

**Business Conduct Division**  
**Managed Accounts Procedures Checklist**

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

Required Provisions	Rules	Reference to Dealer Member's Procedures
<b>General:</b>		
1. Definition of Managed Account	IROC Rule 1300.3 IDA Bulletin 3241	
2. Ensuring only those approved as Portfolio Managers or sub-advisers (external managers) exercise discretionary authority with respect to managed accounts.	OSC Rule 31-502 Section 3.2 IROC Rule 1300.7(a); IDA Bulletin 3241	
3. If management by sub-advisers:  i. Obtaining a written agreement between the Dealer Member and the sub-adviser	IROC Rule 1300.7(a)(ii); IDA Bulletin 3241	
ii. Responsibility to determine the sub-adviser is subject to legislation containing conflict of interest provisions	IROC Rule 1300.7(a)(ii)B; IDA Bulletin 3241	
iii. Ensuring the sub-adviser is registered to provide portfolio management services in his/her/its home jurisdiction	IROC Rule 1300.7(a)(ii)A; IDA Bulletin 3241	
4. Establishment and maintenance of managed accounts supervisory system	IROC Rule 1300.15 IDA Bulletin 3241	
5. Designation of one or more Supervisors specifically responsible for the supervision of managed accounts.	IROC Rule 1300.15(b) IDA Bulletin 3241	
6. Composition, appointment, mandate and procedures of Managed Accounts Committee to review at least annually the supervisory system established and recommend any appropriate changes	IROC Rule 1300.15(e) IDA Bulletin 3241	

Required Provisions	Rules	Reference to Dealer Member's Procedures
<b>Account Opening Procedures and Documentation: (NB: obtain and review samples of each proposed document)</b>		
7. Requirements for the Managed Account Agreement  i. Client signature of Managed Account Agreement (MAA).	IIROC Rule 1300.7(b); IDA Bulletin 3241	
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 by the client in writing (if permitted by the Dealer Member).	IIROC Rule 1300.8(b) IDA Bulletin 3241	
8. The Supervisor has specifically approved the account as a managed account and the approval has been recorded in writing.	IIROC Rule 1300.7(c); IDA Bulletin 3241	
9. Termination of the agreement in writing, (when initiated by client effective immediately upon receipt by Dealer Member of notice; or 30 days from sending of notice if initiated by Dealer Member.)	IIROC Rule 1300.8(c) and (d); IDA Bulletin 3241	
10. Description and distribution to clients of procedures to ensure fair allocation of investment opportunities	IIROC Rule 1300.7(d); 1300.15(a)(ii) IDA Bulletin 3241	
<b>Supervision:</b>		
11. The designation of one or more Supervisors specifically responsible for the supervision of managed accounts.	IIROC Rule 1300.15(b) IDA Bulletin 3241	
12. Quarterly reviews to ensure that the investments made are in keeping with the stated objectives of the client: persons to conduct reviews; methods of review (individual or aggregate), reporting and resolution of problems identified during reviews; record keeping	IIROC Rule 1300.15(d) IDA Bulletin 3241	
13. Controls and methods for supervision of investment constraints placed by the client.	IIROC Rule 1300.15(d) IDA Bulletin 3241	

Required Provisions	Rules	Reference to Dealer Member's Procedures
<b><i>Dealings with Managed Accounts</i></b>		
14. 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	
15. Procedures to disclose front running (contravention of IIROC Rules 1300.18 and 1300.19)	IIROC Rule 1300.15(a)(i) IDA Bulletin 3241	
16. Obtaining written permission from the client prior to:  i. investing in the securities of or a futures contract or option 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	
ii. holding securities of an issuer in which a responsible person is a director or officer	IIROC Rule 1300.19(b); IDA Bulletin 3241	
iii. investing in new or secondary issues underwritten by the Dealer Member.	IIROC Rule 1300.19(c); IDA Bulletin 3241	
iv. trading with the account of a responsible person or from or to the account of an associate of a responsible person.	IIROC Rule 1300.19(d) IDA Bulletin 3241	
v. making a loan to a responsible person or to an associate of a responsible person	IIROC Rule 1300.19(e) IDA Bulletin 3241	
vi. charging clients' fees or commissions based on a volume or value of transactions or contingent on profits or performance	IIROC Rules 1300.16 and 1300.21 IDA Bulletin 3241	
17. Procedures to disclose when a responsible person has contravened Rule 1300.18 or Rule 1300.19	IIROC Rule 1300.15(a)(i) IDA Bulletin 3241	

<b>Required Provisions</b>	<b>Rules</b>	<b>Reference to Dealer Member's Procedures</b>
18. Bulking of managed account orders of non-client and client accounts provided non-client participation is on an equal basis with client accounts.	IIROC Rule 1300.20 IDA Bulletin 3241	
19. A Dealer Member may not pay remuneration to anyone managing a managed account that is computed on the basis of the value or volume of transactions in the account.	IIROC Rule 1300.17 IDA Bulletin 3241	
20. Obtaining of waiver from confirmation requirements (only for externally managed accounts).	IIROC Rule 200.1(h) IDA Bulletin#3259	