



## Appendix 4 – Text of Amendments to section 3703 of the IIROC Rules (Blackline to reflect non-material changes)

Section 3703 of the IIROC Rules is hereby amended as follows:

IIROC Rules
<b>RULE 3700</b>
<b>REPORTING AND HANDLING OF COMPLAINTS, INTERNAL INVESTIGATIONS AND OTHER REPORTABLE MATTERS</b>
...
<b>Part A - REPORTING REQUIREMENTS</b>
...
<b>3703. Reporting by a Dealer Member to IIROC</b>
(1) For purposes of this section 3703, a “cybersecurity incident” includes any act to gain unauthorized access to, disrupt or misuse a <i>Dealer Member’s</i> information system, or information stored on such information system, that has resulted in, or has a reasonable likelihood of resulting in:
(i) substantial harm <del>or inconvenience</del> to any <i>person</i> ,
(ii) a material impact on any part of the normal operations of the <i>Dealer Member</i> ,
(iii) invoking the <i>Dealer Member’s</i> business continuity plan or disaster recovery plan, or
(iv) the <i>Dealer Member</i> being required under any <i>applicable laws</i> to provide notice to any government body, <i>securities regulatory authority</i> or other self-regulatory organization.
(2) A <i>Dealer Member</i> must report to <i>IIROC</i> any of the following matters, within the time period and using the method prescribed by <i>IIROC</i> :
(i) all client complaints, against the <i>Dealer Member</i> or any current or former <i>Approved Person</i> , except service complaints. For the purpose of clause 3703(2)(i), a service complaint by a client is one that is related to service issues and is not the subject of any domestic or foreign <i>securities laws</i> ,
(ii) whenever an internal investigation is commenced by the <i>Dealer Member</i> in accordance with section 3706,
(iii) the results of the internal investigation under clause 3703(2)(ii),
(iv) any time the <i>Dealer Member</i> , or a current or former <i>Approved Person</i> is subject to one of the following in any jurisdiction inside or outside of Canada, while in the employ of the <i>Dealer Member</i> or concerning matters that occurred while in the employ of the <i>Dealer Member</i> :
(a) charged with, convicted of, plead guilty or no contest to, any criminal offence,



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- (b) named as a defendant or respondent in, or is the subject of, any proceeding or disciplinary action alleging contravention of any *securities laws*,
- (c) named as a defendant or respondent in, or is the subject of any proceeding or disciplinary action alleging contravention of the requirements or policies of any regulatory or self-regulatory organization, professional licensing or registration body,
- (d) denial of registration or license by any regulatory or self-regulatory organization, professional licensing or registration body, or
- (e) subject to a civil claim or arbitration notice involving any of the following:
  - (I) any matters related to securities,
  - (II) any matter related to handling of client accounts or dealings with clients, or
  - (III) any matter that is the subject of any legislation, rules, regulations, or policies concerning securities, exchange contracts or financial services of any securities or financial services regulatory or self-regulatory organization in any jurisdiction,
- (v) the resolution of any matters set out in clause 3703(2)(iv),
- (vi) any internal disciplinary action that is taken by a *Dealer Member* against an *Approved Person* as a result of:
  - (a) a client complaint within the meaning of clause 3703(2)(i),
  - (b) a securities related civil claim or arbitration notice,
  - (c) an internal investigation,
  - (d) a *Dealer Member* initiated disciplinary action imposing suspension, termination, demotion, or trading restrictions on the *Approved Person*, or
  - (e) a *Dealer Member* initiated disciplinary action not involving any of the matters listed in sub-clauses 3703(1)(vi)(a) through 3703(1)(vi)(c), which results in a monetary penalty:
    - (I) over \$5,000 for a single occurrence,
    - (II) over \$15,000 in total in a calendar year, or
    - (III) imposed three times or more in a calendar year,
- (vii) any *cybersecurity incident*, in writing,
  - (a) within three calendar days from discovering a *cybersecurity incident*, and must include the following information:
    - (I) a description of the *cybersecurity incident*,
    - (II) the date on which or time period during which the *cybersecurity incident* occurred and the date it was discovered by the *Dealer Member*,
    - (III) an preliminary assessment of the *cybersecurity incident*, including the risk of harm ~~or inconvenience~~ to any *person* and/or impact on the operations of the *Dealer Member*,



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- (IV) a description of immediate incident response steps the *Dealer Member* has taken to mitigate the risk of harm ~~or inconvenience~~ to *persons* and impact on its operations, and
  - (V) the name of and contact information for an *individual* who can answer, on behalf of the *Dealer Member*, any of *IIROC's* follow-up questions about the *cybersecurity incident*,
- (b) within 30 calendar days, unless otherwise agreed by *IIROC*, from discovering a *cybersecurity incident*, and must include the following information:
- (I) a description of the cause of the *cybersecurity incident*,
  - (II) an assessment of the scope of the *cybersecurity incident*, including the number of *persons* harmed ~~or inconvenienced~~ and the impact on the operations of the *Dealer Member*,
  - (III) details of the steps the *Dealer Member* took to mitigate the risk of harm ~~or inconvenience~~ to *persons* and impact on its operations,
  - (IV) details of the steps the *Dealer Member* took to remediate any harm ~~or inconvenience~~ to any *persons*, and
  - (V) actions the *Dealer Member* has or will take to improve its *cybersecurity incident* preparedness.

### 3704. Failure to report

- (1) Failure to report, as required by sections 3702 and 3703, may result in *IIROC* imposing an administrative fee, or other penalties that are permitted under *IIROC requirements*, against the *Dealer Member* or *Approved Person*.

### 3705. Reserved.