

RULE 7

DEALER MEMBER DIRECTORS AND EXECUTIVES

7.1 Definitions

For the purposes of this Rule 7, “**actively engaged in the business of the Dealer Member**” means, participating in any regular business activities of the Dealer Member, but shall not include participation in meetings of the board of directors or related corporate governance committees of the board of directors or occasional referrals to the Dealer Member where such referrals do not result from solicitation of business on behalf of the Dealer Member.

7.2 Approval

No person may be a Director or Executive of a Dealer Member unless that person has been approved as such by the Corporation.

7.3 Directors

- (a) At least 40% of the Directors of a Dealer Member must:
- (1) Either:
 - (A) Be actively engaged in the business of the Dealer Member and devote the major portion of their time to the securities industry, except those on active government services, or who for health reasons are prevented from such active engagement; or,
 - (B) Occupy equivalent positions at related or affiliated securities dealers or affiliated financial institutions;and
 - (2) Have satisfied the applicable proficiency requirements in Rule 2900, Part I.A(2); and
 - (3) Have experience acceptable to the Corporation in the financial services industry for at least five years or such lesser period as may be approved by the Corporation.
- (b) The remaining Directors of a Dealer Member, if actively engaged in the business of the Dealer Member or a related company of the Dealer Member must have the qualifications described in paragraphs 7.3(a)(1) and (2).

7.4 Executives

- (a) All of the Executives of a Dealer Member must:
- (1) Be actively engaged in the business of the Dealer Member and devote the major portion of their time to the securities industry, except those on active government services, or who for health reasons are prevented from such active engagement; or,
 - (2) Occupy equivalent positions at related or affiliated securities dealers, or affiliated financial institutions; and
 - (3) Have satisfied the applicable proficiency requirements outlined in Rule 2900, Part I.A(2);
- (b) Not less than 60% of the Executives of a Dealer Member must have experience acceptable to the Corporation in the financial services industry for at least five years or such lesser period as may be approved by the Corporation.

7.5 Exemptions

The [applicable](#) District Council may grant an exemption, in whole or in part, from any requirement under [Rules](#) 7.3 and 7.4, where it is satisfied that to do so would not be prejudicial to the interest of the Dealer Member, its clients, the public or the Corporation and, in granting such an exemption, it may impose such terms and conditions as it considers necessary.

7.6 Persons Owning or Controlling a Significant Equity Interest in a Dealer Member

- (a) Any [Director](#) of a Dealer Member who directly or indirectly owns or controls a voting interest in the Dealer Member of 10% or more must have the proficiency requirement outlined in Rule 2900, Part I.A(2)(a);
- (b) Any [person](#) other than a [Director](#) of a Dealer Member, who is actively engaged in the business of a Dealer Member and directly or indirectly owns or controls a voting interest in the Dealer Member of 10% or more must have the proficiency requirement outlined in Rule 2900, Part I.A(2)(a).

7.7 Remuneration of Directors and Executives

No [Director](#) or [Executive](#) of a Dealer Member shall accept or permit any associate to accept, directly or indirectly, any remuneration, gratuity, advantage, benefit or any other consideration from any [person](#) other than the Dealer Member, its affiliates or related companies, in respect of the activities carried out by the [Director](#) or [Executive](#) on behalf of the Dealer Member, its affiliates or related companies in connection with the [securities-related activities](#) of any of them.

7.8 Jurisdiction

Every person whose application for approval as a [Director](#) or [Executive](#) of a Dealer Member has been accepted is subject to the jurisdiction of the Corporation, must comply with the [Rules](#) of the Corporation as they are from time to time amended or supplemented and, if such approval is subsequently revoked, must forthwith terminate his or her relationship as a [Director](#) or [Executive](#) with the Dealer Member in respect of which he or she is approved at the time of such revocation.

7.9 Late Filing Fees re Executives and Directors

A Dealer Member is liable for and must pay the Corporation fees in the amounts prescribed from time to time by the [Board](#) for the failure of the Dealer Member to file within ten business days after the end month a report in writing with respect to the conditions imposed on approval or continued approval of a [Director](#) or [Executive](#) pursuant to Rule 20.