

Chapter 5

Rules and Policies

5.1.1 Amendments to National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations

AMENDMENTS TO NATIONAL INSTRUMENT 31-103 REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS

1. **National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations is amended by this Instrument.**
2. **Subsection 3.4(1) is amended by deleting “, including understanding the structure, features and risks of each security the individual recommends”.**
3. **Section 3.16 is amended:**
 - (a) **in paragraph (1)(b) by adding “determination” after “suitability”, and**
 - (b) **in paragraph (2)(a) by adding “determination” after “suitability”.**
4. **Paragraph 8.16(3)(b) is amended by replacing subparagraph (iii) with the following:**
 - (iii) **in Alberta, section 10 or 11 of Alberta Securities Commission Rule 72-501 *Distributions to Purchasers Outside Alberta*.**
5. **Subsection 9.3(1) is amended:**
 - (a) **in paragraph (j) by adding “determination” after “suitability”,**
 - (b) **by adding the following paragraph:**
 - (j.1) **section 13.3.1 [waivers];, and**
 - (c) **in paragraph (k) by replacing “lending to clients” with “borrowing from, or lending to, clients”.**
6. **Subsection 9.3(2) is amended:**
 - (a) **in paragraph (e) by adding “determination” after “suitability”,**
 - (b) **by adding the following paragraph:**
 - (e.1) **section 13.3.1 [waivers];, and**
 - (c) **in paragraph (f) by replacing “lending to clients” with “borrowing from, or lending to, clients”.**
7. **Subsection 9.4(1) is amended:**
 - (a) **in paragraph (i) by adding “determination” after “suitability”,**
 - (b) **by adding the following paragraph:**
 - (i.1) **section 13.3.1 [waivers];, and**
 - (c) **in paragraph (j) by replacing “lending to clients” with “borrowing from, or lending to, clients”.**

8. Section 9.4 is amended by adding the following subsections:

- (1.2) In Québec, the requirements listed in paragraphs (a) to (g), paragraphs (i) to (m) and paragraphs (p.1) to (x) of subsection (1) do not apply to a mutual fund dealer to the extent equivalent requirements to those listed in these subparagraphs are applicable to the mutual fund dealer under the regulations in Québec.
- (1.3) Despite subsections (1) and (2), in Québec, only the exemptions from the requirements specified in paragraphs (m.2), (m.3), (n), (n.1) and (n.2) of subsection (1) apply to a mutual fund dealer that is a member of the MFDA if the mutual fund dealer complies with the corresponding MFDA provisions that are in effect..

9. Subsection 9.4(2) is amended:

- (a) **in paragraph (c) by adding “determination” after “suitability”,**
- (b) **by adding the following paragraph:**
 - (c.1) section 13.3.1 [waivers];, **and**
- (c) **in paragraph (d) by replacing “lending to clients” with “borrowing from, or lending to, clients”.**

10. Subsection 9.4(3) is repealed.

11. Subsection 9.4(4) is repealed.

12. The heading of section 11.1 is amended by adding “and training” after “Compliance system”.

13. Section 11.1 is amended:

- (a) **by renumbering it as subsection 11.1(1), and**
- (b) **by adding the following subsection:**
 - (2) A registered firm must provide training to its registered individuals on compliance with securities legislation including, without limitation, the obligations under sections 13.2, 13.2.1, 13.3, 13.4 and 13.4.1..

14. Subsection 11.5(2) is amended:

- (a) **by replacing paragraph (l) with the following:**
 - (l) demonstrate compliance with sections 13.2 [know your client], 13.2.1 [know your product] and 13.3 [suitability determination];,
- (b) **by replacing paragraph (o) with the following:**
 - (o) document compliance, training and supervision actions taken by the firm;., **and**
- (c) **by adding the following paragraphs:**
 - (p) demonstrate compliance with Part 13, Division 2 [conflicts of interest];
 - (q) document
 - (i) the firm’s sales practices, compensation arrangements and incentive practices, and
 - (ii) other compensation arrangements and incentive practices from which the firm or its registered individuals, or any affiliate or associate of that firm, benefit;
 - (r) demonstrate compliance with section 13.18 [misleading communications]..

15. **The title of Part 13, Division 1, is amended:**

- (a) **by adding “, know your product” after “Know your client”, and**
- (b) **by adding “determination” after “suitability”.**

16. **Section 13.2 is amended:**

- (a) **in subsection (1) by replacing “2” with “(2)” ,**
- (b) **by replacing paragraph (2)(c) with the following:**
 - (c) ensure that it has sufficient information regarding all of the following to enable it to meet its obligations under section 13.3 [*suitability determination*] or, if applicable, the suitability requirement imposed by an SRO:
 - (i) the client’s personal circumstances;
 - (ii) the client’s financial circumstances;
 - (iii) the client’s investment needs and objectives;
 - (iv) the client’s investment knowledge;
 - (v) the client’s risk profile;
 - (vi) the client’s investment time horizon, and,
- (c) **by adding the following subsection:**
 - (3.1) Within a reasonable time after receiving the information, a registrant must take reasonable steps to have a client confirm the accuracy of the information collected under subsection (2).,
- (d) **by replacing subsection (4) with the following:**
 - (4) A registrant must take reasonable steps to keep current the information required under this section, including updating the information within a reasonable time after the registrant becomes aware of a significant change in the client’s information required under this section.,
- (e) **by adding the following subsection:**
 - (4.1) A registrant must review the information collected under paragraph (2)(c)
 - (a) for managed accounts, no less frequently than once every 12 months,
 - (b) if the registrant is an exempt market dealer, within 12 months before making a trade for, or recommending a trade to, the client, and
 - (c) in any other case, no less frequently than once every 36 months.,
- (f) **by replacing subsection (6) with the following:**
 - (6) Paragraph (2)(b) does not apply to a registrant in respect of a client for which the registrant only trades securities referred to in paragraphs 7.1(2)(b) and (2)(c)., **and**
- (g) **by replacing subsection (7) with the following:**
 - (7) Paragraph (2)(c) and subsection (4.1) do not apply to a registered dealer in respect of a client if the registered dealer purchases or sells securities for the client only as directed by a registered adviser acting for the client..

17. The Instrument is amended by adding the following section:

13.2.1 Know your product

- (1) A registered firm must not make securities available to clients unless the firm has taken reasonable steps to:
 - (a) assess the relevant aspects of the securities, including the securities' structure, features, risks, initial and ongoing costs and the impact of those costs,
 - (b) approve the securities to be made available to clients, and
 - (c) monitor the securities for significant changes.
- (2) A registered individual must not purchase or sell securities for, or recommend securities to, a client unless the registered individual takes steps to understand the securities, including the securities' structure, features, risks, initial and ongoing costs and the impact of those costs.
 - (2.1) For purposes of subsection (2), the steps required to understand the security are those that are reasonable to enable the registered individual to meet their obligations under section 13.3 [*suitability determination*].
- (3) A registered individual must not purchase securities for, or recommend securities to, a client unless the securities have been approved by the firm to be made available to clients.
- (4) This section does not apply to a registered dealer in respect of a security if it purchases or sells the security for a client only as directed by a registered adviser acting for the client..

18. Section 13.3 is amended:

(a) by replacing subsection (1) with the following:

- (1) Before a registrant opens an account for a client, purchases, sells, deposits, exchanges or transfers securities for a client's account, takes any other investment action for a client, makes a recommendation or exercises discretion to take any such action, the registrant must determine, on a reasonable basis, that the action satisfies the following criteria:
 - (a) the action is suitable for the client, based on the following factors:
 - (i) the client's information collected in accordance with section 13.2 [*know your client*];
 - (ii) the registrant's assessment or understanding of the security consistent with section 13.2.1 [*know your product*];
 - (iii) the impact of the action on the client's account, including the concentration of securities within the account and the liquidity of those securities;
 - (iv) the potential and actual impact of costs on the client's return on investment;
 - (v) a reasonable range of alternative actions available to the registrant through the registered firm, at the time the determination is made;
 - (b) the action puts the client's interest first.,

(b) by replacing subsection (2) with the following:

- (2) A registrant must review a client's account and the securities in the client's account to determine whether the criteria in subsection (1) are met, and take reasonable steps, within a reasonable time, after any of the following events:
 - (a) a registered individual is designated as responsible for the client's account;
 - (b) the registrant becomes aware of a change in a security in the client's account that could result in the security or account not satisfying subsection (1);

- (c) the registrant becomes aware of a change in the client's information collected in accordance with subsection 13.2(2) that could result in a security or the client's account not satisfying subsection (1);
- (d) the registrant reviews the client's information in accordance with subsection 13.2(4.1),

(c) by adding the following subsection:

- (2.1) Despite subsection (1), if a registrant receives an instruction from a client to take an action that, if taken, does not satisfy subsection (1), the registrant may carry out the client's instruction if the registrant has
 - (a) informed the client of the basis for the determination that the action will not satisfy subsection (1),
 - (b) recommended to the client an alternative action that satisfies subsection (1), and
 - (c) received recorded confirmation of the client's instruction to proceed with the action despite the determination referred to in paragraph (a), **and**

(d) by replacing subsection (4) with the following:

- (4) This section does not apply to a registered dealer in respect of a client if it purchases or sells securities for the client only as directed by a registered adviser acting for the client..

19. The Instrument is amended by adding the following section:

13.3.1 Waivers

- (1) Paragraph 13.2(2)(c), subsection 13.2(4.1), and section 13.3 do not apply to a registrant in respect of a permitted client if
 - (a) the client is not an individual, and
 - (b) the client has requested, in writing, that the registrant not make suitability determinations for the client's account.
- (2) Paragraph 13.2(2)(c), subsection 13.2(4.1), and section 13.3 do not apply to a registrant in respect of a permitted client if
 - (a) the client is an individual,
 - (b) the client has requested, in writing, that the registrant not make suitability determinations for the client's account, and
 - (c) the client's account is not a managed account..

20. The heading of section 13.4 is amended by replacing "Identifying and responding to conflicts of interest" with "Identifying, addressing and disclosing material conflicts of interest – registered firm".

21. Section 13.4 is replaced with the following:

13.4 Identifying, addressing and disclosing material conflicts of interest – registered firm

- (1) A registered firm must take reasonable steps to identify existing material conflicts of interest, and material conflicts of interest that are reasonably foreseeable,
 - (a) between the firm and the client, and
 - (b) between each individual acting on the firm's behalf and the client.
- (2) A registered firm must address all material conflicts of interest between a client and itself, including each individual acting on its behalf, in the best interest of the client.

- (3) A registered firm must avoid any material conflict of interest between a client and the firm, including each individual acting on its behalf, if the conflict is not, or cannot be, otherwise addressed in the best interest of the client.
- (4) A registered firm must disclose in writing all material conflicts of interest identified under subsection (1) to a client whose interests are affected by the conflicts of interest if a reasonable client would expect to be informed of those conflicts of interest.
- (5) Without limiting subsection (4), the information required to be delivered to a client under that subsection must include a description of each of the following:
 - (a) the nature and extent of the conflict of interest;
 - (b) the potential impact on and risk that the conflict of interest could pose to the client;
 - (c) how the conflict of interest has been, or will be, addressed.
- (6) The disclosure required under subsection (4) must be presented in a manner that, to a reasonable person, is prominent, specific, and written in plain language.
- (7) A registered firm must disclose a conflict of interest to a client under subsection (4)
 - (a) before opening an account for the client if the conflict has been identified at that time, or
 - (b) in a timely manner, upon identification of a conflict that must be disclosed under subsection (4) that has not previously been disclosed to the client.
- (8) For greater certainty, a registrant does not satisfy subsection (2) or subsection 13.4.1(3) solely by providing disclosure to the client..

22. The Instrument is amended by adding the following sections:

13.4.1 Identifying, reporting and addressing material conflicts of interest – registered individual

- (1) A registered individual must take reasonable steps to identify existing material conflicts of interest, and material conflicts of interest that are reasonably foreseeable, between the registered individual and the client.
- (2) If a registered individual identifies a material conflict of interest under subsection (1), the registered individual must promptly report that conflict of interest to the registered individual's sponsoring firm.
- (3) A registered individual must address all material conflicts of interest between the client and the individual in the best interest of the client.
- (4) A registered individual must avoid any material conflict of interest between a client and the registered individual if the conflict is not, or cannot be, otherwise addressed in the best interest of the client.
- (5) A registered individual must not engage in any trading or advising activity in connection with a material conflict of interest identified by the registered individual under subsection (1) unless
 - (a) the conflict has been addressed in the best interest of the client, and
 - (b) the registered individual's sponsoring firm has given the registered individual its consent to proceed with the activity.

13.4.2 Investment fund managers

Sections 13.4 and 13.4.1 do not apply to an investment fund manager in respect of an investment fund that is subject to National Instrument 81-107 *Independent Review Committee for Investment Funds*..

23. Section 13.7 is amended:

(a) by replacing the definition of “referral arrangement” with the following:

“referral arrangement” means any arrangement in which a registrant agrees to provide or receive a referral fee to or from another person or company; **and**

(b) by replacing the definition of “referral fee” with the following:

“referral fee” means any benefit provided for the referral of a client to or from a registrant..

24. Paragraph 13.8(c) is amended by replacing “registrant” with “registered firm”.

25. The title of Part 13, Division 4, is amended:

(a) by replacing “Loans” with “Borrowing”, and

(b) by replacing “margin” with “lending”.

26. Section 13.12 is replaced with the following:

13.12 Restriction on borrowing from, or lending to, clients

(1) A registrant must not lend money, extend credit or provide margin to a client unless any of the following apply:

(a) in the case of a loan, the registrant is an investment fund manager, and the money is loaned on a short-term basis to an investment fund it manages, if the loan is for the purpose of funding redemptions of the investment fund’s securities or paying expenses incurred by the investment fund in the normal course of its business;

(b) in the case of a registrant that is a registered firm, the client is

(i) a registered individual sponsored by the firm,

(ii) a permitted individual, as defined in National Instrument 33-109 *Registration Information*, of the firm, or

(iii) a director, officer, or employee of the firm;

(c) in the case of a registrant that is a registered individual, both of the following apply:

(i) the client and the registered individual are related to each other for the purposes of the *Income Tax Act* (Canada);

(ii) the registered individual has obtained the written approval of the registered individual’s sponsoring firm to lend the money, extend the credit or provide the margin.

(2) A registered individual must not borrow money, securities or other assets or accept a guarantee in relation to borrowed money, securities or any other assets, from a client, unless either or both of the following apply:

(a) the client is a financial institution whose business includes lending money to the public, and the loan to the registered individual is in the normal course of the financial institution’s business;

(b) both of the following apply:

(i) the client and the registered individual are related to each other for the purposes of the *Income Tax Act* (Canada);

- (ii) the registered individual has obtained the written approval of the individual's sponsoring firm to borrow the money, securities or other assets or accept the guarantee..

27. **Subsection 13.17(1) is amended by deleting** "requirements".

28. **Paragraph 13.17(1)(a) is replaced with the following:**

- (a) division 2 [*conflicts of interest*] of Part 13, except section 13.5 [*restrictions on certain managed account transactions*] and section 13.6 [*disclosure when recommending related or connected securities*];.

29. **The Instrument is amended by adding the following division:**

Division 7 *Misleading communications*

13.18 Misleading communications

- (1) Registered individuals must not hold themselves out, and a registered firm must not hold itself or its registered individuals out, in a manner that could reasonably be expected to deceive or mislead any person or company as to any of the following matters:
 - (a) the proficiency, experience, qualifications or category of registration of the registrant;
 - (b) the nature of the person's relationship, or potential relationship, with the registrant;
 - (c) the products or services provided, or to be provided, by the registrant.
- (2) For greater certainty, and without limiting subsection (1), a registered individual who interacts with clients must not use any of the following:
 - (a) if based partly or entirely on that registered individual's sales activity or revenue generation, a title, designation, award, or recognition;
 - (b) a corporate officer title, unless their sponsoring firm has appointed that registered individual to that corporate office pursuant to applicable corporate law;
 - (c) if the individual's sponsoring firm has not approved the use by that registered individual of a title or designation, that title or designation..

30. **The heading of section 14.1.1 is amended by adding " – investment fund managers" after "Duty to provide information".**

31. **Section 14.2 is amended:**

(a) **by adding the following subsection:**

- (0.1) In this section, "proprietary product" means a security of an issuer if one or more of the following apply:
 - (a) the issuer of the security is a connected issuer of the registered firm;
 - (b) the issuer of the security is a related issuer of the registered firm;
 - (c) the registered firm or an affiliate of the registered firm is the investment fund manager or portfolio manager of the issuer of the security.,

(b) **by replacing paragraph (2)(b) with the following:**

- (b) a general description of the products and services the registered firm will offer to the client, including
 - (i) a description of the restrictions on the client's ability to liquidate or resell a security, and

- (ii) a statement of the investment fund management expense fees or other ongoing fees the client may incur in connection with a security or service the registered firm provides;,

(c) by adding the following paragraph in subsection (2):

- (b.1) a general description of any limits on the products and services the registered firm will offer to the client, including
 - (i) whether the firm will primarily or exclusively offer proprietary products to the client, and
 - (ii) whether there will be other limits on the availability of products or services;,

(d) by replacing paragraph (2)(h) with the following:

- (h) a general description of any benefits received, or expected to be received, by the registrant, from a person or company other than the registrant’s client, in connection with the client’s purchase or ownership of a security through the registrant;,

(e) by replacing paragraph (2)(k) with the following:

- (k) a statement that the registered firm must determine that any investment action it takes, recommends or decides on, for the client is suitable for the client and puts the client’s interest first;,

(f) by replacing paragraph (2)(l) with the following:

- (l) the information the registered firm has collected about the client under section 13.2 [*know your client*];,

(g) in paragraph (n) by replacing “.” with “;”, and

(h) by adding the following paragraph:

- (o) a general explanation of the potential impact on a client’s investment returns from each of the fees described in subparagraph (b)(ii) and the charges described in paragraphs (f) and (g), including the effect of compounding over time..

32. Subsection 14.2.1(1) is replaced with the following subsection:

- (1) Before a registered firm accepts an instruction from a client to purchase or sell a security in an account other than a managed account, the firm must disclose to the client
 - (a) the charges the client will be required to pay in respect of the purchase or sale, or a reasonable estimate if the actual amount of the charges is not known to the firm at the time of disclosure,
 - (b) in the case of a purchase to which deferred charges apply, that the client might be required to pay a deferred sales charge on the subsequent sale of the security and the fee schedule that will apply,
 - (c) whether the firm will receive trailing commissions in respect of the security, and
 - (d) whether there are any investment fund management expense fees or other ongoing fees that the client may incur in connection with the security..

33. The chart in Appendix G is replaced with the following:

NI 31-103 Provision	IIROC Provision
section 12.1 [<i>capital requirements</i>]	1. Dealer Member Rule 17.1; and 2. Form 1
section 12.2 [<i>subordination agreement</i>]	1. Dealer Member Rule 5.2; and 2. Dealer Member Rule 5.2A

NI 31-103 Provision	IIROC Provision
section 12.3 [insurance – dealer]	<ol style="list-style-type: none"> 1. Dealer Member Rule 17.5 2. Dealer Member Rule 400.2 [Financial Institution Bond]; 3. Dealer Member Rule 400.4 [Amounts Required]; and 4. Dealer Member Rule 400.5 [Provisos with respect to Dealer Member Rules 400.2, 400.3 and 400.4]
section 12.6 [global bonding or insurance]	<ol style="list-style-type: none"> 1. Dealer Member Rule 400.7 [Global Financial Institution Bonds]
section 12.7 [notifying the regulator of a change, claim or cancellation]	<ol style="list-style-type: none"> 1. Dealer Member Rule 17.6; 2. Dealer Member Rule 400.3 [Notice of Termination]; and 3. Dealer Member Rule 400.3B [Termination or Cancellation]
section 12.10 [annual financial statements]	<ol style="list-style-type: none"> 1. Dealer Member Rule 16.2 [Dealer Member Filing Requirements]; and 2. Form 1
section 12.11 [interim financial information]	<ol style="list-style-type: none"> 1. Dealer Member Rule 16.2 [Dealer Member Filing Requirements]; and 2. Form 1
section 12.12 [delivering financial information – dealer]	<ol style="list-style-type: none"> 1. Dealer Member Rule 16.2 [Dealer Member Filing Requirements]
subsection 13.2(3) [know your client]	<ol style="list-style-type: none"> 1. Dealer Member Rule 1300.1(a)-(n) [Identity and Creditworthiness]; 2. Dealer Member Rule 1300.2; 3. Dealer Member Rule 2500, Part II [Opening New Accounts]; 4. Dealer Member Rule 2700, Part II [New Account Documentation and Approval]; and 5. Form 2 New Client Application Form
section 13.3 [suitability determination]	<ol style="list-style-type: none"> 1. Dealer Member Rule 1300.1(o) [Business Conduct]; 2. Dealer Member Rule 1300.1(p) [Suitability determination required when accepting order]; 3. Dealer Member Rule 1300.1(q) [Suitability determination required when recommendation provided]; 4. Dealer Member Rule 1300.1(r) [Suitability determination required for account positions held when certain events occur]; 5. Dealer Member Rule 1300.1(s) [Suitability of investments in client accounts]; 6. Dealer Member Rule 1300.1(t) – (v) [Exemptions from the suitability assessment requirements]; 7. Dealer Member Rule 1300.1(w) [Corporation approval]; 8. Dealer Member Rule 2700, Part I [Customer Suitability]; and 9. Dealer Member Rule 3200 [Minimum requirements for Dealer Members seeking approval under Rule 1300.1(t) to offer an order-execution only service]
section 13.3.1 [waivers]	<ol style="list-style-type: none"> 1. Dealer Member Rule 1300.1(o) [Business Conduct]; 2. Dealer Member Rule 1300.1(p) [Suitability determination required when accepting order]; 3. Dealer Member Rule 1300.1(q) [Suitability determination required when recommendation provided]; 4. Dealer Member Rule 1300.1(r) [Suitability determination required for account positions held when certain events occur]; 5. Dealer Member Rule 1300.1(s) [Suitability of investments in client accounts]; 6. Dealer Member Rule 1300.1(t) – (v) [Exemptions from the suitability assessment requirements]; 7. Dealer Member Rule 1300.1(w) [Corporation approval]; 8. Dealer Member Rule 2700, Part I [Customer Suitability]; and 9. Dealer Member Rule 3200 [Minimum requirements for Dealer Members seeking approval under Rule 1300.1(t) to offer an order-execution only service]
section 13.12 [restriction on borrowing from, or lending to, clients]	<ol style="list-style-type: none"> 1. Dealer Member Rule 17.11; and 2. Dealer Member Rule 100 [Margin Requirements]
section 13.13 [disclosure when recommending the use of borrowed money]	<ol style="list-style-type: none"> 1. Dealer Member Rule 29.26

NI 31-103 Provision	IIROC Provision
section 13.15 [handling complaints]	1. Dealer Member Rule 2500, Part VIII [Client Complaints]; and 2. Dealer Member Rule 2500B [Client Complaint Handling]
subsection 14.2(2) [relationship disclosure information]	1. Dealer Member Rule 3500.5 [Content of relationship disclosure]
subsection 14.2(3) [relationship disclosure information]	1. Dealer Member Rule 3500.4 [Format of relationship disclosure]
subsection 14.2(4) [relationship disclosure information]	1. Dealer Member Rule 3500.1 [Objective of relationship disclosure requirements]
subsection 14.2(5.1) [relationship disclosure information]	1. Dealer Member Rule 29.8
subsection 14.2(6) [relationship disclosure information]	1. Dealer Member Rule 3500.1 [Objective of relationship disclosure requirements]
section 14.2.1 [pre-trade disclosure of charges]	1. Dealer Member Rule 29.9
section 14.5.2 [restriction on self-custody and qualified custodian requirement]	1. Dealer Member Rule 17.2A [Establishment and maintenance of adequate internal controls in accordance with Dealer Member Rule 2600]; 2. Dealer Member Rules 17.3, 17.3A, 17.3B and 2000 [Segregation Requirements]; 3. Dealer Member Rule 2600 – Internal Control Policy Statement 4 [Segregation of Clients’ Securities]; 4. Dealer Member Rule 2600 - Internal Control Policy Statement 5 [Safekeeping of Clients’ Securities]; 5. Dealer Member Rule 2600 - Internal Control Policy Statement 6 [Safeguarding of Securities and Cash]; and 6. Definition of “acceptable securities locations”, General Notes and Definitions to Form 1
section 14.5.3 [cash and securities held by a qualified custodian]	1. Dealer Member Rule 200 [Minimum Records]
section 14.6 [client and investment fund assets held by a registered firm in trust]	1. Dealer Member Rule 17.3
section 14.6.1 [custodial provisions relating to certain margin or security interests]	1. Dealer Member Rules 17.2, 17.2A, 17.3, 17.3A, 17.3B, 17.11 and 2000 [Segregation Requirements]; 2. Dealer Member Rule 100 [Margin Requirements]; 3. Dealer Member Rule 2200 [Cash and Securities Loan Transactions]; 4. Dealer Member Rule 2600 – Internal Control Policy Statement 4 [Segregation of Clients’ Securities]; 5. Dealer Member Rule 2600 - Internal Control Policy Statement 5 [Safekeeping of Clients’ Securities]; 6. Dealer Member Rule 2600 - Internal Control Policy Statement 6 [Safeguarding of Securities and Cash]; and 7. Definitions of “acceptable counterparties”, “acceptable institutions”, “acceptable securities locations”, “regulated entities”, General Notes and Definitions to Form 1
section 14.6.2 [custodial provisions relating to short sales]	1. Dealer Member Rule 100 [Margin Requirements]; 2. Dealer Member Rule 2200 [Cash and Securities Loan Transactions]; 3. Dealer Member Rule 2600 – Internal Control Policy Statement 6 [Safeguarding of Securities and Cash]; and 4. Definitions of “acceptable counterparties”, “acceptable institutions”, “acceptable securities locations”, “regulated entities”, General Notes and Definitions to Form 1
section 14.11.1 [determining market value]	1. Dealer Member Rule 200.1(c); and 2. Definition (g) of the General Notes and Definitions to Form 1
section 14.12 [content and delivery of trade confirmation]	1. Dealer Member Rule 200.2(l) [Trade confirmations]
section 14.14 [account statements]	1. Dealer Member Rule 200.2(d) [Client account statements]; and 2. “Guide to Interpretation of Rule 200.2”, Item (d)

NI 31-103 Provision	IIROC Provision
section 14.14.1 [additional statements]	1. Dealer Member Rule 200.2(e) [Report on client positions held outside of the Dealer Member]; 2. Dealer Member Rule 200.4 [Timing of sending documents to clients]; and 3. "Guide to Interpretation of Rule 200.2", Item (e)
section 14.14.2 [security position cost information]	1. Dealer Member Rule 200.1(a); 2. Dealer Member Rule 200.1(b); 3. Dealer Member Rule 200.1(e); 4. Dealer Member Rule 200.2(d)(ii)(F) and (H); and 5. Dealer Member Rule 200.2(e)(ii)(C) and (E)
section 14.17 [report on charges and other compensation]	1. Dealer Member Rule 200.2(g) [Fee/ charge report]; and 2. "Guide to Interpretation of Rule 200.2", Item (g)
section 14.18 [investment performance report]	1. Dealer Member Rule 200.2(f) [Performance report]; and 2. "Guide to Interpretation of Rule 200.2", Item (f)
section 14.19 [content of investment performance report]	1. Dealer Member Rule 200.2(f) [Performance report]; and 2. "Guide to Interpretation of Rule 200.2", Item (f)
section 14.20 [delivery of report on charges and other compensation and investment performance report]	1. Dealer Member Rule 200.4 [Timing of the sending of documents to clients]

34. The chart in Appendix H is replaced with the following:

NI 31-103 Provision	MFDA Provision
section 12.1 [capital requirements]	1. Rule 3.1.1 [Minimum Levels]; 2. Rule 3.1.2 [Notice]; 3. Rule 3.2.2 [Member Capital]; 4. Form 1; and 5. Policy No. 4 [Internal Control Policy Statements – Policy Statement 2: Capital Adequacy]
section 12.2 [subordination agreement]	1. Form 1, Statement F [Statement of Changes in Subordinated Loans]; and 2. Membership Application Package – Schedule I (Subordinated Loan Agreement)
section 12.3 [insurance – dealer]	1. Rule 4.1 [Financial Institution Bond]; 2. Rule 4.4 [Amounts Required]; 3. Rule 4.5 [Provisos]; 4. Rule 4.6 [Qualified Carriers]; and 5. Policy No. 4 [Internal Control Policy Statements – Policy Statement 3: Insurance]
section 12.6 [global bonding or insurance]	1. Rule 4.7 [Global Financial Institution Bonds]
section 12.7 [notifying the regulator of a change, claim or cancellation]	1. Rule 4.2 [Notice of Termination]; and 2. Rule 4.3 [Termination or Cancellation]
section 12.10 [annual financial statements]	1. Rule 3.5.1 [Monthly and Annual]; 2. Rule 3.5.2 [Combined Financial Statements]; and 3. Form 1
section 12.11 [interim financial information]	1. Rule 3.5.1 [Monthly and Annual]; 2. Rule 3.5.2 [Combined Financial Statements]; and 3. Form 1
section 12.12 [delivering financial information – dealer]	1. Rule 3.5.1 [Monthly and Annual]
section 13.3 [suitability determination]	1. Rule 2.2.1 ["Know-Your-Client"]; and 2. Policy No. 2 [Minimum Standards for Account Supervision]
section 13.3.1 [waivers]	1. Rule 2.2.1 ["Know-Your-Client"]; and 2. Policy No. 2 [Minimum Standards for Account Supervision]

NI 31-103 Provision	MFDA Provision
section 13.12 [restriction on borrowing from, or lending to, clients]	1. Rule 3.2.1 [Client Lending and Margin]; and 2. Rule 3.2.3 [Advancing Mutual Fund Redemption Proceeds]
section 13.13 [disclosure when recommending the use of borrowed money]	1. Rule 2.6 [Borrowing for Securities Purchases]
section 13.15 [handling complaints]	1. Rule 2.11 [Complaints]; 2. Policy No. 3 [Complaint Handling, Supervisory Investigations and Internal Discipline]; and 3. Policy No. 6 [Information Reporting Requirements]
subsections 14.2(2), (3) and (5.1) [relationship disclosure information]	1. Rule 2.2.5 [Relationship Disclosure]; and 2. Rule 2.4.3 [Operating Charges]
section 14.2.1 [pre-trade disclosure of charges]	1. Rule 2.4.4 [Transaction Fees or Charges]
section 14.5.2 [restriction on self-custody and qualified custodian requirement]	1. Rule 3.3.1 [General]; 2. Rule 3.3.2 [Cash]; 3. Rule 3.3.3 [Securities]; and 4. Policy No. 4 [Internal Control Policy Statements – Policy Statement 4: Cash and Securities, and Policy Statement 5: Segregation of Clients’ Securities]
section 14.5.3 [cash and securities held by a qualified custodian]	1. Policy No. 4 [Internal Control Policy Statements – Policy Statement 4: Cash and Securities, and Policy Statement 5: Segregation of Clients’ Securities]
section 14.6 [client and investment fund assets held by a registered firm in trust]	1. Rule 3.3.1 [General]; 2. Rule 3.3.2 [Cash]; 3. Rule 3.3.3 [Securities]; and 4. Policy No. 4 [Internal Control Policy Statements – Policy Statement 4: Cash and Securities, and Policy Statement 5: Segregation of Clients’ Securities]
section 14.6.1 [custodial provisions relating to certain margin or security interests]	1. Rule 3.2.1 [Client Lending and Margin]
section 14.6.2 [custodial provisions relating to short sales]	1. Rule 3.2.1 [Client Lending and Margin]
section 14.11.1 [determining market value]	1. Rule 5.3(1)(f) [definition of “market value”]; and 2. Definitions to Form 1 [definition of “market value of a security”]
section 14.12 [content and delivery of trade confirmation]	1. Rule 5.4.1 [Delivery of Confirmations]; 2. Rule 5.4.2 [Automatic Plans]; and 3. Rule 5.4.3 [Content]
section 14.14 [account statements]	1. Rule 5.3.1 [Delivery of Account Statement]; and 2. Rule 5.3.2 [Content of Account Statement]
section 14.14.1 [additional statements]	1. Rule 5.3.1 [Delivery of Account Statement]; and 2. Rule 5.3.2 [Content of Account Statement]
section 14.14.2 [security position cost information]	1. Rule 5.3(1)(a) [definition of “book cost”]; 2. Rule 5.3(1)(c) [definition of “cost”]; and 3. Rule 5.3.2(c) [Content of Account Statement – Market Value and Cost Reporting]
section 14.17 [report on charges and other compensation]	1. Rule 5.3.3 [Report on Charges and Other Compensation]
section 14.18 [investment performance report]	1. Rule 5.3.4 [Performance Report]; and 2. Policy No. 7 Performance Reporting
section 14.19 [content of investment performance report]	1. Rule 5.3.4 [Performance Report]; and 2. Policy No. 7 Performance Reporting
section 14.20 [delivery of report on charges and other compensation and investment performance report]	1. Rule 5.3.5 [Delivery of Report on Charges and Other Compensation and Performance Report]

35. (1) The following provisions of this Instrument come into force on December 31, 2020:
- (a) provisions 20 to 28;
 - (b) provisions 30 to 32.
- (2) All of the remaining provisions of this Instrument come into force on December 31, 2021.