

## Client Focused Reforms – Housekeeping Rule Changes

## Consequential Housekeeping Amendments

Requirement	Description	Related IIROC CFR Housekeeping Amendment(s)
<b>Dealing with Clients</b>		
<b>Subsection 3101(2)</b> - Introduction	We are deleting the cross-reference to section 3103, as a result of the structural change of moving the KYC requirements into section 3202.	<ul style="list-style-type: none"> <li>• Know-your-client (Part A of Rule 3200)</li> </ul>
<b>Subsection 3102(2)</b> – Business Conduct	We are changing the phrase “use due diligence” to “take reasonable steps” for greater consistency with the language used in the IIROC CFRs Core Housekeeping Amendments.	<ul style="list-style-type: none"> <li>• Conflicts of interest (Part B of Rule 3100)</li> <li>• Know-your-client (Part A of Rule 3200)</li> </ul>
<b>Conflicts of Interest</b>		
<b>Subsection 3114(1)</b> – Conflicts of interest policies and procedures (DMR section 42.5(1))	Minor drafting changes for consistency.	<ul style="list-style-type: none"> <li>• Conflicts of interest (Part B of Rule 3100) and (DMR Rule 42)</li> </ul>
<b>Know-Your-Client</b>		
<b>Structural change</b> – General	Under the current IIROC Rules, our KYC requirements are in three areas: section 3103, section 3202 and subsection 3402(2). In order to make our KYC requirements uniform in all material respects with the CSA CFS, we are moving all the KYC requirements into section 3202 and the new section 3209. We are also renaming section 3202 “Know-Your-Client”, renaming Part A of Rule 3200 “Know-Your-Client and Client Identification” and renaming	<ul style="list-style-type: none"> <li>• Know-your-client (Part A of Rule 3200)</li> </ul>

Requirement	Description	Related IIROC CFR Housekeeping
	Rule 3200 “Know-Your-Client and Client Accounts”.	
<b>Subsection 3201(1)</b> - Introduction	Minor drafting updates to reflect changes to Part A of Rule 3200.	<ul style="list-style-type: none"> <li>• Know-your-client (Part A of Rule 3200)</li> </ul>
<b>Subsection 3202(1)(i),(ii) and (iv)</b> – Know-your-client	We are making changes to the language in this section for greater consistency with the IIROC CFRs Core Housekeeping Amendments. Specifically, we are making changes to our sentence structure and terminology.	<ul style="list-style-type: none"> <li>• Know-your-client (Part A of Rule 3200)</li> </ul>
<b>Section 3209 – Primary responsibility, delegation and obligation to keep current</b>	As a result of the KYC structural changes we are incorporating under the new section 3209 the requirements currently set out in section 3103 and 3215(1).	<ul style="list-style-type: none"> <li>• Know-your-client (Part A of Rule 3200)</li> </ul>
<b>Client Accounts</b>		
<b>Clause 3213(1)(i)</b> – Account opening policies and procedures	We are changing the term “material” to “significant” for greater consistency with the IIROC CFRs Core Housekeeping Amendments.	<ul style="list-style-type: none"> <li>• Know-your-client (Part A of Rule 3200)</li> </ul>
<b>Clause 3213(2)(iv)</b> – Account opening policies and procedures	We are changing the term “material” to “significant” for greater consistency with the IIROC CFRs Core Housekeeping Amendments. We are also removing the phrase: “which may include the receipt of a signed client acknowledgement of the updated information”.	<ul style="list-style-type: none"> <li>• Know-your-client (Part A of Rule 3200)</li> </ul>

Requirement	Description	Related IIROC CFR Housekeeping Amendment(s)
<b>Subsection 3215(1)</b> – Updating client account	We are moving the requirements of subsection 3215(1) to the new section 3209, as part of the structural changes that seek to group the KYC requirements together. As a result of this change we have renumbered the subsections in section 3215.	<ul style="list-style-type: none"> <li>• Know-your-client (Part A of Rule 3200)</li> </ul>
<b>Subsection 3215(1)</b> – Updating client account	We are changing the term “material” to “significant” for greater consistency with the IIROC CFRs Core Housekeeping Amendments.	<ul style="list-style-type: none"> <li>• Know-your-client (Part A of Rule 3200)</li> </ul>
<b>Subsection 3215(3) and (4)</b> – Updating client account	We are updating this requirement for greater consistency with the KYC update requirements in 3202(4) As a result of this changes, Dealers will likely need to update their processes for updating client accounts.	<ul style="list-style-type: none"> <li>• Know-your-client (Part A of Rule 3200)</li> </ul>
<b>Relationship Disclosure</b>		
<b>Paragraph 3216(5)(ii)(d)(I)</b> – KYC information	We are updating the language in this paragraph for consistency with the language in proposed clause 3202(1)(iii). Also as part of the structural changes, we are incorporating here the other suitability determination considerations currently set out in subsection 3402(2) Dealers may need to update their relationship disclosure document based on this change.	<ul style="list-style-type: none"> <li>• Know-your-client (Part A of Rule 3200)</li> <li>• Suitability (Rule 3400)</li> </ul>
<b>Paragraph 3216(5)(ii)(d)(II)</b> – KYC information	We are changing the term “material” to “significant” for greater consistency with the IIROC CFRs Core Housekeeping Amendments.	<ul style="list-style-type: none"> <li>• Know-your-client (Part A of Rule 3200)</li> </ul>

Requirement	Description	Related IROC CFR Housekeeping Amendment(s)
<b>Clause 3216(5)(ii)(f)</b> – Conflicts of interest	We are updating the language in this clause for consistency with the proposed language in Part B of Rule 3100. Dealers may need to update their relationship disclosure document based on this change.	<ul style="list-style-type: none"> <li>Conflicts of interest (Part B of Rule 3100)</li> </ul>
<b>Subsection 3216(7)</b> – Audit trail	We are moving clause 3216(7)(i) to clause 3804(2)(xi), as a structural change that seeks to bring the record keeping requirements together in one provision. We are removing clause 3216(7)(ii) because the requirement for Dealers to ascertain the accuracy of KYC information is now set out in the amended subsection 3202(3).	<ul style="list-style-type: none"> <li>Know-your-client (Part A of Rule 3200)</li> </ul>
<b>Order Execution Only Accounts</b>		
<b>Section 3240</b> – Rules applicable to order execution only accounts	We are updating the language in this section to clarify that not all of Part A of Rule 3200 applies to OEO accounts.	<ul style="list-style-type: none"> <li>Know-your-client (Part A of Rule 3200)</li> </ul>
<b>Managed Accounts</b>		
<b>Clause 3278(1)(i)</b> – Managed account agreement	We are updating the language in this clause for consistency with the updated KYC factors in clause 3202(1)(iii). As a result of this change, Dealers may need to update their managed account agreements with their clients, depending on whether they describe or refer to the KYC factors in their managed account agreements.	<ul style="list-style-type: none"> <li>Know-your-client (Part A of Rule 3200)</li> </ul>

Requirement	Description	Related IROC CFR Housekeeping Amendment(s)
<b>Communications with the public</b>		
<b>Section 3601</b> - Introduction	We are adding a reference to the new proposed Part C – Misleading Communications	<ul style="list-style-type: none"> <li>• Misleading communications (Part C of Rule 3600)</li> </ul>
<b>Supervision</b>		
<b>Subsection 3925(1)</b> – Supervision by designated persons	We are amending the language for greater consistency with the language used in the IROC CFRs Core Housekeeping Amendments.	<ul style="list-style-type: none"> <li>• Conflicts of interest (Part B of Rule 3100)</li> <li>• Know-your-client (Part A of Rule 3200)</li> </ul>
<b>Subsection 3927(1)</b> – Reviews of account activity	We are amending the language for greater consistency with the language used in the IROC CFRs Core Housekeeping Amendments.	<ul style="list-style-type: none"> <li>• Conflicts of interest (Part B of Rule 3100)</li> <li>• Know-your-client (Part A of Rule 3200)</li> </ul>