

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

DEALER MEMBER ORGANIZATION AND REGISTRATION RULES

PLAIN LANGUAGE RULES 2100 THROUGH 2700

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 As part of a project to rewrite IIROC Rules in plain language, the following current rules are repealed and replaced.

Repealed current rule	Proposed plain language rule
New Rules 5.2(1)(a) and 5.2(2) Rule 5.2A Rule 29.11	Rule 2100 – Ownership of a Dealer Member’s Securities 2101. Introduction (1) This Rule covers the issuance of securities by a Dealer Member or its holding company and changes in ownership. (2) A Dealer Member must conduct its business with integrity and must maintain adequate financial resources. The Corporation has a responsibility to ensure that persons who control a Dealer Member are fit and proper. The Corporation also needs to assess whether the obligations incurred by a Dealer Member under the terms of securities it issues pose a risk to its financial health. 2102. Dealer Members must have Corporation approval to issue subordinated debt (1) A Dealer Member or its private holding company must obtain the Corporation’s approval in writing before issuing a security representing subordinated debt; (2) A Dealer Member or its private holding company must obtain the Corporation’s approval in writing before signing an agreement to issue subordinated debt in the future. 2103. Repayments and additional Subordinated debt (1) A Dealer Member must obtain the Corporation’s approval in writing for any additions and repayments in the amount of subordinated debt it is borrowing. 2104. Agreements with Corporation (1) Where the Corporation is a party to a debt subordination agreement or other debt agreement with the Dealer Member, the Dealer Member must comply with the agreement in making any repayments of the debt subject to the agreement.

Rule 5.3	2105. Corporation notification of changes of ownership (1) A Dealer Member must notify the Corporation in writing before issuing or transferring its securities or its private holding company's securities, including any legal or beneficial interest in either. (2) Subsection (1) does not apply to a class of securities if: (i) there is public ownership of those securities in compliance with securities laws and regulations; and (ii) the purchase or transfer will not result in an acquirer of the securities owning a significant equity interest as defined in section 2107.
Rule 5.6	2106. Ownership of another Dealer Member (1) An industry investor must obtain the Corporation's approval before purchasing the securities of another Dealer Member or its holding company, except if: (i) there is public ownership of the class of securities in compliance with securities laws and regulations and the industry investor will not hold a significant equity interest after the purchase; (ii) the Dealer Member is a related or affiliated company of the Dealer Member in which the industry investor was approved to invest; or (iii) the following apply: (a) the investment does not exceed 10% of any class of the issued equity or voting shares; (b) the industry investor notified the Corporation of the investment; and (c) the Dealer Member that the industry investor was approved to invest in does not object to the investment.
Rule 5.4	2107. Ownership of a significant equity interest (1) A Dealer Member must obtain approval from the District Council before allowing an investor, alone or together with associates and affiliates, to own or hold a beneficial interest in: (i) a significant equity interest in the Dealer Member; or (ii) special warrants or other securities that are convertible into a significant equity interest in the Dealer Member. (2) For the purposes of this Rule, a significant equity interest means a holding of: (i) 10% or more of the voting securities of a Dealer Member or its holding company; (ii) 10% or more of the outstanding participating securities of a Dealer

	Member or its holding company; or (iii) an interest of 10% or more of the total equity of the Dealer Member. (3) A District Council may delegate its authority under this section 2107 to a subcommittee of the District Council or to Corporation staff.
Rule 5.5	2108. A Dealer Member's ownership of another Dealer Member (1) A Dealer Member or its holding company must obtain approval from the District Council before purchasing, directly or indirectly, any securities of another Dealer Member or its holding company. However, this does not apply if the ownership is a trading position held in the ordinary course of the securities business. (2) A District Council may delegate its authority under this section 2108 to a subcommittee of the District Council or to Corporation staff.
Rules 5.7 and 5.8	2109. Public ownership (1) A Dealer Member must obtain approval from the District Council before allowing public ownership of the Dealer Member or its holding company. (2) When a District Council considers an application for approval: (i) the Dealer Member must satisfy the District Council that it meets, and will continue to meet, Corporation requirements; (ii) the District Council may require the Dealer Member to provide a legal opinion and any other information the District Council considers necessary; and (iii) the District Council may impose conditions on and require undertakings from any person it considers necessary to ensure continuing compliance with Corporation requirements. (3) Regardless of its own governing corporate statute, a (i) Dealer Member; or (ii) holding company of a Dealer Member that is a reporting issuer or equivalent in any Canadian jurisdiction must set up and maintain an audit committee as the <i>Canada Business Corporations Act</i> requires. (4) A District Council may exempt a Dealer Member or its holding company from the requirements of subsection (3) above. (5) A District Council may delegate its authority under this section 2109 to a subcommittee of the District Council or to Corporation staff.

Rules 5.9(b) and 5.10	2110. Public distribution of a Dealer Member's securities (1) A Dealer Member or its holding company making a public distribution of its securities must include in the prospectus or equivalent document summaries of at least two separate valuations of its securities, if: (i) the Dealer Member is underwriting more than 25% of the distribution itself; or (ii) the distribution is offered on an agency or best efforts basis. (2) Independent qualified underwriters or chartered accountants must prepare the valuations and summaries. An independent qualified underwriter participating in the distribution may prepare a valuation. (3) Subsection (1) does not apply if securities with identical attributes have been trading on a recognized exchange for at least six months before the new distribution begins.
Rule 5.12 (except (a))	2111. Take-over bids or amalgamations (1) A Dealer Member or its holding company must obtain at least two separate valuations of its securities if they are distributed through a transaction such as a take-over bid or amalgamation resulting in a publicly traded market for the securities. (2) Independent qualified underwriters or chartered accountants must prepare the valuations and summaries. An independent qualified underwriter participating in the distribution may prepare a valuation. (3) Subsection (1) does not apply if: (i) securities with identical attributes have been trading on a recognized exchange for at least six months before the transaction; or (ii) the transaction resulted from negotiations conducted at arm's-length and the District Council or its delegate determines that valuations are not required.
Rule 5.13	2112. Secondary distribution of securities (1) The requirements of Sections 2110 and 2111 apply, with necessary changes, to a secondary distribution of securities of a Dealer Member or its holding company if the securities are distributed from a control position.
Rule 5.15	2113. Soliciting trades in a Dealer Member's securities (1) A Dealer Member may solicit trades in its own securities or those of its holding company when: (i) making a distribution of its own securities under a prospectus in

Rules 5.14 and 5.15, last paragraph Rule 5.16 Rules 5.17 and 5.18	compliance with securities laws and regulations and Corporation Rules; or (ii) making a private placement of its own securities under applicable securities legislation. (2) A Dealer Member must not solicit trades in its own securities or its holding company in the secondary market. (3) A Dealer Member may accept unsolicited orders for its own securities or those of its holding company. 2114. Dealer Member's securities in client accounts (1) A Dealer Member may accept its own securities or those of its holding company as security for a margin account. (2) A Dealer Member must not allow a discretionary account to hold the Dealer Member's securities or those of its holding company. 2115. Research reports (1) A Dealer Member must not issue research reports or opinion letters on its own securities or those of its holding company. 2116. Corporation approvals (1) A Dealer Member must apply to the Corporation using the form the Board prescribes to obtain an exemption from this Rule 2100. (2) The Dealer Member's application will be considered by the Board or District Council. (3) The applicant must pay the prescribed fee. (4) Within 10 days after receiving an approval or an exemption, an applicant and the Dealer Member or holding company involved must inform the Corporation of any change in the applicant's information (for example, bankruptcy or criminal proceedings). (5) The Board or District Council may refuse an application for approval or exemption or to withdraw any approval or exemption it has granted. (6) The Board or a District Council may delegate their authority under this section 2116 to a subcommittee of the District Council or to Corporation Staff. 2117. – 2149. – Reserved.
New	Rule 2150 – Dealer Member Structure - Business locations, holding companies, related companies and diversification 2151. Introduction

	(1) A Dealer Member must take reasonable care to organize and manage its business responsibly and effectively and must co-operate with the Corporation to promote effective and efficient self-regulation. A Dealer Member's business must be organized to enable adequate supervision of all its activities and cannot be organized to avoid Corporation requirements by conducting business through a related company that is not a Dealer Member.
Rule 4.6	Part A - Business locations 2152. Business locations (1) Under subclause 2702(2)(i)(g), a Dealer Member must notify the Corporation of the opening or closing of a business location.
Rules 6.1 and 6.2	Part B - Holding companies, related companies and associates and discount brokers 2153. Holding companies (1) A Dealer Member must ensure that the holding companies that carry on its business in Canada are legally bound to comply with the Corporation's holding company requirements. (2) A Dealer Member's holding company may be another Dealer Member's holding company if: (i) it owns all of the voting securities and participating securities of each Dealer Member; or (ii) the Dealer Member obtains approval from the District Council or its delegate to become the holding company of a second Dealer Member.
Rules 6.3, 6.5, 6.6 and 100.14 (first part)	2154. Related companies and associates (1) A Dealer Member, or a Dealer Member's executive, director, investor, or employee, must obtain approval from the District Council before it sets up, or acquires any interest in, a related company. (2) A Dealer Member must obtain approval from the District Council before creating a wholly owned subsidiary whose principal business is a securities broker, dealer, or adviser. (3) A Dealer Member must be responsible for and guarantee its related companies' obligations to clients. Further, each of its related companies must be responsible for and guarantee the Dealer Member's obligations to its clients as follows: (i) A Dealer Member that holds an interest in a related company must guarantee an amount equal to 100% of the Dealer Member's

financial statement capital.

- (ii) A Dealer Member that holds an interest in a related company must have the related company guarantee an amount equal to the Dealer Member's percentage ownership multiplied by the related company's financial statement capital.
- (iii) Each company that is related to another company because the same person has an ownership interest in both must guarantee each other company for an amount equal to that person's ownership percentage multiplied by the company's financial statement capital.
- (4) A Dealer Member and a Dealer Member's related company required to guarantee an amount under subsection (3) above must sign the current Corporation guarantee form.
- (5) The Board may exempt a Dealer Member from the guarantee requirement of subsection (3) above, or may decide that a guarantee for a greater amount is required, if the Board decides that either of these is appropriate.
- (6) Any guarantee provided by a Dealer Member must be of a fixed or determinable amount, unless the guarantee is given to a related company under this Rule.
- (7) A District Council may delegate its authority under this section 2154 to a subcommittee of the District Council or to Corporation staff.

Rules 1300.1(t),
3200 A(1) and
3200 A(2)(a)

2155. Approval as a discount broker

- (1) The Corporation may approve a Dealer Member or a business unit of a Dealer Member as a discount broker if the Dealer Member's only business is an order-execution service or it provides that service in a separate business unit.
- (2) A Dealer Member's discount broker must meet Corporation requirements.
- (3) A Dealer Member must establish policies and procedures for operating its discount broker. A Dealer Member must give the Corporation a copy of its policies and procedures with its application for approval, and in future, give copies when any significant changes are made.
- (4) If operating as a separate business unit, a discount broker must have separate letterhead, accounts, account documentation, registered representatives, and investment representatives.
- (5) A Dealer Member must not compensate employees by giving them trade commissions for discount accounts.

Rule 6.7	Part C - Non-securities business and shared premises 2156. Business other than securities (1) A Dealer Member or its related company must get approval from the District Council before carrying on any business other than securities-related activities. (2) A Dealer Member or a Dealer Member's holding company may, without approval, own an interest in a corporation (other than the Dealer Member) that carries on non-securities business if: (i) the Dealer Member is not responsible for any of that corporation's liabilities, and (ii) the Dealer Member and its holding company give the Corporation notice before acquiring an interest in the non-securities corporation. (3) Subsection (1) above does not apply to a Dealer Member's related company that: (i) is a mutual fund dealer (and its directors, executives, employees, or representatives), and (ii) deals in or sells life insurance contracts issued by an insurer licensed or registered under Canadian laws. (4) A District Council may delegate its authority under this section 2156 to a subcommittee of the District Council or to Corporation staff.
Rule 2400 (Introduction; General Principles 1 and 2; Disclosure of Securities Related Activities 1, 2 and 4; Consent for New Clients 2 through 6; Consent for Existing Clients 1; Minimum Standards for Shared Premises 3 through 7, 9 and 10)	2157. Shared premises (1) A Dealer Member may share premises with another financial services entity, whether or not the Dealer Member is related to, or affiliated with, that entity. (2) For the purposes of this rule, a financial services entity is an entity regulated by securities legislation or another regulatory regime such as banking, mutual funds, insurance, deposit-taking, and mortgage-brokerage activities. (3) A Dealer Member must ensure that clients clearly understand which legal entity they are dealing with. (4) A Dealer Member must: (i) have written procedures and systems about supervising shared office premises, and (ii) reasonably design these procedures to ensure that representatives comply with Corporation requirements and clients know which entity they are dealing with.

- (5) A Dealer Member must have:
 - (i) adequate supervisory resources to carry out the supervisory procedures;
 - (ii) a system for communicating Corporation requirements to representatives at the shared office premises; and
 - (iii) a process to ensure that representatives understand and meet Corporation requirements.
- (6) A Dealer Member must operate its business with a shared-premises layout that ensures confidentiality of client information and such things as client files and account process areas are effectively controlled and physically secured.
- (7) A Dealer Member must have appropriate signage and disclosure which differentiates the groups sharing the same premises.
- (8) The legal names under which the Dealer Member and other financial services entity operate must be clearly displayed in a prominent location, such as the office entrance door or reception area.
- (9) The CIPF logo and brochures must be displayed in a manner that makes it clear that they apply only to the Dealer Member and not to the other financial services organization.
- (10) When doing business in shared premises, a Dealer Member must meet the Rule 3800 requirements on using trade names.
- (11) A Dealer Member must keep client records separate from the records of another financial services organization as follows:
 - (i) The financial services organization must not have access to the client's hard copy files.
 - (ii) Electronic records must have separate passwords or another similar control to ensure the financial services organization has no access to the electronic client records.
- (12) When opening an account in shared premises, a Dealer Member must obtain the client's specific acknowledgement to a written disclosure statement:
 - (i) outlining the relationship between the Dealer Member and the financial services entity, and
 - (ii) stating that the entities are separate.
- (13) A Dealer Member must keep client information confidential and can only share the information with other financial services organizations in the shared premises if:
 - (i) the client has consented to the disclosure of the confidential

- information in compliance with applicable federal, provincial, and territorial privacy legislation and regulations; and
- (ii) the client has consented to the disclosure of the confidential information through a specific confirmation such as a signature or initials at a designated place. A Dealer Member must not obtain a client's consent through a negative option.
- (14) An employee who works for both the Dealer Member and another financial services organization must not disclose confidential client information from one organization to the other unless performing a relevant service that the client has specifically consented to.
- (15) Non-registered personnel employed by the Dealer Member or representatives of the financial services organization may not provide the following services at the Dealer Member:
- (i) opening accounts;
 - (ii) distributing or receiving order forms for securities transactions;
 - (iii) assisting clients to complete order forms for securities transactions;
 - (iv) giving recommendations or any advice on any activity;
 - (v) completing know-your-client information on a New Client Application Form (NCAF)—other than biographical information; and
 - (vi) soliciting securities transactions.
- (16) Non-registered personnel employed by the Dealer Member or representatives of the financial services organization may provide the following services at the Dealer Member:
- (i) advertising the Dealer Member's services and products;
 - (ii) delivering or receiving clients' securities;
 - (iii) arranging client appointments or informing of deficiencies on completed forms;
 - (iv) providing the status, balances, and holdings of client accounts;
 - (v) providing quotes and other market information;
 - (vi) contacting the public, inviting the public to seminars, and forwarding non-securities information;
 - (vii) receiving completed NCAFs to forward to the Dealer Member for approval; and
 - (viii) distributing NCAFs, subject to subsection (17) below
- (17) At the business location, a manager, assistant manager, or credit officer who has a high degree of knowledge about the client's financial affairs may help the client to complete the NCAF, if:
- (i) no approved person is available; and

	(ii) before a trade is conducted for a client, a supervisor has approved the NCAF. (18) A mutual fund sales person may only accept orders for accounts at the dealer they are registered with and may not: (i) offer, or advise clients on, equities or other transactions for which specific proficiency is required, or (ii) communicate those client orders to a qualified person. 2158. – 2199. – Reserved.
New	Rule 2200 – Dealer Member Membership Changes 2201. Introduction (1) This Rule sets out how the Corporation deals with changes to the membership of Dealer Members.
Rules 8.4 and 8.6	2202. Notice of intention to resign (1) If a Dealer Member intends to resign, it must notify IIROC in writing of its intention before filing a letter of resignation. IIROC will issue a Notice advising of the Dealer Member's intention to resign within one week of receiving a Dealer Member's intent to resign.
Rule 8.2	2203. Filing letter of resignation (1) A resigning Dealer Member must file a resignation letter with the Corporation. The Dealer Member must file the following information with a resignation letter: (i) audited financial statements indicating the Dealer Member has liquid assets sufficient to meet its liabilities other than subordinated loans, or (ii) a report from the Dealer Member's auditor indicating that all client accounts and assets have been transferred to another Dealer Member or returned to the clients.
Rule 8.3	2204. Acquisition and resignation (1) If a Dealer Member is acquired by another Dealer Member, the acquired Dealer Member may resign its membership. If the acquired Dealer Member resigns, it must provide the Corporation with: (i) either an undertaking from the acquiring Dealer Member accepting responsibility for all outstanding liabilities of the resigning Dealer Member or the documents required under section 2203; and (ii) pro forma financial statements of the continuing Dealer Member

	showing compliance with Corporation capital requirements.
Rule 8.3A	2205. Amalgamation of Dealer Members (1) If two or more Dealer Members are amalgamated, the Dealer Members not continuing due to the amalgamation must resign their membership. The continuing Dealer Member must provide the Corporation with: (i) either an undertaking that it accepts responsibility for all liabilities of the Dealer Members that are amalgamating or the documents of the resigning Dealer Members required under section 2203; and (ii) pro forma financial statements of the continuing Dealer Member showing compliance with Corporation capital requirements.
Rule 8.3AA	2206. Amalgamation with non-Dealer Member (1) A Dealer Member may amalgamate with a non-Dealer Member if the continuing Dealer Member provides the Corporation with: (i) information, satisfactory to the Corporation, confirming that the continuing Dealer Member will have adequate policies and procedures to enable it to carry on its business and to comply with Corporation Requirements; and (ii) pro forma financial statements of the continuing Dealer Member showing compliance with Corporation capital requirements.
Rule 8.5	2207. Effective date of resignation (1) Resignation of a Dealer Member is effective on the date that the Corporation: (i) receives the documents required to support the resignation, (ii) receives payment of any amount owed to the Corporation; and (iii) confirms that no complaints or disciplinary actions are outstanding that the Corporation, in its sole discretion, determines must be resolved prior to permitting the Dealer Member to resign. (2) The Corporation will issue a Notice within one week of the effective date of a Dealer Member's resignation advising of the effective date of the Dealer Member's resignation.
Rule 8.7	2208. Payment of Corporation fees (1) A Dealer Member resigning or surrendering its membership with the Corporation must make full payment of its annual fees for the fiscal year in which the effective date of the resignation or surrender occurs. (2) No portion of annual fees will be refunded if the effective date of

	resignation occurs in the period July 1 to March 31. A Dealer Member resigning its membership with an effective date during the period April 1 to June 30 may be entitled to a monthly pro-rata refund. Part months will be considered as full months for this purpose.
Rule 31	2209. Inactive members (1) A Dealer Member may apply in writing to the Board to have its membership status temporarily changed to inactive. (2) The Board must impose time limits and conditions on a Dealer Member's inactive status. (3) When a Dealer Member's status changes to inactive, the Corporation must publish a notice indicating so. (4) A Dealer Member with inactive status may apply in writing to the Board for an extension to the time period of its inactive status if: (i) the written application is made at least 30 days before the Dealer Member's inactive status expires; and (ii) the same inactive status period has not been extended previously.
Rule 8.8	2210. Suspension of membership (1) The Corporation may, in accordance with the provisions of the Consolidated Enforcement Rules, suspend the membership of a Dealer Member after the Dealer Member has been given an opportunity for a hearing. (2) A Dealer Member whose membership has been suspended under this Rule will cease to be entitled to exercise any of the rights and privileges of membership but will remain liable to the Corporation for all amounts due to the Corporation by the Dealer Member.
Rule 8.8	2211. Termination of membership (1) The Corporation may, in accordance with the provisions of the Consolidated Enforcement Rules, terminate the membership of a Dealer Member after the Dealer Member has been given an opportunity for a hearing. (2) A Dealer Member whose membership has been terminated under this Rule will cease to be entitled to exercise any of the rights and privileges of membership but shall remain liable to the Corporation for all amounts due to the Corporation from the terminated Dealer Member. 2212. – 2249. – Reserved.
	Rule 2250 – Business Change Notification Requirements

New	2251. Introduction (1) The Corporation may review the changes, listed in section 2252, in a Dealer Member's business to ensure they meet the Corporation's requirements.
Rule 17.12 (first sentence)	2252. Dealer Member's notice of changes to Corporation (1) A Dealer Member must notify the Corporation in writing a minimum of 20 days before: (i) changing its name; (ii) changing its constitution in a way that affects voting rights; (iii) taking any steps to dissolve, wind up, surrender its charter, liquidate, or dispose of all or substantially all its assets; or (iv) altering its capital structure. This includes allotting, issuing, repurchasing, redeeming, canceling, subdividing, or consolidating of any shares in its capital.
Rule 17.12 (second sentence)	2253. Corporation informs Dealer Member about review when necessary (1) A Dealer Member must not make any of the changes in Section 2252 if, within the 20-day notice period, the Corporation informs the Dealer Member that it will be submitting the proposed change(s) to the applicable District Council for approval.
Rule 17.12 (third sentence)	2254. District Council reviews proposed changes (1) The District Council will review any proposed change the Corporation submits to it under Section 2253 and either: (i) approve the proposed action, or (ii) disapprove it, if it considers the action would result in the Dealer Member being unable to comply with the Corporation's rules. 2255. – 2299. – Reserved.
New	Rule 2300 Branch Offices of Dealer Members 2301. Introduction (1) This rule describes how Dealer Members' branch offices participate in the Corporation and its districts.
Rule 4.1	2302. Branch Office Members (1) Every Dealer Member's business location in a district with a supervisor who is normally present at the business location, is a branch office member of the district.

Rules 4.3, 4.4 and 4.5 Rule 4.2	2303. Branch Office Member’s representation (1) A branch office member may participate in governing the Corporation district as follows: (i) It has the same privileges in its district as any other Dealer Member, except that at a district meeting, each Dealer Member only has one vote in the district, no matter how many branch office members it has. (ii) Its district representative is eligible for election as chair or member of the District Council for that district. 2304. Fees (1) A Dealer Member does not have to pay an annual fee or entrance fee for its branch office members. 2305. – 2349. – Reserved.
New Rules 29.7A(1), (2), (5) and (8)	Rule 2350 – Trade Names and Disclosures 2351. Introduction (1) This rule covers a Dealer Member’s use of trade names, IIROC’s name and logo, and CIPF disclosure. 2352. Trade names (1) The term trade name includes a business or style name a Dealer Member or approved person uses. It also includes a group name under which a Dealer Member and its affiliates conduct business. It does not include a recognizable variant of a Dealer Member’s name such as its corporate name with “limited” or “corporation” left off. (2) If a Dealer Member carries on business under a trade name, it must be owned by the Dealer Member, an approved person of the Dealer Member, or an affiliated corporation of either of them. (3) An approved person must not conduct any business under a trade name that is not owned by the Dealer Member or its affiliated corporation without the Dealer Member’s prior consent. (4) 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 or affiliated, or (ii) the relationship with the other Dealer Member is that of introducing broker and carrying broker. (5) A Dealer Member or approved person must not use a deceptive or

	misleading trade name.
Rules 29.7A(3), (4) and (9)	2353. Corporation notification (1) A Dealer Member must notify the Corporation before it: (i) uses any trade name other than the Dealer Member's legal name, or (ii) transfers a trade name to another Dealer Member. (2) The Corporation may prohibit a Dealer Member or approved person from using a trade name that is: (i) contrary to this Rule 2350, (ii) contrary to the public interest, or (iii) otherwise objectionable.
Rules 29.7A(6) and (7)	2354. Displaying the full legal name (1) A Dealer Member must include its full legal name on all contracts and materials used to communicate with the public, whether or not it uses a trade name. (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 Person's trade name.
Rule 29.14(b)	2355. Compliance with Disclosure Policy of the Canadian Investor Protection Fund (CIPF) (1) A Dealer Member must comply with CIPF's Disclosure Policy.
Rule 700.1	2356. Use of Corporation name and logo (1) A Dealer Member may only use the Corporation name in the following forms: (i) Dealer Member(s) of the Investment Industry Regulatory Organization of Canada; (ii) Membre(s) de l'Organisme Canadien de Réglementation du Commerce des Valeurs Mobilières; (iii) Dealer Member(s) of the Investment Industry Regulatory Organization of Canada - Organisme Canadien de Réglementation du Commerce des Valeurs Mobilières; or (iv) Membre(s) de l'Organisme Canadien de Réglementation du Commerce des Valeurs Mobilières - Investment Industry Regulatory Organization of Canada (2) When using the Corporation name in its office or on its windows, a Dealer Member must use the form required by this rule but, in smaller

Rules 22.1 and 700.1	type than the name of the Dealer Member. (3) If a Dealer Member uses the Corporation logo in the form below together with the Corporation name, the size of the logo must give equal prominence to both the Corporation name and logo.  (4) A Dealer Member must not use the Corporation name and logo in a manner that is misleading or confusing to the public. 2357. Corporation governance of its name and logo (1) The Board may set certain terms and conditions for a Dealer Member's use of the Corporation name or logo. (2) The Corporation will prohibit a Dealer Member from using the Corporation name or logo and require the Dealer Member to destroy all materials that use the Corporation name or logo if: (i) the Corporation decides that the use of the name or logo is detrimental to the interests of the Corporation or its Dealer Members; (ii) the Dealer Member is no longer a Corporation Dealer Member; or (iii) the Corporation suspends or terminates the Dealer Member's membership. (3) When the Corporation requests, a Dealer Member must provide samples of letterhead, circulars, or other promotional materials that use the Corporation's name or logo. (4) The Corporation may prohibit a Dealer Member from using the Corporation name or logo and require the Dealer Member to destroy all materials that use the Corporation name or logo if: (i) the Dealer Member fails to respond to a request for samples; or (ii) the Dealer Member does not comply with the requirements for using the Corporation name or logo. (5) A Dealer Member's use of the Corporation name or logo does not give the Dealer Member any proprietary interest in that name or logo. 2358. – 2399. – Reserved.
New	Rule 2400 – Principal and Agent Relationships 2401. Introduction (1) This Rule describes the requirements of relationships between Dealer

	Members and their agents.
Rule 39.3	2402. Principal and agent relationships (1) A Dealer Member may have a relationship with a person conducting securities related activities on behalf of the Dealer Member if that person is: (i) an employee; or (ii) an agent who is not an employee. (2) A Dealer Member may not have a corporation or other non-individual entity conduct securities-related activities on its behalf.
Rules 39.4(o) and (p)	2403. Written agreement between the Dealer Member and the Corporation (1) Before engaging any agents, a Dealer Member must enter into a written agreement with the Corporation, in a form similar to Appendix A. (2) The agreement must contain terms describing the Dealer Member's responsibility: (i) for the agent's conduct, including the agent's compliance with Corporation requirements and applicable securities legislation; and (ii) to clients for the agent's acts and omissions. (3) The Corporation must be satisfied with the form of the agreement.
Rules 39.4(n), (p) and (q)	2404. Written agreement between the Dealer Member and its agents (1) The Dealer Member and the agent must enter into a written agreement containing the terms set out in the sample agreement in Appendix B. (2) The agreement must not contain any terms inconsistent with the requirements of this rule. (3) The Corporation must be satisfied with the form of the agreement before the Dealer Member finalizes the agreement with the agent. (4) The Dealer Member must certify to the Corporation that the agreement complies with this rule. (5) The Corporation may request a legal opinion confirming subsection (4) above. (6) The Corporation must be satisfied that the agreement complies with applicable tax laws.
	Appendix A Agreement between a Dealer Member and the Corporation
Rule 39, Appendix B Recitals	1. Recitals (i) As a Dealer Member of the Corporation, the Dealer Member agrees it is

		subject to Corporation requirements. (ii) Section 2402 requires the Dealer Member to make this agreement with the Corporation. (iii) This agreement is in addition to and does not alter Corporation requirements or any other agreement between the Dealer Member and the Corporation.
Rule 39, Appendix B, Item 2	2.	Agreement with the Agent (i) The Dealer Member must make an agreement with each of its agents as required by section 2403. (ii) The agreement must require that the agent complies with all applicable laws and Corporation requirements.
Rule 39, Appendix B, Items 1 and 3	3.	Supervision of the Agent The Dealer Member must treat each of its agents as employees with respect to: (i) administration of Corporation requirements. (ii) supervision of the agent under Corporation requirements; and (iii) ensuring its agents comply with all applicable laws and Corporation requirements.
Rule 39, Appendix B, Item 4	4.	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 business activities included or not in the securities related activities of the Dealer Member; and (ii) that any other business activity of the agent is not the Dealer Member's responsibility.
Rule 39, Appendix B, Item 6	5.	Disclosure to Clients The disclosure to clients must be made using the following language in the New Client Account Form: "If investment advisor is an agent of [the Dealer Member], [Dealer Member] is irrevocably liable to you for any acts and omissions of your investment advisor with regard to [Dealer Member's] business as if the investment advisor were an employee of [Dealer Member]."
Rule 39, Appendix B, Item 5	6.	Disclosure by Agent If the disclosure is made by the agent, the Dealer Member must ensure that the agent has made the disclosure directly to the clients.

Rule 39, Appendix B, Item 8	7. Governing Law This agreement must be governed by the laws of [applicable province] and the laws of Canada.
Rule 39, Appendix B, Item 9	8. Continuing Benefit The agreement is for the benefit of and binding upon the parties and their successors and assigns. The Dealer Member may not assign the agreement without the Corporation's prior written consent. DATED as of the _____ day of _____, _____ [DEALER MEMBER] _____ [NAME AND TITLE OF SIGNING INDIVIDUAL]
Appendix B Principles to include in Agreement between a Dealer Member and Agent	
Rules 39.4(a) and (q)	1. Relationship complies with the Law The agent and the Dealer Member confirm that this agreement: (i) does not violate applicable laws; and (ii) complies with applicable tax laws.
Rule 39, Appendix A, Item 2	2. Confirmation of Supremacy of Rule 2400 The agent and the Dealer Member confirm that: (i) this agreement is made in compliance with Corporation Requirements; (ii) Rule 2400 must prevail if there is an inconsistency between this agreement and Rule 2400; (iii) any inconsistent terms will be deemed severed and deleted; and (iv) this agreement will be interpreted and enforced to give full effect to Rule 2400.
Rule 39.4(b) and Rule 39, Appendix A, Item 3	3. Compliance by the Agent with Applicable Laws and Corporation Requirements (i) The agent warrants to the Dealer Member that it is appropriately registered or licensed, in good standing and in compliance under all applicable laws and Corporation requirements. (ii) The agent agrees to maintain the above throughout the term of the agreement.

Rules 39.4(d) and (k) and Rule 39, Appendix A, Item 4	4. Conduct of the Agent's Business (i) The agent agrees to conduct all business in the Dealer Member's name, subject to section 2401. (ii) The agent agrees not to conduct any securities related activities with anyone other than the Dealer Member.
Rules 39.4(c), (d) and (e) and Rule 39, Appendix A, Items 5(a) and 5(e)	5. Supervision of the Agent by the Dealer Member The Dealer Member agrees to be: (i) responsible for the supervision of the agent's conduct to ensure compliance with Corporation requirements and the requirements of any other regulatory authority to which the Dealer Member is subject; and (ii) liable to clients (and other third parties) for the agent's conduct as if he or she were an employee.
Rule 39, Appendix A, Item 5(d)	6. Written Disclosure to Clients If the Dealer Member and the Agent have agreed that the agent will advise the clients directly: (i) of the business activity that is included or not in the securities related activities of the Dealer Member; and (ii) that any other business activity of the agent is not the Dealer Member's responsibility; the Dealer Member agrees to be responsible for ensuring that the agent has done so.
Rule 39.4(i) Rule 39, Appendix A 5(f)	7. Dealer Member Assumes Responsibility for Clients (i) In the event that: (a) The Corporation, or other regulatory authority has advised the Dealer Member that it has started an investigation relating to a client of the agent; or (b) the Dealer Member has reasonable grounds to believe that the agent's conduct relating to clients is contrary to any applicable laws or Corporation requirements, the Dealer Member may immediately and without notice to the agent, assume responsibility for the client to the exclusion of the agent. (ii) The agent may not have any dealings or communications with the client as long as the Dealer Member has assumed this responsibility. (iii) The Dealer Member may appoint another qualified person to provide services to the client, and that person may receive any remuneration that would have been paid to the agent.

Rules 39.4(l) and (m) and Rule 39, Appendix A, Items 4(b), 5(b) and 5(c)	8. Non-Dealer Member Business (i) The agent agrees not to conduct any non-Dealer Member business without disclosing to and obtaining the consent of the Dealer Member in writing. (ii) If the agent is involved in a non-Dealer Member business, 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. (iii) The agent agrees to ensure that the non-Dealer Member business will not interfere with the Dealer Member or Corporation monitoring and enforcing compliance by the agent with this agreement or Corporation requirements.
Rule 39.4(h) and Rule 39, Appendix A, Item 7(b)	9. Access to Premises The agent agrees to give the Dealer Member unrestricted access to the premises where the agent conducts business on the Dealer Member's behalf.
Rule 39.4(g) and Rule 39, Appendix A, Items 6(a), 6(b) and 7(a)	10. Records The agent agrees that the books and records kept by the agent for the Dealer Member's business: (i) shall conform to Corporation requirements; (ii) are the Dealer Member's property; (iii) are available at all times for review by and delivery to the Dealer Member; and (iv) are available to the Dealer Member on termination of the agreement.
Rule 39.4(f) and Rule 39, Appendix A, Item 6(c)	11. Insurance The Dealer Member agrees to maintain financial institution bond and insurance policies covering the agent.
New	12. Validity of Prior Agreements Any agreements entered into between a Dealer Member and its agents prior to the effective date of Rule 2400 continue to be valid. 2404. – 2449. – Reserved.
New	Rule 2450 – Acceptable Back Office Arrangements 2451. 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 books and records. In some cases, before an arrangement can commence, the parties must agree to specific Corporation arrangement conditions, including obtaining Corporation approval of the arrangement.

- (2) This Rule sets out the specific Corporation arrangement conditions for a number of arrangements that a Dealer Member may enter into and is organized as follows:
- (i) Definitions **[Section 2460]**
 - (ii) Requirements for acceptable arrangements between two Dealer Members **[Part A]** including:
 - (a) General requirements **[Sections 2470 through 2474];**
 - (b) Specific requirements for Type 1 introducing broker / carrying broker arrangements **[Section 2475];**
 - (c) Specific requirements for Type 2 introducing broker / carrying broker arrangements **[Section 2476];**
 - (d) Specific requirements for Type 3 introducing broker / carrying broker arrangements **[Section 2477];** and
 - (e) Specific requirements for Type 4 introducing broker / carrying broker arrangements **[Section 2478].**
 - (iii) Requirements for acceptable arrangement between a Dealer Member and a foreign affiliate dealer **[Part B, Sections 2485 and 2486];**
 - (iv) Permitted arrangements that are not considered to be introducing broker / carrying broker arrangements **[Part C, Sections 2490 and 2491];** and
 - (v) Prohibited arrangements **[Part D, Section 2495].**

2452. – 2459. – Reserved.

2460. Definitions

In this Rule:

- (1) “Canadian financial institution” means:
 - (i) a Schedule I or Schedule II Bank under the Bank Act (Canada);
 - (ii) an insurance company governed by federal or provincial insurance legislation; and
 - (iii) a loan or trust company governed by federal or provincial loan and trust company legislation;
- (2) “Canadian registered firm” means a firm registered under the securities

Rule 35.1(a)(iii)

New

New	legislation of a Canadian jurisdiction as an adviser or dealer; (3) “clearing arrangement” means an arrangement entered into between two dealers under which all of the following services are provided by one dealer (“clearing broker”) to the other dealer for one or more lines of business: (i) trade execution; (ii) trade settlement; and (iii) client account bookkeeping. Trade and/or account financing, custody of client cash and custody of client security and investment product positions services must not be provided as part of this arrangement; and
New	(4) “introducing broker / carrying broker arrangement” means an arrangement entered into between two dealers under which all of the following services are provided by one dealer (“carrying broker”) to the other dealer (“introducing broker”) for one or more lines of business: (i) trade settlement; (ii) custody of client cash; (iii) custody of client security and investment product positions; and (iv) client account bookkeeping. Trade execution and trade and/or account financing services may or may not be provided as part of this arrangement. 2461. – 2469. – Reserved. Part A - Arrangements between two Dealer Members - General Requirements 2470. Arrangements that may be executed (1) A Dealer Member that wants to become an introducing broker may enter into the one of the following introducing broker / carrying broker arrangements with another Dealer Member: (i) a Type 1 or 2 Arrangement for all of its securities related activities; (ii) a Type 1 or 2 Arrangement for all of its securities related activities other than trading in futures contracts and options; (iii) a Type 3 or 4 Arrangement for one or more of its securities related activities business lines. 2471. Additional conditions that apply to an introducing broker under a Type 1 Arrangement (1) A Dealer Member that is an introducing broker under a Type 1 Arrangement with another Dealer Member:
Rules 35.1(e)(ii) and (v)	
Rules 35.1(e)(ii), (iii) and (iv)	

	(i) must not enter into any additional introducing broker / carrying broker arrangements with another Dealer Member unless the arrangement is a Type 1 or Type 2 Arrangement that provides back office services exclusive to trading in futures contracts and options; (ii) must not continue to fully service any part of its securities related activities other than fully servicing trading in futures contracts and options; and (iii) must use its carrying broker's facilities for its principal trading, settlement, and securities custody.
Rules 35.1(e)(ii), (iii) and (iv)	2472. Additional conditions that apply to an introducing broker under a Type 2 Arrangement (1) A Dealer Member that is an introducing broker under a Type 2 Arrangement with another Dealer Member: (i) must not enter into any additional introducing broker / carrying broker arrangements with another Dealer Member unless the arrangement is a Type 1 or Type 2 Arrangement that provides back office services exclusive to trading in futures contracts and options; (ii) must not fully service any part of its securities related activities other than fully servicing trading in futures contracts and options; and (iii) may use brokers other than its carrying broker for its principal trading, settlement, and securities custody.
Rules 35.1(e)(iv) and (v)	2473. Additional conditions that apply to an introducing broker under either a Type 3 or a Type 4 Arrangement (1) A Dealer Member that is an introducing broker under a Type 3 or Type 4 Arrangement with another Dealer Member: (i) may use brokers other than its carrying broker for its principal trading, settlement, and securities custody; (ii) may, where a business case can be made, enter into additional Type 3 or Type 4 Arrangements for one or more of its remaining securities related activities business lines; (iii) may fully service one or more of its remaining securities related activities business lines; and (iv) must not enter into any Type 1 or Type 2 Arrangements for one or more of its remaining securities related activities business lines.

Rules 35.1(b)(i), (e)(i), and (g)	2474. Requirement for an agreement (1) A Dealer Member may enter into an arrangement permitted within sections 2470 through 2473 with another Dealer Member if both parties enter into a written introducing broker / carrying broker contract: (i) in a form acceptable to the Corporation; (ii) that specifies the type of arrangement being entered into is an Introducing Type 1, Type 2, Type 3 or Type 4 Arrangement; (iii) whose terms meet the requirements of this Rule 2450 that apply to the type of arrangement being entered into; and (iv) which is approved by the Corporation in advance of it coming into effect.
Rule 35.2, opening paragraph	2475. Type 1 Arrangement – requirements – The parties to a Type 1 introducing broker / carrying broker arrangement (Type 1 Arrangement) must comply with the following requirements:
Rule 35.2(a)	(1) Minimum capital requirement (i) The introducing broker must maintain at all times minimum capital of \$75,000 for calculating RAC.
Rule 35.2(b)(ii)	(2) Margin requirements to be provided by the introducing broker (i) The introducing broker must maintain the required margin for principal business it introduces to the carrying broker.
Rule 35.2(b)(i)	(3) Margin requirements to be provided by the carrying broker (i) The carrying broker must maintain the required margin: (a) for client business it carries for the introducing broker; and (b) for any settlement date equity deficiency amounts relating to the principal business it carries for the introducing broker in accordance with the margin requirements for an account with another regulated entity, as set out in Note 4 of the Notes and Instructions to Schedule 5 of Form 1.

Rule 35.2(c)	(4) Offsets of carrying broker margin requirements against deposits (i) The carrying broker may reduce any margin it is required to provide under section 2475(3) by the least of the following amounts: (a) the margin requirement; (b) the loan value of any introducing broker deposits held by the carrying broker; and (c) the introducing broker's excess RAC. Where a reduction is taken, the carrying broker must promptly notify the introducing broker.
Rule 35.2(d)	(5) Reporting client balances (i) When calculating RAC, the carrying broker must report on Statement A and Schedule 4 of Form 1 and the MFR all client accounts introduced by the introducing broker. The introducing broker must not report these accounts.
Rule 35.2(e)	(6) Net client balances / funding (i) The carrying broker must meet financing requirements for client accounts introduced by the introducing broker.
Rules 35.2(c) and (f)	(7) Deposits provided to the carrying broker by the introducing broker (i) The carrying broker must: (a) segregate security deposits provided by the introducing broker; (b) hold cash deposits in a separate bank account in trust for the introducing broker; and (c) report all deposits it receives from the introducing broker as a liability on its Form 1 and MFR. (ii) The introducing broker must: (a) report as a non-allowable asset on the introducing broker's Form 1 and MFR: (i) any portion of a deposit that a carrying broker has used to offset its margin requirements under section 2475(4); and (ii) any portion of a deposit that is impaired in value because the carrying broker carries client accounts with unsecured debit balances. (b) report as an allowable asset on the introducing broker's Form 1 and MFR any remaining deposits not classified as a non-

	allowable asset under sub-clause 2475(7)(ii)(a).
Rule 35.2(g)	(8) Concentration calculations (i) When completing the concentration calculations in Schedules 9 and 12 of Form 1, the carrying broker must include, and the introducing broker must not include, all client positions the carrying broker maintains for the introducing broker.
Rule 35.2(h)	(9) Segregating client securities (i) The carrying broker must segregate securities for clients introduced by the introducing broker in accordance with the segregation rules. [LINK – Rule 4400 Segregated Securities – Requirements and Internal Controls.]
Rule 35.2(i)	(10) Free credit segregation (i) The carrying broker must comply with the Corporation's free credit segregation requirements for client accounts introduced by the introducing broker.
Rules 35.2(j)(i), (ii) and (iv)	(11) Insurance coverage requirements of the introducing broker (i) The introducing broker must: (a) include all accounts introduced to the carrying broker: (I) when calculating client net equity for the purposes of determining minimum FIB insurance coverage levels under section 4459; and (II) when determining adequate insurance coverage levels for registered mail under section 4456 (b) maintain FIB insurance coverage for the types of losses specified under section 4457 and in the amounts that meet the minimum coverage levels specified in section 4459; and (c) maintain adequate insurance for registered mail specified under section 4456.
Rules 35.2(j)(i) to (iv)	(12) Insurance coverage requirements of the carrying broker (i) The carrying broker must: (a) include all accounts it carries for the introducing broker: (I) when calculating client net equity for the purposes of determining minimum FIB insurance coverage levels under section 4458; and (II) when determining adequate insurance coverage levels for registered mail under section 4456 (b) maintain FIB insurance coverage for the types of losses specified under section 4457 and in the amounts that meet the minimum coverage levels specified in section 4458; and

	(c) maintain adequate insurance for registered mail specified under section 4456.
Rule 35.2(k)	(13) Client account opening required disclosure (i) At the time of opening a client account the introducing broker must: (a) advise the client of: (I) its relationship to the carrying broker; and (II) the client's relationship to the carrying broker. (b) obtain from the client a Corporation-approved form acknowledging it has provided the client with the disclosure required by clause 2475(13)(i)(a).
Rule 35.2(l)	(14) Parties to margin and guarantee documents (i) The introducing broker and the carrying broker must both be parties to any margin agreements and guarantee documents.
Rule 35.2(l)	(15) Disclosure on contracts, statements and correspondence (i) To ensure ongoing disclosure of the introducing broker / carrying broker relationship to clients, the introducing broker and carrying broker must both show their names and roles on all client account contracts, statements, correspondence and other documents. Because of this ongoing disclosure, annual disclosure of the introducing broker / carrying broker relationship is not required.
Rule 35.2(m)	(16) Clients introduced to the carrying broker (i) A client introduced to the carrying broker by the introducing broker must be considered a client of both the introducing broker and the carrying broker for the purposes of compliance with IIROC requirements.
Rule 35.2(n)	(17) Compliance with non-financial requirements (i) The introducing broker and the carrying broker are jointly and severally responsible for compliance with all non-financial Corporation requirements for each account the introducing broker introduces to the carrying broker unless stated otherwise in this Rule 2475.
Rule 35.2(o)	(18) Handling client cash (i) The introducing broker must not accept or handle client funds in the form of money. (ii) With the carrying broker's advance approval, the introducing broker may accept a cheque in the carrying broker's name from a client whose account is carried by the carrying broker and:

	(a) deliver it to the carrying broker; or (b) arrange for the carrying broker to pick it up.
Rule 35.2(p)	(19) Reporting of introducing broker principal positions (i) The introducing broker must report all its principal positions carried by a carrying broker as inventory on its Form 1 and MFR. (ii) The carrying broker must report the introducing broker's principal positions it carries as a client account on its Form 1 and MFR.
Rule 35.3 opening paragraph	2476 Type 2 Arrangement – requirements – The parties to a Type 2 introducing broker / carrying broker arrangement (Type 2 Arrangement) must comply with the following requirements:
Rule 35.3(a)	(1) Minimum capital requirement (i) The introducing broker must maintain at all times minimum capital of \$250,000 for calculating RAC.
Rule 35.3(b)(ii)	(2) Margin requirements to be provided by the introducing broker (i) The introducing broker must maintain the required margin for principal business it introduces to the carrying broker.
Rule 35.3(b)(i) and (ii)	(3) Margin requirements to be provided by the carrying broker (i) The carrying broker must maintain the required margin: (a) for client business it carries for the introducing broker; and (b) for any settlement date equity deficiency amounts relating to the principal business it carries for the introducing broker in accordance with the margin requirements for an account with another regulated entity, as set out in Note 4 of the Notes and Instructions to Schedule 5 of Form 1.
Rule 35.3(c)	(4) Offsets of carrying broker margin requirements against deposits (i) The carrying broker may reduce any margin it is required to provide under section 2476(3) by the least of the following amounts: (a) the margin requirement; (b) the loan value of any introducing broker deposits held by the carrying broker; and (c) the introducing broker's excess RAC. Where a reduction is taken, the carrying broker must promptly notify the introducing broker.

Rule 35.3(d)	(5) Reporting client balances (i) When calculating RAC, the carrying broker must report on Statement A and Schedule 4 of Form 1 and the MFR all client accounts introduced by the introducing broker. The introducing broker must not report these accounts.
Rule 35.3(e)	(6) Net client balances / funding (i) The carrying broker must meet financing requirements for client accounts introduced by the introducing broker.
Rules 35.3(c) and (f)	(7) Deposits provided to the carrying broker by the introducing broker (i) The carrying broker must: (a) segregate security deposits provided by the introducing broker; (b) hold cash deposits in a separate bank account in trust for the introducing broker; and (c) report all deposits it receives from the introducing broker as a liability on its Form 1 and MFR. (ii) The introducing broker must: (a) report as a non-allowable asset on the introducing broker's Form 1 and MFR: (I) any portion of a deposit that a carrying broker has used to offset its margin requirements under section 2476(4); and (II) any portion of a deposit that is impaired in value because the carrying broker carries client accounts with unsecured debit balances. (b) report as an allowable asset on the introducing broker's Form 1 and MFR any remaining deposits not classified as a non-allowable asset under sub-clause 2476(7)(ii)(a).
Rule 35.3(g)	(8) Concentration calculations (i) When completing the concentration calculations in Schedules 9 and 12 of Form 1, the carrying broker must include, and the introducing broker must not include, all client positions the carrying broker maintains for the introducing broker.
Rule 35.3(h)	(9) Segregating client securities (i) The carrying broker must segregate securities for clients introduced by the introducing broker in accordance with the segregation rules. [LINK – Rule 4400 Segregated Securities – Requirements and Internal Controls.]

Rule 35.3(i)	(10) Free credit segregation (i) The carrying broker must comply with the Corporation's free credit segregation requirements for client accounts introduced by the introducing broker.
Rule 35.3(j)(i) to (iv)	(11) Insurance coverage requirements of the introducing broker (i) The introducing broker must: (a) include all accounts introduced to the carrying broker: (I) when calculating client net equity for the purposes of determining minimum FIB insurance coverage levels under section 4459; and (II) when determining adequate insurance coverage levels for registered mail under section 4456 (b) maintain FIB insurance coverage for the types of losses specified under section 4457 and in the amounts that meet the minimum coverage levels specified in section 4459; and (c) maintain adequate insurance for registered mail specified under section 4456.
Rule 35.3(j)(i) to (iv)	(12) Insurance coverage requirements of the carrying broker (i) The carrying broker must: (a) include all accounts it carries for the introducing broker: (I) when calculating client net equity for the purposes of determining minimum FIB insurance coverage levels under section 4458; and (II) when determining adequate insurance coverage levels for registered mail under section 4456 (b) maintain FIB insurance coverage for the types of losses specified under section 4457 and in the amounts that meet the minimum coverage levels specified in section 4458; and (c) maintain adequate insurance for registered mail specified under section 4456.

Rule 35.3(k)	(13) Client account opening required disclosure (i) At the time of opening a client account the introducing broker must: (a) advise the client of: (I) its relationship to the carrying broker; and (II) the client's relationship to the carrying broker. (b) obtain from the client a Corporation-approved form acknowledging it has provided the client with the disclosure required by clause 2476(13)(i)(a).
Rule 35.3(l)	(14) Parties to margin and guarantee documents (i) The introducing broker and the carrying broker must both be parties to any margin agreements and guarantee documents.
Rules 35.3(l) and (m)	(15) Disclosure on contracts, statements and correspondence (i) The introducing broker must provide either ongoing or annual disclosure of its introducing broker / carrying broker relationship to clients as follows: (a) Where the introducing broker elects to provide ongoing relationship disclosure, the introducing broker and carrying broker must both show their names and roles on all client account contracts, statements, correspondence and other documents. Because of this ongoing disclosure, annual disclosure of the introducing broker / carrying broker relationship is not required. (b) Where the introducing broker elects to provide annual relationship disclosure: (I) the introducing broker must show its name on all client account contracts, statements, correspondence and other documents; and (II) the introducing broker must provide an annual written disclosure to each of its clients whose accounts are carried by a carrying broker outline the relationship between: (A) the introducing broker and the carrying broker; and (B) the client and the carrying broker. However, if the name and role of each of the introducing broker and the carrying broker is shown on all contracts, statements, correspondence and other documents, the annual disclosure under sub-clause 2476(15)(i)(b)(ii) is not

	required.
Rule 35.3(n)	(16) Clients introduced to the carrying broker (i) A client introduced to the carrying broker by the introducing broker must be considered a client of both the introducing broker and the carrying broker for the purposes of compliance with IROC requirements.
Rule 35.3(o)	(17) Compliance with non-financial requirements (i) For each account it introduces to the carrying broker, the introducing broker is responsible for compliance with all non-financial Corporation requirements unless stated otherwise in this Rule 2476.
Rule 35.3(p)	(18) Handling client cash (i) The introducing broker must not accept or handle client funds in the form of money. (ii) The introducing broker may accept a cheque in the carrying broker's name from a client whose account is carried by the carrying broker for deposit directly into a bank account in the carrying broker's name.
Rule 35.3(q)	(19) Reporting of introducing broker principal positions (i) The introducing broker must report all its principal positions carried by a carrying broker as inventory on its Form 1 and MFR. (ii) The carrying broker must report the introducing broker's principal positions it carries as a client account on its Form 1 and MFR.
Rule 35.4 opening paragraph	2477. Type 3 Arrangement – requirements – The parties to a Type 3 introducing broker / carrying broker arrangement (Type 3 Arrangement) must comply with the following requirements:
Rule 35.4(a)	(1) Minimum capital requirement (i) The introducing broker must maintain at all times minimum capital of \$250,000 for calculating RAC.
Rule 35.4(b)	(2) Margin requirements to be provided by the introducing broker (i) The introducing broker must maintain the required margin: (a) for principal business it introduces to the carrying broker; and (b) for client business it introduces to the carrying broker.
Rule 35.4(b)	(3) Margin requirements to be provided by the carrying broker (i) The carrying broker must maintain the required margin for any settlement date equity deficiency amounts relating to the principal business it carries for the introducing broker in accordance with the margin requirements for an account with another regulated entity,

	as set out in Note 4 of the Notes and Instructions to Schedule 5 of Form 1.
Rule 35.4(c)	(4) Offsets of carrying broker margin requirements against deposits (i) The carrying broker may reduce any margin it is required to provide under section 2477(3) by the lesser of the following amounts: (a) the margin requirement; and (b) the loan value of any introducing broker deposits held by the carrying broker. Where a reduction is taken, the carrying broker must promptly notify the introducing broker.
Rule 35.4(d)	(5) Reporting client balances (i) When calculating RAC, the introducing broker must report on Statement A and Schedule 4 of Form 1 and MFR all client accounts introduced to the carrying broker. The carrying broker must not report those accounts. (ii) However, the carrying broker must report on its Form 1 and MFR one balance owing to or from the introducing broker, representing client accounts it carries for the introducing broker. (iii) Although it reports just one balance, the carrying broker's obligations and liabilities to each client whose account it carries for the introducing broker are not released, discharged, limited, or otherwise affected.
Rule 35.4(e)	(6) Net client balances / funding (i) The carrying broker must meet financing requirements for client accounts introduced by the introducing broker.
Rule 35.4(f)	(7) Deposits provided to the carrying broker by the introducing broker (i) The carrying broker must: (a) segregate security deposits provided by the introducing broker; (b) hold cash deposits in a separate bank account in trust for the introducing broker; and (c) report all deposits it receives from the introducing broker as a liability on its Form 1 and MFR. (ii) The introducing broker must: (a) report as a non-allowable asset on the introducing broker's Form 1 and MFR any portion of a deposit that a carrying

	broker has used to offset its margin requirements under section 2477(4); and (b) report as an allowable asset on the introducing broker's Form 1 and MFR any remaining deposits not classified as a non-allowable asset under sub-clause 2477(7)(ii)(a).
Rule 35.4(g)	(8) Concentration calculations (i) When completing the concentration calculations in Schedules 9 and 12 of Form 1, the introducing broker must include, and the carrying broker must not include, all client positions the carrying broker maintains for the introducing broker.
Rule 35.4(h)	(9) Segregating client securities (i) The carrying broker must segregate securities for clients introduced by the introducing broker in accordance with the segregation rules. [LINK – Rule 4400 Segregated Securities – Requirements and Internal Controls.]
Rule 35.4(i)	(10) Free credit segregation (i) The carrying broker must comply with the Corporation's free credit segregation requirements for client accounts introduced by the introducing broker.
Rules 35.4(j)(i) to (iv)	(11) Insurance coverage requirements of the introducing broker (i) The introducing broker must: (a) include all accounts introduced to the carrying broker: (I) when calculating client net equity for the purposes of determining minimum FIB insurance coverage levels under section 4458; and (II) when determining adequate insurance coverage levels for registered mail under section 4456 (b) maintain FIB insurance coverage for the types of losses specified under section 4457 and in the amounts that meet the minimum coverage levels specified in section 4458; and (c) maintain adequate insurance for registered mail specified under section 4456.
Rules 35.4(j)(i) to (iv)	(12) Insurance coverage requirements of the carrying broker (i) The carrying broker must: (a) include all accounts it carries for the introducing broker: (I) when calculating client net equity for the purposes of determining minimum FIB insurance coverage levels under section 4458; and (II) when determining adequate insurance coverage levels

	for registered mail under section 4456
	(b) maintain FIB insurance coverage for the types of losses specified under section 4457 and in the amounts that meet the minimum coverage levels specified in section 4458; and (c) maintain adequate insurance for registered mail specified under section 4456.
Rule 35.4(k)	(13) Client account opening required disclosure (i) At the time of opening a client account the introducing broker must advise the client of: (a) its relationship to the carrying broker; and (b) the client's relationship to the carrying broker.
Rule 35.4(l)	(14) Parties to margin and guarantee documents (i) The introducing broker and the carrying broker must both be parties to any margin agreements and guarantee documents.
Rules 35.4(l) and (m)	(15) Disclosure on contracts, statements and correspondence (i) The introducing broker must provide either ongoing or annual disclosure of its introducing broker / carrying broker relationship to clients as follows: (a) Where the introducing broker elects to provide ongoing relationship disclosure, the introducing broker and carrying broker must both show their names and roles on all client account contracts, statements, correspondence and other documents. Because of this ongoing disclosure, annual disclosure of the introducing broker / carrying broker relationship is not required. (b) Where the introducing broker elects to provide annual relationship disclosure: (I) the introducing broker must show its name on all client account contracts, statements, correspondence and other documents; and (II) the introducing broker must provide an annual written disclosure to each of its clients whose accounts are carried by a carrying broker outline the relationship between: (A) the introducing broker and the carrying broker; and (B) the client and the carrying broker. However, if the name and role of each of the introducing broker and the carrying broker is shown on all contracts,

	statements, correspondence and other documents, the annual disclosure under sub-clause 2477(15)(i)(b)(II) is not required.
Rule 35.4(n)	(16) Clients introduced to the carrying broker (i) A client introduced to the carrying broker by the introducing broker must be considered a client of both the introducing broker and the carrying broker for the purposes of compliance with IIROC requirements.
Rule 35.4(o)	(17) Compliance with non-financial requirements (i) For each account it introduces to the carrying broker, the introducing broker is responsible for compliance with all non-financial Corporation requirements unless stated otherwise in this Rule 2477.
Rule 35.4(p)	(18) Handling client cash (i) An introducing broker may facilitate transactions for a client account carried by a carrying broker by accepting client cheques: (a) in the introducing broker's name, and depositing those cheques in a bank account in the introducing broker's name for eventual deposit to an account in the carrying broker's name; or (b) in the carrying broker's name for deposit directly into a bank account in the carrying broker's name.
Rule 35.4(q)	(19) Reporting of introducing broker principal positions (i) The introducing broker must report all its principal positions carried by a carrying broker as inventory on its Form 1 and MFR. (ii) The carrying broker must report the introducing broker's principal positions it carries as a client account on its Form 1 and MFR.
Rule 35.5 opening paragraph	2478. Type 4 Arrangement – requirements – The parties to a Type 4 introducing broker / carrying broker arrangement (Type 4 Arrangement) must comply with the following requirements:
Rule 35.5(a)	(1) Minimum capital requirement (i) The introducing broker must maintain at all times minimum capital of \$250,000 for calculating RAC.
Rule 35.5(b)	(2) Margin requirements to be provided by the introducing broker (i) The introducing broker must maintain the required margin: (a) for principal business it introduces to the carrying broker; and (b) for client business it introduces to the carrying broker.
Rule 35.5(b)	(3) Margin requirements to be provided by the carrying broker

	(i) The carrying broker must maintain the required margin for any settlement date equity deficiency amounts relating to the principal business it carries for the introducing broker in accordance with the margin requirements for an account with another regulated entity, as set out in Note 4 of the Notes and Instructions to Schedule 5 of Form 1.
Rule 35.5(c)	(4) Offsets of carrying broker margin requirements against deposits (i) The carrying broker may reduce any margin it is required to provide under section 2478(3) by the lesser of the following amounts: (a) the margin requirement; and (b) the loan value of any introducing broker deposits held by the carrying broker. Where a reduction is taken, the carrying broker must promptly notify the introducing broker.
Rule 35.5(d)	(5) Reporting client balances (i) When calculating RAC, the introducing broker must report on Statement A and Schedule 4 of Form 1 and MFR all client accounts introduced to the carrying broker. The carrying broker must not report those accounts. (ii) However, the carrying broker must report on its Form 1 and MFR one balance owing to or from the introducing broker, representing client accounts it carries for the introducing broker. (iii) Although it reports just one balance, the carrying broker's obligations and liabilities to each client whose account it carries for the introducing broker are not released, discharged, limited, or otherwise affected.
Rule 35.5(e)	(6) Net client balances / funding (i) The introducing broker must meet financing requirements for client accounts it introduces to the carrying broker.
Rule 35.5(f)	(7) Deposits provided to the carrying broker by the introducing broker (i) The carrying broker must: (a) segregate security deposits provided by the introducing broker; (b) hold cash deposits in a separate bank account in trust for the introducing broker; and (c) report all deposits it receives from the introducing broker as a

	liability on its Form 1 and MFR.
	(ii) The introducing broker must:
	(a) report as a non-allowable asset on the introducing broker's Form 1 and MFR any portion of a deposit that a carrying broker has used to offset its margin requirements under section 2478(4); and
	(b) report as an allowable asset on the introducing broker's Form 1 and MFR any remaining deposits not classified as a non-allowable asset under sub-clause 2478(7)(ii)(a).
Rule 35.5(g)	(8) Concentration calculations
	(i) When completing the concentration calculations in Schedules 9 and 12 of Form 1, the introducing broker must include, and the carrying broker must not include, all client positions the carrying broker maintains for the introducing broker.
Rule 35.5(h)	(9) Segregating client securities
	(i) The carrying broker must segregate securities for clients introduced by the introducing broker in accordance with the segregation rules. [LINK – Rule 4400 Segregated Securities – Requirements and Internal Controls.]
Rule 35.5(i)	(10) Free credit segregation
	(i) The introducing broker must comply with the Corporation's free credit segregation requirements for client accounts it introduces to the carrying broker.
Rules 35.5(j)(i) to (iv)	(11) Insurance coverage requirements of the introducing broker
	(i) The introducing broker must:
	(a) include all accounts introduced to the carrying broker:
	(I) when calculating client net equity for the purposes of determining minimum FIB insurance coverage levels under section 4458; and
	(II) when determining adequate insurance coverage levels for registered mail under section 4456
	(b) maintain FIB insurance coverage for the types of losses specified under section 4457 and in the amounts that meet the minimum coverage levels specified in section 4458; and
	(c) maintain adequate insurance for registered mail specified under section 4456.
Rules 35.5(j)(i) to (iv)	(12) Insurance coverage requirements of the carrying broker
	(i) The carrying broker must:
	(a) include all accounts it carries for the introducing broker:

	(I) when calculating client net equity for the purposes of determining minimum FIB insurance coverage levels under section 4458; and (II) when determining adequate insurance coverage levels for registered mail under section 4456
Rule 35.5(k)	(b) maintain FIB insurance coverage for the types of losses specified under section 4457 and in the amounts that meet the minimum coverage levels specified in section 4458; and (c) maintain adequate insurance for registered mail specified under section 4456.
	(13) Client account opening required disclosure
	(i) At the time of opening a client account the introducing broker must advise the client of: (a) its relationship to the carrying broker; and (b) the client's relationship to the carrying broker.
Rule 35.5(l)	(14) Parties to margin and guarantee documents
	(i) The introducing broker and the carrying broker or the introducing broker itself, may be party to a margin agreement and guarantee document. (ii) If a margin or guarantee agreement is only between the introducing broker and a client, then the introducing broker / carrying broker agreement must provide that the carrying broker may protect its interest in unpaid securities of the introducing broker when the introducing broker becomes insolvent, bankrupt, or ceases to be a Dealer Member.
Rules 35.5(l) and (m)	(15) Disclosure on contracts, statements and correspondence
	(i) The introducing broker must provide either ongoing or annual disclosure of its introducing broker / carrying broker relationship to clients as follows: (a) Where the introducing broker elects to provide ongoing relationship disclosure, the introducing broker and carrying broker must both show their names and roles on all client account contracts, statements, correspondence and other documents. Because of this ongoing disclosure, annual disclosure of the introducing broker / carrying broker relationship is not required. (b) Where the introducing broker elects to provide annual relationship disclosure: (I) the introducing broker must show its name on all client

	account contracts, statements, correspondence and other documents; (II) the introducing broker must provide an annual written disclosure to each of its clients whose accounts are carried by a carrying broker outline the relationship between: (A) the introducing broker and the carrying broker; and (B) the client and the carrying broker. However, if the name and role of each of the introducing broker and the carrying broker is shown on all contracts, statements, correspondence and other documents, the annual disclosure under sub-clause 2478(15)(i)(b)(II) is not required.
Rule 35.5(n)	(16) Clients introduced to the carrying broker (i) A client introduced to the carrying broker by the introducing broker must be considered a client of both the introducing broker and the carrying broker for the purposes of compliance with IIROC requirements.
Rule 35.5(o)	(17) Compliance with non-financial requirements (i) For each account it introduces to the carrying broker, the introducing broker is responsible for compliance with all non-financial Corporation requirements unless stated otherwise in this Rule 2478.
Rule 35.5(p)	(18) Handling client cash (i) An introducing broker may facilitate transactions for a client account carried by a carrying broker by accepting client cheques: (a) in the introducing broker's name, and depositing those cheques in a bank account in the introducing broker's name for eventual deposit to an account in the carrying broker's name; or (b) in the carrying broker's name for deposit directly into a bank account in the carrying broker's name.
Rule 35.4(q)	(19) Reporting of introducing broker principal positions (i) The introducing broker must report all its principal positions carried by a carrying broker as inventory on its Form 1 and MFR. (ii) The carrying broker must report the introducing broker's principal positions it carries as a client account on its Form 1 and MFR.
	2479. – 2484. – Reserved.

New	Part B - Arrangements between a Dealer Member and a foreign affiliate dealer 2485. Arrangements that may be executed with a foreign affiliate (1) A Dealer Member may carry the client accounts of its foreign affiliate dealer if: (i) The Dealer Member enters into an introducing broker / carrying broker agreement type that is permissible pursuant to sections 2470 through 2478 to be entered into between two Dealer Members; (ii) The Dealer Member complies with the applicable conditions and requirements that apply to introducing broker / carrying broker agreement type set out in sections 2470 through 2478, including the requirement to enter into a written agreement; (iii) The written agreement is: (a) in a form acceptable to the Corporation; (b) specifies the type of arrangement being entered into is an Introducing Type 1, Type 2, Type 3 or Type 4 Arrangement; (c) includes terms that meet the requirements of this Rule 2450 that apply to the type of arrangement being entered into; and (d) approved by the Corporation in advance of it coming into effect. (iv) The foreign affiliate dealer qualifies as a regulated entity; and (v) The Dealer Member complies with the additional conditions set out in section 2486.
New	2486. Additional conditions that apply to an introducing broker / carrying broker arrangement involving a foreign affiliate dealer – The parties to an introducing broker / carrying broker arrangement between a Dealer Member and its foreign affiliate dealer must comply with the following conditions and requirements:
Rule 35.6(b)	(1) Annual disclosure requirement (i) The foreign affiliate, at least annually, must provide written disclosure in a form satisfactory to the Corporation, to each of its clients whose accounts are carried by the Dealer Member outlining: (a) the relationship between the Dealer Member and its foreign affiliate; (b) the relationship between the Dealer Member and the foreign affiliate's client; and

	(c) any CIPF coverage limitations on those client accounts.
Rule 35.6(c)	(2) Foreign jurisdiction approval (i) The Dealer Member must provide written approval of the arrangement between the Dealer Member and its foreign affiliate from the foreign affiliate's regulatory authority.
Rule 35.6(d)	(3) Responsibility for compliance (i) The Dealer Member's foreign affiliate is not required to comply with Corporation requirements solely because of the arrangement.
Rule 35.6(e)	(4) Reporting balances (i) When calculating RAC the Dealer Member must report on Statement A and Schedule 4 of Form 1 and the MFR one balance owing to or from its foreign affiliate representing the accounts of the clients it carries on behalf of its foreign affiliate.
Rule 35.6(f)	(5) Segregating securities (i) The Dealer Member must, when required, segregate securities it holds for its foreign affiliate's clients.
Rule 35.6(g)	(6) Insurance (i) The Dealer Member must include all accounts introduced to it by its foreign affiliate when calculating client net equity for minimum FIB coverage under section 4458.
	2487. – 2489. – Reserved.
	Part C - Permitted arrangements that are not considered to be introducing broker / carrying broker arrangements
Rule 35.1(d)	2490. Certain arrangements executed with a Canadian financial institution affiliate (1) A Dealer Member's arrangement under which employees of its affiliated Canadian financial institution: (i) handle securities clearing and settlement; (ii) maintain records; and (iii) perform operational functions for the Dealer Member is permitted and shall not be considered introducing broker / carrying broker arrangement for the purposes of Rule 2450 provided the custodial functions are handled on a segregated basis according to Corporation requirements.
New	2491. Certain arrangements with other dealers (1) A Dealer Member's clearing arrangement under which it acts as the

Rule 35.1(c)(i)	clearing broker for another dealer that: (i) qualifies as a regulated entity; and (ii) is limited to dealing with institutional clients involving DAP / RAP accounts is permitted and is not considered an introducing broker / carrying broker arrangement for the purposes of Rule 2450, provided that the arrangement also qualifies as a clearing arrangement under the rules of the applicable exchange or self regulatory organization in the jurisdiction of the other dealer. 2492. – 2494. – Reserved. Part D - Prohibited back office sharing arrangements 2495. Prohibited introducing broker / carrying broker arrangements (1) A Dealer Member must not enter into an introducing broker / carrying broker arrangement with any person except with: (i) another Dealer Member, in accordance with the requirements in sections 2470 through 2478; (ii) a foreign affiliate dealer, in accordance with the requirements in sections 2485 and 2486; or (iii) another Canadian registered firm or another foreign dealer, in accordance with requirements that are the same as or similar to the requirements in sections 2485 and 2486 and other arrangement-specific requirements set by the Corporation. 2496. – 2499. – Reserved
New Rule 7.3	Rule 2500 – Dealer Member Directors and Executives 2501. Introduction (1) A Dealer Member’s directors and executives must meet the proficiency and experience qualifications in this Rule. 2502. General requirements for directors (1) At least 40% of the Dealer Member’s directors must: (i) either (a) be actively engaged in the Dealer Member’s business and spend the majority of their time in the securities industry; or (b) occupy a position equivalent to an executive or a director at a related or affiliated securities dealer or affiliated financial institution;

	(ii) satisfy the applicable proficiency requirements of Section 2602(1)(ix); and (iii) have at least five years' experience in the financial services industry, acceptable to the Corporation. (2) The remaining directors, if actively engaged in the Dealer Member's or its related company's, business, must meet the requirements of (1)(i) and (ii) above.
Rule 7.4	2503. General requirements for executives (1) A Dealer Member's executives must: (i) be either (a) actively engaged in the Dealer Member's business and spend the majority of their time in the securities industry; or (b) executives or directors of a related or affiliated securities dealer or an affiliated financial institution; and (ii) meet the proficiency requirements that apply in 2602(1)(viii). (2) At least 60% of the Dealer Member's executives must have at least five years experience in the financial services industry, acceptable to the Corporation.
Rules 38.6(a) and (b)	2504. Chief Financial Officer (1) A Dealer Member must appoint one executive as Chief Financial Officer. The Chief Financial Officer need not be a full-time executive, if appropriate for the Dealer Member's business. The Chief Financial Officer must meet the proficiency requirements that apply in Section 2602(1)(x). (2) When a Chief Financial Officer leaves, the Dealer Member must either immediately appoint another qualified person as Chief Financial Officer or, with the Corporation's approval, appoint another executive as Acting Chief Financial Officer. Where an Acting Chief Financial Officer is appointed: (i) that person must meet the requirements of (1) above and Section 2602(1)(x) and be appointed as Chief Financial Officer, or (ii) another qualified person must be appointed by the Dealer Member as Chief Financial Officer, within 90 days of the previous Chief Financial Officer's leaving.
Rules 38.7(a), (b), (c) and (f)	2505. Chief Compliance Officer (1) A Member must appoint a Chief Compliance Officer (CCO) who must be an executive and may be the UDP. (2) When a Chief Compliance Officer leaves, the Dealer Member must either

Rules 38.5(a) and (b) Rule 7.5	immediately appoint another qualified person as Chief Compliance Officer or, with the Corporation's approval, appoint another executive as Acting Chief Compliance Officer. Where an Acting Chief Compliance Officer is appointed: (i) that person must meet the requirements of (1) above and Section 2602(1)(xi) and be appointed as Chief Compliance Officer, or (ii) another qualified person must be appointed by the Dealer Member as Chief Compliance Officer, within 90 days of the previous Chief Compliance Officer's leaving. 2506. Ultimate Designated Person (1) A Member must designate a director or executive as the Ultimate Designated Person (UDP) who must be the Chief Executive Officer of the Member or someone fulfilling that role. (2) A Member may designate additional UDPs to be responsible for separate business units. 2507. Exemption (1) The District Council may grant an exemption from any requirement or part of a requirement in this Rule if it believes that it would not harm the interests of the Dealer Member, its clients, the public, or the Corporation. The exemption may be on any terms and conditions that the District Council believes are necessary. 2508. – 2549. – Reserved.
New Rule 18.2(a)	Rule 2550 – Approval of individuals 2551. Introduction (1) This Rule: (i) identifies those individuals who require approval, and (ii) describes the conditions under which the Corporation permits a registered representative or investment representative to be involved in other business activities. (2) The Corporation requires approval to ensure that persons working in certain activities are of good character and competent to perform those activities. 2552. Individual approval (1) A Dealer Member must ensure that each of the individuals working in the Corporation under the categories in subsection (2) below is: (i) registered or licensed (or exempt from such registration or

	licensing) under the securities legislation in each jurisdiction in which the individual conducts business in the appropriate registration category, and
	(ii) approved by the Corporation in the applicable Corporation category, before the individual begins working in that role.
New	(2) The registration categories are: (i) supervisor (ii) director (either industry or non-industry) (iii) executive (iv) chief financial officer (v) chief compliance officer (vi) registered representative (vii) investment representative (viii) trader (ix) investor; or (x) ultimate designated person
New	(3) Only a Dealer Member's director, executive, employee or agent can be an approved person.
Rule 18.2(a)	(4) A person seeking Corporation approval in a Corporation category must be registered or licensed: (i) in the appropriate registration category, (ii) under securities legislation in the applicable jurisdictions, before the Corporation approves him or her.
New	(5) A Dealer Member must ensure that each individual listed in (2) above complies with the requirements of this Rule for that individual's Corporation category.
Rules 7.8 and 18.2(a)	(6) An approved person in any Corporation category is subject to Corporation jurisdiction and must comply with Corporation requirements. If the Corporation revokes its approval, the formerly approved person must immediately cease any activity requiring Corporation approval.
Rules 7.9 and 18.18	(7) A Dealer Member must file a report specified by the Corporation on the conditions imposed on an approved person under Rule 8100 within 10 business days of the end of a month. If a Dealer Member does not file such a report on time, it must pay the Corporation the applicable late filing fee.
Rules 7.7 and 18.15	(8) Approved persons must: (i) be paid by their Dealer Member, its related companies, or affiliates

	for any securities-related activities they carry out for them; and (ii) not accept, nor allow an associate to accept, any pay, wages, salary, fees, gratuity, advantage, benefit or other consideration from any other person for those activities.
Rules 7.2 and 38.3(a)	2553. Approval of supervisors, directors, and executives (1) A Dealer Member may have an individual work as a supervisor only if he or she: (i) meets the Corporation requirements for a supervisor; (ii) meets the applicable proficiency requirements of Clauses 2602(1)(i)-(vii) before Corporation approval; and (iii) is approved by the Corporation to act as a supervisor.
Rule 7.2	(2) Each of the Dealer Member's directors must: (i) meet the requirements of Section 2502; (ii) satisfy the proficiency requirements of Clause 2602(1)(ix); and (iii) be approved by the Corporation as a director.
Rule 7.2	(3) A Dealer Member may have an individual work as an executive only if he or she: (i) meets the requirements of Section 2503; (ii) satisfies the applicable proficiency requirements of Clause 2602(1)(viii); and (iii) is approved by the Corporation as an executive.
Rule 38.6(a)	(4) A Dealer Member may appoint an executive as chief financial officer only if he or she: (i) meets the requirements of Section 2504; (ii) satisfies the applicable proficiency requirements of Clause 2602(1)(x); and (iii) is approved by the Corporation as a chief financial officer.
Rules 38.7(a), (b) and (e)	(5) A Dealer Member may appoint an executive as chief compliance officer only if he or she: (i) meets the requirements of Section 2505; (ii) satisfies the proficiency requirements of Clause 2602(1)(xi); and (iii) is approved by the Corporation as chief compliance officer.
Rules 38.5(a)	(6) A Dealer Member may have a director or executive act as the UDP only if that individual: (i) meets the Corporation requirements set out in Section 2506; (ii) meets the applicable proficiency requirements for his or her position; and

	(iii) is approved by the Corporation to act as the UDP.
Rules 18.2(a) and 18.3	2554. Approval of registered representatives and investment representatives and their obligations (1) A Dealer Member may employ an individual as a registered representative or an investment representative if he or she: (i) is registered or licensed (or exempt from registration or licensing) to trade in securities or futures contracts or options under the securities legislation in all jurisdictions in which his or her clients reside; (ii) meets the applicable proficiency requirements of, or obtained an exemption from, Rule 2600 prior to approval; and (iii) is approved by the Corporation as a registered representative or investment representative.
Rules 18.4 and 18.7(d)	(2) The Corporation will: (i) automatically suspend a registered representative dealing with retail clients if he or she does not complete all required post-approval courses in their registration category; and (ii) reinstate a registered representative dealing with retail clients once he or she has passed the required courses.
Rules 18.2(b) and (c)	(3) The following list describes the notifications that the Corporation requires of Dealer Members: (i) A Dealer Member must notify the Corporation whether a registered representative will deal with either retail or institutional clients. 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. (ii) A Dealer Member must notify the Corporation whether an investment representative will deal with either retail or institutional clients. An investment representative dealing with: (a) retail clients may take orders from all types of clients; (b) institutional clients may take orders from institutional clients only. (iii) A Dealer Member must notify the Corporation which of the following financial instruments a registered representative or investment representative will deal in: (a) only mutual funds, government or government-guaranteed debt instruments, and deposit instruments issued by a

Rules 18.7(a), (b) and (c)	federally-regulated bank, trust company, credit union or caisse populaire, except those for which all or part of the interest or return is indexed to the performance of another financial instrument or index; (b) general securities business; (c) options; or (d) futures contracts and futures contracts options. (iv) A Dealer Member must notify the Corporation if a registered representative will engage in discretionary portfolio management under Corporation Rules. (v) A Dealer Member may permit an individual to conduct a business of the type described in clauses (i)-(iii) above only if: (a) the Dealer Member has notified the Corporation that the individual: (I) will conduct that type of business; and (II) has completed Rule 2600 proficiency requirements for conducting the type of business. (vi) An initial application for approval constitutes notice under this subsection regarding the types of business identified in the application. (vii) An individual may conduct a business in the type described in clauses (i)-(iii) above on a Dealer Member's behalf only if the individual has completed Rule 2600 proficiency requirements for conducting the type of business. (4) (i) An individual qualified to conduct only mutual fund business must meet the proficiency requirements set out in Clause 2602(1)(xxi). (ii) A dealer member must notify the Corporation within 18 months of initial approval that an individual qualified to conduct only mutual funds business has completed the course required before approval for a registered representative in Rule 2602(1)(xii) or an investment representative in 2602(1)(xvii) and that the restriction to mutual funds only has been removed. Thereafter a registered representative must meet the post-approval proficiency requirements in Rule 2602(1)(xii). (iii) Clause (ii) does not apply to a registered representative or investment representative qualified to conduct mutual funds only who was approved prior to September 28, 2009 in a province which permits registration as a dealer representative restricted to mutual funds.
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Rule 18.14	(5) A registered representative or investment representative may have another occupation if: (i) the securities commission, or the securities legislation, of the jurisdiction in which the registered representative or investment representative works, or intends to work, allows him or her to devote less than full time to the Dealer Member's business; (ii) the Dealer Member establishes policies and procedures, acceptable to the Corporation, for other occupations that: (a) ensure continuous service to clients; (b) deal with conflicts of interest; (c) require its registrants to notify the Dealer Member in advance of all other occupations they propose to be involved in; and (d) set out the Dealer Member's review and approval process for other occupations; (iii) a registered representative's or investment representative's other occupation: (a) does not harm the reputation of the securities industry; (b) is not with another Member of a recognized Canadian SRO unless: (I) it is a related company of the Dealer Member employing the registered representative or investment representative, and cross-guarantees under Subsection 2154(3) have been provided; and (II) the dual employment is allowed under the applicable securities legislation.
Rule 18.16	(6) A Dealer Member must ensure that, when dealing with the public, its registered representatives or investment representatives use designations that accurately indicate: (i) the type of business that he or she has been approved by the Corporation to conduct; or (ii) the role that he or she carries out or has been approved by the Corporation to carry out.
	2555. Person owning or controlling more than 10% of Dealer Member's voting shares
Rule 7.6(a)	(1) A Dealer Member's director or executive who, directly or indirectly, owns or controls a voting interest of a Dealer Member of 10% or more must meet the proficiency requirements of Clause 2602(1)(xxvi).
Rule 7.6(b)	(2) A person, other than a Dealer Member's director or executive who

Rules 500.1 and 500.2	(i) is actively engaged in the business of the Dealer Member, and (ii) directly or indirectly owns or controls a voting interest in a Dealer Member of 10% or more must meet the proficiency requirements of Clause 2602(1)(xxvi). 2556. Trader (1) The Corporation may approve a person as a trader if that person has submitted a trader application form to the Corporation and has met the applicable proficiency requirements of Clauses 2602(1)(xxiv)-(xxv). 2557. – 2599. – Reserved.
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2900 Part I Introduction	Rule 2600 –																		
	Proficiency Requirements and Exemptions from Proficiency Categories																		
	2601. Introduction (1) This Rule sets out the minimum educational and experience requirements for individuals requiring Corporation approval. The requirements are designed to ensure that approved persons are qualified to perform their job functions competently and that a Dealer Member’s business is conducted with integrity.																		
New	Part A - Proficiency Requirements																		
	2602. Proficiency requirements for approved persons (1) Each applicant for approval in a Corporation Category must meet the proficiency requirements set out below for that Corporation category. Unless otherwise stated, the CSI Global Education Inc. administers all courses and examinations.																		
	<table><tr><th>Corporation category</th><th>Courses completed before approval</th><th>Courses to be completed after approval</th><th>Experience and other requirements</th></tr><tr><td colspan="4">Supervisors – Retail</td></tr><tr><td>(i) Supervisor of registered representatives dealing with retail clients</td><td> ▪ the Branch Managers Course (BMC); ▪ the Canadian Securities Course (CSC); and ▪ the Conduct and Practices Handbook Course (CPH) </td><td> ▪ the Effective Management Seminar within 18 months from the date of approval as supervisor of registered representatives dealing with retail clients </td><td> ▪ two years of relevant experience working for a securities dealer or broker or equivalent experience acceptable to the District Council </td></tr><tr><td>(ii) Supervisor of only investment representatives dealing with retail clients</td><td> ▪ the BMC; ▪ the CSC; and ▪ the CPH </td><td></td><td> ▪ two years of relevant experience working for a securities dealer or broker or equivalent experience acceptable to the District Council </td></tr></table>				Corporation category	Courses completed before approval	Courses to be completed after approval	Experience and other requirements	Supervisors – Retail				(i) Supervisor of registered representatives dealing with retail clients	▪ the Branch Managers Course (BMC); ▪ the Canadian Securities Course (CSC); and ▪ the Conduct and Practices Handbook Course (CPH)	▪ the Effective Management Seminar within 18 months from the date of approval as supervisor of registered representatives dealing with retail clients	▪ two years of relevant experience working for a securities dealer or broker or equivalent experience acceptable to the District Council	(ii) Supervisor of only investment representatives dealing with retail clients	▪ the BMC; ▪ the CSC; and ▪ the CPH	
Corporation category	Courses completed before approval	Courses to be completed after approval	Experience and other requirements																
Supervisors – Retail																			
(i) Supervisor of registered representatives dealing with retail clients	▪ the Branch Managers Course (BMC); ▪ the Canadian Securities Course (CSC); and ▪ the Conduct and Practices Handbook Course (CPH)	▪ the Effective Management Seminar within 18 months from the date of approval as supervisor of registered representatives dealing with retail clients	▪ two years of relevant experience working for a securities dealer or broker or equivalent experience acceptable to the District Council																
(ii) Supervisor of only investment representatives dealing with retail clients	▪ the BMC; ▪ the CSC; and ▪ the CPH		▪ two years of relevant experience working for a securities dealer or broker or equivalent experience acceptable to the District Council																
Rule 2900, Part I, (A)(1)(a)(i) and (ii)																			
Rule 2900, Part I, (A)(1)(a)(iii)																			

Rule 2900, Part I, (A)(1)(a)(iv)	(iii) Supervisor of options trading with retail clients	- the requirements for a Supervisor under (i) or (ii) above, as applicable; - the Options Supervisors Course (OPSC); - the Derivatives Fundamentals Course (DFC); and - the Options Licensing Course (OLC)		
Rule 2900, Part I, (A)(1)(a)(v)	(iv) Supervisor of futures contracts and futures contracts options trading with retail clients	- the Canadian Commodity Supervisors Exam; - the Futures Licensing Course (FLC); and either the Derivatives Fundamentals Course (DFC) or the National Commodities Futures Examination (NCFE) administered by the Financial Industry Regulatory Authority (FINRA)		
Supervisors – Institutional				
Rule 2900, Part I, (A)(1)(b)(i)	(v) Supervisor of RRs or IRs dealing with institutional clients only	- the CSC; - the CPH; and - the BMC or the PDO		
Rule 2900, Part I, (A)(1)(b)(ii)	(vi) Supervisor of options trading for institutional clients	- the requirements for a supervisor of approved persons dealing with institutional clients only; and - either: the DFC and OLC or the Options		

Rule 2900, Part I, (A)(1)(b)(iii)		Supervisors Course (OPSC)		
	(vii) Supervisor of futures contract and futures contract options trading for institutional clients	- the requirements for a supervisor of approved persons dealing with institutional clients only; - the Canadian Commodity Supervisors Exam; and either: the DFC and FLC or the FLC and the National Commodity Futures Examination administered by FINRA		
	Executives and Directors			
	(viii) Executive	- the PDO; and if approved to trade, the applicable proficiency requirements		
	(ix) Director	- the PDO; and if approved to trade, the applicable proficiency requirements		
Rule 2900, Part I, (A)(2)				
Rule 2900, Part I, (A)(2A)	(x) Chief Financial Officer	- the PDO; and - the Chief Financial Officers Qualifying Examination		a financial accounting designation, financial accounting university degree or diploma or equivalent work experience
Rule 2900, Part I,	(xi) Chief Compliance	the PDO; and		

(A)(2B)

Rule 2900, Part I,
(A)(3)

Rule 2900, Part I,
(A)(3)(a)

Rule 2900, Part I,
(A)(8)

Officer	the Chief Compliance Officers Qualifying Examination.		
Registered Representatives and Investment Representatives			
(xii) Registered Representative dealing with retail clients (other than registered representatives dealing only in mutual funds)	If not previously registered: - the CSC; - the CPH; and - a 90-day training program after completion of the CSC. The Dealer Member must employ the applicant full time during this program If previously registered with a recognized foreign SRO within three years before requesting approval: - the New Entrants Course	the Wealth Management Essentials Course within 30 months of starting to deal with retail clients	six months of supervision and supervisory reporting from approval date
(xiii) Registered Representative dealing with institutional clients only	If not previously registered: - the CSC; and - the CPH If previously registered with a recognized foreign SRO within three years before requesting approval: - the New Entrants Course		
(xiv) Registered Representative dealing in options	the requirements for a Registered Representative		

Rule 2900, Part I, (A)(8)	with retail clients	dealing with retail clients; ▪ the DFC; and ▪ the OLC or ▪ the New Entrants Course; and ▪ The Series 7 administered by FINRA		
	(xv) Registered Representative dealing in options with institutional clients only	▪ the requirements for a Registered Representative dealing with institutional clients only; ▪ the DFC; and ▪ the OLC or ▪ the New Entrants Course; and ▪ The Series 7 administered by FINRA		
	(xvi) Registered Representative dealing with clients in futures contracts or futures contracts options	▪ the FLC; and ▪ either the DFC or the NCFE		
	(xvii) Investment Representative dealing with retail clients	If not previously registered: ▪ the CSC; ▪ the CPH; and ▪ a 30-day training program after		▪ six months of supervision and supervisory reporting from approval date

Rule 2900, Part I, (A)(3)(a) Rule 2900, Part I, (A)(8) Rule 2900, Part I, (A)(7)		completing the CSC. The Dealer Member must employ the applicant full-time during this program If previously registered with a recognized foreign SRO within three years of requesting approval: the New Entrants Course		
	(xviii) Investment Representative dealing with institutional clients only	If not previously registered: - the CSC; and - the CPH If previously registered with a recognized foreign SRO within three years of requesting approval - the New Entrants Course		
	(xix) Investment Representative dealing in options with retail clients	- the requirements for an Investment Representative dealing with retail clients, and - the DFC, and - the OLC or - the New Entrants Course, and the Series 7 administered by FINRA		
	(xx) Investment Representative	- the FLC; and either the DFC or		

	dealing with clients in futures contracts or futures contracts options	the NCFE		
Rule 2900, Part I, (A)(4)	(xxi) Registered Representative and Investment Representative dealing only in mutual funds	One of the following: ▪ the CSC ▪ the Canadian Investment Funds Course administered by the Investment Funds Institute of Canada ▪ the Investment Funds in Canada Course administered by CSI Global Education Inc. and previously the Institute of Canadian Bankers	For a Registered Representative or Investment Representative restricted to mutual funds on or after September 28, 2009: ▪ the CSC and the CPH within 270 days of initial approval; and ▪ either the 30- or 90-day training program within 18 months of initial approval, as applicable. These requirements do not apply to a Registered Representative or Investment Representative who was restricted to mutual funds prior to September 28, 2009 and who is registered only in provinces or territories that allow him or her to be restricted to mutual funds only indefinitely.	
Rule 2900, Part I, (A)(6)(6.1)	(xxii) Portfolio Management – Registered Representative	▪ the CPH; and ▪ either the courses necessary to attain the Canadian		One of the following: ▪ three years or more as a registered

Rule 2900, Part I, (A)(6)(6.2)	providing discretionary portfolio management for managed accounts not trading in futures contracts	Investment Manager Designation or the three levels of the Chartered Financial Analyst program administered by the CFA Institute.		representative; or ▪ three years or more as a research analyst for a SRO Member; or ▪ two years or more (ending within three years of requesting approval) as a registered adviser under Canadian securities legislation managing, on a discretionary basis, at least \$5,000,000 aggregate assets; or ▪ five years or more (ending within three years of requesting approval) managing a portfolio of \$5,000,000 or more, on a discretionary basis, while employed by a government-regulated institution
	(xxiii) Portfolio Management – Registered Representative providing discretionary portfolio management for managed accounts trading futures contracts or futures contracts options only	▪ the Canadian Commodity Supervisors Examination; ▪ the FLC; ▪ the courses for Derivatives Market Specialist Designation or ▪ the CFA program administered by the CFA Institute		▪ 5 years experience (ending within 3 years of commencing to exercise discretionary authority over managed accounts) as an Approved Person actively engaged in advising on and trading in futures contracts or futures contracts options for customer

			accounts.
Rule 2900, Part I, (A)(5)(a)	Traders		
	(xxiv) Trader on the Toronto Stock Exchange or TSX Venture Exchange	▪ the Trader Training Course, unless the applicable Exchange grants an exemption	
Rule 2900, Part I, (A)(5)(b)	(xxv) Trader on the Bourse de Montreal	▪ the proficiency requirements determined to be acceptable by the Bourse de Montreal	
	Investors		
Rules 7.6(b) and 2900, Part I, (A)(2)	(xxvi) Investor actively engaged in the business and beneficially owning more than 10% of Dealer Member's voting securities	▪ the PDO	

Part B - Exemptions from Proficiency Requirements

2603. General and discretionary exemptions

- Rule 2900, Part I, (B)
- Rules 20.24 and 2900, Part I, (B)
- (1) Under Rule 8100, a District Council or its delegate may exempt any person or class of persons from the section 2602 proficiency requirements on any terms and conditions it believes are necessary. The applicant must pay any fees prescribed by the Board for this exemption.
 - (2) Under Rule 8100, a District Council or its delegate may exempt an applicant from the requirement to write or rewrite any required course, in whole or in part, if the District Council or its delegate believes that the applicant
 - (i) has adequate experience, or
 - (ii) has passed acceptable industry courses or examinations, or
 - (iii) both.

This exemption may be subject to any conditions the District Council or its delegate believes necessary. The applicant must pay any fees prescribed by the Board for this exemption.

Rule 2900, Part II,
Introduction and
(B)(1)

2604. Exemptions from writing the required courses

- (1)
 - (i) Unless Corporation requirements state otherwise, an approved person is exempt from completing a proficiency requirement introduced after his or her approval.
 - (ii) Unless Corporation requirements state otherwise, a former approved person applying for approval in the same category as previously approved within three years of that approval lapsing is exempt from completing a proficiency requirement introduced since his or her original approval.
- (2) As set out in the table below, an applicant is exempt from writing the required courses if the applicant passed the course(s) required for exemption, and met the exemption criteria.

Required course	Course(s) required for exemption	Exemption criteria
(i) the CSC	▪ the New Entrants Course	▪ applicant was approved or licensed with a recognized foreign SRO or recognized foreign regulatory authority, and ▪ is seeking approval within two years of successfully completing the New Entrants Course
(ii) the DFC		▪ applicant is requesting approval within two years of passing one of the Options Licensing Course, the Options Supervisors Course, the FLC, or the Canadian Commodity Supervisors Examination
(iii) the Wealth Management Essentials Course	▪ the Investment Management Techniques Course (IMT) or Professional Financial Planning Course (PFPC); and ▪ the Wealth Management Techniques Course (WMT) or Portfolio Management Techniques Course (PMT)	▪ has successfully completed the IMT or the PFPC prior to July 4, 2008, having been enrolled prior to July 4, 2006; and - o is seeking approval within two years of successfully completing the WMT or the PMT; or - o is seeking re-approval as an RR within three years of

Rule 2900, Part II,
(B)(2)

Rule 2900, Part II,
(B)(3)

Rule 2900, Part II,
(B)(4)

Rule 2900, Part II, (B)(5)			successfully completing the WMT or the PMT
	(iv) 90-Day Training Program	▪ none	Requests approval within three years of being approved or registered in a capacity allowing trading of, or advising in, securities for retail clients either : ▪ with a Dealer Member as an RR; or ▪ by a recognized foreign regulatory authority or recognized foreign SRO; or ▪ as an advising representative by a Canadian securities regulatory authority
Rule 2900, Part II, (B)(6)	(v) 30-Day Training Program	▪ none	Requests approval within three years of being approved or registered in a capacity allowing trading of, or advising in, securities for retail clients either: ▪ with a Dealer Member as an IR or RR; or ▪ by a recognized foreign regulatory authority or recognized foreign self-regulatory organization; or ▪ as an advising representative by a Canadian securities regulatory authority

2605. Exemptions from rewriting courses

- (1) Unless otherwise exempted under this section 2605, an applicant for approval must rewrite any courses needed to meet the proficiency requirements of subsection 2602(1).
- (2) An applicant requesting approval in a Corporation category in which the applicant was approved within the last three years is exempt from rewriting a required course under subsection 2602(1).
- (3) An applicant for approval, or an approved person, who previously conducted a type of business within the last three years is exempt from rewriting a required course or examination.

- (4) An applicant for approval who
- (i) completed a required course under subsection 2602(1) within two years of requesting approval in a Corporation category, and
 - (ii) was not an approved person or did not conduct a type of business during that period, is exempt from rewriting that required course.
- (5) In addition to the general exemptions above, an applicant is exempt from rewriting the courses as set out in the table below if the applicant's current status and exemption criteria are met.

Course	Applicant's current status	Exemption criteria
(i) CSC	▪ not approved in a category, or did not conduct a type of business requiring the CSC	▪ approval requested within two years of passing one of the Professional Financial Planning Course (PFPC), the Wealth Management Essential Course (WME), the Wealth Management Techniques Course (WMT), the Investment Management Techniques Course (IMT), the Portfolio Management Techniques Course (PMT), all three levels of the CFA program or the receipt of the CFA charter; or ▪ approval requested within three years of passing the New Entrants Course or the CSC
(ii) CSC	▪ previously approved in a category, or conducted a type of business requiring the CSC	▪ approval requested within three years of passing one of the, PFPC, WME, WMT, IMT, PMT, all three levels of the CFA Program; or the receipt of the CFA charter
(iii) Chief Financial Officers Qualifying Examination	▪ has never been approved as a Chief Financial Officer	▪ applicant has been working closely with and assisting the Chief Financial Officer since passing the Chief Financial Officers Qualifying Examination

Rule 2900, Part II,
(A)(3)(a)

Rule 2900, Part II,
(A)(3)(b)

Rule 2900, Part II,
(A)(4)

Rule 2900, Part II, (A)(4)	(iv) Chief Financial Officers Qualifying Examination	has previously been approved as a Chief Financial Officer	applicant has been working closely with and assisting the Chief Financial Officer since the latter of passing the Chief Financial Officers Qualifying Examination or being approved as a Chief Financial Officer.
Rule 2900, Part II, (A)(5)(a)	(v) DFC	an applicant for approval or approved person who will be dealing with clients in futures contracts or futures contracts options	approval requested within two years of passing the FLC or the Canadian Commodity Supervisors Exam
Rule 2900, Part II, (A)(5)(b)	(vi) DFC	an applicant for approval or approved person dealing with clients in options	approval requested within two years of completing the OLC
Rule 2900, Part II, (A)(6)	(vii) FLC	an applicant for approval or approved person who will be dealing with clients in futures contracts or futures contracts options	approval requested within two years of passing the Canadian Commodity Supervisors Exam
Rule 2900, Part II, (A)(7)	(viii) Wealth Management Essentials Course		approval requested within two years of passing one of the PFPC, WMT, IMT, PMT, or all three levels of the CFA Program
Rule 2900, Part II, (A)(9)	(ix) 90-Day Training Program		Requests approval within three years of being approved or registered either: - with a Dealer Member; or - by a recognized foreign regulatory authority or recognized foreign SRO; or - as an investment advisor by a Canadian securities regulatory authority in a capacity allowing trading of, and advising in, securities for retail clients
Rule 2900, Part II, (A)(8)	(x) 30-Day Training Program		Requests approval within three years of being approved or

			registered either: ▪ with a Dealer Member; or ▪ by a recognized foreign regulatory authority or recognized foreign; or ▪ as an investment advisor by a Canadian securities regulatory authority in a capacity allowing trading of, or advising in, securities for retail clients.
	2606. – 2649. – Reserved.		
	Rule 2650 – Continuing Education Requirements for Approved Persons		
2900 Part III(B) first paragraph	2651. Introduction		
New	(1) The Corporation requires Approved Persons to meet continuing compliance education and professional development requirements set out in this Rule to ensure that they update their knowledge of rules and industry developments regularly. (2) A Dealer Member is responsible for ensuring that an Approved Person meets the requirements during each training cycle, and for keeping adequate records of compliance.		
	Part A - The CE Program and Continuing Education Requirements		
	2652. General CE program description		
New	(1) The CE program consists of two parts: (i) a compliance course, which covers ethical issues, regulatory developments and rules; and (ii) a professional development course, which covers current issues in a CE participant's chosen area of specialization and expands knowledge in other areas.		
Rule 2900, Part III, Introduction	(2) The CE program operates in three-year cycles. The first cycle started on January 1, 2000. The beginning and end of each cycle is the same for all CE participants.		
Rule 2900, Part III, Guidelines for the	(3) The Corporation will review a Dealer Member's CE program during its audit to ensure that it is properly		

Continuing Education Program, Introduction, 4th paragraph and The Compliance Course (A)(5)

Rule 2900, Part III, (B) and Schedule I

documented and satisfies the requirements of this Rule.

2653. Continuing education requirements

- (1) In each cycle throughout his or her career, a CE participant must meet the continuing education requirements for the applicable Corporation category as set out in the following table:

Approval Category	Customer Type	Compliance course requirement	Professional development requirement
Registered Representative	Retail	Yes	Yes
Registered Representative	Inst.	Yes	No
Investment Representative	Inst. or Retail	Yes	No
Trader	N/A	Yes	No
Supervisor of RRs dealing with retail customers	N/A	Yes	Yes
Supervisor of RRs or IRs dealing with institutional customers	N/A	No	No
Supervisors supervising IRs only, dealing with retail customers	N/A	Yes	No
Supervisors supervising options trading only	N/A	Yes	No
Supervisors supervising future contracts and future contracts options only	N/A	Yes	No
Supervisors supervising managed accounts only	N/A	No	No
Supervisors of opening new accounts and account activity under Rule 1300.2; Supervisors of discretionary accounts under Rule 1300.4; Supervisors for the pre-approval of advertising, sales literature and correspondence, including research report under rule 29.7 and 3400	N/A	No	No

New	Ultimate Designated Person	N/A	Yes	No
	Chief Compliance Officer	N/A	Yes	No
Rule 2900, Part III, (C)	(2)	If an approved person is approved in more than one IIROC Approval category, he or she must meet the CE program requirements of the more demanding category.		
	(3)	The following table shows the approved persons who are exempt from all or part of the CE program:		
	Approved persons		Exempt from	
	(i) <i>CE participants approved as registered representatives or supervisors who were continuously approved in a trading capacity with an SRO member for more than 10 years as of January 1, 2000</i>		the professional development course requirement;	
	(ii) Partners, Directors and Officers approved in a non-trading and non-supervisory categories of registration		Exempt from the Program	
Rule 2900 Part III, (J) and Guidelines for the Continuing Education Program, The Compliance Course (A)(2)&(4), (C)(1)	Part B - CE Program Courses and Administration			
	2654. The compliance course			
	(1)	A Dealer Member must:		
		(i) provide the CE program either itself or through external course providers;		
	(ii) ensure that compliance courses comply with this section;			
	(iii) ensure that compliance courses cover at least one of the following topics:			
	(a) a review of the critical regulations and their application,			
	(b) regulatory changes,			
	(c) rules relating to the Dealer Member’s product offerings, or			
	(d) ethics;			
	(iv) evaluate a CE participant’s knowledge and understanding of the course materials; and			
	(v) keep a record of CE participants who complete the compliance requirement.			
Rule 2900, Part III, (J)(1) first sentence and Guidelines for the Continuing Education Program, The Compliance	(2)	A CE participant must complete at least 12 hours of compliance courses in each cycle to meet the CE program requirements.		

Course (A)(1),
(B)(1)-(2)

Rule 2900 Part III,
Guidelines for the
Continuing
Education
Program, The
Compliance
Course (A)(6)-(7),
(B)(4)

Rule 2900 Part III,
Guidelines for the
Continuing
Education
Program, The
Compliance
Course (A) (7)&(9)

Rule 2900, Part III,
Guidelines for the
Continuing
Education
Program, The
Compliance
Course (C)(4)

Rule 2900, Part III,
(K)(1)-(2), (4)

- (3) A CE participant must pass any examination that is part of a compliance course in order to count that course towards his or her compliance requirement.
- (4) The 12 hours of compliance courses set out in clause (2) above may include:
 - (i) a maximum of four hours of foreign CE courses that have a compliance component, as long as the remaining eight hours are made up of Canadian CE courses;
 - (ii) seminars that support other courses or prepare a CE participant for an examination only if the CE participant completes the other courses or passes the examination. The supported CE courses must be counted in the same CE program cycle.
- (5) Courses may be accredited for CE program credits through the Corporation's accreditation process.

2655. The professional development course

- (1) A Dealer Member must:
 - (i) provide the professional development course either itself or through an external course provider;
 - (ii) have its training supervisor or other responsible person approve a CE participant's chosen CE course for relevance to the CE participant's investment industry role;
 - (iii) ensure that professional development courses, whether offered by the Dealer Member or an outside course provider, comply with this section;
 - (iv) evaluate a CE participant's understanding of the CE course materials, for example through examination, course work or case study; and
 - (v) keep a record of CE participants who complete the compliance requirement.

Rule 2900, Part III, (K)(1), (L)(2)&(4) and Guidelines for the Continuing Education Program, The Professional Development Course (B)(2)

Rule 2900 Part III, Guidelines for the Continuing Education Program, The Professional Development Course (A)(7)-(8)&(10)

Rule 2900, Part III, (K)(3)

Rule 2900, Part III, (H)(1)&(3)

Rule 2900 Part III, (I)

- (2) A CE participant:
 - (i) must complete at least 30 hours of professional development courses (provided by the Dealer Member or an external course provider) in each cycle to meet the CE program requirements; and
 - (ii) may use a professional development course completed in one cycle that is in excess of his or her professional development requirement in that cycle to satisfy professional development course requirements in the next cycle. The course used for the next cycle must be a single course taking 30 hours or more
 - (iii) may only use the Professional Financial Planning Course, the Investment Management Techniques Course or the Wealth Management Essentials Course under clause (ii) if the course was not used to satisfy the Corporations category requirement under Rule 2600.
- (3) The 30 hours of professional development courses referred to in clause (2)(i) above may include:
 - (i) entirely foreign CE courses if the CE course relates to the CE participant's business;
 - (ii) CE courses with examinations only if the CE participant passes the examination;
 - (iii) seminars that support other CE courses or prepare a CE participant for a CE course or examination only if the CE participant completes the CE course or passes the examination. The supporting or preparatory course must be counted in the same CE program cycle.
- (4) A Dealer Member may obtain accreditation for its CE programs through the Corporation's accreditation process.

2656. Dealer Member's administration of CE program

- (1) A Dealer Member must:
 - (i) keep evidence of a CE participant's CE course completion with either a certificate the course provider issues, an attendance sheet, or a bulk notice of completion.
 - (ii) keep CE program certification records for each cycle until the end of the following cycle.
- (2) A Dealer Member must:
 - (i) notify the Corporation of all its CE participants who have met their continuing education requirements in each cycle, and
 - (ii) file that notice within 10 days of the end of the month in which the Dealer Member becomes aware of such completion.

Part C - Entering and Continuing in the CE Program**2657. Participation of recently approved persons**

- (1) A recently approved person does not become a CE participant for the first three years after approval.
- (2) Once a newly approved person has been approved for three years, the approved person must participate in the CE program, starting as follows:
- (i) if the three years since approval ends in the first year of a cycle, the approved person becomes a CE participant during that cycle;
 - (ii) if the three years since approval ends in the second or third year of a cycle, the approved person becomes a CE participant at the beginning of the next three-year cycle.
 - (iii) The chart below gives examples of the entry dates into the CE program:

An approved person first approved in the year:	Starts CE in this cycle
2004	Cycle 4: 1/Jan/2009 to 31/Dec/2011
2005	Cycle 4: 1/Jan/2009 to 31/Dec/2011
2006	Cycle 4: 1/Jan/2009 to 31/Dec/2011
2007	Cycle 5: 1/Jan/2012 to 31/Dec/2014
2008	Cycle 5: 1/Jan/2012 to 31/Dec/2014
2009	Cycle 5: 1/Jan/2012 to 31/Dec/2014
2010	Cycle 6: 1/Jan/2015 to 31/Dec/2017
2011	Cycle 6: 1/Jan/2015 to 31/Dec/2017
2012	Cycle 6: 1/Jan/2015 to 31/Dec/2017

- (3) A newly approved person may use a professional development course completed during the cycle prior to his or her becoming a CE participant, in the first cycle in which he or she becomes a CE participant, if it meets the requirements of clause 2606(2)(xii).

2658. Voluntary participation in the CE program

Rule 2900, Part III,
(D) first paragraph
Rule 2900, Part III,
(D)(1)-(3)

Rule 2900, Part III,
(L)(3)

Rule 2900, Part III, (G)(1)	(1) Individuals who voluntarily participate in the CE program by completing select CE courses are exempt from rewriting the CSC or the CPH, as required by subsection 2605(1). This exemption is valid until the end of the first year of the next cycle.
Rule 2900, Part III, (G)(2)	(2) To receive this automatic exemption, the voluntary CE participant must complete the CE courses in the cycle in which the CSC or CPH expired and must continue voluntary participation in each cycle, until re-approved.
Rule 2900, Part III, (G)(5)	(3) Voluntary CE participants: (i) must complete both a professional development course and a compliance course in each cycle to maintain voluntary-participation standing and qualify for the exemptions set out in subsection (1). (ii) must chose from Corporation-accredited compliance and professional development courses only.
2659. Re-approval of former approved persons	
Rule 2900, Part III, (E)(1)	(1) A person requesting approval who was an approved person more than three years before the request must complete the CE program in the cycle in which the person returns.
Rule 2900, Part III, (E)(2)	(2) An individual required to rewrite the CSC and the CPH to be approved may apply these courses towards the CE program requirements in the cycle in which they rewrote them. In this case, however, the CSC cannot be carried forward to fulfill the professional development requirement for the next cycle.
Rule 2900, Part III, (E)(3)	(3) An individual who (i) was exempted previously from the professional development requirement under clause 2653(3)(i), and (ii) requests re-approval after an period of more than three years during which they were not approved must complete the CE program for the requested Corporation category. An individual who was a voluntary CE participant during the un-approved period need not rewrite the CSC and the CPH and will continue to be exempt from the professional development requirement when re-approved. An individual who requests approval within three years of being approved will continue to be exempt from the professional development requirement.
Part D - Changes during a Cycle	
2660. Changes to Corporation category during a cycle	
Rule 2900, Part III, (F)	(1) The following table shows the requirements a CE participant must meet when changing his or her IIROC Approval category during a cycle:

	When change occurs	Change from	Change to	CE program requirements for change
Rule 2900, Part III, (F)(1)	(i) First year of a cycle	Corporation category requiring compliance course only	Corporation requiring both compliance and professional development courses	complete both courses during the cycle
Rule 2900, Part III, (F)(1)	(ii) Second year of a cycle	Corporation category requiring compliance course only	Corporation category requiring both compliance and professional development courses	- complete compliance course in current cycle - new professional development requirement starts in next cycle
Rule 2900, Part III, (F)(2)	(iii) Anytime during a cycle	Corporation category requiring both compliance and professional development courses	Corporation category requiring compliance course only	meet requirements for Corporation category in which approved at end of the cycle
Rule 2900, Part III, (F)(4)	(iv) Following a change in (iii)	Corporation category requiring a compliance course only	Corporation category requiring both compliance and professional development courses	- complete both courses during current cycle - if CE participant cannot complete courses by end of cycle, Dealer Member may apply for hardship exemption under subsection 2662 - if change occurs in first year of cycle, Dealer Member must give the Corporation a written explanation for change. The Corporation must be satisfied that the changes were not done to avoid completing the CE

Rule 2900, Part III, (F)(3)	(v) First year of cycle	Corporation category with no requirement	Corporation category requiring compliance course	program in the previous cycle.
Rule 2900, Part III, (F)(3)	(vi) Second or third year of cycle	Corporation category with no requirement	Corporation category requiring compliance course	complete compliance course in current cycle
Rule 2900, Part III, (N)(1)	2661. Hardship extension of time to complete the program requirements (1) The Corporation may extend the time a CE participant has to complete any course beyond the three-year cycle if the CE participant is ill or for other similar reasons if: (i) a director or executive of the CE participant's sponsoring Dealer Member: (a) approves the extension; (b) notifies the Corporation of the reason for the extension; (c) states the new date of completion of the required course; and (ii) the District Council decides the delay is justified.			
Rule 2900, Part III, (N)(2)	(2) A CE participant who receives an extension as described in subsection (1) may not delay the start of the next three-year cycle.			
Rule 2900, Part III, (N)(3)(a)-(b)	(3) The Corporation may exempt from the CE program a CE participant who cannot finish the continuing education requirements for more than one cycle if: (i) a director or executive of the CE participant's sponsoring Dealer Member: (a) approves the exemption; (b) and provides a letter to the Corporation of the reason for the exemption, (b) states that the leave is for an indefinite period; and (ii) the District Council decides that the exemption is justified.			
Rule 2900, Part III, (N)(3)(c)	(4) A CE participant who is granted a hardship extension who returns to the industry after an absence of: (i) three years or less must have the District Council establish the CE program requirements before starting any activity that needs approval. (ii) more than three years must meet the proficiency requirements in subsection 2602(1).			

Rule 2900, Part III, (M)(1) Rule 2900, Part III, (M)(3) Rule 2900, Part III, (M)(2) Rule 2900, Part III, (M)(4)	Part E - Penalties for not completing the CE Program Requirements 2662. Penalties for not completing the program requirements in a cycle (1) If a CE participant fails to complete the course requirements within a cycle, the Corporation will impose a penalty of \$500 a month on the sponsoring Dealer Member. The penalty will start at the beginning of the next cycle and continue until either the CE participant completes the course requirements or six months pass, whichever is first. (2) If a CE participant does not complete the compliance course within a cycle, the Corporation will: (i) immediately impose a mandatory condition of close supervision on the CE participant's registration, and (ii) require the Dealer Member to keep the supervision reports until the CE participant completes the compliance course. (3) If a CE participant does not complete the CE program requirements within six months of the end of the cycle, the Corporation will automatically suspend the CE participant's approval. The Corporation will reinstate the CE participant's approval if the CE participant completes the CE program requirements. (4) Late fees paid in error will be refunded if: (i) The Corporation imposes a fee on a Dealer Member as described in subsection (1), and (ii) the Dealer Member continues paying the fee after the CE participant has completed the course requirements. The Corporation will refund any fees paid in error if the Dealer Member claims the refund within 120 days of the first day of the month the fee was paid in error. 2663. – 2699. – Reserved.
New	Rule 2700 – The National Registration Database 2701. Introduction (1) A Dealer Member must participate in the National Registration Database (NRD). (2) A Dealer Member must supervise NRD filings to ensure they are timely and accurate. 2702. Dealer Member obligations for the National Registration Database

Rule 40.2

- (1) A Dealer Member must:
- (i) enroll in NRD and pay the NRD administrator the enrolment fee calculated in the way set by the Board;
 - (ii) enroll only one chief authorized firm representative (chief AFR) with the NRD administrator;
 - (iii) notify the NRD administrator of the appointment of a chief AFR within seven days of the appointment;
 - (iv) notify the NRD administrator of a change in name of the chief AFR within seven days of the change;
 - (v) maintain only one NRD account; and
 - (vi) notify the NRD administrator in NRD format of any change of an AFR who is not the chief AFR, within seven days of the change.
 - (vii) submit any change in the phone number, fax number or e-mail address of the chief AFR in NRD format within seven days of the change.

Rules 40.3(1),
40.4, 40.5, 40.6,
40.7(1) and 40.8

- (2)
- (i) A Dealer Member must make the following submissions using the NRD on the NRD form specified:

Type of submission	Form and time for submission
(a) an application for approval of an individual under any Corporation requirement	Form 33-109F4 Registration of Individuals and Review of Permitted Individuals [LINK]
(b) a notification of any change in the type of business which an approved person will conduct	33-109F2 Change or Surrender of Individual Categories [LINK]
(c) (I) an application for different or additional approval under Corporation requirements for any approved person; (II) a surrender of existing approval	33-109F2 Change or Surrender of Individual Categories [LINK]
(d) a report of a change of information regarding an approved person under Rule 8400	33-109F5 Change of Registration Information [LINK] , within seven days of the change
(e) an application, made with an application for approval, for an exemption from a proficiency requirement of section 2602 for an approved person or applicant for approval	"Apply for an Exemption" function on NRD

(f) a notification of a Dealer Member terminating - the employment of, or - principal or agent relationship with an approved person	33-109F1, Notice of Termination of Registered Individuals and Permitted Individuals [LINK] . - Items 1 through 4 of this form must be filed within seven days of the cessation date. - Item 5 must be filed within 30 days unless the reason for termination under item 4 was death or retirement of the individual or completion of a temporary employment contract.
(g) a notification of a business location opening or closing under section 2152	33- 109F3 Business locations other than head office [LINK] within seven days of the opening or closing
(h) a notification of change of address, type of location or supervision of any business location	33-109F3 Business locations other than head office [LINK] within seven days of the change
(i) Notification of reinstatement of individuals	33-109F7 Reinstatement of Registered Individuals and Permitted Individuals [LINK] within 90 days of the cessation date from the previous sponsoring firm

- (ii) Before filing a notice of change of business type under sub-clause (2)(i)(b) above, a Dealer Member must notify the Corporation through NRD that either:
- (a) the approved person has completed the necessary proficiency requirements under section 2602(1); or
 - (b) the approved person has been granted an exemption from the proficiency requirements under Rule 8100 or sections 2603 or 2604.

2703. Temporary hardship exemption

Rules 40.11(1) and (2)

- (1) A Dealer Member that cannot file a document in NRD format within the time required under subsection 2702(2) because of unexpected technical problems must submit the document outside of NRD within seven days of the required filing date.

Rule 40.11(3)

- (2) When submitting outside of NRD under subsection 2703(1), the Dealer Member must include the following text at the top of the first page of the submission in capital letters:

IN ACCORDANCE WITH IIROC RULE 2703 AND SECTION 5 OF NATIONAL INSTRUMENT 31-102 NATIONAL REGISTRATION DATABASE (NRD), WE ARE SUBMITTING THIS [SPECIFY DOCUMENT] OUTSIDE OF NRD UNDER A TEMPORARY HARDSHIP EXEMPTION.

Rule 40.11(4)	(3) As soon as practicable, but within fourteen days after the unexpected technical problems have been fixed, a Dealer Member must resubmit in NRD format the information filed outside of NRD under subsection (1).
	2704. Due diligence and record keeping
Rule 40.12(1)	(1) A Dealer Member must make reasonable efforts to ensure that the information submitted through the NRD is true and complete.
Rule 40.12(2)	(2) A Dealer Member must keep all documents used to meet its obligation under subsection (1) for seven years after the individual ceases to be an approved person of the Dealer Member.
Rule 40.12(3)	(3) A Dealer Member must record the NRD submission number on any document kept under subsection (2).
Rule 40.12(4)	(4) For approved individuals, a Dealer Member must obtain, within 60 days, a copy of the most recent Form 33-109F1 issued in respect of the individual by the former sponsoring Dealer Member.
	2705. Fees
Rule 40.9(1)	(1) A Dealer Member must pay the NRD administrator the annual user fee set by the Corporation.
Rules 40.3(2) and (3), 40.7(4) and (5), 40.9(1) and 40.9(2)	(2) (i) A Dealer Member making any NRD submission under section 2702 must pay the prescribed fees for the submission, together with the application fees paid to the NRD administrator for the use of the NRD for its submission. (ii) A Dealer Member must pay any prescribed fees for failure to file any document within the time specified, (iii) A Dealer Member is required to pay all fees payable under this Rule through its NRD account by pre-authorized electronic debit.
Rule 40.7(2)	2706. Termination (1) Approval of an individual will be suspended by the Corporation if (i) the approved person ceases to be employed by a Dealer Member; or (ii) the approved agency relationship with a Dealer Member is terminated.
Rule 40.7(3)	2707. Reinstatement of suspended approved persons (1) The approval of an approved person suspended under section 2706(1) will be reinstated by the Corporation on the date the individual submits a completed Form 33-109F7 if: (i) Form 33-109F7 is submitted within 90 days of the cessation date

- (ii) There has been no change to the information previously submitted in: respect of regulatory, criminal, civil and financial disclosure (items 13, 14, 15 & 16 of Form 33-109F4 respectively);
- (iii) The individual's employment or agency relationship with the former sponsoring Dealer Member was not terminated due to allegations of:
 - (a) criminal activity;
 - (b) a breach of securities law: or
 - (c) a breach of the rules of the Corporation;
- (iv) the individual is seeking reinstatement in the same category in which the individual was approved on the cessation date.

2708. – 2999. – Reserved.