

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

PLAIN LANGUAGE RULE 3100 – BUSINESS CONDUCT

PROPOSED AMENDMENTS

1. As part of a project to rewrite IIROC Rules in plain language, the following current rules are repealed and replaced.

Repealed current rule	Proposed plain language rule
None	<p>3101. Introduction</p> <p>(1) This rule sets out each Dealer Member’s obligations with respect to their dealings with their clients. The requirements are in line with the Corporation’s objective to maintain investor confidence in securities markets and to reinforce each Dealer Member’s responsibility to observe high standards of ethics and conduct in dealing with clients.</p>
29.01	<p>PART A - BUSINESS CONDUCT</p>
1300.02(a)	<p>3102. Business conduct</p>
1300.01(a)	<p>(1) Each Dealer Member, its partners, Directors, Officers, Supervisors, Registered Representatives, Investment Representatives, employees and agents must:</p> <ul style="list-style-type: none"> (i) observe high standards of ethics and conduct in the their business; (ii) not engage in any business conduct or practice that is unbecoming or detrimental to the public interest; (iii) be of good character and business repute; (iv) have requisite experience and training consistent with the standards set out in this Rule. <p>(2) Each Dealer Member must ensure that the handling of their clients’ business is within the bounds of ethical conduct, consistent with just and equitable principles of trade, and not detrimental to the interests of the securities industry.</p>
1300.01(o)	

- (3) Each Dealer Member must use due diligence to learn, and remain informed regarding the essential facts concerning every client and for every order or account it accepts.
- (4) Each Dealer Member must use due diligence to ensure that any order or recommendation for any account is within the bounds of good business practice.

17.14

3103. Compliance with all applicable rules

- (1) A Dealer Member engaged in securities related activities shall comply with all relevant rules of the following organizations:
 - (i) securities, derivatives and financial regulatory authorities;
 - (ii) self regulatory organizations;
 - (iii) stock, financial futures and commodity futures exchanges and other listing or issuing organizations; and
 - (iv) clearing and settlement organizationsthat are in effect from time to time.
- (2) Where there is an inconsistency between the rules and requirements of the Corporation and any of the foregoing organizations involving securities related activities, compliance with the most stringent rule or requirement is required.

29.06

3104. Conflict of Interest

- (1) A Dealer Member or any Director, Executive, Supervisor, employee or shareholder of a Dealer Member must not give, offer, or agree to give or offer, directly or indirectly, to any partner, director, officer, employee, shareholder or agent of a client or any associate of such persons, a gratuity, advantage, benefit or any other consideration in relation to any business of the client with the Dealer Member.
- (2) sub-section 3104(1) does not apply if the prior written consent of the client has been obtained.

1500

[3105 to 3149 Reserved]

3150. Conduct and Practices Handbook

- (1) Every Registered Representative, Investment Representative, Supervisor, Executive or Director of a Dealer Member must:
 - (i) have in their possession a hard copy, or access to an electronic copy, of the Conduct and Practices Handbook (CPH);
 - (ii) have in their possession a hard copy, or access to an electronic copy of the CPH updates; and
 - (iii) read and understand the CPH and its updates.
- (2) Each Dealer Member must take reasonable steps to ensure that all individuals subject to subsection 3150(1) comply with subsection 3150(1).

[3151 to 3199 Reserved]