

**Business Conduct
Futures Procedures Checklist**

New Dealer Members must submit a complete cross-referencing between the checklist and the Procedures Manual before IIROC Staff will review the Manual

Required Provisions	Rule References	Page ref. to Dealer Member's Procedures
<i>Registrations – Designated Supervisor</i>		
1. Designation of a Designated Supervisor approved by the IIROC having basic commodity futures proficiencies, Commodity Supervisors Examination and IIROC approval	IIROC Rules 1800.2(c); 2900, Part 1, Section A, 7.1(a)(b) IDA Bulletin# 3324	
2. Appointment of at least one Alternate Designated Supervisor registered with the IIROC to ensure continuous supervision unless volume of trading is low.	IIROC Rule 2500, Section VI (Introduction)	
3. IIROC approval of RRFCS/RRFCOs prior to trading or advising in futures	IIROC Rule 2500, Section VI, C.5 IIROC Rule 2900, Part I, Section A.7	
4. Report of any changes to applications submitted pursuant to an application by a Designated Supervisor or alternative, RRFC or RRFCO.	IIROC Rule 3100 Section I.A(1)(a)	
5. Completion of the basic required qualifications by designated supervisor	IIROC Rule 2900 Part I, I(a)(v) and (b)(iii)	
<i>Account Opening, Approval and Documentation</i>		
6. Completion and approval of a Futures Account Application Form (FAAF) by the DRFP/DRFOP, an Alternate or a Branch Manager qualified as a futures contracts supervisor prior to the first trade.	IIROC Rules 1800.2(c), 2500 Section VI.A(1)	
7. Description of types of trading restrictions which may be imposed by the Designated Supervisor, their entry on the FAAF and their incorporation in the firm's computer system (or description of any alternative control method used).	IIROC Rule 2500 Section VI.A(4)	
8. Minimum criteria for acceptance of accounts, if any (e.g. minimum net worth, liquid assets, initial deposit) or for	IIROC Rule 1300.1	

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imposing restrictions		
9. Procedures regarding i. Updating of FAAF's on change of client information	IIROC Rule 2500 Section II.A(5)	
ii. Changes of restrictions on account trading	IIROC Rule 2500, Sections II.A(5) and VI(A)(5)	
10. Requirement for all clients to sign a Futures Contract Trading Agreement prior to trading. In the case of an acceptable institution or acceptable counterparty, as defined by IIROC, the client may sign a letter of undertaking.	IIROC Rules 1800.2(b), 1800.9, 1800.10; 2500 Section VI.A.1	
11. Description of controls to ensure that for each account opened a FAAF and necessary documentation are completed and approved prior to trading.	IIROC Rule 1800.2(b) and (d)	
12. Procedures for establishing the acceptability of a client as a bona fide hedger including use of hedge letter, statement and verification procedures.	IIROC Rule 2500 Section VI.A.3	
13. Procedures in the absence of the Designated Supervisor	IIROC Rule 2500 Section VI (Introduction)	
Information & Summary Disclosure Statements		
14. Provision to provide to a client the Risk Disclosure Statement for Futures and Options.	IIROC Rule 1800.2(d)	
15. Maintenance of records showing the names and addresses of all persons to whom current risk disclosure documents or amendments thereto have been distributed, including distribution dates.	IIROC Rule 1800(2)(d)(iii)	
16. Receipt of written, dated acknowledgement from client of receipt of relevant disclosure document prior to account opening.	IIROC Rule 1800.2(d) and 9 (k)	
17. Routine issuance to existing clients of any updates to any of the disclosure document(s).	IIROC Rule 1800.2(d)(ii)	
Supervision		
18. Controls to ensure that only registered individuals trade in or	IIROC Rule	

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advise on futures and futures options contracts.	1800.2(a)	
19. Continuous supervision of each day's trading in futures contracts options and the completion of a review of each day's trading no later than the following trading day.	IIROC Rule 2500, Section VI.B	
20. Review on a monthly basis of the cumulative trading activity of each futures contract and futures contract options account no later than the date of mailing of the monthly statement of each month.	IIROC Rule 2500, Section VI.C(2)	
21. Procedures to detect cumulative losses exceeding stated risk capital	IIROC Rule 2500, Section VI.B	
22. Approval of advertisements, market letters and marketing material	IIROC Rule 29.7	
23. Client notification of impending delivery months and expiry thereof	IIROC Rule 1800.9(n)	
24. Supervision of accounts handled by producing supervisors	IIROC Rule 2500, Section IV.C.1	
25. Monitoring performance as necessary of any delegated duties.	IIROC Rule 2500, Section I.D.3	
Discretionary Accounts		
26. Definition - who is permitted to handle	IIROC Rules 1300.3, 1300.4; 2500 Part VII (Introduction)	
27. Account opening and approval process - acceptance of account in writing by the Designated Supervisor	IIROC Rules 1300.4, 1300.5, 2500 Section VI.C(2) Section VII.A IDA Bulletin#3241	
28. Obtaining and renewal of discretionary authority.	IIROC Rules 1300.4(b); 1300.5 IDA Bulletin#3241	
29. Acceptable Reasons for giving discretion to RR.	IIROC Rule 1300.5(a) IDA Bulletin#3241	

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30. Termination of the agreement in writing, (when initiated by client effective immediately upon receipt by the Dealer Member of notice; or 30 days from sending of notice if initiated by Member.)	IIROC Rule 1300.5(d)& (e); IDA Bulletin#3241	
31. Any trading restrictions	IIROC Rules 1300.5; 2500 Section VII A(2), & B(2) IDA Bulletin#3241	
32. Marking orders as discretionary	IIROC Rule 2500 Section VII B(1)	
33. Approval of discretionary orders if RRFC/RRFOC is not a partner, director, officer or supervisor of the Dealer Member	IIROC Rules 1300.4(b); 2500 Sections VII.A(1), VII.B(1),	
34. Daily and monthly supervisory reviews and review of financial performance by the DRFP/DRFOP (may not be delegated)	IIROC Rule 1300.6; 2500 Section VI D.1	
35. Head office review of orders by producing supervisors, partners, directors and officers	IIROC Rule 1300.6	
Managed Accounts		
36. Procedures to ensure that PMs do not trade in or advise on options, commodity futures or commodities futures options unless approved to do so.	IDA Bulletin#3241	
37. Establishment and maintenance of managed accounts supervisory system	IIROC Rule 1300.15 IDA Bulletin#3241	
38. Designation of one or more supervisors specifically responsible for the supervision of managed accounts.	IIROC Rule 1300.15(b) IDA Bulletin#3241 IDA Bulletin#3269	
39. Requirements for the Managed Account Agreement i. Client signature of Managed Account Agreement	IIROC Rule	

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(MAA).	1300.7(b) IDA Bulletin#3241 IDA Bulletin 3269	
ii. investment objectives specific to the managed account(s) of the client must be delineated in writing.	IIROC Rule 1300.8(a) IDA Bulletin# 3241	
iii. documentation of investment constraints	IIROC Rule 1300.8(b) IDA Bulletin#3241	
40. Acceptance in writing of the account by a Designated Supervisor (or a futures approved partner, director or officer)	IIROC Rule 1300.7(c) IDA Bulletin#3241 IDA Bulletin# 3269	
41. Termination of the agreement in writing, (when initiated by client effective immediately upon receipt by the Dealer Member of notice; or 30 days from sending of notice if initiated by the Dealer Member.)	IIROC Rule 1300.8(c)(d); IDA Bulletin#3241 IDA Bulletin# 3269	
42. Description and distribution to clients of procedures to ensure fair allocation of investment opportunities	IIROC Rules 1300.7(d); 1300.15(a)(ii) IDA Bulletin#3241	
43. Supervisory tasks may be delegated to qualified designates provided, pursuant to Rule 2500, responsibility for the tasks remains with the Designated Supervisors	IIROC Rule 1300.15(b) IDA Bulletin#3241	
44. Quarterly reviews by the Designated Supervisor to ensure that the investments made are in keeping with the stated objectives of the client: persons to conduct reviews; methods of reviews (individual or aggregate; reporting and resolution of problems identified during reviews; record keeping	IIROC Rules 1300.15(d); 2500, Part VI (Introduction) IDA Bulletin#3241 IDA Bulletin#2500, Section VI.B	
45. Controls and methods for supervision of investment constraints placed by the client.	IDA Bulletin#3241	
46. Obtaining of written permission from the client prior to a managed account:		

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i. trading with the account of a responsible person	IIROC Rules 1300.3; 1300.19(b); IDA Bulletin#3241 IDA Bulletin# 3269	
ii. making a loan to a responsible person	IIROC Rule 1300.19(e); IDA Bulletin#3241 IDA Bulletin# 3269	
iii. invest in a futures contract that is based on the securities of the Dealer Member or an issuer that is related or connected to the Dealer Member	IIROC Rule 1300.19(a) IDA Bulletin#3241	
iv. charging clients fees or commissions based on a volume or value of transactions or contingent on profits or performance	IIROC Rules 1300.16, 1300.21 IDA Bulletin# 3241	
47. Prohibition of responsible persons trading in their personal accounts in reliance upon information as to trades made or to be made for any discretionary or managed account.	IIROC Rule 1300.18 IDA Bulletin# 3241	
48. Procedures to disclose front running (contravention of Rule 1300.18)	IIROC Rule 1300.15(a)(i) IDA Bulletin# 3241	
49. Procedures to disclose when a responsible person or associate of a responsible person has contravened Rule 1300.19	IIROC Rule 1300.15(a)(i) IDA Bulletin# 3241	
50. Method of remuneration a Futures Contract Portfolio Manager (may not to be computed in terms of value and volume of transactions in the Managed Account.)	IIROC Rule 1300.17 IDA Bulletin# 3241	
General		
51. Updating written procedures and policies and communicating changes to registered persons and other staff	IIROC Rule 2500, Parts I.B and E	
52. Delegation of duties by DRFP/DRFOP or other supervisors: i. Duties that can be delegated	IIROC Rule 1800.2 IIROC Rule 2500, Section	

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	Introduction 1.D	
ii. Qualifications of persons to whom such duties can be delegated		
iii. Delegation in writing		
iv. Monitoring of performance of delegated duties		
v. Responsibility remains that of the supervisor		
53. Identification of non-customer orders entered for the purchase or sale of futures contracts or futures contract options	IIROC Rule 1800.8	
54. Availability at all offices (other than sub-branches) of not less than two persons qualified to deal with customers in respect of futures contracts and futures contract options and one or more persons to carry out trading instructions	IIROC Rules 1800.2(e), 1800.2(f);	
55. Maintenance of full records of orders and other instructions given or received with respect to a trade in a contract whether executed or unexecuted, showing	IIROC Rule 1800.11(a)	
i. terms and conditions		
ii. any modification or cancellation		
iii. account		
iv. component accounts for orders entered for omnibus accounts		
v. name or designation of the party entering the order where different from the customer in whose name the account is carried		
vi. the time of the entry of the order		
vii. to the extent feasible, the time of execution or cancellation, and		
viii. the time a report of execution is received by the Member		