

IIROC NOTICE

Rules Notice
Guidance Note
Dealer Member Rules

Please distribute internally to:

Credit
Institutional
Internal Audit
Legal and Compliance
Operations
Registration
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Senior Management
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Contact:
Louis Piergeti
Vice-President, Financial and Operations
Compliance
(416) 865-3025
lpiergeti@iiroc.ca

08-0002
June 2, 2008

INDUSTRY STANDARD AGREEMENTS

The purpose of this notice is to inform Members of the transition plan put in place for the re-execution of standard industry agreements in which the IDA and its Members are parties. Effective June 1, 2008 the Investment Dealers Association of Canada (IDA) and Market Regulation Services Inc. (RS) as self-regulatory organizations have merged to form the Investment Industry Regulatory Organization of Canada (IIROC). The IDA will continue to exist in a limited capacity for a period of up to 5 years to address enforcement matters, including the enforcement of industry agreements with Member firms that cannot be assigned to IIROC. Beginning June 2, 2008 all industry agreements with Member firms will be executed with IIROC as the named party.

Standard Industry Agreements

The following is a description of the standard industry agreements that are affected by the merger. They are available for download from our website www.iiroc.ca.

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- Uniform Subordinated Loan Agreement, this agreement subordinates repayment of the loan to the claims of general creditors such as clients and stipulates that the loan cannot be repaid without the approval of the SRO. In addition, to the IIROC name change; the only notable revision to the agreement is that the term “general creditors” has been replaced by the term “customers eligible for CIPF coverage” – which is the intended purpose of the subordination.
- Uniform Guarantee by Members and Related Companies Agreement, this agreement cross-guarantees related members, either through direct or indirect common ownership, in the event of an insolvency. No changes.
- Uniform Introducer/Carrier Broker Agreements, these agreements are divided into four types of arrangements, which reflect a greater or lesser degree of service being provided by the carrying broker. IIROC name change and removal of all references to stock exchanges that may have been an SRO at one time.

Transition Plan

Any changes (increases/decreases) to an existing subordinated loan previously executed with the IDA will trigger the requirement to re-execute the subordinated loan agreement with IIROC. This will involve the cancellation of the existing subordinated loan and the execution of the revised subordinated loan agreement. Any existing subordinated loan agreement still outstanding on June 1, 2010 must be re-executed with the revised agreement.

All cross-guarantee agreements must be updated over a six month transition period ending December 31, 2008.

All Introducer/Carrier Broker agreements will be re-executed as they come up for renewal. IIROC will track the renewal dates for these agreements.

FIB Insurance Rider

Regulation 400.3 requires the underwriters to a member firm Financial Institution Bond (FIB) policy notify the IDA Association at least 30 days prior to the termination or cancellation of the Bond. As the FIB policies come up for renewal we require the rider be amended to reflect notification to IIROC.

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If you have any questions please contact Louis Piergeti, Vice-President, Financial and Operations Compliance or
Ciro Mirabella, Director, Financial and Operations Compliance.