERS' APPROVED PERSONS**

**2761. Definitions**

- (1) The following terms have the meaning set out below when used in sections 2761 through 2784:

“cycle” (cycle)	Any 24-month period beginning on December 1 <sup>st</sup> of an odd-numbered year.
“date of participation” (date de participation)	The date upon which a <i>Mutual Fund Dealer Member's individual Approved Person</i> was approved, under the <i>Rules</i> , in one or more categories set out under Rule 2600.
“CE reporting and tracking system” or “CERTS” (système de suivi et de rapport de la FC or SSRFC)	The online system established for the purpose of administering the <i>Mutual Fund Dealer Members' continuing education program</i> .
“MFDM CE credit” (crédit en FC des CMEC)	Any continuing education credit that meets the requirements set out in Part B of Rule 2700, including credits for the Business Conduct component, Compliance component, and Professional Development component.
“CE Participant” (participant au programme de FC)	Any <i>Mutual Fund Dealer Member's individual Approved Person</i> who is approved, during a cycle, as a <i>Registered Representative, Chief Compliance Officer or Ultimate Designated Person, or Supervisor</i> under these <i>Rules</i> .

**2762. Mutual Fund Dealer Member continuing education**

- (1) **Compliance with Mutual Fund Dealer Member continuing education requirements.** Each *Mutual Fund Dealer Member* and each *Mutual Fund Dealer Member's individual Approved Person* shall comply with continuing education requirements applicable to them, as set out under part B of Rule 2700.
- (2) **Registered Representative.** For each cycle, every *individual Approved Person* who is approved as a *Mutual Fund Dealer Member's Registered Representative* under Rule 2600 must complete 8 Business Conduct Credits, 20 Professional Development Credits and 2 Compliance Credits, in accordance with requirements under Part B of Rule 2700.
- (3) **Chief Compliance Officer, Ultimate Designated Person and Supervisor.** Where an *individual Approved Person* is not approved as a *Mutual Fund Dealer Member's Registered Representative*, but is approved as either a *Chief Compliance Officer or Ultimate Designated Person, or Supervisor* under the *Rules*, that *individual* must, for each cycle, complete 8 Business Conduct Credits, and 2 Compliance Credits, in accordance with requirements under Part B of Rule 2700.
- (4) **Continuing education requirements for a partial cycle.**
- (i) **Non-Application.** A *Mutual Fund Dealer Member's individual Approved Person* is not required to meet requirements specified under subsections 2762(2) or 2762(3) where,



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in any given cycle, the *Mutual Fund Dealer Member's individual Approved Person* is subject to that component requirement for a period that is less than, or equal to, 2 months.

- (ii) **Pro-ration of credits.** Where a *Mutual Fund Dealer Member's individual Approved Person* is subject to a requirement specified under subsections 2762(2) or 2762(3) for less than a full cycle, and the period in question is greater than 2 months, the *Mutual Fund Dealer Member's individual Approved Person* may be able to satisfy such requirements on a pro-rata basis, in accordance with the applicable provisions of Part B of Rule 2700.
- (5) **Leaves of Absence.** Where a *Mutual Fund Dealer Member's individual Approved Person* is subject to the requirements under subsections 2762(2) or 2762(3), and was absent, for a period of at least 4 consecutive weeks, from their employment as an *individual Approved Person*, the *Chief Compliance Officer* can reduce the requirements applicable to that *individual Approved Person* under subsections 2762(2) or 2762(3), in accordance with the applicable provisions under Part B of Rule 2700.
- (6) **Evidence of completion.** Each *Mutual Fund Dealer Member* must maintain evidence of completion of *MFDM CE credits* for a cycle, as required under Part B of this Rule 2700 following the end of that cycle.
- (7) **Reporting.** Each *Mutual Fund Dealer Member* must meet the minimum requirements set out under Part B of this Rule 2700 respecting notification to *CIRO* of the completion of *MFDM CE credits*.
- (8) **Non-compliance.**
  - (i) Where, for any given cycle, a *Mutual Fund Dealer Member's individual Approved Person* does not meet the requirements of the *Mutual Fund Dealer Member* continuing education program, that *individual* shall cease to act as an *individual Approved Person* of any *Mutual Fund Dealer Member*, until such time as *CIRO* has determined that the prescribed requirements have been met.
  - (ii) Each *Mutual Fund Dealer Member* shall be liable for and pay to *CIRO* fees, levies, or assessments in the amounts prescribed from time to time by *CIRO* for the failure of the *Mutual Fund Dealer Member* or a *Mutual Fund Dealer Member's individual Approved Person* to comply with the requirements of Part B of this Rule 2700.

### PART B.1 - PRORATION OF CREDITS

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### PART B.2 – LEAVES OF ABSENCE

#### 2766. Leaves

- (1) Subsection 2762(5) permits a *Mutual Fund Dealer Member* to reduce the *MFDM CE credit* requirements applicable to a *CE Participant* under subsections 2762(2) or 2762(3) in circumstances where the *CE Participant* was absent, for a period of at least 4 consecutive



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weeks, from their employment as a *Mutual Fund Dealer Member's individual Approved Person* due to the following:

- (i) Pregnancy or parental leave,
- (ii) Personal emergency leave,
- (iii) Family caregiver or medical leave,
- (iv) Personal illness or injury,
- (v) Mandatory duty as a juror or witness, or
- (vi) Other similar leaves of absence defined under applicable provincial laws.

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### **PART B.3 - COMPONENT CONTENT**

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### **PART B.4 - DELIVERY STANDARD**

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### **PART B.5 – MUTUAL FUND DEALER MEMBER’S ADMINISTRATION OF THE CONTINUING EDUCATION PROGRAM**

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### **PART B.6 - EVIDENCE OF COMPLETION**

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### **PART B.7 - REPORTING**

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**2779. CE Participant ceases to be an Approved Person**



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- (1) Notwithstanding the provisions under section 2778, when a *CE Participant* ceases to be an *individual Approved Person* of a *Mutual Fund Dealer Member*, that Member must file a report of all completed *MFDM CE credits* for that *CE Participant* within 30 days.

### PART B.8 - ASSESSMENTS

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### PART B.9 - NON-COMPLIANCE

#### 2783. Notification and fees

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- (3) Where, after receiving and reviewing the *Dealer Member's* response, *CIRO* has determined that a *CE Participant* has not met the prescribed *MFDM CE credit* requirements for a given cycle, and *CIRO* is not satisfied with the *Dealer Member's* response, *CIRO* shall provide notification to the *CE Participant's* sponsoring *Dealer Member* indicating that the *CE Participant* is not to act as an *individual Approved Person* of any *Mutual Fund Dealer Member* until such time as *CIRO* has determined that the prescribed *MFDM CE credit* requirements have been met.

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### RULE 2800 | THE NATIONAL REGISTRATION DATABASE

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#### 2801. Introduction

- (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:

<p>“authorized firm representative” (<i>représentant autorisé de la société</i>)</p>	<p>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>.</p>
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“chief authorized firm representative” ( <i>représentant en chef autorisé de la société</i> )	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” ( <i>Base de données nationale d’inscription</i> )	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” ( <i>compte BDNI</i> )	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” ( <i>administrateur de la Base de données nationale d’inscription</i> )	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” ( <i>format BDNI</i> )	The electronic format for submitting information through the <i>National Registration Database website</i> .
“National Registration Database submission” ( <i>présentation de renseignements à la Base de données nationale d’inscription</i> )	The information that is submitted under <i>securities laws</i> , <i>securities directions</i> or under Rule 2800, in the <i>National Registration Database format</i> , or the act of submitting information under <i>securities laws</i> , <i>securities directions</i> or under Rule 2800, in the <i>National Registration Database format</i> , as the context requires.
“National Registration Database website” ( <i>site Web de la Base de données nationale d’inscription</i> )	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>CIRO</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>CIRO</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 <i>individual</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 *CIRO* through the *National Registration Database* that either:
- (a) the *individual Approved Person* has completed the necessary proficiency requirements under sections 2603, 2604 or 2605 to undertake the type of business, or



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

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### 2805. Due diligence and record keeping

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- (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 *individual Approved Person* of the *Dealer Member*, or in any case when an *individual* who applied for approval was refused or withdrawn.

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### 2806. Fees

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- (3) A *Dealer Member* making an application for a proficiency exemption, for an *individual Approved Person* or applicant for approval, will be liable for and pay *CIRO* 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 *CIRO* 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 *individual Approved Person* sponsored by 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

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### 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 *CIRI's* objectives of maintaining investor confidence in *securities* and *derivatives* 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 3105 through 3114]
  - 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

### 3105. 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 3105(2), the *Approved Person* must promptly report that conflict of interest to the *Dealer Member*.



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### 3106. Approved Person responsibility to address conflicts of interest

- (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 3105(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.

### 3107. 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 3106.

### 3108. 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 3106(1) or 3107(1) solely by providing disclosure to the client.

### 3110. 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 3110(2)(i)(a)(I) and 3110(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.

- (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 3110(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 3110(2)(i)(a).

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(iii) Borrowing from clients

- (a) Borrowing money or receiving a *guarantee* in relation to borrowing money, *investment products* 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 3110(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, *investment products* 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 3110(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 3110(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 3110(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 *CIRO requirements* for such accounts.
- (vi) Beneficiary status and estate bequests
  - (a) For the purposes of 3110(vi)(b), “immediate family” means parents, grandparents, mother-in-law or father-in-law, spouse or domestic partner, brother or sister, brother-in-law or sister-in-law, son-in law or daughter-in-law, children, grandchildren, cousin, aunt or uncle, or niece or nephew, and any other person who resides in the same household as the *individual Approved Person* or *employee* and the *individual Approved Person* or *employee* financially supports, directly or indirectly, to a material extent. The term includes step and adoptive relationships.
  - (b) Accepting the status of a beneficiary of a client’s estate or receiving a bequest from a client’s estate upon learning of such status, unless:
    - (I) the client is a member of the *employee’s* or *individual Approved Person’s* immediate family; and
    - (II) in the case of *Associate Portfolio Managers, Portfolio Managers, Investment Representatives* and *Registered Representatives*, the proposed status or bequest is disclosed to and approved in writing by the *Dealer Member*, prior to accepting such status or bequest.
- (3) *CIRO* may grant an *employee* or *individual Approved Person* of a *Dealer Member* an exemption from the applicable requirements regarding personal financial dealings with clients if it is satisfied that to do so would not prejudice the interests of the *Dealer Member’s* clients, the public, or the *Dealer Member*.

### 3111. 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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### 3112. Mutual fund sales incentives

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- (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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**3114. Referral Arrangements**

- (1) The following terms have the meaning set out below when used in section 3114:

“client” (client)	Includes a prospective client.
“referral arrangement” (entente d’indication de clients)	Means any arrangement in which a Dealer Member or Approved Person agrees to provide or receive a referral fee to or from another person.
“referral fee” (commission d’indication de clients)	Means any benefit provided for the referral of a client to or from a Dealer Member or Approved Person.

- (2) A Dealer Member or Approved Person must not participate in a referral arrangement with another person unless:
  - (i) before a client is referred by or to the Dealer Member or Approved Person, the terms of the referral arrangement are set out in a written agreement between the Dealer Member and the person,
  - (ii) the Dealer Member records all referral fees, and
  - (iii) the Dealer Member ensures that the information prescribed under subsection 3114(4) is provided to the client in writing before the party receiving the referral either opens an account for the client or provides services to the client.
- (3) A Dealer Member or Approved Person must not refer a client to another person unless the Dealer Member first takes reasonable steps to satisfy itself that the person has the appropriate qualifications to provide the services, and if applicable, is registered to provide those services.
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- (5) If there is a change to the information set out under subsection 3114(4), the Dealer Member or Approved Person must ensure that written disclosure of that change is provided to each client affected by the change as soon as possible and no later than the 30th day before the date on which a referral fee is next paid or received.



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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

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#### 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 Accounts:

sets out additional account opening and updating procedures for *derivatives accounts*.

[sections 3250 through 3255]



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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 *CIRO requirements*. No part of Rule 3200, unless otherwise specified, shall be interpreted to grant a *Dealer Member* an exemption for complying with other *CIRO 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” ( <i>exploitation financière</i> )	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.
“trusted contact person” ( <i>personne de confiance</i> )	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” ( <i>client vulnérable</i> )	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” ( <i>conseiller</i> )	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” ( <i>personne assimilable à un conseiller étranger</i> )	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 *Investment Dealer Member*, an *Investment Dealer Member* must obtain written approval from the other *Investment Dealer Member*, and must designate the account as *non-client account*.

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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:
    - (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 an *investment product*, and
      - (II) a statement of the investment fund management expense fees or other ongoing fees the client may incur in connection with an *investment product* 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 way 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) *investment product* positions 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),
    - (D) the *Dealer Member* becomes aware of a change in an *investment product* position 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,



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- (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 an *investment product* position 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 *CIRO* 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 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.

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### 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.

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**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*,
  - (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 ACCOUNTS

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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 *Investment 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

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#### 3301. Product Due Diligence

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- (2) An *individual Approved Person* must not purchase *investment products* for, or recommend *investment products* to, a client unless they 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 transact in or purchase or sell *investment products* for, or recommend *investment products* to, a client unless the *individual Approved Person* takes steps to understand the *investment products*, including their 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 *investment products* 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

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#### 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*:
  - (i) transacts in, purchases, sells, withdraws, exchanges or transfers-out *investment products* for a *retail client's* account,
  - (ii) takes any other investment action for a client, or
  - (iii) 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:
    - (iv) 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,
      - (b) the *Dealer Member's* assessment of and an *Approved Person's* understanding of the *investment product*, required in accordance with Rule 3300,
      - (c) the impact of the action on the *retail client's* account, including the concentration of *investment products*, within the account and their liquidity,
      - (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* as applicable, through the *Dealer Member* at the time the determination is made, and
    - (v) the action puts the *retail client's* interest first.

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### RULE 3500 | SALES PRACTICES

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#### 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.

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### 3503. Client priority

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- (2) The *Dealer Member* must not give priority to orders or transactions for an account in which the *Dealer Member* or partners, *officers*, *employees* or *Approved Persons* of the *Dealer Member* has or have 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, *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 an *Investment 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) An *Investment 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 *Investment Dealer Member*, its *employees* and *Approved Persons* compliance with these policies and procedures.

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**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 communications and client communications  
[section 3602]
  - Part B – Research reports  
[sections 3606 through 3623]
  - Part C – Misleading Communications  
[section 3640]

**PART A – ADVERTISEMENTS, SALES COMMUNICATIONS AND CLIENT COMMUNICATIONS**

**3602. Advertising**

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- (5) A *Dealer Member* must provide reasonable assurance:
  - (i) its *employees* and *Approved Persons* are familiar with its policies and procedures relating to *advertisements*, *sales communications* and *client communications*, 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:

<p>“analyst” (<i>analyste</i>)</p>	<p>An <i>Investment Dealer Member's</i> employee 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</p>
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	includes a recommendation with respect to a <i>security</i> .
“equity related security” ( <i>titre lié à des titres de capitaux propres</i> )	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” ( <i>services bancaires d’investissement</i> )	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.

### 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 an *Investment Dealer Member* must disclose whether or not the *Investment Dealer Member* has issued a relevant *research report*.

## PART C – MISLEADING COMMUNICATIONS

### 3640. Misleading communications

- (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:



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- (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.

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

#### 3701. Introduction

- (1) Rule 3700 sets out *Dealer Members' and Approved Persons'* reporting, internal investigation and *complaint* handling and investigation requirements. Rule 3700 is divided into the following parts:

Part A – Reporting requirements

[sections 3710 through 3714]

Part B – Internal investigations and internal discipline

[sections 3720 through 3723]

Part C – Settlements and confidentiality restrictions

[sections 3730 and 3731]

Part D – Client complaints – Institutional Clients

[section 3740]

Part E – Client complaints – Retail Clients

[sections 3750 through 3758]

Part F – Legal actions

[section 3760]

Part G – Specific record retention requirements for client complaints

[section 3770 and 3771]

#### 3702. Definitions

- (1) The following terms have the meaning set out below when used in Rule 3700:

<p>“compensation” (<i>indemnité</i>)</p>	<p>Any payment of money, <i>securities</i>, or adjustments to a <i>securities</i> transaction (whether the transaction has a realized or unrealized loss) intended to compensate a client or offset an action by a <i>Dealer Member</i> or <i>Approved Person</i>, excluding corrections to a client account or position due to good faith trading errors and omissions.</p>
<p>“complaint” (<i>plainte</i>)</p>	<p>An expression of dissatisfaction from a client, a former client, or any person who is acting on behalf of a client, for which a final response is expected in respect of:</p>

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	<p>(i) a current or former <i>Dealer Member</i>, <i>Approved Person</i> or <i>employee</i>, or</p> <p>(ii) a service or product offered by a <i>Dealer Member</i>, but does not include an action taken by a <i>Dealer Member</i> solely to comply with <i>CIRO requirements</i>, <i>securities laws</i> or any <i>applicable laws</i>, including instances where the client might have incurred financial losses, such as a margin call or an action taken to comply with government-imposed sanctions.</p>
<p>“internal dispute resolution service” (<i>service interne de règlement des différends</i>)</p>	<p>An internal dispute resolution service offered by the <i>Dealer Member</i>, or an <i>affiliate</i> of the <i>Dealer Member</i>, to the <i>Dealer Member’s</i> clients, other than the <i>complaint</i> handling service described in section 3753.</p>
<p>“serious client-related misconduct” (<i>grave inconduite à l’égard d’un client</i>)</p>	<p>Any <i>serious misconduct</i> relating to a client’s or former client’s account or to interactions with a client or former client.</p>
<p>“serious misconduct” (<i>grave inconduite</i>)</p>	<p>(i) Any instance of:</p> <ul style="list-style-type: none"> <li>(a) theft,</li> <li>(b) fraud,</li> <li>(c) misappropriation or misuse of funds or <i>securities</i>,</li> <li>(d) forgery,</li> <li>(e) money laundering,</li> <li>(f) insider trading,</li> <li>(g) misrepresentation,</li> <li>(h) unauthorized trading, including discretionary trading contrary to sub-section 3221(1),</li> <li>(i) excessive or improper trading,</li> <li>(j) engaging in <i>Dealer Member related activities</i> outside the <i>Dealer Member</i>,</li> <li>(k) engaging in activities outside the <i>Dealer Member</i> contrary to section 2554,</li> <li>(l) addressing conflicts of interest in a manner that is contrary to section 3106 or section 3107,</li> <li>(m) engaging in personal financial dealings contrary to section 3110,</li> <li>(n) material unresolved violations of the suitability determination obligation in Rule 3400,</li> <li>(o) a material breach of client confidentiality, or</li> <li>(p) activity which creates a reasonable risk of material harm to a client, former client or the financial markets.</li> </ul> <p>(ii) Any other instance of material non-compliance with <i>CIRO requirements</i>, <i>securities laws</i> or any <i>applicable laws</i> that create a reasonable risk of material harm to a client, former client, or the public interest.</p>



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<p>“service complaint” (<i>plainte portant sur le service</i>)</p>	<p>Any <i>complaint</i> which is founded on customer service issues and is not the subject of <i>CIRO requirements, securities laws or applicable laws</i> that apply to <i>Dealer Member related activities</i>.</p>
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### PART A – REPORTING REQUIREMENTS

#### 3710. Reporting by Approved Persons and employees to the Dealer Member

- (1) An *Approved Person* must report to the *Dealer Member* as soon as possible, but no later than within two *business days* upon becoming aware of any of the following matters:
- (i) a change in the *Approved Person’s* registration information or Form 33-109F4,
  - (ii) a reason to believe that they may have engaged, or are currently engaging, in *serious misconduct*,
  - (iii) being the subject of a client *complaint*, including a *service complaint*,
  - (iv) a client *complaint* alleging *serious client-related misconduct* by another *Approved Person* or *employee*, or
  - (v) if the *Approved Person* is subject to any of the following in any jurisdiction inside or outside of Canada, while employed by the *Dealer Member*, or concerning matters that occurred while employed by the *Dealer Member*:
    - (a) charged with, convicted of, pleading guilty or no contest to any criminal offence,
    - (b) named as a defendant or respondent in, or is the subject of, any proceeding, disciplinary action or investigation alleging contravention of any *securities laws or applicable laws*,
    - (c) named as a defendant or respondent in, or is the subject of any proceeding, disciplinary action or investigation alleging contravention of the requirements or policies of any regulatory organization or *SRO*, professional licensing, credentialling or registration body,
    - (d) denial, cancellation, suspension or addition of terms and conditions to a registration or license by any regulatory organization or *SRO*, professional licensing, credentialling or registration body,
    - (e) declaration of bankruptcy, suspension of payments of debts generally or the making of an arrangement with creditors or making an assignment or being deemed insolvent,
    - (f) outstanding garnishments rendered against the *Approved Person*, or
    - (g) any pending legal actions against the *Approved Person*, including a civil claim or arbitration notice alleging *serious misconduct*.
- (2) A *Dealer Member* must establish and maintain policies and procedures that require an *employee* report to the *Dealer Member* any of the following matters as soon as possible, but no later than within two *business days* upon becoming aware of any of the following matters:



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- (i) a reason to believe that they may have engaged or currently be engaging in *serious misconduct* while engaging in *Dealer Member related activities*,
- (ii) being the subject of a client *complaint* alleging *serious client-related misconduct*,
- (iii) a client *complaint* alleging *serious client-related misconduct* by an *Approved Person* or another *employee*, or
- (iv) if the *employee* is subject to any of the following in any jurisdiction inside or outside of Canada, while the *employee* was in the employ of the *Dealer Member* and was engaged in *Dealer Member related activities*:
  - (a) charged with, convicted of, plead guilty or no contest to, any criminal offence relating to *serious misconduct*,
  - (b) named as a defendant or respondent in, or is the subject of, any proceeding, disciplinary action or investigation alleging *serious misconduct*,
  - (c) denial, cancellation, suspension or addition of terms and conditions to a registration or license by any regulatory or *SRO*, professional licensing, credentialing or registration body as a result of *serious misconduct*,
  - (d) declaration of bankruptcy, suspension of payments of debts generally or the making of an arrangement with creditors or making an assignment or being deemed insolvent, or
  - (e) any pending legal actions against the *employee*, including a civil claim or arbitration notice alleging *serious misconduct*.

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### 3711. Reporting by a Dealer Member to CIRO

- (1) A *Dealer Member* must report to *CIRO* as soon as possible, but no later than within five *business days* upon becoming aware of any of the following matters:
  - (i) a reason to believe that it, or an *Approved Person*, may have engaged or is currently engaging in *serious misconduct*,
  - (ii) a reason to believe that an *employee* may have engaged or is currently engaging in *serious misconduct* while performing *Dealer Member related activities*,
  - (iii) the *Dealer Member* or *Approved Person* or *employee* has paid substantial *compensation* to a client either directly or indirectly, including in furtherance of a settlement,
  - (iv) an internal investigation is commenced by the *Dealer Member* in accordance with section 3720,
  - (v) the *Dealer Member*, or a current or former *Approved Person* is subject to any of the following in any jurisdiction inside or outside of Canada, while employed by the *Dealer Member* or concerning matters that occurred while employed by 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 or applicable laws* related to *Dealer Member related activities*,
  - (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 organization or *SRO*, professional licensing, credentialling or registration body,
  - (d) denial, cancellation, suspension or addition of terms and conditions to a registration or license by any regulatory organization or *SRO*, professional licensing, credentialling or registration body,
  - (e) declaration of bankruptcy, suspension of payments of debts generally or the making of an arrangement with creditors or making an assignment or being deemed insolvent,
  - (f) outstanding garnishments rendered against the *Approved Person*, or
  - (g) subject to a civil claim or arbitration notice alleging *serious misconduct*,
  - (vi) the *Dealer Member' employee* is subject to any of the following in any jurisdiction inside or outside of Canada, while performing *Dealer Member related activities* while employed by the *Dealer Member* or concerning matters that occurred while employed by the *Dealer Member*:
    - (a) charged with, convicted of, plead guilty or no contest to, any criminal offence relating to *serious misconduct*,
    - (b) named as a defendant or respondent in, or is the subject of, any proceeding, or disciplinary action alleging *serious misconduct*, or
    - (c) subject to a civil claim or arbitration notice alleging *serious misconduct*.
  - (vii) any internal disciplinary action that is taken by a *Dealer Member* against an *Approved Person* or an *employee* as a result of:
    - (a) a client *complaint* involving allegations of *serious misconduct*,
    - (b) a civil claim or arbitration notice involving allegations of *serious misconduct*, or
    - (c) an internal investigation involving allegations of *serious misconduct*.
- (2) A *Dealer Member* must report to *CIRO* as soon as possible, but no later than within 20 *business days* upon becoming aware of a *complaint* involving allegations of:
- (i) *serious misconduct* against the *Dealer Member*, or any current or former *Approved Person*, or
  - (ii) *serious client-related misconduct* against an *employee* while employed by the *Dealer Member*.

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### 3713. Failure to report

- (1) Failure to report within the timelines set out in sections 3710 through 3712, may result in CICO imposing an administrative fee, or other penalties that are permitted under the CICO requirements, against the Dealer Member or, where applicable, the Approved Person.

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## PART B – INTERNAL INVESTIGATIONS AND INTERNAL DISCIPLINE

### 3720. Requirement to commence an internal investigation

- (1) A Dealer Member must conduct an internal investigation, if it becomes aware that the Dealer Member or a current or former Approved Person while employed by the Dealer Member engaged in or appeared to have engaged in serious misconduct.

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### 3722. Internal discipline

- (1) A Dealer Member's policies and procedures must establish procedures to determine the appropriate disciplinary measures, if any, for any breach of the CICO requirements or securities laws by any Approved Person or employee.

### 3723. Exception

- (1) A Dealer Member, Approved Person or employee is not required to comply with Parts A and B of Rule 3700 for any matter reported to CICO under Universal Market Integrity Rules 10.16, 10.17 and 10.18.

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## PART C – SETTLEMENTS AND CONFIDENTIALITY RESTRICTIONS

### 3730. Entering into settlements

- (1) Approved Persons and employees must obtain the Dealer Member's written consent before entering into any settlements 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 employee or the Dealer Member.

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- (3) Subsection 3730(1) does not apply to settlements entered into by an employee or *individual Approved Person* or who is authorized by the *Dealer Member* to negotiate or enter into settlements in the normal course of their duties and does not arise out of activities involving the *employee*, the *individual Approved Person* or an *Incorporated Approved Person* for which the *individual Approved Person* is either an employee or a shareholder.

### 3731. Restrictions

- (1) A *Dealer Member* or an *Approved Person* must not, enter into any form of agreement or understanding with a client or otherwise, which imposes confidentiality or similar restrictions preventing a client from:
  - (i) initiating a *complaint* to the *securities regulatory authorities*, *SROs* or other enforcement authorities,
  - (ii) continuing with any pending *complaint* in progress,
  - (iii) participating in any further proceedings by such authorities, or
  - (iv) communicating or sharing information with the *securities regulatory authorities*, *SROs* or other enforcement authorities.

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## PART D – CLIENT COMPLAINTS – INSTITUTIONAL CLIENTS

### 3740. Complaint 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 *institutional client complaints* alleging *serious client-related misconduct*,
  - (ii) the *Dealer Member* must acknowledge all verbal *institutional client complaints* alleging *serious client-related misconduct* where a preliminary investigation indicates that the allegation may have merit,
  - (iii) the *Dealer Member* must convey the results of its investigation, if any, of a *complaint* to the *institutional client* in due course,
  - (iv) the *Dealer Member* must ensure that the *Approved Person* and their *Supervisor* is aware of all *institutional client complaints* filed against the *Approved Person*,
  - (v) the *Dealer Member* must ensure that all allegations of *serious misconduct* are reported to an appropriate *Executive*, and
  - (vi) *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

#### 3750. Application

- (1) Part E of Rule 3700 applies to *retail clients* or *persons* authorized to act on behalf of *retail clients*.
- (2) Sections 3755 to 3758 apply to *complaints* that are not *service complaints*, submitted by a *retail client*, or a *person* authorized to act on behalf of a *retail client*:
  - (i) submitted in writing, or
  - (ii) alleging *serious client related misconduct*.
- (3) Any matter which is the subject of a civil action or arbitration is not considered to be a *complaint* for the purpose of section 3750.

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#### 3754. Complaint policies and procedures

- (1) 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* with proper considerations of the facts of the case,
  - (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 *Dealer Member*,
  - (v) a process that ensures that the relevant *Approved Persons, employees* and their *Supervisors* are made aware of all *complaints* filed by their clients,
  - (vi) procedures to inform an appropriate *Executive* of any *serious misconduct*, and
  - (vii) procedures to monitor the general nature of the *complaints*.

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#### 3757. Duty to assist in client complaint resolution



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- (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*.

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### PART F – LEGAL ACTIONS

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### PART G – SPECIFIC RECORD RETENTION REQUIREMENTS FOR CLIENT COMPLAINTS

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#### 3771. Client complaint file

- (1) A *Dealer Member* must retain the following information in accordance with section 3770 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 *investment products* or services which are the subject of the *complaint*,
  - (vi) the materials reviewed and obtained during 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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## RULE 3800 | RECORDKEEPING AND CLIENT REPORTING

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### 3801. Introduction



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- (1) Maintaining complete and accurate *records* and reporting to clients in a comprehensive, meaningful and timely manner are fundamental responsibilities 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.
- (2) Rule 3800 is divided into the following parts:
  - Part A – Recordkeeping requirements
    - Part A.1 – General recordkeeping requirements  
[sections 3803 to 3806]
    - Part A.2 – Specific records requirements  
[sections 3810 to 3819]
  - Part B – Client reporting  
[sections 3850 to 3859]

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### PART A – RECORDKEEPING REQUIREMENTS

#### PART A.1. - GENERAL RECORDKEEPING REQUIREMENTS

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#### 3804. Minimum mandatory records

- (1) The *records* required under subsection 3803(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 *CIRO* 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,
  - (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 transaction,
  - (viii) provide an audit trail for:
    - (a) client instructions, orders, transactions, and required trading authorizations, and



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- (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 *investment products* pricing as may be required by *securities laws*,
- (xi) document the opening of client accounts, as well as any agreements with clients and evidence that account related documents required by *CIRO 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 *client communications*,
- (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,
- (xviii) demonstrate compliance with misleading communications requirements,
- (xix) demonstrate compliance with the conditions for *temporary holds*,
- (xx) demonstrate determination undertaken to classify a client as a *hedger* and as an *institutional client*,
- (xxi) document each event required to be reported to *CIRO* under subsections 3711 and 3712,
- (xxii) document an advancement of funds or extension of credit to or on behalf of a client, directly or indirectly, in connection with the receipt of funds on the redemption of mutual fund *securities*, including the prior written confirmation referred to in subsection 5112(1), and
- (xxiii) document each internal investigation conducted in accordance with section 3720, including:
  - (a) the issues investigated,
  - (b) the relevant factual findings,
  - (c) the investigation steps taken, including the documents obtained and the individuals interviewed,
  - (d) the evidence collected, and
  - (e) the conclusion made and any resulting recommendations and steps taken to resolve the matter.

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### PART A.2. – SPECIFIC RECORDS REQUIREMENTS

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### PART B – CLIENT REPORTING

#### 3850. General information

- (1) A *Dealer Member* must include in each statement and report sent to the client in compliance with the requirements of Rule 3800, Part B, the following information:
  - (i) the type and number of the client account covered by the statement or the report, and the name of the *individual Approved Person* servicing such account, if applicable,
  - (ii) the period covered by the statement or the report, and
  - (iii) the name, address and contact information of the *Dealer Member*, subject to the applicable disclosure requirements of Rule 2400, Part A for *Dealer Member* arrangements.

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### RULE 3900 | SUPERVISION

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#### 3901. Introduction

- (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 3975]
- (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



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procedures that specifically address its supervision system must remain up-to-date at all times, based on current *CIRO 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 *CIRO 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 *CIRO 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 *CIRO requirements*, or *securities laws* are made.
- (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 *CIRO requirements* and *applicable laws*, to all relevant sales *employees* and *individual 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* and *Executives* as necessary to:
- (i) properly supervise its *employees* and *Approved Persons*, and
  - (ii) ensure compliance with *CIRO requirements*,  
considering the scope and complexity of the *Dealer Member's* business.

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- (4) A *Dealer Member* must take reasonable steps to ensure all 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
  - (iii) *CIRO 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 *CIRO requirements* and *securities laws*.

### 3910. Responsibilities of the Ultimate Designated Person

- (1) The *Ultimate Designated Person* is responsible to *CIRO* 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 *CIRO requirements* and *securities laws*, and
  - (ii) promote compliance by the *Dealer Member*, and each *person* acting on its behalf, with *CIRO 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 *CIRO 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 *CIRO 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 *CIRO 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

- (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 *CIRO* 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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### 3915. Report to Dealer Member's board of directors



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- (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 *CIRO 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 *CIRO requirements* and *securities laws*, as necessary.

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### 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 *CIRO requirements* relating to *employees* and *Approved Persons* at the *shared office premises*, and
  - (iii) a process providing reasonable assurance that *CIRO 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

#### 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, where applicable, 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

- (1) A *Dealer Member* that offers *institutional client* accounts must have policies and procedures that specifically address the supervision and review of trading activity in *institutional clients'* accounts. These policies and procedures must outline the actions to deal with problems or issues identified from supervisory reviews.
- (2) In addition to meeting the *Dealer Member's* general supervisory obligations, including any relevant obligations relating to trading in *investment products* and the policies and procedures relating to the supervision of *institutional client* accounts must specifically address detecting improper or suspicious account activity including:
  - (i) *manipulative and deceptive activities*,
  - (ii) trading in securities on the *Dealer Member's* restricted list,
  - (iii) transacting in *derivatives* whose underlying interest is on the *Dealer Member's* restricted list,
  - (iv) front running by *employee*, *Approved Person* or proprietary accounts,



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- (v) trading in *securities* that have restrictions on their transfer,
- (vi) transacting in *derivatives* whose underlying interest has restrictions on their transfer, and
- (vii) exceeding *derivative* position or exercise limits.

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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 *Investment 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:
  - (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

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##### 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.



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- (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 *CIRO 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 *CIRO requirements* or any *applicable laws*.
- (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* or *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 Rules 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

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#### 8201. Introduction

- (1) Rule 8200 sets out the authority of *CICO* and *hearing panels* to hold *hearings* for enforcement purposes.
- (2) Enforcement proceedings are intended to ensure compliance with and to enforce *CICO requirements, securities laws, applicable laws*, and other requirements relating to trading or advising in respect of *securities 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

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- (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

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#### 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 *CICO* is the regulation services provider or an employee, partner, director or officer of such a user or subscriber has contravened *CICO requirements, securities laws, applicable laws* or other requirement relating to trading or



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advising in respect of *securities* or *derivatives*, or has failed to carry out any agreement with *CIRO*, 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) \$10,000,000 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*, or suspension of the *person's* authority to conduct *securities and derivatives related business*, 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 or prohibition of the *person's* authority to conduct *securities and derivatives related business*, for any period of time, including access to a *Marketplace*,
- (vii) revocation of approval or revocation of the *person's* authority to conduct *securities and derivatives related business*,
- (viii) a permanent bar to approval or to conduct *securities and derivatives related business* 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

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#### 8401. Introduction

- (1) The *Rules of Procedure* set out the rules that govern the conduct of *CIRO'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



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[sections 8414 through 8429]

Part C - Regulatory review hearings

[section 8430 through 8432]

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### PART A - GENERAL

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#### 8406. Service and filing

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- (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 *Hearings Office* 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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## Appendix 7 – Clean copy of proposed rule amendments – proposed CIRO Rules

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### PART C – REVIEW PROCEEDINGS

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### RULE 9200 | REGULATORY DECISIONS

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#### 9201. Introduction

- (1) Rule 9200 sets out substantive and procedural rules related to CIRO’s regulatory decisions, including approving *individuals* employed by or otherwise acting on behalf of *Dealer Members*, granting exemptions from *CIRO’s* requirements, refusing an application, imposing terms and conditions, suspending or revoking approvals, and the rights to be heard and the rights of review available to *parties* to such decisions.
- (2) Rule 9200 is divided into the following parts:
  - Part A – Regulatory decisions  
[sections 9203 through 9208]
  - Part B – Opportunities to be heard by a Senior Decision Officer  
[sections 9221 through 9229]
  - Part C – Right of Review  
[section 9231]

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### PART A – REGULATORY DECISIONS

#### 9203. Requirements for regulatory decisions

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- (2) *CIRO* must not make a *regulatory decision* to:
  - (i) refuse an *application*,
  - (ii) impose terms and conditions on an approval, or
  - (iii) suspend or revoke an approval,unless the applicant, *Approved Person*, or *Dealer Member* has been given an opportunity to be heard by a *Senior Decision Officer*.

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## Appendix 7 – Clean copy of proposed rule amendments – proposed CIRO Rules

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### 9204. Individual approval applications

- (1) An *individual* may make an *application* to *CIRO* for approval as an *Approved Person* under Part B of Rule 2500.

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### 9205. Exemption applications for proficiency and continuing education requirements

- (1) An *individual* or a *Dealer Member*, with respect to proficiency requirements applicable to its *Approved Persons*, may apply to *CIRO* 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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### 9206. Continued individual approval

- (1) *CIRO* may, in its discretion, impose terms and conditions on the continued approval of an *Approved Person* to ensure continuing compliance with *CIRO requirements*.
- (2) *CIRO* may suspend or revoke the approval of an *Approved Person*, if it appears to *CIRO* 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 *CIRO requirements*, or
  - (iii) the approval is otherwise not in the public interest.

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### 9208. Other exemptions

- (1) A *Dealer Member*, *Approved Person* or *Regulated Person* may apply to *CIRO* for an exemption from any *CIRO requirement* for which a Rule allows *CIRO* said exemptive authority.

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## PART B – OPPORTUNITIES TO BE HEARD BY A SENIOR DECISION OFFICER



## Appendix 7 – Clean copy of proposed rule amendments – proposed CIRO Rules

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### 9222. Opportunities to be heard by a Senior Decision Officer

- (1) The procedures in sections 9223 through 9229 apply where an applicant, *Approved Person* or *Dealer Member* requested an opportunity to be heard by a *Senior Decision Officer* pursuant to subsection 9203(2).

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### 9223. Counsel

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

### 9224. CIRO Staff Notice

- (1) When required to do so pursuant to subsection 9203(3), *CIRO Staff* must send a letter to the applicant, *Approved Person* or *Dealer Member*, giving notice of *CIRO Staff's* recommendation and reasons for it.

### 9225. Response of applicant, Approved Person or Dealer Member

- (1) In section 9225 a “response” means the applicant, *Approved Person* or *Dealer Member* must inform *CIRO Staff* in writing if an applicant, *Approved Person* or *Dealer Member* wishes to be heard before a *regulatory decision* is made on *CIRO Staff's* recommendation.

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### 9226. Choice of written submissions or appearance

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

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## Appendix 7 – Clean copy of proposed rule amendments – proposed CIRO Rules

### 9227. Exchange of written submissions

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- (2) *CIRO* Staff must provide the applicant, *Approved Person* or *Dealer Member* with a written submission setting out the facts and law supporting *CIRO* Staff's recommendation. *CIRO* Staff's submission must be delivered to the applicant, *Approved Person* or *Dealer Member* within 10 *business days* after *CIRO* Staff receives the applicant's, *Approved Person's* or *Dealer Member's* response (as defined in section 9225).
- (3) An applicant, *Approved Person* or *Dealer Member* must then provide *CIRO* Staff with a written submission responding to *CIRO* Staff's submission, to be delivered within 10 *business days* after the applicant, *Approved Person*, or *Dealer Member* receives *CIRO* Staff's submission.
- (4) Subject to agreement of the *parties* or a *decision* of the *Senior Decision Officer*, there will only be one exchange of written submissions so that the *Senior Decision Officer* may render a decision without unnecessary delay; however, where the *parties* agree to make further submissions or either of them requests that the *Senior Decision Officer* 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 9227(3).
- (5) Unless an agreement or request is made under subsection 9227(4), *CIRO* Staff's and the applicant's, *Approved Person's* or *Dealer Member's* respective submission will be delivered by *CIRO* Staff to the *Senior Decision Officer* within five *business days* after the applicant's, *Approved Person's* or *Dealer Member's* submission is delivered.
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### 9228. Appearance before a Senior Decision Officer

- (1) This section describes the process to be followed if the opportunity to be heard is conducted as an appearance.
- (2) An appearance before a *Senior Decision Officer* will generally be an informal proceeding, and the *Rules of Procedure* do not apply.
- (3) At an appearance:
  - (i) the *Senior Decision Officer* 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 *Senior Decision Officer*, and
  - (iii) the applicant, *Approved Person* or *Dealer Member* and any witnesses may be required to give evidence under oath or affirmation.

### 9229. Decisions



## Appendix 7 – Clean copy of proposed rule amendments – proposed CIRO Rules

- (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 *Senior Decision Officer* may make its decision on *CIRO Staff*'s recommendation and submissions without further notice or delay.

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### PART C – RIGHT OF REVIEW

#### 9231. Review Hearings

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

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### RULE 9400 | BOARD DECISIONS

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#### 9401. Introduction

- (1) Rule 9400 sets out substantive and procedural rules for *Board* decisions related to an application for *Dealer Member Membership* in *CIRO* or an application for an exemption, to impose terms and conditions, and rights to be heard and rights of review available to *parties* to such decisions.
- (2) Rule 9400 is divided into the following parts:
  - Part A – Board decisions  
[section 9403]
  - Part B – Opportunities to be heard before the Board  
[sections 9411 through 9418]

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### PART A – BOARD DECISIONS

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### PART B – OPPORTUNITIES TO BE HEARD BY THE BOARD

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#### 9414. Response of applicant, Approved Person or Dealer Member



**Appendix 7 – Clean copy of proposed rule amendments – proposed CICO Rules**

- (1) In section 9414 a “response” means the applicant must inform *CICO* staff in writing if an applicant wishes to be heard before a decision is made.
- (2) A *response* must be delivered within 10 *business days* after receipt of *CICO* staff’s letter, or within such shorter period of time as set out in such letter.
- (3) If a response is not delivered within the time set out in *CICO* staff’s letter, *CICO* staff will send its recommendation to the *Board* for consideration.

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**RULE 9500 | ALTERNATIVE DISPUTE RESOLUTION**

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**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 *CICO*.

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**9504. Dealer Members must provide information to approved ombudsman service**

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

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