

## RULE 6

### DEALER MEMBER HOLDING COMPANIES, RELATED COMPANIES AND DIVERSIFICATION

#### Holding Companies

- 6.1. A [holding company](#) may not be the [holding company](#) of more than one [Dealer Member corporation](#), except in the following circumstances:
- (i) A [holding company](#) may be the [holding company](#) of more than one [Dealer Member corporation](#) if it owns all of the voting and all of the participating securities of each of them, or
  - (ii) The prior consent of the applicable District Council is obtained.
- 6.2. Each Dealer Member agrees to cause each of its holding companies carrying on business in Canada to comply with the [Rules](#) pertaining to a [holding company](#) of a [Dealer Member corporation](#) and with the requirements of the Board of Directors, applicable District Council, or any other relevant body of the Corporation pertaining to a [holding company](#) of a [Dealer Member corporation](#). A Dealer Member shall be deemed not to be in compliance with the [Rules](#) unless it has provided the applicable District Council with evidence that each of its holding companies carrying on business in Canada is legally bound to comply with the [Rules](#) or requirements pertaining to such [holding company](#).

#### Related Companies

- 6.3. No Dealer Member or partner, director, officer, [investor](#) or employee of a Dealer Member shall form, maintain or have any interest in a [related company](#) or associate without the prior approval of the applicable District Council.
- 6.4. Each [related company](#) of a Dealer Member shall comply with all of the [Rules](#) and Rulings of the Corporation except to the extent that any [individual](#) or class of Dealer Member or [related company](#) shall be exempted from such compliance by the Board of Directors. The Board of Directors or the relevant District Council, as the case may be, shall have the same rights and powers under the [Rules](#) of the Corporation with respect to related companies of a Dealer Member as such Board or Councils respectively has or have with respect to a Dealer Member.
- 6.5. A Dealer Member may, with the prior approval of the applicable District Council, have a wholly owned [subsidiary](#) whose principal business is that of a broker or dealer in securities or an adviser respecting securities.

#### Financial Assistance

- 6.6.
- (1) Each Dealer Member shall be responsible for and shall guarantee the obligations to clients incurred by each of its related companies, and each [related company](#) shall be responsible for and shall guarantee the obligations of the Dealer Member to its clients on the following basis:
    - (a) Where a Dealer Member holds an [ownership interest](#) in a [related company](#), the Dealer Member shall provide a guarantee in an amount equal to 100% of the Dealer Member's capital employed;
    - (b) Where a Dealer Member holds an [ownership interest](#) in a [related company](#), the [related company](#) shall provide a guarantee to the Dealer

Member in an amount equal to the percentage of the [related company](#)'s capital employed that corresponds to the percentage of [ownership interest](#) the Dealer Member holds in the [related company](#); and

- (c) Where two related companies are related because of a common [ownership interest](#) held by the same person(s), each [related company](#) shall provide a guarantee of the other in an amount equal to the percentage of its capital employed that corresponds to the percentage [ownership interest](#) held by the person(s) who holds the common [ownership interest](#).
- (2) A guarantee shall not be required in accordance with paragraph (1) where the Board of Directors in its discretion determines that a guarantee is not appropriate.
- (3) A guarantee shall be required in excess of the amount prescribed in paragraph (1) where the Board of Directors in its discretion determines that such a guarantee is appropriate.
- (4) A guarantee required pursuant to this Rule 6.6 shall be in the form prescribed from time to time by the Board of Directors.

#### **Diversification**

- 6.7. No Dealer Member or [related company](#) shall carry on any business other than [securities related activities](#) without the prior approval of the applicable District Council but a Dealer Member or [holding company](#) of a Dealer Member may own an investment in a corporation (other than the Dealer Member) that carries on activities other than [securities related activities](#) and in respect of which the Dealer Member is not responsible for any of its liabilities. Each Dealer Member and [holding company](#) of a Dealer Member shall give notice in writing to the Corporation prior to acquiring any investment in such a corporation.

Notwithstanding the provisions of this Rule 6.7, a mutual fund dealer which is a [related company](#) in respect of a Dealer Member, and the directors, officers, employees or representatives of such mutual fund dealer, may deal in or sell contracts of life insurance issued by an insurer licensed or registered pursuant to applicable Canadian federal or provincial legislation.