

Rule 43

PERSONAL FINANCIAL DEALINGS WITH CLIENTS

- 43.1 An employee or Approved Person of a Dealer Member must not, directly or indirectly, engage in any personal financial dealings with clients.
- 43.2 Personal financial dealings include, but are not limited to, the following types of dealings:
- (1) **Accepting any consideration**
 - (i) Except as described in sub-clauses 43.2(1)(i)(a) and 43.2(1)(i)(b) below, accepting any consideration, including remuneration, gratuity or benefit, from any person other than the Dealer Member for any activities conducted on behalf of a client.
 - (a) Consideration that is non-monetary, of minimal value, and infrequent such that it will not cause a reasonable person to question whether it created a conflict of interest or otherwise improperly influenced the Dealer Member, its employees or agents would not be considered to be consideration for the purposes of clause 43.2(1)(i).
 - (b) Compensation received from a client in exchange for services provided through an approved outside business activity would not be considered to be consideration for the purpose of clause 43.2(1)(i).
 - (2) **Settlement agreements without the Dealer Member's approval**
 - (i) Entering into a settlement agreement without the Dealer Member's prior written consent; or
 - (ii) Paying for client account losses out of personal funds without the Dealer Member's prior written consent.
 - (3) **Borrowing from clients**
 - (i) Borrowing money or receiving a guarantee in relation to borrowing money, securities or any other assets from a client, unless:
 - (a) The client is a financial institution whose business includes lending money to the public and the borrowing is in the normal course of the institution's business; or
 - (b) The client is a Related Person as defined by the Income Tax Act (Canada) and the transaction is addressed in accordance with the Dealer Member's policies and procedures; and

- (c) In the case of Registered Representatives and Investment Representatives, the arrangement set out in sub-clause 43.2(3)(i)(b) is disclosed to and approved in writing by the Dealer Member, prior to the transaction.

(4) Lending to clients

- (i) Lending money, or providing a guarantee in relation to a loan of money, securities or any other assets to a client, unless:
 - (a) The client is a Related Person as defined by the Income Tax Act (Canada) and the transaction complies with the Dealer Member's policies and procedures; and
 - (b) In the case of Registered Representatives and Investment Representatives, the arrangement set out in sub-clause 43.2(4)(i)(a) is disclosed to and approved in writing by the Dealer Member, prior to the transaction.

(5) Control or authority

- (i) Acting as a Power of Attorney, trustee, executor, or otherwise having full or partial control or authority over the financial affairs of a client, unless:
 - (a) The client is a Related Person as defined by the Income Tax Act (Canada) and the existence of such control is addressed in accordance with the Dealer Member's policies and procedures; and
 - (b) In the case of Registered Representatives and Investment Representatives, the arrangement in sub-clause 43.2(5)(i)(a) is disclosed to and approved in writing by the Dealer Member, prior to the transaction.
- (ii) In the case of discretionary and managed accounts, clause 43.2(5)(i) does not apply to the extent that the control or authority exercised is consistent with the Corporation's applicable requirements for such accounts.

Revised IROC Dealer Member Rule 18.14 (clean copy)

18.14.

- (1) A Registered Representative or Investment Representative may have, and continue in, any business activity outside of the Dealer Member, including another gainful occupation if:
 - (a) The securities commission in the jurisdiction in which the Registered Representative or Investment Representative acts or proposes to act as a Registered Representative or Investment Representative, or the securities legislation or policies administered by such securities commission, does not prohibit him or her from devoting less than his or her full time to the securities business of the Dealer Member employing him or her;
 - (b) The Dealer Member establishes and maintains procedures acceptable to the Corporation to ensure continuous service to clients and to address potential conflicts of interest;
 - (c) The Registered Representative or Investment Representative informs the Dealer Member of the outside business activity and obtains the Dealer Member's approval to engage in such outside business activity prior to engaging in such outside business activity;
 - (d) The Dealer Member notifies the Corporation of the outside business activity within the time period and manner required by the applicable National Instrument or Regulation; and
 - (e) The outside business activity is not:
 - (i) One which would bring the securities industry into disrepute; or
 - (ii) With another dealer that is a member of a recognized self regulatory organization unless:
 - (1) Such dealer is a *related company* of the Dealer Member employing the Registered Representative or Investment Representative and the Dealer Member and related company provide cross-guarantees pursuant to Rule 6.6, and
 - (2) Such outside business activity is not contrary to the provisions of the applicable securities legislation or any policy made pursuant thereto.