



IIROC NOTICE

Rules Notice Guidance Note Dealer Member Rules

Please distribute internally to:

Internal Audit
Legal and Compliance
Operations
Regulatory Accounting
Senior Management

Contact:

[Name]

[Title]

[Telephone #]

[e-mail address]

[19-xxxx]

[Date]

Cash segregated in trust for clients with an acceptable institution **[DRAFT]**

IIROC Dealer Member Rule (**DMR**) 1200 (Clients' Free Credit Balances) and the Notes to Statement D (Clients' Free Credit Balances) of [Form 1](#) set out the client free credit segregation requirements. Specifically, DMR1200.3 requires Dealer Members (**Dealers**) to hold excess free credit balances "in cash segregated in trust for clients in a separate account or accounts with an acceptable institution and this trust property must be clearly identified as such at the acceptable institution".

This guidance provides clarification and sets out our expectations for the account agreement governing the separate account(s) with the acceptable institution.

The written account agreement between the acceptable institution and the Dealer should provide:

- (i) the account name and account number of each account used for this purpose
- (ii) that each account is designated as a trust account on the acceptable institution's internal



systems

- (iii) that funds held in the account are protected from shortfalls in any other accounts and are held in segregation from all operating funds of the Dealer
- (iv) that, except for normal bank fees incurred in respect of the account, the acceptable institution will not assert any claim, set-off, right of combination, lien or encumbrance of any kind against the held funds
- (v) the signatures of both the Dealer and acceptable institution approving the agreement.

This Guidance Note is effective Xxxx xx, 20xx.

IIROC Notice 19-xxxx – Rules Notice – Guidance Note – Cash segregated in trust for clients with an acceptable institution [DRAFT]

APPENDIX D

IIROC Notice 19-0155 – Request for Comments – Dealer Member Rules – Proposed amendments to Rule 1200.3 and Notes to Statement D of Form 1 regarding free credit cash segregated in trust for clients