

**Client Relationship Model**

**Amendments to Rule 1300 - Supervision of accounts**

1. Rule 1300 subsections 1300.1(p) through (v) are repealed and replaced as follows:

**“Suitability determination required when accepting order**

- (p) Subject to Rules 1300.1(t) and 1300.1(u), each Dealer Member shall use due diligence to ensure that the acceptance of any order from a client is suitable for such client based on factors including the client’s current financial situation, investment knowledge, investment objectives and time horizon, risk tolerance and the account or accounts’ current investment portfolio composition and risk level. If the order received from a client is not suitable, the client must, at a minimum, be advised against proceeding with the order.

**Suitability determination required when recommendation provided**

- (q) Each Dealer Member, when recommending to a client the purchase, sale, exchange or holding of any security, shall use due diligence to ensure that the recommendation is suitable for such client based on factors including the client’s current financial situation, investment knowledge, investment objectives and time horizon, risk tolerance and the account or accounts’ current investment portfolio composition and risk level.

**Suitability determination required for account positions held when certain events occur**

- (r) Each Dealer Member shall, subject to Rules 1300.1(t) and 1300.1(u), use due diligence to ensure that the positions held in a client’s account or accounts are suitable for such client based on factors including the client’s current financial situation, investment knowledge, investment objectives and time horizon, risk tolerance and the account or account(s)’ current investment portfolio composition and risk level whenever one or more of the following trigger events occurs:
- (i) Securities are received into the client’s account by way of deposit or transfer; or
  - (ii) There is a change in the registered representative or portfolio manager responsible for the account; or
  - (iii) There has been a material change to the client’s life circumstances or objectives that has resulted in revisions to the client’s “know your client” information as maintained by the Dealer Member.

**Suitability of investments in client accounts**

- (s) To comply with the requirements under Rules 1300.1(p), 1300.1(q) and 1300.1(r), the Dealer Member must use due diligence to ensure that:
- (i) The suitability of all positions in the client’s account is reviewed whenever a suitability determination is required; and
  - (ii) The client receives appropriate advice in response to the suitability review that has been conducted.

**Suitability determination not required**

- (t) Each Dealer Member that has applied for and received approval from the Corporation pursuant to Rule 1300.1(v), is not required to comply with Rules 1300.1(p), 1300.1(r) and 1300.1(s), when accepting orders from a client where no recommendation is provided, to make a determination that the order is suitable for such client.
- (u) Each Dealer Member that executes a trade on the instructions of another Dealer Member, portfolio manager, investment counsel, limited market dealer, bank, trust company or insurer, pursuant to Section I.B (3) of Rule 2700 is not required to comply with Rule 1300.1(p).

**Corporation approval**

- (v) The Corporation, in its discretion, shall only grant such approval where the Corporation is satisfied that the Dealer Member will comply with the policies and procedures outlined in Rule 3200. The application for approval shall be accompanied by a copy of the policies and procedures of the Dealer Member. Following such approval, any material changes in the policies and procedures of the Dealer Member shall promptly be submitted to the Corporation.”

2. References in Rules 1300 and 3200 to subsections 1300.1(p) and 1300.1(t) are amended as follows:
  - (a) References to existing subsection 1300.1(p) are repealed and replaced by references to new subsections 1300.1(p) and 1300.1(r); and
  - (b) References to existing subsection 1300.1(t) are repealed and replaced by references to new subsection 1300.1(v).