

Rules Bulletin

Request for Comments

DC Rules

24-0145

April 18, 2024

Comments Due By: July 17, 2024

Contact:

Member Regulation Policy

Email: memberpolicymailbox@ciro.ca

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Rule Consolidation Project – Phase 3

Executive Summary

The Canadian Investment Regulatory Organization (**CIRO**) is publishing for comment Phase 3 of its Rule Consolidation Project rule proposals.¹ The Rule Consolidation Project will bring together the two member regulation rule sets currently applicable to investment dealers² and to mutual fund dealers³ into one set of member regulation rules applicable to both categories of CIRO Dealer Members.⁴

The objective of Phase 3 of the Rule Consolidation Project (**Phase 3 Proposed DC Rules**) is to adopt rules that are common to the IDPC and MFD Rules and have been assessed as not having a material impact on stakeholders.⁵

¹ [Rules Bulletin 23-0089](#) published on June 30, 2023, announced the Rule Consolidation Project objectives, principles and roadmap. [Rules Bulletin 23-0147](#) and [Rules Bulletin 24-0007](#) proposed new rules as part of Phase 1 and Phase 2 of the Rule Consolidation Project.

² CIRO Dealer Members that are registered as an investment dealer or are registered as both an investment dealer and a mutual fund dealer are required to comply with the CIRO Investment and Partially Consolidated (**IDPC**) Rules.

³ CIRO Dealer Members that are registered as a mutual fund dealer and not registered as both an investment dealer and a mutual fund dealer are required to comply with the CIRO Mutual Fund Dealer (**MFD**) Rules.

⁴ Where a CIRO Dealer Member is a participant in one or more of the markets overseen by CIRO they also must comply with the CIRO Universal Market Integrity Rules (**UMIR**). UMIR will not be consolidated with other CIRO Rules as part of this project and will continue as a separate CIRO Rule set.

⁵ Important stakeholders that were considered include investors, the public, investment dealers and their Approved Persons and employees, mutual fund dealers and their Approved Persons and employees and CIRO itself.

The Phase 3 Proposed DC Rules involve the adoption of rules relating to:

- membership and member business activity approval matters,
- clearing and settlement of trades and trade delivery standards, and
- examination, investigation and enforcement rules.

How to Submit Comments

Comments on the Phase 3 Proposed DC Rules should be in writing and delivered by July 17, 2024 (90 days from the publication date of this Bulletin) to:

Member Regulation Policy
Canadian Investment Regulatory Organization
Suite 2600
40 Temperance Street
Toronto, Ontario M5H 0B4
e-mail: memberpolicymailbox@ciro.ca

A copy should also be delivered to the Canadian Securities Administrators (**CSA**):

Market Regulation
Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West Toronto, Ontario M5H 3S8
e-mail: marketregulation@osc.gov.on.ca

and

Capital Markets Regulation
B.C. Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street, Vancouver, British Columbia, V7Y 1L2
e-mail: CMRdistributionofSROdocuments@bcsc.bc.ca

Commentators should be aware that a copy of their comment letter will be made publicly available on the CIRO website at www.ciro.ca

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1. Background

One of the initial CIRO priorities is to consolidate the IDPC Rules and MFD Rules into one set of rules, the CIRO Dealer and Consolidated (**DC**) Rules, applicable to both investment dealers and mutual fund dealers.

The primary objectives of this consolidation work are:

- to achieve greater rule harmonization to:
 - ensure like dealer activities will be regulated in a like manner,
 - minimize regulatory arbitrage between investment dealers and mutual fund dealers,
- where practical and appropriate, adopt less prescriptive, more principles-based rule requirements to facilitate rules that are scalable and proportionate to the different types and sizes of dealer and their respective business models, and
- improve access to and clarity of the rules applicable to all CIRO Dealer Members.

Taking these objectives into consideration, the following decisions have been made relating to the structure and content of the DC Rules:

Matter	Decision
Rule organization structure and numbering approach	Use the IDPC Rule organization structure
Rule drafting convention	Standard rule with, where applicable, alternative compliance approaches to accommodate business model differences
Rule drafting style	Plain language
Rule development and implementation approach	Rules will be developed and implemented in five phases

The third phase of the Rule Consolidation Project focuses on:

- membership and member business activity approval matters (DC Rules 2100, 2200, 2300),
- clearing and settlement of trades and trade delivery standards (DC Rules 4700, 4800 and 4900), and
- examination, investigation and enforcement rules (DC Rule Series 8000 and DC Rules 9100 and 9500):

Rule Series	Title and Description
1000	Interpretation and Principles Rules
2000	<p>Dealer Member Organization and Registration Rules – provisions relating to:</p> <ul style="list-style-type: none"> • <i>Ownership of a Dealer Member’s securities – DC Rule 2100</i> • <i>Dealer Member organization – DC Rule 2200</i> • <i>Principal and agent relationships – DC Rule 2300</i>

3000	Business Conduct and Client Accounts Rules – rules concerning business conduct (e.g. books and records), conflicts of interest, client accounts (e.g. account supervision), and dealing with clients (e.g. suitability obligations and complaints)
4000	Dealer Member Financial and Operational Rules – provisions relating to: <ul style="list-style-type: none"> • <i>Operations – Business continuity and general trading and delivery standards – DC Rule 4700</i> • <i>Operations – Trading and delivery standards for non-centrally cleared transactions, account transfers and bulk account movements – DC Rule 4800</i> • <i>Other internal control requirements – Derivatives risk management – DC Rule 4900</i>
5000	Dealer Member Margin Rules – rules concerning margin requirements
6000	Reserved for future use
7000	Debt Markets and Inter-Dealer Bond Brokers Rules – rules concerning debt market trading activities and inter-dealer bond brokers
8000	Procedural Rules - Enforcement – provisions relating to: <ul style="list-style-type: none"> • <i>Enforcement investigations – DC Rule 8100</i> • <i>Enforcement proceedings – DC Rule 8200</i> • <i>Hearing committees – DC Rule 8300</i> • <i>Rules of practice and procedure – DC Rule 8400</i>
9000	Procedural Rules - Other – provisions relating to: <ul style="list-style-type: none"> • <i>Compliance examinations – DC Rule 9100</i> • <i>Alternative dispute resolution – DC Rule 9500</i>

2. Phase 3 Proposed DC Rules

To provide details of the Phase 3 Proposed DC Rules, the following documents have been included as appendices to this Bulletin:

- a clean copy of the Phase 3 Proposed DC Rules is included as [Appendix 1](#)
- a blackline comparison of the Phase 3 Proposed DC Rules to the equivalent IDPC Rules is included as [Appendix 2](#)⁶
- a table of concordance comparing the Phase 3 Proposed DC Rules to any existing equivalent requirements in the IDPC Rules, MFD Rules and National Instrument 31-103 *Registration*

⁶ A blackline comparison of the Phase 3 Proposed DC Rules to the equivalent MFD Rules has not been included as it was determined, due to the decision to use the existing IDPC Rule approaches to rule organization, numbering and drafting language (i.e., plain language) that including the comparison would not assist in reviewing the proposed amendments.

Requirements, Exemptions and Ongoing Registrant Obligations (where applicable) is included as [Appendix 3](#).

In the next sections of this Bulletin, we summarize the key elements of the Phase 3 Proposed DC Rules, which in most cases are the adoption of existing rule provisions from the IDPC Rules, the MFD Rules or both sets of existing rules.

2.1 Membership and member business activity approval matters

In this section of the Bulletin, we discuss the proposed amendments to rule requirements relating to:

- ownership of a Dealer Member's securities
- a Dealer Member organizing and managing its business activities
- a Dealer Member engaging an agent to conduct business activities on its behalf

that would represent a significant change to either the IDPC Rules or the MFD Rules. We also discuss how all proposed provisions differ from their corresponding IDPC Rule or MFD Rule provision in the Table of concordance found in [Appendix 3](#).

2.1.1 Ownership of a Dealer Member's securities (DC Rule 2100)

(a) Changes of ownership below 10%

IDPC Rule section 2106 requires an investment dealer to notify CIRO and file a specific form at least 20 days before issuing or transferring non-publicly traded securities that will result in an acquirer owning less than 10% of the investment dealer's securities.

The MFD Rules do not require a similar notification and filing for mutual fund dealers.

Given this requirement is unique to the IDPC Rules, not required under securities laws, and would be overly burdensome for both mutual fund dealers to comply with and CIRO staff to administer, we propose to not include this requirement in the DC Rules.

(b) Ownership of a significant equity interest

We propose to adopt the IDPC Rule definition of "significant equity interest" which establishes at 10% or more the threshold for a Dealer Member to obtain Corporation approval before allowing a person to own such interest in the Dealer Member. (*DC Rule subsection 2102(1)*)

The MFD Rules currently set the significant equity interest threshold at 20% whereas the threshold under National Instrument 31-103 is set at 10%. Adopting the IDPC Rule definition of significant equity interest will harmonize CIRO's requirement for both categories of Dealer Members with the corresponding requirement under securities laws.

The investor application form required to be filed by a Dealer Member under DC Rule section 2107 is included in [Appendix 6](#).

2.1.2 Dealer Member organization (DC Rule 2200)

(a) *Related companies*

The IDPC Rules require that an investment dealer, or an employee, Approved Person, or investor of an investment dealer must obtain Corporation approval before setting up or acquiring any interest in a related company⁷ or associate.

The IDPC Rules also require that an investment dealer must obtain approval before creating a wholly owned subsidiary whose principal business is a securities or derivatives broker, dealer or adviser.

CIRO requires this approval to ensure an investment dealer and its related company are responsible for and guarantee each other's obligations to the investment dealer's client. In the event of an insolvency of the investment dealer or its related company, the surviving entity will be responsible to indemnify the Canadian Investor Protection Fund for client loss claims.

The MFD Rules do not have an equivalent approval requirement. However, under securities laws mutual fund dealers must give notice to the CSA at least 30 days before the proposed acquisition of 10 % or more of another registrant.

The cross-guarantee requirement found in the MFD Rules is similar to that in the IDPC Rules.

We adopted a modified version of the IDPC Rule provision as we believe mutual fund dealers should be subject to an equivalent approval requirement and where Dealer Members require an exemption from the cross-guarantee requirement, CIRO staff should have the ability to provide relief. (*DC rule section 2206*)

We have included a question later in this Bulletin asking for your views on whether we should also require commonly owned investment dealers and mutual fund dealers to cross-guarantee each other.

The guarantee form required to be filed by a Dealer Member under DC Rule section 2206 is included in [Appendix 7](#).

(b) *Business other than securities or derivatives*

The IDPC Rules generally require an investment dealer to obtain CIRO approval before carrying on any business other than securities or derivatives activities. However, CIRO approval is not required if:

- the investment dealer owns an interest in a corporation and is not responsible for that corporation's liabilities, and

⁷ A "related company" is defined under Phase 1 Proposed DC Rule 1200 to be a Dealer Member that is related to another Dealer Member through at least 20% common ownership of both Dealer Members (directly or indirectly).

- notifies CIRO before acquiring an interest in the non-securities or non-derivatives corporation.

The MFD Rules require a mutual fund dealer to notify CIRO before it engages in any business, other than the sale of investment products.

We adopted a modified version of the IDPC Rule provision that would require Dealer Members to obtain CIRO approval before carrying on any business other than securities or derivatives activities except where the Dealer Member owns an interest in a corporation and is not responsible for that corporation's liabilities. (*DC Rule section 2215*)

As a result, notification would no longer be required for where the Dealer Member proposes to own an interest in a corporation carrying on any business other than securities or derivatives activities and is not responsible for that corporation's liabilities.

(c) Shared office premises

The IDPC Rules have specific requirements for investment dealers sharing office premises with other regulated Canadian financial service entities that are involved in financial activities.

The MFD Rules do not have equivalent requirements and it is far more common for mutual fund dealers affiliated with banks or insurance companies to use the branch network/office premises of their affiliate bank/insurance company to meet with clients.

Given the importance of the shared office premises requirements to limit client confusion and ensure privacy and confidentiality of records are maintained, we generally adopted a modified version of the IDPC Rule provisions that would be applicable to all Dealer Members (*DC Rule subsection 1201(2) "shared office premises" and section 2216, subsection 2217(3) and sections 2218 and 2219*).

The one exception is the requirement to disclose the full legal name of each institution sharing offices (*DC rule subsections 2217(1) and 2217(2)*), which we have retained as only being applicable to investment dealers sharing office premises with other regulated Canadian financial service entities. We are not proposing that this requirement apply to mutual fund dealers sharing office premises with other regulated Canadian financial service entities as we believe:

- the burden associated with requiring this disclosure at each branch/office location where there are only one or a small number of mutual fund dealer advisors present would be significant, and
- prominently disclosing the mutual fund dealer name in a branch/office with predominantly bank/insurance company employees would likely do little to address potential client confusion as to which company they are dealing with and may in fact increase confusion.

(d) Membership disclosure policy

On July 13, 2023, CIRO published an update on membership disclosure requirements for both investment dealers and mutual fund dealers.⁸ The purpose of the update was to provide information to Dealer Members regarding the transition of the membership disclosure from their predecessor self-regulatory organizations to the CIRO name and logo by December 31, 2024.

The update further highlighted that Dealer Members should continue to comply with the specific membership disclosure requirements that are applicable to their registration category as there are differences in requirements for investment dealers and mutual fund dealers.

We have included a question later in this Bulletin asking for your views on the key differences between the current membership disclosure requirements for each category of Dealer Members and the approach we should adopt to harmonize these requirements.

A proposed membership disclosure policy required to be followed by a Dealer Member under DC Rule section 2285 is included in [Appendix 5](#).

2.1.3 Principal and agent relationships (DC Rule 2300)

In this section we incorporated the existing investment dealer and mutual fund dealer rule requirements relating to principal and agent relationships. No changes have been proposed to these requirements at this time as a separate policy project⁹ is underway to determine how to expand the permissible use of personal corporations to conduct non-registerable and registerable activities on a sponsoring Dealer Member's behalf.

2.2 Operations – Business continuity, trading and delivery standards, account transfers, account movements and derivatives risk management

In this section of the Bulletin we discuss the proposed amendments to rule requirements relating to:

- the establishment and maintenance of a business continuity plan,
- trading and delivery standards, including standards applicable to all transactions and standards applicable to non-centrally cleared transactions,
- account transfers and account movements, and
- derivatives risk management.

None of these proposed rule amendments are expected to introduce a significant change to the existing IDPC Rule or MFD Rule requirements.

We also discuss the rationale in regards to provisions that have been retained or are dependent on decisions made in subsequent phases of the Rule Consolidation project or

⁸ [Rules Bulletin 23-0102](#).

⁹ [Rules Bulletin 24-0029](#).

other existing projects. Also included in the proposed rules are amendments associated with the Derivatives Rule Modernization and T+1 Settlement projects which will become effective prior to the implementation of Phase 3 of the Rule Consolidation Project.¹⁰

2.2.1 Business continuity plan (DC Rule 4700)

We propose to adopt the IDPC rule provisions regarding business continuity plans. Under MFDR 2.9 Internal Controls, mutual fund dealers must establish and maintain adequate internal controls. This requirement extends to developing and implementing a business continuity plan. The MFDA has previously provided guidance to dealers on implementing an appropriate business continuity plan which is consistent with the IDPC rules, including the requirement to perform periodic testing and review of the policy. Adopting the IDPC provisions would formalize the requirements for mutual fund dealers and is expected to be of minimal impact.

The requirement to have the business continuity plan approved by an appropriate Executive, a registration category that is exclusive to investment dealers, has not been modified at this time. Decisions regarding differences in registration categories are to be addressed in a later phase of the rule consolidation project.

In this section we have also adopted amendments associated with the Derivatives Rule Modernization project and added the French translation of defined terms.

2.2.2 Trading and delivery standards applicable to centrally cleared transactions (DC Rule 4700)

We propose to adopt the IDPC rule provisions for trading and delivery standards applicable to centrally cleared transactions with minor amendments. We have also renamed the section to specify that the rules in this section apply only to centrally cleared transactions.

We do not anticipate material impact to mutual fund dealers as they generally engage an investment dealer to trade and clear securities on their behalf. However, if a mutual fund dealer were to become a participant of The Canadian Depository for Securities Limited (CDS) and engage in the trading of securities that settle through CDS, they would be subject to these requirements such as broker-to-broker trade matching.

We have also modified the defined terms in this section by removing terms (participant, settlement service) which are redundant and moving others to the relevant section of the rules.

Finally, in this section we have also adopted amendments associated with the T+1 Settlement project and added the French translation of defined terms.

¹⁰ The [T+1 settlement amendments](#) and [Stage 1 of Derivatives Rule Modernization amendments](#) will become effective on May 27, 2024 and September 28, 2024, respectively.

2.2.3 Trading and delivery standards applicable to specific transactions (DC Rule 4700)

We propose to introduce a new Part C to DC Rule 4700, trading and delivery standards applicable to specific transactions, to clarify that this set of rules applies to certain specific transactions.

We have also made additional amendments to specify between requirements that apply to certain specific centrally cleared transactions, which would apply to Dealer Members that are participants of CDS, and requirements that would apply to other specific transactions that may be either centrally or non-centrally cleared.

In this section we have also added relevant definitions that were originally located in 4700 Part B (CDS depository eligible transactions).

2.2.4 Trading and delivery standards for non-centrally cleared transactions (DC Rule 4800)

We propose to adopt the IDPC rules for trading and delivery standards for non-centrally cleared transactions. Throughout this section amendments have been added to reflect the amendments related to the T+1 settlement project.

Mutual fund dealers that trade non-centrally cleared securities would be subject to these requirements.

In this section we have also added relevant definitions that were originally located in 4700 Part B (good delivery securities, qualified Canadian trust company).

2.2.5 Account transfers and bulk account movements (DC Rule 4800)

We propose to adopt the IDPC rules for accounts transfers and bulk account movements with minor amendments as follows:

- add the phrase “under the Corporation requirements” where a receiving Dealer assumes responsibility of margining transferred accounts, to clarify that the margining approach is based on CIRO’s requirements. (*DC Rule Section 4863*)
- remove the word “published” when referring to the Dealers’ fee schedule as the fee schedule may be provided directly to a client and not necessarily be published. (*DC Rule Section 4864*)

We propose to retain the IDPC definitions where there is overlap between the IDPC and MFD rules, to maintain consistency in the rule drafting style.

We do not anticipate material impact to mutual fund dealers as transfers of mutual funds are primarily completed via transfer form or through FundSERV, for which the standards are addressed via DC Rule section 4860, Non-certificated mutual funds.

Mutual fund dealers that are participants of CDS ATON are already required to meet the standards set forth in DC Rule sections 4852-4859 as a condition of using the transfer facilities of CDS. Mutual fund dealers that are not a participant of CDS ATON can continue to complete securities transfers via transfer form.

Adopting the IDPC provisions for bulk account movements is expected to provide additional flexibility to mutual fund dealers with regards to movement of accounts due to a change in the parties responsible for the account. Currently, bulk account movements for mutual fund dealers are limited to transactions where the delivering dealer member ceases to carry on business.

As there is a separate project to modernize transfer practices between investment dealers and mutual fund dealers, amendments related to that project will be made separately from the rule consolidation project.

2.2.6 Derivatives risk management (DC Rule 4900)

We propose to adopt the IDPC rules provisions for derivatives risk management. Mutual fund dealers will be subject to these requirements if trading in derivatives.

Throughout this series there are requirements which must be overseen by an appropriate Executive, a registration category that is exclusive to investment dealers. No modification to these requirements has been made at this time. Decisions regarding differences in registration categories are to be addressed in a later phase of the rule consolidation project.

Within this rule series we have also included amendments associated with the Derivatives Rule Modernization project.

2.3 Examination, Investigation and Enforcement Rules

In this section of the Bulletin, we discuss proposed amendments to the examination, investigation and enforcement rules that would represent a significant change to either the IDPC Rules or the MFD Rules. We discuss how all proposed provisions differ from their corresponding IDPC Rule or MFD Rule provision in the Table of concordance found in [Appendix 3](#).

2.3.1 Hearing Office

We propose to adopt the new defined term “Hearing Office” to refer to CIRO staff who are authorized to administer enforcement and other proceedings. This term reflects CIRO’s current structure where there are multiple individuals who fulfill this function. Under the IDPC Rules, these staff are referred to as the “National Hearing Officer” and under the MFD Rules, this function is carried out by the “Secretary”. (*DC Rule subsection 1201(2)*)

2.3.2 Examination and Investigation Rules (DC Rules 8100 and 9100)

We adopted existing IDPC Rule provisions which have two distinct sets of rules to govern CIRO’s:

- enforcement investigations (*DC Rule 8100*), and
- compliance examinations (*DC Rule 9100*).

This approach differs from the MFD Rules, which have a single rule to govern both examinations and investigations (MFD Rule 6).

Where enforcement investigations and compliance examinations are addressed in a single rule, the distinction between an enforcement investigation and a compliance examination can be blurred. In contrast, by adopting two sets of rules, we make clear that compliance examinations are aimed at regulatory compliance, rather than disciplinary matters.

While proposed DC Rules 8100 and 9100 parallel each other in many ways, they have the following differences:

- DC Rule 8100 authorizes enforcement staff to compel attendance of individuals whereas DC Rule 9100 merely authorizes compliance staff to require their questions be answered,
- DC Rule 9100 expressly authorizes compliance staff to refer information obtained in the course of an examination to CIRO enforcement staff or other CIRO staff and to take any other appropriate action, and
- DC Rule 8100 specifies that individuals have the right to counsel when compelled to answer questions and enables CIRO to make confidentiality orders in relation to an investigation.

2.3.3. Limitation period (DC Rules 8100 and 8200)

We adopted the IDPC Rules' limitation period that provides that Regulated Persons¹¹ remain subject to our examination, investigation and enforcement rules for six years following the date they cease to be a Regulated Person. Under the MFD Rules, this period is five years. We are maintaining the IDPC Rules' limitation period to allow CIRO staff to pursue wrongdoing over a longer period.

Also consistent with our IDPC Rules, we propose limiting CIRO's ability to commence a proceeding to those events that occurred within the last six years as opposed to the current MFD Rule limitation period which is five years from the date upon which a Regulated Person ceased to be a Dealer Member or held the relevant position with the Dealer Member. This approach would be consistent with securities laws and provides Regulated Persons with certainty on when an enforcement action can be commenced for specific events.

2.3.4. Admissibility of witness testimony and other evidence (DC Rule 8200)

We adopted the existing IDPC Rule provision that allows hearing panels to admit into evidence any oral testimony or other evidence whether or not it is given or proven under oath or affirmation. (*DC Rule subsection 8203(3)*)

¹¹ As set out in General By-law No. 1, section 1.1:

“Regulated Persons” means persons who are or were formerly (i) Dealer Members, including for greater certainty, members of the Corporation's predecessors, (ii) members, users or subscribers of or to, or other entities that are allowed to trade directly on, Marketplaces for which the Corporation is the regulation services provider, (iii) the respective Approved Persons and other representatives of those persons set out in subsection (i) and (ii) , and (iv) other persons subject to the jurisdiction of the Corporation.

While the MFD Rules require witnesses testify under oath or affirmation, in practice there is little difference between the two requirements. For the most part, witnesses do testify under oath or affirmation in investment dealer enforcement proceedings. On the mutual fund dealer side, hearing panels can always waive this requirement where warranted.

In deciding which approach to maintain, we chose the IDPC Rules one as it allowed for the fairest and most expeditious conduct of enforcement proceedings.

2.3.5. Settlement hearings (DC Rule 8200)

We adopted the existing IDPC Rule provision that provides that all settlement hearings are closed to the public. (*DC Rule subsection 8203(3)*)

The MFD Rules allow the hearing panel to determine whether a settlement hearing should be public. By keeping these hearings private, we would maintain the confidentiality of the settlement negotiation process. Settlement hearing information would be made public after the settlement offer is accepted.

We also adopted the existing IDPC Rule provision that requires hearing panels provide written reasons for rejecting a settlement agreement, and that those reasons are available to subsequent hearing panels who consider a settlement based on the same or related allegations and charges, but not made public or referred to in a subsequent disciplinary hearing. (*DC Rule subsection 8215(8)*)

The MFD Rules allow the hearing panel to determine whether to issue reasons for rejecting a settlement agreement. We propose adopting the IDPC Rules approach so that all hearing panel rejections can be treated in the same manner.

2.3.6. Sanctions (DC Rule 8200)

(a) Maximum fines

We propose increasing the maximum fine a CIRO hearing panel can impose to \$10 million per offence, from \$5 million under both the existing IDPC Rules and the MFD Rules. (*DC Rule subsections 8209(1)(iii) and 8210(1)(iii)*)

CIRO hearing panels have previously approved settlement agreements where respondents agree to payments of more than \$5 million, including upwards of \$10 million.

Our proposal would not only allow our hearing panels to order sanctions consistent with those payments but would also have an increased deterrent effect.

(b) Specific sanctions

We adopted the existing IDPC Rule provisions that provide the types of sanctions that a hearing panel can impose, including disgorgement. (*DC Rule subsections 8209(1)(ii) and 8210(1)(ii)*)

While the existing IDPC Rules specifically provide for disgorgement, and the MFD Rules do not, disgorgement orders can be included in the global fine under the MFD Rules. This change would add clarity for mutual fund dealers and their Approved Persons.

In a separate project, we will propose a process for returning disgorged funds to investors.

(c) *Hearing panel powers*

Under the IDPC Rules, hearing panels can suspend, prohibit, revoke or bar an individual Regulated Person's approval with CIRO. This power is consistent with CIRO's ability to approve individuals at investment dealers as "Approved Persons". In contrast, under the MFD Rules, hearing panels can suspend, prohibit, revoke or bar an individual Regulated Person's authority to conduct securities-related business. This difference is because CIRO does not directly approve individuals at mutual fund dealers.

To address this difference, we adopted a modified version of existing IDPC Rule provisions that allow hearing panels to prohibit, revoke or bar an individual Regulated Person's approval or authority to conduct securities-related business. (DC Rule clauses 8210(1)(iv), (vi), (vii) and (viii))

As such, hearing panels will have the necessary powers to sanction individuals.

(d) *Appointing Monitors*

We adopted a modified version of an existing MFD Rule provision that lists considerations for a hearing panel when exercising its discretion to appoint a Monitor.¹² (DC Rule subsection 8209(4))

While both the IDPC Rules and the MFD Rules allow hearing panels to appoint Monitors when sanctioning Dealer Members, the MFD Rules include a list of considerations for the hearing panel. We maintained that list for transparency and fairness.

(e) *Sanctioned individuals*

We propose barring Regulated Persons from hiring or engaging in any capacity and remunerating any individuals who are subject to a bar or suspension during the period of the bar or suspension. Under this prohibition, Regulated Persons would still be able to pay remuneration to a sanctioned individual that is:

- consistent with the scope of activities permitted under the sanction, or
- pursuant to an insurance or medical plan, an indemnity agreement relating to legal fees or as required by arbitration awards or court judgment.

¹² A Monitor is defined in DC Rule subsection 1201(2) as "A person appointed under section 8209 or 8212 to monitor a Regulated Person's business and affairs and to exercise powers granted by a hearing panel."

Under the IDPC Rules, Regulated Persons are prohibited from engaging an individual who is permanently barred from employment with an investment dealer. Under the MFD Rules, there is no specific prohibition, however, in practice Regulated Persons cannot engage any individuals to perform securities-related business where they have been barred or suspended from doing so.

We are proposing to expand this prohibition for both investment dealers and mutual fund dealers to address certain practices of concern. The United States of America's Financial Industry Regulatory Authority (FINRA) also has a similar prohibition. Of note, this proposed prohibition would only apply to Regulated Persons and would not apply to their affiliates or other third parties who employ the suspended individuals. *(DC Rule subsections 8210(5) through (8))*

2.3.7. Temporary Orders, Protective Orders and Applications in Exceptional Circumstances (DC Rule 8200)

(a) General approach

Under the IDPC Rules, CIRO's Enforcement Staff can apply to a hearing panel for:

- a temporary order, which is granted for 15 days without notice to the respondent in circumstances where the time required for a hearing could be prejudicial to the public interest, or
- a protective order, which is granted with notice to the respondent and imposes regulatory requirements, including terms and conditions, when a Regulated Person cannot carry on business without protective measures to prevent investor harm.

Under the MFD Rules, CIRO's Enforcement Staff can make an application to sanction a Regulated Person without notice in certain exceptional circumstances where deemed to be in the public interest.

We adopted the IDPC Rules' temporary orders and protective orders provisions because they provide hearing panels and CIRO's Enforcement Staff with more options. *(DC Rule sections 8211 and 8212)*

(b) Changes to interim orders

We propose allowing hearing panels the ability to issue protective orders when Dealer Members have not complied with their terms and conditions, similar to their current ability under both IDPC Rules and MFD Rules to issue orders where the Dealer Member has not complied with the conditions of a sanction. *(DC Rule sub-clause 8212(2)(ix)(c))*

We also propose removing the existing ability of hearing panels to issue interim orders against a mutual fund dealer where they have failed to meet these CIRO requirements:

- maintain the minimum required capital,
- file with CIRO a copy of their financial report at the end of each fiscal month,
- file with CIRO copies of their annual financial statements,
- maintain a Financial Institution Bond or mail insurance,
- rectify the circumstances causing them to be designated in early warning by CIRO, or comply with terms and conditions imposed on them after they were designated in early warning by CIRO, or
- carry out any written agreement with CIRO to take action to comply with any CIRO requirement.

Instead, we adopted CIRO's current ability to issue terms and conditions against Investment Dealer Members and extended it to also include Mutual Fund Dealer Members. (*DC Rule section 9208*)

As such, CIRO will be able to address these matters through terms and conditions, as opposed to through an enforcement proceeding. This change will expedite these processes. We discuss terms and conditions further in section 2.3.13 below.

We also propose allowing a hearing panel to issue a protective order when a Regulated Person has been charged with contravening a law related to theft, fraud, misappropriation of funds or securities, forgery, money laundering, market manipulation, insider trading, misrepresentation or unauthorized trading where the hearing panel determines that such charge likely brings the capital markets into disrepute. While hearing panels have a similar power currently under the MFD Rules, this would be a change to the IDPC Rules. (*DC Rule clauses 8212(2)(vii) and 8212(3)(v)*)

2.3.8. Review of Hearing Panel Decisions (DC Rule 8200)

We adopted the IDPC Rule provisions that provide that parties to a disciplinary hearing can apply to the local securities regulatory authority for a review of a final hearing panel decision. Under the MFD Rules, parties can apply to CIRO's Board for a review. However, CIRO's Board's mandate does not include reviewing hearing panel decisions. (*DC Rule section 8217*)

2.3.9. Hearing Committee Composition (DC Rule 8300)

Currently, hearing committee members must reside in the district to be a part of that district's hearing committee. While it is important for industry members to reside in the district, as they have an understanding of the unique considerations for that district, it is not as necessary for public committee members to reside in that district. Also, more hearings are being conducted virtually, reducing the importance of having hearing panel members reside in the same district as the hearing. As such, we

propose only industry committee members be required to reside in the district. Public committee members could reside in other districts. *(DC Rule subsection 8303(2))*

2.3.10. Form of Hearings (DC Rule 8400)

An increasing number of our hearings take place virtually. In many instances, virtual hearings allow CIRO's enforcement proceedings to be more expeditious and cost-efficient for parties. As such, we propose eliminating the distinction between oral in person hearings and electronic hearings. Under this approach, an oral hearing could be conducted either virtually or in person. Respondents and Enforcement Staff would be able to apply for the hearing to be held virtually or in person, or in both forms simultaneously. Parties could object to the form of hearing, and the hearing panel would be able to order the hearing proceed in a specific form (virtually, in person or a mix of the two). *(DC Rule section 8409)*

2.3.11. Electronic Delivery (DC Rule 8400)

For consistency with current business practices, we propose allowing electronic delivery for all documents required to be served under our Rules of Procedure.

2.3.12. Other changes to the Rules of Procedure (DC Rule 8400)

(a) Specific procedures

The IDPC Rules contain rules for certain procedures whereas the MFD Rules are silent on these matters. These include rules for:

- deemed undertakings, *(DC Rule section 8420)*
- orders to attend and issue of summons, and *(DC Rule section 8421)*
- adjournments. *(DC Rule section 8422)*

In these instances, we adopted the IDPC Rules' procedures as they allow for greater procedural transparency and efficiency.

(b) Specific requirements, options or steps

In other instances, the IDPC Rules or the MFD Rules have requirements, options or steps for proceedings that the other rulebook does not have. Generally, we adopted whichever process allowed for greater transparency and efficiency.

For example, the MFD Rules require that the notice of hearing advise the respondent they may be self-represented or represented by counsel or agent. The IDPC Rules do not have this requirement. We adopted the MFD Rules' requirement as its clearer for respondents. *(DC Rule clauses 8414(2)(ix) and (x))*

(c) Timelines

While the MFD Rules and the IDPC Rules have similar steps in their proceedings, the timelines may be different. Generally, we adopted whichever timeline would result in a more expeditious proceeding. For example, under the IDPC Rules, respondents must be given 7 days' notice of a settlement hearing, and under

the MFD Rules, they must be given 10 days' notice. In this case, we adopted the 7 days' notice as it is more expeditious.

2.3.13. Terms and Conditions (DC Rule 9200)

Under the IDPC Rules, CIRO can impose terms and conditions on a Dealer Member's membership but must allow the Dealer Member an opportunity to be heard. This authority is intended to address scenarios where there are outstanding compliance issues that require CIRO to act, but do not justify disciplinary proceedings. We adopted this process and expanded it to mutual fund dealers. *(DC Rule section 9208)*

If a dealer's circumstances warrant suspension or revocation of its membership, and thus its registration, it will be treated as a disciplinary proceeding subject to CIRO's enforcement rules in Series 8000.

As part of Phase 4 of the Rule Consolidation Project, we will propose the process for a Dealer Member's opportunity to be heard following a terms and conditions decision.

2.3.14. Arbitration (DC Rule 9500)

Under the IDPC Rules, Investment Dealer Members are required to participate in CIRO's arbitration program. As such, their clients can request their disputes with their dealer be resolved through arbitration. The MFD Rules do not have an equivalent program or requirement. We propose requiring all Dealer Members participate in our arbitration program. This will provide clients with more options to resolve disputes with their dealer.

In a separate project, we will propose changes to our current arbitration program.

2.3.15. Information sharing with the OBSI (DC Rule 9500)

The IDPC Rules prohibit the OBSI from sharing information with CIRO relating to their investigation and review of complaints against Investment Dealer Members whereas the MFD Rules do not contain an equivalent prohibition. Given this prohibition is inconsistent with the OBSI's Terms of Reference we adopted the MFD Rules approach. *(DC Rule section 9504)*

3. Impacts of the Proposed DC Rules

3.1 Impact assessment approach

As the Rule Consolidation Project is being pursued in five phases, and the combined impact of the project can only be assessed once development of all five phases has been completed, it would be misleading for us to assess the impact of each phase in isolation from the other phases or to make an assessment of the combined impact of the five project phases until all phases have been developed.

To provide you with some impact information in the interim, we will identify the impacts specific to each project phase, as each project phase is published for public comment and provide an overall Rule Consolidation Project impact assessment once all 5 phases have been developed.

3.2 Specific impacts of Phase 3 Proposed DC Rules

We have assessed the impact the material changes being introduced as part of the Phase 3 Proposed DC Rules as having an overall positive impact on investors and CIRO Staff, neutral for investment dealers and minor negative for mutual fund dealers. While there could be some negative impacts to mutual fund dealers, we concluded these impacts were outweighed by the positive impacts the Phase 3 Proposed DC Rules would have. A complete impact analysis of the Phase 3 Proposed DC Rules is attached as [Appendix 4](#).

3.3 Regional and specific stakeholder group impacts

We have identified no regional impacts associated with the Phase 3 Proposed DC Rules.

4. Alternatives to rule consolidation considered

We did not consider any alternatives to rule consolidation, such as maintaining separate rules for investment dealers and mutual fund dealers as, based on the feedback provided in response to CSA Position Paper 25-404, *New Self Regulatory Organization Framework*, we determined that there is general cross-stakeholder support for rule consolidation.

5. Questions

While comment is requested on all aspects of the Phase 3 Proposed DC Rules, comment is also specifically requested on the following questions:

Question #1 - Process used for publishing for public comment

Many of comments received as part of the first phase of our Rule Consolidation Project indicated that once the initial publication of the five phases is complete, any subsequent republication of the proposed rules should be as an entire rulebook (i.e. not as separate phases). Should we republish the entire set of proposed Dealer and Consolidated Rules prior to their approval?

Question #2 - Implementation

Many of comments received as part of the first phase of our Rule Consolidation Project indicated the Dealer and Consolidated Rules should be implemented all at once (and not in phases). Should we implement the entire set of proposed Dealer and Consolidated Rules at the same time? How long a period should we allow for the implementation of the proposed Dealer and Consolidated Rules?

Question #3 - Cross-guarantee requirements

To ensure a level playing field for investment dealers and mutual fund dealers, we have proposed to require cross-guarantees between Dealer Members and their related companies. The term "related company" is exclusively used to explain the relationship between Dealer Members (through at least 20% common ownership of both Dealer Members (directly or indirectly)). The result of adopting this amended IDPC and MFD rule requirement is that commonly owned investment dealers and mutual fund dealers will have to cross-guarantee each other.

Does requiring cross-guarantees between investment dealers and mutual fund dealers cause undue burden? If yes, please explain.

Question #4 - Membership disclosure policy

The current membership disclosure requirements applicable to investment dealers and mutual fund dealers have the following key differences:

- the mutual fund dealer policy requires that both the CIRO logo and a link to the CIRO website be included on account statements, whereas the investment dealer policy only requires the CIRO logo (the proposed Membership Disclosure Policy found in [Appendix 5](#) extends the mutual fund dealer requirement to all Dealer Members)
- the investment dealer policy requires that the CIRO decal be displayed at all public-facing business locations, whereas the mutual fund dealer policy does not have a similar requirement (the proposed Membership Disclosure Policy found in [Appendix 5](#) removes this requirement for all Dealer Members)
- the investment dealer policy requires that the CIRO official brochure be provided to clients at account opening or upon request, whereas the mutual fund dealer policy does not have a similar requirement (the proposed Membership Disclosure Policy found in [Appendix 5](#) extends the investment dealer requirement to all Dealer Members)

Do you agree with the changes highlighted above and the proposed Membership Disclosure Policy found in [Appendix 5](#)? If not, please explain.

Question #5 - Account transfers

Our assessment of the proposed harmonization of the transfer requirements suggests minimal impact to dealer members. Do you agree with this assessment? If not, what potential challenges do you anticipate?

Question #6 - Trading and delivery standards

We believe that harmonizing trading and delivery standards for securities will be of minimal impact to Dealer Members' current practices. Do you agree? Why or why not?

Question #7 - Maximum fine

To deter Regulated Persons from misconduct, we propose increasing the maximum fine a CIRO hearing panel can impose to \$10 million per offence, from \$5 million. Do you agree with our proposal to increase the maximum fine a CIRO hearing panel can impose? Why or why not?

Question #8 - Sanctioned individuals

To help ensure that individuals do not engage in any activities that defeat the purpose of any CIRO sanction they might receive, we propose barring Regulated Persons from hiring or engaging

in any capacity and remunerating any individuals who are subject to a bar or suspension during the period of the bar or suspension. Under this prohibition, Regulated Persons would still be able to pay remuneration to a sanctioned individual that is:

- consistent with the scope of activities permitted under the sanction, or
- pursuant to an insurance or medical plan, an indemnity agreement relating to legal fees or as required by arbitration awards or court judgment.

Under the IDPC Rules, Regulated Persons are prohibited from engaging an individual who is permanently barred from employment with an investment dealer. Under the MFD Rules, there is no specific prohibition, however, in practice Regulated Persons cannot engage any individuals to perform securities-related business where they have been barred or suspended from doing so.

Do you agree with our proposal to expand the activity restrictions on sanctioned individuals? Why or why not?

6. Policy Development Process

6.1 Regulatory Purpose

We took the public interest into consideration when developing the Proposed DC Rules and we believe the proposals achieve their intended objective of ensuring that like dealer activities will be regulated in a like manner while minimizing regulatory arbitrage between investment dealers and mutual fund dealers.

We also believe the Proposed DC Rules will foster public confidence in capital markets by ensuring all CIRO Dealer Members will be held to standards of conduct that foster fair, equitable and ethical business standards and practices.

6.2 Regulatory Process

The Board of Directors of CIRO (**Board**) has determined the Proposed DC Rules to be in the public interest and on March 20, 2024, approved them for public comment.

We consulted with the following CIRO advisory committees on this matter:

- Investor Advisory Panel
- Conduct, Compliance and Legal Advisory Section (CCLS)
- Financial and Operations Advisory Section (FOAS)

After considering the comments received in response to this Request for Comments together with any comments of the CSA, CIRO staff may recommend revisions to the Phase 3 Proposed DC Rules. If the revisions and comments received are not material in nature, the Board has authorized the President to approve the revisions on CIRO's behalf and the revised Proposed DC Rules will be subject to approval by the CSA. If the revisions or comments are material, CIRO staff will submit the Proposed DC Rules, including any revisions, to the Board for approval for republication or implementation, as applicable.

6.3 CIRO advisory committee feedback

We've received overall positive feedback regarding the Phase 3 Proposed DC Rules from our advisory committees except for our proposals:

- to extend the mutual fund dealer requirement to include both the CIRO logo and a link to the CIRO website on account statements to all Dealer Members – this proposal received mixed reviews as certain advisory committees thought the change might increase traffic to the CIRO website but would not improve investor awareness of CIRO, whereas one advisory committee indicated that this change would increase investor awareness of CIRO and the resources that CIRO has to assist investors;
- to increase the maximum fine a CIRO hearing panel can impose to \$10 million per offence, from \$5 million – this proposal received mixed reviews as certain advisory committees indicated that this increase was unnecessary as in their view the current maximum fine continues to be a significant misconduct deterrent, whereas one advisory committee indicated that this increase was necessary to maintain a significant misconduct deterrent; and
- to prohibit Regulated Persons from hiring or engaging in any capacity and remunerating any individuals who are subject to a bar or suspension during the period of the bar or suspension - this proposal received mixed reviews as certain advisory committees indicated that this expansion of the hiring prohibition was unnecessary, while one advisory committee indicated that this expansion was necessary to ensure that the effectiveness of the regulatory sanction against the individual was not undermined.

7. Appendices

[Appendix 1 – Phase 3 Proposed DC Rules \(clean\)](#)

[Appendix 2 – Phase 3 Proposed DC Rules \(blackline\)](#)

[Appendix 3 – Table of Concordance](#)

[Appendix 4 – Impact Analysis of the Phase 3 Proposed DC Rule](#)

[Appendix 5 – Corporation Membership Disclosure Policy \(as required under DC Rule section 2285\)](#)

[Appendix 6 – Investor Application Form \(as required under DC Rule section 2107\)](#)

[Appendix 7 – Cross-Guarantee Agreement Form \(as required under DC Rule section 2206\)](#)

SERIES 1000 | INTERPRETATION AND PRINCIPLES RULES

RULE 1200 | DEFINITIONS

1201. Definitions

[...]

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

[...]

<p>“Hearing Office” (<i>Bureau des audiences</i>)</p>	<p><i>Corporation</i> staff, other than <i>Enforcement Staff</i>, who are authorized to administer enforcement and other proceedings ensuring integrity and procedural fairness under the <i>Corporation requirements</i>.</p>
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[...]

<p>“public member” (<i>membre représentant le public</i>)</p>	<p>A public member in relation to a <i>hearing committee</i> means:</p> <ul style="list-style-type: none"> (i) a current or former member of the law society of a province in a relevant <i>District</i>, other than Québec, who is in good standing at the law society, or (ii) in Québec, a current or former member of the Barreau du Québec, who is in good standing at the Barreau.
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[...]

<p>“shared office premises” (<i>partage des bureaux, bureaux partagés, partager des bureaux et ses dérivés</i>)</p>	<p>For the purposes of dealing with retail clients, premises shared by a <i>Dealer Member</i> with an entity that is:</p> <ul style="list-style-type: none"> (i) involved in financial activities, whether or not they are <i>related companies</i> or <i>affiliate companies</i>, and (ii) regulated by a <i>securities regulatory authority</i> or by another regulated Canadian financial services regulatory regime such as banking, insurance, deposit - taking or mortgage brokerage activities.
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SERIES 2000 | DEALER MEMBER ORGANIZATION AND INDIVIDUAL APPROVAL RULES

RULE 2100 | OWNERSHIP OF A DEALER MEMBER'S SECURITIES

2101. Introduction

- (1) Rule 2100 sets out requirements for the issuance of securities by a *Dealer Member* or its *holding company* and changes in ownership.
- (2) A *Dealer Member* seeking an approval required under Rule 2100 must conduct its business with integrity and must maintain adequate financial resources.
- (3) When reviewing an application for approval under Rule 2100:
 - (i) the *Corporation* ensures that *persons* who have an interest in a *Dealer Member* are fit and proper.
 - (ii) the *Corporation* ensures the obligations incurred by a *Dealer Member* under the terms of securities it issues do not pose a risk to the *Dealer Member*.

2102. Definitions

- (1) The following terms have the meaning set out below when used in Rule 2100:

<p>“industry investor” (<i>investisseur du secteur</i>)</p>	<p>Any of the following that hold a <i>beneficial ownership</i> interest in a <i>Dealer Member</i> or its <i>holding company</i>:</p> <ol style="list-style-type: none"> (i) a full-time <i>officer</i> or <i>employee</i> of the <i>Dealer Member</i>, or of a <i>related company</i> or <i>affiliate</i> of the <i>Dealer Member</i>, that conducts <i>Dealer Member related activities</i>. (ii) a spouse of an <i>individual</i> referred to in clause (i) of this definition, (iii) an investment corporation, if: <ol style="list-style-type: none"> (a) all of the <i>individuals</i> referred to in clause (i) of this definition collectively hold the majority of each class of voting securities of the investment corporation, or (b) all of the <i>beneficial owners</i> of all other <i>equity securities</i> of the investment corporation are: <ol style="list-style-type: none"> (I) <i>individuals</i> referred to in clauses (i) or (ii) of this definition, (II) children of <i>individuals</i> referred to in clauses (i) and (ii) of this definition, or (III) <i>individuals</i> and organizations that separately qualify as <i>industry investors</i> of a <i>Dealer Member</i> or its <i>holding company</i>, (iv) a family trust established and maintained for the benefit of <i>individuals</i> referred to in clauses (i) and (ii) of this definition or their children, if: <ol style="list-style-type: none"> (a) all of the <i>individuals</i> referred to in clauses (i) or (ii) this definition collectively have full direction and control of the trust, including its investment portfolio and the exercise of voting and other rights of the trust’s investments, and (b) all of the trust’s beneficiaries are: <ol style="list-style-type: none"> (I) <i>individuals</i> referred to in clauses (i) or (ii) of this definition,
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	<p>(II) children of <i>individuals</i> referred to in clauses (i) and (ii) of this definition, or</p> <p>(III) <i>individuals</i> and organizations that separately qualify as <i>industry investors</i> of the <i>Dealer Member</i> or its <i>holding company</i>,</p> <p>(v) a registered retirement savings plan, established under the Income Tax Act (Canada), of an <i>individual</i> referred to in clauses (i) or (ii) of this definition if that <i>individual</i> has control of its investment policy and has the only <i>beneficial ownership</i> interest in the registered savings plan,</p> <p>(vi) the <i>Dealer Member's</i> pension fund if the investment decisions relating to that pension fund are made by the <i>individuals</i> referred to in clause (i) of this definition,</p> <p>(vii) an estate of an <i>individual</i> referred to in clauses (i) or (ii) of this definition for one year after the death of the <i>individual</i>, or such longer period allowed by the <i>Corporation</i>, or</p> <p>(viii) any <i>individual</i> or organization, for a period of 90 days, or such longer period as the <i>Corporation</i> may permit, after:</p> <p>(a) the date the <i>individual</i> is no longer an <i>employee</i> of the <i>Dealer Member</i>, its <i>related company</i> or <i>affiliate</i>, in the case of an <i>individual</i> that previously qualified as an <i>industry investor</i> under clause (i) of this definition, or</p> <p>(b) the <i>person</i> through whom the <i>individual</i> or organization previously qualified as an <i>industry investor</i> is no longer an <i>employee</i> of the <i>Dealer Member</i>, its <i>related company</i> or <i>affiliate</i>, in the case of <i>individuals</i> and organizations that previously qualified as an <i>industry investor</i> under clauses (ii) through (v) of this definition.</p> <p>An <i>industry investor</i> must be approved by the board of directors of the <i>Dealer Member</i> or its <i>holding company</i>. The <i>industry investor</i> must also be approved by the <i>Corporation</i> if the <i>industry investor</i> has a <i>significant equity interest</i> in the <i>Dealer Member</i> or its <i>holding company</i>.</p>
<p>“qualified independent underwriter” (<i>placeur indépendant admissible</i>)</p>	<p>For a distribution of a <i>Dealer Member's</i> securities or its <i>holding company's</i> securities, it means another <i>Dealer Member</i>:</p> <p>(i) which has been in the securities business for no less than the five years immediately preceding the date that the prospectus (or other equivalent document) is filed,</p> <p>(ii) where, as of the distribution date, the majority of its board of directors (if a corporation) or the majority of its general partners (if a partnership), have been in the securities business for no less than the five years immediately preceding the distribution date,</p> <p>(iii) which has underwritten public offerings of securities for no less than the five years immediately preceding the distribution date, and</p> <p>(iv) which is not an <i>associate</i> or <i>affiliate</i> of the issuing entity.</p>
<p>“significant equity interest” (<i>participation notable</i>)</p>	<p>Any of the following:</p> <p>(i) a holding of 10% or more of the voting securities of a <i>Dealer Member</i> or its <i>holding company</i>,</p> <p>(ii) a holding of 10% or more of the outstanding participating securities of a <i>Dealer Member</i> or its <i>holding company</i>, or</p>

	(iii) an interest of 10% or more of the total equity of the <i>Dealer Member</i> .
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2103. Dealer Members must have Corporation approval to issue subordinated debt

- (1) A *Dealer Member* or its *holding company* must obtain the *Corporation's* approval in writing before issuing a security representing *subordinated debt*.
- (2) A *Dealer Member* or its *holding company* must obtain the *Corporation's* approval in writing before signing an agreement to issue *subordinated debt* in the future.

2104. Repayments and additional subordinated debt

- (1) A *Dealer Member* must obtain the *Corporation's* approval in writing before it can issue any additional securities representing *subordinated debt* or repay any *subordinated debt*.

2105. Agreements with the Corporation

- (1) Where the *Corporation* is a party to a *subordinated debt* 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.

2106. Ownership of another Dealer Member

- (1) An *industry investor* is prohibited from purchasing the securities of a *Dealer Member* or its *holding company*, other than in the *Dealer Member* or *holding company* in which the *industry investor* is approved, except if:
 - (i) there is public ownership of the class of securities as a result of a distribution made in compliance with *securities laws* and the *industry investor* will not hold a *significant equity interest*,
 - (ii) the *Dealer Member* is a *related company* or an *affiliate* 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,
 - (c) where the *industry investor* is regulated by another *securities regulatory authority*, the *industry investor* has provided the *Corporation* with evidence that the *securities regulatory authority* does not object to the relationship, and
 - (d) the *Dealer Member* that the *industry investor* was approved to invest in does not object to the investment.

2107. Ownership of a significant equity interest and ownership of assets

- (1) For the purpose of section 2107, "all or a substantial part of the assets" of a registered firm includes, among other things, a registered firm's book of business, business line or division of the firm.
- (2) A *Dealer Member* must file the form specified by the *Corporation* and obtain *Corporation* approval before allowing a *person*, alone or together with *associates* and *affiliates*, to directly or indirectly, own or hold a *beneficial ownership* 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*.
- (3) The written request for approval under subsection 2107(2) must be delivered to the *Corporation* at least 30 days before the proposed ownership change and must include all relevant facts regarding the ownership change sufficient to enable the *Corporation* to determine if the ownership change is:
 - (i) likely to give rise to a conflict of interest,
 - (ii) likely to hinder the *Dealer Member* in complying with *Corporation requirements* or *securities laws*,
 - (iii) inconsistent with an adequate level of investor protection, or
 - (iv) otherwise prejudicial to the public interest.
- (4) Subsection 2107(2) does not apply to the legal representatives of a deceased person who had been approved by the *Corporation* as the owner of a *significant equity interest*. The legal representatives can continue as a registered holder or to hold a *significant equity interest* for a period as permitted by the *Corporation*.
- (5) A *Dealer Member* must file a written request for approval from the *Corporation* at least 30 days before the proposed acquisition if it proposes to acquire all or a substantial part of the assets of a registered firm, or if all or a substantial part of the *Dealer Member* assets are to be acquired, and must include all relevant facts regarding the proposed acquisition sufficient to enable the *Corporation* to determine if the acquisition is:
 - (i) likely to give rise to a conflict of interest,
 - (ii) likely to hinder the *Dealer Member* in complying with *Corporation requirements* or *securities laws*,
 - (iii) inconsistent with an adequate level of investor protection, or
 - (iv) otherwise prejudicial to the public interest.
- (6) A *Dealer Member* must not complete a proposed acquisition requiring notice under subsection 2107(5) until the *Corporation* approves the proposed acquisition.
- (7) *Dealer Members* acquiring securities or assets of another registered firm for a client in nominee name do not need to provide notice under Rule 2100.

2108. A Dealer Member's ownership of another Dealer Member

- (1) A *Dealer Member* or its *holding company* must obtain approval from the *Corporation* 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.

2109. Public ownership

- (1) A *Dealer Member* must obtain approval from the *Corporation* before allowing public ownership of the *Dealer Member's* securities or of its *holding company's* securities.
- (2) When the *Corporation* considers an application for approval:
 - (i) the *Dealer Member* must satisfy the *Corporation* that it complies with, and will continue to meet, *Corporation requirements*,

- (ii) the *Corporation* may require the *Dealer Member* to provide a legal opinion and any other information it considers necessary, and
 - (iii) the *Corporation* may impose conditions on and require undertakings from any *person* it considers necessary to provide reasonable assurance of 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 Canada Business Corporations Act requires.
- (4) The *Corporation* may exempt a *Dealer Member* or its *holding company* from subsection 2109(3).

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) *Qualified independent underwriters* or chartered accountants must prepare the valuations and summaries. A *qualified independent underwriter* participating in the distribution may prepare a valuation.
- (3) Subsection 2110(1) does not apply if securities with identical attributes have been trading on an exchange in Canada for at least six months before the new distribution begins.

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) *Qualified independent underwriters* or chartered accountants must prepare the valuations and summaries. A *qualified independent underwriter* participating in the distribution may prepare the valuations and summaries.
- (3) Subsection 2111(1) does not apply if:
 - (i) securities with identical attributes have been trading on an exchange in Canada for at least six months before the transaction, or
 - (ii) the circumstances of the transaction, such as the terms of the transaction, were arrived at through arm's length negotiations and the *Corporation*, determines that valuations are not required.

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.

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 compliance with *Corporation requirements and securities laws*, or
 - (ii) making a private placement of its own securities under *securities laws*.
- (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) An *Investment Dealer Member* may accept its own securities or those of its *holding company* as security for a margin account subject to *Corporation requirements* including, but not limited to, Schedule 9 of Form 1.
- (2) An *Investment Dealer Member* must not allow a *discretionary account* to hold the *Investment 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 *Corporation* to obtain an approval required under Rules 2100 and 2200.
- (2) The applicant must pay the prescribed fee.
- (3) Within 10 days after any event that gives rise to a change in the information submitted pursuant to an application for approval, including any bankruptcy or criminal proceedings, the applicant and the *Dealer Member* or *holding company* involved must inform the *Corporation* of the change in the applicant's information.
- (4) The *Corporation* may refuse an application for approval or may withdraw any approval it has granted.

2117. - 2199. Reserved.

RULE 2200 | DEALER MEMBER ORGANIZATION

2201. Introduction

- (1) Rule 2200 sets out requirements for a *Dealer Member* when organizing and managing its business and activities.
- (2) A *Dealer Member* must take reasonable care to organize and manage its business responsibly and effectively.
- (3) A *Dealer Member's* business must be organized to enable adequate supervision of all of its activities and cannot be organized to avoid *Corporation requirements*.
- (4) Rule 2200 is divided into the following parts:
 - Part A - Dealer Member Structure
 - Part A.1 - Business locations
[section 2202]
 - Part A.2 - Holding companies, related companies and order execution only service providers
[sections 2205 through 2207]
 - Part A.3 - Non-securities or non-derivatives business
[sections 2215]
 - Part A.4 - Shared office premises
[sections 2216 through 2219]
 - Part B - Dealer Member Membership Changes
[sections 2220 through 2228]
 - Part C - Business Change Notification Requirements
[sections 2245 through 2248]
 - Part D - Branch Offices of Dealer Members
[sections 2265 through 2268]
 - Part E - Trade Names and Disclosures
[sections 2280 through 2285]

PART A – DEALER MEMBER STRUCTURE**PART A.1 - BUSINESS LOCATIONS****2202. Business locations**

- (1) A *Dealer Member* must notify the *Corporation* of the opening or closing of a *business location* as set out under sub-clause 2803(2)(i)(g).

2203. – 2204. Reserved.

PART A.2 - HOLDING COMPANIES, RELATED COMPANIES AND ORDER EXECUTION ONLY SERVICE PROVIDERS**2205. Holding companies**

- (1) A *Dealer Member* must ensure that all its *holding companies* carrying on business in Canada are legally bound to comply with *Corporation requirements* applicable to *holding companies*.
- (2) A *Dealer Member's holding company* may be another *Dealer Member's holding company* if:
 - (i) the *holding company* owns all of the voting securities and participating securities of a *Dealer Member*, or
 - (ii) the *Dealer Member* obtains *Corporation* approval to become the *holding company* of a second *Dealer Member*.

2206. Related companies

- (1) A *Dealer Member*, or an *employee*, *Approved Person*, or investor of a *Dealer Member*, must obtain *Corporation* approval before it sets up, or acquires any interest in, a *related company* or *associate*.
- (2) A *Dealer Member* must obtain *Corporation* approval before creating a wholly owned *subsidiary* whose principal business is a securities or *derivatives* broker, dealer or adviser.
- (3) A *Dealer Member* must be responsible for and *guarantee* its *related companies'* obligations to clients, and 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, and
 - (iii) where two *related companies* are related because the same *person* has an ownership interest of at least 20% in each of them, the *related companies* must *guarantee* each other for an amount equal to that *person's* ownership percentage multiplied by the company's financial statement capital.
- (4) A *Dealer Member*, and each of the *Dealer Member's related companies* that are required to *guarantee* an amount under subsection 2206(3), must sign the current *Corporation* *guarantee* form.
- (5) The *Corporation* may exempt a *Dealer Member* from subsection 2206(3), or may decide that a *guarantee* for a greater amount is required.

2207. Approval as an order execution only account services provider

- (1) The *Corporation* may approve an *Investment Dealer Member* or a business unit of an *Investment Dealer Member* to be an *order execution only account* service provider if the *Investment Dealer Member's* only business is an *order execution only account* service provider or it provides that service in a separate business unit.

- (2) An *Investment Dealer Member* that is offering *order execution only account* services must comply with all *Corporation requirements* other than those for which compliance is specifically exempted.
- (3) An *Investment Dealer Member's* policies and procedures must specifically address the operation of its *order execution only account* services.
- (4) If operating as a separate business unit within an *Investment Dealer Member*, an *order execution only account* services provider must have separate letterhead, accounts and account documentation, and its *Registered Representatives* and *Investment Representatives* may not work for any other business unit within the *Investment Dealer Member*.
- (5) An *Investment Dealer Member* must not compensate *employees* by giving them trade commissions for transactions executed in *order execution only accounts*.

2208. – 2214. Reserved.

PART A.3 - NON-SECURITIES OR NON-DERIVATIVES BUSINESS

2215. Business other than securities or derivatives

- (1) A *Dealer Member* must obtain *Corporation* approval before carrying on any business other than *Dealer Member related activities*.
- (2) A *Dealer Member* or a *Dealer Member's holding company* may, without *Corporation* approval, own an interest in a corporation (other than the *Dealer Member*) that carries on *non-securities or derivatives related business* if the *Dealer Member* is not responsible for any of that corporation's liabilities.

PART A.4 - SHARED OFFICE PREMISES

2216. General requirements

- (1) A *Dealer Member* may use *shared office* premises provided that:
 - (i) the client clearly understands which legal entity they are dealing with,
 - (ii) privacy and confidentiality of *records* are maintained, and
 - (iii) adequate supervisory policies and procedures are established, maintained and applied pursuant to section 3918.

2217. Signage and disclosures

- (1) An *Investment Dealer Member* using *shared office premises* must have appropriate signs and disclosure which differentiates the entities sharing the premises.
- (2) The legal names under which the *Investment Dealer Member* and each of the other entities in the *shared office premises* operates must be clearly displayed in a prominent location, such as the office entrance door or reception area.
- (3) The logo and brochures required to be used by the *Corporation Membership Disclosure Policy* and the *IPF Disclosure Policy* must be displayed in a manner that makes it clear that the logo and brochures are applicable only to the *Dealer Member* and not to any other entity in the *shared office premises*.

2218. Privacy and confidentiality

- (1) A *Dealer Member's shared office premises* must be laid out and operated in a manner that ensures the control and confidentiality of client information by ensuring that client *records* and account process areas are effectively controlled and physically secure.
- (2) A *Dealer Member* must keep client *records* separate from the records of another entity in the *shared office premises* as follows:
 - (i) the entity sharing the premises must not have access to the client's hard copy *records*, and
 - (ii) electronic *records* must have separate passwords or another similar control to ensure the entity sharing the premises has no access to the electronic client *records* of the *Dealer Member*.
- (3) When a *Dealer Member* using *shared office premises* opens an account, the *Dealer Member* must obtain the client's specific acknowledgement of a written disclosure statement:
 - (i) outlining the relationship between the *Dealer Member* and the entity sharing the premises, and
 - (ii) stating that the entities are separate.
- (4) A *Dealer Member* must keep client information confidential and can only share the information with another entity in the *shared office premises* if:
 - (i) the client has consented to the disclosure of confidential information in compliance with applicable federal, provincial, and territorial privacy legislation and regulations, and
 - (ii) the client has consented to the disclosure of client 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 consent option.
- (5) An *employee* who works for both the *Dealer Member* and another entity in the *shared office premises* must not disclose client information from one entity to the other unless performing a relevant service that the client has specifically consented to and the client has consented to the disclosure of the client information.

2219. Permitted and restricted activities

- (1) Non-registered personnel employed by the *Dealer Member* or representatives of another entity in the *shared office premises* may provide the following services on behalf of 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) distributing account applications, subject to subsection 2219(2), and
 - (viii) receiving completed account applications to forward to the *Dealer Member* for approval.

- (2) Non-registered personnel employed by the *Dealer Member* or a representative of another entity in the *shared office premises* who has a high degree of knowledge about the client's financial affairs may help the client to complete the account application, if:
 - (i) no *Approved Person* is available,
 - (ii) the client's *Approved Person* primarily responsible for compliance with *Corporation requirements* relating to know-your-client and suitability determination reviews the account application with the client before any trade is conducted or a recommendation is made to a client, and
 - (iii) a *Supervisor* has approved the account application before any trade is conducted for a client.
- (3) Non-registered personnel employed by the *Dealer Member* or representatives of another entity in the *shared office premises* may not provide the following services on behalf of the *Dealer Member*:
 - (i) opening accounts,
 - (ii) distributing or receiving order forms for *securities* or *derivatives* transactions,
 - (iii) assisting clients to complete order forms for *securities* or *derivatives* transactions,
 - (iv) giving recommendations or any advice on any activity,
 - (v) completing know-your-client information on an account application, other than biographical information, and
 - (vi) soliciting *securities* or *derivatives* transactions.

PART B - DEALER MEMBER MEMBERSHIP CHANGES

2220. Introduction

- (1) Part B of Rule 2200 sets out how the *Corporation* deals with changes to the *Membership* of *Dealer Members*.

2221. Notice of intention to resign

- (1) If a *Dealer Member* intends to resign, it must notify the *Corporation* in writing of its intention by filing a letter of resignation.
- (2) Within one week of receiving a letter of resignation under subsection 2221(1), the *Corporation* will issue a public notice advising of the *Dealer Member's* intention to resign.

2222. Letter of resignation and supporting documents

- (1) A resigning *Dealer Member* must state its reasons for resigning in its resignation letter and file the following supporting documents with the *Corporation*:
 - (i) audited financial statements indicating the *Dealer Member* has liquid assets sufficient to meet its outstanding liabilities other than subordinated loans, and
 - (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.

2223. Acquisition and resignation

- (1) If all or a substantial part of the business and assets of a resigning *Dealer Member* is acquired by another *Dealer Member*, the resigning *Dealer Member* must provide the *Corporation* with:

- (i) either:
 - (a) an undertaking from the acquiring *Dealer Member* accepting responsibility for all outstanding liabilities of the resigning *Dealer Member*, or
 - (b) the documents required under section 2222, and
- (ii) pro forma financial statements of the acquiring *Dealer Member* showing compliance with *Corporation requirements* relating to capital requirements.

2224. Amalgamation of Dealer Members

- (1) If two or more *Dealer Members* are amalgamated, the *Dealer Members* not continuing due to the amalgamation must surrender their *membership*. The continuing *Dealer Member* must provide the *Corporation* with:
 - (i) an undertaking that it accepts responsibility for all liabilities of the *Dealer Members* that are amalgamating, and
 - (ii) pro forma financial statements of the continuing *Dealer Member* showing compliance with *Corporation requirements* relating to capital requirements.

2225. Amalgamation with a 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 policies and procedures sufficient to carry on its business and comply with *Corporation requirements*, and
 - (ii) pro forma financial statements of the continuing *Dealer Member* showing compliance with *Corporation requirements* relating to capital requirements.

2226. Effective date of resignation

- (1) Resignation of a *Dealer Member* is effective on the date following the day on which the following conditions have all been satisfied:
 - (i) the *Corporation* has received the documents required to support the resignation,
 - (ii) the *Corporation* has received payment of any amount owed to it,
 - (iii) the *Corporation* has confirmed 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, and
 - (iv) the *Corporation* has approved the *Dealer Member's* resignation.
- (2) Notwithstanding the above, and without limiting the discretion that the *Corporation* may have to exempt a *Dealer Member* from any *Corporation requirement*, where circumstances warrant, the *Corporation* may exercise discretion to postpone the effective date of a *Dealer Member's* resignation.
- (3) Within one week of all conditions under subsection 2226(1) being satisfied, the *Corporation* will issue a public notice advising of the effective date of the *Dealer Member's* resignation.

2227. Payment of Corporation fees

- (1) A resigning, suspended, terminated or surrendering *Dealer Member* must make full payment of its annual membership fees for the entire fiscal year in which its resignation,

suspension, termination or surrender becomes effective, subject to the exception set out in subsection 2227(2).

- (2) A resigning, suspended or terminated *Dealer Member* may make payment of its membership fees until the end of the fiscal quarter in which the following conditions have been met:
 - (i) the *Dealer Member* has transferred all customer accounts to another *Dealer Member*,
 - (ii) the *Dealer Member* has no remaining *Approved Persons* other than shareholders, the *Ultimate Designated Person*, the *Chief Compliance Officer* and the *Chief Financial Officer*, and
 - (iii) in the case of a resigning *Dealer Member*, the *Dealer Member* has provided written notice of its resignation to the *Corporation*.

2228. Inactive Dealer Members

- (1) A *Dealer Member* may apply to the *Corporation* to have its *membership* status temporarily changed to inactive. *Dealer Members* must file their applications in writing and must include reasons for the requested change.
- (2) The *Corporation* must impose a time limit and may impose conditions on a *Dealer Member's* inactive status.
- (3) When a *Dealer Member's* status changes to inactive, the *Corporation* must issue a public notice indicating so.
- (4) A *Dealer Member* with inactive status may apply in writing to the *Corporation* 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 inactive status period has not been extended previously.
- (5) When a *Dealer Member's* inactive status or the extension to the period of time established by the *Corporation* for inactive status expires, the *Dealer Member's* status will automatically revert to that of an active *Dealer Member*.

2229. – 2244. Reserved.

PART C - NOTIFICATION REQUIREMENTS

2245. Introduction

- (1) The *Corporation* may review proposed changes in a *Dealer Member's* business, listed in section 2246, to ensure:
 - (i) the *Dealer Member* is adequately prepared to make the change without unduly impacting its clients,
 - (ii) the change is carried in accordance with *Corporation requirements*, and
 - (iii) the change is in the public interest.

2246. Dealer Member's notice of changes to the 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 including, allotting, issuing, repurchasing, redeeming, canceling, subdividing or consolidating of any shares in its capital.
- (2) A *Dealer Member* must notify the *Corporation* in writing a minimum of 20 days before any material change to its business activities.
- (3) A *Dealer Member* must notify in writing and receive written approval from the *Corporation* before:
- (i) offering retail clients any highly-leveraged *securities* or *derivatives*, or
 - (ii) offering retail clients previously approved highly-leveraged *securities* or *derivatives* that are to be based on a new underlying interest.

2247. Notice of review

- (1) A *Dealer Member* must not make any of the changes listed in subsections 2246(1) and 2246(2) if, within the 20-day notice period, the *Corporation* informs the *Dealer Member* that it will be reviewing the proposed change and the change will require *Corporation* approval.

2248. – 2264. Reserved.**PART D - BRANCH OFFICES OF DEALER MEMBERS****2265. Introduction**

- (1) Part D of Rule 2200 describes how *Dealer Members'* branch offices participate in the *Corporation* and its *Regions*.

2266. Branch office members

- (1) Every *Dealer Member's* *business location* in a *Region* with a *Supervisor*, who is normally present at the *business location*, is a branch office member of the *Region*.

2267. Branch office member's representation

- (1) A branch office member may participate in governing the *Region* in which the branch office is located, as follows:
- (i) it has the same privileges in its *Region* as any other branch office member, except that at a *Region* meeting, a *Dealer Member* only has one vote in the *Region*, no matter how many branch office members it has, and
 - (ii) its *Region* representative is eligible for election as chair, vice-chair or member of the *Regional Council* for that *Region*.

2268. Fees

- (1) A *Dealer Member* does not have to pay an annual fee or entrance fee for its branch office members.

2269. – 2279. Reserved.

PART E - TRADE NAMES AND DISCLOSURES**2280. Introduction**

- (1) Part E of Rule 2200 sets out requirements for a *Dealer Member's* use of trade names, *Corporation* membership disclosure and *Investor Protection Fund* membership disclosure.

2281. Trade names

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

2282. 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 sections 2281, 2282 or 2283,
 - (ii) contrary to the public interest, or
 - (iii) otherwise objectionable.

2283. 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 Persons' trade name*.
- (3) Materials used to communicate with the public include, but are not limited to the following: *advertisements*, *client communications*, *research reports* and *sales communications*.

2284. Investor protection fund membership disclosure requirements for Dealer Members

- (1) A *Dealer Member* must disclose to its clients in accordance with the *IPF Disclosure Policy*:
 - (i) that it is a member of an investor protection fund,
 - (ii) the name of the investor protection fund, and

(iii) the investor protection fund coverage available for eligible accounts.

2285. Corporation membership disclosure requirements for Dealer Members

- (1) A *Dealer Member* must disclose to its clients in accordance with the *Corporation Membership Disclosure Policy*:
- (i) that it is regulated, and
 - (ii) the name of its regulator.

2286. –2299. Reserved.

RULE 2300 | PRINCIPAL AND AGENT RELATIONSHIPS

2301. Introduction

- (1) Rule 2300 sets out requirements for a *Dealer Member* when engaging an *agent* to conduct *securities and derivatives related business* on its behalf.

2302. Principal and agent relationships

- (1) An *individual* who conducts *securities and derivatives related business* on behalf of a *Dealer Member* must be an *employee* or *agent* of the *Dealer Member*.
- (2) With the exception of the arrangement permitted in subsection 2302(3), a *Dealer Member* must not allow a corporation or other non-*individual* entity to conduct *securities and derivatives related business* on its behalf.
- (3) Any *remuneration, gratuity, benefit* or other consideration in respect of business conducted by an *individual* on behalf of the *Dealer Member* may be paid by the *Dealer Member* to a corporation that is not registered under *securities laws* provided:
 - (i) the *individual*:
 - (a) is either:
 - (I) approved as a *Registered Representative* dealing in mutual funds only pursuant to clause 2602(3)(vii), or
 - (II) registered as a Mutual Fund Dealer - Dealing Representative pursuant to applicable *securities laws*,
 - and
 - (b) acts as an *agent* of a *Dealer Member*:
 - (I) that is registered as a mutual fund dealer, and
 - (II) in compliance with the requirements set out in Rule 2300,
 - (ii) the arrangement is not prohibited or otherwise limited by the relevant *securities laws* or *securities regulatory authorities*,
 - (iii) the corporation is incorporated under the laws of Canada or a province or territory of Canada, and
 - (iv) the *individual, Dealer Member* and the unregistered corporation have entered into a written agreement, in a form prescribed by the *Corporation*, the terms of which provide that:
 - (a) the *individual* and *Dealer Member* have the same:
 - (I) obligations to comply with applicable *Corporation requirements* and *securities laws*, and
 - (II) liabilities to third parties, including clientsirrespective of the method by which any *remuneration, gratuity, benefit* or other consideration is disbursed,
 - (b) the *Dealer Member* shall engage in appropriate supervision with respect to the conduct of the *individual* and the unregistered corporation to ensure compliance with the requirements in sub-clause 2302(3)(v)(a) and all other applicable *Corporation requirements*, and

- (c) the *individual* and the unregistered corporation shall provide the *Dealer Member*, the *Corporation* and the applicable *securities regulatory authorities* with access to all books and records maintained by or on behalf of either of them for the purpose of ensuring compliance with the *Corporation requirements* and *securities laws*.
- (4) Subsection 2302(3) does not apply in respect of any *remuneration*, gratuity, benefit or other consideration derived from a client in Alberta.

2303. Written agreement between the Dealer Member and the Corporation

- (1) Before engaging any *agents* to conduct *securities and derivatives related business*, a *Dealer Member* must enter into a written agreement with the *Corporation*.
- (2) The written 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 *securities laws*, and
 - (ii) to clients for the *agent's* acts and omissions relating to the *Dealer Member's* business.
- (3) The *Corporation* must be satisfied with the form of the written agreement.
- (4) The written agreement must be in a form similar to the following:

“Agreement between a Dealer Member and the Corporation

1. Recitals

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

2. Agreement with the Agent

- (i) The Dealer Member must enter into a written agreement with each of its agents as required by section 2304 of the Corporation Dealer and Consolidated Rules, “Written agreement between the Dealer Member and its agents”, and any successor rules relating to principal and agent relationships.
- (ii) The agreement must require that the agent complies with all applicable laws and Corporation requirements.

3. Supervision of the Agent

The Dealer Member must treat each of its agents 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.

4. Written Disclosure of Respective Responsibilities to Clients

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

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

5. Disclosure to Clients

The disclosure to clients must be made using the following language in the account application:

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

6. Disclosure by Agent

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

7. Regulatory Authority of the Corporation

The Dealer Member acknowledges that the Corporation has the authority to regulate and enforce the provisions set out in the Dealer Member and agent agreement.

8. Governing Laws

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

9. Continuing Benefit

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

DATED as of the _____ day of _____, _____

[DEALER MEMBER]

[NAME AND TITLE OF SIGNING INDIVIDUAL]

_____”

2304. Written agreement between the Dealer Member and its agents

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

- (6) The *Corporation* must be satisfied that the written agreement complies with *applicable laws* relating to tax matters.
- (7) The written agreement must contain the following minimum terms:
- (i) **Compliance with the applicable laws**
The *agent* and the *Dealer Member* confirm that this agreement does not violate *applicable laws*.
 - (ii) **Confirmation of supremacy of Corporation requirements**
The *agent* and the *Dealer Member* confirm that:
 - (a) this agreement is made in compliance with *Corporation requirements*,
 - (b) if there is an inconsistency between this agreement and any applicable *Corporation requirements*, the *Corporation requirements* will prevail,
 - (c) any inconsistent terms will be deemed severed and deleted,
 - (d) The *Corporation* has the authority to regulate and enforce the provisions set out in this agreement, and
 - (e) this agreement will be interpreted and enforced to give full effect to any applicable *Corporation requirements*.
 - (iii) **Compliance by the agent with applicable laws, securities laws, and Corporation requirements**
 - (a) The *agent* warrants to the *Dealer Member* that it is appropriately registered or licensed, in good standing and in compliance with all *applicable laws, securities laws* and *Corporation requirements*.
 - (b) The *agent* covenants to comply with all *applicable laws, securities laws* and *Corporation requirements*.
 - (c) The *agent* agrees to be bound by and comply with the warranties and covenants above throughout the term of the agreement.
 - (iv) **Conduct of the agent's business**
 - (a) The *agent* agrees to conduct all business in the *Dealer Member's* name, subject to sections 2281 through 2283 relating to the use of trade names.
 - (b) The *agent* agrees to conduct all *securities and derivatives related business* through the *Dealer Member*.
 - (v) **Supervision of the agent by the Dealer Member**
The *Dealer Member* agrees to be:
 - (a) responsible for the supervision of the *agent's* conduct to provide reasonable assurance of the *agent's* compliance with *Corporation requirements* and the requirements of any other *securities regulatory authority* to which the *Dealer Member* is subject, and
 - (b) liable to clients (and other third parties) for the *agent's* conduct as if they were an *employee*.
 - (vi) **Written disclosure to clients**
If the *Dealer Member* and the *agent* have agreed that the *agent* will advise the clients directly:
 - (a) the list of *securities and derivatives related business* conducted by the *agent* for which the *Dealer Member* is responsible, and

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

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

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

- (a) In the event that:

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

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

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

(viii) **Outside activities**

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

(ix) **Access to premises**

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

(x) **Records**

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

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

(xi) **Insurance**

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

(xii) **Assignment of agreement**

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

2305. – 2399. Reserved.

SERIES 4000 | DEALER MEMBER FINANCIAL AND OPERATIONAL RULES

RULE 4700 | OPERATIONS – BUSINESS CONTINUITY AND TRADING AND DELIVERY STANDARDS

4701. Introduction

- (1) Rule 4700 sets out the following requirements relating to *Dealer Member* operations:
- Part A - Business continuity plan
[sections 4710 through 4716]
 - Part B - Trading and delivery standards applicable to centrally cleared transactions
[sections 4750 through 4756]
 - Part C - Trading and delivery standards applicable to specific transactions
[sections 4770 through 4776]

4702. - 4709. Reserved.

PART A - BUSINESS CONTINUITY PLAN

4710. Introduction

- (1) To manage risk prudently and maintain investor confidence, *Dealer Members* must ensure they can continue to carry on business after a *significant business disruption* and provide clients with prompt access to their assets.

4711. Definitions

- (1) The following term has the meaning set out below when used in Part A of Rule 4700:

<p>“significant business disruption” (<i>perturbation importante des affaires</i>)</p>	<p>A cybersecurity incident or any other incident that may result in a significant impairment in client access to their <i>security</i>, precious metals bullion or <i>derivative</i> positions or accounts or to the client’s ability to liquidate or close-out their account positions.</p>
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4712. Creating a business continuity plan

- (1) A *Dealer Member* must establish and maintain a business continuity plan.

4713. Business continuity plan procedures

- (1) A *Dealer Member’s* business continuity plan must identify the procedures it will take to deal with a *significant business disruption*.
- (2) The procedures in subsection 4713(1) must be based on the *Dealer Member’s* assessment of its key business functions and required levels of operation during and following a disruption.
- (3) The procedures in subsection 4713(1) must provide reasonable assurance the *Dealer Member* stays in business long enough to meet its obligations to its clients and capital markets counterparties after a *significant business disruption*.

4714. Update business continuity plan

- (1) A *Dealer Member* must update its business continuity plan to reflect any significant change in any of its operations, structure, business, or locations.

4715. Annual review and test

- (1) Every year:
 - (i) a *Dealer Member* must review and test, and
 - (ii) an appropriate *Executive* must approve, its business continuity plan.
- (2) During its annual review, a *Dealer Member* must make any modifications to its business continuity plan that are necessary due to changes in its operations, structure, business, or locations.
- (3) The *Corporation* may require a qualified third party to carry out the annual review and test.

4716. Notice of disruption and invoking the business continuity plan

- (1) Where a *significant business disruption* occurs, the *Dealer Member* must
 - (i) notify the *Corporation* of this incident as soon as possible after its discovery of the disruption,
 - (ii) include in the notice, details on the disruption and the *Dealer Member's* proposed course of action to address and resolve the disruption, as well as resulting consequences of the disruption,
 - (iii) indicate in the notice whether the *Dealer Member* intends to invoke its business continuity plan, and
 - (iv) inform the *Corporation* of any changes and provide timely updates on the actions set out in the notice, and provide any additional information requested by the *Corporation*.
- (2) When a *Dealer Member* invokes its business continuity plan, it must
 - (i) notify the *Corporation* as soon as possible,
 - (ii) provide details on the circumstances leading the *Dealer Member* to invoke its business continuity plan and its proposed course of action, and
 - (iii) inform the *Corporation* of any changes and provide timely updates on the actions set out in the notice, and provide any additional information requested by the *Corporation*

4717. – 4749. Reserved.**PART B - TRADING AND DELIVERY STANDARDS APPLICABLE TO CENTRALLY CLEARED TRANSACTIONS****4750. Introduction**

- (1) Part B of Rule 4700 sets out trading and delivery requirements applicable to transactions cleared and settled through a clearing corporation. Additional requirements applicable to specific transactions that may be centrally or non-centrally cleared can be found in Part C of Rule 4700. Additional requirements applicable to transactions that are not cleared and settled through a clearing corporation can be found in Part A of Rule 4800.

4751. Definitions

- (1) The following terms have the meaning set out below when used in Part B of Rule 4700:

“acceptable trade matching utility” (<i>service d’appariement des opérations acceptable</i>)	The broker-to-broker trade matching utility in CDS’s CDSX (defined in section 4502), or a similar system approved by the Corporation. A list of approved acceptable trade matching utilities is updated and published as a notice by the Corporation.
“eligible securities” (<i>titres admissibles</i>)	Securities that are eligible to be deposited in a clearing corporation.
“non-exchange trade” (<i>opération hors bourse</i>)	Any trade in a CDS eligible security (excluding new issue trades and repurchase agreement transactions and reverse repurchase agreement transactions) between two Dealer Members, which has not been submitted to the CDS continuous net settlement service by a Marketplace or an acceptable foreign marketplace. A non-exchange trade includes the dealer to dealer portion of a jitney trade that is executed between two Dealer Members that is not reported by a Marketplace or an acceptable foreign marketplace.

4752. Use of a clearing corporation

- (1) Dealer Members who are participants in the same clearing corporation must use the clearing corporation’s settlement service to settle all trades between themselves involving eligible securities, unless both the delivering Dealer Member and the receiving Dealer Member agree otherwise.
- (2) If a Dealer Member is using a clearing corporation to settle a trade, it must report and settle the trade in accordance with the requirements set out in Part B and Part C of Rule 4700 and the clearing corporation’s rules and procedures.
- (3) If a Dealer Member is not using a clearing corporation to settle a trade it must report and settle the trade in accordance with the requirements set out in Part C of Rule 4700 and Part A of Rule 4800.

4753. Use of a trade matching utility

- (1) For each non-exchange trade, involving CDS eligible securities, executed by a CDS participant Dealer Member with another CDS participant Dealer Member, the Dealer Member must at or before 6 p.m. on the day the trade was executed:
- (i) enter the trade into an acceptable trade matching utility, or
 - (ii) accept or reject any trade entered into an acceptable trade matching utility by another Dealer Member.

4754. Trade classification where a Dealer Member enters a trade into the matching utility

- (1) If a Dealer Member enters a trade into an acceptable trade matching utility under clause 4753(1)(i), the trade is considered for each dealer trade counterparty to be a compliant trade, a “don’t know” (DK) trade or a non-compliant trade according to the following table:

		Action of Dealer Member	
		Enter trade at or before 6 p.m.	Enter trade after 6 p.m.
Action of other Dealer Member	Enter trade at or before 6 p.m.	<i>Dealer Member</i> compliant trade Other <i>Dealer Member</i> compliant trade	<i>Dealer Member</i> non-compliant trade Other <i>Dealer Member</i> compliant trade
	Accept trade at or before 6 p.m.	<i>Dealer Member</i> compliant trade Other <i>Dealer Member</i> compliant trade	
	Enter or accept trade after 6 p.m.	<i>Dealer Member</i> compliant trade Other <i>Dealer Member</i> non-compliant trade	<i>Dealer Member</i> non-compliant trade Other <i>Dealer Member</i> non-compliant trade
	Reject trade at or before 6 p.m.	<i>Dealer Member</i> don't know or DK trade Other <i>Dealer Member</i> don't know or DK trade	
	Reject trade after 6 p.m.	<i>Dealer Member</i> don't know or DK trade Other <i>Dealer Member</i> non-compliant trade	<i>Dealer Member</i> non-compliant trade Other <i>Dealer Member</i> don't know or DK trade
	No action	<i>Dealer Member</i> compliant trade Other <i>Dealer Member</i> non-compliant trade	<i>Dealer Member</i> non-compliant trade Other <i>Dealer Member</i> non-compliant trade

4755. Trade classification where a Dealer Member does not enter a trade into the matching utility

- (1) If a *Dealer Member* accepts or rejects a trade entered into an *acceptable trade matching utility* by another *Dealer Member* under clause 4753(1)(ii) or takes no action on a trade entered into an *acceptable trade matching utility* by another *Dealer Member*, the trade is considered for each dealer trade counterparty to be a compliant trade, a “don't know” (DK) trade or a non-compliant trade according to the following table:

		Action of other Dealer Member	
		Enter trade at or before 6 p.m.	Enter trade after 6 p.m.
Action of Dealer Member	Accept at or before 6 p.m.	<i>Dealer Member</i> compliant trade <i>Other Dealer Member</i> compliant trade	
	Accept after 6 p.m.	<i>Dealer Member</i> non-compliant trade <i>Other Dealer Member</i> compliant trade	<i>Dealer Member</i> non-compliant trade <i>Other Dealer Member</i> non-compliant trade
	Reject at or before 6 p.m.	<i>Dealer Member</i> don't know or DK trade <i>Other Dealer Member</i> don't know or DK trade	
	Reject after 6 p.m.	<i>Dealer Member</i> non-compliant trade <i>Other Dealer Member</i> don't know or DK trade	<i>Dealer Member</i> don't know or DK trade <i>Other Dealer Member</i> non-compliant trade
	No action	<i>Dealer Member</i> non-compliant trade <i>Other Dealer Member</i> compliant trade	<i>Dealer Member</i> non-compliant trade <i>Other Dealer Member</i> non-compliant trade

4756. Trade matching quarterly compliant trade percentage

- (1) The quarterly compliant trade percentage for a *Dealer Member* is determined by dividing the sum of the quarter's compliant trades (which does not include "don't know" trades) by the total number of *non-exchange trades* that are executed during the quarter by the *Dealer Member* with other *Dealer Members*.
- (2) Where the *Dealer Member's* quarterly compliant trade percentage is less than 90% for more than two consecutive quarters, the *Corporation* may pursue disciplinary action.

4757. – 4769. Reserved.

PART C - TRADING AND DELIVERY STANDARDS APPLICABLE TO SPECIFIC TRANSACTIONS

4770. Introduction

- (1) Part C of Rule 4700 sets out trading and delivery requirements applicable to specific transactions which may be centrally cleared or non-centrally cleared.

4771. Definitions

- (1) The following term has the meaning set out below when used in Part C of Rule 4700:

"CDS depository eligible transactions" (opérations admissibles à la CDS)	Transactions in <i>securities</i> where the affirmation and settlement can be performed through the facilities or services of CDS.
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4772. Payment or delivery through client settlement agent

- (1) For any arrangement where the payment of *securities* purchased or delivery of *securities* sold is to be made to or through a client's settlement agent, all of the following procedures must be followed:
 - (i) the *Dealer Member* receives from the client prior to or at the time of accepting the order the name and address of the settlement agent and account number of the client on file with the settlement agent. Where settlement is made through a depository offering an identification number system for the clients of settlement agents of the depository, the *Dealer Member* must have the client identification number prior to or at the time of accepting the order and use the number in the settlement of the trade,
 - (ii) each order accepted from the client is identified as either a delivery or receipt against payment trade,
 - (iii) the *Dealer Member* provides to the client a confirmation according to Rule 3800,
 - (iv) the *Dealer Member* has obtained an agreement from the client stating that the client will:
 - (a) promptly provide its settlement agent with instructions regarding the transaction following its receipt of the transaction confirmation from the *Dealer Member*, or the relevant date and information as to each execution from the *Dealer Member*, relating to such order (even though such execution represents the purchase or sale of only a part of the order), and
 - (b) ensure that its settlement agent affirms the transaction no later than the end of the day on the date of execution of the trade to which the confirmation relates, and
 - (v) the client and its settlement agent must use the facilities or services of CDS for the affirmation and settlement of all *CDS depository eligible transactions* through such facilities or services including book based or certificated settlement. This clause 4772(1)(v) applies only to transactions:
 - (a) to be settled in Canada, and
 - (b) where both the *Dealer Member* and the settlement agent are CDS participants or the same facilities or services of CDS are required in respect of the trade.

4773. Early registration of securities

- (1) Prior to the receipt of payment, a *Dealer Member* must not register any *security*, with the exception of a new issue on a date before the close date, in the name of the client or his or her nominee. A *Dealer Member's* absorption of bank or other charges incurred by a client or his or her nominee for the registration of a *security* will be considered an infraction of this requirement.
- (2) After the receipt of payment, a *Dealer Member* may absorb transfer fees incurred in the transfer of a *security* according to a client's instructions.

- (3) Despite subsection 4773(1), a *Dealer Member* may register an *eligible security* in the name of, or in the name of a nominee of, a self-administered registered retirement savings plan registered under the Income Tax Act (Canada) before payment is received if, before the *securities* are registered, a *Dealer Member* obtains an unconditional *guarantee* from the trust company administering the plan.

4774. Repurchase agreement or reverse repurchase agreement transactions and option granting transactions with clients

- (1) Before entering into the following transactions a *Dealer Member* must have in writing all terms relevant to the transaction on the face of the contract or if necessary, on an additional page attached to the contract provided those terms are referred to on the face of the contract, with a client:
- (i) an agreement to purchase or repurchase a *security*,
 - (ii) an agreement to sell or resell a *security*, or
 - (iii) the granting of a put, call or similar option involving a *security*.

4775. When issued trading

- (1) Unless otherwise provided by the *Corporation* or the parties to the trade agree otherwise:
- (i) all when issued trades made on or before the trading day before the anticipated date of issue of the *security* must be settled on the anticipated date of issue of such *security*,
 - (ii) all when issued trades made after the trading day before the anticipated date of issue of the *security* must be settled on the first settlement day after the trade date, and
 - (iii) if the *security* has not been issued on the settlement date in clause 4775(1)(i) or 4775(1)(ii), such trades must be settled on the date that the *security* is actually issued.

4776. Tax payments

- (1) A selling *Dealer Member* must pay, or certify payment of, taxes required for a buying *Dealer Member* to transfer the *securities* purchased to nominee name, except in the situation where there is a register in the buying *Dealer Member's* province, and the buying *Dealer Member* chooses to transfer the *securities* to a register outside that province.

4777. – 4799. Reserved.

RULE 4800 | OPERATIONS – TRADING AND DELIVERY STANDARDS FOR NON-CENTRALLY CLEARED TRANSACTIONS, ACCOUNT TRANSFERS AND BULK ACCOUNT MOVEMENTS

4801. Introduction

- (1) Rule 4800 sets out the following requirements relating to *Dealer Member* operations:
- Part A - Trading and delivery standards applicable to transactions that are not cleared and settled through a clearing corporation:
 - Part A.1 - Fixed income transactions
[sections 4804 through 4807]
 - Part A.2 - Stock transactions
[sections 4808 through 4810]
 - Part A.3 - Buy-in transactions
[section 4811]
 - Part B - Account transfers and bulk account movements
 - Part B.1 - Account Transfers
[sections 4852 through 4865]
 - Part B.2 - Bulk Account Movements
[section 4866].

PART A – TRADING AND DELIVERY STANDARDS APPLICABLE TO TRANSACTIONS THAT ARE NOT CLEARED AND SETTLED THROUGH A CLEARING CORPORATION.

4802. Introduction

- (1) Part A of Rule 4800 sets out additional requirements applicable to transactions that are not cleared and settled through a clearing corporation.

4803. Definitions

- (1) The following terms have the meaning set out below when used in Part A of Rule 4800:

“good delivery securities” (<i>titres de bonne livraison</i>)	<i>Securities</i> that can be transferred without restrictions and delivered to the buyer of the <i>securities</i> .
“qualified Canadian trust company” (<i>société de fiducie canadienne admissible</i>)	A trust company licensed to do business in Canada or a Canadian province with a minimum paid up capital and surplus of \$5,000,000

PART A.1 – FIXED INCOME TRANSACTIONS

4804. Fixed income accrued interest

- (1) All *securities* having interest payable as a fixed obligation, except *securities* in sale and *repurchase agreement* transactions, must be conducted on an accrued interest basis until maturity or a default in such payment either occurs or is announced by the debtor,

whichever is the earlier event. The *Corporation* may set aside this requirement in specific cases where common practice and expediency prompt such action and will give due notice to all *Dealer Members* in such cases.

- (2) Prior to actual default or announcement by the debtor as specified in subsection 4804(1), sales made of *securities* but undelivered at the time of default or such announcement, must be conducted on an accrued interest basis under the terms of the original transaction.
- (3) Subsequent to default or announcement by the debtor as specified in subsection 4804(1), the *securities* must be handled on a flat basis with all matured and unpaid coupons attached, until such time as all arrears of interest have been paid and one current coupon has been paid when due.
- (4) Transactions in bonds having coupons payable out of income, if and when earned, must take place on a flat basis. Any matured and unpaid income coupons must be attached. Income bonds that have been called for redemption must continue to be traded on a flat basis even after the call date has been published.
- (5) Transactions in bonds where an issuer has been subject to reorganization or capital adjustment that results in the bondholders receiving as a bonus or otherwise, certain stock or scrip, such transactions must be ex stock or scrip, unless otherwise stated at the time the trade is made. Such bonds must be traded on a flat basis until such time as all arrears have been paid and one current coupon has been paid when due, except where the *Corporation* has determined otherwise.
- (6) Accrued interest on trades in interest paying instruments that pay interest monthly and compound interest monthly must be zero, if the value date of the trade is an interest payment date. Otherwise, the accrued interest on such trades must be calculated by multiplying the face amount of the instrument by the interest rate of the instrument and the number of days between the value date of the trade and the last interest payment date prior to the value date of the trade and dividing the result by twelve multiplied by the number of days between the next interest payment date after the value date of the trade and the last interest payment date prior to the value date of the trade.
- (7) For bonds or debentures that are only available in registered form, transactions made on the day of a regular interest payment and up to one *business day* before the closing of the transfer agent's books for the next interest payment, both days inclusive, will be on an "and interest" basis. The full amount of such interest payment must be deducted by the seller after the calculation of interest on the regular delivery basis, unless delivery is completed to the buyer by 12 p.m. at a transfer point on the date of the closing of the transfer agent's books for a regular interest payment.
- (8) For bonds or debentures that are only available in registered form, transactions from the day of closing of the transfer agent's books up to and including one *business day* before a regular interest payment must be "less interest" from settlement date to the regular interest payment date.
- (9) Where interest on a transaction involves an amount greater than that represented by the half-yearly coupon, interest is to be calculated on the basis of the full amount of the coupon less one or two days, as the case may be.

4805. Fixed income trading units

- (1) Section 4805 applies to all transactions between *Dealer Members* regardless of the *Districts* the *Dealer Members* are in.
- (2) In section 4805 “trading units” is defined as follows:
 - (i) Government of Canada
 - (a) \$250,000 par value for Government of Canada direct obligations and Government of Canada guaranteed obligations having an unexpired term of less than one year to maturity (or to the earliest call date, where the transaction is completed at a premium),
 - (b) \$100,000 par value for Government of Canada direct obligations and Government of Canada guaranteed obligations having an unexpired term of one year or longer but three years or less to maturity (or to the earliest call date, where the transaction is completed at a premium),
 - (c) \$100,000 par value for Government of Canada direct obligations and Government of Canada guaranteed obligations having an unexpired term to maturity of longer than three years (where the bond is traded at a premium, the earliest call date shall be treated as the maturity date).
 - (ii) Province of Canada
 - (a) \$25,000 par value for bonds, debentures and other obligations of or guaranteed by a province in Canada.
 - (iii) Other Bonds and Debentures
 - (a) \$25,000 par value for bonds and non-convertible debentures (other than Government of Canada direct obligations and Government of Canada guaranteed obligations and bonds, debentures and other obligations of or guaranteed by a province in Canada) that were not issued with attached stock warrants, rights or other attachments,
 - (b) \$5,000 par value for bonds, convertible debentures or debentures (other than Government of Canada direct obligations and Government of Canada guaranteed obligations and bonds, debentures and other obligations of or guaranteed by a province in Canada) that were issued with attached stock warrants, rights or other attachments.
- (3) A *Dealer Member* calling a market must trade *trading units* if called upon to trade, unless prefixed by some qualifying phrase. Any amount less than one *trading unit* will be considered as an “odd lot”.
- (4) Any *Dealer Member* asking the size of a stated market must be prepared to buy or sell at least a *trading unit* at the price quoted if immediately requested to do so by the *Dealer Member* calling the market.
- (5) Any *Dealer Member* who has been requested to call a market has the option to trade an *odd lot* at the called market (if so requested) or to adjust his market to compensate for the smaller amount involved.

4806. Fixed income delivery

- (1) In section 4806 “regular delivery” is defined as:
 - (i) Government of Canada

- (a) The same day as the transaction date for Government of Canada Treasury Bills.
 - (b) The first *business day* after the transaction date for Government of Canada Bonds and Government of Canada Guaranteed Bonds (except Treasury Bills) having an unexpired term to maturity of three years or less (or to the earliest call date where a transaction is completed at a premium). Any accrued interest must be stopped on the first *business day* after the transaction date.
 - (c) The first *business day* after the transaction date for Government of Canada Bonds and Government of Canada Guaranteed Bonds having an unexpired term to maturity of longer than three years (where such a bond is traded at a premium the earliest call date shall be treated as the maturity date). Any accrued interest must be stopped on the first *business day* after the transaction date.
- (ii) Province of Canada
 - (a) The first *business day* after the transaction date for all provincial bonds or debentures. Any accrued interest must be stopped on the first *business day* after the transaction date.
 - (iii) Other Bonds and Debentures
 - (a) The first *business day* after the transaction date for all municipal, corporation and other bonds or debentures (other than Government of Canada and Province of Canada treasury bills, bonds or debentures), and other certificates of indebtedness including mortgage-backed *securities*. Any accrued interest must be stopped on the first *business day* after the transaction date.
- (2) All trades are to be considered for *regular delivery*, unless otherwise agreed to in writing by all of the parties to a transaction at the time of the transaction.
 - (3) For a deal involving the sale or purchase of more than one maturity, each maturity must be treated as a separate transaction. No contingent (all or none) dealings are permitted.
 - (4) New issues delivery
 - (i) The *regular delivery* requirements are not intended to interfere in any way with the common practice of transactions between *Dealer Members* in new issues during the period of primary distribution on an "accrued interest to delivery" basis. However, the *regular delivery* requirements will come into effect on the appropriate number of *business days* prior to the new issue being first available for physical delivery.
 - (ii) Where a new issue delivery is made against payment outside of the points fixed for the initial syndicate delivery of the issue, additional accrued interest must be charged from the delivery date at the initial syndicate delivery point of the new issue, according to the length of time normally required for delivery to the locality in which the delivery is made.
 - (iii) For a mortgage-backed *security* transaction made during the period from the first *business day* of the month to the fourth *business day* of the month, inclusive, delivery must take place on or after the fifth *business day* of the month.
 - (5) Physical Delivery
 - (i) For any transaction between *Dealer Members* where physical delivery is to be made, the seller must complete the delivery before close of business on settlement date.

- (ii) For any transaction between *Dealer Members*, the seller must complete the delivery on the buyer's terms, that is the delivery is to be made by the seller free of banking or shipping charges to the buyer.
- (6) Good delivery
- (i) *Securities* traded by *Dealer Members* must be *good delivery securities*. Therefore, they must have the necessary endorsements, *guarantees* or both, and meet all legal and regulatory requirements so that their titles can be transferred by delivery to the buyer on settlement date. The seller must obtain them and include them with the delivery.
 - (ii) *Good delivery securities* may consist of bearer bonds or debentures or registered bonds or debentures.
 - (iii) For good delivery, *securities* that can be traded as actual certificates or as certificates of deposit, delivery must be made in the form of actual certificates, unless stated otherwise at the time of the transaction.
 - (iv) For good delivery, the bonds or debentures are to be of a maximum denomination of \$100,000 par value, unless agreed to otherwise by the buyer.
 - (v) For good delivery, if a power of attorney is necessary for the certificates, one power of attorney for each certificate is required, unless the buyer has agreed otherwise to accept an amalgamated power of attorney.
 - (vi) For good delivery, if definitive certificates are not available interim certificates may be used. However, once definitive certificates are available interim certificates may not be used, unless the *Dealer Members* agree otherwise.
 - (vii) *Good delivery securities* may consist of the following, provided that it is acceptable to the transfer agent:
 - (a) bonds or debentures registered in the name of an *individual*, properly endorsed and with endorsement guaranteed by a *Dealer Member* in good standing of the *Corporation* or an exchange in Canada or the United States, or by a *chartered bank* or *qualified Canadian trust company*,
 - (b) bonds or debentures registered in the name of a *Dealer Member* or nominee of a *Dealer Member* and properly endorsed,
 - (c) bonds or debentures registered in the name of a member of an exchange in Canada or the United States and properly endorsed,
 - (d) bonds or debentures registered in the name of a *chartered bank* or *qualified Canadian trust company* or the nominee of a *chartered bank* or qualified trust company and properly endorsed.
- (7) Not good delivery
- (i) A mutilated or torn certificate or coupon unless acceptable to the receiving *Dealer Member*.
 - (ii) A certificate registered in the name of a firm or corporation that has made an assignment for the benefit of creditors or has been declared bankrupt.
 - (iii) A certificate signed by a trustee or administrator unless accompanied by sufficient evidence of authority to sign.
 - (iv) A certificate with documents attached other than a registered bond of an issue available in registered form only, with completed power of attorney to transfer

attached. (One power of attorney for each certificate or an amalgamated power of attorney if acceptable to receiving broker or dealer).

- (v) A certificate which has been altered or erased (other than by the transfer agent) whether or not such alteration or erasure has been guaranteed.
 - (vi) A certificate on which the assignment or substitute attorney has been altered or erased.
 - (vii) A certificate with the next maturing coupon or subsequent coupons detached unless where so traded or where a certificate cheque (if for \$1,000 or more) payable to the receiving *Dealer Member*, dated no later than the date of delivery and for the amount of the coupon missing, is attached to the certificate in question.
 - (viii) A bond or debenture, registered as to principal only, which after being transferred to bearer, does not bear the stamp and signature of the trustee.
 - (ix) A registered bond or debenture unless it bears a certificate that provincial tax has been paid where applicable.
 - (x) A certificate that has a stop transfer placed against it, the stop having been placed prior to delivery being made to the receiving dealer or broker.
- (8) Prior to notice of call
- (i) Sales or purchases of *securities* prior to notice of call in part but not in full and undelivered on date of such notice, must be completed on the basis of the original transaction. Date of notice is the date of the notice of call irrespective of the date of publication of such notice. Called *securities* do not constitute good delivery unless the transaction is so designated at its inception.
 - (ii) Sales or purchases of *securities* prior to notice of call in full and undelivered at time of such notice must be completed on the terms of the original transaction.

4807. Fixed income redemption payment

- (1) A *Dealer Member* must not pay to a client regarding any maturity the redemption price or other amount due on redemption of such *securities* where the price or amount exceeds \$100,000, unless:
 - (i) the *Dealer Member* has first received an amount equal to such price or other amount from the issuer or its agent by cheque certified by or accepted without qualification by a *chartered bank*, or
 - (ii) the *Dealer Member* has first received or is credited an amount equal to such price or other amount through the facilities of *CDS* or Depository Trust Company.

PART A.2 – STOCK TRANSACTIONS

4808. Stock trading units

- (1) Section 4808 applies to all transactions between *Dealer Members* regardless of the *Districts* the *Dealer Members* are in.
- (2) In section 4808 “trading units” is defined as follows:
 - (i) Common and preferred shares not listed on an exchange in Canada or the United States:
 - (a) in lots of 500 shares, if market price per share is below \$1,
 - (b) in lots of 100 shares, if market price per share is at \$1 and below \$100, or

- (c) in lots of 50 shares, if market price per share is at \$100 or above.
- (3) A *Dealer Member* calling a market shall be obliged to trade *trading units* if called upon to trade, unless prefixed by some qualifying phrase. Any amount less than one *trading unit* will be considered as an “odd lot”.
- (4) Any *Dealer Member* asking the size of a stated market must be prepared to buy or sell at least a *trading unit* at the price quoted if immediately requested to do so by the *Dealer Member* calling the market.
- (5) Any *Dealer Member* that has been requested to call a market has the option to trade an *odd lot* at the called market (if so requested) or to adjust its market to compensate for the smaller amount involved.

4809. Stock delivery

- (1) All trades are to be considered for *regular delivery* (defined in subsection 4809(2)), unless otherwise agreed to in writing by the parties to a transaction at the time of the transaction.
- (2) In section 4809 “regular delivery” is defined as:
 - (i) Exchange-listed shares
 - (a) The settlement date generally accepted according to industry practice for the shares in the market in which the transaction occurs, including foreign jurisdictions.
 - (ii) Unlisted registered shares
 - (a) The settlement date generally accepted according to industry practice for the shares in the market in which the transaction occurs, including foreign jurisdictions.
 - (b) For transactions between *Dealer Members* in shares that occur on record date, the shares must be traded ex dividend, ex rights, or ex payments.
 - (c) For transactions between *Dealer Members* in shares that are not ex dividend, ex rights, or ex payments at the time the transaction occurs and delivery is not completed before twelve o'clock noon (12 p.m.) at a transfer point on the date of the closing of the transfer agent’s books, the seller is responsible to the buyer for the payment of such dividends or payments, and delivery of such rights, as may be involved, on their due dates. For the purposes of this sub-clause 4809(2)(ii)(c), where the record date falls on a Saturday or other non-*business day*, the *business day* prior to the record date is to be treated as the effective record date.
- (3) New issues delivery
 - (i) The *regular delivery* requirements in subsection 4809(2) are not intended to interfere in any way with the common practice of dealing in new issues during the period of primary distribution. However, the *regular delivery* requirements will come into effect on the appropriate number of *business days* prior to the new issue being first available for physical delivery.
- (4) Physical Delivery
 - (i) For any transaction between *Dealer Members* where physical delivery is to be made, the seller must complete the delivery before close of business on settlement date.

- (ii) For any transaction between *Dealer Members*, the seller must complete the delivery on the buyer's terms, that is the delivery is to be made by the seller free of banking or shipping charges to the buyer.
- (5) Good delivery
- (i) *Securities* traded by *Dealer Members* must be *good delivery securities*. Therefore, they must have the necessary endorsements, *guarantees* or both, and meet all legal and regulatory requirements so that their titles can be transferred by delivery to the buyer on settlement date. The seller must obtain them and include them with the delivery.
 - (ii) Certificates registered in the name of:
 - (a) an *individual*, must be endorsed by the registered holder in exactly the same manner as registered and the endorsement guaranteed by a *Dealer Member* or by a member of an exchange in Canada or the United States or by a *chartered bank* or *qualified Canadian trust company*. Where the endorsement does not exactly correspond to the registration shown on the face of the certificate, a certification by a *Dealer Member*, a member of an exchange in Canada or the United States, a *chartered bank* or a *qualified Canadian trust company* that the two signatures are the same person's is required,
 - (b) a *Dealer Member* or a member of an exchange in Canada or the United States or a nominee of either and properly endorsed,
 - (c) a *chartered bank* or *qualified Canadian trust company* or the nominee of a *chartered bank* or *qualified Canadian trust company* and properly endorsed by a *Dealer Member*, or
 - (d) any other manner providing it is properly endorsed and the endorsement is guaranteed by a *Dealer Member* or by a member of an exchange in Canada or the United States or by a *chartered bank* or *qualified Canadian trust company*.
 - (iii) Certificates in board lot denominations (or less) as required by the exchange on which the stock is traded. Unlisted stocks should also be in denominations similar to listed stocks in the same category and price range.
- (6) Not good delivery
- (i) A mutilated or torn certificate or coupon unless acceptable to receiving broker or dealer.
 - (ii) A certificate registered in the name of a firm or corporation that has made an assignment for the benefit of creditors or has been declared bankrupt.
 - (iii) A certificate signed by a trustee or administrator unless accompanied by sufficient evidence of authority to sign.
 - (iv) A certificate with documents attached other than a registered bond of an issue available in registered form only, with completed power of attorney to transfer attached. (One power of attorney for each certificate or an amalgamated power of attorney if acceptable to receiving broker or dealer).
 - (v) A certificate that has been altered or erased (other than by the transfer agent) whether or not such alteration or erasure has been guaranteed.
 - (vi) A certificate on which the assignment or substitute attorney has been altered or erased.

- (vii) A registered stock unless it bears a certificate that provincial tax has been paid where applicable.
 - (viii) A certificate that has a stop transfer placed against it, the stop having been placed prior to delivery being made to the receiving dealer or broker.
- (7) Prior to notice of call
- (i) Sales or purchases of *securities* prior to notice of call in part but not in full and undelivered on date of such notice, must be completed on the basis of the original transaction. Date of notice is the date of the notice of call irrespective of the date of publication of such notice. Called *securities* do not constitute good delivery unless the transaction is so designated at its inception.
 - (ii) Sales or purchases of *securities* prior to notice of call in full and undelivered at time of such notice must be completed on the terms of the original transaction.

4810. Stock dividend claims

- (1) No *Dealer Member* shall make a certificate claim for dividends against another *Dealer Member* if the amount of such claim would be \$5.00 or less.

PART A.3 - BUY-IN TRANSACTIONS

4811. Buy-ins

- (1) Buy-ins must be made within the times, using the notices prescribed, and according to *Corporation requirements*. For the purposes of clauses 4811(1)(i) through 4811(1)(iv) a "regular delivery transaction" is deemed to have taken place once the *Dealer Members* involved have agreed on a price.
 - (i) For transactions between *Dealer Members* where the seller does not advise the buyer about the delivery by 11:30 a.m. on the second *business day* after a regular delivery transaction:
 - (a) The buyer may at his or her option buy-in the *securities*, where the buyer intends to buy-in the *securities*, the buyer must give written notice to the seller and to the *Corporation* on that day, or any subsequent *business day*, prior to 3:30 p.m., of his or her intention to buy-in for cash on the second *business day* after the original notice.
 - (b) The notice is deemed to automatically renew itself from *business day* to *business day* from 11:30 a.m. until closing until the transaction is finally completed.
 - (c) Where the buy-in is not executed on the second *business day* after the original notice, the seller has the privilege of advising the buyer each subsequent day before 11:30 a.m. of his or her ability, and intention, to make either whole or partial delivery on that day.
 - (ii) Any *Dealer Member* who is bought-in may demand evidence that a bona fide transaction has taken place involving the delivery of the bought-in *securities*. The *Dealer Member* who is bought-in has the right, to deliver such part of his or her commitment according to clause 4811(1)(i) and must complete any such delivery to the nearest \$1,000 par value, or stock *trading unit*.

- (iii) The *Corporation* has the authority to postpone the execution of a buy-in from day to day, and to combine buy-ins in the same *security*, and to decide any dispute arising from the execution of the buy-in, and its decision is final and binding.
- (iv) When a buy-in has been completed the buyer must submit to the seller a statement of account showing:
 - (a) as credits, the amount originally contracted for as payment for the *securities*, and
 - (b) as debits, the amount paid on buy-in, the cost of the buyer's communication charges relative to the buy-in, and any bank or shipping charges incurred.

Where there is a credit balance remaining, the buyer must pay this amount to the seller, and where there is a debit balance remaining, the seller must pay this amount to the buyer.

4812. – 4849. Reserved.

PART B - ACCOUNT TRANSFERS AND BULK ACCOUNT MOVEMENTS

4850. Introduction

- (1) Part B.1 of Rule 4800 describes the *Corporation's requirements* for transferring accounts between *Dealer Members* to ensure these transfers are completed promptly.
- (2) Part B.2 of Rule 4800 describes the *Corporation's exemption authority* with regards to bulk account movements.

4851. Definitions

- (1) The following terms have the meaning set out below when used in Part B of Rule 4800:

“account transfer” (<i>transfert de compte</i>)	A client account transfer, at the request of or with the authority of the client, from one <i>Dealer Member</i> to another <i>Dealer Member</i> .
“delivering Dealer Member” (<i>courtier membre livreur</i>)	The <i>Dealer Member</i> from which the client account is being transferred or moved.
“partial account” (<i>compte partiel</i>)	Less than the total assets and balances in a client account held by a <i>delivering Dealer Member</i> .
“receiving Dealer Member” (<i>courtier membre receveur</i>)	The <i>Dealer Member</i> to which the client account is being transferred or moved.
“recognized depository” (<i>dépositaire reconnu</i>)	A <i>Corporation</i> recognized clearing corporation or depository that is considered an <i>acceptable securities location</i> .

PART B.1 - ACCOUNT TRANSFERS

4852. Transferring a full or partial account

- (1) A *Dealer Member* transferring a full or *partial account* must comply with Part B.1 of Rule 4800.

4853. Transfer through a recognized depository

- (1) Whenever possible, a *Dealer Member* transferring a client account must transfer that account through a *recognized depository*.

4854. Communications between Dealer Members

- (1) Communications between *Dealer Members* must take place by electronic delivery through CDS's account transfer facility, unless both *Dealer Members* agree otherwise.
- (2) A *Dealer Member* must pay its costs for delivering or receiving electronic communications done under Part B.1 of Rule 4800.
- (3) A *Dealer Member* must select, implement, and maintain appropriate security measures to protect its electronically delivered communications.
- (4) *Dealer Member* acknowledgement and indemnification:
 - (i) a *Dealer Member* acknowledges that an electronically delivered communication it sends will be relied on by the *Dealer Member* receiving it,
 - (ii) a *Dealer Member* must indemnify and save harmless other *Dealer Members* from any claims, losses, damages, liabilities or expenses the *other Dealer Members* suffer as a result of relying on its unauthorized, inaccurate, or incomplete electronic communication.

4855. Receiving Dealer Member - responsibilities for documents

- (1) If a *receiving Dealer Member* receives a request from a client to accept an account, it must obtain written authorization from the client to transfer the account.
- (2) After the client gives written authorization to the *receiving Dealer Member*, the *receiving Dealer Member* must:
 - (i) promptly send a request for transfer (using an account transfer authorization form approved by the *Corporation*) through CDS to the *delivering Dealer Member*, and
 - (ii) keep the original written account transfer authorization form on file.
- (3) The *receiving Dealer Member* must ensure that the forms or documents required to transfer accounts are completed and available on the same day as the request for transfer is delivered.

4856. Delivering Dealer Member - response to request for transfer

- (1) When it receives the request for transfer, the *delivering Dealer Member* must either:
 - (i) deliver to the *receiving Dealer Member*, by the specified return date, the asset list for the client account being transferred, or
 - (ii) reject the request for transfer if the client account information is unknown to the *delivering Dealer Member* or is incomplete or incorrect.
- (2) The return date in clause 4856(1)(i) must be no later than two *clearing days* after the date that the *delivering Dealer Member* received the request for transfer.

4857. Asset transfer

- (1) Within one *clearing day* after the specified return date the *delivering Dealer Member* must commence, or cause CDS's account transfer facility to implement automatically, the transfer of the assets through CDS.

- (2) Any assets that cannot be transferred through a *recognized depository* must be settled:
 - (i) over-the-counter,
 - (ii) by other standard industry practices, or
 - (iii) by other appropriate means agreed between the *receiving Dealer Member* and the *delivering Dealer Member*.

The time limits in subsection 4857(1) apply.

4858. Transfer impediment

- (1) If there is an impediment to the requested transfer of an account asset, the *delivering Dealer Member* must promptly notify the *receiving Dealer Member*, identifying the asset and the reason for the inability to deliver.
- (2) The *receiving Dealer Member* must get client instructions or directions concerning the asset, and deliver them to the *delivering Dealer Member*.
- (3) The balance of the client's assets must be transferred according to Part B.1 of Rule 4800.

4859. Failure to settle

- (1) If the *delivering Dealer Member* fails to settle an asset transfer in a client account within 10 *clearing days* of receipt of the request for transfer, the *receiving Dealer Member* may complete the *account transfer*, at its option, by:
 - (i) buying-in the unsettled position in accordance with section 4811,
 - (ii) lending the *security* to the *delivering Dealer Member* through a *recognized depository* and simultaneously transferring the same *security* into the client account, or
 - (iii) making other mutually agreed arrangements with the *delivering Dealer Member* so that the *account transfer* can be considered completed.
- (2) Any loan in clause 4859(1)(ii) must be marked to market and the assets will be considered delivered to the *receiving Dealer Member* to settle the *account transfer*.

4860. Non-certificated mutual funds

- (1) Non-certificated mutual fund *securities* are considered transferred when the *delivering Dealer Member* delivers to the *receiving Dealer Member*:
 - (i) a completed mutual fund transfer form, and
 - (ii) a completed and signed power of attorney, or
 - (iii) by entry of transfer instructions in the electronic account transfer facility of FundSERV Inc.

4861. Interest or dividend receipt balances

- (1) Interest or dividend receivable balances must be settled promptly between a *delivering Dealer Member* and *receiving Dealer Member*. Despite any failure to settle these balances, a *Dealer Member* must comply with the *account transfer* procedures in Part B.1 of Rule 4800.

4862. Margin

- (1) A *Dealer Member* must not accept an *account transfer* from another *Dealer Member* if the account has a margin deficiency.

- (2) Subsection 4862(1) does not apply if at the *account transfer* time the *receiving Dealer Member* has sufficient funds or collateral to the client's credit available to cover the account's margin deficiency.

4863. Responsibility for margining account

- (1) The *receiving Dealer Member* assumes the responsibility for the margining of transferred account money balances and assets, under the *Corporation requirements*, on the date or dates the money balances or assets are received.

4864. Fees and charges

- (1) Before or at the time of *account transfer*, a *delivering Dealer Member* may deduct any fee or charge on the account in accordance with the *delivering Dealer Member's* current fee and charge schedule.

4865. Corporation exemption

- (1) The *Corporation* may exempt a *Dealer Member* from the requirements of Part B.1 of Rule 4800 if the *Corporation* is satisfied that to do so would not prejudice the interests of the *Dealer Member*, its clients, or the public.
- (2) In granting an exemption under subsection 4865(1), the *Corporation* may impose any terms and conditions it considers necessary.

PART B.2 - BULK ACCOUNT MOVEMENTS

4866. Bulk account movements exemption

- (1) In the event of a bulk account movement situation, where a *Dealer Member* is receiving in a significant number of client accounts, the *Corporation* may grant the *Dealer Member* an exemption from the applicable account opening requirement completion timelines.
- (2) The *Corporation* will grant such exemption if it is satisfied that to do so would not prejudice the interests of the *Dealer Member's* clients, the public or the *Dealer Member*.
- (3) In granting such an exemption under subsection 4866(1), the *Corporation* may impose any terms and conditions it considers necessary.

4867. – 4899. Reserved.

RULE 4900 | OTHER INTERNAL CONTROL REQUIREMENTS – DERIVATIVES RISK MANAGEMENT

4901. Introduction

- (1) Rule 4900 sets out the *internal control* requirements for *Derivative* risk management.

4902. - 4909. Reserved.**DERIVATIVES RISK MANAGEMENT****4910. Introduction**

- (1) A *Dealer Member* must have an independent risk management function to:
 - (i) manage the risks resulting from its use of *derivatives*, which include *listed derivatives* and *over-the-counter derivatives*,
 - (ii) ensure that an appropriate *Executive* that reports to the board of directors understands all risks, and
 - (iii) ensure that its *risk adjusted capital* is calculated properly.

4911. Reserved.**4912. Risk management process**

- (1) A *Dealer Member* must have a risk management function with clear independence and authority to ensure risk limit policies are developed and transactions and positions are monitored for adherence to these policies.
- (2) A *Dealer Member* must have a risk management process to identify, measure, manage, and monitor risks associated with the use of *derivatives*.
- (3) The risk management process has two parts:
 - (i) An appropriate *Executive* must be knowledgeable of the nature and risks of all *derivative* products used in treasury, proprietary, institutional and retail activities, and
 - (ii) The *Dealer Member's* policies and procedures must clearly outline risk management guidance for *derivatives* activities.
- (4) A *Dealer Member's* financial accounting department must measure the *Dealer Member's* revenue components regularly and in sufficient detail to understand risk sources.

4913. Role of board of directors

- (1) A *Dealer Member's* board of directors or equivalent must approve policies and procedures relating to significant risk management to provide reasonable assurance they are consistent with the *Dealer Member's* overall broader business strategies and appropriate for market conditions.
- (2) An appropriate *Executive* must report at least annually to the *Dealer Member's* board of directors on a *Dealer Member's* risk exposure.

4914. Role of an appropriate Executive

- (1) An appropriate *Executive* must ensure that for *derivative* products:
 - (i) The *Dealer Member's* policies and procedures specifically address processing, trading, monitoring and reporting cycles including:
 - (a) clear responsibility lines for risk management,

- (b) an adequate system for measuring risk,
 - (c) appropriate risk position limits,
 - (d) effective *internal controls*, and
 - (e) a comprehensive reporting process,
- (ii) if risk position limits are exceeded, there is a system to ensure that these excesses are approved only by authorized *employees* and communicated to an appropriate *Executive*,
 - (iii) all appropriate approvals are obtained and adequate operational procedures and risk control systems are in place,
 - (iv) appropriate risk control systems address market, credit, legal, operational, and liquidity risks,
 - (v) *derivatives* activities are undertaken by a sufficient number of professionals with appropriate experience, skill levels, and certification,
 - (vi) risk management procedures are regularly evaluated for appropriateness and soundness,
 - (vii) it approves all standard and non-standard *derivative* product programs,
 - (viii) there is an accurate, complete, informative, and timely management information system, and
 - (ix) the risk management function monitors and reports risk metrics to the *Dealer Member's* appropriate *Executives* and to the *Dealer Member's* board of directors or equivalent.

4915. Pricing

- (1) In addition to the requirements in Part C of Rule 4200, a *Dealer Member* must comply with the requirements in subsections 4915(2) through 4915(4) in pricing *derivatives*.
- (2) *Derivative* positions must be marked to market at least daily.
- (3) A *Dealer Member's* independent risk management function must:
 - (i) validate all pricing models, including computing market data or model inputs,
 - (ii) review and approve pricing models and valuation systems used by front and back-office *employees*, and
 - (iii) review and approve reconciliation procedures if different systems are used.
- (4) Valuations derived from models must be independently reviewed at least monthly.

4916. – 4999. Reserved.

SERIES 8000 | PROCEDURAL RULES – ENFORCEMENT

RULE 8100 | ENFORCEMENT INVESTIGATIONS

8101. Introduction

- (1) Rule 8100 sets out the powers of the *Corporation* to initiate and conduct enforcement *investigations* and the rights and obligations of *Regulated Persons* with respect to such *investigations*.

8102. Conducting investigations

- (1) *Enforcement Staff* may investigate the conduct, business and affairs of a *Regulated Person* with respect to *Corporation requirements, securities laws, applicable laws, or trading or advising in respect of securities or derivatives*.

8103. Investigation powers

- (1) In connection with an *investigation*, *Enforcement Staff* may, by written or electronic request, require a *Regulated Person*, an employee, partner, director or officer of a *Regulated Person*, an *approved investor*, or, where authorized by law, another *person* to:
 - (i) provide a written report with respect to any matter,
 - (ii) produce for inspection any *records* in the *person's* possession or control that *Enforcement Staff* believe may be relevant to the *investigation*, whether written, electronically stored or recorded,
 - (iii) provide copies of any such *records* in the manner and form, including electronically and recorded, that *Enforcement Staff* requests, and
 - (iv) attend and answer questions under oath or otherwise, and any such attendance may be transcribed, recorded electronically, audio-recorded or video-recorded, as *Enforcement Staff* determines.
- (2) If *Enforcement Staff* requires production of original documents in a request made under subsection 8103(1), they must provide a receipt for any original documents received.
- (3) In connection with an *investigation*, *Enforcement Staff*:
 - (i) may, with or without prior notice, enter the *business location* of any *Regulated Person* during business hours,
 - (ii) are *entitled* to free access to and to make and keep copies of all books of account, securities, cash, documents, bank accounts, vouchers, correspondence and *records* of every description that *Enforcement Staff* believe may be relevant to the *investigation*, including by taking a digital image of the *Regulated Person's records*, and
 - (iii) may remove the original of any *record* obtained under clause 8103(3)(ii), and where an original *record* is removed from the premises, *Enforcement Staff* must provide a receipt for the removed *record*.

8104. Obligations of Regulated Persons and other persons

- (1) A *person* who receives a request made under section 8103 must comply with the request within the time specified in it.

- (2) If *Enforcement Staff* make a request under clause 8103(1)(i) or 8103(1)(iv) to a corporation, partnership or other organization, compliance with the request may be fulfilled by an employee of the corporation, partnership or organization who is acceptable to *Enforcement Staff*, taking into account the employee's position and knowledge.
- (3) A person must cooperate with *Enforcement Staff* who are conducting an *investigation*, and a *Regulated Person* must require its employees, partners, directors and officers to cooperate with *Enforcement Staff* conducting an *investigation* and to comply with a request made under section 8103.
- (4) A person who is aware that *Enforcement Staff* are conducting an *investigation* must not conceal or destroy any *record*, document or thing that contains information that may be relevant to the *investigation* or to any subsequent proceeding relating to the subject matter of the *investigation* or ask or encourage another *person* to do so.
- (5) A *Dealer Member* or any *person* approved by, or under the jurisdiction of, the *Corporation*, that is requested by a *Marketplace* to provide information in connection with an investigation of trading of a security on that *Marketplace* shall submit the requested records to the *Marketplace* making the request in such a manner and form, including electronically, as may reasonably be prescribed by such *Marketplace*.

8105. Right to counsel

- (1) A person who attends in response to a request under clause 8103(1)(iv) may be represented by counsel.

8106. Confidentiality of investigations

- (1) The *Corporation* may make an order prohibiting a *person* from communicating, for a specified period, some or all of the following information related to an *investigation* to another *person* except the *person's* counsel or another *individual* who represents the *person* or as required by law:
 - (i) the nature or content of the *investigation* or a request under subsection 8103(1),
 - (ii) the fact of an entry by *Enforcement Staff* under subsection 8103(3),
 - (iii) the fact that any report, *record*, other document or thing was requested, produced, *provided*, inspected, copied or taken,
 - (iv) the *name* of any *person* required to attend and answer questions, or
 - (v) any questions asked or any answers given on an attendance.
- (2) An order made under subsection 8106(1) shall not prohibit disclosure:
 - (i) of any fact that the *person* became aware of otherwise than as a result of the conduct of *the investigation*,
 - (ii) that is required to fulfill:
 - (a) any request made in connection with an *investigation*, but only to the extent necessary to respond to the request,
 - (b) an obligation of the *person* under *Corporation requirements*,
 - (c) a fiduciary obligation of the *person* to a *Regulated Person*, or
 - (d) a contractual obligation of the *person* to comply with the policies of a *Regulated Person*,

- (iii) of information in connection with the imposition of restrictions on a *person* who is a subject of the *investigation*, but only to the extent necessary to implement the *restrictions*, or
- (iv) of the *existence* and nature of an *investigation* to:
 - (a) a *Regulated Person* who is the *person's* employer,
 - (b) an employee of a *Regulated Person* with supervisory authority over or compliance responsibility for the *person*, or
 - (c) employees of the *Regulated Person* who are senior to the employees contemplated in sub-clause 8106(2)(iv)(b),
 but only to the extent necessary to supervise the *person* or allow *officers* of a *Dealer Member* or other *Regulated Person* to inform their board of directors of an *investigation*.
- (3) Notwithstanding an order made under subsection 8106(1), a *person* may disclose information, with the consent of a *hearing panel* on a motion under section 8413, if the *hearing panel* determines that disclosure of that information would not impede the conduct of the *investigation* and is otherwise justifiable, subject to any terms and conditions that the *hearing panel* considers appropriate.

8107. Continuing jurisdiction

- (1) A *Regulated Person* remains subject to Rule 8100 for six years following the date on which they cease to be:
 - (i) a *Dealer Member*,
 - (ii) a *Dealer Member* of the Investment Industry Regulatory Organization of Canada,
 - (iii) a *Dealer Member* of the Mutual Fund Dealers Association of Canada,
 - (iv) a non-*Dealer Member* user or subscriber of a *Marketplace* for which the *Corporation* is the regulation services provider,
 - (v) a non-*Dealer Member* user or subscriber of a *Marketplace* for which the Investment Industry Regulatory Organization of Canada was the regulation services provider,
 - (vi) an *employee*, partner, *Director*, *officer* or any other representative designated in the *Corporation requirements* of a *Dealer Member*,
 - (vii) an *employee*, partner, *Director*, *officer* or any other representative designated in the *Corporation requirements* of a *Dealer Member* of the Investment Industry Regulatory Organization of Canada,
 - (viii) an *employee*, partner, *Director*, *officer* or any other representative designated in the *Corporation requirements* of a *Dealer Member* of the Mutual Fund Dealers Association of Canada,
 - (ix) an *employee*, partner, director, *officer* or any other representative of a non-*Dealer Member* user or subscriber of a *Marketplace* for which the *Corporation* is the regulation services provider,
 - (x) an *employee*, partner, director, *officer* or any other representative of a non-*Dealer Member* user or subscriber of a *Marketplace* for which the Investment Industry Regulatory Organization of Canada was the regulation services provider.

8108. – 8199. Reserved.

RULE 8200 | ENFORCEMENT PROCEEDINGS

8201. Introduction

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

8202. Definitions

- (1) The following terms have the meaning set out below when used in Rule 8200:

“decision” (<i>décision</i>)	A determination made by a <i>hearing panel</i> under Rule 8200 and includes a <i>sanction</i> and other order or ruling.
“disciplinary hearing” (<i>audience disciplinaire</i>)	A <i>hearing</i> under Rule 8200, except for a <i>settlement hearing</i> .

PART A - GENERAL

8203. Hearings

- (1) A *hearing* must be conducted in accordance with Rule 8200 and the *Rules of Procedure*.
- (2) A *hearing panel* may hold any *hearing* and make any *decision* that is authorized under Rule 8200 and the *Rules of Procedure*.
- (3) A *hearing panel* may admit as evidence in a *hearing* any oral testimony and any document or other thing that is relevant, whether or not given or proven under oath or affirmation or admissible as evidence in a court.
- (4) A *hearing panel* may require testimony or other evidence to be given or proven under oath or affirmation.
- (5) A *hearing* under Rule 8200 must be open to the public, unless it is:
 - (i) a *settlement hearing*, in which case it will be opened to the public only after a *settlement agreement* has been accepted by the *hearing panel*,
 - (ii) a *hearing* to consider a temporary order under section 8211,
 - (iii) a *hearing* or part of a *hearing* where the *hearing panel* is of the opinion that the desirability of avoiding disclosure of intimate, personal or other matters outweighs the desirability of allowing the *hearing* or part of the *hearing* to be open to the public, or

- (iv) a *hearing* held in Québec where the *hearing panel*, on its own initiative or on the request of a *party*, orders the *hearing* or part of the *hearing* to be closed or prohibits the publication or release of documents in the interest of good morals or public order.
- (6) A *party* to an enforcement proceeding may be represented by counsel or, where permitted by law, an agent.
- (7) A *hearing panel* must provide written reasons for a *decision* made by it, including a *decision* accepting or rejecting a *settlement agreement* under section 8215, but not including an evidentiary or other procedural ruling, made in the course of a *hearing*, that is not dispositive of the issues raised in the *hearing*.

8204. Application and effective date of decisions

- (1) A *decision* under Rule 8200 applies in all *Districts*, unless the *hearing panel* orders otherwise or unless the application of the *decision* is limited by law.
- (2) A *decision*, other than a ruling in the course of a *hearing*, is effective on the date the *decision* is dated by the *Hearing Office*, unless Rule 8200 or the *decision* provides otherwise, in which case the *decision* is effective on the date so provided.
- (3) A sanction, other than a fine or disgorgement, takes effect on the effective date of the *decision* imposing it, unless the *decision* provides otherwise.
- (4) A monetary sanction, including a fine, disgorgement and costs, imposed by a *decision* are payable when the *decision* is effective, unless the *decision* provides or the *parties* agree otherwise.

8205. Commencement of enforcement proceedings

- (1) The *Corporation* may commence proceedings and hold *hearings*, as provided in Rule 8200, to ensure compliance with and to enforce *Corporation requirements*, *securities laws*, *applicable laws*, and other requirements relating to trading or advising in respect of *securities* and *derivatives*.
- (2) A proceeding under Rule 8200 must be commenced by notice of application or notice of *hearing* in accordance with the *Rules of Procedure*.

8206. Limitation

- (1) A *Regulated Person* remains subject to Rule 8200 for six years following the date on which they cease to be:
 - (i) a *Dealer Member*,
 - (ii) a Dealer Member of the Investment Industry Regulatory Organization of Canada,
 - (iii) a Dealer Member of the Mutual Fund Dealers Association of Canada,
 - (iv) a non-*Dealer Member* user or subscriber of a *Marketplace* for which the *Corporation* is the regulation services provider,
 - (v) a non-*Dealer Member* user or subscriber of a *Marketplace* for which the Investment Industry Regulatory Organization of Canada was the regulation services provider,
 - (vi) an *employee*, partner, *Director*, *officer* or any other representative designated in the *Corporation requirements* of a *Dealer Member*,

- (vii) an employee, partner, Director, officer or any other representative designated in the *Corporation requirements* of a Dealer Member of the Investment Industry Regulatory Organization of Canada,
 - (viii) an employee, partner, director, officer or any other representative of a non-Dealer Member user or subscriber of a *Marketplace* for which the *Corporation* is the regulation services provider, (ix) an employee, partner, director, officer or any other representative of a non-Dealer Member user or subscriber of a *Marketplace* for which the Investment Industry Regulatory Organization of Canada was the regulation services provider, or
 - (x) an employee, partner, Director, officer or any other representative designated in the *Corporation requirements* of a *Dealer Member* of the Mutual Fund Dealers Association of Canada.
- (2) The *Corporation* may commence a proceeding under Rule 8200 against a *Regulated Person* up to six years after the date of the occurrence of the last event on which the proceeding is based.
 - (3) If a proceeding is commenced within the limitation period in subsection 8206(1) or 8206(2), the respondent remains subject to the requirements of Rule 8200 until the proceeding, including any review or appeal, is completed.

8207. Amounts owing to the Corporation

- (1) A person remains liable to the *Corporation* for all amounts owing to the *Corporation*.

8208. Powers of compulsion

- (1) A *hearing panel* may require a *Regulated Person*, an employee, partner, director or officer of a *Regulated Person* or the *Corporation*, including *Corporation* staff, and, if authorized by law, any other person to attend and give evidence or produce *records* and documents in connection with a *hearing* under Rule 8200.
- (2) A *Regulated Person* must, upon receipt of an order of a *hearing panel* or a *notice from the Hearing Office* so requiring:
 - (i) attend and give evidence, and
 - (ii) produce for inspection and provide copies of any *records* or documents in the *Regulated Person's* possession or control.
- (3) If a *hearing panel* requires an employee, partner, director or officer of a *Regulated Person*, who is not an *Approved Person*, to attend at a *hearing*, the *Regulated Person* must direct the individual to attend and give evidence.

PART B - DISCIPLINARY PROCEEDINGS

8209. Sanctions for Dealer Members

- (1) If, after a *hearing*, a *hearing panel* finds that a *Dealer Member* has contravened *Corporation requirements*, *securities laws*, *applicable laws* or other requirement relating to trading or advising in respect of *securities* or *derivatives*, or has failed to carry out any agreement with the *Corporation*, the *hearing panel* may impose one or more of the following *sanctions*:
 - (i) a reprimand,

- (ii) disgorgement of any amount obtained, including any loss avoided, directly or indirectly, as a result of the contravention,
 - (iii) a fine not exceeding the greater of:
 - (a) \$10,000,000 for each contravention, and
 - (b) an amount equal to three times the profit made or loss avoided by the *Dealer Member*, directly or indirectly, as a result of the contravention,
 - (iv) suspension of *Membership* in the *Corporation* or of any right or privilege associated with *Membership*, including a direction to cease dealing with clients, for any period of time and on any terms and conditions,
 - (v) imposition of any terms or conditions on the *Dealer Member's* continued *Membership*, including on access to a *Marketplace*,
 - (vi) expulsion from *Membership* and termination of the rights and privileges of *Membership*, including access to a *Marketplace*,
 - (vii) permanent bar to membership in the *Corporation*,
 - (viii) appointment of a *Monitor*, and
 - (ix) any other *sanction* determined to be appropriate under the circumstances.
- (2) A *Dealer Member* may be *sanctioned* under subsection 8209(1) based on the conduct of an employee, partner, *Director* or *officer*.
- (3) A sanction imposed under subsection 8209(1) relating to access to a *Marketplace* applies to all *Marketplaces*.
- (4) In exercising its discretion to appoint a *Monitor*, a *hearing panel* may consider:
- (i) the harm or potential harm to the investing public,
 - (ii) the *Dealer Member's* financial solvency,
 - (iii) the adequacy of the *Dealer Member's internal controls* and operating procedures,
 - (iv) the *Dealer Member's* failure to respond to the *Corporation's* requests to address deficiencies in its *internal controls* and operating procedures,
 - (v) the *Dealer Member's* failure to comply with any agreement with the *Corporation*,
 - (vi) the *Dealer Member's* ability to maintain regulatory capital requirements,
 - (vii) any previous suspension of the *Dealer Member* for failing to meet regulatory capital requirements,
 - (viii) the *Dealer Member's* and its key personnel's regulatory history,
 - (ix) the costs to the *Dealer Member* associated with the appointment of the *Monitor*, and
 - (x) any other relevant factors.

8210. Sanctions for Regulated Persons other than Dealer Members

- (1) If after a *hearing*, a *hearing panel* finds that an *Approved Person*, a non-*Dealer Member* user or subscriber of a *Marketplace* for which the *Corporation* is the regulation services provider or an employee, partner, director or officer of such a user or subscriber has contravened *Corporation requirements*, *securities laws*, *applicable laws* or other requirement relating to trading or advising in respect of *securities* or *derivatives*, or has failed to carry out any agreement with the *Corporation*, the *hearing panel* may impose on such *person* one or more of the following *sanctions*:
- (i) a reprimand,

- (ii) disgorgement of any amount obtained, including any loss avoided, directly or indirectly, as a result of the contravention,
 - (iii) a fine not exceeding the greater of:
 - (a) \$10,000,000 for each contravention, and
 - (b) an amount equal to three times the profit made or loss avoided by the *person*, directly or indirectly, as a result of the contravention,
 - (iv) suspension of the *person's* approval or any right or privilege associated with such approval, including access to a *Marketplace*, or suspension of the *person's* authority to conduct *securities and derivatives related business*, for any period of time and on any terms and conditions,
 - (v) imposition of any terms or conditions on the *person's* continued approval or continued access to a *Marketplace*,
 - (vi) prohibition of approval in any capacity or prohibition of the *person's* authority to conduct *securities and derivatives related business*, for any period of time, including access to a *Marketplace*,
 - (vii) revocation of approval or revocation of the *person's* authority to conduct *securities and derivatives related business*,
 - (viii) a permanent bar to approval or to conduct *securities and derivatives related business* in any capacity or to access to a *Marketplace*,
 - (ix) a permanent bar to employment in any capacity by a *Regulated Person*, and
 - (x) any other *sanction* determined to be appropriate under the circumstances.
- (2) A sanction imposed under subsection 8210(1) relating to access to a *Marketplace* applies to all *Marketplaces*.
 - (3) A director or officer of a *Regulated Person* may be *sanctioned* under subsection 8210(1) based on the conduct of the *Regulated Person* with which he or she is associated.
 - (4) A *Regulated Person* must not employ, hire, retain, or otherwise engage, in any capacity, a *person* who is *sanctioned* under clause 8210(1)(ix).
 - (5) A *Regulated Person* must not hire, retain, or otherwise engage, in any capacity, a *person* who is *sanctioned* under clauses 8210(1)(iv), 8210(1)(vi) or 8210(1)(vii) during the period of the *sanction*.
 - (6) A *Regulated Person* must not pay or credit any *remuneration* to any *person* who is *sanctioned* under clause 8210(1)(ix).
 - (7) A *Regulated Person* must not pay or credit to any *person* who is *sanctioned* under clauses 8210(1)(iv), 8210(1)(vi) or 8210(1)(vii) any *remuneration* that the *person* might accrue during the period of the *sanction*.
 - (8) Despite subsections 8210(6) and 8210(7), a *Regulated Person* may pay or credit to a *person* who is *sanctioned* under clauses 8210(1)(iv), 8210(1)(vi), 8210(1)(vii) and 8210(1)(ix) *remuneration* that is:
 - (i) consistent with the scope of activities permitted under the *sanction*, or
 - (ii) pursuant to an insurance or medical plan, an indemnity agreement relating to legal fees or as required by arbitration awards or court judgment.

8211. Temporary orders

- (1) On application by *Enforcement Staff*, if a *hearing panel* is satisfied that the length of time required to conclude a *hearing* could be prejudicial to the public interest, the *hearing panel* may, without notice to the *respondent*, make a temporary order that suspends or restricts a *Regulated Person's* rights and privileges and may impose terms and conditions that the *hearing panel* considers appropriate.
- (2) A temporary order that is made without notice under subsection 8211(1) expires 15 days after the date on which it is made, unless:
 - (i) a *hearing* is commenced within that period to confirm or set aside the temporary order,
 - (ii) the *Regulated Person* consents to an extension of the temporary order, or
 - (iii) a *securities regulatory authority* orders otherwise.
- (3) The *Corporation* must immediately give written notice of a temporary order under subsection 8211(1) to every *person* directly affected by it.

8212. Protective orders

- (1) On application by *Enforcement Staff*, a *hearing panel* may hold a *hearing* to consider a request for an order under subsection 8212(4), following notice to the *respondent* in accordance with subsection 8426(1).
- (2) After a *hearing* under this section with respect to a *Dealer Member*, a *hearing panel* may make one or more of the orders set out in subsection 8212(4), if it finds that:
 - (i) the *Dealer Member* or a parent corporation or control person of the *Dealer Member* has made a general assignment for the benefit of creditors or an authorized assignment or proposal to its creditors, has been declared bankrupt, or is the subject of a winding-up order, an application under the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended, or similar legislation or an application for its liquidation or dissolution,
 - (ii) a receiver or receiver-manager has been appointed in respect of all or part of the *Dealer Member's* undertaking or property or all or part of the undertaking or property of a parent corporation or control person of the *Dealer Member*,
 - (iii) the *Dealer Member* has tendered its resignation, is not carrying on business as an investment dealer or is in the process of winding up or terminating its business as an investment dealer,
 - (iv) the *Dealer Member's* registration as a dealer under *securities laws* has lapsed or been suspended or terminated,
 - (v) a *securities regulatory authority*, *Marketplace*, *SRO* or clearing agency has suspended the *Dealer Member's* membership or privileges,
 - (vi) the *Dealer Member* has been convicted of contravening a law, where the conviction relates to theft, fraud, misappropriation of funds or securities, forgery, money laundering, market manipulation, insider trading, misrepresentation or unauthorized trading,
 - (vii) the *Dealer Member* has been charged with contravening a law, where the conviction relates to theft, fraud, misappropriation of funds or securities, forgery, money laundering, market manipulation, insider trading, misrepresentation or unauthorized

- trading and the *hearing panel* determines that such charge likely brings the capital markets into disrepute,
- (viii) the *Dealer Member's* continued operation would create a risk of imminent harm to its clients, investors, other *Regulated Persons* or the *Corporation* because the *Dealer Member*:
 - (a) is in financial or operating difficulty, or
 - (b) has failed to cooperate in respect of an *investigation* or *examination*, or
 - (ix) the *Dealer Member* has not complied with:
 - (a) terms or conditions of a *sanction*,
 - (b) a prohibition under Part B of Rule 4100 (early warning level 2) to which it is subject, or
 - (c) terms or conditions on membership imposed by the *Corporation* under section 9208.
- (3) After a *hearing* under this section with respect to a *Regulated Person*, other than a *Dealer Member*, a *hearing panel* may make one or more of the orders set out in subsection 8212(4), if it finds that:
- (i) the *person's* registration under *securities laws* has lapsed or been suspended or terminated,
 - (ii) a *securities regulatory authority* has made an order prohibiting the *person* from trading in securities, acting as a director or officer of a market participant or as a promoter, or engaging in investor relations activities, or has denied the *person* the use of an exemption under *securities laws*,
 - (iii) a *Marketplace*, *SRO* or clearing agency has suspended the *person* or the *person's* privileges,
 - (iv) the *person* has been convicted of contravening a law, where the conviction relates to theft, fraud, misappropriation of funds or securities, forgery, money laundering, market manipulation, insider trading, misrepresentation or unauthorized trading,
 - (v) the *person* has been charged with contravening a law, where the conviction relates to theft, fraud, misappropriation of funds or securities, forgery, money laundering, market manipulation, insider trading, misrepresentation or unauthorized trading and the *hearing panel* determines that such charge likely brings the capital markets into disrepute,
 - (vi) the *person's* continued approval would create a risk of imminent harm to clients, investors, other *Regulated Persons* or the *Corporation* because the *person* has failed to cooperate in respect of an *investigation*,
 - (vii) the *person* has not complied with terms or conditions of a *sanction* to which the *person* is subject, or
 - (viii) the *Corporation* receives information regarding the incapacity of the *person*, by reason of mental or physical illness or other infirmity.
- (4) After a *hearing* under this section, a *hearing panel* may make an order:
- (i) suspending membership, approval or access to a *Marketplace* on any terms and conditions,

- (ii) with terms and conditions, requiring a *Dealer Member* that is suspended under this section to take steps to facilitate the orderly transfer of its client accounts to another *Dealer Member*,
 - (iii) imposing terms and conditions on continued membership, approval or access to a *Marketplace*,
 - (iv) directing immediate cessation of any or all dealing with clients or any other *persons*,
 - (v) expelling a *Dealer Member* from the *Corporation* and terminating the rights and privileges of *Membership*,
 - (vi) revoking approval or access to a *Marketplace*, or
 - (vii) appointing a *Monitor* over a *Dealer Member's* business and affairs.
- (5) A *person* may request, in writing, a review by a *hearing panel* of a *decision* made after a hearing under this section, within 30 days after the effective date of the *decision*.
 - (6) A *hearing* shall be held as soon as practicable, and no later than 21 days, after a review is requested under subsection 8212(5), unless the *person* requesting the review and *Enforcement Staff* agree otherwise.
 - (7) A member of a *hearing panel* whose *decision* is the subject of a review under this section may not be a member of the *hearing panel* on the review.
 - (8) A *hearing panel* may stay an order made under subsection 8212(4), subject to any terms and conditions it considers appropriate.
 - (9) On a review under this section, a *hearing panel* may:
 - (i) affirm the order,
 - (ii) quash the decision,
 - (iii) vary the decision or order, or
 - (iv) make any order authorized by subsection 8212(4).

8213. Monitor

- (1) If a *hearing panel* appoints a *Monitor* under section 8209 or section 8212 with respect to the business and affairs of a *Dealer Member*, the *Monitor* has authority to supervise and monitor the *Dealer Member's* business and affairs in accordance with the terms and conditions imposed by the *hearing panel*.
- (2) A *hearing panel* may impose any terms and conditions, and any time periods, on a *Monitor's* authority with respect to a *Dealer Member's* business and affairs that the *hearing panel* considers appropriate, including authority to:
 - (i) enter the *Dealer Member's* premises and conduct day-to-day monitoring of the *Dealer Member's* business activities,
 - (ii) monitor and review accounts receivable, accounts payable, client accounts, margin, client free credits, banking arrangements and transactions, trading conducted by the *Dealer Member* for clients and for its own account, payment of debts, creation of new debt and the *Dealer Member's* books and *records*,
 - (iii) make copies of any *records* and provide copies of such *records* to the *Corporation* or any other regulatory or self-regulatory authority,
 - (iv) report the *Monitor's* findings or observations, on an ongoing or other basis, to the *Corporation* or any other regulatory or self-regulatory authority,

- (v) monitor the *Dealer Member's* compliance with any terms or conditions imposed on the *Dealer Member* by the *Corporation* or any other regulatory or self-regulatory authority or by the *hearing panel*, including compliance with any early warning terms and conditions,
 - (vi) verify and assist with the preparation of any regulatory filings, including the calculation of *risk adjusted capital*,
 - (vii) conduct or have conducted an appraisal of the *Dealer Member's* net worth or a valuation of any of the *Dealer Member's* assets,
 - (viii) assist the *Dealer Member's employees* in facilitating the orderly transfer of the *Dealer Member's* client accounts, and
 - (ix) pre-authorize cheques issued or payments made by or on behalf of the *Dealer Member* or distribution of any of the *Dealer Member's* assets.
- (3) A *Dealer Member* must cooperate with the *Monitor*, require its *employees*, partners, *Directors* and *officers* to cooperate with the *Monitor* and take all reasonable steps to have its *affiliates* and service providers cooperate with the *Monitor* with respect to the exercise by the *Monitor* of its authority under this section.
- (4) The *Dealer Member* must pay all expenses relating to a *Monitor* appointed to monitor the *Dealer Member's* business and affairs, including the *Monitor's* fees.
- (5) *Corporation* staff, a *Monitor*, or a *Dealer Member* subject to a *Monitor* may at any time apply to a *hearing panel* for directions concerning the *Monitor's* authority or the conduct of the *Monitor's* activities.
- (6) On an application under subsection 8213(5), a *hearing panel* may make any order it considers appropriate.

8214. Costs

- (1) After a *hearing* under Rule 8200, other than a *hearing* under section 8211, a *hearing panel* may order a *person* who is the subject of a *sanction* to pay any costs incurred by or on behalf of the *Corporation* in connection with the *hearing* and any *investigation* related to the *hearing*.
- (2) Costs ordered under subsection 8214(1) may include:
- (i) costs for time *spent* by *Corporation* staff,
 - (ii) fees paid by the *Corporation* for *legal* or accounting services or for services rendered by an expert witness,
 - (iii) witness fees and *expenses*,
 - (iv) costs of recording and *transcribing* evidence and preparation of transcripts, and
 - (v) disbursements, *including* travel costs.

8215. Settlements and settlement hearings

- (1) *Enforcement Staff* may agree in a *settlement agreement* to settle a proceeding or proposed proceeding against a *Regulated Person* at any time prior to the conclusion of a *disciplinary hearing*.
- (2) A *settlement agreement* must contain:

- (i) a statement of the *contraventions* agreed to by the *respondent*, with references to the relevant *Corporation requirements* and *applicable laws*,
 - (ii) the agreed *facts*,
 - (iii) the *sanctions and costs* to be imposed on the *respondent*,
 - (iv) a waiver by the *respondent* of all rights to any further *hearing*, appeal and review,
 - (v) a provision that *Enforcement Staff* will not initiate any further action against the *respondent* in relation to the matter addressed in the *settlement agreement*,
 - (vi) a provision that the *settlement agreement* is conditional on acceptance by a *hearing panel*,
 - (vii) a provision that the *settlement agreement* and its terms are confidential, unless and until it has been accepted by a *hearing panel*,
 - (viii) a provision that the *parties* will not make any public statement that is inconsistent with the *settlement agreement*, and
 - (ix) any other *provisions* not inconsistent with clauses 8215(2)(i) through 8215(2)(viii) that the *parties* agree to include in the *settlement agreement*.
- (3) Discussions relating to settlement are on a without prejudice basis to *Enforcement Staff* and any other *person* participating in the discussions and must not be used as evidence or referred to in any proceeding.
- (4) A *settlement agreement* may impose any obligations on a *respondent* to which the *respondent* agrees, whether or not they could be imposed by a *hearing panel* under Rule 8200.
- (5) After a *settlement hearing*, a *hearing panel* may accept or reject a *settlement agreement*.
- (6) A *settlement agreement* becomes effective and binding on the *parties* to it upon acceptance by a *hearing panel*.
- (7) If a *settlement agreement* is accepted by a *hearing panel*, any *sanction* imposed under it is deemed to have been imposed under Rule 8200.
- (8) If a *settlement agreement* is rejected by a *hearing panel*,
- (i) *either*:
 - (a) the *parties* may agree to enter another *settlement agreement*, or
 - (b) *Enforcement Staff* may proceed to a *disciplinary hearing* based on the same or related allegations,
- and
- (ii) the *hearing panel's* reasons for rejecting the *settlement agreement* must be made available to a *hearing panel* considering a subsequent *settlement agreement* based on the same or related allegations and charges,
- but must not be made public or referred to in a subsequent *disciplinary hearing*.
- (9) A member of a *hearing panel* that rejects a *settlement agreement* may not be a member of a *hearing panel* that considers a subsequent *settlement agreement* or conducts a *disciplinary hearing* based on the same or related allegations.

8216. Failure to pay fine or costs

- (1) If a *Regulated Person* does not pay a fine, costs or other amount ordered to be paid by a *hearing panel* or required to be paid under a *settlement agreement*, the *Corporation* may, seven *days* after sending written notice, summarily suspend the *Membership* of the *Regulated Person* and all rights and privileges of the *Regulated Person* relating to approval or access to a *Marketplace*, until the fine, costs or other amount has been paid.

8217. Review by a securities regulatory authority

- (1) A *party* to a proceeding under Rule 8200 may apply to the *securities regulatory authority* in the relevant *District* for review of a final *decision* in the proceeding.
- (2) A person who is entitled to request a review of a *decision* under section 8212 or is the subject of a *decision* making a temporary order under section 8211 may not apply to a *securities regulatory authority* for review of the *decision*, unless the *person* has requested a review or other *hearing* by a *hearing panel* and the *hearing panel* has made a final *decision*.
- (3) For purposes of subsection 8217(1), *Enforcement Staff* is directly affected by a *decision* in a proceeding in which *Enforcement Staff* is a *party*.

8218. – 8299. Reserved.

RULE 8300 | HEARING COMMITTEES

8301. Introduction

- (1) Rule 8300 requires a *hearing committee* in each *District* from which *hearing panels* must be selected for enforcement and other proceedings and sets out the process for appointing and removing members of *hearing committees*.

8302. Definitions

- (1) The following terms have the meaning set out below when used in Rule 8300:

<p>“Appointments Committee” (<i>comité des nominations</i>)</p>	<p>A committee composed of:</p> <ul style="list-style-type: none"> (i) four members of the Governance Committee established by the <i>Board</i>, including its Chair as set out in General By-law No.1, section 12.2, (ii) two Non-Independent Directors of the <i>Board</i> as set out in General By-law No.1, section 1.1, and (iii) the President of the <i>Corporation</i> as set out in General By-law No. 1, section 1.1.
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8303. District Hearing Committees

- (1) A *hearing committee* must be appointed for each *District*.
- (2) An *industry member* of a *hearing committee* of a *District* must reside in the *District*.
- (3) Two thirds of the members of a *hearing committee*, to the extent practicable, must be *industry members*.
- (4) One third of the members of a *hearing committee*, to the extent practicable, must be *public members*.
- (5) The chair of a *hearing committee* must be a *public member*.

8304. Nominations

- (1) The *Corporation* must nominate *individuals* to be *public members* and *industry members* of the *hearing committee* in each *District*.

8305. Appointment

- (1) The *Appointments Committee* must appoint to the *hearing committee* of each *District* a number of suitable and qualified *individuals* sufficient to conduct *hearings* in the *District*.
- (2) In considering the suitability and qualifications of an *individual* who is nominated for membership on a *hearing committee*, the *Appointments Committee* must take into account the *individual's*:
 - (i) general knowledge of business practices and *securities laws*,
 - (ii) experience,
 - (iii) regulatory background,
 - (iv) availability for *hearings*,
 - (v) reputation in the securities industry,
 - (vi) ability to conduct *hearings* in French or English, and

- (vii) eligibility to serve in a particular *District*.
- (3) An individual who:
 - (i) is currently or has been within the previous eighteen months an employee of a *Member*, a *Regulated Person*, or an *affiliate* of a *Member* or *Regulated Person*,
 - (ii) represents any parties to enforcement or other proceedings under *Corporation requirements* or any *person* in connection with *Corporation requirements*, or
 - (iii) would otherwise raise a reasonable apprehension of bias with respect to matters that may come before a *hearing panel*,is not eligible for appointment or membership as a *public member* of a *hearing committee*.
- (4) The *Appointments Committee* must appoint a chair of each *hearing committee*.

8306. Term of appointment

- (1) Appointment of an *individual* to a *hearing committee* is for a three-year term.
- (2) A *hearing committee* member may be reappointed to successive terms.
- (3) If a *hearing committee* member's term expires without reappointment during a *hearing* in which the member is serving on the *hearing panel*, the member's term is extended automatically until the completion of the *hearing* or if the *hearing* is a *hearing* on the merits, the proceeding.

8307. Removal

- (1) The *Appointments Committee* may remove a *hearing committee* member who:
 - (i) for *industry members*, ceases to reside in the *hearing committee's District*,
 - (ii) is precluded from acting as a *hearing committee* member by a law applicable in the *District*,
 - (iii) in the *Appointments Committee's* opinion, will raise a reasonable apprehension of bias with respect to matters that may come before a *hearing panel*, or
 - (iv) for any other reason, ceases to be qualified to be a *hearing committee* member based on the factors listed in subsection 8305(2).
- (2) An individual who is removed by the *Appointments Committee* must not continue to serve on a *hearing panel* in any proceeding.

8308. – 8399. Reserved.

RULE 8400 | RULES OF PRACTICE AND PROCEDURE

8401. Introduction

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

8402. Definitions

- (1) The following terms have the meaning set out when used in Rule 8400:

“application” (<i>demande</i>)	An application that commences a proceeding under Rule 8200 and includes an application for a temporary order or a protective order.
“commencing notice” (<i>avis introductif</i>)	A notice of <i>hearing</i> , notice of <i>application</i> , notice of motion, notice of <i>prehearing conference</i> and notice of request for review.
“decision” (<i>decision</i>)	A determination made by a <i>hearing panel</i> .
“document” (<i>document</i>)	Includes a record, audio and video recording, , film, photograph, chart, graph, map, plan, survey, book of account, memorandum, file, list, voucher and any information recorded or stored electronically or by other means.
“file” (<i>produire</i>)	A file with the <i>Hearing Office</i> in accordance with section 8406.
“oral hearing” (<i>audience par comparution</i>)	A <i>hearing</i> at which the <i>parties</i> or their counsel or agents attend before a <i>hearing panel</i> .
“prehearing conference” (<i>conférence préparatoire à l’audience</i>)	A prehearing conference held pursuant to section 8416.
“regulatory decision” (<i>décision en matière de réglementation</i>)	A decision made under sections 9204, 9206 or 9207 or Part B of Rule 4100.
“requesting party” (<i>partie requérante</i>)	A <i>person</i> who requests a review <i>hearing</i> under sections 8427 or 8430.

“responding party” (<i>partie intimée</i>)	A <i>person</i> responding to a motion or to a request for a review <i>hearing</i> under sections 8427 or 8430.
“written hearing” (<i>audience par production de pièces</i>)	A <i>hearing</i> held by means of an exchange of documents, whether in hard copy or by electronic means.

PART A - GENERAL

8403. General principles

- (1) The *Rules of Procedure* shall be interpreted and applied to secure a fair *hearing* and just determination of a proceeding on its merits and the most expeditious and least expensive conduct of the proceeding.
- (2) No proceeding, *document*, *hearing*, *decision* or step in a proceeding is invalid by reason of a defect or other irregularity in form.
- (3) Subject to a requirement in the *Rules of Procedure*, a *hearing panel* has authority to control the process of a proceeding before it and may exercise any of its powers on its own initiative or at the request of a *party*, including:
 - (i) issuing procedural directions or orders with respect to the application of the *Rules of Procedure* in respect of any proceeding,
 - (ii) imposing *terms* or conditions in a direction or order,
 - (iii) admitting or requiring presentation of evidence on oath, affirmation or otherwise,
 - (iv) waiving or varying any *Rule of Procedure* in respect of a proceeding,
 - (v) requiring *parties* to *file documents* electronically, and
 - (vi) at the request of a *party*, making an interim *decision* or order, including a *decision* or order *that* is subject to terms and conditions.
- (4) At the request of a *party*, a *hearing panel* may provide for any procedural matter that is not provided for in the *Corporation requirements* or the *Rules of Procedure* by analogy to the *Rules of Procedure* or by reference to the rules of practice or procedure of another *SRO* or professional association or to the rules applicable to a *securities regulatory authority*.

8404. Time

- (1) When computing time under the *Rules of Procedure* or an order of a *hearing panel*:
 - (i) the number of days between two events are counted by excluding the day on which the first event occurs and including the day on which the second event occurs,
 - (ii) if a *period* of less than seven days is prescribed, only *business days* are to be counted,
 - (iii) if the time for doing an act expires on a day that is not a *business day*, the act may be done on the next *business day*,
 - (iv) a document that is served or filed after 5 p.m. in the time zone of the recipient is deemed to have been served or filed on the next *business day*, and
 - (v) a document that is served or filed on a day that is not a *business day* is deemed to have been served or filed on the next *business day*.
- (2) A time period prescribed by the *Rules of Procedure* may be extended or abridged:

- (i) before *its* expiration, on consent of the *parties*, or
- (ii) before or after its expiration, by a *hearing panel* on any terms and conditions the *hearing panel* considers appropriate.

8405. Appearance and representation

- (1) A *party* in a proceeding may be self-represented or may be represented by counsel or an agent.
- (2) A self-represented *party* must *file* and keep current during a proceeding the *party's* address, telephone number and email address, as applicable.
- (3) A person who appears as counsel or agent for a *party* in a proceeding must *file* and keep current during the proceeding the *person's* address, telephone number and email address, as applicable, and the name and address of the *party* represented.
- (4) A *party* who is represented by counsel or an agent may:
 - (i) change the counsel or agent by serving on the counsel or agent and on every other *party*, and *filing*, a notice of change giving the name, address, telephone number, facsimile number and email address of the new counsel or agent, as applicable, or
 - (ii) elect to act in person by serving on the counsel or agent and on every other *party*, and *filing*, a *notice* of intention to act in person, giving the *party's* address, telephone number, facsimile number and email address, as applicable.
- (5) A *party* who appoints a new counsel or agent in the course of a proceeding must comply with clause 8405(4)(i).
- (6) Counsel or an agent for a *party* may withdraw as counsel or agent by serving on the *party* and other *parties* and *filing* a written notice of withdrawal.
- (7) If counsel or an agent for a *party* seeks to withdraw as counsel or agent less than 30 days prior to the date on which a matter is scheduled to be heard by a *hearing panel*, the counsel or agent may withdraw only with leave of the *hearing panel* obtained on a motion.
- (8) Where a *party* is represented by counsel or an agent:
 - (i) *documents* served on the *party* must be served on the *party's* counsel or agent, unless the *Rules of Procedure* require otherwise,
 - (ii) *communications* with the *party* must be with the *party's* counsel or agent, and
 - (iii) the *party* must address a *hearing panel* through the *party's* counsel or agent.

8406. Service and filing

- (1) A document required to be served under the *Rules of Procedure* must be served on all *parties* to the proceeding.
- (2) A notice of *hearing* under section 8414, a notice of *application* under section 8425 or 8426, a notice of request for review from a *decision* made under Rule 9200, and a *decision* of a *hearing panel* on the merits of such a proceeding that is served on an *Approved Person* must, for information purposes, be sent concurrently to the *Dealer Member* that employs the *Approved Person*.
- (3) Subject to subsection 8406(4), a *document* required to be served must be served by one of the following methods:
 - (i) *personal delivery* to the *party*,

- (ii) delivery to *the party's* counsel or agent,
 - (iii) delivery to an adult person at the *party's* place of residence, employment or business or the *place* of business of the *party's* counsel or agent,
 - (iv) if the *party* is a corporation, delivery to an officer, director or agent of the corporation or a *person* at any place of business of the corporation who appears to be in control or management of the place of business,
 - (v) if the *party* is a partnership, delivery to a partner or a *person* at any place of business of the *partnership* who appears to be in control or management of the place of business,
 - (vi) mail or *courier* to the last known address of the *party* or the *party's* counsel or agent,
 - (vii) electronic transmission to the *party* or the *party's* counsel or agent, or
 - (viii) by any *other* means with the *party's* consent or authorized by a *hearing panel*.
- (4) A notice of *hearing* and a notice of *application* must be served by:
- (i) personal *delivery* to the *party*,
 - (ii) registered *mail* to the *party's* last known address,
 - (iii) registered and ordinary *mail* or *courier* with confirmation of receipt to the *party's* last known address,
 - (iv) delivery to *the party's* counsel or agent, with the consent of counsel or the agent,
 - (v) electronic transmission to the *party* or the *party's* counsel or agent, with the consent of the counsel or agent,
 - (vi) any other *method* set out in subsection 8406(3) to which the *party* consents, or
 - (vii) any other *means* authorized by a *hearing panel*.
- (5) Service of a *document* is deemed to be effective, when delivered no later than 5 p.m. in the time zone of the recipient:
- (i) by delivery, on the day of delivery,
 - (ii) by mail, on the fifth day after mailing,
 - (iii) electronically, on the day of transmission,
 - (iv) by *courier*, on the earlier of the day noted on the delivery receipt or the second day after the *day* on which it was given to the *courier*, or
 - (v) by any other means authorized by a *hearing panel*, on the day the *document* is served by the *means* so authorized.
- (6) Subsection 8406(5) does not apply where a *party*, counsel or agent, acting in good faith, does not receive the *document* because of an absence, accident, illness or other cause beyond the *person's* control.
- (7) A *document* may not be served or deemed to be served on a day that is not a *business day*, except with the consent of the *party* being served or as ordered by the *hearing panel*.
- (8) Service of a *document* may be proved by an affidavit of the *person* who served it.
- (9) A *document* required to be *filed* under the *Rules of Procedure* must be *filed* by delivering or sending by:
- (i) mail or *courier* the *document*, with proof of service, to the *Hearing Office* at the *Corporation's* offices in the *District* in which the proceeding is conducted, or
 - (ii) electronic transmission to the *Hearing Office*.

- (10) The *Hearing Office* may require *filing* of a *document* by mail, courier, electronic transmission or other means.
- (11) A *party* who serves or *files* a *document* must include with it:
 - (i) the *party's* name and contact details, including address, telephone number, and e-mail address, as *applicable*, or
 - (ii) if the *party* is represented by counsel or an agent, the name and contact details, including address, telephone number, and e-mail address of the *party's* counsel or agent,
 - (iii) the name of the proceeding to which the *document* relates, and
 - (iv) the name of *each party*, counsel or agent served with the *document*.
- (12) Subject to *Corporation requirements*, a *document* that is *filed* must be made available by the *Hearing Office* for public inspection, unless confidentiality is requested and a *hearing panel* applying the standard in clause 8203(5)(iii) or 8203(5)(iv) orders otherwise.
- (13) A *hearing panel* may waive or validate service.

8407. Hearing Office

- (1) The *Hearing Office* administers all proceedings brought pursuant to the *Rules of Procedure*, including:
 - (i) the selection of members of *hearing panels*,
 - (ii) scheduling and *arranging hearings* and *prehearing conferences*,
 - (iii) care, custody and distribution to members of *hearing panels* of *filed documents*,
 - (iv) maintaining a *hearing* record, including original exhibits,
 - (v) dating and *distributing* written *hearing panel decisions* and reasons to *parties* to a proceeding,
 - (vi) issuing and serving a notice or summons to attend and testify or produce *documents*, where so authorized by a *decision* of a *hearing panel*, and
 - (vii) any *other* administrative functions that are reasonably necessary for the efficient conduct of a proceeding.
- (2) The *Hearing Office* acts as liaison between members of a *hearing panel* and *parties* to a proceeding and, other than in the course of an *oral hearing*, a *party* must communicate to a *hearing panel* through the *Hearing Office* and serve all other *parties* with the communication.
- (3) The *Hearing Office* may seek the advice of the chair of a *hearing committee* in the *District* with respect to legal, administrative or procedural issues.
- (4) The *Hearing Office*, after consultation with the chairs of the *hearing committees* in all *Districts*, may publish on the *Corporation's* website guidelines concerning practices to be followed under the *Rules of Procedure*.
- (5) The *Hearing Office* may prescribe the form and format of *documents* and forms that are required to be *filed* under the *Rules of Procedure*.
- (6) The *Hearing Office* may designate *individuals* to perform the functions for which the *Hearing Office* is responsible under the *Rules of Procedure*.

8408. Hearing panels

- (1) The *Hearing Office* is responsible for the selection of members of a *hearing panel* from members of a *hearing committee*.
- (2) In connection with the selection of a *hearing panel*, the *Hearing Office* may consult with or seek the advice of the chair of a *hearing committee* in the *District*.
- (3) For a *hearing* under sections 8209, 8210, 8215 or Rule 9300, the *Hearing Office* must, subject to subsections 8408(4) and 8408(6), select two *industry members* and one *public member* from the *hearing committee* of the applicable *District* as members of the *hearing panel*.
- (4) If the chairs of both *hearing committees* consent, the *Hearing Office* may select a member of a *hearing committee* in one *District* to serve on a *hearing panel* in another *District*, but a *hearing panel* that considers a matter that relates to conduct in Québec must have a majority of members who reside in Québec.
- (5) The *Hearing Office* must appoint a *public member* as the chair of a *hearing panel*, and if the matter relates to conduct in Québec, the chair must be a *public member* of the *hearing committee* in the Québec *District*.
- (6) The *Hearing Office* may appoint a one-member *hearing panel* consisting of a *public member* of a *hearing committee* in a proceeding under section 8211 or section 8212, a motion or *prehearing conference*, or to act as case manager of a proceeding.
- (7) The *Hearing Office* must not select an *individual* to be a member of a *hearing panel*, if the *individual*:
 - (i) is an officer, partner, director, employee or *associate* of, or is providing services to, a *party* or if a *party* is an *affiliate*, *associate* or employee of another *person* with whom the *individual* is in such a relationship,
 - (ii) has or had another relationship to a *party* or matter that may create a reasonable *apprehension* of bias,
 - (iii) is precluded from acting as a member of the *hearing panel* by *Corporation requirements*, any law applicable in the *District* in which the *hearing* is held or by the recognition order or registration under *securities laws* of a *Marketplace* whose rules are the subject of the *hearing*, or
 - (iv) was consulted by or advised the *Hearing Office* in connection with the *selection* of the *hearing panel*.
- (8) The *Hearing Office* may not select an *individual* who is a member of a *hearing panel* in a proceeding under sections 8211 or 8212 as a member of a *hearing panel* on a subsequent *hearing* relating to the same matter, including a motion for a stay of a *sanction* imposed under section 8212, unless all *parties* consent to the selection of the member.
- (9) The *Hearing Office* may not select a member of a *hearing panel* who participates in a *prehearing conference* or who case manages a proceeding to be a member of the *hearing panel* on the merits, unless all *parties* consent to the selection of the member.
- (10) If a member of a *hearing panel* becomes unable to continue to serve as a member of the *hearing panel* for any reason, the remaining members may continue to hear the matter and render a *decision*, but only with the consent of all *parties*, and if neither of the remaining

members is the chair, the *hearing panel* may retain its own legal counsel to advise it on legal and procedural issues, but not on the merits of the proceeding.

- (11) A decision of a *hearing panel* must be made by a majority of its members, and if the *hearing panel* consists of two members, must be unanimous.

8409. Form of hearings

- (1) Subject to subsections 8409(2) through 8409(11), a *hearing panel* may conduct a *hearing* as an *oral hearing* or a *written hearing*.
- (2) A *hearing panel* may conduct an *oral hearing* in one or more of the following forms:
- (i) with some or all *parties* participating electronically (by telephone, videoconference, or another form of electronic technology that allows persons to hear one another), or
 - (ii) with some or all *parties* physically present in the hearing room.
- (3) A *hearing panel* may determine the form of an *oral hearing* or oral part of a hearing including with respect to *parties'* physical presence in the hearing room. In making this determination, the *hearing panel* may consider subsections 8409(5) through 8409(7).
- (4) Subject to subsections 8409(5) through 8409(11), a *written hearing* may be held only for:
- (i) a motion relating to procedural issues,
 - (ii) a *hearing* on agreed facts, and
 - (iii) any other motion or *hearing* that a *hearing panel* considers appropriate.
- (5) In determining whether to hold a *hearing* as an *oral hearing* or *written hearing*, or in determining the appropriate form of an *oral hearing*, a *hearing panel* may consider any relevant factors, including:
- (i) the nature of the *hearing*, the subject matter of the *hearing*, and the issues to be *addressed*, including whether they are issues of fact, law or procedure,
 - (ii) the *evidence* to be presented, including whether facts are in dispute and credibility is an issue,
 - (iii) the cost, efficiency and timeliness of the *hearing* or the proceeding,
 - (iv) any delay that might be caused by proceeding electronically or in a hearing room,
 - (v) the efficacy of examination or cross-examination of witnesses,
 - (vi) the *fairness* of the *hearing* process to, and the convenience of, each of the *parties*,
 - (vii) *accessibility* to the *parties* and the public,
 - (viii) facilitation of participation by vulnerable or disadvantaged individuals, and
 - (ix) health and safety considerations, and measures that may be taken to mitigate related risks.
- (6) A party may request an *oral hearing* proceed in one of the two forms provided for in subsection 8409(2) or a *written hearing* in a *commencing notice*.
- (7) If a party requests a *written hearing* or an *oral hearing* proceed in one of the two forms provided for in subsection 8409(2):
- (i) in a notice of *hearing*, a party may object to the requested form of *hearing* in the party's *response* or by bringing a motion,

- (ii) in a *commencing notice* other than a notice of *hearing*, a *party* may object to the *requested form of hearing* by serving and *filing* a notice of objection within three days after the *commencing notice* is served on the *party*.
- (8) A notice of objection must state the reasons for the objection, including any prejudice the *requested form of hearing* may cause the *party* and the facts on which the *party* relies and may be accompanied by any evidence on which the *party* relies for the objection.
- (9) A hearing *panel* that receives a notice of objection may:
 - (i) accept the objection and refer the matter to the *Hearing Office* to set a date for an *oral hearing* or, with the consent of all *parties*, set a date for an *oral hearing* or *schedule* for a *written hearing*,
 - (ii) reject the objection, or
 - (iii) order a *written hearing* to consider the objection and provide other *parties* an opportunity to respond to the notice of objection in a manner and time that the *hearing panel* directs.
- (10) If a notice of objection is filed, the *hearing panel* must render its *decision* on the form of *hearing* in writing as expeditiously as possible, taking into consideration the date and nature of the *hearing* and proceeding and the needs of the *parties* to present evidence and prepare and serve submissions and responding submissions.
- (11) Unless a *party* objects, a *hearing panel* may, on its own motion or at a *party's* request, at any stage of a proceeding make an order continuing:
 - (i) a *written hearing* as an *oral hearing*,
 - and
 - (ii) an *oral hearing* as a *written hearing*.
- (12) A *hearing panel* that orders an *oral hearing* be conducted electronically in whole or in part may require one or more of the *parties*:
 - (i) to make the arrangements for the *hearing*, and
 - (ii) to pay all or part of the costs of conducting the *hearing* electronically ,.
- (13) Where a *hearing panel* orders that an *oral hearing* or an oral part of a *hearing* proceed with some or all of the *parties* physically present in the hearing room, all *parties* must be prepared for the form of any part of the *hearing* to change, including on short notice.

8410. Hearing panel decisions

- (1) A decision of a *hearing panel* and the reasons for the *decision* must be dated by the *Hearing Office* and served on each *party* in accordance with subsection 8406(3).
- (2) The *Corporation* must publish on its website a summary of the *decision* of a *hearing panel*, except a *decision* in a *prehearing conference*, containing:
 - (i) *Corporation requirements* or *applicable laws* that have been contravened,
 - (ii) the essential facts,
 - (iii) the *decision*, including any *sanction* and costs, and
 - (iv) except where the *decision* rejects a *settlement agreement*, a statement that a copy of the *decision* may be obtained on the *Corporation's* website.

- (3) The *Corporation* must publish on its website a *decision* of a *hearing panel* and the reasons for the *decision*, except a *decision* and reasons rejecting a *settlement agreement*.
- (4) A decision made by a *hearing panel* on the merits of a proceeding must be recorded in the record maintained by the *Corporation* with respect to the *respondent*.
- (5) In addition to a *decision* accepting a *settlement agreement* and the reasons for it, the *Corporation* must publish and record information concerning the accepted *settlement agreement* in accordance with subsections 8410(2) through 8410(4), as if the *settlement agreement* were a *decision* on the merits.

8411. Language of hearings and interpreters

- (1) A hearing may be conducted in English or French or partly in English or French.
- (2) A *hearing* in a *District* other than Québec must be conducted in English, unless the *parties*, with the consent of a *hearing panel*, agree that it be conducted in French.
- (3) A hearing in Québec must be conducted in French, unless the *parties*, with the consent of a *hearing panel*, agree that it be conducted in English.
- (4) A party who wishes a *hearing* to be conducted in French in a *District* other than Québec, or in Québec in English, must *file* a request with the *Hearing Office* as soon as possible after the proceeding is commenced.
- (5) A *party* who requires an interpreter for a language other than the language in which a *hearing* is to be conducted, whether to assist the *party* or for the testimony of a witness to be called by the *party*, must notify the *Hearing Office* at least 30 days before the commencement of the *hearing*.
- (6) An interpreter must be competent and independent and must swear or affirm to interpret accurately.
- (7) If a *party* requires an interpreter in a language other than English or French, whether to assist the *party* or for the testimony of a witness, the *party* must provide the interpreter at the *party's* own expense.

8412. Commencement and abandonment of proceedings

- (1) A proceeding, and a step in a proceeding that requires a notice, is commenced upon the issuance by the *Hearing Office* of a *commencing notice* at the request of a *party*.
- (2) A party who requests the issuance of a *commencing notice* must first obtain a date from the *Hearing Office* for:
 - (i) if the *commencing notice* is a notice of *hearing*, an initial appearance before a *hearing panel*,
 - (ii) if the *commencing notice* is a notice of *application*, the *hearing* of the *application*,
 - (iii) if the *commencing notice* is a notice of motion, the *hearing* of the motion,
 - (iv) if the *commencing notice* is a notice of *prehearing conference*, the *prehearing conference*, or
 - (v) if the *commencing notice* is a notice of request for review pursuant to sections 8427 or 8430, the review *hearing*,
 and must submit a copy of the *commencing notice* to the *Hearing Office* with a request that it be issued.

- (3) A request under subsection 8412(2) to the *Hearing Office* for a date or the issuance of a *commencing notice* must be made on a form prescribed by the *Hearing Office*.
- (4) If a *hearing panel* sets a date for a *prehearing conference*, or other *hearing* other than in connection with a *commencing notice*, the *Hearing Office* must give written notice of the date to the *parties* by mail or electronic transmission in accordance with clause 8406(3)(vi) or 8406(3)(vii).
- (5) Upon issuing a *commencing notice* or other notice of a *hearing*, the *Hearing Office* must place a copy of the *commencing notice* or other notice in a file maintained for the proceeding.
- (6) The *Corporation* must publish on its website an announcement of and copy of a *commencing notice* or other notice as soon as practicable after it is issued by the *Hearing Office*, unless the *commencing notice* is for an *application* under section 8211 made without notice to the *respondent* or is a notice of *prehearing conference*.
- (7) A party who initiates a proceeding or a step in a proceeding that requires a notice may abandon the proceeding or step before it has been decided by a *hearing panel* by serving and *filing* a notice of abandonment.
- (8) If a proceeding or a step in a proceeding is abandoned, the *Corporation* must publish on its website an announcement of and a copy of the notice of abandonment as soon as practicable after it is *filed*, unless the *commencing notice* for the proceeding or step has not been so published.

8413. Motions

- (1) A motion must be commenced by a notice of motion.
- (2) A motion may be brought:
 - (i) with the consent of a *hearing panel*, prior to, or
 - (ii) at any time after,the commencement of a proceeding.
- (3) Where a motion is to be heard before a *hearing* on the merits, the *party* who brings a motion must obtain a date for the motion from the *Hearing Office*.
- (4) A *party* who brings a motion must serve and *file* a motion record at least 14 days prior to the date of the motion, unless the motion is brought during a *hearing*, in which case the *hearing panel* may determine the procedure to be followed for the motion.
- (5) A *hearing panel* may permit a *party* to bring a motion without notice to the *respondent*, if the nature of the motion or the circumstances make service of a notice of motion impractical.
- (6) A notice of motion must contain:
 - (i) the date, time and location of the *hearing* of the motion,
 - (ii) the relief sought,
 - (iii) a summary of the grounds for the relief sought, including reference to any *Corporation requirements* or *applicable laws*,
 - (iv) a list of evidence and other materials to be relied on, and
 - (v) the proposed form of the *hearing*.

- (7) A motion record must contain:
 - (i) the notice of motion, and
 - (ii) copies of the evidence, including affidavits and other materials relied on.
- (8) A responding *party* may serve and *file* a responding record at least nine days prior to the date of the motion, unless the motion is brought during a *hearing* and the *hearing panel* orders otherwise.
- (9) A responding record must contain:
 - (i) the order requested by the *responding party*, including a statement of the reasons for the order requested, and
 - (ii) copies of any additional evidence, including affidavits and other materials relied on.
- (10) A *party* who is served with a responding record that contains affidavit evidence may serve and *file* a reply record containing additional affidavit evidence at least seven days before the date of the motion.
- (11) A party who *files* an affidavit in connection with a motion must make the person who swears to an affidavit reasonably available to be cross-examined by an adverse *party* prior to the *hearing* of the motion.
- (12) A *party* who brings a motion may serve and *file* a memorandum of fact and law at least five days before the date of the motion.
- (13) A responding *party* may serve and *file* a memorandum of fact and law at least two days before the date of the motion.
- (14) A motion must be heard by a *hearing panel*.
- (15) A hearing *panel* may, on any terms and conditions it considers appropriate, permit oral testimony to be adduced at the *hearing* of a motion on any matter in issue and allow cross-examination of the person who swears to an affidavit.
- (16) A hearing *panel* may:
 - (i) grant the relief requested in a motion,
 - (ii) dismiss or adjourn the motion in whole or in part, with or without terms, or
 - (iii) make another decision it considers appropriate, including adjourning the motion to be heard by the *hearing panel* that hears the proceeding on its merits.

PART B - ENFORCEMENT PROCEEDINGS

8414. Commencement of disciplinary proceedings

- (1) Forthwith after a proceeding pursuant to section 8209 or 8210 is commenced, *Enforcement Staff* must serve the *respondent* with, and *file*, the notice of *hearing* and a statement of allegations.
- (2) A notice of *hearing* must contain:
 - (i) the date, time and location of an initial appearance before a *hearing panel*,
 - (ii) a statement of the purpose of the proceeding,
 - (iii) a statement that the allegations on which the proceeding is based are contained in the statement of allegations,
 - (iv) a reference to *Corporation requirements* under which the proceeding is brought,

- (v) the nature of the *sanctions* that may be imposed,
 - (vi) a statement that the *respondent* may object to the form of *hearing* and the procedure to be followed for an objection,
 - (vii) a statement that the *respondent* must provide a response to the notice of *hearing* in accordance with section 8415, the time within which a response must be served and *filed* and the consequences of failing to do so,
 - (viii) a statement that the initial appearance will be followed immediately by an initial *prehearing conference*, for which a *prehearing conference* form must be *filed* in accordance with subsection 8416(5),
 - (ix) a statement notifying the *respondent* that they may be self-represented or may be represented by counsel or an agent,
 - (x) a statement notifying the *respondent* that they are entitled to:
 - (a) appear and be heard at the *hearing*,
 - (b) call and examine witnesses and present documentary and other evidence, and
 - (c) cross-examine witnesses as reasonably required for a full and fair disclosure of all matters relevant to the issues in the proceeding, and
 - (xi) any other information that *Enforcement Staff* considers advisable.
- (3) A statement of allegations may accompany or comprise part of a notice of *hearing* and must contain:
- (i) a reference to *Corporation requirements* or *applicable laws* that the *respondent* is alleged to have contravened,
 - (ii) the facts alleged in support of the alleged contraventions, and
 - (iii) the conclusions of *Enforcement Staff* based on the alleged facts.
- (4) The date of an initial appearance set out in a notice of *hearing* must not be less than 45 days after the notice of *hearing* is served, unless the *respondent* consents to an earlier date.

8415. Response to a notice of hearing

- (1) A *respondent* must serve and *file* a response within 30 days from the date of service of a notice of hearing.
- (2) A response must contain a statement of:
 - (i) the facts alleged in the statement of allegations that the *respondent* admits,
 - (ii) the facts alleged that the *respondent* denies and the grounds for the denial, and
 - (iii) all other facts on which the *respondent* relies.
- (3) A *hearing panel* may accept as proven any facts alleged in a statement of allegations that are not specifically denied or for which grounds for the denial are not provided in a response.
- (4) If a *respondent* who has been served with a notice of *hearing* does not serve and *file* a response in accordance with subsection 8415(1), the *hearing panel* may proceed with the *hearing* of the matter on its merits on the date of the initial appearance set out in the notice of *hearing*, without further notice to and in the absence of the *respondent*, and the *hearing panel* may accept as proven the facts and contraventions alleged in the statement

of allegations and may impose *sanctions* and costs pursuant to section 8209 or 8210, as applicable.

8416. Prehearing conferences

- (1) At any time prior to commencement of the *hearing* of a proceeding on the merits:
 - (i) a hearing *panel* may order a *prehearing conference*, or
 - (ii) a party may request a *prehearing conference* by serving and *filing* a notice of *prehearing conference* at least 14 days before the date of the *prehearing conference*.
- (2) A notice of *prehearing conference* must contain:
 - (i) the date, time, location and purpose of the *prehearing conference*,
 - (ii) any order of a *hearing panel* concerning the obligations of the *parties* with respect to the *prehearing conference*, including:
 - (a) any requirement concerning the exchange or *filing* of *documents* or submissions pursuant to subsection 8416(7), and if so the issues to be addressed and the date by which the *documents* or submissions must be exchanged and *filed*,
 - (b) whether the *parties* must attend in person,
 - (iii) a statement that the *parties* may be represented by counsel or an agent who, if a *party* is not required to attend, must have authority to make agreements and undertakings on the *party's* behalf,
 - (iv) whether it is proposed that the *prehearing conference* is to be:
 - (a) heard orally with parties physically present in the hearing room or participating electronically, or
 - (b) in writing,
 - (v) a statement that if a *party* does not attend themselves or by counsel or an agent, the *hearing panel* may proceed with the *prehearing conference* in the *party's* absence, and
 - (vi) a statement that any orders made by the *hearing panel* will be binding on the *parties*.
- (3) If a *hearing panel* orders a *prehearing conference*, the *Hearing Office* must set a date for the *prehearing conference*, if necessary, and serve a notice of *prehearing conference* on the *parties* with a copy of the *decision* of the *hearing panel*.
- (4) If a respondent has served and *filed* a response in accordance with subsection 8415(1), the initial appearance provided in a notice of *hearing* must be followed immediately by an initial *prehearing conference*, for which no notice of *prehearing conference* is required.
- (5) If a response has been served and *filed*, the *parties* must serve and *file* a *prehearing conference* form, in a form prescribed by the *Hearing Office*, at least five days before the date of the initial appearance specified in the notice of *hearing*.
- (6) At a *prehearing conference*, a *hearing panel* may consider any issue that may assist in a just and expeditious resolution of the proceeding, including:
 - (i) identification, simplification and clarification of the issues,
 - (ii) disclosure of *documents*, including expert reports,
 - (iii) facts or evidence on which the *parties* agree,
 - (iv) admissibility of evidence, including evidence to be admitted on consent and identification of objections,

- (v) scheduling of motions,
 - (vi) procedural issues, including identifying and setting dates by which steps in the proceeding are to be commenced or taken, the estimated duration of a *hearing* and the dates on which the *hearing* will commence and be conducted,
 - (vii) settlement of any or all issues in the proceeding, and
 - (viii) any other procedural or substantive matters.
- (7) A hearing *panel* at a *prehearing conference* may:
- (i) set a timetable for steps preceding a *hearing* and for the *hearing*,
 - (ii) schedule further *prehearing conferences*, preliminary motions and the *hearing* of the proceeding on its merits,
 - (iii) amend an existing schedule or timetable,
 - (iv) set the issues to be addressed at a further *prehearing conference* or in a motion,
 - (v) order the *parties* to exchange or *file* by a specified date *documents* or submissions for purposes of a further *prehearing conference* or a motion,
 - (vi) order that the proceeding be case managed by the *hearing panel* or another *hearing panel* to be selected by the *Hearing Office*, with or without the consent of the parties,
 - (vii) exercise the authority conferred by section 8208 to require a *person* to attend and give evidence or produce *documents* at a *hearing*, and
 - (viii) with the consent of the *parties*, make an order resolving any matter, including matters relating to:
 - (a) facts or evidence agreed on,
 - (b) disclosure of *documents* or evidence,
 - (c) the resolution of any or all of the issues in the proceeding, and
 - (ix) make any other procedural order that the *hearing panel* believes will further the just and expeditious conduct of the proceeding.
- (8) A *hearing panel* that case manages a proceeding must preside over all *prehearing conferences* and preliminary motions in the proceeding, unless the *hearing panel* orders otherwise.
- (9) An order, agreement or undertaking that is made or given at a *prehearing conference* must be recorded in a prehearing memorandum that is:
- (i) prepared by or under the direction of the *hearing panel* taking into account the principles in subsections 8416(12) and 8416(13),
 - (ii) circulated to the *parties* for comment,
 - (iii) approved and signed by the *hearing panel*, and
 - (iv) distributed to the *parties* and any other *person* that the *hearing panel* directs.
- (10) A prehearing memorandum must be *filed* and provided to the *hearing panel* at subsequent *hearings* in the proceeding.
- (11) An order, agreement or undertaking recorded in a prehearing memorandum is binding on the *parties*, unless a *hearing panel* orders otherwise.
- (12) Unless recorded in a prehearing memorandum, all statements and written submissions made at a *prehearing conference* are without prejudice and must not be communicated to a *hearing panel*, except at a subsequent *prehearing conference*.

- (13) A prehearing *conference* must be held in the absence of the public, and subject to subsections 8416(9) and 8416(10), prehearing *documents*, exhibits, submissions and transcripts must not be disclosed to the public.
- (14) A prehearing agreement to settle all of the issues in a proceeding is subject to approval by another *hearing panel* pursuant to section 8215.

8417. Disclosure

- (1) As soon as is reasonably practicable after a response is served and *filed*, and if requested by the *respondent*, *Enforcement Staff* must disclose to and make available for inspection by a *respondent* all *documents* and things in the *Corporation's* possession or control that are relevant to the proceeding, including *documents* and things that are relevant to the *respondent's* ability to make full answer and defence.
- (2) *Enforcement Staff* must provide copies to, in hard copy or electronic form, or permit a *respondent* to make copies of all *documents* and things specified in subsection 8417(1) as soon as is reasonably practicable after it makes disclosure and no later than 40 days before the commencement of the *hearing* on the merits.
- (3) As soon as is reasonably practicable after a response is served and *filed*, and no later than 40 days before the commencement of the *hearing* on the merits, each *party* to a proceeding must serve every other *party* with:
 - (i) all *documents* that the *party* intends to produce or enter as evidence at the *hearing* on the merits, and
 - (ii) a list of items, other than *documents*, that the *party* intends to produce or enter as evidence at the *hearing* on the merits.
- (4) At any stage of a proceeding, a *hearing panel* may order a *party* to provide to another *party* any *document* or other information that the *hearing panel* considers appropriate, within a time period and on terms and conditions determined by the *hearing panel*.
- (5) A party who does not disclose a *document* or thing in compliance with subsections 8417(3) and 8417(4) may not introduce in evidence or refer to the *document* or thing at a *hearing* on the merits without leave of the *hearing panel* on terms and conditions the *hearing panel* considers just.

8418. Witness lists and statements

- (1) Subject to section 8417, as soon as reasonably practicable after a response is served and *filed*, and no later than 30 days before the commencement of the *hearing* on the merits, *Enforcement Staff* must serve:
 - (i) a list of the witnesses *Enforcement Staff* intends to call to testify at the *hearing*, and
 - (ii) in respect of each witness named on the list, a summary of the evidence the witness is expected to give at the *hearing*, a witness statement signed by the witness or a transcript of a recorded statement of the witness.
- (2) Subject to section 8417, as soon as reasonably practicable after a response is served and *filed*, and no later than 20 days before the commencement of the *hearing* on the merits, a *respondent* must serve:
 - (i) a list of the witnesses, not including the *respondent*, whom the *respondent* intends to call to testify at the *hearing*, and

- (ii) in respect of each witness named on the list, a summary of the evidence the witness is expected to give at the *hearing*, a witness statement signed by the witness or a transcript of a recorded statement of the witness, unless the transcript was disclosed by *Enforcement Staff* pursuant to section 8417 or subsection 8418(1).
- (3) A summary of expected evidence, witness statement or transcript served in accordance with subsection 8418(1) or 8418(2) must contain:
 - (i) the substance of the evidence of the witness,
 - (ii) a reference to any *document* the witness will refer to, and
 - (iii) the name, address and telephone number of the witness or of a *person* through whom the witness can be contacted.
- (4) A *party* who does not include a *person* in a witness list or disclose the *person's* expected evidence in accordance with subsections 8418(1) through 8418(3) may not call the *person* as a witness at the *hearing* without leave of the *hearing panel* on terms and conditions the *hearing panel* considers just.
- (5) A witness may not testify to matters not disclosed in accordance with subsection 8418(3) without leave of the *hearing panel* on terms and conditions the *hearing panel* considers just.

8419. Expert witnesses

- (1) A *party* who intends to call an expert witness at a *hearing* must, at least 45 days before the commencement of the *hearing*, serve a written report signed by the expert.
- (2) A *party* who intends to call an expert witness in response to an expert's report served pursuant to subsection 8419(1) must, at least 20 days before the commencement of the *hearing*, serve a written report signed by the expert.
- (3) A *party* who intends to call expert evidence to reply to a responding expert's report served pursuant to subsection 8419(2) must, at least 10 days before the commencement of the *hearing*, serve a written report in reply signed by the expert.
- (4) An expert's report must contain:
 - (i) the name, address and qualifications of the expert,
 - (ii) the substance of the expert's evidence, and
 - (iii) a reference to any *document* the expert will refer to.
- (5) A *party* who does not comply with subsection 8419(1), 8419(2) or 8419(4) may not call the expert as a witness or introduce in evidence or refer to the expert's report or opinion at a *hearing*, without leave of the *hearing panel* on terms and conditions the *hearing panel* considers just.
- (6) If the *party* who calls an expert witness has not complied with subsection 8419(3), the expert witness may not testify to matters for which an expert's report in reply was required, without leave of the *hearing panel* on terms and conditions the *hearing panel* considers just.

8420. Deemed undertaking

- (1) In this section, "information" means evidence and information obtained from a *party* that is required to be disclosed or provided pursuant to sections 8416, 8417, 8418 and 8419

prior to a hearing on the merits, including evidence and information disclosed or provided in a *prehearing conference*, and any information obtained from such evidence or information.

- (2) This section does not apply to *information* obtained otherwise than under section 8416, 8417, 8418 or 8419 or in a *prehearing conference*.
- (3) A party and its counsel or agent are deemed to undertake not to disclose or use *information* for any purposes other than those of the proceeding in which the *information* was obtained, without the consent of the *party* who disclosed or provided the *information* or *information* on the basis of which the *information* was obtained.
- (4) Subsection 8420(3) does not prohibit use of *information* that is:
 - (i) *filed* with the *Hearing Office*,
 - (ii) given or referred to during a *hearing*, or
 - (iii) obtained from information referred to in clauses 8420(4)(i) and 8420(4)(ii).
- (5) Notwithstanding subsection 8420(3), *information* may be used to impeach the testimony of a witness in another proceeding.
- (6) A hearing *panel* may permit the use of *information* that is subject to this section for purposes other than those of the proceeding in which it was disclosed or provided, if the *hearing panel* is satisfied that the public interest outweighs any prejudice that would result to the *party* who disclosed the *information* or the *person* from whom it was obtained by that *party*, subject to any terms and conditions the *hearing panel* considers just.

8421. Order to attend and issue of summons

- (1) At any stage of a proceeding, a *party* may request a *hearing panel* to exercise its authority under section 8208 to require a *person* to attend and give evidence or produce *documents* at a hearing.
- (2) If a *hearing panel* orders a *person* who is subject to the *Corporation's* contractual jurisdiction to attend and give evidence or produce *documents*, the *Hearing Office* must serve a notice, in a prescribed form, by personal service in accordance with clause 8406(3)(i), 8406(3)(iv) or 8406(3)(v), requiring the attendance of the *person* to give evidence or produce *documents*, as ordered by the *hearing panel*.
- (3) If a *hearing panel* orders an employee, partner, director or officer of a *Regulated Person*, who is not an *Approved Person*, to attend at a *hearing*, the *Hearing Office* must serve a notice on the *person* in accordance with subsection 8421(2) and on the *Regulated Person* requiring the *Regulated Person* to direct the *person* to comply with the order.
- (4) If a *hearing panel* orders a *person* who is not subject to the *Corporation's* contractual jurisdiction to attend and give evidence or produce *documents* in a *District* in which the *hearing panel* is authorized by law to do so, the *Hearing Office* must serve a summons or subpoena in accordance with the procedure prescribed by law for the issue of a summons or subpoena by a court, regulatory tribunal or analogous decision maker in the *District*.

8422. Adjournments

- (1) A *party* who decides to request an adjournment of a *hearing* on the merits must immediately so advise the other *parties* and the *Hearing Office* in writing.

- (2) If the other *parties* consent to the request for an adjournment, the *requesting party* may serve and *file* a written request for the adjournment stating that it is made on consent, and a *hearing panel* may:
 - (i) refuse the request,
 - (ii) reschedule the *hearing* without a *hearing* on the request, or
 - (iii) require a *hearing* on the request.
- (3) If the *parties* do not consent to a request for an adjournment, the *requesting party* must bring a motion as soon as possible and the notice of motion must contain:
 - (i) the reasons for the adjournment,
 - (ii) the length of time requested for the adjournment, and
 - (iii) if the motion is brought fewer than 40 days before the date of the *hearing*, a request for an abridgement of the times specified in section 8413, if necessary.
- (4) If a motion requesting an adjournment cannot be heard at least 20 days before the date for the commencement of the *hearing* and the *parties* do not consent, the motion must be heard at the commencement of the *hearing* and the *requesting party* must be prepared to proceed if the motion is denied.
- (5) A *hearing panel* may grant or deny an adjournment on any terms and conditions it considers just.

8423. Conduct of hearing on the merits

- (1) At a *hearing* on the merits a *respondent* is entitled to be represented by counsel or an agent and to make submissions.
- (2) At a *hearing* on the merits, other than a *written hearing*, a *respondent* is entitled:
 - (i) to attend and present their case,
 - (ii) to call and examine witnesses and present documentary and other evidence, and
 - (iii) to cross-examine witnesses as reasonably required for a full and fair disclosure of all matters relevant to the issues in the proceeding.
- (3) A *hearing* on the merits, other than a *written hearing*, must be conducted in the following order:
 - (i) *Enforcement Staff* may make an opening address, which may be followed by an opening address by the *respondent*,
 - (ii) *Enforcement Staff* must present its evidence and examine its witnesses, who may be cross-examined by the *respondent*,
 - (iii) if the *respondent* has not made an opening address immediately following *Enforcement Staff's* opening address, the *respondent* may make an opening address and must present its evidence and examine its witnesses, who may be cross-examined by other *parties*,
 - (iv) *Enforcement Staff* may present evidence in reply to any evidence presented for the first time by the *respondent* and examine witnesses, who may be cross-examined by the *respondent*,
 - (v) if the *hearing panel* requests or permits, the *parties* may serve and *file*, by dates ordered by the *hearing panel*, submissions in writing on the facts and legal argument with respect to the contraventions alleged in the notice of *hearing*, which submissions

must not be made public prior to the commencement of the *hearing* of the submissions, and, if necessary, the *Hearing Office* must set a date for the *hearing* of such submissions,

- (vi) *Enforcement Staff* may make closing submissions, followed by the *respondent's* closing submissions and *Enforcement Staff's* reply to issues raised by the *respondent*,
 - (vii) unless the *parties* agree otherwise, after the *hearing panel* makes its *decision* on the merits of the allegations in the notice of *hearing*, the *Hearing Office* must set a date for the presentation of additional evidence, if any, and the *hearing* of submissions on *sanctions* and costs, and
 - (viii) the *hearing panel* may request or permit the *parties* to serve and *file* written submissions on *sanctions* and costs, which submissions must not be made public prior to the commencement of the *sanctions hearing*.
- (4) After cross-examination of a witness, the *party* who called the witness may further examine the witness with respect to matters raised for the first time in cross-examination.
 - (5) Following examination and cross-examination of a witness, a *hearing panel* may ask questions of the witness, subject to the right of the *parties* to ask further questions with respect to matters raised by the *hearing panel*.
 - (6) If two or more *respondents* are separately represented, the *hearing panel* may direct the order of presentation.
 - (7) A *hearing panel* may control the scope and manner of questioning of a witness to protect the witness from undue harassment.
 - (8) A *hearing panel* may order a witness to be excluded from a *hearing* until the witness is called to give evidence, unless the presence of the witness is necessary to instruct a *party's* counsel or agent, in which case the *hearing panel* may require the witness to be called to give evidence before other witnesses are called.
 - (9) If a *hearing panel* orders the exclusion of a witness, evidence given during the witness's absence from the *hearing* must not be communicated to the witness until the witness has completed giving evidence, except with leave of the *hearing panel*.
 - (10) A *hearing panel* may permit a *party* to present the evidence of a witness or proof of a particular fact or *document* by affidavit, unless another *party* reasonably requires the attendance of the witness at the *hearing* for cross-examination.
 - (11) If a *hearing panel* requests or permits the *parties* to make written submissions on *sanctions* and costs, unless the *hearing panel* orders otherwise:
 - (i) the date set for the *sanctions hearing* must be at least 30 days after the date of the *decision* on the merits,
 - (ii) *Enforcement Staff* must serve and *file* submissions at least 14 days before the *sanctions hearing*,
 - (iii) the *respondent* must serve and *file* submissions at least seven days before the *sanctions hearing*, and
 - (iv) *Enforcement Staff* must serve and *file* any reply submissions at least three days before the *sanctions hearing*.
 - (12) If a respondent who has been served with a notice of *hearing* does not attend the *hearing* on the merits, the *hearing panel*:

- (i) may proceed with the *hearing* in the *respondent's* absence and may accept as proven the facts and contraventions alleged in the notice of *hearing* and statement of allegations, and
- (ii) if it finds that the *respondent* committed the alleged contraventions, may hear submissions on *sanctions* from *Enforcement Staff* immediately, without a further *hearing* on *sanctions* and costs, and may impose *sanctions* and costs pursuant to sections 8209 or 8210, as it considers appropriate.

8424. Written hearings

- (1) If a hearing is a *written hearing*, the *party* who serves a *commencing notice* must, with the motion or other record required by the *Rules of Procedure* or within a time directed by a *hearing panel*, serve and *file* the *party's* written submissions containing, as applicable:
 - (i) a statement of agreed facts,
 - (ii) the *party's* factual and legal submissions, and
 - (iii) any material ordered by the *hearing panel*.
- (2) A *respondent* or *responding party* may respond, within the time provided in subsection 8413(8) or in a *decision* of a *hearing panel*, by serving and *filing* a responding motion record, if applicable, and the *party's* factual and legal submissions.
- (3) A *party* may reply to a response served pursuant to subsection 8424(2), within the time provided in subsection 8413(10) or in a *decision* of a *hearing panel*, by serving and *filing* a reply record, if applicable, and the *party's* factual and legal submissions.
- (4) A *hearing panel* may:
 - (i) require a party to serve and *file* additional information,
 - (ii) on request of a *party*, order that a *party* present a witness to be examined or cross-examined on any terms and conditions the *hearing panel* directs, and
 - (iii) after considering the record, order that the *hearing* be continued as an *oral hearing*.

8425. Temporary orders

- (1) Where a proceeding pursuant to section 8211 is commenced, *Enforcement Staff* must *file* a notice of *application* and *application* record at least five days prior to the date of the *hearing* or a shorter period permitted by a *hearing panel*.
- (2) An application under subsection 8425(1) may be made with or without notice to the *respondent*.
- (3) A notice of *application* must contain:
 - (i) the date, time and location of the *hearing*,
 - (ii) whether notice has been given to the *respondent*,
 - (iii) a statement of the purpose of the proceeding,
 - (iv) the sanctions requested by *Enforcement Staff*,
 - (v) the grounds for the *application*, including a reference to any *Corporation requirements* or *applicable* laws that the *respondent* is alleged to have contravened,
 - (vi) a statement of the facts alleged that support the alleged contraventions and the need for a temporary order,
 - (vii) a list of documentary and other evidence relied on,

- (viii) the proposed form of the *hearing*, and
 - (ix) any other information that *Enforcement Staff* considers advisable.
- (4) An *application* record must contain:
- (i) the notice of *application*, and
 - (ii) copies of the evidence, including affidavit and other materials relied on.
- (5) If an *application* under subsection 8425(1) is made with notice, *Enforcement Staff* must serve the *respondent* with the *application* record before it is *filed* and the *respondent* may serve and *file* a responding record at least two days prior to the date of the *hearing*.
- (6) A responding record must contain:
- (i) the order requested by the *respondent*, including a statement of the reasons for the order requested, and
 - (ii) copies of any additional evidence, including affidavits and other materials relied on.
- (7) A party to an *application* under subsection 8425(1) may serve, if notice is given, and *file* a memorandum of fact and law prior to the *hearing* of the *application*.
- (8) A hearing *panel* may, at any time, on any terms or conditions it considers appropriate, require oral testimony to be adduced at the *hearing* on any matter in issue and allow cross-examination on an affidavit.
- (9) A hearing *panel* may:
- (i) grant the temporary order requested,
 - (ii) dismiss or adjourn the *application* in whole or in part, with or without terms, and
 - (iii) make another *decision* it considers appropriate.
- (10) If an *application* under subsection 8425(1) is made on notice, the *decision* and reasons of the *hearing panel* constitute the notice required by subsection 8211(3).
- (11) If an *application* under subsection 8425(1) is made without notice, a notice of a temporary order pursuant to subsection 8211(3) must contain:
- (i) a statement that a temporary order has been made with respect to the *respondent*, describing the terms of the temporary order,
 - (ii) the grounds on which the temporary order was requested and a reference to the notice of application containing them, and
 - (iii) a summary of subsection 8211(2) and the date, time and location of a *hearing* pursuant to clause 8211(2)(i).
- (12) A notice of a temporary order under subsection 8425(11) must be accompanied by:
- (i) a copy of the *decision* or order and reasons of the *hearing panel*,
 - (ii) a copy of the notice of *application* and *application* record *filed* by *Enforcement Staff*,
 - (iii) a summary of any oral evidence received by the *hearing panel* or a transcript of the *hearing*,
 - (iv) copies of any documentary or other evidence received by the *hearing panel* that is not contained in the *application* record, and
 - (v) any written submissions presented to the *hearing panel*.
- (13) A hearing to extend a temporary order must follow the procedure in section 8413 for a motion.

8426. Protective orders

- (1) Where a proceeding pursuant to section 8212 is commenced, *Enforcement Staff* must serve the *respondent* with, and *file*, a notice of *application* and *application* record at least five days prior to the date of the *hearing* or a shorter period permitted by a *hearing panel*.
- (2) A notice of *application* must contain:
 - (i) the date, time and location of the *hearing*,
 - (ii) a statement of the purpose of the proceeding,
 - (iii) the order requested by *Enforcement Staff*,
 - (iv) the grounds for the application, including a reference to any *Corporation requirements* or *applicable laws* that the *respondent* is alleged to have contravened,
 - (v) a statement of the facts alleged that support the alleged contraventions, the need for a protective order and the order sought,
 - (vi) a list of documentary and other evidence relied on,
 - (vii) the proposed form of the *hearing*, and
 - (viii) any other information that *Enforcement Staff* considers advisable.
- (3) An *application* record must contain:
 - (i) the notice of *application*, and
 - (ii) copies of the evidence, including affidavits and other materials relied on.
- (4) *Enforcement Staff* must serve the *application* record before it is *filed* and a *respondent* may serve and *file* a responding record.
- (5) A responding record must contain:
 - (i) the order requested by the *respondent*, including a statement of the reasons for the order requested, and
 - (ii) copies of any additional evidence, including affidavits and other materials relied on.
- (6) A party to an *application* under subsection 8426(1) may serve and *file* a memorandum of fact and law prior to the *hearing* of the *application*.
- (7) A *hearing panel* may, at any time, on any terms or conditions it considers appropriate, require oral testimony to be adduced at the *hearing* on any matter in issue and allow cross-examination on an affidavit.
- (8) A *hearing panel* may:
 - (i) grant the order requested,
 - (ii) dismiss or adjourn the *application* in whole or in part, with or without terms, and
 - (iii) make any other *decision* authorized by subsection 8212(4) that it considers appropriate.

8427. Review of protective orders

- (1) A party who requests a review of a *decision* made under section 8212 must serve and *file*, within 30 days of the date of the *decision*, a notice of request for review and a review record.
- (2) A notice of request for review must contain:
 - (i) the date, time and location of the *hearing* of the request for review,

- (ii) the relief sought,
 - (iii) the grounds for the relief sought, including reference to any *Corporation requirements* or *applicable laws*,
 - (iv) a list of evidence and other materials relied on, and
 - (v) the proposed form of the *hearing*.
- (3) A review record must contain:
- (i) the notice of request for review, and
 - (ii) copies of any additional evidence, including affidavits and other materials relied on.
- (4) Enforcement *Staff* must *file*, at least seven days prior to the date of the review *hearing*, a record that contains the record of the *hearing* under section 8212, the *decision* and reasons of the *hearing panel*, a transcript of the *hearing* and copies of any documentary or other evidence received by the *hearing panel* not otherwise contained in the record.
- (5) A responding *party* may serve and *file* a reply no later than seven days prior to the date of the review *hearing*.
- (6) A reply must contain:
- (i) the order requested by the *responding party* and a statement of the reasons for the order requested, and
 - (ii) copies of any additional evidence, including affidavits and other material relied on.
- (7) The *parties* may serve and *file* a memorandum of fact and law no later than two days prior to the date of the review *hearing*.
- (8) A review *hearing* must be conducted in the following order:
- (i) the *requesting party* may present evidence,
 - (ii) the *responding party* may present evidence,
 - (iii) the *requesting party* may make submissions,
 - (iv) the *responding party* may make submissions, and
 - (v) the *requesting party* may reply to the submissions of the *responding party*.
- (9) A *hearing panel* may at any time, on any terms or conditions it considers appropriate, require oral testimony to be adduced at the review *hearing* on any matter in issue and allow cross-examination on an affidavit.
- (10) At any time prior to a review *hearing*, a *requesting party* may bring a motion for a stay of an order made under subsection 8212(4).

8428. Settlement hearings

- (1) If a settlement *agreement* is made after a notice of *hearing* has been issued, a *settlement hearing* must be commenced by a notice of motion.
- (2) If a settlement *agreement* is made before a notice of *hearing* is issued, a *settlement hearing* must be commenced by a notice of *application*.
- (3) Enforcement *Staff* must serve the *respondent* with, and *file*, a *commencing notice* for a *settlement hearing* and must *file* copies of the *settlement agreement* at least seven days prior to the date of the *settlement hearing*, unless the *hearing* on the merits has commenced and the *hearing panel* orders otherwise.
- (4) A *commencing notice* for a *settlement hearing* must contain:

- (i) the date, time and location of the *settlement hearing*,
 - (ii) the identity of the *respondent*,
 - (iii) a statement of the purpose of the *hearing*,
 - (iv) the general nature of the allegations addressed by the *settlement agreement*, and
 - (v) the proposed form of the *hearing*.
- (5) A *settlement agreement* must not be open for inspection by the public unless it has been accepted by a *hearing panel*.
- (6) At a *settlement hearing*, facts that are not contained in the *settlement agreement* must not be disclosed to the *hearing panel* without the consent of all *parties*, unless the *respondent* does not appear, in which case *Enforcement Staff* may disclose additional relevant facts, if requested by the *hearing panel*.

8429. Monitor

- (1) A request for directions by *Enforcement Staff* or a *Monitor* must be made by bringing a motion in accordance with section 8413.

PART C - REVIEW PROCEEDINGS**8430. Regulatory review hearings**

- (1) A party who requests a review of a *regulatory decision* must serve and *file*, within the time specified in *Corporation requirements* relating to the *regulatory decision* and:
- (i) in the case of a decision made under section 9204, 9206 or 9207, at least 14 days, and
 - (ii) in the case of a decision under Part B of Rule 4100, no more than the number of days specified in Part B of Rule 4100, prior to the date of the *hearing*, a notice of request for review and a review record.
- (2) A notice of request for review must contain:
- (i) the date, time and location of the *hearing* of the request for review,
 - (ii) the relief sought,
 - (iii) the grounds for the relief sought, including reference to any *Corporation requirements* or applicable *laws*,
 - (iv) a list of evidence and other materials relied on, and
 - (v) the proposed form of the *hearing*.
- (3) A review record must contain:
- (i) the notice of request for review,
 - (ii) any notice of the *regulatory decision* received by the *requesting party*,
 - (iii) the *regulatory decision* and any reasons for the *regulatory decision*,
 - (iv) any materials that accompanied the notice of the *regulatory decision* or the *regulatory decision* received by the *requesting party*,
 - (v) copies of any additional evidence, including affidavits and other materials relied on.
- (4) A responding *party* may serve and *file* a reply no later than seven days prior to the date of the review *hearing*.
- (5) A reply must contain:

- (i) the order requested by the *responding party* and a statement of the reasons for the order requested, and
 - (ii) copies of any additional evidence, including affidavits and other material relied on.
- (6) The parties may serve and *file* a memorandum of fact and law no later than two days prior to the date of the review *hearing*.
- (7) A review *hearing* must be conducted in the following order:
- (i) the requesting *party* may present evidence,
 - (ii) the responding *party* may present evidence,
 - (iii) the requesting *party* may make submissions,
 - (iv) the responding *party* may make submissions, and
 - (v) the requesting *party* may reply to the submissions of the *responding party*.
- (8) A *hearing panel* may at any time, on any terms or conditions it considers appropriate, require oral testimony to be adduced at the review *hearing* on any matter in issue and allow cross-examination on an affidavit.

PART D - SECURITIES REGULATORY AUTHORITY REVIEW

8431. Record for review

- (1) A party who applies to a *securities regulatory authority* for review of a final *decision* of a *hearing panel* may obtain a copy of the record of the proceeding in which the *decision* was made by sending a request for the record, in prescribed form, to the *Hearing Office*.
- (2) The *Hearing Office* must provide a copy of the record of the proceeding to the *party* within a reasonable time after receipt of a request under subsection 8431(1), subject to payment of any applicable costs or fees.
- (3) Subject to subsection 8431(4), the record of a proceeding must include copies of:
- (i) the commencing *notice* in the proceeding,
 - (ii) any interim orders made in the proceeding,
 - (iii) any *prehearing conference* memorandums,
 - (iv) documentary and other evidence adduced in the proceeding, subject to any limitations imposed under *Corporation requirements* by a *hearing panel* or by law,
 - (v) any other *documents* in the proceeding requested by a *party*,
 - (vi) a transcript of oral evidence given at the *hearing* on the merits, and
 - (vii) the *decision* and reasons of the *hearing panel*.
- (4) The *Hearing Office* may omit any *documents* from the record of a proceeding, if:
- (i) the *parties* consent and the *hearing panel* agrees, or
 - (ii) the *hearing panel* so directs.
- (5) The *Hearing Office* may require the *party* who requests the record of a proceeding to pay the costs of preparing a copy of the record and a reasonable fee for its preparation.

8432. – 8999. Reserved.

SERIES 9000 | PROCEDURAL RULES – OTHER

RULE 9100 | COMPLIANCE EXAMINATIONS

9101. Introduction

- (1) Rule 9100 sets out the powers of the *Corporation* to initiate and conduct compliance examinations and request information and the rights and obligations of *Regulated Persons* with respect to such examinations.

9102. Examinations

- (1) An examination under Rule 9100 includes a request for information made by *Corporation* staff other than *Enforcement Staff*.

9103. Conducting examinations

- (1) *Corporation* staff may examine the conduct, business and affairs of a *Regulated Person* with respect to *Corporation requirements, applicable laws, or trading or advising in respect of securities or derivatives*.
- (2) *Corporation* staff may initiate an examination where they consider it advisable to do so.

9104. Examination powers

- (1) In connection with an examination, *Corporation* staff may, by written or electronic request, require a *Regulated Person* or an *employee, partner, Director, officer or approved investor* to:
 - (i) provide a written report with respect to any matter,
 - (ii) produce for inspection any *records* in the *person's* possession or control that *Corporation* staff believe may be relevant to the examination, whether written, electronically stored, or recorded,
 - (iii) provide copies of any such *records* and documents in the manner and form, including electronically and recorded, that *Corporation* staff requests, and
 - (iv) answer questions with respect to any matter.
- (2) In a request made under subsection 9104(1), *Corporation* staff may require production of original documents and must provide a receipt for any original documents received.
- (3) In connection with an examination, *Corporation* staff:
 - (i) may, with or without prior notice, enter the business premises of any *Regulated Person* during business hours,
 - (ii) are entitled to free access to and to make and keep copies of all books of account, securities, cash, documents, bank accounts, vouchers, correspondence and *records* of every description that *Corporation* staff believe may be relevant to the examination, including by taking an image of the computer hard drives or other storage media of the *Regulated Person*, and
 - (iii) may remove the original of any document or *record* obtained under clause 9104(3)(ii), and where an original document or *record* is removed from the premises, *Corporation* staff must provide a receipt for the removed document or *record*.

9105. Obligations of Regulated Persons and other persons

- (1) A *person* who receives a request made under section 9104 must comply with the request within the time specified in it.
- (2) A *Regulated Person* must cooperate with *Corporation* staff who are conducting an examination, and a *Regulated Person* must require its employees, partners, directors and officers to cooperate with *Corporation* staff conducting an examination and to comply with a request made under section 9104.
- (3) A *person* who is aware that *Corporation* staff is conducting an examination must not conceal or destroy any *record*, document or thing that contains information that may be relevant to the examination or ask or encourage any other *person* to do so.

9106. Use of information

- (1) *Corporation* staff may refer any information obtained from an examination to *Enforcement Staff*, other *Corporation* staff, or a *securities* or *derivatives* regulatory authority.
- (2) *Corporation* staff may take any other appropriate action based on information obtained from an examination.

9107. – 9199. Reserved.

RULE 9200 | APPROVALS AND REGULATORY SUPERVISION

[...]

9208. Terms and conditions on membership

- (1) The *Corporation* may impose terms and conditions on a *Dealer Member's* Membership in the *Corporation*, where the *Corporation* considers it appropriate to ensure continuing compliance with *Corporation requirements*.
- (2) The *Corporation* must not impose terms and conditions on a Membership in the *Corporation*, unless the *Dealer Member* has been given an opportunity to be heard.
- (3) Notice of a *decision* imposing terms and conditions under subsection 9208(1) must be given to the *Dealer Member* and must be accompanied by written reasons for the *decision*.

[...]

RULE 9500 | ALTERNATIVE DISPUTE RESOLUTION

9501. Introduction

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

9502. Participation by a Dealer Member in arbitration

- (1) The *Board* may approve, with terms and conditions, one or more arbitration programs or organizations for *Dealer Members* or any class of *Dealer Members*.
- (2) A *Dealer Member* must participate in or become a member of an arbitration program or organization approved by the *Board*.
- (3) The participation of a *Dealer Member* in, or any decision made under, an arbitration program will not affect the *Corporation's* authority, or prevent it from exercising that authority under *Corporation requirements*.
- (4) If a client requests arbitration, the *Dealer Member* involved must submit to binding arbitration in any dispute between the *Dealer Member* and the client.
- (5) The *Dealer Member* must comply with the arbitration program's requirements and decisions.

9503. Participation by a Dealer Member in an ombudsman service

- (1) A *Dealer Member* must participate in an ombudsman service approved by the *Board*.
- (2) The participation of a *Dealer Member* in, or any recommendations made by, an ombudsman service, will not affect the authority of the *Corporation* or prevent it from exercising that authority under *Corporation requirements*.
- (3) On a client's request, any dispute between a *Dealer Member* and the client must be submitted to the approved ombudsman service.
- (4) The eligibility of a dispute for review is made by the ombudsman service based on its terms of reference.
- (5) A *Dealer Member* must comply with the ombudsman service's requirements.
- (6) The ombudsman's recommendations are non-binding on each participant in the service.

9504. Dealer Members must provide information to ombudsman service

- (1) The ombudsman service may ask a *Dealer Member*, or an *Approved Person*, or other *person* subject to the *Corporation's* authority for information or *records* relating to a review or investigation.
- (2) The *person* in subsection 9504(1) must submit the information requested in the form and manner, including electronic, as prescribed by the ombudsman service.

9505. –9999. Reserved.

SERIES 1000 | INTERPRETATION AND PRINCIPLES RULES

RULE 1200 | DEFINITIONS

1201. Definitions

[...]

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

[...]

<p>“National Hearing Officer Office” (<i>Bureau des audiences</i>) (<i>administrateur national des audiences</i>)</p>	<p>A person appointed by the Corporation who is responsible for the administration of staff, other than Enforcement Staff, who are authorized to administer enforcement and other proceedings <u>ensuring integrity and procedural fairness</u> under the Corporation requirements and other employees of the Corporation to whom the person delegates the performance of such functions.</p>
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[...]

<p>“public member” (<i>membre représentant le public</i>)</p>	<p>A public member in relation to a <i>hearing committee</i> means:</p> <ul style="list-style-type: none"> (i) a current or retired<u>former</u> member of the law society of a province <u>in a relevant District</u>, other than Québec, who is in good standing at the law society, or (ii) in Québec, a current or retired<u>former</u> member of the Barreau du Québec, who is in good standing at the Barreau.
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[...]

<p>“shared office premises” (<i>partage des bureaux, bureaux partagés, partager des bureaux et ses dérivés</i>)</p>	<p>Premises<u>For the purposes of dealing with retail clients, premises shared by a Dealer Member</u> shares with another regulated Canadian financial service<u>an</u> entity that is : (i) <u>involved in financial activities, whether or not they are related companies or affiliate companies, and</u> (ii) <u>regulated by a securities regulatory authority or by another regulated Canadian financial services regulatory regime</u> such as banking, mutual funds, insurance, deposit <u>taking</u> or mortgage brokerage activities.</p>
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SERIES 2000 | DEALER MEMBER ORGANIZATION AND INDIVIDUAL APPROVAL RULES

RULE 2100 | OWNERSHIP OF A DEALER MEMBER’S SECURITIES

2101. Introduction

- (1) Rule 2100 ~~covers~~sets out requirements for the issuance of securities by a *Dealer Member* or its *holding company* and changes in ownership.
- (2) A *Dealer Member* seeking an approval required under Rule 2100 must conduct its business with integrity and must maintain adequate financial resources. ~~The~~
- (3) When reviewing an application for approval under Rule 2100:
 - (i) ~~the~~ Corporation ~~has a responsibility to ensure~~ensures that persons who have an interest in a *Dealer Member* are fit and proper. ~~The~~
 - (ii) ~~the~~ Corporation ~~also needs to assess whether~~ensures the obligations incurred by a *Dealer Member* under the terms of securities it issues do not pose a risk to the *Dealer Member*.

2102. Definitions

- (1) The following terms have the meaning set out below when used in ~~sections 2103 through 2117~~Rule 2100:

<p>“industry investor” <u>(investisseur du secteur)</u></p>	<p>Any of the following that hold a <i>beneficial ownership</i> interest in a <i>Dealer Member</i> or its <i>holding company</i>:</p> <ul style="list-style-type: none"> (i) <u>(i)</u> a full-time officer or employee of the <i>Dealer Member</i>, or of a <i>related company</i> or <i>affiliate</i> of the <i>Dealer Member</i>, that conducts <i>Dealer Member related activities</i>. (ii) <u>(ii)</u> a spouse of an <i>individual</i> referred to in clause (i) of this definition, (iii) an investment corporation, if: <ul style="list-style-type: none"> (a) all of the <i>individuals</i> referred to in clause (i) of this definition collectively hold the majority of each class of voting securities of the investment corporation, or (b) all of the <i>beneficial owners</i> of all other <i>equity securities</i> of the investment corporation are: <ul style="list-style-type: none"> (I) <i>individuals</i> referred to in clauses (i) or (ii) of this definition, (II) children of <i>individuals</i> referred to in clauses (i) and (ii) of this definition, or (III) <i>individuals</i> and organizations that separately qualify as <i>industry investors</i> of a <i>Dealer Member</i> or its <i>holding company</i>, (iv) a family trust established and maintained for the benefit of <i>individuals</i> referred to in clauses (i) and (ii) of this definition or their children, if: <ul style="list-style-type: none"> (a) all of the <i>individuals</i> referred to in clauses (i) or (ii) this definition collectively have full direction and control of the trust, including its
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	<p>investment portfolio and the exercise of voting and other rights of the trust’s investments, and</p> <p>(b) all of the trust’s beneficiaries are:</p> <p>(I) <i>individuals</i> referred to in clauses (i) or (ii) of this definition,</p> <p>(II) children of <i>individuals</i> referred to in clauses (i) and (ii) of this definition, or</p> <p>(III) <i>individuals</i> and organizations that separately qualify as <i>industry investors</i> of the <i>Dealer Member</i> or its <i>holding company</i>,</p> <p>(v) a registered retirement savings plan, established under the Income Tax Act (Canada), of an <i>individual</i> referred to in clauses (i) or (ii) of this definition if that <i>individual</i> has control of its investment policy and has the only <i>beneficial ownership</i> interest in the registered savings plan,</p> <p>(vi) the <i>Dealer Member’s</i> pension fund if the investment decisions relating to that pension fund are made by the <i>individuals</i> referred to in clause (i) of this definition,</p> <p>(vii) an estate of an <i>individual</i> referred to in clauses (i) or (ii) of this definition for one year after the death of the <i>individual</i>, or such longer period allowed by the <i>Corporation</i>, or</p> <p>(viii) any <i>individual</i> or organization, for a period of 90 days, or such longer period as the <i>Corporation</i> may permit, after:</p> <p>(a) the date the <i>individual</i> is no longer an <i>employee</i> of the <i>Dealer Member</i>, its <i>related company</i> or <i>affiliate</i>, in the case of an <i>individual</i> that previously qualified as an <i>industry investor</i> under clause (i) of this definition, or</p> <p>(b) the <i>person</i> through whom the <i>individual</i> or organization previously qualified as an <i>industry investor</i> is no longer an <i>employee</i> of the <i>Dealer Member</i>, its <i>related company</i> or <i>affiliate</i>, in the case of <i>individuals</i> and organizations that previously qualified as an <i>industry investor</i> under clauses (ii) through (v) of this definition.</p> <p>An <i>industry investor</i> must be approved by the board of directors of the <i>Dealer Member</i> or its <i>holding company</i>. The <i>industry investor</i> must also be approved by the <i>Corporation</i> if the <i>industry investor</i> has a <i>significant equity interest</i> in the <i>Dealer Member</i> or its <i>holding company</i>.</p>
<p>“qualified independent underwriter” <u>(placeur indépendant admissible)</u></p>	<p>For a distribution of a <i>Dealer Member’s</i> securities or its <i>holding company’s</i> securities, it means another <i>Dealer Member</i>:</p> <p>(i) <u>(i)</u> which has been in the securities business for no less than the five years immediately preceding the date that the prospectus (or other equivalent document) is filed,</p> <p>(ii) <u>(ii)</u> where, as of the distribution date, the majority of its board of directors (if a corporation) or the majority of its general partners (if a</p>

	<p>partnership), have been in the securities business for no less than the five years immediately preceding the distribution date,</p> <p>(iii) <u>(iii)</u> which has underwritten public offerings of securities for no less than the five years immediately preceding the distribution date, and</p> <p>(iv) <u>(iv)</u> which is not an <i>associate</i> or <i>affiliate</i> of the issuing entity.</p>
<p>“significant equity interest”</p> <p><u>(participation notable)</u></p>	<p><u>Any of the following:</u></p> <p>(i) <u>A(i) a</u> holding of 10% or more of the voting securities of a <i>Dealer Member</i> or its <i>holding company</i>,</p> <p>(ii) <u>(ii)</u> a holding of 10% or more of the outstanding participating securities of a <i>Dealer Member</i> or its <i>holding company</i>, or</p> <p>(iii) <u>(iii)</u> an interest of 10% or more of the total equity of the <i>Dealer Member</i>.</p>

2103. Dealer Members must have Corporation approval to issue subordinated debt

- (1) A *Dealer Member* or its *holding company* must obtain the *Corporation’s* approval in writing before issuing a security representing *subordinated debt*.
- (2) A *Dealer Member* or its *holding company* must obtain the *Corporation’s* approval in writing before signing an agreement to issue *subordinated debt* in the future.

2104. Repayments and additional subordinated debt

- (1) A *Dealer Member* must obtain the *Corporation’s* approval in writing before it can issue any additional securities representing *subordinated debt* or repay any *subordinated debt*.

2105. Agreements with the Corporation

- (1) Where the *Corporation* is a party to a *subordinated debt* 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.

~~2106. Corporation notification of changes of ownership~~

- ~~(1) A Dealer Member must notify the Corporation in writing and file the form specified by the Corporation at least 20 days before issuing or transferring its securities or its holding company’s securities, including any legal or beneficial ownership interest in either securities.~~
- ~~(2) Subsection 2106(1) does not apply to a class of securities if:~~
 - ~~(i) there is public ownership of those securities as a result of a distribution made in compliance with securities laws, and~~
 - ~~(ii) the purchase or transfer will not result in an acquirer of the securities owning a significant equity interest.~~

21067. Ownership of another Dealer Member

- (1) An *industry investor* is prohibited from purchasing the securities of a *Dealer Member* or its *holding company*, other than in the *Dealer Member* or *holding company* in which the *industry investor* is approved, except if:

- (i) there is public ownership of the class of securities as a result of a distribution made in compliance with *securities laws* and the *industry investor* will not hold a *significant equity interest*,
- (ii) the *Dealer Member* is a *related company* or an *affiliate* 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,
 - (c) where the *industry investor* is regulated by another *securities regulatory authority*, the *industry investor* has provided the *Corporation* with evidence that the *securities regulatory authority* does not object to the relationship, and
 - (d) the *Dealer Member* that the *industry investor* was approved to invest in does not object to the investment.

21078. Ownership of a significant equity interest and ownership of assets

- (1) For the purpose of section 21078, “all or a substantial part of the assets” of a registered firm includes, among other things, a registered firm’s book of business, business line or division of the firm.
- (2) A *Dealer Member* must file the form specified by the *Corporation* and obtain *Corporation* approval before allowing a *person*, alone or together with *associates* and *affiliates*, to directly or indirectly, own or hold a *beneficial ownership* 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*.
- (3) The written request for approval under subsection 21078(2) must be delivered to the *Corporation* at least 30 days before the proposed ownership change and must include all relevant facts regarding the ownership change sufficient to enable the *Corporation* to determine if the ownership change is:
 - (i) likely to give rise to a conflict of interest,
 - (ii) likely to hinder the *Dealer Member* in complying with *Corporation requirements* or *securities laws*,
 - (iii) inconsistent with an adequate level of investor protection, or
 - (iv) otherwise prejudicial to the public interest.
- (4) Subsection 21078(2) does not apply to the legal representatives of a deceased person who had been approved by the *Corporation* as the owner of a *significant equity interest*. The legal representatives can continue as a registered holder or to hold a *significant equity interest* for a period as permitted by the *Corporation*.
- (5) A *Dealer Member* must file a written request for approval from the *Corporation* at least 30 days before the proposed acquisition if it proposes to acquire all or a substantial part of the assets of a registered firm, or if all or a substantial part of the *Dealer Member* assets

are to be acquired, and must include all relevant facts regarding the proposed acquisition sufficient to enable the *Corporation* to determine if the acquisition is:

- (i) likely to give rise to a conflict of interest,
 - (ii) likely to hinder the *Dealer Member* in complying with *Corporation requirements* or *securities laws*,
 - (iii) inconsistent with an adequate level of investor protection, or
 - (iv) otherwise prejudicial to the public interest.
- (6) A *Dealer Member* must not complete a proposed acquisition requiring notice under subsection 21078(5) until the *Corporation* approves the proposed acquisition.
- (7) *Dealer Members* acquiring securities or assets of another registered firm for a client in nominee name do not need to provide notice under Rule 2100.

21089. A Dealer Member's ownership of another Dealer Member

- (1) A *Dealer Member* or its *holding company* must obtain approval from the *Corporation* 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.

210910. Public ownership

- (1) A *Dealer Member* must obtain approval from the *Corporation* before allowing public ownership of the *Dealer Member's* securities or of its *holding company's* securities.
- (2) When the *Corporation* considers an application for approval:
- (i) the *Dealer Member* must satisfy the *Corporation* that it complies with, and will continue to meet, *Corporation requirements*,
 - (ii) the *Corporation* may require the *Dealer Member* to provide a legal opinion and any other information it considers necessary, and
 - (iii) the *Corporation* may impose conditions on and require undertakings from any *person* it considers necessary to provide reasonable assurance of 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 Canada Business Corporations Act requires.
- (4) The *Corporation* may exempt a *Dealer Member* or its *holding company* from subsection 210910(3).

21101. 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) *Qualified independent underwriters* or chartered accountants must prepare the valuations and summaries. A *qualified independent underwriter* participating in the distribution may prepare a valuation.
- (3) Subsection 21101(1) does not apply if securities with identical attributes have been trading on an exchange in Canada for at least six months before the new distribution begins.

21112. 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) *Qualified independent underwriters* or chartered accountants must prepare the valuations and summaries. A *qualified independent underwriter* participating in the distribution may prepare the valuations and summaries.
- (3) Subsection 21112(1) does not apply if:
- (i) securities with identical attributes have been trading on an exchange in Canada for at least six months before the transaction, or
 - (ii) the circumstances of the transaction, such as the terms of the transaction, were arrived at through arm's length negotiations and the *Corporation*, determines that valuations are not required.

21123. Secondary distribution of securities

- (1) The requirements of sections 21101 and 21112 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.

21134. 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 compliance with *Corporation requirements and securities laws*, or
 - (ii) making a private placement of its own securities under *securities laws*.
- (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*.

21145. Dealer Member's securities in client accounts

- (1) ~~A~~ *An Investment Dealer Member* may accept its own securities or those of its *holding company* as security for a margin account subject to *Corporation requirements* including, but not limited to, Schedule 9 of Form 1.

- (2) ~~A~~An Investment Dealer Member must not allow a *discretionary account* to hold the Investment Dealer Member's securities or those of its *holding company*.

21156. Research reports

- (1) A *Dealer Member* must not issue research reports or opinion letters on its own securities or those of its *holding company*.

21167. Corporation approvals

- (1) A *Dealer Member* must apply to *Corporation* to obtain an approval required under Rules 2100 and 2200.
- (2) The applicant must pay the prescribed fee.
- (3) Within 10 days after any event that gives rise to a change in the information submitted pursuant to an application for approval, including any bankruptcy or criminal proceedings, the applicant and the *Dealer Member* or *holding company* involved must inform the *Corporation* of the change in the applicant's information.
- (4) The *Corporation* may refuse an application for approval or may withdraw any approval it has granted.

21178. - 2199. Reserved.

RULE 2200 | DEALER MEMBER ORGANIZATION

2201. Introduction

~~(1)~~ ~~A(1)~~ Rule 2200 sets out requirements for a Dealer Member when organizing and managing its business and activities.

~~(2)~~ A Dealer Member must take reasonable care to organize and manage its business responsibly and effectively.

~~(3)~~ A Dealer Member's business must be organized to enable adequate supervision of all of its activities and cannot be organized to avoid *Corporation requirements*.

~~(2)-(4)~~ Rule 2200 is divided into the following parts:

Part A ~~--~~ Dealer Member Structure

Part A.1 ~~--~~ Business locations
[section 2202]

Part A.2 ~~--~~ Holding companies, related companies and order execution only service providers
[sections 2205 through 2207]

Part A.3 ~~--~~ Non-securities or non-derivatives business ~~and shared premises~~
[sections 2215 ~~and~~]

Part A.4 - Shared office premises
[sections 2216 through 2219]

Part B ~~--~~ Dealer Member Membership Changes
[sections 2220 through 2228]

Part C ~~--~~ Business Change Notification Requirements
[sections 2245 through 2248]

Part D ~~--~~ Branch Offices of Dealer Members
[sections 2265 through 2268]

Part E ~~--~~ Trade Names and Disclosures
[sections 2280 through 2285]

PART A – DEALER MEMBER STRUCTURE

PART A.1 - BUSINESS LOCATIONS

2202. Business locations

(1) ~~Under sub-clause 2803(2)(i)(g), a~~ Dealer Member must notify the *Corporation* of the opening or closing of a *business location* as set out under sub-clause 2803(2)(i)(g).

2203. – 2204. Reserved.

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

2205. Holding companies

- (1) A Dealer Member must ensure that all its *holding companies* carrying on business in Canada are legally bound to comply with *Corporation requirements* applicable to *holding companies*.
- (2) A Dealer Member's *holding company* may be another Dealer Member's *holding company* if:
 - (i) the *holding company* owns all of the voting securities and participating securities of ~~an~~ Dealer Member, or
 - (ii) the Dealer Member obtains *Corporation* approval to become the *holding company* of a second Dealer Member.

2206. Related companies

- (1) A Dealer Member, or an employee, *Approved Person*, or investor of a Dealer Member, must obtain *Corporation* approval before it sets up, or acquires any interest in, a *related company* or *associate*.
- (2) A Dealer Member must obtain *Corporation* approval before creating a wholly owned *subsidiary* whose principal business is a securities or derivatives broker, dealer or adviser.
- (3) A Dealer Member must be responsible for and *guarantee* its *related companies'* obligations to clients, and 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, and
 - (iii) where two *related companies* are related because the same person has an ownership interest of at least 20% in each of them, the *related companies* must *guarantee* each other for an amount equal to that person's ownership percentage multiplied by the company's financial statement capital.
- (4) A Dealer Member, and each of the Dealer Member's *related companies* that are required to *guarantee* an amount under subsection 2206(3), must sign the current *Corporation* *guarantee* form.
- (5) The Corporation Board may exempt a Dealer Member from subsection 2206(3), or may decide that a *guarantee* for a greater amount is required.

2207. Approval as an order execution only account services provider

- (1) The *Corporation* may approve ~~an~~ Investment Dealer Member or a business unit of ~~an~~ Investment Dealer Member to be an *order execution only account* service provider if the Investment Dealer Member's only business is an *order execution only account* service provider or it provides that service in a separate business unit.

- (2) ~~A~~An Investment Dealer Member that is offering *order execution only account services* must comply with all *Corporation requirements* other than those for which compliance is specifically exempted.
- (3) ~~A~~An Investment Dealer Member's policies and procedures must specifically address the operation of its *order execution only account services*.
- (4) If operating as a separate business unit within ~~a~~an Investment Dealer Member, an *order execution only account services provider* must have separate letterhead, accounts and account documentation, and its *Registered Representatives* and *Investment Representatives* may not work for any other business unit within the Investment Dealer Member.
- (5) ~~A~~An Investment Dealer Member must not compensate *employees* by giving them trade commissions for transactions executed in *order execution only accounts*.

2208. – 2214. Reserved.

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

2215. Business other than securities or derivatives

- (1) A Dealer Member must obtain *Corporation approval* before carrying on any business other than *Dealer Member related activities*.
- (2) A Dealer Member or a Dealer Member's holding company may, without *Corporation approval*, own an interest in a corporation (other than the *Dealer Member*) that carries on non-securities or derivatives related 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 or non-derivatives corporation.~~

PART A.4 - SHARED OFFICE PREMISES

2216. ~~Shared office premises~~General requirements

- ~~(1) For the purposes of section 2216, a "financial services entity" means an entity regulated by a securities regulatory authority or by another Canadian financial services regulatory regime such as banking, mutual funds, insurance, deposit-taking, or mortgage brokerage activities.~~
- ~~(2) A Dealer Member may share~~use shared office premises ~~with another financial services~~provided that:
 - ~~(i) the client clearly understands which legal~~ entity, ~~whether or not they are related companies or affiliate companies, in accordance with section 2216. This section applies to Dealer Members dealing with retail clients.~~
 - ~~(ii) privacy and confidentiality of records are maintained, and~~
 - ~~(4)iii) A Dealer Member's~~adequate supervisory policies and procedures ~~must specifically address:~~
- ~~(3) A Dealer Member must ensure that clients clearly understand which legal entity they are dealing with.~~
 - ~~(ii) privacy and confidentiality of records are maintained, and~~

- ~~(i) — supervision of shared office premises;~~
- ~~(ii) — representative compliance with Corporation requirements; and~~
- ~~(iii) — that clients clearly understand which entity they are dealing with. are established, maintained and applied pursuant to section 3918.~~

2217. Signage and disclosures

- ~~(51) An Investment Dealer Member must have:~~
 - ~~(i) — adequate supervisory resources to carry out its supervisory procedures;~~
 - ~~(ii) — a system for communicating Corporation requirements to representatives at the using shared office premises; and~~
 - ~~(iii) — a process that provides reasonable assurance representatives understand and comply with Corporation requirements.~~
- ~~(6) — A Dealer Member's shared office premises must be laid out and operated in a manner that ensures the control and confidentiality of client information and client records by ensuring that client records and account process areas are effectively controlled and physically secure.~~
- ~~(7) — A Dealer Member must have appropriate signs and disclosure which differentiates the entities sharing the premises.~~
- ~~(82) The legal names under which the Investment Dealer Member and each of the other **financial services** entities operate in the shared office premises operates must be clearly displayed in a prominent location, such as the office entrance door or reception area.~~
- ~~(93) The logo and brochures required to be used by the **investor protection fund in which they are a member** Corporation Membership Disclosure Policy and the IPF Disclosure Policy must be displayed in a manner that makes it clear that the logo and brochures are applicable only to the Dealer Member and not to any other **financial services** entity.~~
- ~~(10) — When doing business in the shared office premises, ~~a~~.~~

2218. Privacy and confidentiality

- ~~(1) A Dealer Member's shared office premises must ~~comply with Part E of Rule 2200~~ be laid out and operated in a manner that ensures the control and confidentiality of client information by ensuring that client records and account process areas are effectively controlled and physically secure.~~
- ~~(112) A Dealer Member must keep client records separate from the records of another **financial services** entity in the shared office premises as follows:~~
 - ~~(i) the **financial services** entity sharing the premises must not have access to the client's hard copy records, and~~
 - ~~(ii) electronic records must have separate passwords or another similar control to ensure the **financial services** entity sharing the premises has no access to the electronic client records of the Dealer Member.~~
- ~~(123) When a Dealer Member, ~~operating in a~~ using shared office premises opens an account, the Dealer Member must obtain the client's specific acknowledgement of a written disclosure statement:~~

- (i) outlining the relationship between the *Dealer Member* and the *financial services* entity sharing the premises, and
 - (ii) stating that the entities are separate.
- (134) A *Dealer Member* must keep client information confidential and can only share the information with ~~other financial services entities~~ another entity in the *shared office premises* if:
- (i) the client has consented to the disclosure of confidential information in compliance with applicable federal, provincial, and territorial privacy legislation and regulations, and
 - (ii) the client has consented to the disclosure of client 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 consent option.
- (145) An *employee* who works for both the *Dealer Member* and another *financial services* entity in the shared office premises must not disclose client information from one ~~organization~~ entity to the other unless performing a relevant service that the client has specifically consented to and the client has consented to the disclosure of the client information.

2219. Permitted and restricted activities

- (151) Non-registered personnel employed by the *Dealer Member* or representatives of ~~the financial services~~ another entity ~~may not provide the following services on behalf of 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 an account application, other than biographical information, and~~
 - ~~(vi) soliciting securities transactions.~~
- (16) ~~Non-registered personnel employed by the Dealer Member or representatives of the financial services entity~~ in the shared office premises may provide the following services on behalf of the *Dealer Member*:
- ~~(i)~~ (i) advertising the *Dealer Member's* services and products,
 - ~~(ii)~~ (ii) delivering or receiving clients' securities,
 - ~~(iii)~~ (iii) arranging client appointments or informing of deficiencies on completed forms,
 - ~~(iv)~~ (iv) providing the status, balances, and holdings of client accounts,
 - ~~(v)~~ (v) providing quotes and other market information,
 - ~~(vi)~~ (vi) contacting the public, inviting the public to seminars, and forwarding non-securities information,
 - ~~(vii)~~ (vii) distributing account applications, subject to subsection ~~2216(17)~~ 2219(2), and

- ~~(viii)~~ (viii) receiving completed account applications to forward to the *Dealer Member* for approval.
- ~~(172)~~ (172) ~~At the shared office premises, a manager, assistant manager or credit officer of the financial services~~ Non-registered personnel employed by the Dealer Member or a representative of another entity in the shared office premises who has a high degree of knowledge about the client's financial affairs may help the client to complete the account application, if:
- ~~(i)~~ (i) no *Approved Person* is available,
 - ~~(ii)~~ (ii) the client's ~~Registered Representative, Portfolio Manager or Associate Portfolio Manager~~ complies Approved Person primarily responsible for compliance with *Corporation* requirements relating to know-your-client and suitability determination ~~by reviewing~~ reviews the account application with the client before any trade is conducted or a recommendation is made to a client, and
 - ~~(iii)~~ (iii) a *Supervisor* has approved the account application before any trade is conducted for a client.
- ~~(18)~~ (18) ~~A mutual fund sales person may only accept orders for accounts at the dealer which they are registered with and may not:~~
- ~~(i)~~ (i) ~~offer, or advise clients on, equities or other~~ 3) Non-registered personnel employed by the Dealer Member or representatives of another entity in the shared office premises may not provide the following services on behalf of the Dealer Member:
 - ~~(j)~~ (j) opening accounts.
 - ~~(ii)~~ (ii) distributing or receiving order forms for securities or derivatives transactions ~~for which specific proficiency is required, or~~
 - ~~(ii)~~ (ii) ~~communicate those client orders to a qualified person.~~
- 2217. – 2219. Reserved.**
- ~~(iii)~~ (iii) assisting clients to complete order forms for securities or derivatives transactions.
 - ~~(iv)~~ (iv) giving recommendations or any advice on any activity.
 - ~~(v)~~ (v) completing know-your-client information on an account application, other than biographical information, and
 - ~~(vi)~~ (vi) soliciting securities or derivatives transactions.

PART B - DEALER MEMBER MEMBERSHIP CHANGES

2220. Introduction

- (1) Part B of Rule 2200 sets out how the *Corporation* deals with changes to the *Membership* of *Dealer Members*.

2221. Notice of intention to resign

- (1) If a *Dealer Member* intends to resign, it must notify the *Corporation* in writing of its intention by filing a letter of resignation. ~~The~~

(2) Within one week of receiving a letter of resignation under subsection 2221(1), the Corporation will issue a ~~Notice~~public notice advising of the *Dealer Member's* intention ~~to resign within one week of receiving a Dealer Member's intent~~ to resign.

2222. Letter of resignation and supporting documents

- (1) A resigning *Dealer Member* must state its reasons for resigning in its resignation letter and file the following supporting documents with the *Corporation*:
 - (i) audited financial statements indicating the *Dealer Member* has liquid assets sufficient to meet its outstanding liabilities other than subordinated loans, and
 - (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.

2223. Acquisition and resignation

- (1) If all or a substantial part of the business and assets of a resigning *Dealer Member* is acquired by another *Dealer Member*, the resigning *Dealer Member* must provide the *Corporation* with:
 - (i) either, ~~;~~
 - (a) an undertaking from the acquiring *Dealer Member* accepting responsibility for all outstanding liabilities of the resigning *Dealer Member*, or
 - (b) the documents required under section 2222, and
 - (ii) pro forma financial statements of the acquiring *Dealer Member* showing compliance with *Corporation requirements* relating to capital requirements.

2224. Amalgamation of Dealer Members

- (1) If two or more *Dealer Members* are amalgamated, the *Dealer Members* not continuing due to the amalgamation must surrender their *membership*. The continuing *Dealer Member* must provide the *Corporation* with:
 - (i) an undertaking that it accepts responsibility for all liabilities of the *Dealer Members* that are amalgamating, and
 - (ii) pro forma financial statements of the continuing *Dealer Member* showing compliance with *Corporation requirements* relating to capital requirements.

2225. Amalgamation with a 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 policies and procedures sufficient to carry on its business and comply with *Corporation requirements*, and
 - (ii) pro forma financial statements of the continuing *Dealer Member* showing compliance with *Corporation requirements* relating to capital requirements.

2226. Effective date of resignation

- (1) Resignation of a *Dealer Member* is effective on the date following the day on which the following conditions have all been satisfied:

- (i) the *Corporation* has received the documents required to support the resignation,
 - (ii) the *Corporation* has received payment of any amount owed to it,
 - (iii) the *Corporation* has confirmed 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, and
 - (iv) the [BeardCorporation](#) has approved the *Dealer Member's* resignation.
- (2) Notwithstanding the above, and without limiting the discretion that the [BeardCorporation](#) may have to exempt a *Dealer Member* from any [BeardCorporation](#) requirement, where circumstances warrant, the *Corporation* may exercise discretion to postpone the effective date of a *Dealer Member's* resignation.
- (3) ~~The~~ Within one week of all conditions under subsection 2226(1) being satisfied, the *Corporation* will issue a public 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.

2227. Payment of Corporation fees

- (1) A resigning, suspended, terminated or surrendering *Dealer Member* must make full payment of its annual membership fees for the entire fiscal year in which its resignation, suspension, termination or surrender becomes effective, subject to the exception set out in subsection 2227(2).
- (2) A resigning, suspended or terminated *Dealer Member* may make payment of its membership fees until the end of the fiscal quarter in which the following conditions have been met:
 - (i) the *Dealer Member* has transferred all customer accounts to another *Dealer Member*,
 - (ii) the *Dealer Member* has no remaining *Approved Persons* other than shareholders, the *Ultimate Designated Person*, the *Chief Compliance Officer* and the *Chief Financial Officer*, and
 - (iii) in the case of a resigning *Dealer Member*, the *Dealer Member* has provided written notice of its resignation to the *Corporation*.

2228. Inactive Dealer Members

- (1) A *Dealer Member* may apply to the [BeardCorporation](#) to have its *membership* status temporarily changed to inactive. *Dealer Members* must file their applications in writing and must include reasons for the requested change.
- (2) The [BeardCorporation](#) must impose a time limit and may impose conditions on a *Dealer Member's* inactive status.
- (3) When a *Dealer Member's* status changes to inactive, the *Corporation* must ~~publish~~issue a public notice indicating so.
- (4) A *Dealer Member* with inactive status may apply in writing to the [BeardCorporation](#) 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 inactive status period has not been extended previously.

- (5) When a *Dealer Member's* inactive status or the extension to the period of time established by the ~~Board~~*Corporation* for inactive status expires, the *Dealer Member's* status will automatically revert to that of an active Dealer Member.

2229. – 2244. Reserved.

PART C – ~~BUSINESS CHANGE~~ NOTIFICATION REQUIREMENTS

2245. Introduction

- (1) The *Corporation* may review ~~the~~proposed changes in a *Dealer Member's* business, listed in section 2246, to ensure ~~they meet:~~
- (i) the Dealer Member is adequately prepared to make the change without unduly impacting its clients.
 - (ii) the change is carried in accordance with Corporation requirements, and
 - (iii) the change is in the public interest.

2246. Dealer Member's notice of changes to the 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 including, allotting, issuing, repurchasing, redeeming, canceling, subdividing or consolidating of any shares in its capital.
- (2) A *Dealer Member* must notify the *Corporation* in writing a minimum of 20 days before any material change to its business activities.
- (3) A Dealer Member must notify in writing and receive written approval from the Corporation before:
- (i) offering retail clients any highly-leveraged securities or derivatives, or
 - (ii) offering retail clients previously approved highly-leveraged securities or derivatives that are to be based on a new underlying interest.

2247. Notice of review

- (1) A *Dealer Member* must not make any of the changes listed in ~~section 2246~~subsections 2246(1) and 2246(2) if, within the 20 -day notice period, the *Corporation* informs the *Dealer Member* that it will be reviewing the proposed change and the change will require *Corporation* approval.

2248. – 2264. Reserved.

PART D - BRANCH OFFICES OF DEALER MEMBERS

2265. Introduction

- (1) Part D of Rule 2200 describes how *Dealer Members'* branch offices participate in the *Corporation* and its *Regions*.

2266. Branch office members

- (1) Every *Dealer Member's business location* in a *Region* with a *Supervisor*, who is normally present at the *business location*, is a branch office member of the *Region*.

2267. Branch office member's representation

- (1) A branch office member may participate in governing the *Region* in which the branch office is located, as follows:
 - (i) it has the same privileges in its *Region* as any other branch office member, except that at a *Region* meeting, a *Dealer Member* only has one vote in the *Region*, no matter how many branch office members it has, and
 - (ii) its *Region* representative is eligible for election as chair, vice-chair or member of the *Regional Council* for that *Region*.

2268. Fees

- (1) A *Dealer Member* does not have to pay an annual fee or entrance fee for its branch office members.

2269. – 2279. Reserved.**PART E - TRADE NAMES AND DISCLOSURES****2280. Introduction**

- (1) Part E of Rule 2200 ~~covers~~[sets out requirements for](#) a *Dealer Member's* use of trade names, *Corporation* membership disclosure and *Investor Protection Fund* membership disclosure.

2281. Trade names

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

2282. 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 sections 2281, 2282 or 2283,
- (ii) contrary to the public interest, or
- (iii) otherwise objectionable.

2283. 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 Persons' trade name*.
- (3) Materials used to communicate with the public include, but are not limited to the following: ~~letterhead, business cards, invoices, trade confirmations, monthly statements, websites~~advertisements, client communications, research reports and ~~advertisements~~sales communications.

2284. Investor protection fund membership disclosure requirements for Dealer Members

- (1) A *Dealer Member* must disclose to its clients in accordance with the IPF Disclosure Policy:
 - (i) that it is a member of an investor protection fund,
 - (ii) the name of the investor protection fund, and
 - (iii) the investor protection fund coverage available for eligible accounts;
~~in accordance with the IPF Disclosure Policy.~~

2285. Corporation membership disclosure requirements for Dealer Members

- (1) A *Dealer Member* must disclose to its clients in accordance with the Corporation Membership Disclosure Policy:
 - (i) that it is regulated, and
 - (ii) the name of its regulator;
~~in accordance with the Corporation Membership Disclosure Policy.~~

2286. –2299. Reserved.

RULE 2300 | PRINCIPAL AND AGENT RELATIONSHIPS

2301. Introduction

- (1) Rule 2300 ~~describes the~~sets out requirements ~~of relationships between~~for a Dealer Member when engaging an agent to conduct securities and derivatives related business on its behalf.

2302. Principal and agent relationships

- (1) An *individual* who conducts *securities and derivatives related business* on behalf of a Dealer Member must be an *employee* (~~which includes an~~agent) of the Dealer Member.
- (2) ~~A~~With the exception of the arrangement permitted in subsection 2302(3), a Dealer Member must not allow a corporation or other non-*individual* entity to conduct *securities and derivatives related business* on its behalf.
- (3) Any remuneration, gratuity, benefit or other consideration in respect of business conducted by an individual on behalf of the Dealer Member may be paid by the Dealer Member to a corporation that is not registered under securities laws provided:
- (i) the individual:
- (a) is either:
- (I) approved as a Registered Representative dealing in mutual funds only pursuant to clause 2602(3)(vii), or
- (II) registered as a Mutual Fund Dealer - Dealing Representative pursuant to applicable securities laws,
- and
- (b) acts as an agent of a Dealer Member:
- (I) that is registered as a mutual fund dealer, and
- (II) in compliance with the requirements set out in Rule 2300,
- (ii) the arrangement is not prohibited or otherwise limited by the relevant securities laws or securities regulatory authorities,
- (iii) the corporation is incorporated under the laws of Canada or a province or territory of Canada, and
- (iv) the individual, Dealer Member and the unregistered corporation have entered into a written agreement, in a form prescribed by the Corporation, the terms of which provide that:
- (a) the individual and Dealer Member have the same:
- (I) obligations to comply with applicable Corporation requirements and securities laws, and
- (II) liabilities to third parties, including clients irrespective of the method by which any remuneration, gratuity, benefit or other consideration is disbursed,
- (b) the Dealer Member shall engage in appropriate supervision with respect to the conduct of the individual and the unregistered corporation to ensure

compliance with the requirements in sub-clause 2302(3)(v)(a) and all other applicable Corporation requirements, and

(c) the individual and the unregistered corporation shall provide the Dealer Member, the Corporation and the applicable securities regulatory authorities with access to all books and records maintained by or on behalf of either of them for the purpose of ensuring compliance with the Corporation requirements and securities laws.

(4) Subsection 2302(3) does not apply in respect of any remuneration, gratuity, benefit or other consideration derived from a client in Alberta.

2303. Written agreement between the Dealer Member and the Corporation

- (1) Before engaging any agents to conduct securities and derivatives related business, a Dealer Member must enter into a written agreement with the Corporation.
- (2) The written 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 securities laws, and
 - (ii) to clients for the agent's acts and omissions relating to the Dealer Member's business.
- (3) The Corporation must be satisfied with the form of the written agreement.
- (4) The written agreement must be in a form similar to the following:

“Agreement between a Dealer Member and the Corporation

1. Recitals

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

2. Agreement with the Agent

- (i) The Dealer Member must enter into a written agreement with each of its agents as required by section 2304 of the Corporation ~~Investment~~ Dealer and ~~Partially Consolidated~~ Consolidated Rules, “Written agreement between the Dealer Member and its agents”, and any successor rules relating to principal and agent relationships.
- (ii) The agreement must require that the agent complies with all applicable laws and Corporation requirements.

3. Supervision of the Agent

The Dealer Member must treat each of its agents 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.

4. Written Disclosure of Respective Responsibilities to Clients

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

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

5. Disclosure to Clients

The disclosure to clients must be made using the following language in the account application:

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

6. Disclosure by Agent

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

7. Regulatory Authority of the Corporation

The Dealer Member acknowledges that the Corporation has the authority to regulate and enforce the provisions set out in the Dealer Member and agent agreement.

8. Governing Laws

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

9. Continuing Benefit

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

DATED as of the _____ day of _____, _____

[DEALER MEMBER]

[NAME AND TITLE OF SIGNING INDIVIDUAL]

_____”

2304. Written agreement between the Dealer Member and its agents

- (1) The *Dealer Member* and the *agent* who conducts *securities and derivatives related business* must enter into a written agreement.

- (2) The written agreement must not contain any terms inconsistent with *Corporation requirements* or *securities laws*.
- (3) The *Corporation* must be satisfied with the form of the written agreement before the *Dealer Member* finalizes the agreement with the *agent*.
- (4) The *Dealer Member* must certify to the *Corporation* that the written agreement complies with Rule 2300 and any other applicable *Corporation requirements*.
- (5) The *Corporation* may request that the *Dealer Member* obtain a legal opinion confirming subsection 2304(4).
- (6) The *Corporation* must be satisfied that the written agreement complies with *applicable laws* relating to tax matters.
- (7) The written agreement must contain the following minimum terms:
 - (i) **Compliance with the applicable laws**
The *agent* and the *Dealer Member* confirm that this agreement does not violate *applicable laws*.
 - (ii) **Confirmation of supremacy of Corporation requirements**
The *agent* and the *Dealer Member* confirm that:
 - (a) this agreement is made in compliance with *Corporation requirements*,
 - (b) if there is an inconsistency between this agreement and any applicable *Corporation requirements*, the *Corporation requirements* will prevail,
 - (c) any inconsistent terms will be deemed severed and deleted,
 - (d) The *Corporation* has the authority to regulate and enforce the provisions set out in this agreement, and
 - (e) this agreement will be interpreted and enforced to give full effect to any applicable *Corporation requirements*.
 - (iii) **Compliance by the agent with applicable laws, securities laws, and Corporation requirements**
 - (a) The *agent* warrants to the *Dealer Member* that it is appropriately registered or licensed, in good standing and in compliance with all *applicable laws, securities laws* and *Corporation requirements*.
 - (b) The *agent* covenants to comply with all *applicable laws, securities laws* and *Corporation requirements*.
 - (c) The *agent* agrees to be bound by and comply with the warranties and covenants above throughout the term of the agreement.
 - (iv) **Conduct of the agent's business**
 - (a) The *agent* agrees to conduct all business in the *Dealer Member's* name, subject to sections 2281 through 2283 relating to the use of trade names.
 - (b) The *agent* agrees to conduct all *securities and derivatives related business activities* through the *Dealer Member*.
 - (v) **Supervision of the agent by the Dealer Member**

The *Dealer Member* agrees to be:

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

(vi) **Written disclosure to clients**

If the *Dealer Member* and the *agent* have agreed that the *agent* will advise the clients directly:

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

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

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

(a) In the event that:

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

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

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

(viii) **Outside activities**

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

(ix) **Access to premises**

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

(x) **Records**

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

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

(xi) **Insurance**

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

(xii) **Assignment of agreement**

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

2305. – 2399. Reserved.

SERIES 4000 | DEALER MEMBER FINANCIAL AND OPERATIONAL RULES**RULE 4700 | OPERATIONS – BUSINESS CONTINUITY AND ~~GENERAL~~ TRADING AND DELIVERY STANDARDS**

4701. Introduction

- (1) Rule 4700 sets out the following requirements relating to *Dealer Member* operations:

Part A - Business continuity plan

[sections 4710 through ~~4714~~4716]

Part B - ~~General~~ Trading and delivery standards applicable to ~~all~~ centrally cleared transactions

[sections 4750 through ~~4761~~ 4756]

Part C - Trading and delivery standards applicable to specific transactions

[sections 4770 through 4776]

4702. - 4709. Reserved.

PART A - BUSINESS CONTINUITY PLAN**4710. Introduction**

- (1) To manage risk prudently and maintain investor confidence, *Dealer Members* must ensure they can continue to carry on business after a *significant business disruption* and provide clients with prompt access to their assets.

4711. Definitions

- (1) The following term has the meaning set out below when used in Part A of Rule 4700:

<p><u>“significant business disruption”</u> <u>(<i>perturbation importante des affaires</i>)</u></p>	<p><u>A cybersecurity incident or any other incident that may result in a significant impairment in client access to their <i>security, precious metals bullion or derivative</i> positions or accounts or to the client’s ability to liquidate or close-out their account positions.</u></p>
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4712. Creating a business continuity plan

- (1) A *Dealer Member* must establish and maintain a business continuity plan.

~~4712~~4713. Business continuity plan procedures

- (1) A *Dealer Member’s* business continuity plan must identify the procedures it will take to deal with a *significant business disruption*.
- (2) The procedures in subsection ~~4712(1)~~4713(1) must be based on the *Dealer Member’s* assessment of its key business functions and required levels of operation during and following a disruption.

- (3) The procedures in subsection ~~4712(1)~~4713(1) must provide reasonable assurance the *Dealer Member* stays in business long enough to meet its obligations to its clients and capital markets counterparties after a *significant business disruption*.

~~4713~~4714. **Update business continuity plan**

- (1) A *Dealer Member* must update its business continuity plan to reflect any significant change in any of its operations, structure, business, or locations.

~~4714~~4715. **Annual review and test**

- (1) Every year:
- (i) a *Dealer Member* must review and test, and
 - (ii) an appropriate *Executive* must approve, its business continuity plan.
- (2) During its annual review, a *Dealer Member* must make any modifications to its business continuity plan that are necessary due to changes in its operations, structure, business, or locations.
- (3) The *Corporation* may require a qualified third party to carry out the annual review and test.

4715

4716. Notice of disruption and invoking the business continuity plan

- (1) Where a significant business disruption occurs, the Dealer Member must
- (i) notify the Corporation of this incident as soon as possible after its discovery of the disruption,
 - (ii) include in the notice, details on the disruption and the Dealer Member's proposed course of action to address and resolve the disruption, as well as resulting consequences of the disruption,
 - (iii) indicate in the notice whether the Dealer Member intends to invoke its business continuity plan, and
 - (iv) inform the Corporation of any changes and provide timely updates on the actions set out in the notice, and provide any additional information requested by the Corporation.
- (2) When a Dealer Member invokes its business continuity plan, it must
- (i) notify the Corporation as soon as possible,
 - (ii) provide details on the circumstances leading the Dealer Member to invoke its business continuity plan and its proposed course of action, and
 - (iii) inform the Corporation of any changes and provide timely updates on the actions set out in the notice, and provide any additional information requested by the Corporation

4717. – 4749. Reserved.

PART B - ~~GENERAL~~ TRADING AND DELIVERY STANDARDS APPLICABLE TO ~~ALL~~ CENTRALLY CLEARED TRANSACTIONS

4750. Introduction

- (1) Part B of Rule 4700 sets out ~~general~~ trading and delivery requirements applicable to ~~all transactions~~ transactions cleared and settled through a clearing corporation. Additional requirements applicable to specific transactions that may be centrally or non-centrally cleared can be found in Part C of Rule 4700. Additional requirements applicable to transactions that are not cleared and settled through a clearing corporation can be found in Part A of Rule 4800.

4751. Definitions

- (1) The following terms have the meaning set out below when used in Part B of Rule 4700:

“acceptable trade matching utility” <i>(service d’appariement des opérations acceptable)</i>	The broker-to-broker trade matching utility in CDS’s CDSX (defined in section 4502), or a similar system approved by the Corporation. A list of approved acceptable trade matching utilities is updated and published as a notice by the Corporation.
“depository eligible transactions”	Transactions in securities where the affirmation and settlement can be performed through the facilities or services of CDS.
“eligible securities” <i>(titres admissibles)</i>	Securities that are eligible to be deposited in <u>the</u> clearing corporation.
“good delivery securities”	Securities that can be transferred without restrictions and delivered to the buyer of the securities.
“non-exchange trade” <i>(opération hors bourse)</i>	Any trade in a CDS eligible security (excluding new issue trades and repurchase agreement transactions and reverse repurchase agreement transactions) between two Dealer Members, which has not been submitted to the CDS continuous net settlement service by a Marketplace or an acceptable foreign marketplace. A non-exchange trade includes the dealer to dealer portion of a jitney trade that is executed between two Dealer Members that is not reported by a Marketplace or an acceptable foreign marketplace.
“participant”	A participant in a clearing corporation’s settlement service.
“qualified Canadian trust company”	A trust company licensed to do business in Canada or a Canadian province with a minimum paid-up capital and surplus of \$5,000,000
“settlement service”	A securities settlement service made available by CDS.

4752. Use of a clearing corporation

- (1) Dealer Members who are participants in the same clearing corporation must use the clearing corporation’s settlement service to settle all trades between themselves involving eligible securities, unless both the delivering Dealer Member and the receiving Dealer Member agree otherwise.

- (2) If a *Dealer Member* is using a clearing corporation to settle a trade, it must report and settle the trade in accordance with the requirements set out in Part B and Part C of Rule 4700 and the clearing corporation’s rules and procedures.
- (3) If a *Dealer Member* is not using a clearing corporation to settle a trade it must report and settle the trade in accordance with the requirements set out in Part BC of Rule 4700 and Part A of Rule 4800.

4753. Use of a trade matching utility

- (1) For each *non-exchange trade*, involving *CDS eligible securities*, executed by a CDS participant *Dealer Member* with another CDS participant *Dealer Member*, the *Dealer Member* must at or before 6 p.m. on the day the trade was executed:
 - (i) enter the trade into an *acceptable trade matching utility*, or
 - (ii) accept or reject any trade entered into an *acceptable trade matching utility* by another *Dealer Member*.

4754. Trade classification where a Dealer Member enters a trade into the matching utility

- (1) If a *Dealer Member* enters a trade into an *acceptable trade matching utility* under clause 4753(1)(i), the trade is considered for each dealer trade counterparty to be a compliant trade, a “don’t know” (DK) trade or a non-compliant trade according to the following table:

		Action of Dealer Member	
		Enter trade at or before 6 p.m.	Enter trade after 6 p.m.
Action of other Dealer Member	Enter trade at or before 6 p.m.	<i>Dealer Member</i> compliant trade Other <i>Dealer Member</i> compliant trade	<i>Dealer Member</i> non-compliant trade Other <i>Dealer Member</i> compliant trade
	Accept trade at or before 6 p.m.	<i>Dealer Member</i> compliant trade Other <i>Dealer Member</i> compliant trade	
	Enter or accept trade after 6 p.m.	<i>Dealer Member</i> compliant trade Other <i>Dealer Member</i> non-compliant trade	<i>Dealer Member</i> non-compliant trade Other <i>Dealer Member</i> non-compliant trade
	Reject trade at or before 6 p.m.	<i>Dealer Member</i> don’t know or DK trade Other <i>Dealer Member</i> don’t know or DK trade	
	Reject trade after 6 p.m.	<i>Dealer Member</i> don’t know or DK trade Other <i>Dealer Member</i> non-compliant trade	<i>Dealer Member</i> non-compliant trade Other <i>Dealer Member</i> don’t know or DK trade

		Action of Dealer Member	
		Enter trade at or before 6 p.m.	Enter trade after 6 p.m.
	No action	<i>Dealer Member</i> compliant trade <i>Other Dealer Member</i> non-compliant trade	<i>Dealer Member</i> non-compliant trade <i>Other Dealer Member</i> non-compliant trade

4755. Trade classification where a Dealer Member does not enter a trade into the matching utility

- (1) If a *Dealer Member* accepts or rejects a trade entered into an *acceptable trade matching utility* by another *Dealer Member* under clause 4753(1)(ii) or takes no action on a trade entered into an *acceptable trade matching utility* by another *Dealer Member*, the trade is considered for each dealer trade counterparty to be a compliant trade, a “don’t know” (DK) trade or a non-compliant trade according to the following table:

		Action of other Dealer Member	
		Enter trade at or before 6 p.m.	Enter trade after 6 p.m.
Action of Dealer Member	Accept at or before 6 p.m.	<i>Dealer Member</i> compliant trade <i>Other Dealer Member</i> compliant trade	
	Accept after 6 p.m.	<i>Dealer Member</i> non-compliant trade <i>Other Dealer Member</i> compliant trade	<i>Dealer Member</i> non-compliant trade <i>Other Dealer Member</i> non-compliant trade
	Reject at or before 6 p.m.	<i>Dealer Member</i> don’t know or DK trade <i>Other Dealer Member</i> don’t know or DK trade	
	Reject after 6 p.m.	<i>Dealer Member</i> non-compliant trade <i>Other Dealer Member</i> don’t know or DK trade	<i>Dealer Member</i> don’t know or DK trade <i>Other Dealer Member</i> non-compliant trade
	No action	<i>Dealer Member</i> non-compliant trade <i>Other Dealer Member</i> compliant trade	<i>Dealer Member</i> non-compliant trade <i>Other Dealer Member</i> non-compliant trade

4756. Trade matching quarterly compliant trade percentage

- ~~(1) A Dealer Member must:~~
 - ~~(i) promptly report to the Corporation when its quarterly compliant trade percentage is less than 90% in any quarter, and~~
 - ~~(ii) include in this report its action plan to improve its percentage.~~

~~(2)~~

- (1) The quarterly compliant trade percentage for a Dealer Member is determined by dividing the sum of the quarter’s compliant trades (which does not include “don’t know” trades) by the total number of non-exchange trades that are executed during the quarter by the Dealer Member with other Dealer Members.
- ~~(32)~~ Failure to increase theWhere the Dealer Member’s quarterly compliant trade percentage to is less than 90% or for more within the next quarter after the first sub-standard report will be grounds forthan two consecutive quarters, the Corporation to may pursue disciplinary action.

4757. – 4769. Reserved.

PART C - TRADING AND DELIVERY STANDARDS APPLICABLE TO SPECIFIC TRANSACTIONS

4770. Introduction

- (1) Part C of Rule 4700 sets out trading and delivery requirements applicable to specific transactions which may be centrally cleared or non-centrally cleared.

4771. Definitions

- (1) The following term has the meaning set out below when used in Part C of Rule 4700:

<u>"CDS depository eligible transactions" (opérations admissibles à la CDS)</u>	<u>Transactions in securities where the affirmation and settlement can be performed through the facilities or services of CDS.</u>
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4772. Payment or delivery through client settlement agent

- (1) For any arrangement where the payment of securities purchased or delivery of securities sold is to be made to or through a client’s settlement agent, all of the following procedures must be followed:
 - (i) the Dealer Member receives from the client prior to or at the time of accepting the order the name and address of the settlement agent and account number of the client on file with the settlement agent. Where settlement is made through a depository offering an identification number system for the clients of settlement agents of the depository, the Dealer Member must have the client identification number prior to or at the time of accepting the order and use the number in the settlement of the trade,
 - (ii) each order accepted from the client is identified as either a delivery or receipt against payment trade,

- (iii) the *Dealer Member* provides to the client a confirmation according to Rule 3800,
- (iv) the *Dealer Member* has obtained an agreement from the client stating that the client will:
 - (a) promptly provide its settlement agent with instructions regarding the transaction following its receipt of the transaction confirmation from the *Dealer Member*, or the relevant date and information as to each execution from the *Dealer Member*, relating to such order (even though such execution represents the purchase or sale of only a part of the order), and
 - (b) ensure that its settlement agent affirms the transaction no later than the ~~next business end of the~~ day ~~after~~on the date of execution of the trade to which the confirmation relates,
- and
- (v) the client and its settlement agent must use the facilities or services of CDS for the affirmation and settlement of all CDS depository eligible transactions through such facilities or services including book based or certificated settlement. This clause ~~4757(1)4772(1)~~(v) applies only to transactions:
 - (a) to be settled in Canada, and
 - (b) where both the *Dealer Member* and the settlement agent are CDS participants ~~of CDS~~ or the same facilities or services of CDS are required in respect of the trade.

~~4758~~4773. Early registration of securities

- (1) Prior to the receipt of payment, a *Dealer Member* must not register any *security*, with the exception of a new issue on a date before the close date, in the name of the client or his or her nominee. A *Dealer Member's* absorption of bank or other charges incurred by a client or his or her nominee for the registration of a *security* will be considered an infraction of this requirement.
- (2) After the receipt of payment, a *Dealer Member* may absorb transfer fees incurred in the transfer of a *security* according to a client's instructions.
- (3) Despite subsection ~~4758(1)4773(1)~~, a *Dealer Member* may register an *eligible security* in the name of, or in the name of a nominee of, a self-administered registered retirement savings plan registered under the Income Tax Act (Canada) before payment is received if, before the *securities* are registered, a *Dealer Member* obtains an unconditional *guarantee* from the trust company administering the plan.

~~4759~~4774. Repurchase agreement or reverse repurchase agreement transactions and option granting transactions with clients

- (1) Before entering into the following transactions a *Dealer Member* must have in writing all terms relevant to the transaction on the face of the contract or if necessary, on an additional page attached to the contract provided those terms are referred to on the face of the contract, with a client:
 - (i) an agreement to purchase or repurchase a *security*,
 - (ii) an agreement to sell or resell a *security*, or

(iii) the granting of a put, call or similar option involving a *security*.

4760~~4775~~. **When issued trading**

- (1) Unless otherwise provided by the *Corporation* or the parties to the trade agree otherwise:
- (i) all when issued trades made on or before the trading day before the anticipated date of issue of the *security* must be settled on the anticipated date of issue of such *security*,
 - (ii) all when issued trades made ~~on or~~ after the trading day before the anticipated date of issue of the *security* must be settled on the ~~second~~first settlement day after the trade date, and
 - (iii) if the *security* has not been issued on the settlement date in clause ~~4760(1)~~4775(1)(i) or ~~4760(1)~~4775(1)(ii), such trades must be settled on the date that the *security* is actually issued.

4761~~4776~~. **Tax payments**

- (1) A selling *Dealer Member* must pay, or certify payment of, taxes required for a buying *Dealer Member* to transfer the *securities* purchased to nominee name, except in the situation where there is a register in the buying *Dealer Member's* province, and the buying *Dealer Member* chooses to transfer the *securities* to a register outside that province.

4762~~4777~~. – 4799. **Reserved.**

RULE 4800 | OPERATIONS – TRADING AND DELIVERY STANDARDS FOR NON-CENTRALLY CLEARED TRANSACTIONS, ACCOUNT TRANSFERS AND BULK ACCOUNT MOVEMENTS

4801. Introduction

- (1) Rule 4800 sets out the following requirements relating to *Dealer Member* operations:
- Part A - Trading and delivery standards applicable to transactions that are not cleared and settled through a clearing corporation:
 - Part A.1 - Fixed income transactions
[sections ~~4803~~4804 through ~~4806~~4807]
 - Part A.2 - Stock transactions
[sections ~~4807~~4808 through ~~4809~~4810]
 - Part A.3 - Buy-in transactions
[section ~~4810~~4811]
 - Part B - Account transfers and bulk account movements
 - Part B.1 - Account Transfers
[sections 4852 through 4865]
 - Part B.2 - Bulk Account Movements
[section 4866].

PART A - TRADING AND DELIVERY STANDARDS APPLICABLE TO TRANSACTIONS THAT ARE NOT CLEARED AND SETTLED THROUGH A CLEARING CORPORATION.

4802. Introduction

- (1) Part A of Rule 4800 sets out additional requirements applicable to transactions that are not cleared and settled through a clearing corporation.

4803. Definitions

- (1) The following terms have the meaning set out below when used in Part A of Rule 4800:

<u>“good delivery securities”</u> <u>(titres de bonne livraison)</u>	<u>Securities that can be transferred without restrictions and delivered to the buyer of the securities.</u>
<u>“qualified Canadian trust company”</u> <u>(société de fiducie canadienne admissible)</u>	<u>A trust company licensed to do business in Canada or a Canadian province with a minimum paid up capital and surplus of \$5,000,000</u>

PART A.1 – FIXED INCOME TRANSACTIONS

4803~~4803~~4804. Fixed income accrued interest

- (1) All *securities* having interest payable as a fixed obligation, except *securities* in sale and *repurchase agreement* transactions, must be conducted on an accrued interest basis until maturity or a default in such payment either occurs or is announced by the debtor, whichever is the earlier event. The *Corporation* may set aside this requirement in specific cases where common practice and expediency prompt such action and will give due notice to all *Dealer Members* in such cases.
- (2) Prior to actual default or announcement by the debtor as specified in subsection ~~4803~~(~~1~~4804(1)), sales made of *securities* but undelivered at the time of default or such announcement, must be conducted on an accrued interest basis under the terms of the original transaction.
- (3) Subsequent to default or announcement by the debtor as specified in subsection ~~4803~~(~~1~~4804(1)), the *securities* must be handled on a flat basis with all matured and unpaid coupons attached, until such time as all arrears of interest have been paid and one current coupon has been paid when due.
- (4) Transactions in bonds having coupons payable out of income, if and when earned, must take place on a flat basis. Any matured and unpaid income coupons must be attached. Income bonds that have been called for redemption must continue to be traded on a flat basis even after the call date has been published.
- (5) Transactions in bonds where an issuer has been subject to reorganization or capital adjustment that results in the bondholders receiving as a bonus or otherwise, certain stock or scrip, such transactions must be ex stock or scrip, unless otherwise stated at the time the trade is made. Such bonds must be traded on a flat basis until such time as all arrears have been paid and one current coupon has been paid when due, except where the *Corporation* has determined otherwise.
- (6) Accrued interest on trades in interest paying instruments that pay interest monthly and compound interest monthly must be zero, if the value date of the trade is an interest payment date. Otherwise, the accrued interest on such trades must be calculated by multiplying the face amount of the instrument by the interest rate of the instrument and the number of days between the value date of the trade and the last interest payment date prior to the value date of the trade and dividing the result by twelve multiplied by the number of days between the next interest payment date after the value date of the trade and the last interest payment date prior to the value date of the trade.
- (7) For bonds or debentures that are only available in registered form, transactions made ~~one~~ business ~~on the~~ day ~~before~~ of a regular interest payment and up to ~~two~~ one ~~business~~ days ~~day~~ before the closing of the transfer agent's books for the next interest payment, both days inclusive, will be on an "and interest" basis. The full amount of such interest payment must be deducted by the seller after the calculation of interest on the regular delivery basis, unless delivery is completed to the buyer by 12 p.m. at a transfer point on the date of the closing of the transfer agent's books for a regular interest payment.

- (8) For bonds or debentures that are only available in registered form, transactions from ~~one business day before~~ the day of closing of the transfer agent's books up to and including ~~two~~one ~~business days~~day before a regular interest payment must be "less interest" from settlement date to the regular interest payment date.
- (9) Where interest on a transaction involves an amount greater than that represented by the half-yearly coupon, interest is to be calculated on the basis of the full amount of the coupon less one or two days, as the case may be.

48044805. Fixed income trading units

- (1) Section 48044805 applies to all transactions between *Dealer Members* regardless of the *Districts* the *Dealer Members* are in.
- (2) In section 48044805 "trading units" is defined as follows:
- (i) Government of Canada
 - (a) \$250,000 par value for Government of Canada direct obligations and Government of Canada guaranteed obligations having an unexpired term of less than one year to maturity (or to the earliest call date, where the transaction is completed at a premium),
 - (b) \$100,000 par value for Government of Canada direct obligations and Government of Canada guaranteed obligations having an unexpired term of one year or longer but three years or less to maturity (or to the earliest call date, where the transaction is completed at a premium),
 - (c) \$100,000 par value for Government of Canada direct obligations and Government of Canada guaranteed obligations having an unexpired term to maturity of longer than three years (where the bond is traded at a premium, the earliest call date shall be treated as the maturity date).
 - (ii) Province of Canada
 - (a) \$25,000 par value for bonds, debentures and other obligations of or guaranteed by a province in Canada.
 - (iii) Other Bonds and Debentures
 - (a) \$25,000 par value for bonds and non-convertible debentures (other than Government of Canada direct obligations and Government of Canada guaranteed obligations and bonds, debentures and other obligations of or guaranteed by a province in Canada) that were not issued with attached stock warrants, rights or other attachments,
 - (b) \$5,000 par value for bonds, convertible debentures or debentures (other than Government of Canada direct obligations and Government of Canada guaranteed obligations and bonds, debentures and other obligations of or guaranteed by a province in Canada) that were issued with attached stock warrants, rights or other attachments.
- (3) A *Dealer Member* calling a market must trade *trading units* if called upon to trade, unless prefixed by some qualifying phrase. Any amount less than one *trading unit* will be considered as an "odd lot".

- (4) Any *Dealer Member* asking the size of a stated market must be prepared to buy or sell at least a *trading unit* at the price quoted if immediately requested to do so by the *Dealer Member* calling the market.
- (5) Any *Dealer Member* who has been requested to call a market has the option to trade an *odd lot* at the called market (if so requested) or to adjust his market to compensate for the smaller amount involved.

48054806. Fixed income delivery

- (1) In section 48054806 “regular delivery” is defined as:
 - (i) Government of Canada
 - (a) The same day as the transaction date for Government of Canada Treasury Bills.
 - (b) The secondfirst *business day* after the transaction date for Government of Canada Bonds and Government of Canada Guaranteed Bonds (except Treasury Bills) having an unexpired term to maturity of three years or less (or to the earliest call date where a transaction is completed at a premium). Any accrued interest must be stopped on the secondfirst *business day* after the transaction date.
 - (c) The secondfirst *business day* after the transaction date for Government of Canada Bonds and Government of Canada Guaranteed Bonds having an unexpired term to maturity of longer than three years (where such a bond is traded at a premium the earliest call date shall be treated as the maturity date). Any accrued interest must be stopped on the secondfirst *business day* after the transaction date.
 - (ii) Province of Canada
 - (a) The secondfirst *business day* after the transaction date for all provincial bonds or debentures. Any accrued interest must be stopped on the secondfirst *business day* after the transaction date.
 - (iii) Other Bonds and Debentures
 - (a) The secondfirst *business day* after the transaction date for all municipal, corporation and other bonds or debentures (other than Government of Canada and Province of Canada treasury bills, bonds or debentures), and other certificates of indebtedness including mortgage-backed *securities*. Any accrued interest must be stopped on the secondfirst *business day* after the transaction date.
- (2) All trades are to be considered for *regular delivery*, unless otherwise agreed to in writing by all of the parties to a transaction at the time of the transaction.
- (3) For a deal involving the sale or purchase of more than one maturity, each maturity must be treated as a separate transaction. No contingent (all or none) dealings are permitted.
- (4) New issues delivery
 - (i) The *regular delivery* requirements are not intended to interfere in any way with the common practice of transactions between *Dealer Members* in new issues during the

period of primary distribution on an "accrued interest to delivery" basis. However, the *regular delivery* requirements will come into effect on the appropriate number of *business days* prior to the new issue being first available for physical delivery.

- (ii) Where a new issue delivery is made against payment outside of the points fixed for the initial syndicate delivery of the issue, additional accrued interest must be charged from the delivery date at the initial syndicate delivery point of the new issue, according to the length of time normally required for delivery to the locality in which the delivery is made.
 - (iii) For a mortgage-backed *security* transaction made during the period from the ~~second~~first *business day* ~~before of the~~ month-~~end~~ to the ~~first~~fourth *business day* ~~on or before the twelfth day of the following~~ month, inclusive, delivery must take place on or after the ~~fifteenth~~fifth business day of the month.
- (5) Location Physical Delivery
- (i) For any transaction between *Dealer Members* ~~in the same municipality~~ where physical delivery is to be made, the seller must complete the delivery before ~~4:30 p.m. on a~~close of business ~~day~~on settlement date.
 - (ii) For any transaction between *Dealer Members* ~~in different municipalities~~, the seller must complete the delivery on the buyer's terms, that is the delivery is to be made by the seller free of banking or shipping charges to the buyer. ~~Where bank drafts are drawn to arrive at their destination on a day that is not a business day, the seller is entitled to have charges paid up to the next business day after the expected arrival of the bank drafts.~~
- (6) Good delivery
- (i) *Securities* traded by *Dealer Members* must be *good delivery securities*. Therefore, they must have the necessary endorsements, *guarantees* or both, and meet all legal and regulatory requirements so that their titles can be transferred by delivery to the buyer on settlement date. The seller must obtain them and include them with the delivery.
 - (ii) *Good delivery securities* may consist of bearer bonds or debentures or registered bonds or debentures.
 - (iii) For good delivery, *securities* that can be traded as actual certificates or as certificates of deposit, delivery must be made in the form of actual certificates, unless stated otherwise at the time of the transaction.
 - (iv) For good delivery, the bonds or debentures are to be of a maximum denomination of \$100,000 par value, unless agreed to otherwise by the buyer.
 - (v) For good delivery, if a power of attorney is necessary for the certificates, one power of attorney for each certificate is required, unless the buyer has agreed otherwise to accept an amalgamated power of attorney.
 - (vi) For good delivery, if definitive certificates are not available interim certificates may be used. However, once definitive certificates are available interim certificates may not be used, unless the *Dealer Members* agree otherwise.

- (vii) *Good delivery securities* may consist of the following, provided that it is acceptable to the transfer agent:
 - (a) bonds or debentures registered in the name of an *individual*, properly endorsed and with endorsement guaranteed by a *Dealer Member* in good standing of the *Corporation* or an exchange in Canada or the United States, or by a *chartered bank* or *qualified Canadian trust company*,
 - (b) bonds or debentures registered in the name of a *Dealer Member* or nominee of a *Dealer Member* and properly endorsed,
 - (c) bonds or debentures registered in the name of a member of an exchange in Canada or the United States and properly endorsed,
 - (d) bonds or debentures registered in the name of a *chartered bank* or *qualified Canadian trust company* or the nominee of a *chartered bank* or qualified trust company and properly endorsed.
- (7) Not good delivery
 - (i) A mutilated or torn certificate or coupon unless acceptable to the receiving *Dealer Member*.
 - (ii) A certificate registered in the name of a firm or corporation that has made an assignment for the benefit of creditors or has been declared bankrupt.
 - (iii) A certificate signed by a trustee or administrator unless accompanied by sufficient evidence of authority to sign.
 - (iv) A certificate with documents attached other than a registered bond of an issue available in registered form only, with completed power of attorney to transfer attached. (One power of attorney for each certificate or an amalgamated power of attorney if acceptable to receiving broker or dealer).
 - (v) A certificate which has been altered or erased (other than by the transfer agent) whether or not such alteration or erasure has been guaranteed.
 - (vi) A certificate on which the assignment or substitute attorney has been altered or erased.
 - (vii) A certificate with the next maturing coupon or subsequent coupons detached unless where so traded or where a certificate cheque (if for \$1,000 or more) payable to the receiving *Dealer Member*, dated no later than the date of delivery and for the amount of the coupon missing, is attached to the certificate in question.
 - (viii) A bond or debenture, registered as to principal only, which after being transferred to bearer, does not bear the stamp and signature of the trustee.
 - (ix) A registered bond or debenture unless it bears a certificate that provincial tax has been paid where applicable.
 - (x) A certificate that has a stop transfer placed against it, the stop having been placed prior to delivery being made to the receiving dealer or broker.
- (8) Prior to notice of call
 - (i) Sales or purchases of *securities* prior to notice of call in part but not in full and undelivered on date of such notice, must be completed on the basis of the original transaction. Date of notice is the date of the notice of call irrespective of the date of

publication of such notice. Called *securities* do not constitute good delivery unless the transaction is so designated at its inception.

- (ii) Sales or purchases of *securities* prior to notice of call in full and undelivered at time of such notice must be completed on the terms of the original transaction.

~~4806~~4807. Fixed income redemption payment

- (1) A *Dealer Member* must not pay to a client regarding any maturity the redemption price or other amount due on redemption of such *securities* where the price or amount exceeds \$100,000, unless:
 - (i) the *Dealer Member* has first received an amount equal to such price or other amount from the issuer or its agent by cheque certified by or accepted without qualification by a *chartered bank*, or
 - (ii) the *Dealer Member* has first received or is credited an amount equal to such price or other amount through the facilities of CDS or Depository Trust Company.

PART A.2 – STOCK TRANSACTIONS

~~4807~~4808. Stock trading units

- (1) Section ~~4807~~4808 applies to all transactions between *Dealer Members* regardless of the *Districts* the *Dealer Members* are in.
- (2) In section ~~4807~~4808 “trading units” is defined as follows:
 - (i) Common and preferred shares not listed on an exchange in Canada or the United States:
 - (a) in lots of 500 shares, if market price per share is below \$1,
 - (b) in lots of 100 shares, if market price per share is at \$1 and below \$100, or
 - (c) in lots of 50 shares, if market price per share is at \$100 or above.
- (3) A *Dealer Member* calling a market shall be obliged to trade *trading units* if called upon to trade, unless prefixed by some qualifying phrase. Any amount less than one *trading unit* will be considered as an “odd lot”.
- (4) Any *Dealer Member* asking the size of a stated market must be prepared to buy or sell at least a *trading unit* at the price quoted if immediately requested to do so by the *Dealer Member* calling the market.
- (5) Any *Dealer Member* that has been requested to call a market has the option to trade an *odd lot* at the called market (if so requested) or to adjust its market to compensate for the smaller amount involved.

~~4808~~4809. Stock delivery

- (1) All trades are to be considered for *regular delivery* (defined in subsection ~~4808~~(~~24809~~(2))), unless otherwise agreed to in writing by the parties to a transaction at the time of the transaction.
- (2) In section ~~4808~~4809 “regular delivery” is defined as:
 - (i) Exchange-listed shares

- (a) The settlement date generally accepted according to industry practice for the shares in the market in which the transaction occurs, including foreign jurisdictions.
- (ii) Unlisted registered shares
 - (a) The settlement date generally accepted according to industry practice for the shares in the market in which the transaction occurs, including foreign jurisdictions.
 - (b) For transactions between *Dealer Members* in shares that occur ~~one business day before the~~on record date, the shares must be traded ex dividend, ex rights, or ex payments.
 - (c) For transactions between *Dealer Members* in shares that are not ex dividend, ex rights, or ex payments at the time the transaction occurs and delivery is not completed before twelve o'clock noon (12 p.m.) at a transfer point on the date of the closing of the transfer agent's books, the seller is responsible to the buyer for the payment of such dividends or payments, and delivery of such rights, as may be involved, on their due dates. For the purposes of this sub-clause ~~4808(24809(2))~~(ii)(c), where the record date falls on a Saturday or other non-*business day*, the *business day* prior to the record date is to be treated as the effective record date.
- (3) New issues delivery
 - (i) The *regular delivery* requirements in subsection ~~4808(24809(2))~~ are not intended to interfere in any way with the common practice of dealing in new issues during the period of primary distribution. However, the *regular delivery* requirements will come into effect on the appropriate number of *business days* prior to the new issue being first available for physical delivery.
- (4) ~~Location~~Physical Delivery
 - (i) For any transaction between *Dealer Members* ~~in the same municipality, where~~ physical delivery ~~should~~is to be ~~advised by 11:30 a.m. on the fourth business day after a transaction takes place~~made, the seller must complete the delivery before close of business on settlement date.
 - (ii) For any transaction between *Dealer Members* ~~located in different municipalities,~~ the seller must complete the delivery on the buyer's terms, that is the ~~delivery should~~is to be ~~received~~made by the ~~buyer by the expiration of the fourth business day after~~seller free of banking or shipping charges to the ~~transaction takes~~buyer.
- (5) Good delivery
 - (i) *Securities* traded by *Dealer Members* must be *good delivery securities*. Therefore, they must have the necessary endorsements, *guarantees* or both, and meet all legal and regulatory requirements so that their titles can be transferred by delivery to the buyer on settlement date. The seller must obtain them and include them with the delivery.
 - (ii) Certificates registered in the name of:

- (a) an *individual*, must be endorsed by the registered holder in exactly the same manner as registered and the endorsement guaranteed by a *Dealer Member* or by a member of an exchange in Canada or the United States or by a *chartered bank* or *qualified Canadian trust company*. Where the endorsement does not exactly correspond to the registration shown on the face of the certificate, a certification by a *Dealer Member*, a member of an exchange in Canada or the United States, a *chartered bank* or a *qualified Canadian trust company* that the two signatures are the same person's is required,
 - (b) a *Dealer Member* or a member of an exchange in Canada or the United States or a nominee of either and properly endorsed,
 - (c) a *chartered bank* or *qualified Canadian trust company* or the nominee of a *chartered bank* or *qualified Canadian trust company* and properly endorsed by a *Dealer Member*, or
 - (d) any other manner providing it is properly endorsed and the endorsement is guaranteed by a *Dealer Member* or by a member of an exchange in Canada or the United States or by a *chartered bank* or *qualified Canadian trust company*.
- (iii) Certificates in board lot denominations (or less) as required by the exchange on which the stock is traded. Unlisted stocks should also be in denominations similar to listed stocks in the same category and price range.
- (6) Not good delivery
- (i) A mutilated or torn certificate or coupon unless acceptable to receiving broker or dealer.
 - (ii) A certificate registered in the name of a firm or corporation that has made an assignment for the benefit of creditors or has been declared bankrupt.
 - (iii) A certificate signed by a trustee or administrator unless accompanied by sufficient evidence of authority to sign.
 - (iv) A certificate with documents attached other than a registered bond of an issue available in registered form only, with completed power of attorney to transfer attached. (One power of attorney for each certificate or an amalgamated power of attorney if acceptable to receiving broker or dealer).
 - (v) A certificate that has been altered or erased (other than by the transfer agent) whether or not such alteration or erasure has been guaranteed.
 - (vi) A certificate on which the assignment or substitute attorney has been altered or erased.
 - (vii) A registered stock unless it bears a certificate that provincial tax has been paid where applicable.
 - (viii) A certificate that has a stop transfer placed against it, the stop having been placed prior to delivery being made to the receiving dealer or broker.
- (7) Prior to notice of call
- (i) Sales or purchases of *securities* prior to notice of call in part but not in full and undelivered on date of such notice, must be completed on the basis of the original transaction. Date of notice is the date of the notice of call irrespective of the date of

publication of such notice. Called *securities* do not constitute good delivery unless the transaction is so designated at its inception.

- (ii) Sales or purchases of *securities* prior to notice of call in full and undelivered at time of such notice must be completed on the terms of the original transaction.

~~4809~~4810. **Stock dividend claims**

- (1) No *Dealer Member* shall make a certificate claim for dividends against another *Dealer Member* if the amount of such claim would be \$5.00 or less.

PART A.3 - BUY-IN TRANSACTIONS

~~4810~~4811. **Buy-ins**

- (1) Buy-ins must be made within the times, using the notices prescribed, and according to *Corporation requirements*. For the purposes of clauses ~~4810~~(~~14811~~1)(i) through ~~4810~~(~~14811~~1)(v) a "regular delivery transaction" is deemed to have taken place once the *Dealer Members* involved have agreed on a price.
 - (i) For transactions between *Dealer Members* ~~in the same municipality~~, where the seller does not advise the buyer about the delivery by 11:30 a.m. on the ~~fourth~~second *business day* after a regular delivery transaction:
 - (a) The buyer may at his or her option buy-in the *securities*, where the buyer intends to buy-in the *securities*, the buyer must give written notice to the seller and to the *Corporation* on that day, or any subsequent *business day*, prior to 3:30 p.m., of his or her intention to buy-in for cash on the *second business day* after the original notice.
 - (b) The notice is deemed to automatically renew itself from *business day* to *business day* from 11:30 a.m. until closing until the transaction is finally completed.
 - (c) Where the buy-in is not executed on the *second business day* after the original notice, the seller has the privilege of advising the buyer each subsequent day before 11:30 a.m. of his or her ability, and intention, to make either whole or partial delivery on that day.
 - ~~(ii) For transactions between *Dealer Members* in different municipalities, where delivery has not been received by the buyer at the expiration of four *business days* after the transaction takes place, on or after the fourth *business day*:~~
 - ~~(a) The buyer may at his or her option buy-in the *securities*, where the buyer intends to buy-in the *securities*, the buyer must give written notice to the seller and to the *Corporation* on that day by 12 p.m. (the seller's time) his or her intention to buy-in for cash on the third *business day* after the original notice.~~
 - ~~(b) Where the seller has not advised the buyer in writing by 5 p.m. (the buyer's time) on the day after the original notice that the *securities* covered by the buy-in have passed through his or her clearing and are in transit to the buyer, the buyer may proceed to execute the buy-in on the third *business day* after the original notice.~~

~~(c) — The notice is deemed to automatically renew itself from *business day* to *business day* and the seller forfeits all rights to complete delivery other than the portion of the transaction that is in transit by the day following the receipt of the original notice. The buyer may at his or her option allow the seller to complete delivery of any remaining portion of the transaction.~~

- (iii) Any Dealer Member who is bought-in may demand evidence that a bona fide transaction has taken place involving the delivery of the bought-in securities. The Dealer Member who is bought-in has the right, to deliver such part of his or her commitment according to clause ~~4810(1)4811(1)(i) and 4810(1)(ii)~~ and must complete any such delivery to the nearest \$1,000 par value, or stock trading unit.
- (iviii) The Corporation has the authority to postpone the execution of a buy-in from day to day, and to combine buy-ins in the same security, and to decide any dispute arising from the execution of the buy-in, and its decision is final and binding.
- (vii) When a buy-in has been completed the buyer must submit to the seller a statement of account showing:
 - (a) as credits, the amount originally contracted for as payment for the securities, and
 - (b) as debits, the amount paid on buy-in, the cost of the buyer's communication charges relative to the buy-in, and any bank or shipping charges incurred.

Where there is a credit balance remaining, the buyer must pay this amount to the seller, and where there is a debit balance remaining, the seller must pay this amount to the buyer.

~~4811~~4812. – 4849. Reserved.

PART B - ACCOUNT TRANSFERS AND BULK ACCOUNT MOVEMENTS

4850. Introduction

- (1) Part B.1 of Rule 4800 describes the Corporation’s requirements for transferring accounts between Dealer Members to ensure these transfers are completed promptly.
- (2) Part B.2 of Rule 4800 describes the Corporation’s exemption authority with regards to bulk account movements.

4851. Definitions

- (1) The following terms have the meaning set out below when used in Part B of Rule 4800:

“account transfer” <u>(transfert de compte)</u>	A client account transfer, at the request of or with the authority of the client, from one Dealer Member to another Dealer Member.
“delivering Dealer Member” <u>(courtier membre livreur)</u>	The Dealer Member from which the client account is being transferred or moved.
“partial account” <u>(compte partiel)</u>	Less than the total assets and balances in a client account held by a delivering Dealer Member.

“receiving Dealer Member” <u>(courtier membre receveur)</u>	The <i>Dealer Member</i> to which the client account is being transferred or moved.
“recognized depository” <u>(dépositaire reconnu)</u>	A <i>Corporation</i> recognized clearing corporation or depository that is considered an <i>acceptable securities location</i> .

PART B.1 - ACCOUNT TRANSFERS

4852. Transferring a full or partial account

- (1) A *Dealer Member* transferring a full or *partial account* must comply with Part B.1 of Rule 4800.

4853. Transfer through a recognized depository

- (1) Whenever possible, a *Dealer Member* transferring a client account must transfer that account through a *recognized depository*.

4854. Communications between Dealer Members

- (1) Communications between *Dealer Members* must take place by electronic delivery through *CDS's* account transfer facility, unless both *Dealer Members* agree otherwise.
- (2) A *Dealer Member* must pay its costs for delivering or receiving electronic communications done under Part B.1 of Rule 4800.
- (3) A *Dealer Member* must select, implement, and maintain appropriate security measures to protect its electronically delivered communications.
- (4) *Dealer Member* acknowledgement and indemnification:
 - (i) a *Dealer Member* acknowledges that an electronically delivered communication it sends will be relied on by the *Dealer Member* receiving it,
 - (ii) a *Dealer Member* must indemnify and save harmless other *Dealer Members* from any claims, losses, damages, liabilities or expenses the *other Dealer Members* suffer as a result of relying on its unauthorized, inaccurate, or incomplete electronic communication.

4855. Receiving Dealer Member - responsibilities for documents

- (1) If a *receiving Dealer Member* receives a request from a client to accept an account, it must obtain written authorization from the client to transfer the account.
- (2) After the client gives written authorization to the *receiving Dealer Member*, the *receiving Dealer Member* must:
 - (i) promptly send a request for transfer (using an account transfer authorization form approved by the *Corporation*) through *CDS* to the *delivering Dealer Member*, and
 - (ii) keep the original written account transfer authorization form on file.
- (3) The *receiving Dealer Member* must ensure that the forms or documents required to transfer accounts are completed and available on the same day as the request for transfer is delivered.

4856. Delivering Dealer Member - response to request for transfer

- (1) When it receives the request for transfer, the *delivering Dealer Member* must either:
 - (i) deliver to the *receiving Dealer Member*, by the specified return date, the asset list for the client account being transferred, or
 - (ii) reject the request for transfer if the client account information is unknown to the *delivering Dealer Member* or is incomplete or incorrect.
- (2) The return date in clause 4856(1)(i) must be no later than two *clearing days* after the date that the *delivering Dealer Member* received the request for transfer.

4857. Asset transfer

- (1) Within one *clearing day* after the specified return date the *delivering Dealer Member* must commence, or cause CDS's account transfer facility to implement automatically, the transfer of the assets through CDS.
- (2) Any assets that cannot be transferred through a *recognized depository* must be settled:
 - (i) over-the-counter,
 - (ii) by other standard industry practices, or
 - (iii) by other appropriate means agreed between the *receiving Dealer Member* and the *delivering Dealer Member*.

The time limits in subsection 4857(1) apply.

4858. Transfer impediment

- (1) If there is an impediment to the requested transfer of an account asset, the *delivering Dealer Member* must promptly notify the *receiving Dealer Member*, identifying the asset and the reason for the inability to deliver.
- (2) The *receiving Dealer Member* must get client instructions or directions concerning the asset, and deliver them to the *delivering Dealer Member*.
- (3) The balance of the client's assets must be transferred according to Part B.1 of Rule 4800.

4859. Failure to settle

- (1) If the *delivering Dealer Member* fails to settle an asset transfer in a client account within 10 *clearing days* of receipt of the request for transfer, the *receiving Dealer Member* may complete the *account transfer*, at its option, by:
 - (i) buying-in the unsettled position in accordance with section ~~4810~~[4811](#),
 - (ii) lending the *security* to the *delivering Dealer Member* through a *recognized depository* and simultaneously transferring the same *security* into the client account, or
 - (iii) making other mutually agreed arrangements with the *delivering Dealer Member* so that the *account transfer* can be considered completed.
- (2) Any loan in clause 4859(1)(ii) must be marked to market and the assets will be considered delivered to the *receiving Dealer Member* to settle the *account transfer*.

4860. Non-certificated mutual funds

- (1) Non-certificated mutual fund *securities* are considered transferred when the *delivering Dealer Member* delivers to the *receiving Dealer Member*:

- (i) a completed mutual fund transfer form, and
- (ii) a completed and signed power of attorney, or
- (iii) by entry of transfer instructions in the electronic account transfer facility of FundSERV Inc.

4861. Interest or dividend receipt balances

- (1) Interest or dividend receivable balances must be settled promptly between a *delivering Dealer Member* and *receiving Dealer Member*. Despite any failure to settle these balances, a *Dealer Member* must comply with the *account transfer* procedures in Part B.1 of Rule 4800.

4862. Margin

- (1) A *Dealer Member* must not accept an *account transfer* from another *Dealer Member* if the account has a margin deficiency.
- (2) Subsection 4862(1) does not apply if at the *account transfer* time the *receiving Dealer Member* has sufficient funds or collateral to the client's credit available to cover the account's margin deficiency.

4863. Responsibility for margining account

- (1) The *receiving Dealer Member* assumes the responsibility for the margining of transferred account money balances and assets, under the *Corporation requirements*, on the date or dates the money balances or assets are received.

4864. Fees and charges

- (1) Before or at the time of *account transfer*, a *delivering Dealer Member* may deduct any fee or charge on the account in accordance with the *delivering Dealer Member's* current **published** fee and charge schedule.

4865. Corporation exemption

- (1) The *Corporation* may exempt a *Dealer Member* from the requirements of Part B.1 of Rule 4800 if the *Corporation* is satisfied that to do so would not prejudice the interests of the *Dealer Member*, its clients, or the public.
- (2) In granting an exemption under subsection 4865(1), the *Corporation* may impose any terms and conditions it considers necessary.

PART B.2 - BULK ACCOUNT MOVEMENTS**4866. Bulk account movements exemption**

- (1) In the event of a bulk account movement situation, where a *Dealer Member* is receiving in a significant number of client accounts, the *Corporation* may grant the *Dealer Member* an exemption from the applicable account opening requirement completion timelines.
- (2) The *Corporation* will grant such exemption if it is satisfied that to do so would not prejudice the interests of the *Dealer Member's* clients, the public or the *Dealer Member*.
- (3) In granting such an exemption under subsection 4866(1), the *Corporation* may impose any terms and conditions it considers necessary.

4867. – 4899. Reserved.

RULE 4900 | OTHER INTERNAL CONTROL REQUIREMENTS – DERIVATIVES RISK MANAGEMENT

4901. Introduction

- (1) Rule 4900 sets out the *internal control* requirements for *Derivative* risk management.

4902. - 4909. Reserved.**DERIVATIVES RISK MANAGEMENT****4910. Introduction**

- (1) A *Dealer Member* must have an independent risk management function to:
 - (i) manage the risks resulting from its use of *derivatives*, which include ~~exchange~~listed derivatives and ~~over-the-counter~~~~traded~~ *derivatives*,
 - (ii) ensure that an appropriate *Executive* that reports to the board of directors understands all risks, and
 - (iii) ensure that its *risk adjusted capital* is calculated properly.

4911. Reserved.**4912. Risk management process**

- (1) A *Dealer Member* must have a risk management function with clear independence and authority to ensure risk limit policies are developed and transactions and positions are monitored for adherence to these policies.
- (2) A *Dealer Member* must have a risk management process to identify, measure, manage, and monitor risks associated with the use of *derivatives*.
- (3) The risk management process has two parts:
 - (i) An appropriate *Executive* must be knowledgeable of the nature and risks of all *derivative* products used in treasury, proprietary, institutional and retail activities, and
 - (ii) The *Dealer Member's* policies and procedures must clearly outline risk management guidance for *derivatives* activities.
- (4) A *Dealer Member's* financial accounting department must measure the *Dealer Member's* revenue components regularly and in sufficient detail to understand risk sources.

4913. Role of board of directors

- (1) A *Dealer Member's* board of directors or equivalent must approve policies and procedures relating to significant risk management to provide reasonable assurance they are consistent with the *Dealer Member's* overall broader business strategies and appropriate for market conditions.
- (2) An appropriate *Executive* must report at least annually to the *Dealer Member's* board of directors on a *Dealer Member's* risk exposure.

4914. Role of an appropriate Executive

- (1) An appropriate *Executive* must ensure that for *derivative* products:
 - (i) The *Dealer Member's* policies and procedures specifically address processing, trading, monitoring and reporting cycles including:
 - (a) clear responsibility lines for risk management,
 - (b) an adequate system for measuring risk,
 - (c) appropriate risk position limits,
 - (d) effective *internal controls*, and
 - (e) a comprehensive reporting process,
 - (ii) if risk position limits are exceeded, there is a system to ensure that these excesses are approved only by authorized *employees* and communicated to an appropriate *Executive*,
 - (iii) all appropriate approvals are obtained and adequate operational procedures and risk control systems are in place,
 - (iv) appropriate risk control systems address market, credit, legal, operational, and liquidity risks,
 - (v) *derivatives* activities are undertaken by a sufficient number of professionals with appropriate experience, skill levels, and certification,
 - (vi) risk management procedures are regularly evaluated for appropriateness and soundness,
 - (vii) it approves all standard and non-standard *derivative* product programs,
 - (viii) there is an accurate, complete, informative, and timely management information system, and
 - (ix) the risk management function monitors and reports risk metrics to the *Dealer Member's* appropriate *Executives* and to the *Dealer Member's* board of directors or equivalent.

4915. Pricing

- (1) In addition to the requirements in Part C of Rule 4200, a *Dealer Member* must comply with the requirements in subsections 4915(2) through 4915(4) in pricing *derivatives*.
- (2) ~~Derivatives~~Derivative positions must be marked to market at least daily.
- (3) A *Dealer Member's* independent risk management function must:
 - (i) validate all pricing models, including computing market data or model inputs,
 - (ii) review and approve pricing models and valuation systems used by front and back-office *employees*, and
 - (iii) review and approve reconciliation procedures if different systems are used.
- (4) Valuations derived from models must be independently reviewed at least monthly.

4916. – 4999. Reserved.

SERIES 8000 | PROCEDURAL RULES – ENFORCEMENT

RULE 8100 | ENFORCEMENT INVESTIGATIONS

8101. Introduction

- (1) Rule 8100 sets out the powers of the *Corporation* to initiate and conduct enforcement *investigations* and the rights and obligations of *Regulated Persons* with respect to such *investigations*.

8102. Conducting investigations

- (1) *Enforcement Staff* may investigate the conduct, business and affairs of a *Regulated Person* with respect to *Corporation requirements*, *securities laws*, *applicable laws*, or trading or advising in respect of *securities*, ~~*futures contracts*~~ or *derivatives*.

8103. Investigation powers

- (1) In connection with an *investigation*, *Enforcement Staff* may, by written or electronic request, require a *Regulated Person*, an employee, partner, director or officer of a *Regulated Person*, an *approved investor*, or, where authorized by law, another *person* to:
 - (i) provide a written report with respect to any matter,
 - (ii) produce for inspection any ~~*records and documents*~~ in the *person's* possession or control that *Enforcement Staff* believe may be relevant to the *investigation*, whether written, electronically stored or recorded,
 - (iii) provide copies of any such ~~*records and documents*~~ in the manner and form, including electronically and recorded, that *Enforcement Staff* requests, and
 - (iv) attend and answer questions under oath or otherwise, and any such attendance may be transcribed, recorded electronically, audio-recorded or video-recorded, as *Enforcement Staff* determines.
- (2) If *Enforcement Staff* requires production of original documents in a request made under subsection 8103(1), they must provide a receipt for any original documents received.
- (3) In connection with an *investigation*, *Enforcement Staff*:
 - (i) may, with or without prior notice, enter the *business location* of any *Regulated Person* during business hours,
 - (ii) are *entitled* to free access to and to make and keep copies of all books of account, securities, cash, documents, bank accounts, vouchers, correspondence and *records* of every description that *Enforcement Staff* believe may be relevant to the *investigation*, including by taking *an digital* image of the ~~*computer hard drives of the*~~ *Regulated Person's records*, and
 - (iii) may remove the original of any ~~*document or record*~~ obtained under clause 8103(3)(ii), and where an original ~~*document or record*~~ is removed from the premises, *Enforcement Staff* must provide a receipt for the removed ~~*document or record*~~.

8104. Obligations of Regulated Persons and other persons

- (1) A *person* who receives a request made under section 8103 must comply with the request within the time specified in it.
- (2) If *Enforcement Staff* make a request under clause 8103(1)(i) or 8103(1)(iv) to a corporation, partnership or other organization, compliance with the request may be fulfilled by an employee of the corporation, partnership or organization who is acceptable to *Enforcement Staff*, taking into account the employee's position and knowledge.
- (3) A *person* must cooperate with *Enforcement Staff* who are conducting an *investigation*, and a *Regulated Person* must require its employees, partners, directors and officers to cooperate with *Enforcement Staff* conducting an *investigation* and to comply with a request made under section 8103.
- (4) A *person* who is aware that *Enforcement Staff* are conducting an *investigation* must not conceal or destroy any *record*, document or thing that contains information that may be relevant to the *investigation* or to any subsequent proceeding relating to the subject matter of the *investigation* or ask or encourage another *person* to do so.
- (5) A *Dealer Member* or any *person* approved by, or under the jurisdiction of, the *Corporation*, that is requested by a *Marketplace* to provide information in connection with an investigation of trading of a security on that *Marketplace* shall submit the requested records to the *Marketplace* making the request in such a manner and form, including electronically, as may reasonably be prescribed by such *Marketplace*.

8105. Right to counsel

- (1) A *person* who attends in response to a request under clause 8103(1)(iv) may be represented by counsel.

8106. Confidentiality of investigations

- (1) The *Corporation* may make an order prohibiting a *person* from communicating, for a specified period, some or all of the following information related to an *investigation* to another *person* except the *person's* counsel or another *individual* who represents the *person* or as required by law:
 - (i) the nature or content of the *investigation* or a request under subsection 8103(1),
 - (ii) the fact of an entry by *Enforcement Staff* under subsection 8103(3),
 - (iii) the fact that any report, *record*, other document or thing was requested, produced, *provided*, inspected, copied or taken,
 - (iv) the *name* of any *person* required to attend and answer questions, or
 - (v) any questions asked or any answers given on an attendance.
- (2) An order made under subsection 8106(1) shall not prohibit disclosure:
 - (i) of any fact that the *person* became aware of otherwise than as a result of the conduct of the *investigation*,
 - (ii) that is required to fulfill:
 - (a) any request made in connection with an *investigation*, but only to the extent necessary to respond to the request,

- (b) an obligation of the *person* under *Corporation requirements*,
 - (c) a fiduciary obligation of the *person* to a *Regulated Person*, or
 - (d) a contractual obligation of the *person* to comply with the policies of a *Regulated Person*,
- (iii) of information in connection with the imposition of restrictions on a *person* who is a subject of the *investigation*, but only to the extent necessary to implement the *restrictions*, or
- (iv) of the *existence* and nature of an *investigation* to:
- (a) a *Regulated Person* who is the *person's* employer,
 - (b) an employee of a *Regulated Person* with supervisory authority over or compliance responsibility for the *person*, or
 - (c) employees of the *Regulated Person* who are senior to the employees contemplated in sub-clause 8106(2)(iv)(b),
- but only to the extent necessary to supervise the *person* or allow *officers* of a *Dealer Member* or other *Regulated Person* to inform their board of directors of an *investigation*.
- (3) Notwithstanding an order made under subsection 8106(1), a *person* may disclose information, with the consent of a *hearing panel* on a motion under section 8413, if the *hearing panel* determines that disclosure of that information would not impede the conduct of the *investigation* and is otherwise justifiable, subject to any terms and conditions that the *hearing panel* considers appropriate.

8107. Continuing jurisdiction

- (1) A *Regulated Person* remains subject to Rule 8100 for six years following the date on which they cease to be:
- (i) a *Dealer Member*, ~~or~~
 - (ii) a *Dealer Member* of the Investment Industry Regulatory Organization of Canada,
 - (iii) a ~~non-Dealer Member user or subscriber of a Marketplace for which the Corporation is the regulation services provider~~ of the Mutual Fund Dealers Association of Canada, ~~or~~
 - (iv) a ~~non-Dealer Member user or subscriber of a Marketplace for which the Corporation is the regulation services provider~~,
 - (v) a non-Dealer Member user or subscriber of a Marketplace for which the Investment Industry Regulatory Organization of Canada was the regulation services provider, ~~or~~
 - (~~v~~vi) an *employee*, partner, *Director*, *officer* or any other representative designated in the *Corporation requirements* of a *Dealer Member*, ~~or~~
 - (~~vi~~vii) an *employee*, partner, *Director*, *officer* or any other representative designated in the *Corporation requirements* of a *Dealer Member* of the Investment Industry Regulatory Organization of Canada, ~~or~~
 - (~~viii~~) an employee, partner, Director, officer or any other representative designated in the Corporation requirements of a Dealer Member of the Mutual Fund Dealers Association of Canada.

- (viii~~x~~) an employee, partner, director, officer or any other representative of a non-*Dealer Member* user or subscriber of a *Marketplace* for which the *Corporation* is the regulation services provider, ~~or~~
- (viii~~x~~) an employee, partner, director, officer or any other representative of a non-*Dealer Member* user or subscriber of a *Marketplace* for which the Investment Industry Regulatory Organization of Canada was the regulation services provider.

8108. – 8199. Reserved.

RULE 8200 | ENFORCEMENT PROCEEDINGS

8201. Introduction

- (1) Rule 8200 sets out the authority of the *Corporation* and *hearing panels* to hold *hearings* for enforcement purposes.
- (2) Enforcement proceedings are intended to ensure compliance with and to enforce *Corporation requirements*, *securities laws, applicable laws*, and other requirements relating to trading or advising in respect of *securities, futures contracts* or *derivatives*.
- (3) Rule 8200 is divided into the following parts:

Part A - General

[sections 8203 through 8208]

Part B - Disciplinary proceedings

[sections 8209 through 8217]

8202. Definitions

- (1) The following terms have the meaning set out below when used in Rule 8200:

“decision” (<i>décision</i>)	A determination made by a <i>hearing panel</i> under Rule 8200 and includes a <i>sanction</i> and other order or ruling.
“disciplinary hearing” (<i>audience disciplinaire</i>)	A <i>hearing</i> under Rule 8200, except for a <i>settlement hearing</i> .

PART A - GENERAL

8203. Hearings

- (1) A *hearing* must be conducted in accordance with Rule 8200 and the *Rules of Procedure*.
- (2) A *hearing panel* may hold any *hearing* and make any *decision* that is authorized under Rule 8200 and the *Rules of Procedure*.
- (3) A *hearing panel* may admit as evidence in a *hearing* any oral testimony and any document or other thing that is relevant, whether or not given or proven under oath or affirmation or admissible as evidence in a court.
- (4) A *hearing panel* may require testimony or other evidence to be given or proven under oath or affirmation.
- (5) A *hearing* under Rule 8200 must be open to the public, unless it is:
 - (i) a *settlement hearing*, in which case it will be opened to the public only after a *settlement agreement* has been accepted by the *hearing panel*,
 - (ii) a *hearing* to consider a temporary order under section 8211,
 - (iii) a *hearing* or part of a *hearing* where the *hearing panel* is of the opinion that the desirability of avoiding disclosure of intimate, personal or other matters outweighs

the desirability of allowing the *hearing* or part of the *hearing* to be open to the public, or

- (iv) a *hearing* held in Québec where the *hearing panel*, on its own initiative or on the request of a *party*, orders the *hearing* or part of the *hearing* to be closed or prohibits the publication or release of documents in the interest of good morals or public order.
- (6) A *party* to an enforcement proceeding may be represented by counsel or, where permitted by law, an agent.
- (7) A *hearing panel* must provide written reasons for a *decision* made by it, including a *decision* accepting or rejecting a *settlement agreement* under section 8215, but not including an evidentiary or other procedural ruling, made in the course of a *hearing*, that is not dispositive of the issues raised in the *hearing*.

8204. Application and effective date of decisions

- (1) A *decision* under Rule 8200 applies in all *Districts*, unless the *hearing panel* orders otherwise or unless the application of the *decision* is limited by law.
- (2) A *decision*, other than a ruling in the course of a *hearing*, is effective on the date the *decision* is dated by the ~~National Hearing Officer~~Office, unless Rule 8200 or the *decision* provides otherwise, in which case the *decision* is effective on the date so provided.
- (3) A sanction, other than a fine or disgorgement, takes effect on the effective date of the *decision* imposing it, unless the *decision* provides otherwise.
- (4) A monetary sanction, including a fine, disgorgement and costs, imposed by a *decision* are payable when the *decision* is effective, unless the *decision* provides or the *parties* agree otherwise.

8205. Commencement of enforcement proceedings

- (1) The *Corporation* may commence proceedings and hold *hearings*, as provided in Rule 8200, to ensure compliance with and to enforce *Corporation requirements*, securities laws, applicable laws, and other requirements relating to trading or advising in respect of ~~securities, futures contracts~~ and *derivatives*.
- (2) A proceeding under Rule 8200 must be commenced by notice of application or notice of *hearing* in accordance with the *Rules of Procedure*.

8206. Limitation

- (1) A *Regulated Person* remains subject to Rule 8200 for six years following the date on which they cease to be:
 - (i) a *Dealer Member*, ~~or~~
 - (ii) a *Dealer Member* of the Investment Industry Regulatory Organization of Canada,
 - (iii) a ~~non-Dealer Member user or subscriber of a Marketplace for which the Corporation is the regulation services provider~~of the Mutual Fund Dealers Association of Canada, ~~or~~
 - (iv) a ~~non-Dealer Member~~user or subscriber of a Marketplace for which the Corporation is the regulation services provider.

- (v) a non-Dealer Member user or subscriber of a Marketplace for which the Investment Industry Regulatory Organization of Canada was the regulation services provider, ~~or~~
- (~~v~~vi) an employee, partner, Director, officer or any other representative designated in the Corporation requirements of a Dealer Member, ~~or~~
- (~~vi~~vii) an employee, partner, Director, officer or any other representative designated in the Corporation requirements of a Dealer Member of the Investment Industry Regulatory Organization of Canada, ~~or~~
- (~~vii~~viii) an employee, partner, director, officer or any other representative of a non-Dealer Member user or subscriber of a Marketplace for which the Corporation is the regulation services provider, ~~or~~(~~viii~~ix) an employee, partner, director, officer or any other representative of a non-Dealer Member user or subscriber of a Marketplace for which the Investment Industry Regulatory Organization of Canada was the regulation services provider, or
- (x) an employee, partner, Director, officer or any other representative designated in the Corporation requirements of a Dealer Member of the Mutual Fund Dealers Association of Canada.

- (2) The Corporation may commence a proceeding under Rule 8200 against a Regulated Person up to six years after the date of the occurrence of the last event on which the proceeding is based.
- (3) If a proceeding is commenced within the limitation period in subsection 8206(1) or 8206(2), the respondent remains subject to the requirements of Rule 8200 until the proceeding, including any review or appeal, is completed.

8207. Amounts owing to the Corporation

- (1) A person remains liable to the Corporation for all amounts owing to the Corporation.

8208. Powers of compulsion

- (1) A hearing panel may require a Regulated Person, an employee, partner, director or officer of a Regulated Person or the Corporation, including Corporation staff, and, if authorized by law, any other person to attend and give evidence or produce records and documents in connection with a hearing under Rule 8200.
- (2) A Regulated Person must, upon receipt of an order of a hearing panel or a notice from the ~~National-Hearing Officer~~Office so requiring:
- (i) attend and give evidence, and
 - (ii) produce for inspection and provide copies of any records or documents in the Regulated Person's possession or control.
- (3) If a hearing panel requires an employee, partner, director or officer of a Regulated Person, who is not an Approved Person, to attend at a hearing, the Regulated Person must direct the individual to attend and give evidence.

PART B - DISCIPLINARY PROCEEDINGS

8209. Sanctions for Dealer Members

- (1) If, after a *hearing*, a *hearing panel* finds that a *Dealer Member* has contravened *Corporation requirements, securities laws, applicable laws* or other requirement relating to trading or advising in respect of *securities, ~~futures contracts~~, or derivatives, or has failed to carry out any agreement with the Corporation*, the *hearing panel* may impose one or more of the following *sanctions*:
 - (i) a reprimand,
 - (ii) disgorgement of any amount obtained, including any loss avoided, directly or indirectly, as a result of the contravention,
 - (iii) a fine not exceeding the greater of:
 - (a) ~~\$5,000,000~~10,000,000 for each contravention, and
 - (b) an amount equal to three times the profit made or loss avoided by the *Dealer Member*, directly or indirectly, as a result of the contravention,
 - (iv) suspension of *Membership* in the *Corporation* or of any right or privilege associated with *Membership*, including a direction to cease dealing with clients, for any period of time and on any terms and conditions,
 - (v) imposition of any terms or conditions on the *Dealer Member's* continued *Membership*, including on access to a *Marketplace*,
 - (vi) expulsion from *Membership* and termination of the rights and privileges of *Membership*, including access to a *Marketplace*,
 - (vii) permanent bar to membership in the *Corporation*,
 - (viii) appointment of a *Monitor*, and
 - (ix) any other *sanction* determined to be appropriate under the circumstances.
- (2) A *Dealer Member* may be *sanctioned* under subsection 8209(1) based on the conduct of an employee, partner, *Director* or *officer*.
- (3) A sanction imposed under subsection 8209(1) relating to access to a *Marketplace* applies to all *Marketplaces*.
- (4) In exercising its discretion to appoint a *Monitor*, a *hearing panel* may consider:
 - (i) the harm or potential harm to the investing public,
 - (ii) the *Dealer Member's* financial solvency,
 - (iii) the adequacy of the *Dealer Member's* internal controls and operating procedures,
 - (iv) the *Dealer Member's* failure to respond to the *Corporation's* requests to address deficiencies in its internal controls and operating procedures,
 - (v) the *Dealer Member's* failure to comply with any agreement with the *Corporation*,
 - (vi) the *Dealer Member's* ability to maintain regulatory capital requirements,
 - (vii) any previous suspension of the *Dealer Member* for failing to meet regulatory capital requirements,

(viii) the Dealer Member's and its key personnel's regulatory history.

(ix) the costs to the Dealer Member associated with the appointment of the Monitor, and

(x) any other relevant factors.

8210. Sanctions for Regulated Persons other than Dealer Members

- (1) If after a *hearing*, a *hearing panel* finds that an *Approved Person*, a non-*Dealer Member* user or subscriber of a *Marketplace* for which the *Corporation* is the regulation services provider or an employee, partner, director or officer of such a user or subscriber has contravened *Corporation requirements*, *securities laws*, *applicable laws* or other requirement relating to trading or advising in respect of *securities*, ~~*futures contracts*~~, or *derivatives*, or has failed to carry out any agreement with the Corporation, the *hearing panel* may impose on such *person* one or more of the following *sanctions*:
 - (i) a reprimand,
 - (ii) disgorgement of any amount obtained, including any loss avoided, directly or indirectly, as a result of the contravention,
 - (iii) a fine not exceeding the greater of:
 - (a) ~~\$5,000,000~~10,000,000 for each contravention, and
 - (b) an amount equal to three times the profit made or loss avoided by the *person*, directly or indirectly, as a result of the contravention,
 - (iv) suspension of the *person's* approval or any right or privilege associated with such approval, including access to a *Marketplace*, or suspension of the person's authority to conduct securities and derivatives related business, for any period of time and on any terms and conditions,
 - (v) imposition of any terms or conditions on the *person's* continued approval or continued access to a *Marketplace*,
 - (vi) prohibition of approval in any capacity or prohibition of the person's authority to conduct securities and derivatives related business, for any period of time, including access to a *Marketplace*,
 - (vii) revocation of approval or revocation of the person's authority to conduct securities and derivatives related business,
 - (viii) a permanent bar to approval or to conduct securities and derivatives related business in any capacity or to access to a *Marketplace*,
 - (ix) a permanent bar to employment in any capacity by a *Regulated Person*, and
 - (x) any other *sanction* determined to be appropriate under the circumstances.
- (2) A sanction imposed under subsection 8210(1) relating to access to a *Marketplace* applies to all *Marketplaces*.
- (3) A director or officer of a *Regulated Person* may be *sanctioned* under subsection 8210(1) based on the conduct of the *Regulated Person* with which he or she is associated.
- (4) A *Regulated Person* must not employ, hire, retain, or otherwise engage, in any capacity, a *person* who is *sanctioned* under clause 8210(1)(ix).

- (5) A Regulated Person must not hire, retain, or otherwise engage, in any capacity, a person who is sanctioned under clauses 8210(1)(iv), 8210(1)(vi) or 8210(1)(vii) during the period of the sanction.
- (6) A Regulated Person must not pay or credit any remuneration to any person who is sanctioned under clause 8210(1)(ix).
- (7) A Regulated Person must not pay or credit to any person who is sanctioned under clauses 8210(1)(iv), 8210(1)(vi) or 8210(1)(vii) any remuneration that the person might accrue during the period of the sanction.
- (8) Despite subsections 8210(6) and 8210(7), a Regulated Person may pay or credit to a person who is sanctioned under clauses 8210(1)(iv), 8210(1)(vi), 8210(1)(vii) and 8210(1)(ix) remuneration that is:
- (i) consistent with the scope of activities permitted under the sanction, or
 - (ii) pursuant to an insurance or medical plan, an indemnity agreement relating to legal fees or as required by arbitration awards or court judgment.

8211. Temporary orders

- (1) On application by *Enforcement Staff*, if a *hearing panel* is satisfied that the length of time required to conclude a *hearing* could be prejudicial to the public interest, the *hearing panel* may, without notice to the *respondent*, make a temporary order that suspends or restricts a *Regulated Person's* rights and privileges and may impose terms and conditions that the *hearing panel* considers appropriate.
- (2) A temporary order that is made without notice under subsection 8211(1) expires 15 days after the date on which it is made, unless:
 - (i) a *hearing* is commenced within that period to confirm or set aside the temporary order,
 - (ii) the *Regulated Person* consents to an extension of the temporary order, or
 - (iii) a *securities regulatory authority* orders otherwise.
- (3) The *Corporation* must immediately give written notice of a temporary order under subsection 8211(1) to every *person* directly affected by it.

8212. Protective orders

- (1) On application by *Enforcement Staff*, a *hearing panel* may hold a *hearing* to consider a request for an order under subsection 8212(4), following notice to the *respondent* in accordance with subsection 8426(1).
- (2) After a *hearing* under this section with respect to a *Dealer Member*, a *hearing panel* may make one or more of the orders set out in subsection 8212(4), if it finds that:
 - (i) the *Dealer Member* or a parent corporation or control person of the *Dealer Member* has made a general assignment for the benefit of creditors or an authorized assignment or proposal to its creditors, has been declared bankrupt, or is the subject of a winding-up order, an application under the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended, or similar legislation or an application for its liquidation or dissolution,

- (ii) a receiver or receiver-manager has been appointed in respect of all or part of the Dealer Member's undertaking or property or all or part of the undertaking or property of a parent corporation or control person of the Dealer Member,
 - (iii) the Dealer Member has tendered its resignation, is not carrying on business as an investment dealer or is in the process of winding up or terminating its business as an investment dealer,
 - (iv) the Dealer Member's registration as a dealer under securities laws has lapsed or been suspended or terminated,
 - (v) a securities regulatory authority, Marketplace, SRO or clearing agency has suspended the Dealer Member's membership or privileges,
 - (vi) the Dealer Member has been convicted of contravening a law relating, where the conviction relates to theft, fraud, misappropriation of funds or securities, forgery, money laundering, market manipulation, insider trading, misrepresentation or unauthorized trading,
 - (vii) the Dealer Member has been charged with contravening a law, where the conviction relates to theft, fraud, misappropriation of funds or securities, forgery, money laundering, market manipulation, insider trading, misrepresentation or unauthorized trading and the hearing panel determines that such charge likely brings the capital markets into disrepute.
 - (viii) the Dealer Member's continued operation would create a risk of imminent harm to its clients, investors, other Regulated Persons or the Corporation because the Dealer Member:
 - (a) is in financial or operating difficulty, or
 - (b) has failed to cooperate in respect of an investigation or examination, or
 - (viii) the Dealer Member has not complied with:
 - (a) ~~terms or conditions of a sanction or~~
 - (b) a prohibition under Part B of Rule 4100 (early warning level 2) to which it is subject, or
 - (c) terms or conditions on membership imposed by the Corporation under section 9208.
- (3) After a hearing under this section with respect to a Regulated Person, other than a Dealer Member, a hearing panel may make one or more of the orders set out in subsection 8212(4), if it finds that:
- (i) the person's registration under securities laws has lapsed or been suspended or terminated,
 - (ii) a securities regulatory authority has made an order prohibiting the person from trading in securities, acting as a director or officer of a market participant or as a promoter, or engaging in investor relations activities, or has denied the person the use of an exemption under securities laws,

- (iii) a *Marketplace*, *SRO* or clearing agency has suspended the *person* or the *person's* privileges,
 - (iv) the *person* has been convicted of contravening a law ~~relating~~, where the conviction relates to theft, fraud, misappropriation of funds or securities, forgery, money laundering, market manipulation, insider trading, misrepresentation or unauthorized trading,
 - (v) the person has been charged with contravening a law, where the conviction relates to theft, fraud, misappropriation of funds or securities, forgery, money laundering, market manipulation, insider trading, misrepresentation or unauthorized trading and the hearing panel determines that such charge likely brings the capital markets into disrepute,
 - (vi) the *person's* continued approval would create a risk of imminent harm to clients, investors, other *Regulated Persons* or the *Corporation* because the *person* has failed to cooperate in respect of an *investigation*, ~~or~~
 - (~~v~~vii) the *person* has not complied with terms or conditions of a *sanction* to which the *person* is subject, or
 - (viii) the Corporation receives information regarding the incapacity of the person, by reason of mental or physical illness or other infirmity.
- (4) After a *hearing* under this section, a *hearing panel* may make an order:
- (i) suspending membership, approval or access to a *Marketplace* on any terms and conditions,
 - (ii) with terms and conditions, requiring a *Dealer Member* that is suspended under this section to take steps to facilitate the orderly transfer of its client accounts to another *Dealer Member*,
 - (iii) imposing terms and conditions on continued membership, approval or access to a *Marketplace*,
 - (iv) directing immediate cessation of any or all dealing with clients or any other *persons*,
 - (v) expelling a *Dealer Member* from the *Corporation* and terminating the rights and privileges of *Membership*,
 - (vi) revoking approval or access to a *Marketplace*, or
 - (vii) appointing a *Monitor* over a *Dealer Member's* business and affairs.
- (5) A *person* may request, in writing, a review by a *hearing panel* of a *decision* made after a hearing under this section, within 30 days after the effective date of the *decision*.
- (6) A *hearing* shall be held as soon as practicable, and no later than 21 days, after a review is requested under subsection 8212(5), unless the *person* requesting the review and *Enforcement Staff* agree otherwise.
- (7) A member of a *hearing panel* whose *decision* is the subject of a review under this section may not be a member of the *hearing panel* on the review.

- (8) A *hearing panel* may stay an order made under subsection 8212(4), subject to any terms and conditions it considers appropriate.
- (9) On a review under this section, a *hearing panel* may:
 - (i) affirm the order,
 - (ii) quash the decision,
 - (iii) vary the decision or order, or
 - (iv) make any order authorized by subsection 8212(4).

8213. Monitor

- (1) If a *hearing panel* appoints a *Monitor* under section 8209 or section 8212 with respect to the business and affairs of a *Dealer Member*, the *Monitor* has authority to supervise and monitor the *Dealer Member's* business and affairs in accordance with the terms and conditions imposed by the *hearing panel*.
- (2) A *hearing panel* may impose any terms and conditions, and any time periods, on a *Monitor's* authority with respect to a *Dealer Member's* business and affairs that the *hearing panel* considers appropriate, including authority to:
 - (i) enter the *Dealer Member's* premises and conduct day-to-day monitoring of the *Dealer Member's* business activities,
 - (ii) monitor and review accounts receivable, accounts payable, client accounts, margin, client free credits, banking arrangements and transactions, trading conducted by the *Dealer Member* for clients and for its own account, payment of debts, creation of new debt and the *Dealer Member's* books and records,
 - (iii) make copies of any ~~records or other documents~~ and provide copies of such ~~records and documents~~ to the *Corporation* or any other regulatory or self-regulatory authority,
 - (iv) report the *Monitor's* findings or observations, on an ongoing or other basis, to the *Corporation* or any other regulatory or self-regulatory authority,
 - (v) monitor the *Dealer Member's* compliance with any terms or conditions imposed on the *Dealer Member* by the *Corporation* or any other regulatory or self-regulatory authority or by the *hearing panel*, including compliance with any early warning terms and conditions,
 - (vi) verify and assist with the preparation of any regulatory filings, including the calculation of *risk adjusted capital*,
 - (vii) conduct or have conducted an appraisal of the *Dealer Member's* net worth or a valuation of any of the *Dealer Member's* assets,
 - (viii) assist the *Dealer Member's* employees in facilitating the orderly transfer of the *Dealer Member's* client accounts, and
 - (ix) pre-authorize cheques issued or payments made by or on behalf of the *Dealer Member* or distribution of any of the *Dealer Member's* assets.

- (3) A *Dealer Member* must cooperate with the *Monitor*, require its *employees*, partners, *Directors* and *officers* to cooperate with the *Monitor* and take all reasonable steps to have its *affiliates* and service providers cooperate with the *Monitor* with respect to the exercise by the *Monitor* of its authority under this section.
- (4) The *Dealer Member* must pay all expenses relating to a *Monitor* appointed to monitor the *Dealer Member's* business and affairs, including the *Monitor's* fees.
- (5) *Corporation* staff, a *Monitor*, or a *Dealer Member* subject to a *Monitor* may at any time apply to a *hearing panel* for directions concerning the *Monitor's* authority or the conduct of the *Monitor's* activities.
- (6) On an application under subsection 8213(5), a *hearing panel* may make any order it considers appropriate.

8214. Costs

- (1) After a *hearing* under Rule 8200, other than a *hearing* under section 8211, a *hearing panel* may order a *person* who is the subject of a *sanction* to pay any costs incurred by or on behalf of the *Corporation* in connection with the *hearing* and any *investigation* related to the *hearing*.
- (2) Costs ordered under subsection 8214(1) may include:
 - (i) costs for time *spent* by *Corporation* staff,
 - (ii) fees paid by the *Corporation* for *legal* or accounting services or for services rendered by an expert witness,
 - (iii) witness fees and *expenses*,
 - (iv) costs of recording and *transcribing* evidence and preparation of transcripts, and
 - (v) disbursements, *including* travel costs.

8215. Settlements and settlement hearings

- (1) Enforcement *Staff* may agree in a *settlement agreement* to settle a proceeding or proposed proceeding against a *Regulated Person* at any time prior to the conclusion of a *disciplinary hearing*.
- (2) A *settlement agreement* must contain:
 - (i) a statement of the *contraventions* agreed to by the *respondent*, with references to the relevant *Corporation requirements* and *applicable laws*,
 - (ii) the agreed *facts*,
 - (iii) the *sanctions and costs* to be imposed on the *respondent*,
 - (iv) a waiver by the *respondent* of all rights to any further *hearing*, appeal and review,
 - (v) a provision *that Enforcement Staff* will not initiate any further action against the *respondent* in relation to the matter addressed in the *settlement agreement*,
 - (vi) a provision that *the settlement agreement* is conditional on acceptance by a *hearing panel*,

- (vii) a provision that the *settlement agreement* and its terms are confidential, unless and until it has been accepted by a *hearing panel*,
 - (viii) a provision that the *parties* will not make any public statement that is inconsistent with the *settlement agreement*, and
 - (ix) any other *provisions* not inconsistent with clauses 8215(2)(i) through 8215(2)(viii) that the *parties* agree to include in the *settlement agreement*.
- (3) Discussions relating to settlement are on a without prejudice basis to *Enforcement Staff* and any other *person* participating in the discussions and must not be used as evidence or referred to in any proceeding.
 - (4) A *settlement agreement* may impose any obligations on a *respondent* to which the *respondent* agrees, whether or not they could be imposed by a *hearing panel* under Rule 8200.
 - (5) After a *settlement hearing*, a *hearing panel* may accept or reject a *settlement agreement*.
 - (6) A *settlement agreement* becomes effective and binding on the *parties* to it upon acceptance by a *hearing panel*.
 - (7) If a *settlement agreement* is accepted by a *hearing panel*, any *sanction* imposed under it is deemed to have been imposed under Rule 8200.
 - (8) If a *settlement agreement* is rejected by a *hearing panel*,
 - (i) *either*:
 - (a) the *parties* may agree to enter another *settlement agreement*, or
 - (b) *Enforcement Staff* may proceed to a *disciplinary hearing* based on the same or related allegations ~~and charges~~,

and

 - (ii) the *hearing panel's* reasons for rejecting the *settlement agreement* must be made available to a *hearing panel* considering a subsequent *settlement agreement* based on the same or related allegations and charges, but must not be made public or referred to in a subsequent *disciplinary hearing*.
 - (9) A member of a *hearing panel* that rejects a *settlement agreement* may not be a member of a *hearing panel* that considers a subsequent *settlement agreement* or conducts a *disciplinary hearing* based on the same or related allegations.

8216. Failure to pay fine or costs

- (1) If a *Regulated Person* does not pay a fine, costs or other amount ordered to be paid by a *hearing panel* or required to be paid under a *settlement agreement*, the *Corporation* may, seven days after sending written notice, summarily suspend the *Membership* of the *Regulated Person* and all rights and privileges of the *Regulated Person* relating to approval or access to a Marketplace, until the fine, costs or other amount has been paid.

8217. Review by a securities regulatory authority

- (1) A *party* to a proceeding under Rule 8200 may apply to the *securities regulatory authority* in the relevant *District* for review of a final *decision* in the proceeding.

- (2) A person who is entitled to request a review of a *decision* under section 8212 or is the subject of a *decision* making a temporary order under section 8211 may not apply to a *securities regulatory authority* for review of the *decision*, unless the *person* has requested a review or other *hearing* by a *hearing panel* and the *hearing panel* has made a final *decision*.
- (3) For purposes of subsection 8217(1), *Enforcement Staff* is directly affected by a *decision* in a proceeding in which *Enforcement Staff* is a *party*.

8218. – 8299. Reserved.

RULE 8300 | HEARING COMMITTEES

8301. Introduction

- (1) Rule 8300 requires a *hearing committee* in each *District* from which *hearing panels* must be selected for enforcement and other proceedings and sets out the process for appointing and removing members of *hearing committees*.

8302. Definitions

- (1) The following terms have the meaning set out below when used in Rule 8300:

<p>“Appointments Committee” (<i>comité des nominations</i>)</p>	<p>A committee composed of:</p> <ul style="list-style-type: none"> (i) four members of the Governance Committee established by the <i>Board</i>, including its Chair as set out in General By-law No.1, section 12.2, (ii) two Non-Independent Directors of the <i>Board</i> as set out in General By-law No.1, section 1.1, and (iii) the President of the <i>Corporation</i> as set out in General By-law No. 1, section 1.1.
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8303. District Hearing Committees

- (1) A *hearing committee* must be appointed for each *District*.
- (2) ~~A~~ An industry member of a *hearing committee* of a *District* must reside in the *District*.
- (3) Two thirds of the members of a *hearing committee*, to the extent practicable, must be *industry members*.
- (4) One third of the members of a *hearing committee*, to the extent practicable, must be *public members*.
- (5) The chair of a *hearing committee* must be a *public member*.

8304. Nominations

- (1) The *Corporation* must nominate *individuals* to be *public members* and *industry members* of the *hearing committee* in each *District*.

8305. Appointment

- (1) The *Appointments Committee* must appoint to the *hearing committee* of each *District* a number of suitable and qualified *individuals* sufficient to conduct *hearings* in the *District*.
- (2) In considering the suitability and qualifications of an *individual* who is nominated for membership on a *hearing committee*, the *Appointments Committee* must take into account the *individual's*:
- (i) general knowledge of business practices and *securities laws*,
 - (ii) experience,
 - (iii) regulatory background,
 - (iv) availability for *hearings*,
 - (v) reputation in the securities industry,

- (vi) ability to conduct *hearings* in French or English, and
 - (vii) eligibility to serve in a particular *District*.
- (3) An individual who:
- (i) is currently or has been within the previous eighteen months an employee of a *Member*, a *Regulated Person*, or an *affiliate* of a *Member* or *Regulated Person*,
 - (ii) represents any parties to enforcement or other proceedings under *Corporation requirements* or any *person* in connection with *Corporation requirements*, or
 - (iii) would otherwise raise a reasonable apprehension of bias with respect to matters that may come before a *hearing panel*,
- is not eligible for appointment or membership as a *public member* of a *hearing committee*.
- (4) The *Appointments Committee* must appoint a chair of each *hearing committee*.

8306. Term of appointment

- (1) Appointment of an *individual* to a *hearing committee* is for a three-year term.
- (2) A *hearing committee* member may be reappointed to successive terms.
- (3) If a *hearing committee* member's term expires without reappointment during a *hearing* in which the member is serving on the *hearing panel*, the member's term is extended automatically until the completion of the *hearing* or if the *hearing* is a *hearing* on the merits, the proceeding.

8307. Removal

- (1) The *Appointments Committee* may remove a *hearing committee* member who:
 - (i) for industry members, ceases to reside in the *hearing committee's District*,
 - (ii) is precluded from acting as a *hearing committee* member by a law applicable in the *District*,
 - (iii) in the *Appointments Committee's* opinion, will raise a reasonable apprehension of bias with respect to matters that may come before a *hearing panel*, or
 - (iv) for any other reason, ceases to be ~~suitable or~~ qualified to be a *hearing committee* member based on the factors listed in subsection 8305(2).
- (2) An individual who is removed by the *Appointments Committee* must not continue to serve on a *hearing panel* in any proceeding.

8308. – 8399. Reserved.

RULE 8400 | RULES OF PRACTICE AND PROCEDURE

8401. Introduction

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

8402. Definitions

- (1) The following terms have the meaning set out when used in Rule 8400:

“application” (<i>demande</i>)	An application that commences a proceeding under Rule 8200 and includes an application for a temporary order or a protective order.
“commencing notice” (<i>avis introductif</i>)	A notice of <i>hearing</i> , notice of <i>application</i> , notice of motion, notice of <i>prehearing conference</i> and notice of request for review.
“decision” (<i>décision</i>)	A determination made by a <i>hearing panel</i> .
“document” (<i>document</i>)	Includes a record, sound <u>audio and video</u> recording, videotape , film, photograph, chart, graph, map, plan, survey, book of account, <u>memorandum, file, list, voucher</u> and <u>any</u> information recorded or stored by means of any electronic <u>electronically</u> or <u>by</u> other device <u>means</u> .
“electronic hearing”	A hearing held by conference telephone or another form of electronic technology that allows persons to hear one another.
“file” (<i>produire</i>)	A file with the National Hearing Officer <u>Office</u> in accordance with section 8406.
“oral hearing” (<i>audience par comparution</i>)	A <i>hearing</i> at which the <i>parties</i> or their counsel or agents attend before a <i>hearing panel</i> in person .
“prehearing conference” (<i>conférence préparatoire à l’audience</i>)	A prehearing conference held pursuant to section 8416.

“regulatory decision” (<i>décision en matière de réglementation</i>)	A decision made under sections 9204, 9206 or 9207 or Part B of Rule 4100.
“requesting party” (<i>partie requérante</i>)	A person who requests a review <i>hearing</i> under sections 8427 or 8430.
“responding party” (<i>partie intimée</i>)	A person responding to a motion or to a request for a review <i>hearing</i> under sections 8427 or 8430.
“written hearing” (<i>audience par production de pièces</i>)	A <i>hearing</i> held by means of an exchange of documents, whether in hard copy or by electronic means.

PART A - GENERAL

8403. General principles

- (1) The *Rules of Procedure* shall be interpreted and applied to secure a fair *hearing* and just determination of a proceeding on its merits and the most expeditious and least expensive conduct of the proceeding.
- (2) No proceeding, ~~document or~~ hearing, decision or step in a proceeding is invalid by reason of a defect or other irregularity in form.
- (3) Subject to a requirement in the *Rules of Procedure*, a *hearing panel* has authority to control the process of a proceeding before it and may exercise any of its powers on its own initiative or at the request of a *party*, including:
 - (i) issuing procedural directions or orders with respect to the application of the *Rules of Procedure* in respect of any proceeding,
 - (ii) imposing *terms* or conditions in a direction or order,
 - (iii) admitting or requiring presentation of evidence on oath, affirmation or otherwise,
 - (iv) waiving or varying any *Rule of Procedure* in respect of a proceeding,
 - (v) requiring *parties* to *file documents* electronically, and
 - (vi) at the request of a *party*, making an interim *decision* or order, including a *decision* or order *that* is subject to terms and conditions.
- (4) At the request of a *party*, a *hearing panel* may provide for any procedural matter that is not provided for in the *Corporation requirements* or the *Rules of Procedure* by analogy to the *Rules of Procedure* or by reference to the rules of practice or procedure of another *SRO* or professional association or to the rules applicable to a *securities regulatory authority*.

8404. Time

- (1) When computing time under the *Rules of Procedure* or an order of a hearing panel:
 - (i) the number of days between two events are counted by excluding the day on which the first event occurs and including the day on which the second event occurs,
 - (ii) if a *period* of less than seven days is prescribed, only *business days* are to be counted,

- (iii) if the time for doing an act expires on a day that is not a *business day*, the act may be done on the next business day.
 - (iv) a document that is served or filed after 5 p.m. in the time zone of the recipient is deemed to have been served or filed on the next *business day*, and
 - ~~(iv)~~ a document that is served or filed ~~after 4 p.m. in the time zone of the recipient~~ on a day that is not a business day is deemed to have been served or filed on the next *business day*.
- (2) A time period prescribed by the *Rules of Procedure* may be extended or abridged:
- (i) before *its* expiration, on consent of the *parties*, or
 - (ii) before or after its expiration, by a *hearing panel* on any terms and conditions the *hearing panel* considers appropriate.

8405. Appearance and representation

- (1) A *party* in a proceeding may be self-represented or may be represented by counsel or an agent.
- (2) A self-represented *party* must *file* and keep current during a proceeding the *party's* address, telephone ~~number~~, ~~facsimile~~ number and email address, as applicable.
- (3) A person who appears as counsel or agent for a *party* in a proceeding must *file* and keep current during the proceeding the *person's* address, telephone ~~number~~, ~~facsimile~~ number and email address, as applicable, and the name and address of the *party* represented.
- (4) A *party* who is represented by counsel or an agent may:
 - (i) change the counsel or agent by serving on the counsel or agent and on every other *party*, and *filing*, a notice of change giving the name, address, telephone number, facsimile number and email address of the new counsel or agent, as applicable, or
 - (ii) elect to act in person by serving on the counsel or agent and on every other *party*, and *filing*, a *notice* of intention to act in person, giving the *party's* address, telephone number, facsimile number and email address, as applicable.
- (5) A *party* who appoints a new counsel or agent in the course of a proceeding must comply with clause 8405(4)(i).
- (6) Counsel or an agent for a *party* may withdraw as counsel or agent by serving on the *party* and other *parties* and *filing* a written notice of withdrawal.
- (7) If counsel or an agent for a *party* seeks to withdraw as counsel or agent less than 30 days prior to the date on which a matter is scheduled to be heard by a *hearing panel*, the counsel or agent may withdraw only with leave of the *hearing panel* obtained on a motion.
- (8) Where a *party* is represented by counsel or an agent:
 - (i) *documents* served on the *party* must be served on the *party's* counsel or agent, unless the *Rules of Procedure* require otherwise,
 - (ii) *communications* with the *party* must be with the *party's* counsel or agent, and
 - (iii) *the party* must address a *hearing panel* through the *party's* counsel or agent.

8406. Service and filing

- (1) A document required to be served under the *Rules of Procedure* must be served on all *parties* to the proceeding.
- (2) A notice of *hearing* under section 8414, a notice of *application* under section 8425 or 8426, a notice of request for review from a *decision* made under Rule 9200₂ and a *decision* of a *hearing panel* on the merits of such a proceeding that is served on an *Approved Person* must, for information purposes, be sent concurrently to the *Dealer Member* that employs the *Approved Person*.
- (3) Subject to subsection 8406(4), a *document* required to be served must be served by one of the following methods:
 - (i) *personal delivery* to the *party*,
 - (ii) *delivery* to *the party's* counsel or agent,
 - (iii) *delivery* to an adult person at the *party's* place of residence, employment or business or the *place* of business of the *party's* counsel or agent,
 - (iv) if the *party* is a corporation, *delivery* to an officer, director or agent of the corporation or a *person* at any place of business of the corporation who appears to be in control or management of the place of business,
 - (v) if the *party* is a partnership, *delivery* to a partner or a *person* at any place of business of the *partnership* who appears to be in control or management of the place of business,
 - (vi) *mail* or *courier* to the last known address of the *party* or the *party's* counsel or agent,
 - (vii) *electronic transmission* to ~~the facsimile number or e-mail address of~~ the *party* or the *party's* counsel or agent, or
 - (viii) by any *other* means with the party's consent or authorized by a *hearing panel*.
- (4) A notice of *hearing* and a notice of *application* must be served by:
 - (i) *personal delivery* to the *party*,
 - (ii) *registered mail* to the *party's* last known address,
 - (iii) registered and ordinary mail or courier with confirmation of receipt to the party's last known address,
 - ~~(iv)~~ delivery to the party's counsel or agent, with the consent of counsel or the agent,
 - ~~(v)~~ electronic transmission to the party or the party's counsel or agent, with the consent of the counsel or agent,
 - ~~(vi)~~ any other *method* set out in subsection 8406(3) to which the *party* consents, or
 - ~~(vii)~~ any other *means* authorized by a *hearing panel*.
- (5) Service of a *document* is deemed to be effective, when delivered no later than 45 p.m. in the time zone of the recipient:
 - (i) by *delivery*, on the day of *delivery*,
 - (ii) by *mail*, on the fifth day after *mailing*,
 - (iii) *electronically*, on the day of *transmission*,

- (iv) by courier, on the earlier of the day noted on the delivery receipt or the second day after the *day* on which it was given to the courier, or
 - (v) by any other means authorized by a *hearing panel*, on the day the *document* is served by the *means* so authorized.
- (6) Subsection 8406(5) does not apply where a party, counsel or agent, acting in good faith, does not receive the document because of an absence, accident, illness or other cause beyond the person's control.
- (7) A document may not be served or deemed to be served on a day that is not a business day, except with the consent of the party being served or as ordered by the hearing panel.
- (8) Service of a *document* may be proved by an affidavit of the *person* who served it.
- (79) A *document* required to be *filed* under the *Rules of Procedure* must be *filed* by delivering or sending by :
- (i) mail, or courier or facsimile transmission four copies of the *document*, with proof of service, to the *National Hearing OfficerOffice* at the *Corporation's* offices in the *District* in which the proceeding is conducted, or
 - (ii) electronic transmission to the Hearing Office.
- (810) The *National Hearing OfficerOffice* may:
- (i) ~~require more or permit fewer than four copies of a document to be filed, and~~
 - (ii) ~~permit or~~ require *filing* of a *document* by e-mail, ~~provided that the party also files four printed copies forthwith~~ courier, electronic transmission or other means.
- (911) A *party* who serves or *files* a *document* must include with it:
- (i) the *party's* name, and contact details, including address, telephone number, ~~facsimile number~~ and e-mail address, as *applicable*, or
 - (ii) if the *party* is represented by counsel or an agent, the name, and contact details, including address, telephone number, ~~facsimile number~~ and e-mail address of the *party's* counsel or agent,
 - (iii) the name of the proceeding to which the *document* relates, and
 - (iv) the name of *each party*, counsel or agent served with the *document*.
- (1012) Subject to *Corporation requirements*, a *document* that is *filed* must be made available by the *National Hearing OfficerOffice* for public inspection ~~in the office in which the document is filed during the Corporation's normal business hours~~, unless confidentiality is requested and a *hearing panel* applying the standard in clause 8203(5)(iii) or 8203(5)(iv) orders otherwise.
- (13) A hearing panel may waive or validate service.

8407. **National Hearing OfficerOffice**

- (1) The *National Hearing OfficerOffice* administers all proceedings brought pursuant to the *Rules of Procedure*, including:
 - (i) the selection of members of *hearing panels*,
 - (ii) scheduling and *arranging hearings* and *prehearing conferences*,
 - (iii) care, custody and distribution to members of *hearing panels* of *filed documents*,

- (iv) maintaining a *hearing* record, including original exhibits,
 - (v) dating and *distributing* written *hearing panel decisions* and reasons to *parties* to a proceeding,
 - (vi) issuing and serving a notice or summons to attend and testify or produce *documents*, where so authorized by a *decision* of a *hearing panel*, and
 - (vii) any *other* administrative functions that are reasonably necessary for the efficient conduct of a proceeding.
- (2) The *National Hearing OfficerOffice* acts as liaison between members of a *hearing panel* and *parties* to a proceeding and, other than in the course of an *oral-hearing or electronic hearing*, a *party* must communicate to a *hearing panel* through the *National Hearing OfficerOffice* and serve all other *parties* with the communication.
 - (3) The *National Hearing OfficerOffice* may seek the advice of the chair of a *hearing committee in the District* with respect to legal, administrative or procedural issues.
 - (4) The *National Hearing OfficerOffice*, after consultation with the chairs of the *hearing committees* in all *Districts*, may publish on the *Corporation's* website guidelines concerning practices to be followed under the *Rules of Procedure*.
 - (5) The *National Hearing OfficerOffice* may prescribe the form and format of *documents* and forms that are required to be *filed* under the *Rules of Procedure*.
 - (6) The *National Hearing OfficerOffice* may designate *individuals* to perform the functions for which the *National Hearing OfficerOffice* is responsible under the *Rules of Procedure*.

8408. Hearing panels

- (1) The *National Hearing OfficerOffice* is responsible for the selection of members of a *hearing panel* from members of a *hearing committee*.
- (2) In connection with the selection of a *hearing panel*, the *National Hearing OfficerOffice* may consult with or seek the advice of the chair of a *hearing committee in the District*.
- (3) For a *hearing* under sections 8209, 8210, 8215 or Rule 9300, the *National Hearing OfficerOffice* must, subject to subsections 8408(4) and 8408(6), select two *industry members* and one *public member* from the *hearing committee* of the applicable *District* as members of the *hearing panel*.
- (4) If the chairs of both *hearing committees* consent, the *National Hearing OfficerOffice* may select a member of a *hearing committee* in one *District* to serve on a *hearing panel* in another *District*, but a *hearing panel* that considers a matter that relates to conduct in Québec must have a majority of members who reside in Québec.
- (5) The *National Hearing OfficerOffice* must appoint a *public member* as the chair of a *hearing panel*, and if the matter relates to conduct in Québec, the chair must be a *public member* of the *hearing committee* in the Québec *District*.
- (6) The *National Hearing OfficerOffice* may appoint a one-member *hearing panel* consisting of a *public member* of a *hearing committee* in a proceeding under section 8211 or section 8212, a motion or *prehearing conference*, or to act as case manager of a proceeding.

- (7) The ~~National-Hearing Officer~~Office must not select an *individual* to be a member of a *hearing panel*, if the *individual*:
- (i) is an officer, partner, director, employee or *associate* of, or is providing services to, a *party* or if a *party* is an *affiliate*, *associate* or employee of another *person* with whom the *individual* is in such a relationship,
 - (ii) has or had another relationship to a *party* or matter that may create a reasonable *apprehension* of bias,
 - (iii) is precluded from acting as a member of the *hearing panel* by *Corporation requirements*, any law applicable in the *District* in which the *hearing* is held or by the recognition order or registration under *securities laws* of a *Marketplace* whose rules are the subject of the *hearing*, or
 - (iv) was consulted by or advised the ~~National-Hearing Officer~~Office in connection with the *selection* of the *hearing panel*.
- (8) The ~~National-Hearing Officer~~Office may not select an *individual* who is a member of a *hearing panel* in a proceeding under sections 8211 or 8212 as a member of a *hearing panel* on a subsequent *hearing* relating to the same matter, including a motion for a stay of a *sanction* imposed under section 8212, unless all *parties* consent to the selection of the member.
- (9) The ~~National-Hearing Officer~~Office may not select a member of a *hearing panel* who participates in a *prehearing conference* or who case manages a proceeding to be a member of the *hearing panel* on the merits, unless all *parties* consent to the selection of the member.
- (10) If a member of a *hearing panel* becomes unable to continue to serve as a member of the *hearing panel* for any reason, the remaining members may continue to hear the matter and render a *decision*, but only with the consent of all *parties*, and if neither of the remaining members is the chair, the *hearing panel* may retain its own legal counsel to advise it on legal and procedural issues, but not on the merits of the proceeding.
- (11) A decision of a *hearing panel* must be made by a majority of its members, and if the *hearing panel* consists of two members, must be unanimous.

8409. Form of hearings

- (1) Subject to subsections 8409(2) through 8409(119), a *hearing panel* may conduct a *hearing* as an *oral hearing*, ~~electronic hearing~~ or a written hearing.
- (2) A hearing panel may conduct an oral hearing in one or more of the following forms:
- (i) with some or all parties participating electronically (by telephone, videoconference, or another form of electronic technology that allows persons to hear one another), or
 - (ii) with some or all parties physically present in the hearing room.
- (3) A hearing panel may determine the form of an oral hearing or oral part of a hearing including with respect to parties' physical presence in the hearing room. In making this determination, the hearing panel may consider subsections 8409(5) through 8409(7).

- (4) Subject to subsections ~~8409(3)~~8409(5) through ~~8409(9)~~8409(11), a *written hearing* may be held only for:
- (i) a motion relating to procedural issues,
 - (ii) a *hearing* on agreed facts, and
 - (iii) any other motion or *hearing* that a *hearing panel* considers appropriate.
- (35) In determining whether to hold a *hearing* as an ~~oral hearing, electronic~~oral *hearing* or *written hearing*, or in determining the appropriate form of an oral hearing, a *hearing panel* may consider any relevant factors, including:
- (i) the nature of the *hearing*, the subject matter of the *hearing*, and the issues to be *addressed*, including whether they are issues of fact, law or procedure,
 - (ii) the *evidence* to be presented, including whether facts are in dispute and credibility is an issue,
 - (iii) the cost, efficiency and timeliness of the *hearing* or the proceeding,
 - (iv) any delay that might be caused by proceeding electronically or in a hearing room,
 - (v) the efficacy of examination or cross-examination of witnesses,
 - (vi) the *fairness* of the *hearing* process to, and the convenience of, each of the *parties*,
and
 - (vii) accessibility to the *parties* and the public,
 - (viii) facilitation of participation by vulnerable or disadvantaged individuals, and
 - (ix) health and safety considerations, and measures that may be taken to mitigate related risks.
- (46) A party may request an ~~electronic~~oral *hearing* proceed in one of the two forms provided for in subsection 8409(2) or a *written hearing* in a *commencing notice*.
- (57) ~~If an electronic hearing or a party requests a~~ *written hearing* ~~is requested or an oral hearing~~ proceed in one of the two forms provided for in subsection 8409(2):
- (i) in a *notice of hearing*, a *party* may object to the requested form of *hearing* in the *party's response* or by bringing a motion,
 - (ii) in a *commencing notice* other than a *notice of hearing*, a *party* may object to the *requested* form of *hearing* by serving and *filing* a *notice of objection* within three days after the *commencing notice* is served on the *party*.
- (68) A *notice of objection* must state the reasons for the objection, including any prejudice the requested form of *hearing* may cause the *party* and the facts on which the *party* relies and may be accompanied by any evidence on which the *party* relies for the objection.
- (79) A *hearing panel* that receives a *notice of objection* may:
- (i) accept the objection and refer the matter to the ~~National Hearing Officer~~Office to set a date for an *oral hearing* or, with the consent of all *parties*, set a date for an ~~electronic~~oral *hearing* or *schedule* for a *written hearing*,
 - (ii) reject the objection, or

(iii) order a *written hearing* to consider the objection and provide other *parties* an opportunity to respond to the notice of objection in a manner and time that the *hearing panel* directs.

~~(810)~~ If a notice of objection is filed, the *hearing panel* must render its *decision* on the form of *hearing* in writing as expeditiously as possible, taking into consideration the date and nature of the *hearing* and proceeding and the needs of the *parties* to present evidence and prepare and serve submissions and responding submissions.

~~(911)~~ Unless a *party* objects, a *hearing panel* may, on its own motion or at a party's request, at any stage of a proceeding make an order continuing:

(i) ~~an electronic hearing or a~~ written hearing as an oral hearing,

and

~~(iii) an oral hearing or a written hearing as an electronic hearing, and~~

~~(iii) an oral hearing or an electronic hearing,~~ as a written hearing.

~~(1012)~~ A *hearing panel* that orders an electronic oral hearing be conducted electronically in whole or in part may require one or more of the *parties*:

(i) to make the arrangements for the *hearing*, and

(ii) to pay all or part of the costs of conducting the *hearing* ~~aselectronically~~.

(13) Where a hearing panel orders that an electronic oral hearing or an oral part of a hearing proceed with some or all of the parties physically present in the hearing room, all parties must be prepared for the form of any part of the hearing to change, including on short notice.

8410. Hearing panel decisions

(1) A decision of a *hearing panel* and the reasons for the *decision* must be dated by the ~~National Hearing Officer~~ Office and served on each *party* in accordance with subsection 8406(3).

(2) The *Corporation* must publish on its website a summary of the *decision* of a *hearing panel*, except a *decision* in a *prehearing conference*, containing:

(i) *Corporation requirements* or *applicable laws* that have been contravened,

(ii) the essential facts,

(iii) the *decision*, including any *sanction* and costs, and

(iv) except where the *decision* rejects a *settlement agreement*, a statement that a copy of the *decision* may be obtained on the *Corporation's* website.

(3) The *Corporation* must publish on its website a *decision* of a *hearing panel* and the reasons for the *decision*, except a *decision* and reasons rejecting a *settlement agreement*.

(4) A decision made by a *hearing panel* on the merits of a proceeding must be recorded in the record maintained by the *Corporation* with respect to the *respondent*.

(5) In addition to a *decision* accepting a *settlement agreement* and the reasons for it, the *Corporation* must publish and record information concerning the accepted *settlement agreement* in accordance with subsections 8410(2) through 8410(4), as if the *settlement agreement* were a *decision* on the merits.

8411. Language of hearings and interpreters

- (1) A hearing may be conducted in English or French or partly in English or French.
- (2) A *hearing* in a *District* other than Québec must be conducted in English, unless the *parties*, with the consent of a *hearing panel*, agree that it be conducted in French.
- (3) A hearing in Québec must be conducted in French, unless the *parties*, with the consent of a *hearing panel*, agree that it be conducted in English.
- (4) A party who wishes a *hearing* to be conducted in French in a District other than Québec, or in Québec in English, must *file* a request with the *National Hearing Officer Office* as soon as possible after the proceeding is commenced.
- (5) A party who requires an interpreter for a language other than the language in which a *hearing* is to be conducted, whether to assist the *party* or for the testimony of a witness to be called by the *party*, must notify the *National Hearing Officer Office* at least 30 days before the commencement of the *hearing*.
- (6) An interpreter must be competent and independent and must swear or affirm to interpret accurately.
- (7) If a party requires an interpreter in a language other than English or French, whether to assist the party or for the testimony of a witness, the party must provide the interpreter at the party's own expense.

8412. Commencement and abandonment of proceedings

- (1) A proceeding, and a step in a proceeding that requires a notice, is commenced upon the issuance by the *National Hearing Officer Office* of a *commencing notice* at the request of a *party*.
- (2) A party who requests the issuance of a *commencing notice* must first obtain a date from the *National Hearing Officer Office* for:
 - (i) if the *commencing notice* is a notice of *hearing*, an initial appearance before a *hearing panel*,
 - (ii) if the *commencing notice* is a notice of *application*, the *hearing* of the *application*,
 - (iii) if the *commencing notice* is a notice of motion, the *hearing* of the motion,
 - (iv) if the *commencing notice* is a notice of *prehearing conference*, the *prehearing conference*, or
 - (v) if the *commencing notice* is a notice of request for review pursuant to sections 8427 or 8430, the *review hearing*,
 and must submit a copy of the *commencing notice* to the *National Hearing Officer Office* with a request that it be issued.
- (3) A request under subsection 8412(2) to the *National Hearing Officer Office* for a date or the issuance of a *commencing notice* must be made on a form prescribed by the *National Hearing Officer Office*.
- (4) If a *hearing panel* sets a date for a *prehearing conference*, or other *hearing* other than in connection with a *commencing notice*, the *National Hearing Officer Office* must give written

notice of the date to the *parties* by mail or electronic transmission in accordance with clause 8406(3)(vi) or 8406(3)(vii).

- (5) Upon issuing a *commencing notice* or other notice of a *hearing*, the *National Hearing Officer Office* must place a copy of the *commencing notice* or other notice in a file maintained for the proceeding.
- (6) The *Corporation* must publish on its website an announcement of and a copy of a *commencing notice* or other notice as soon as practicable after it is issued by the *National Hearing Officer Office*, unless the *commencing notice* is for an *application* under section 8211 made without notice to the *respondent* or is a notice of *prehearing conference*.
- (7) A party who initiates a proceeding or a step in a proceeding that requires a notice may abandon the proceeding or step before it has been decided by a *hearing panel* by serving and *filing* a notice of abandonment.
- (8) If a proceeding or a step in a proceeding is abandoned, the *Corporation* must publish on its website an announcement of and a copy of the notice of abandonment as soon as practicable after it is *filed*, unless the *commencing notice* for the proceeding or step has not been so published.

8413. Motions

- (1) A motion must be commenced by a notice of motion.
- (2) A motion may be brought:
 - (i) with the consent of a *hearing panel*, prior to, or
 - (ii) at any time after,
 the commencement of a proceeding.
- (3) Where a motion is to be heard before a hearing on the merits, the party who brings a motion must obtain a date for the motion from the Hearing Office.
- (4) A party who brings a motion must serve and *file* a motion record at least 14 days prior to the date of the motion, unless the motion is brought during a *hearing*, in which case the *hearing panel* may determine the procedure to be followed for the motion.
- (45) A *hearing panel* may permit a party to bring a motion without notice to the *respondent*, if the nature of the motion or the circumstances make service of a notice of motion impractical.
- (65) A notice of motion must contain:
 - (i) the date, time and location of the *hearing* of the motion,
 - (ii) the relief sought,
 - (iii) a summary of the grounds for the relief sought, including reference to any *Corporation requirements* or *applicable laws*,
 - (iv) a list of evidence and other materials to be relied on, and
 - (v) ~~whether it is the proposed that form of the motion be heard as an oral hearing, electronic hearing or written hearing.~~

- (~~7~~6) A motion record must contain:
- (i) the notice of motion, and
 - (ii) copies of the evidence, including affidavits and other materials relied on.
- (~~8~~7) A responding *party* may serve and *file* a responding record at least nine days prior to the date of the motion, unless the motion is brought during a *hearing* and the *hearing panel* orders otherwise.
- (~~9~~8) A responding record must contain:
- (i) the order requested by the *responding party*, including a statement of the reasons for the order requested, and
 - (ii) copies of any additional evidence, including affidavits and other materials relied on.
- (~~10~~9) A *party* who is served with a responding record that contains affidavit evidence may serve and *file* a reply record containing additional affidavit evidence at least seven days before the date of the motion.
- (~~11~~10) A *party* who *files* an affidavit in connection with a motion must make the person who swears to an affidavit reasonably available to be cross-examined by an adverse *party* prior to the *hearing* of the motion.
- (~~12~~11) A *party* who brings a motion may serve and *file* a memorandum of fact and law at least five days before the date of the motion.
- (~~13~~12) A responding *party* may serve and *file* a memorandum of fact and law at least two days before the date of the motion.
- (~~14~~13) A motion must be heard by a *hearing panel*.
- (~~15~~14) A *hearing panel* may, on any terms and conditions it considers appropriate, permit oral testimony to be adduced at the *hearing* of a motion on any matter in issue and allow cross-examination of the person who swears to an affidavit.
- (~~16~~15) A *hearing panel* may:
- (i) grant the relief requested in a motion,
 - (ii) dismiss or adjourn the motion in whole or in part, with or without terms, or
 - (iii) make another decision it considers appropriate, including adjourning the motion to be heard by the *hearing panel* that hears the proceeding on its merits.

PART B - ENFORCEMENT PROCEEDINGS

8414. Commencement of disciplinary proceedings

- (1) Forthwith after a proceeding pursuant to section 8209 or 8210 is commenced, *Enforcement Staff* must serve the *respondent* with, and *file*, the notice of *hearing* and a statement of allegations.
- (2) A notice of *hearing* must contain:
 - (i) the date, time and location of an initial appearance before a *hearing panel*,
 - (ii) a statement of the purpose of the proceeding,
 - (iii) a statement that the allegations on which the proceeding is based are contained in the statement of allegations,

- (iv) a reference to *Corporation requirements* under which the proceeding is brought,
 - (v) the nature of the *sanctions* that may be imposed,
 - (vi) ~~if the notice of hearing states that the hearing is to be an electronic hearing or written hearing,~~ a statement that the *respondent* may object to the typeform of *hearing* and the procedure to be followed for an objection,
 - (vii) a statement that the *respondent* must provide a response to the notice of *hearing* in accordance with section 8415, the time within which a response must be served and *filed* and the consequences of failing to do so,
 - (viii) a statement that the initial appearance will be followed immediately by an initial *prehearing conference*, for which a *prehearing conference* form must be *filed* in accordance with subsection 8416(5),
 - (ix) a statement notifying the respondent that they may be self-represented or may be represented by counsel or an agent,
 - (x) a statement notifying the respondent that they are entitled to:
 - (a) appear and be heard at the hearing,
 - (b) call and examine witnesses and present documentary and other evidence, and
 - (c) cross-examine witnesses as reasonably required for a full and fair disclosure of all matters relevant to the issues in the proceeding, and
 - ~~(ixxi)~~ any other information that *Enforcement Staff* considers advisable.
- (3) A statement of allegations may accompany or comprise part of a notice of *hearing* and must contain:
- (i) a reference to *Corporation requirements* or *applicable laws* that the *respondent* is alleged to have contravened,
 - (ii) the facts alleged in support of the alleged contraventions, and
 - (iii) the conclusions of *Enforcement Staff* based on the alleged facts.
- (4) The date of an initial appearance set out in a notice of *hearing* must not be less than 45 days after the notice of *hearing* is served, unless the *respondent* consents to an earlier date.

8415. Response to a notice of hearing

- (1) A *respondent* must serve and *file* a response within 30 days from the date of service of a notice of hearing.
- (2) A response must contain a statement of:
 - (i) the facts alleged in the statement of allegations that the *respondent* admits,
 - (ii) the facts alleged that the *respondent* denies and the grounds for the denial, and
 - (iii) all other facts on which the *respondent* relies.
- (3) A *hearing panel* may accept as proven any facts alleged in a statement of allegations that are not specifically denied or for which grounds for the denial are not provided in a response.
- (4) If a *respondent* who has been served with a notice of *hearing* does not serve and *file* a response in accordance with subsection 8415(1), the *hearing panel* may proceed with the

hearing of the matter on its merits on the date of the initial appearance set out in the notice of *hearing*, without further notice to and in the absence of the *respondent*, and the *hearing panel* may accept as proven the facts and contraventions alleged in the statement of allegations and may impose *sanctions* and costs pursuant to section 8209 or 8210, as applicable.

8416. Prehearing conferences

- (1) At any time prior to commencement of the *hearing* of a proceeding on the merits:
 - (i) a *hearing panel* may order a *prehearing conference*, or
 - (ii) a party may request a *prehearing conference* by serving and *filing* a notice of *prehearing conference* at least 14 days before the date of the *prehearing conference*.
- (2) A notice of *prehearing conference* must contain:
 - (i) the date, time, location and purpose of the *prehearing conference*,
 - (ii) any order of a *hearing panel* concerning the obligations of the *parties* with respect to the *prehearing conference*, including:
 - (a) any requirement concerning the exchange or *filing* of *documents* or submissions pursuant to subsection 8416(7), and if so the issues to be addressed and the date by which the *documents* or submissions must be exchanged and *filed*,
 - (b) whether the *parties* must attend in person,
 - (iii) a statement that the *parties* may be represented by counsel or an agent who, if a *party* is not required to attend, must have authority to make agreements and undertakings on the *party's* behalf,
 - (iv) whether it is proposed that the *prehearing conference* is to be :
 - (a) heard orally, with parties physically present in the hearing room or participating electronically, or
 - (b) in writing,
 - (v) a statement that if a *party* does not attend ~~in-person~~themselves or by counsel or an agent, the *hearing panel* may proceed with the *prehearing conference* in the *party's* absence, and
 - (vi) a statement that any orders made by the *hearing panel* will be binding on the *parties*.
- (3) If a *hearing panel* orders a *prehearing conference*, the ~~National Hearing Officer~~Office must set a date for the *prehearing conference*, if necessary, and serve a notice of *prehearing conference* on the *parties* with a copy of the *decision* of the *hearing panel*.
- (4) If a *respondent* has served and *filed* a response in accordance with subsection 8415(1), the initial appearance provided in a notice of *hearing* must be followed immediately by an initial *prehearing conference*, for which no notice of *prehearing conference* is required.
- (5) If a response has been served and *filed*, the *parties* must serve and *file* a *prehearing conference* form, in a form prescribed by the ~~National Hearing Officer~~Office, at least five days before the date of the initial appearance specified in the notice of *hearing*.

- (6) At a prehearing *conference*, a *hearing panel* may consider any issue that may assist in a just and expeditious resolution of the proceeding, including:
- (i) identification, simplification and clarification of the issues,
 - (ii) disclosure of *documents*, including expert reports,
 - (iii) facts or evidence on which the *parties* agree,
 - (iv) admissibility of evidence, including evidence to be admitted on consent and identification of objections,
 - (v) scheduling of motions,
 - (vi) procedural issues, including identifying and setting dates by which steps in the proceeding are to be commenced or taken, the estimated duration of a *hearing* and the dates on which the *hearing* will commence and be conducted,
 - (vii) settlement of any or all issues in the proceeding, and
 - (viii) any other procedural or substantive matters.
- (7) A *hearing panel* at a *prehearing conference* may:
- (i) set a timetable for steps preceding a *hearing* and for the *hearing*,
 - (ii) schedule further *prehearing conferences*, preliminary motions and the *hearing* of the proceeding on its merits,
 - (iii) amend an existing schedule or timetable,
 - (iv) set the issues to be addressed at a further *prehearing conference* or in a motion,
 - (v) order the *parties* to exchange or *file* by a specified date *documents* or submissions for purposes of a further *prehearing conference* or a motion,
 - (vi) order that the proceeding be case managed by the *hearing panel* or another *hearing panel* to be selected by the ~~National Hearing Officer~~Office, with or without the consent of the parties,
 - (vii) exercise the authority conferred by section 8208 to require a *person* to attend and give evidence or produce *documents* at a *hearing*, and
 - (viii) with the consent of the *parties*, make an order resolving any matter, including matters relating to:
 - (a) facts or evidence agreed on,
 - (b) disclosure of *documents* or evidence,
 - (c) the resolution of any or all of the issues in the proceeding, and
 - (ix) make any other procedural order that the *hearing panel* believes will further the just and expeditious conduct of the proceeding.
- (8) A *hearing panel* that case manages a proceeding must preside over all *prehearing conferences* and preliminary motions in the proceeding, unless the *hearing panel* orders otherwise.
- (9) An order, agreement or undertaking that is made or given at a *prehearing conference* must be recorded in a prehearing memorandum that is:
- (i) prepared by or under the direction of the *hearing panel* taking into account the principles in subsections 8416(12) and 8416(13),

- (ii) circulated to the *parties* for comment,
 - (iii) approved and signed by the *hearing panel*, and
 - (iv) distributed to the *parties* and any other *person* that the *hearing panel* directs.
- (10) A prehearing memorandum must be *filed* and provided to the *hearing panel* at subsequent *hearings* in the proceeding.
 - (11) An order, agreement or undertaking recorded in a prehearing memorandum is binding on the *parties*, unless a *hearing panel* orders otherwise.
 - (12) Unless recorded in a prehearing memorandum, all statements and written submissions made at a *prehearing conference* are without prejudice and must not be communicated to a *hearing panel*, except at a subsequent *prehearing conference*.
 - (13) A *prehearing conference* must be held in the absence of the public, and subject to subsections 8416(9) and 8416(10), *prehearing documents*, exhibits, submissions and transcripts must not be disclosed to the public.
 - (14) A prehearing agreement to settle all of the issues in a proceeding is subject to approval by another *hearing panel* pursuant to section 8215.

8417. Disclosure

- (1) As soon as is reasonably practicable after a response is served and *filed*, and if requested by the *respondent*, *Enforcement Staff* must disclose to and make available for inspection by a *respondent* all *documents* and things in the *Corporation's* possession or control that are relevant to the proceeding, including *documents* and things that are relevant to the *respondent's* ability to make full answer and defence.
- (2) *Enforcement Staff* must provide copies to, in hard copy or electronic form, or permit a *respondent* to make copies of all *documents* and things specified in subsection 8417(1) as soon as is reasonably practicable after it makes disclosure and no later than 40 days before the commencement of the *hearing* on the merits.
- (3) As soon as is reasonably practicable after a response is served and *filed*, and no later than 40 days before the commencement of the *hearing* on the merits, each *party* to a proceeding must serve every other *party* with:
 - (i) all *documents* that the *party* intends to produce or enter as evidence at the *hearing* on the merits, and
 - (ii) a list of items, other than *documents*, that the *party* intends to produce or enter as evidence at the *hearing* on the merits.
- (4) At any stage of a proceeding, a *hearing panel* may order a *party* to provide to another *party* any *document* or other information that the *hearing panel* considers appropriate, within a time period and on terms and conditions determined by the *hearing panel*.
- (5) A party who does not disclose a *document* or thing in compliance with subsections 8417(3) and 8417(4) may not introduce in evidence or refer to the *document* or thing at a *hearing* on the merits without leave of the *hearing panel* on terms and conditions the *hearing panel* considers just.

8418. Witness lists and statements

- (1) Subject to section 8417, as soon as reasonably practicable after a response is served and *filed*, and no later than 30 days before the commencement of the *hearing* on the merits, *Enforcement Staff* must serve:
 - (i) a list of the witnesses *Enforcement Staff* intends to call to testify at the *hearing*, and
 - (ii) in respect of each witness named on the list, a summary of the evidence the witness is expected to give at the *hearing*, a witness statement signed by the witness or a transcript of a recorded statement of the witness.
- (2) Subject to section 8417, as soon as reasonably practicable after a response is served and *filed*, and no later than 20 days before the commencement of the *hearing* on the merits, a *respondent* must serve:
 - (i) a list of the witnesses, not including the *respondent*, whom the *respondent* intends to call to testify at the *hearing*, and
 - (ii) in respect of each witness named on the list, a summary of the evidence the witness is expected to give at the *hearing*, a witness statement signed by the witness or a transcript of a recorded statement of the witness, unless the transcript was disclosed by *Enforcement Staff* pursuant to section 8417 or subsection 8418(1).
- (3) A summary of expected evidence, witness statement or transcript served in accordance with subsection 8418(1) or 8418(2) must contain:
 - (i) the substance of the evidence of the witness,
 - (ii) a reference to any *document* the witness will refer to, and
 - (iii) the name, address and telephone number of the witness or of a *person* through whom the witness can be contacted.
- (4) A *party* who does not include a *person* in a witness list or disclose the *person's* expected evidence in accordance with subsections 8418(1) through 8418(3) may not call the *person* as a witness at the *hearing* without leave of the *hearing panel* on terms and conditions the *hearing panel* considers just.
- (5) A witness may not testify to matters not disclosed in accordance with subsection 8418(3) without leave of the *hearing panel* on terms and conditions the *hearing panel* considers just.

8419. Expert witnesses

- (1) A *party* who intends to call an expert witness at a *hearing* must, at least 45 days before the commencement of the *hearing*, serve a written report signed by the expert.
- (2) A *party* who intends to call an expert witness in response to an expert's report served pursuant to subsection 8419(1) must, at least 20 days before the commencement of the *hearing*, serve a written report signed by the expert.
- (3) A *party* who intends to call expert evidence to reply to a responding expert's report served pursuant to subsection 8419(2) must, at least 10 days before the commencement of the *hearing*, serve a written report in reply signed by the expert.
- (4) An expert's report must contain:

- (i) the name, address and qualifications of the expert,
 - (ii) the substance of the expert's evidence, and
 - (iii) a reference to any *document* the expert will refer to.
- (5) A *party* who does not comply with subsection 8419(1), 8419(2) or 8419(4) may not call the expert as a witness or introduce in evidence or refer to the expert's report or opinion at a *hearing*, without leave of the *hearing panel* on terms and conditions the *hearing panel* considers just.
- (6) If the *party* who calls an expert witness has not complied with subsection 8419(3), the expert witness may not testify to matters for which an expert's report in reply was required, without leave of the *hearing panel* on terms and conditions the *hearing panel* considers just.

8420. Deemed undertaking

- (1) In this section, "information" means evidence and information obtained from a *party* that is required to be disclosed or provided pursuant to sections 8416, 8417, 8418 and 8419 prior to a hearing on the merits, including evidence and information disclosed or provided in a *prehearing conference*, and any information obtained from such evidence or information.
- (2) This section does not apply to *information* obtained otherwise than under section 8416, 8417, 8418 or 8419 or in a *prehearing conference*.
- (3) A party and its counsel or agent are deemed to undertake not to disclose or use *information* for any purposes other than those of the proceeding in which the *information* was obtained, without the consent of the *party* who disclosed or provided the *information* or *information* on the basis of which the *information* was obtained.
- (4) Subsection 8420(3) does not prohibit use of *information* that is:
- (i) filed with the *National Hearing Officer Office*,
 - (ii) given or referred to during a *hearing*, or
 - (iii) obtained from information referred to in clauses 8420(4)(i) and 8420(4)(ii).
- (5) Notwithstanding subsection 8420(3), *information* may be used to impeach the testimony of a witness in another proceeding.
- (6) A *hearing panel* may permit the use of *information* that is subject to this section for purposes other than those of the proceeding in which it was disclosed or provided, if the *hearing panel* is satisfied that the public interest outweighs any prejudice that would result to the *party* who disclosed the *information* or the *person* from whom it was obtained by that *party*, subject to any terms and conditions the *hearing panel* considers just.

8421. Order to attend and issue of summons

- (1) At any stage of a proceeding, a *party* may request a *hearing panel* to exercise its authority under section 8208 to require a *person* to attend and give evidence or produce *documents* at a hearing.
- (2) If a *hearing panel* orders a *person* who is subject to the *Corporation's* contractual jurisdiction to attend and give evidence or produce *documents*, the *National Hearing*

~~Officer~~Office must serve a notice, in a prescribed form, by personal service in accordance with clause 8406(3)(i), 8406(3)(iv) or 8406(3)(v), requiring the attendance of the *person* to give evidence or produce *documents*, as ordered by the *hearing panel*.

- (3) If a *hearing panel* orders an employee, partner, director or officer of a *Regulated Person*, who is not an *Approved Person*, to attend at a *hearing*, the ~~National Hearing~~ ~~Officer~~Office must serve a notice on the *person* in accordance with subsection 8421(2) and on the *Regulated Person* requiring the *Regulated Person* to direct the *person* to comply with the order.
- (4) If a *hearing panel* orders a *person* who is not subject to the *Corporation's* contractual jurisdiction to attend and give evidence or produce *documents* in a *District* in which the *hearing panel* is authorized by law to do so, the ~~National Hearing~~ ~~Officer~~Office must serve a summons or subpoena in accordance with the procedure prescribed by law for the issue of a summons or subpoena by a court, regulatory tribunal or analogous decision maker in the *District*.

8422. Adjournments

- (1) A *party* who decides to request an adjournment of a *hearing* on the merits must immediately so advise the other *parties* and the ~~National Hearing~~ ~~Officer~~Office in writing.
- (2) If the other *parties* consent to the request for an adjournment, the *requesting party* may serve and *file* a written request for the adjournment stating that it is made on consent, and a *hearing panel* may:
 - (i) refuse the request,
 - (ii) reschedule the *hearing* without a *hearing* on the request, or
 - (iii) require a *hearing* on the request.
- (3) If the *parties* do not consent to a request for an adjournment, the *requesting party* must bring a motion as soon as possible and the notice of motion must contain:
 - (i) the reasons for the adjournment,
 - (ii) the length of time requested for the adjournment, and
 - (iii) if the motion is brought fewer than 40 days before the date of the *hearing*, a request for an abridgement of the times specified in section 8413, if necessary.
- (4) If a motion requesting an adjournment cannot be heard at least 20 days before the date for the commencement of the *hearing* and the *parties* do not consent, the motion must be heard at the commencement of the *hearing* and the *requesting party* must be prepared to proceed if the motion is denied.
- (5) A *hearing panel* may grant or deny an adjournment on any terms and conditions it considers just.

8423. Conduct of hearing on the merits

- (1) At a *hearing* on the merits a *respondent* is entitled to be represented by counsel or an agent and to make submissions.
- (2) At a *hearing* on the merits, other than a *written hearing*, a *respondent* is entitled:
 - (i) to attend and ~~be heard in person~~ present their case,

- (ii) to call and examine witnesses and present documentary and other evidence, and
 - (iii) to cross-examine witnesses as reasonably required for a full and fair disclosure of all matters relevant to the issues in the proceeding.
- (3) A *hearing* on the merits, other than a *written hearing*, must be conducted in the following order:
- (i) *Enforcement Staff* may make an opening address, which may be followed by an opening address by the *respondent*,
 - (ii) *Enforcement Staff* must present its evidence and examine its witnesses, who may be cross-examined by the *respondent*,
 - (iii) if the *respondent* has not made an opening address immediately following *Enforcement Staff's* opening address, the *respondent* may make an opening address and must present its evidence and examine its witnesses, who may be cross-examined by other *parties*,
 - (iv) *Enforcement Staff* may present evidence in reply to any evidence presented for the first time by the *respondent* and examine witnesses, who may be cross-examined by the *respondent*,
 - (v) if the *hearing panel* requests or permits, the *parties* may serve and *file*, by dates ordered by the *hearing panel*, submissions in writing on the facts and legal argument with respect to the contraventions alleged in the notice of *hearing*, which submissions must not be made public prior to the commencement of the *hearing* of the submissions, and, if necessary, the *National Hearing OfficerOffice* must set a date for the *hearing* of such submissions,
 - (vi) *Enforcement Staff* may make closing submissions, followed by the *respondent's* closing submissions and *Enforcement Staff's* reply to issues raised by the *respondent*,
 - (vii) unless the *parties* agree otherwise, after the *hearing panel* makes its *decision* on the merits of the allegations in the notice of *hearing*, the *National Hearing OfficerOffice* must set a date for the presentation of additional evidence, if any, and the *hearing* of submissions on *sanctions* and costs, and
 - (viii) the *hearing panel* may request or permit the *parties* to serve and *file* written submissions on *sanctions* and costs, which submissions must not be made public prior to the commencement of the *sanctions hearing*.
- (4) After cross-examination of a witness, the *party* who called the witness may further examine the witness with respect to matters raised for the first time in cross-examination.
- (5) Following examination and cross-examination of a witness, a *hearing panel* may ask questions of the witness, subject to the right of the *parties* to ask further questions with respect to matters raised by the *hearing panel*.
- (6) If two or more *respondents* are separately represented, the *hearing panel* may direct the order of presentation.
- (7) A *hearing panel* may control the scope and manner of questioning of a witness to protect the witness from undue harassment.

- (8) A *hearing panel* may order a witness to be excluded from a *hearing* until the witness is called to give evidence, unless the presence of the witness is necessary to instruct a *party's* counsel or agent, in which case the *hearing panel* may require the witness to be called to give evidence before other witnesses are called.
- (9) If a *hearing panel* orders the exclusion of a witness, evidence given during the witness's absence from the *hearing* must not be communicated to the witness until the witness has completed giving evidence, except with leave of the *hearing panel*.
- (10) A *hearing panel* may permit a *party* to present the evidence of a witness or proof of a particular fact or *document* by affidavit, unless another *party* reasonably requires the attendance of the witness at the *hearing* for cross-examination.
- (11) If a *hearing panel* requests or permits the *parties* to make written submissions on *sanctions* and costs, unless the *hearing panel* orders otherwise:
 - (i) the date set for the *sanctions hearing* must be at least 30 days after the date of the *decision* on the merits,
 - (ii) *Enforcement Staff* must serve and *file* submissions at least 14 days before the *sanctions hearing*,
 - (iii) the *respondent* must serve and *file* submissions at least seven days before the *sanctions hearing*, and
 - (iv) *Enforcement Staff* must serve and *file* any reply submissions at least three days before the *sanctions hearing*.
- (12) If a respondent who has been served with a notice of *hearing* does not attend the *hearing* on the merits, the *hearing panel*:
 - (i) may proceed with the *hearing* in the *respondent's* absence and may accept as proven the facts and contraventions alleged in the notice of *hearing* and statement of allegations, and
 - (ii) if it finds that the *respondent* committed the alleged contraventions, may hear submissions on *sanctions* from *Enforcement Staff* immediately, without a further *hearing* on *sanctions* and costs, and may impose *sanctions* and costs pursuant to sections 8209 or 8210, as it considers appropriate.

8424. Written hearings

- (1) If a hearing is a *written hearing*, the *party* who serves a *commencing notice* must, with the motion or other record required by the *Rules of Procedure* or within a time directed by a *hearing panel*, serve and *file* the *party's* written submissions containing, as applicable:
 - (i) a statement of agreed facts,
 - (ii) the *party's* factual and legal submissions, and
 - (iii) any material ordered by the *hearing panel*.
- (2) A *respondent* or *responding party* may respond, within the time provided in subsection 8413(87) or in a *decision* of a *hearing panel*, by serving and *filing* a responding motion record, if applicable, and the *party's* factual and legal submissions.

- (3) A *party* may reply to a response served pursuant to subsection 8424(2), within the time provided in subsection 8413(109) or in a *decision* of a *hearing panel*, by serving and *filing* a reply record, if applicable, and the *party's* factual and legal submissions.
- (4) A *hearing panel* may:
 - (i) require a party to serve and *file* additional information,
 - (ii) on request of a *party*, order that a *party* present a witness to be examined or cross-examined on any terms and conditions the *hearing panel* directs, and
 - (iii) after considering the record, order that the *hearing* be continued as an *oral-hearing or electronic hearing*.

8425. Temporary orders

- (1) Where a proceeding pursuant to section 8211 is commenced, *Enforcement Staff* must *file* a notice of *application* and *application* record at least five days prior to the date of the *hearing* or a shorter period permitted by a *hearing panel*.
- (2) An application under subsection 8425(1) may be made with or without notice to the *respondent*.
- (3) A notice of *application* must contain:
 - (i) the date, time and location of the *hearing*,
 - (ii) whether notice has been given to the *respondent*,
 - (iii) a statement of the purpose of the proceeding,
 - (iv) the sanctions requested by *Enforcement Staff*,
 - (v) the grounds for the *application*, including a reference to any *Corporation requirements* or *applicable laws* that the *respondent* is alleged to have contravened,
 - (vi) a statement of the facts alleged that support the alleged contraventions and the need for a temporary order,
 - (vii) a list of documentary and other evidence relied on,
 - (viii) ~~whether it is the~~ proposed ~~that form of~~ the ~~application be heard as an oral hearing;~~ *electronic hearing or written hearing*, and
 - (ix) any other information that *Enforcement Staff* considers advisable.
- (4) An *application* record must contain:
 - (i) the notice of *application*, and
 - (ii) copies of the evidence, including affidavit and other materials relied on.
- (5) If an *application* under subsection 8425(1) is made with notice, *Enforcement Staff* must serve the *respondent* with the *application* record before it is *filed* and the *respondent* may serve and *file* a responding record at least two days prior to the date of the *hearing*.
- (6) A responding record must contain:
 - (i) the order requested by the *respondent*, including a statement of the reasons for the order requested, and
 - (ii) copies of any additional evidence, including affidavits and other materials relied on.

- (7) A party to an *application* under subsection 8425(1) may serve, if notice is given, and *file* a memorandum of fact and law prior to the *hearing* of the *application*.
- (8) A hearing *panel* may, at any time, on any terms or conditions it considers appropriate, require oral testimony to be adduced at the *hearing* on any matter in issue and allow cross-examination on an affidavit.
- (9) A hearing *panel* may:
 - (i) grant the temporary order requested,
 - (ii) dismiss or adjourn the *application* in whole or in part, with or without terms, and
 - (iii) make another *decision* it considers appropriate.
- (10) If an *application* under subsection 8425(1) is made on notice, the *decision* and reasons of the *hearing panel* constitute the notice required by subsection 8211(3).
- (11) If an application under subsection 8425(1) is made without notice, a notice of a temporary order pursuant to subsection 8211(3) must contain:
 - (i) a statement that a temporary order has been made with respect to the *respondent*, describing the terms of the temporary order,
 - (ii) the grounds on which the temporary order was requested and a reference to the notice of application containing them, and
 - (iii) a summary of subsection 8211(2) and the date, time and location of a *hearing* pursuant to clause 8211(2)(i).
- (12) A notice of a temporary order under subsection 8425(11) must be accompanied by:
 - (i) a copy of the *decision* or order and reasons of the *hearing panel*,
 - (ii) a copy of the notice of *application* and *application* record *filed* by *Enforcement Staff*,
 - (iii) a summary of any oral evidence received by the *hearing panel* or a transcript of the *hearing*,
 - (iv) copies of any documentary or other evidence received by the *hearing panel* that is not contained in the *application* record, and
 - (v) any written submissions presented to the *hearing panel*.
- (13) A hearing to extend a temporary order must follow the procedure in section 8413 for a motion.

8426. Protective orders

- (1) Where a proceeding pursuant to section 8212 is commenced, *Enforcement Staff* must serve the *respondent* with, and *file*, a notice of *application* and *application* record at least five days prior to the date of the *hearing* or a shorter period permitted by a *hearing panel*.
- (2) A notice of *application* must contain:
 - (i) the date, time and location of the *hearing*,
 - (ii) a statement of the purpose of the proceeding,
 - (iii) the order requested by *Enforcement Staff*,
 - (iv) the grounds for the application, including a reference to any *Corporation requirements* or *applicable laws* that the *respondent* is alleged to have contravened,

- (v) a statement of the facts alleged that support the alleged contraventions, the need for a protective order and the order sought,
 - (vi) a list of documentary and other evidence relied on,
 - (vii) ~~whether it is~~the proposed that form of the ~~application be heard as an oral hearing, electronic hearing or written hearing,~~ and
 - (viii) any other information that *Enforcement Staff* considers advisable.
- (3) An *application* record must contain:
- (i) the notice of *application*, and
 - (ii) copies of the evidence, including affidavits and other materials relied on.
- (4) *Enforcement Staff* must serve the *application* record before it is *filed* and a *respondent* may serve and *file* a responding record.
- (5) A responding record must contain:
- (i) the order requested by the *respondent*, including a statement of the reasons for the order requested, and
 - (ii) copies of any additional evidence, including affidavits and other materials relied on.
- (6) A party to an *application* under subsection 8426(1) may serve and *file* a memorandum of fact and law prior to the *hearing* of the *application*.
- (7) A *hearing panel* may, at any time, on any terms or conditions it considers appropriate, require oral testimony to be adduced at the *hearing* on any matter in issue and allow cross-examination on an affidavit.
- (8) A *hearing panel* may:
- (i) grant the order requested,
 - (ii) dismiss or adjourn the *application* in whole or in part, with or without terms, and
 - (iii) make any other *decision* authorized by subsection 8212(4) that it considers appropriate.

8427. Review of protective orders

- (1) A party who requests a review of a *decision* made under section 8212 must serve and *file*, within 30 days of the date of the *decision*, a notice of request for review and a review record.
- (2) A notice of request for review must contain:
- (i) the date, time and location of the *hearing* of the request for review,
 - (ii) the relief sought,
 - (iii) the grounds for the relief sought, including reference to any *Corporation requirements* or *applicable laws*,
 - (iv) a list of evidence and other materials relied on, and
 - (v) ~~whether it is~~the proposed that form of the ~~request for review be heard as an oral hearing, electronic hearing or written hearing.~~
- (3) A review record must contain:
- (i) the notice of request for review, and

- (ii) copies of any additional evidence, including affidavits and other materials relied on.
- (4) Enforcement *Staff* must *file*, at least seven days prior to the date of the review *hearing*, a record that contains the record of the *hearing* under section 8212, the *decision* and reasons of the *hearing panel*, a transcript of the *hearing* and copies of any documentary or other evidence received by the *hearing panel* not otherwise contained in the record.
- (5) A responding *party* may serve and *file* a reply no later than seven days prior to the date of the review *hearing*.
- (6) A reply must contain:
 - (i) the order requested by the *responding party* and a statement of the reasons for the order requested, and
 - (ii) copies of any additional evidence, including affidavits and other material relied on.
- (7) The *parties* may serve and *file* a memorandum of fact and law no later than two days prior to the date of the review *hearing*.
- (8) A review *hearing* must be conducted in the following order:
 - (i) the *requesting party* may present evidence,
 - (ii) the *responding party* may present evidence,
 - (iii) the *requesting party* may make submissions,
 - (iv) the *responding party* may make submissions, and
 - (v) the *requesting party* may reply to the submissions of the *responding party*.
- (9) A *hearing panel* may at any time, on any terms or conditions it considers appropriate, require oral testimony to be adduced at the review *hearing* on any matter in issue and allow cross-examination on an affidavit.
- (10) At any time prior to a review *hearing*, a *requesting party* may bring a motion for a stay of an order made under subsection 8212(4).

8428. Settlement hearings

- (1) If a settlement *agreement* is made after a notice of *hearing* has been issued, a *settlement hearing* must be commenced by a notice of motion.
- (2) If a settlement *agreement* is made before a notice of *hearing* is issued, a *settlement hearing* must be commenced by a notice of *application*.
- (3) Enforcement *Staff* must serve the *respondent* with, and *file*, a *commencing notice* for a *settlement hearing* and must *file* copies of the *settlement agreement* at least seven days prior to the date of the *settlement hearing*, unless the *hearing* on the merits has commenced and the *hearing panel* orders otherwise.
- (4) A *commencing notice* for a *settlement hearing* must contain:
 - (i) the date, time and location of the *settlement hearing*,
 - (ii) the identity of the *respondent*,
 - (iii) a statement of the purpose of the *hearing*,
 - (iv) the general nature of the allegations addressed by the *settlement agreement*, and

- (v) ~~whether it is~~the proposed ~~that form of~~ the ~~settlement hearing be an oral hearing, electronic hearing or written~~ hearing.
- (5) A *settlement agreement* must not be open for inspection by the public unless it has been accepted by a *hearing panel*.
- (6) At a *settlement hearing*, facts that are not contained in the *settlement agreement* must not be disclosed to the *hearing panel* without the consent of all *parties*, unless the *respondent* does not appear, in which case *Enforcement Staff* may disclose additional relevant facts, if requested by the *hearing panel*.

8429. Monitor

- (1) A request for directions by *Enforcement Staff* or a *Monitor* must be made by bringing a motion in accordance with section 8413.

PART C - REVIEW PROCEEDINGS

8430. Regulatory review hearings

- (1) A party who requests a review of a *regulatory decision* must serve and *file*, within the time specified in *Corporation requirements* relating to the *regulatory decision* and:
 - (i) in the case of a decision made under section 9204, 9206 or 9207, at least 14 days, and
 - (ii) in the case of a decision under Part B of Rule 4100, no more than the number of days specified in Part B of Rule 4100, prior to the date of the *hearing*, a notice of request for review and a review record.
- (2) A notice of request for review must contain:
 - (i) the date, time and location of the *hearing* of the request for review,
 - (ii) the relief sought,
 - (iii) the grounds for the relief sought, including reference to any *Corporation requirements* or applicable *laws*,
 - (iv) a list of evidence and other materials relied on, and
 - (v) ~~whether it is~~the proposed ~~that form of~~ the ~~request for review be heard as an oral hearing, electronic hearing or written hearing.~~
- (3) A review record must contain:
 - (i) the notice of request for review,
 - (ii) any notice of the *regulatory decision* received by the *requesting party*,
 - (iii) the *regulatory decision* and any reasons for the *regulatory decision*,
 - (iv) any materials that accompanied the notice of the *regulatory decision* or the *regulatory decision* received by the *requesting party*,
 - (v) copies of any additional evidence, including affidavits and other materials relied on.
- (4) A *responding party* may serve and *file* a reply no later than seven days prior to the date of the review *hearing*.
- (5) A reply must contain:

- (i) the order requested by the *responding party* and a statement of the reasons for the order requested, and
 - (ii) copies of any additional evidence, including affidavits and other material relied on.
- (6) The parties may serve and *file* a memorandum of fact and law no later than two days prior to the date of the review *hearing*.
- (7) A review *hearing* must be conducted in the following order:
- (i) the requesting *party* may present evidence,
 - (ii) the responding *party* may present evidence,
 - (iii) the requesting *party* may make submissions,
 - (iv) the responding *party* may make submissions, and
 - (v) the requesting *party* may reply to the submissions of the *responding party*.
- (8) A *hearing panel* may at any time, on any terms or conditions it considers appropriate, require oral testimony to be adduced at the review *hearing* on any matter in issue and allow cross-examination on an affidavit.

PART D - SECURITIES REGULATORY AUTHORITY REVIEW

8431. Record for review

- (1) A party who applies to a *securities regulatory authority* for review of a final *decision* of a *hearing panel* may obtain a copy of the record of the proceeding in which the *decision* was made by sending a request for the record, in prescribed form, to the *National Hearing Officer Office*.
- (2) The *National Hearing Officer Office* must provide a copy of the record of the proceeding to the *party* within a reasonable time after receipt of a request under subsection 8431(1), subject to payment of any applicable costs or fees.
- (3) Subject to subsection 8431(4), the record of a proceeding must include copies of:
- (i) the commencing *notice* in the proceeding,
 - (ii) any interim orders made in the proceeding,
 - (iii) any ~~preconference~~ prehearing conference memorandums,
 - (iv) documentary and other evidence adduced in the proceeding, subject to any limitations imposed under *Corporation requirements* by a *hearing panel* or by law,
 - (v) any other *documents* in the proceeding requested by a *party*,
 - (vi) a transcript of oral evidence given at the *hearing* on the merits, and
 - (vii) the *decision* and reasons of the *hearing panel*.
- (4) The *National Hearing Officer Office* may omit any *documents* from the record of a proceeding, if:
- (i) the *parties* consent and the *hearing panel* agrees, or
 - (ii) the *hearing panel* so directs.
- (5) The *National Hearing Officer Office* may require the *party* who requests the record of a proceeding to pay the costs of preparing a copy of the record and a reasonable fee for its preparation.

8432. – 8999. Reserved.

SERIES 9000 | PROCEDURAL RULES – OTHER**RULE 9100 | COMPLIANCE EXAMINATIONS**

9101. Introduction

- (1) Rule 9100 sets out the powers of the *Corporation* to initiate and conduct compliance examinations and request information and the rights and obligations of *Regulated Persons* with respect to such examinations.

9102. Examinations

- (1) An examination under Rule 9100 includes a request for information made by *Corporation* staff other than Enforcement Staff.

9103. Conducting examinations

- (1) *Corporation* staff may examine the conduct, business and affairs of a *Regulated Person* with respect to *Corporation requirements, applicable laws*, or trading or advising in respect of *securities, ~~futures contracts~~ or derivatives*.
- (2) *Corporation* staff may initiate an examination where they consider it advisable to do so.

9104. Examination powers

- (1) In connection with an examination, *Corporation* staff may, by written or electronic request, require a *Regulated Person* or an *employee, partner, Director, officer or approved investor* to:
 - (i) provide a written report with respect to any matter,
 - (ii) produce for inspection any *records ~~and documents~~* in the *person's* possession or control that *Corporation* staff believe may be relevant to the examination, whether written, electronically stored, or recorded,
 - (iii) provide copies of any such *records* and documents in the manner and form, including electronically and recorded, that *Corporation* staff requests, and
 - (iv) answer questions with respect to any matter.
- (2) In a request made under subsection 9104(1), *Corporation* staff may require production of original documents and must provide a receipt for any original documents received.
- (3) In connection with an examination, *Corporation* staff:
 - (i) may, with or without prior notice, enter the business premises of any *Regulated Person* during business hours,
 - (ii) are entitled to free access to and to make and keep copies of all books of account, securities, cash, documents, bank accounts, vouchers, correspondence and *records* of every description that *Corporation* staff believe may be relevant to the examination, including by taking an image of the computer hard drives or other storage media of the *Regulated Person*, and

- (iii) may remove the original of any document or *record* obtained under clause 9104(3)(ii), and where an original document or *record* is removed from the premises, *Corporation* staff must provide a receipt for the removed document or *record*.

9105. Obligations of Regulated Persons and other persons

- (1) A *person* who receives a request made under section 9104 must comply with the request within the time specified in it.
- (2) A *Regulated Person* must cooperate with *Corporation* staff who are conducting an examination, and a *Regulated Person* must require its employees, partners, directors and officers to cooperate with *Corporation* staff conducting an examination and to comply with a request made under section 9104.
- (3) A *person* who is aware that *Corporation* staff is conducting an examination must not conceal or destroy any *record*, document or thing that contains information that may be relevant to the examination or ask or encourage any other *person* to do so.

9106. Use of information

- (1) *Corporation* staff may refer any information obtained from an examination to *Enforcement Staff*, other *Corporation* staff, or a *securities, futures* or *derivatives* regulatory authority.
- (2) *Corporation* staff may take any other appropriate action based on information obtained from an examination.

9107. – 9199. Reserved.

RULE 9200 | APPROVALS AND REGULATORY SUPERVISION

[\[...\]](#)**9208. Terms and conditions on membership**

- (1) The *Corporation* may impose terms and conditions on a *Dealer Member's* Membership in the *Corporation*, where the *Corporation* considers it appropriate to ensure continuing compliance with *Corporation requirements*.
- (2) The *Corporation* must not impose terms and conditions on a Membership in the *Corporation*, unless the *Dealer Member* has been given an opportunity to be heard.
- (3) Notice of a *decision* imposing terms and conditions under subsection 9208(1) must be given to the *Dealer Member* and must be accompanied by written reasons for the *decision*.

[\[...\]](#)

RULE 9500 | ALTERNATIVE DISPUTE RESOLUTION

9501. Introduction

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

9502. Participation by a Dealer Member in arbitration

- (1) The *Board* may approve, with terms and conditions, one or more arbitration programs or organizations for *Dealer Members* or any class of *Dealer Members*.
- (2) A *Dealer Member* must participate in or become a member of an arbitration program or organization approved by the *Board*.
- (3) The participation of a *Dealer Member* in, or any decision made under, an arbitration program will not affect the *Corporation's* authority, or prevent it from exercising that authority under *Corporation requirements*.
- (4) If a client requests arbitration, the *Dealer Member* involved must submit to binding arbitration in any dispute between the *Dealer Member* and the client.
- (5) The *Dealer Member* must comply with the arbitration program's requirements and decisions.

9503. Participation by a Dealer Member in an ombudsman service

- (1) A *Dealer Member* must participate in an ombudsman service approved by the *Board*.
- (2) The participation of a *Dealer Member* in, or any recommendations made by, an ombudsman service, will not affect the authority of the *Corporation* or prevent it from exercising that authority under *Corporation requirements*.
- (3) On a client's request, any dispute between a *Dealer Member* and the client must be submitted to the approved ombudsman service.
- (4) The eligibility of a dispute for review is made by the ombudsman service based on its terms of reference.
- (5) A *Dealer Member* must comply with the ombudsman service's requirements.
- (6) The ombudsman's recommendations are non-binding on each participant in the service.

9504. Dealer Members must provide information to ombudsman service

- (1) The ombudsman service may ask a *Dealer Member*, or an *Approved Person*, or other *person* subject to the *Corporation's* authority for information or *records* relating to a review or investigation.
- (2) The *person* in subsection 9504(1) must submit the information requested in the form and manner, including electronic, as prescribed by the ombudsman service.
- ~~(3) The ombudsman may not provide the *Corporation* with any information or *records* of its service received relating to a review or investigation, except information relating to a *Corporation investigation* or *hearing allegation* that:~~

- ~~(i) — the Dealer Member provided information to the ombudsman service it knew was false and intended to mislead the ombudsman, or~~
- ~~(ii) — the Dealer Member failed to provide information as required by section 9504.~~

9505. –9999. Reserved.

Appendix 4 – Impact Analysis of the Phase 3 Proposed DC Rules

Impact Assessment Table

In the impact assessment table below, we list:

- the major policy elements of the Phase 3 Proposed DC Rules,
- a description of the intended policy benefits of each element, and
- an assessment of its impact on clients, investment dealers, mutual fund dealers, and CIRO itself.

Conclusions

We concluded that, if approved, the Phase 3 Proposed DC Rules would result in reduced potential for regulatory arbitrage by harmonizing:

- the membership and member business activity approval requirements,
- the clearing, settlement of trades and trade delivery standards requirements, and
- the examination, investigation, and enforcement rules.

We have assessed the impact of the changes being introduced as part of the Phase 3 Proposed DC Rules as having an overall positive impact on clients, Dealer Members and CIRO staff. While there could be some negative impacts to investment dealers and mutual fund dealers, we concluded these impacts were outweighed by the overall positive impacts the Phase 3 Proposed DC Rules would have.

Cost Estimate

We do not know the dollar magnitude of the collective impacts of the Phase 3 Proposed DC Rules, and we cannot determine it without detailed stakeholder feedback. For example, the harmonization of the current membership disclosure policies may require Dealer Members to change their existing practices to implement the new proposed membership disclosure policy. However, the Phase 3 Proposed DC Rules are not expected to have any significant incremental costs to Dealer Members and clients.

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
Membership and member business activity approval matters					
<i>Notification of changes of ownership below 10%</i>	Ensure a level playing field for investment dealers and mutual fund dealers and reduce burden on Dealer Members and CIRO by removing the requirement to notify CIRO of changes of ownership that are not significant	<i>Neutral</i> – Clients of either type of Dealer Member are not expected to be impacted	<i>Minor positive</i> – Investment dealers will no longer be required to notify CIRO of changes of ownership below 10%	<i>Neutral</i> – No change for mutual fund dealers	<i>Minor positive</i> – CIRO staff will receive less notifications from Dealer members, which will free up time to review more significant membership matters
<i>Ownership of a significant equity interest in a Dealer Member</i>	Ensure a level playing field for investment dealers and mutual fund dealers by requiring Dealer Members to obtain CIRO approval before allowing a person to own a significant equity interest (greater than 10%) in a Dealer Member	<i>Neutral</i> – Clients of either type of Dealer Member are not expected to be impacted	<i>Neutral</i> – No change for investment dealers	<i>Minor negative</i> – Mutual fund dealers will be required to obtain CIRO approval before allowing a person to own 10% or more in a Dealer Member. The current threshold is set at 20%.	<i>Minor negative</i> – CIRO staff will receive more investor approval request, which will increase the administrative work required to process these applications
<i>Approval and cross-guarantee requirements for Dealer Member related companies</i>	Ensure a level playing field for investment dealers and mutual fund dealers by requiring cross-guarantees between Dealer Members and their related companies and ensures the surviving entity will be	<i>Minor positive</i> – Clients of either type of Dealer Member will indirectly benefit from the cross-guarantees between Dealer Members and their related companies in the event of insolvency as CIPF will	<i>Minor negative</i> – Investment dealers will be required to obtain CIRO approval and to enter into a cross-guarantee agreement before setting up or acquiring interest in a related company or before creating a	<i>Minor negative</i> – Mutual fund dealers will be required to obtain CIRO approval and to enter into a cross-guarantee agreement before setting up or acquiring interest in a related company or before creating a subsidiary	<i>Minor negative</i> – CIRO staff will receive more approval request, which will increase the administrative work required to process these applications

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
	responsible to indemnify the CIPF for client loss claims in the event of insolvency	be indemnified for client loss claims	subsidiary whose principal business is securities or derivatives-related activities, including a related mutual fund dealer	whose principal business is securities or derivatives-related activities, including a related investment dealer	
<i>Carrying on business other than securities or derivatives-related business</i>	Ensure a level playing field for investment dealers and mutual fund dealers by requiring Dealer Members to obtain CIRO approval before carrying on any business other than securities or derivatives business except where the Dealer Member owns an interest in a corporation and is not responsible for that corporation's liabilities	<i>Neutral</i> – Clients of either type of Dealer Member are not expected to be impacted	<i>Minor positive</i> – Investment dealers will no longer be required to notify CIRO when it owns an interest in a corporation and it is not responsible for that corporation's liabilities	<i>Minor negative</i> – Mutual fund dealers will be required to obtain CIRO approval before carrying on any business other than securities or derivatives business except where it owns an interest in a corporation and it is not responsible for that corporation's liabilities	Minor negative – CIRO staff will receive more approval request, which will increase the administrative work required to process these applications
<i>Shared office premises</i>	Ensure a level playing field for investment dealers and mutual fund dealers by imposing specific requirements Dealer Members must adhere to when sharing office premises with other regulated Canadian financial service entities that are involved in financial activities	<i>Positive</i> – Clients will benefit from the requirements for Dealer Members to limit client confusion and ensure privacy and confidentiality of records are maintained	<i>Neutral</i> – No change for investment dealers	<i>Minor negative</i> – Mutual fund dealers will have to ensure clients clearly understands which legal entity they are dealing with, ensure client privacy and confidentiality of records are maintained, and establish, maintain and apply adequate supervisory policies and procedures	<i>Minor Positive</i> – CIRO staff who monitor compliance with shared office premises will have consistent requirements

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
<i>Membership disclosure policy</i>	Ensure a level playing field for investment dealers and mutual fund dealers by harmonizing CIRO's membership disclosure requirements	<i>Positive</i> – Clients will benefit from harmonized requirements that will make it clear they are dealing with a CIRO regulated Dealer Member and ensure they receive the CIRO official brochure “How CIRO protects investors”	<i>Minor negative</i> – Investment dealers may have to include CIRO's website on client account statements	<i>Minor negative</i> – Mutual fund dealers may have to provide clients with the CIRO official brochure	<i>Minor Positive</i> – CIRO staff who monitor compliance with the membership disclosure policy will have consistent requirements
Clearing, settlement of trades and trade delivery standards					
<i>Harmonization of business continuity plan requirements</i>	Standardize BCP rules for investment dealers and mutual fund dealers	<i>Neutral</i> – We do not anticipate any impact to clients	<i>Neutral</i> - We do not anticipate any impact to investment dealers	<i>Neutral</i> – We do not anticipate material impact to mutual fund dealers given previous MFDA-issued guidance on establishing BCP plans	<i>Minor Positive</i> – CIRO staff who monitor compliance with business continuity will have consistent requirements
<i>Harmonization of trading and delivery standards</i>	Standardize trading and delivery standards for investment dealers and mutual fund dealers and reorganize rules to clarify the application of the requirements	<i>Neutral</i> – We do not anticipate any impact to clients	<i>Neutral</i> - We do not anticipate any impact to investment dealers	<i>Neutral</i> – We do not anticipate material impact to mutual fund dealers. Relevant rules relating to centrally cleared and non-centrally cleared transactions will apply to mutual fund dealers who trade in these securities.	<i>Minor Positive</i> – CIRO staff who monitor compliance with trading operations will have consistent requirements
<i>Harmonization of account transfer requirements</i>	Standardize account transfer practices	<i>Neutral</i> – We do not anticipate any impact to clients	<i>Neutral</i> - We do not anticipate any impact to investment dealers	<i>Neutral</i> – We do not anticipate material impact to mutual fund dealers as most	<i>Minor Positive</i> – CIRO staff who monitor compliance with transfer practices will

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
				transfers occur outside of CDS or via FundSERV. Existing CDS ATON participants are not expected to be impacted.	have consistent requirements
<i>Harmonization of bulk account transfer requirements</i>	Standardize practices for bulk account transfers	<i>Neutral</i> – We do not anticipate any impact to clients	<i>Neutral</i> - We do not anticipate any impact to investment dealers	<i>Minor Positive</i> – We anticipate positive impact to mutual fund dealers as the IDPC Rules provide more flexibility with regards to bulk account transfers.	<i>Minor Positive</i> – CIRO staff who monitor compliance with transfer practices will have consistent requirements
<i>Harmonization of Derivatives Risk Management requirements</i>	Standardize practices for derivatives risk management	<i>Neutral</i> – We do not anticipate any impact to clients	<i>Neutral</i> - We do not anticipate any impact to investment dealers	<i>Neutral</i> – We do not anticipate any impact to mutual fund dealers	<i>Minor Positive</i> – CIRO staff who monitor compliance with derivatives risk management will have consistent requirements
Examination, investigation and enforcement rules					
<i>Introducing a new “Hearing Office” defined term to refer to CIRO staff who administer enforcement proceedings, to replace “National Hearing Officer” in the IDPC Rules and “Secretary” in the MFD Rules.</i>	All CIRO staff who administer enforcement proceedings will be referred to jointly as the Hearing Office, reflecting CIRO’s current structure.	<i>Neutral</i> - We do not anticipate any impact on clients.	<i>Neutral</i> – We do not anticipate any impact on investment dealers.	<i>Neutral</i> – We do not anticipate any impact on mutual fund dealers.	<i>Minor Positive</i> – CIRO staff who administer enforcement proceedings will have consistent responsibilities.

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
<i>Adopting two distinct sets of rules to govern CIRO's compliance examinations and enforcement investigations.</i>	Ensure a clear distinction between compliance examinations and enforcement investigations.	<i>Neutral</i> - We do not anticipate any impact on clients.	<i>Neutral</i> - We do not anticipate any impact on investment dealers. The proposed DC Rule is consistent with the IDPC Rules.	<i>Minor positive</i> - mutual fund dealers will benefit from clearer distinction between compliance examinations and enforcement investigations.	<i>Minor positive</i> - Compliance and Enforcement Staff will have appropriate powers to carry out their mandate.
<i>Implementing a 6-year limitation period.</i>	Allow CIRO to enforce on a former Regulated Person's rule violations for 6-year period from when they ceased to be a Regulated Person.	<i>Minor positive</i> - CIRO Enforcement Staff will be able to pursue disciplinary measures on former mutual fund dealers and their Approved Persons over longer periods of time.	<i>Neutral</i> - We do not anticipate any impact on investment dealers. The proposed DC Rule is consistent with the IDPC Rules.	<i>Neutral</i> - CIRO Enforcement Staff will be able to pursue disciplinary measures on former mutual fund dealers and their Approved Persons for 6 years after they cease to be approved with CIRO, which is longer than the current 5-year period. However, CIRO would only be able to pursue disciplinary measures for 6 years following the events giving rise to the misconduct.	<i>Net positive</i> - CIRO Enforcement Staff will be able to pursue disciplinary measures on former mutual fund dealers and their Approved Persons for 6 years after they cease to be approved with CIRO.
<i>Allowing hearing panels to admit into evidence any oral testimony or other evidence that has not been given or proven under oath or affirmation.</i>	Allow CIRO enforcement proceedings to operate more expeditiously.	<i>Neutral</i> - We do not anticipate any impact on clients.	<i>Neutral</i> - We do not anticipate any impact on investment dealers. The proposed DC Rule is consistent with the IDPC Rules.	<i>Minor positive</i> - Enforcement proceedings may be more expeditious if the hearing panel allows such evidence.	<i>Minor positive</i> - Enforcement proceedings may be more expeditious if the hearing panel allows such evidence.

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
<i>Settlement hearings to be conducted privately.</i>	Ensure settlement negotiations are conducted privately, as they often involve sensitive information.	<i>Neutral</i> - We do not anticipate any impact on clients.	<i>Neutral</i> – We do not anticipate any impact on investment dealers. The proposed DC Rule is consistent with the IDPC Rules.	<i>Minor positive</i> – Settlement negotiations between CIRO and mutual fund dealers will be kept confidential, respecting the respondent’s privacy.	<i>Minor positive</i> – Settlement negotiations between CIRO and mutual fund dealers will be kept confidential, respecting CIRO Enforcement Staff’s privacy.
<i>Hearing panels to produce written reasons for rejecting a settlement agreement, and that those reasons are made available to a hearing panel considering a settlement on the same or related allegations and charges, but not made public.</i>	Ensure greater transparency and allow subsequent hearing panels to operate more effectively.	<i>Neutral</i> - We do not anticipate any impact on clients.	<i>Neutral</i> – We do not anticipate any impact on investment dealers. The proposed DC Rule is consistent with the IDPC Rules.	<i>Minor positive</i> – Subsequent hearing panels will be able to address settlement agreements more effectively.	<i>Minor positive</i> – Subsequent hearing panels will be able to address settlement agreements more effectively.
<i>Increase the maximum fine a hearing panel can impose from \$5 million to \$10 million.</i>	Allow hearing panels to increase the amount they can fine Regulated Person, to better deter rule violations.	<i>Minor positive</i> – Regulated Persons may be less likely to violate CIRO’s investor protection rules.	<i>Net negative</i> – investment dealers may face higher fines if they are sanctioned.	<i>Net negative</i> – mutual fund dealers may face higher fines if they are sanctioned.	<i>Net positive</i> – Would increase the deterrent effect associated with violating CIRO rules.
<i>Clarify that hearing panels can order disgorgement and other types of sanctions.</i>	Clarify which sanctions a hearing panel can order, increasing transparency.	<i>Neutral</i> - We do not anticipate any impact on clients.	<i>Neutral</i> – We do not anticipate any impact on investment dealers. The proposed DC Rule is consistent with the IDPC Rules.	<i>Minor positive</i> – mutual fund dealers will benefit from clearer rules.	<i>Minor positive</i> – CIRO Enforcement Staff will benefit from clearer rules.
<i>Allow hearing panels to prohibit, revoke or bar an individual Regulated</i>	Provide hearing panels with the necessary powers to sanction	<i>Neutral</i> - We do not anticipate any impact on clients.	<i>Neutral</i> – We do not anticipate any impact on investment dealers.	<i>Neutral</i> – We do not anticipate any impact on mutual fund dealers.	<i>Neutral</i> – CIRO hearing panels will maintain their existing powers.

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
<i>Person's approval or authority to conduct securities-related business.</i>	investment dealer and mutual fund dealer individuals.		The proposed DC Rule is consistent with the IDPC Rules.	The proposed DC Rule is consistent with the MFD Rules.	
<i>Require hearing panels to consider specific factor when appointing a monitor.</i>	Clarify what hearing panels must consider before appointing a monitor to oversee a Dealer Member's business.	<i>Neutral</i> - We do not anticipate any impact on clients.	<i>Minor positive</i> – Hearing panel decisions to appoint a monitor will be more transparent.	<i>Neutral</i> – We do not anticipate any impact on mutual fund dealers. The proposed DC Rule is consistent with the MFD Rules.	<i>Neutral</i> - We do not anticipate any impact on CIRO.
<i>Prohibit Regulated Persons (Dealers and Approved Persons) from hiring or compensating sanctioned individuals.</i>	Ensure sanctioned individuals are not indirectly conducting securities-related business. Increase deterrent effect of sanctions.	<i>Net positive</i> – Clients will not be serviced in any way by a sanctioned individual.	<i>Net negative</i> – While investment dealers currently can't hire individuals who have been permanently barred from the industry, they would now not be able to hire or compensate any sanctioned individual (while they are sanctioned).	<i>Net negative</i> – While mutual fund dealers can't hire sanctioned individuals from carrying on securities-related business (as these individuals cannot carry on such business), they would not be able to hire them in any capacity or compensate them.	<i>Net positive</i> – Deterrent effect of increased sanctions and there is less chance of sanctioned individuals indirectly servicing clients, allowing us to better protect investors.
<i>Allow hearing panels to issue temporary orders.</i>	Allow hearing panels to grant temporary orders (for 15 days) without notice to a respondent in instances where the time required for a hearing would be prejudicial to the public interest.	<i>Net positive</i> – Hearing panels would be able to impose temporary orders in the public interest.	<i>Neutral</i> – We do not anticipate any impact on investment dealers. The proposed DC Rule is consistent with the IDPC Rules.	<i>Net positive</i> – When an order is issued against a mutual fund dealer or one of their Approved Persons without notice, it would only be for 15 days.	<i>Net positive</i> – Allows CIRO Enforcement Counsel more options.

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
<i>Allow hearing panels to issue protective orders.</i>	Allow hearing panels to grant a protective order, including terms and conditions, when a Regulated Person cannot carry on business without protective measures to prevent client or investor harm.	<i>Net positive</i> – Hearing panels would be able to impose orders to prevent client harm.	<i>Neutral</i> – We do not anticipate any impact on investment dealers. The proposed DC Rule is consistent with the IDPC Rules.	<i>Net positive</i> – When an order is issued against a mutual fund dealer or one of their Approved Persons for an unlimited amount of time, they will be provided with notice.	<i>Net positive</i> – Allows CIRO Enforcement Counsel more options.
<i>Allow hearing panels to issue protective orders when dealers fail to comply with terms and conditions.</i>	Ensure Dealers comply with terms and conditions.	<i>Net positive</i> – Ensure Dealers comply with terms and conditions, including those designed to protect clients.	<i>Net negative</i> – If Dealers do not comply with their terms and conditions, CIRO Enforcement Staff may seek a protective order.	<i>Net negative</i> – If Dealers do not comply with their terms and conditions, CIRO Enforcement Staff may seek a protective order.	<i>Net positive</i> – Provides CIRO with an additional tool to enforce terms and conditions.
<i>Remove hearing panels' ability under the MFD Rules to issue orders against mutual fund dealer where they have failed to:</i> <ul style="list-style-type: none"> • <i>maintain the minimum required capital,</i> • <i>file their monthly financial report,</i> • <i>file their annual financial statements,</i> • <i>maintain a Financial Institution Bond or mail insurance, or</i> 	Address non-compliance in these areas more efficiently.	<i>Net positive</i> – Terms and conditions will allow CIRO to bring dealers into compliance faster than a disciplinary proceeding, ensuring we are more effective at protecting investors.	<i>Neutral</i> – We do not anticipate any impact on investment dealers. The proposed DC Rule is consistent with the IDPC Rules.	<i>Net positive</i> – Where Dealers are in non-compliance in these areas, CIRO may pursue terms and conditions instead of a formal disciplinary proceeding. Mutual fund dealers will still be provided with an opportunity to be heard.	<i>Net positive</i> – CIRO staff will be able to issue terms and conditions as opposed to commencing a disciplinary proceeding.

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
<ul style="list-style-type: none"> • <i>rectify the circumstances causing them to be in early warning or comply with terms and conditions imposed after they were in early warning.</i> <p><i>Instead, deal with these areas through terms and conditions instead.</i></p>					
<p><i>Allow hearing panels to issue a protective order when a Regulated Person is charged with contravening a law relating to serious misconduct.</i></p>	<p>Allow hearing panels to issue orders where a Regulated Person is charged with serious misconduct, instead of waiting for a conviction, so they can act in the public interest.</p>	<p><i>Net positive</i> – Hearing panels can issue a protective order in situations where a Regulated Person may have engaged in serious misconduct, allowing them to protect clients.</p>	<p><i>Minor negative</i> – Currently, hearing panels can issue a protective order only where a Regulated Person is convicted of serious misconduct. This would allow hearing panels to issue such orders where investment dealers are charged with serious misconduct.</p>	<p><i>Neutral</i> – We do not anticipate any impact on mutual fund dealers. The proposed DC Rule is consistent with the MFD Rules.</p>	<p><i>Net positive</i> – Enforcement Staff can seek a protective order where a Regulated Person is charged with serious misconduct.</p>
<p><i>Parties to a disciplinary proceeding can apply to the local securities regulatory authority for a review of a CIRO hearing panel decision.</i></p>	<p>Allow parties to request a review of a hearing panel decision. Ensure reviews are conducted by the securities regulatory authority, as opposed to CIRO’s board of directors. Securities regulatory authorities have the</p>	<p><i>Neutral</i> - We do not anticipate any impact on clients.</p>	<p><i>Neutral</i> – We do not anticipate any impact on investment dealers. The proposed DC Rule is consistent with the IDPC Rules.</p>	<p><i>Neutral</i> – We do not anticipate an impact on mutual fund dealers as it is consistent with current practices since Board review process is rarely used by mutual fund dealers, and CIRO’s Board does not</p>	<p><i>Net positive</i> – CIRO’s Board will be able to focus on corporate governance matters.</p>

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
	expertise and infrastructure to conduct these reviews. Allow CIRO's Board to focus on corporate governance matters.			have the expertise to perform this function.	
<i>Allow public hearing members of hearing committees to reside out of district.</i>	Open the pool of public hearing panel members to help districts which do not have as many members.	<i>Neutral</i> - We do not anticipate any impact on clients.	<i>Minor positive</i> – There will be a larger pool of hearing panel members in each district, which will help expedite disciplinary proceedings.	<i>Minor positive</i> – There will be a larger pool of hearing panel members in each district, which will help expedite disciplinary proceedings.	<i>Net positive</i> – We will expand the hearing committee pools for all districts, making it easy to put together a hearing panel.
<i>Allow oral hearings to proceed either in person or virtually, with parties requesting which form.</i>	Allow greater flexibility to make the hearing process more accommodating and efficient.	<i>Net positive</i> – Allow clients who are witnesses to participate in hearings more easily.	<i>Net positive</i> – Allow greater flexibility in how hearings are conducted, allowing them to be more accommodating and efficient.	<i>Net positive</i> – Allow greater flexibility in how hearings are conducted, allowing them to be more accommodating and efficient.	<i>Net positive</i> – Allow greater flexibility in how hearings are conducted, allowing them to be more accommodating and efficient.
<i>Allow electronic delivery for all documents required to be served under CIRO's rules of procedure.</i>	Allow greater flexibility to make disciplinary proceeding more accommodating and efficient.	<i>Neutral</i> - We do not anticipate any impact on clients.	<i>Net positive</i> - Allow greater flexibility in how documents are filed, making the process more accommodating and efficient.	<i>Net positive</i> - Allow greater flexibility in how documents are filed, making the process more accommodating and efficient.	<i>Net positive</i> - Allow greater flexibility in how documents are filed, making the process more accommodating and efficient.
<i>Allow CIRO to impose terms and conditions on dealers, with an opportunity to be heard.</i>	Allow CIRO to address outstanding dealer compliance issues without going through a disciplinary proceeding.	<i>Minor positive</i> – Dealers' compliance issues will be addressed more efficiently, which can address areas of potential client harm.	<i>Neutral</i> - We do not anticipate any impact on investment dealers. The proposed DC Rule is consistent with the IDPC Rules.	<i>Minor positive</i> – Dealers can deal with compliance issues without having to go through a disciplinary proceeding, and still get an opportunity to be heard.	<i>Minor positive</i> - Allow CIRO to address outstanding dealer compliance issues without going through a disciplinary proceeding.

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
<i>Require all dealers participate in CIRO's arbitration program.</i>	Provide more dispute resolution options for clients.	<i>Net positive</i> – Clients who have a dispute with their dealer will have the option to bring it to arbitration for a binding result.	<i>Neutral</i> - We do not anticipate any impact on investment dealers. The proposed DC Rule is consistent with the IDPC Rules.	<i>Minor negative</i> – Dealers will be required to participate in CIRO's binding arbitration program. Where the arbitrator finds in favour of a client, the dealer would be required to compensate them.	<i>Minor positive</i> – CIRO's arbitration program will be open to more individuals, increasing its usage.
<i>Allow the OBSI to share detailed information with CIRO.</i>	Improve communication between OBSI and CIRO, ensuring important information is shared.	<i>Neutral</i> - We do not anticipate any impact on clients.	<i>Neutral</i> – We do not anticipate this will have a significant impact on investment dealers.	<i>Neutral</i> - We do not anticipate any impact on mutual fund dealers. The proposed DC Rule is consistent with the MFD Rules.	<i>Net positive</i> – We would have more information on Dealer's complaints, allowing us to be more effective.

Appendix 5 – Corporation Membership Disclosure Policy (as required under DC Rule section 2285)

CIRO Membership Disclosure Policy

1. Introduction

This policy establishes minimum requirements for disclosure of CIRO Membership pursuant to subsection 2285(1) of the Dealer and Consolidated Rules. The purpose of this Policy is to promote client awareness of the regulatory oversight exercised by CIRO in respect of *Dealer Members* and their *Approved Persons*.

2. Definitions

For the purpose of the disclosure requirements described in this policy, the term:

“**CIRO Advisor Report**” refers to CIRO’s searchable database that allows investors to research the background, qualifications, and disciplinary history on advisors and other Approved Persons sponsored by CIRO-regulated Dealer Members by generating an electronic report.

“**CIRO Disclosures**” refers to the CIRO Logo and CIRO Official Brochure, collectively.

“**CIRO Logo**” means the logo prescribed by CIRO, from time to time, for use by Dealer Members.

“**CIRO Official Brochure**” means any publication prescribed by CIRO, from time to time, which explains how CIRO protects investors, and which CIRO authorizes for public distribution.

“**CIRO Website**” refers to www.ciro.ca (for English) or ocri.ca (for French)

3. Advisor Report

- (a) Each Dealer Member that provides products or services to retail clients must include a hyperlink and clearly visible reference to the Advisor Report on the homepage of the Dealer Member’s website and on any other Dealer Member webpage that includes a profile of a CIRO regulated investment advisor.
- (b) Each CIRO regulated investment advisor that provides products or services to retail clients must include a hyperlink and clearly visible reference to the Advisor Report on the homepage of their own website, where applicable.

4. CIRO Logo

Dealer Members must use the CIRO Logo to satisfy all CIRO membership disclosure requirements set out in this policy. Specifically, a Dealer Member must include the CIRO Logo and a link to the CIRO Website on the Dealer Member’s homepage. Where the Dealer Member website or internet presence is part of a combined financial institution group website, the CIRO Logo must be included on Dealer Member’s main webpage.

Unless prohibited under section 6 of this policy, use of the CIRO Logo is optional in all other circumstances and available for general use by Dealer Members.

4.1 CIRO Logo specifications

The CIRO Logo must be clearly visible and reproduced directly from the format provided below or as made available on CIRO’s website.

Black and White (English and French)



Colour (English and French)



Additional requirements:

The minimum size for reproduction is 6.35 millimeters (0.25 inches) in height.

A separate black and white version must be used when the document/material is not being reproduced in colour.

4.2 Client Account Statements

Each Dealer Member must include the CIRO Logo and a link to the CIRO Website on the front of each account statement that is sent to clients.

5. CIRO Official Brochure

The CIRO Official Brochure is entitled “How CIRO protects investors”. Dealer Members must provide an electronic or hard copy of the current version of the CIRO Official Brochure to:

- new retail clients at the time of account opening, and
- existing retail clients upon request.

A PDF version of the CIRO Official Brochure is available in English and French and is located on the CIRO Website. Dealer Members are responsible for the cost of providing a hard copy of the CIRO Official Brochure to retail clients.

If required, a hard copy of the CIRO Official Brochure is available in French and English and can only be ordered directly from CIRO.

6. Prohibitions

CIRO may direct a Dealer Member to cease using the CIRO Disclosures in the following circumstances:

- (a) if CIRO decides that its use is detrimental to the public's interests or the interests of CIRO or its Dealer Members; and
- (b) upon suspension of its membership.

A Dealer Member is prohibited from using the CIRO Disclosures in any of the following circumstances:

- (a) where use of the CIRO Disclosures approves, endorses or guarantees a Dealer Member service or an investment product,
- (b) where use of the CIRO Disclosures is false or could reasonably be expected to deceive or mislead any person;
- (c) upon the termination of its membership, and
- (d) in connection with a subject matter or activity that is not regulated by CIRO.

Upon request by CIRO, a Dealer Member must provide samples of any materials that use or make reference to the CIRO Disclosures.

7. CIRO Contact

If you have any questions regarding the use of CIRO Disclosures, please contact Corporate communications and Public Affairs at publicaffairs@ciro.ca or Member Regulation Policy at memberpolicymailbox@ciro.ca.



Appendix 6 – Investor Application Form (as required under DC Rule section 2107)

INVESTOR APPLICATION FORM

Pursuant to section 2107 of the CIRO Dealer and Consolidated Rules (the “CIRO Rules”), this form is to be completed by any person acquiring for the first time an interest (alone or together with associates and affiliates), including convertible securities, in a Dealer Member where the acquisition results in accumulated holdings of a significant equity interest, whether held directly or indirectly (the “investor in a Dealer Member”). This form is required regardless of whether the investor in a Dealer Member, the Dealer Member or its holding companies is publicly listed. *Italicized terms used in this form but not otherwise defined have the meaning ascribed in CIRO Rules 1200 and 2100. CIRO may request additional information, including a copy of related purchase agreements, in addition to the items set out below.*

1. NAME OF CIRO DEALER MEMBER: _____

2. INVESTOR INFORMATION – Complete the following section if the investor in a Dealer Member is an individual:

(a) Full legal name of the investor in a Dealer Member: _____

(b) Have you filed the required National Registration Database submission (see item 7)? Yes No

(c) If the answer to 2(b) is “No”, expected date of filing (mm/dd/yy): _____

(d) Please attach further information if the investor in a Dealer Member is the subject of any terms and conditions (or similar limitations/restrictions), is the subject of, or a party to, any regulatory, criminal, or civil action, and/or is the subject of any ongoing investigations.

3. INVESTOR INFORMATION – Complete the following section if the investor in a Dealer Member is not an individual:

(a) Legal name, address, and jurisdiction of incorporation: _____

(b) Nature of business (if publicly listed, specify exchange and symbol):

(c) Attach a list of full legal names, dates of birth, current residential addresses and residential addresses for the past five years for each partner, director and officer of the investor in a Dealer Member.

(d) Attach a list of full legal names, dates of birth, current residential addresses and residential addresses for the past five years for each trustee, trust administrator and beneficiary, if the interest is held in trust. If a trustee, trust administrator or beneficiary is not an individual, this information is required for each officer and director of the trustee, trust administrator or beneficiary.

(e) Attach a list of full legal names, dates of birth, current residential addresses and residential addresses for the past five years for each beneficial owner, directly or indirectly, of 10% or more of the investor in a Dealer Member.

(f) Attach further information if the investor in a Dealer Member is the subject of any terms and conditions (or similar limitations/restrictions), is the subject of, or a party to, any regulatory, criminal, or civil action, and/or is the subject of any ongoing investigations.

4. INVOLVEMENT IN THE BUSINESS

(a) Applying as industry investor * non-industry investor

*Indicate name of full-time officer or employee of the Dealer Member through whom the applicant qualifies as an industry investor:



(b) Is the *investor in a Dealer Member* actively engaged in the business of the *Dealer Member*?

Yes No

(c) Is the *investor in a Dealer Member* a partner or Director of the *Dealer Member*?

Yes No

(d) If the answer to 4(b) or (c) is "Yes", has the *investor in a Dealer Member* completed the CSI-sponsored Partners, Directors and Senior Officers Course?

Yes No

Date Completed: _____

5. DESCRIPTION OF HOLDINGS

(a) Securities (voting, equity, participating) of *Dealer Member* held by *investor in a Dealer Member* prior to proposed transaction.

Class or type: _____

Percentage of class or type: _____% Number: _____

Are the above voting securities? Yes No

If the interest in the *Dealer Member* is held indirectly, disclose percentages of securities held in each entity in the ownership chain, including the *Dealer Member*:

(b) Securities (voting, equity, participating) of *Dealer Member* to be held by *investor in a Dealer Member* after proposed transaction.

Class or type: _____

Percentage of class or type: _____% Number: _____

Are the above voting securities? Yes No

If the interest in the *Dealer Member* is held indirectly, disclose percentages of securities held in each entity in the ownership chain, including the *Dealer Member*:

(c) Source of securities: Treasury Transfer

If a transfer, from whom? _____

Value of share capital, if from treasury: \$ _____ (\$ _____ per share)



(d) Does the *investor in a Dealer Member* own, directly or indirectly, securities of another *Dealer Member*?

Yes No

If yes, provide names and percentage held (attach additional page if required):

_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

(e) Does an *affiliate or holding company* of the *investor in a Dealer Member* own, directly or indirectly, securities of another *Dealer Member*? Yes No

(f) If yes, provide names and percentage held (attach additional page if required):

_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

(g) Attach detailed pre/post corporate organization charts showing direct and indirect ownership interests in the *Dealer Member* which shall include all *investors in a Dealer Member* who hold a *significant equity interest*.

(h) Attach a schedule (both pre/post transaction) of: all investors (for all classes of securities) of the *Dealer Member* and any *holding company* of the *Dealer Member*, including a list of each investor's holdings (with percentages). For corporate entities, further listing is required until ultimate ownership is established.

6. **PROPOSED CLOSING DATE (mm/dd/yy):** _____

7. **FILINGS AND NOTICES-** Specify all NI 33-109 filings and NI 31-103 notices required in connection with the proposed transaction

- Form 33-109F2
- Form 33-109F4- Initial
- Form 33-109F4- Item 17 Update
- Form 33-109F5- Update
- Notice under section 11.9 of NI 31-103 with the applicable securities regulatory authority
- Notice under section 11.10 of NI 31-103 with the applicable securities regulatory authority
- Other (Please specify)

- If a notice has not been filed under section 11.9 or 11.10 of NI 31-103, please specify why:



8. AUTHORIZATION:

The undersigned parties acknowledge that they have reviewed and understand the terms "affiliates", "associates", "holding company", "industry investor", and "significant equity interest" as defined in the CIRO Rules. The parties hereby certify that the above information is true and complete and agree to comply with the CIRO Rules in respect of the ownership of the securities of *Dealer Members* or the holding companies of *Dealer Members*.

Date (mm/dd/yy)	Name/Title (please print)	Signature of CIRO <i>Dealer Member</i> UDP or CFO
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Date (mm/dd/yy)	Name/Title (please print)	Signature of <i>Investor in a Dealer Member</i>
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9. UNDERTAKING LIMITING RESALE OF SECURITIES

All investors who directly own 10% or more of a *Dealer Member* must execute the acknowledgement below. The acknowledgement is not required if the securities are indirectly held.

If applicable, the acknowledgement below must be completed by:

- (a) the *investor in a Dealer Member*, if the *investor in a Dealer Member* is an *individual*; or
- (b) the Chief Executive Officer of the entity owning securities directly in the *Dealer Member*, if the *investor in a Dealer Member* is other than an *individual*; or
- (c) the trustee, trust administrator or director with proxy voting rights, if the securities are held on behalf of beneficiaries.



TO: CANADIAN INVESTMENT REGULATORY ORGANIZATION ("CIRO")

The undersigned has subscribed for and agreed to purchase, as principal, the securities described in this form.

The undersigned hereby undertakes not to sell, assign, transfer, encumber or otherwise dispose of any of the said securities, including those acquired through subsequent purchases, and any securities derived therefrom without the prior written approval of the *Corporation*.

Undersigned is (check one):

- the *investor in a Dealer Member*, if the *investor in a Dealer Member* is an *individual*
- the Chief Executive Officer of the entity owning securities in the *Dealer Member*, if the *investor in a Dealer Member* is not an *individual*
- the trustee, trust administrator or director with proxy voting rights, if the securities are held on behalf of beneficiaries.

Date (mm/dd/yy)

Signature of *individual investor in a Dealer Member*

Name of *individual investor in a Dealer Member* (please print)

Date (mm/dd/yy)

Signature of CEO of *Non-individual investor in a Dealer Member* or Trustee, Trust Administrator or Director

Name of CEO of *Non-individual investor in a Dealer Member* or Trustee, Trust Administrator or Director (please print)



Appendix 7 – Cross Guarantee Agreement Form (as required under DC Rule section 2206)

UNIFORM GUARANTEE BY MEMBERS AND RELATED COMPANIES

BY

**Guarantee Amount
as % of Regulatory
Capital**

GUARANTORS:

TO

Canadian Investment Regulatory Organization (CIRO) on its own behalf and as trustee for the benefit of persons who are Customers of the Members listed above.

RECITALS

- (a) the Guarantors are members of a Participating Institution and are Related Companies of each other for the purposes of the Rules of the Institution;
- (b) the Rules require that each Guarantor guarantee the debts, liabilities and obligations of each other Guarantor to their respective Customers as Beneficiaries in the amount and the manner provided under this Guarantee;
- (c) the Institution has agreed to hold as bare trustee the benefit of this Guarantee for the Customers and itself as a Beneficiary and for the Participating Institution with respect to paragraphs 12 and 13 of this Guarantee;
- (d) the amount of this Guarantee with respect to each Guarantor is intended to be limited to reflect the direct or indirect ownership interest of a Guarantor or a Common Owner in each of the other Guarantors by application of the Guarantee Amount to the Regulatory Capital of each other Guarantor from time to time.

DEFINITIONS

Beneficiaries means the Institution and the Customers;



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CIPF/FCPI means Canadian Investor Protection Fund/Fonds canadien de protection des investisseurs as established pursuant to an Agreement and Declaration of Trust dated as of May 1, 1969, as amended from time to time;

Common Owner means the entity(ies) listed on the last page of this Guarantee as acknowledging and consenting to its execution and delivery;

Customer means with respect to any Guarantor, the persons who are or are determined to be eligible for protection by CIPF/FCPI (pursuant to its Agreement and Declaration of Trust and any policies adopted from time to time by its Board of Governors) for losses in accounts held by them as customers of the Guarantor at any time when the Guaranteed Liabilities may be enforced by the Beneficiaries. For the purposes of this definition, customers of any Guarantor shall be determined as if the Board of Governors of CIPF/FCPI had exercised any discretion necessary to entitle the person to CIPF/FCPI protection. A determination by the Board of Governors of CIPF/FCPI as to whether a person is eligible for CIPF/FCPI protection for the purposes of this Guarantee shall be conclusive and binding on the parties;

Guarantee Amount means the percentage of Regulatory Capital shown opposite the name of each Guarantor at the beginning of this Guarantee. The Guarantee Amount applicable to any Guarantor may be amended from time to time by agreement between the Institution and the Guarantor to reflect the direct and indirect ownership of the Guarantor or a Common Owner in each of the other Guarantors;

Guaranteed Liabilities means the obligations, debts and liabilities guaranteed by the Guarantor under this Guarantee as provided under the heading "GUARANTEE";

Guarantor means each of the Members which execute and deliver this Guarantee;

Institution means the Participating Institution to which this Guarantee is addressed;

FORM 1 means, with respect to a Member, the Report prescribed from time to time by the Participating Institution of which the Member is a member, and if the Member is a member of more than one Participating Institution, as prescribed by the Participating Institution having prime audit jurisdiction for the purposes of CIPF/FCPI;



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Member means a member of a Participating Institution;

Participating Institution means with respect to a Guarantor each of the participating institutions of CIPF/FCPI of which that Guarantor is a Member;

Regulatory Capital means at any time the “regulatory financial statement capital” of a Guarantor determined in accordance with the FORM 1 (Line 4, Statement B) and the Rules of the Participating Institution of which the Guarantor is a Member. In the event the Regulatory Capital of a Guarantor as at the time of demand under this Guarantee cannot, in the sole discretion of the Institution, be determined accurately or with confidence in a timely manner, the Regulatory Capital of such Guarantor shall be deemed to be the capital employed of the Guarantor calculated according to the information in the FORM 1 and financial statements most recently filed with or available to a Participating Institution. Any such calculation made by the Institution in accordance with the notes and instructions to the FORM 1 and the Rules shall be a final, binding and conclusive determination of the Regulatory Capital of the Guarantor for the purposes of this Guarantee;

Related Company means, with respect to a Guarantor, another Guarantor which is a related company of the first Guarantor for the purposes of the Rules of the Participating Institution to which the first Guarantor belongs;

Rules mean the by-laws, regulations, rules, policies and forms of a Participating Institution.

GUARANTEE

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which is acknowledged, including these premises and the eligibility of Customers of Guarantors for protection by CIPF/FCPI, each Guarantor, severally with each other Guarantor, unconditionally guarantees the due payment and discharge on demand of all of the obligations, debts and liabilities, present and future, direct or indirect, absolute or contingent, which any other Guarantor has incurred or is under, or may incur or be under, to Beneficiaries arising in connection with their respective securities businesses; PROVIDED that the liability of the Guarantor under this Guarantee shall be limited to an amount equal to its Regulatory Capital at the time demand is made hereunder multiplied by the Guarantee Amount applicable to such Guarantor. In the event that the Guaranteed Liabilities exceed the amount of liability of a Guarantor under this Guarantee and the Guaranteed Liabilities are owed to more than one Beneficiary, the amount paid by the Guarantor to each Beneficiary shall be pro-rated so that the amount payable to a single Beneficiary shall be in the



same proportion to the total amount payable to all Beneficiaries that the amount of the Guaranteed Liabilities owed to that Beneficiary is of the total amount of the Guaranteed Liabilities owed to all Beneficiaries.

TERMS OF GUARANTEE

1. This Guarantee shall be a continuing Guarantee of all the Guaranteed Liabilities and shall apply to and secure any ultimate balance due or remaining unpaid to the Beneficiaries; and this Guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time of any sum of money for the time being due or remaining unpaid to the Beneficiaries.
2. The Beneficiaries shall not be bound to exhaust their recourse against any one or more Guarantors or others or any securities or other guarantees they may at any time hold before being entitled to payment from any Guarantor.
3. Each Guarantor's liability to make a payment under this Guarantee shall arise forthwith after demand for payment has been made in writing on the Guarantor by the Institution acting on behalf of all of the Beneficiaries. Any demand or notice to a Guarantor made or given under this Guarantee shall be deemed to have been effectually made or given when an envelope containing such demand addressed to the Guarantor is delivered to the registered office of the Guarantor, addressed to its President. A Guarantor's liability shall bear interest from the date of such demand at the annual rate set out in paragraph 4.
4. The rate of interest payable by a Guarantor from the date of a demand for payment under this Guarantee shall be the prime rate designated at the time of demand as the reference annual rate of interest that the principal bank of the Institution uses to determine rates of interest on Canadian dollar loans to its customers in Canada, PLUS 2% per annum.
5. This Guarantee shall be in addition to and not in substitution for any other guarantees or other securities which the Beneficiaries may now or hereafter hold in respect of the Guaranteed Liabilities and the Beneficiaries shall be under no obligation to marshal in favour of any Guarantor any other guarantees or other securities or any moneys or other assets which the Beneficiaries may be entitled to receive or may have a claim upon; and no loss of or in respect of, or unenforceability of, any other guarantees or other securities which the Beneficiaries may at any time hold in respect of the Guaranteed Liabilities,



whether occasioned by the fault of the Beneficiaries or otherwise, shall in any way limit or lessen any Guarantor's liability.

6. Without prejudice to or in any way limiting or lessening a Guarantor's liability and without obtaining the consent of, or giving notice to, a Guarantor, the Beneficiaries may grant time, renewals, extensions, indulgences, releases and discharges to and accept compositions from or otherwise deal with any person, including a guarantor and any other Guarantor as the Beneficiaries may see fit, and the Beneficiaries may take, abstain from taking or perfecting, vary, exchange, renew, discharge, give up, realize on or otherwise deal with securities and Guarantees in such manner as the Beneficiaries may see fit, and the Beneficiaries may apply all moneys received from a Guarantor or others or from securities or guarantees upon such parts of the Guaranteed Liabilities as the Beneficiaries may see fit and change any such application in whole or in part from time to time.

7. Until repayment in full of all the Guaranteed Liabilities, (i) all dividends, compositions, proceeds of securities valued or payments received by the Beneficiaries from the Guarantor of which such Beneficiaries are customers in respect of the Guaranteed Liabilities shall be regarded for all purposes as payments in gross without any right on the part of another Guarantor to claim the benefit thereof in reduction of the latter's liability under this Guarantee; and (ii) no Guarantor shall claim any set-off or counterclaim against any other Guarantor in respect of any liability of such Guarantor to any other Guarantor, claim or prove in the bankruptcy or insolvency of a Guarantor in competition with the Beneficiaries or have any right to be subrogated to the Beneficiaries until such repayment is made in full. Any such liability of a Guarantor to another Guarantor referred to in clause (ii) shall be held as security for the performance of the guarantee of such Guarantor hereunder.

8. This Guarantee shall not be discharged or otherwise affected by any change in the name of a Guarantor, or in the objects, capital structure or constitution of a Guarantor, or by the sale of a Guarantor's business or any part thereof or by a Guarantor being amalgamated with a corporation, but shall, notwithstanding any such event, continue to apply to all Guaranteed Liabilities whether incurred before or after such event. In the case of a Guarantor being amalgamated with a corporation, this Guarantee shall apply to the liabilities of the resulting corporation as Guaranteed Liabilities, and the term "Guarantor" shall include each such resulting corporation.

9. All cash balances and securities received by a Guarantor pursuant to dealings between the Beneficiary and such Guarantor in the course of the Guarantor's business from or on behalf of the



Beneficiaries but before the Beneficiaries have received notice of a Disability (as defined below), shall be deemed to form part of the Guaranteed Liabilities. For the purposes of this paragraph 9, a "Disability" in respect of a Guarantor shall mean any lack of or limitation in its legal power, capacity or authority, the Guarantor not being a legal or suable entity or any irregularity, defect or informality under which the Guarantor receives cash balances, securities or other property.

10. Each Guarantor by giving 60 days' notice in writing to the Institution may terminate its further liability under this Guarantee in respect of Guaranteed Liabilities of a Guarantor incurred or arising after the expiration of such 60 days, but not in respect of any Guaranteed Liabilities incurred or arising before the expiration of such 60 days even though not then matured. Notwithstanding receipt of any such notice the Beneficiaries may fulfil any requirements of a Guarantor based on agreements express or implied made prior to the expiration of such 60 days and any resulting Guaranteed Liabilities shall be covered by this Guarantee.

11. This Guarantee embodies all the agreements between the parties relative to the Guarantee and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied in this Guarantee. It is specifically agreed that the Beneficiaries shall not be bound by any representations or promises made by any Guarantor to any other Guarantor. It is further agreed that each Guarantor shall be entitled to rely upon the authority of the Institution to represent and act for and on behalf of all Beneficiaries in connection with the giving of notice of default and making of demand on the Guarantor and to receive, on behalf of all Beneficiaries, any payment under this Guarantee in respect of the Guaranteed Liabilities, which payment shall be a sufficient discharge, to the same extent, of the Guarantor's liability under this Guarantee to the Beneficiaries. Possession of this instrument by the Institution shall be conclusive evidence against any Guarantor that the instrument was not delivered to any Beneficiary in escrow or pursuant to any agreement that it should not be effective until any condition precedent or subsequent has been complied with.

12. The failure by a Guarantor to comply with the Rules of a Participating Institution to which it belongs for any reason or in any circumstances shall not discharge, affect or amend in any way the obligations of a Guarantor under this Guarantee or be raised as a defence by a Guarantor on the basis that the risk to the Guarantor has changed or for any other reason.

13. The Institution shall hold and be deemed to hold the benefit of the covenants of each Guarantor in trust for the Beneficiaries according to their respective interests. Each Guarantor acknowledges that



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any Customer, the Institution or a Participating Institution, as the case may be, may enforce such covenants directly against the Guarantor as if entered into by such Customer, the Institution or Participating Institution itself. The Institution shall be under no obligation or responsibility of any kind or character to any Customer, Participating Institution or person claiming through any such person in respect of this Guarantee and, in particular, shall have no obligation, responsibility or duty to see that any covenant herein is carried out and fulfilled or to take any action for the enforcement of this Guarantee.

14. The provisions of any part or section of this Guarantee are independent of and severable from the provisions of any other part or section.

15. This Guarantee may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to constitute one and the same document.

16. This Guarantee shall be governed in all respects by the laws of the Province of Ontario.

17. This Guarantee shall enure to the benefit of the Beneficiaries, each Guarantor and their respective successors and assigns and shall be binding upon each Guarantor, the Institution and their respective successors and assigns.



THIS GUARANTEE has been executed and delivered by the Guarantors and the Institution by their
duly authorized representatives as of the _____ day of _____, 20_____.

By: _____
[Name of Guarantor]

By: _____
[Name of Guarantor]

Signature of representative

Signature of representative

Name and title of representative

Name and title of representative

By: _____
[Name of Guarantor]

Signature of representative

Name and title of representative

By: _____
[Name of Institution]

Signature of representative

By: _____
Name and title of representative

Signature of representative

Name and title of representative

The undersigned, a shareholder or owner, directly or indirectly, of each Guarantor, acknowledges and
consents to the execution and delivery of this Guarantee by the Guarantors.



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By:

Signature of representative

Name and title of representative