

RULE 8

DEALER MEMBER RESIGNATIONS, AMALGAMATIONS, ETC.

- 8.1. Repealed.
- 8.2. Dealer Member which tenders its resignation shall in its letter of resignation state its reasons for resigning and shall file with the Secretary one of:
- (a) A balance sheet of the Dealer Member reported upon by the Dealer Member's Auditor without qualification as of such date as the Corporation may require which balance sheet shall indicate that the Dealer Member has liquid assets sufficient to meet all its liabilities other than subordinated loans, if any; or
 - (b) A report from the Dealer Member's Auditor without qualification that in his or her opinion the Dealer Member has liquid assets sufficient to meet all its liabilities other than subordinated loans, if any;

And a report from the Dealer Member's Auditor that clients' free securities are properly segregated and earmarked. If the financial information required by (a) or (b) above is not filed with the letter of resignation the Dealer Member shall indicate in the letter of resignation the date by which such financial information shall be filed.

- 8.3. Notwithstanding the provisions of Rule 8.2 if the whole or a substantial part of the business and assets of a Dealer Member which is resigning (the "resigning Dealer Member") is being acquired by another Dealer Member (the "remaining Dealer Member"), the resigning Dealer Member may with the approval of the Board of Directors, file (in lieu of the documents required by Rule 8.2(a) or (b)), a letter signed by the remaining Dealer Member under which the remaining Dealer Member accepts responsibility for all outstanding liabilities of the resigning Dealer Member and certifies that the remaining Dealer Member has sufficient liquid assets to meet all liabilities, other than subordinated loans, if any, of both the remaining Dealer Member and the resigning Dealer Member.
- 8.3A. Notwithstanding the provisions of Rule 8.2 and 8.3, if two or more Dealer Members are amalgamated and continue as one Dealer Member (the "continuing Dealer Member"), the continuing Dealer Member may with the approval of the Board of Directors file (in lieu of the documents required by Rule 8.2(a) or (b)) an acknowledgement and undertaking by the continuing Dealer Member that such Dealer Member accepts responsibility for outstanding fees and all liabilities (outstanding, incurred, contingent or otherwise) of the two or more Dealer Members which are amalgamating and certifies that the continuing Dealer Member has sufficient liquid assets to meet all such liabilities (other than subordinated loans, if any). Unless otherwise determined by the Board of Directors, two or more Dealer Members which amalgamate and continue as one Dealer Member shall not be considered to be a new Dealer Member or a new entity which must re-apply for Membership. Those Dealer Members not continuing due to amalgamation shall surrender their Membership in the Corporation as part of the amalgamation process.
- 8.3AA Notwithstanding the provisions of Rule 8.2, if a Dealer Member and a non-Dealer Member are amalgamated and the Dealer Member wishes the continuing entity to continue as a Dealer Member, the Dealer Member shall not be required to comply with the provisions of Rule 8.2 if both the Dealer Member and the non-Dealer Member have provided the Corporation with all such financial information as it may require and the Corporation is satisfied with such financial information.
- 8.3B. Repealed.
- 8.4. Notice of such letter of resignation shall forthwith be given by the Secretary to the Board of Directors, the applicable District Council, all other Dealer Members, the securities commissions of all of the provinces of Canada and the Bank of Canada.

- 8.5. Unless the Board of Directors, in its discretion otherwise declares, a resignation shall take effect as of the close of business (5:00 p.m. head office local time), on the date the Secretary receives from the Dealer Member's Auditor a written statement certifying that, in their opinion, based on the balance sheet and/or reports referred to in Rule 8.2, the Dealer Member has liquid assets sufficient to meet all its liabilities other than subordinated loans, if any, and if, to the knowledge of the Secretary after due enquiry, the Dealer Member is not indebted to the Corporation and no complaint against the Dealer Member or any investigation of the affairs of the Dealer Member is pending.
- 8.6. When a Dealer Member signifies in writing its intention to resign, the Secretary shall so advise the Dealer Member resigning and all other Dealer Members, the Board of Directors, the securities commissions of all of the provinces of Canada, the Bank of Canada, and such other persons or bodies as the Secretary may decide through the issuance of a Bulletin within one week of such notification. Similarly, the same shall occur when the resignation of a Dealer Member becomes effective.
- 8.7.
- (a) A resigning, suspended, terminated or surrendering Dealer Member must make full payment of its annual membership fees for the entire fiscal year in which its resignation, suspension, termination or surrender becomes effective, subject to the exemption set out in subsection (b).
 - (b) A resigning, suspended or terminated Dealer Member may make payment of its membership fees until the end of the fiscal quarter in which the following conditions have been met:
 - i. the Dealer Member has transferred all customer accounts to another Dealer Member;
 - ii. the Dealer Member has no remaining approved persons other than shareholders, the Ultimate Designated Person, the Chief Compliance Officer and the Chief Financial Officer; and
 - iii. in the case of a resigning Dealer Member, the Dealer Member has provided written notice of its resignation to the Corporation.
- 8.8. If a Dealer Member has ceased to carry on business as a [securities dealer](#) or its business has been acquired by an [individual](#), firm or corporation who or which, as the case may be, is not a Dealer Member of the Corporation, the applicable District Council may, unless the Dealer Member has voluntarily resigned in accordance with this Rule 8, terminate the Membership of the Dealer Member after the Dealer Member has been given the opportunity for a hearing in accordance with the provisions of Rule 20.11. A former Dealer Member whose Membership has been terminated pursuant to the provisions of this Rule 8.8 shall cease to be entitled to exercise any of the rights and privileges of Membership but shall remain liable to the Corporation for all amounts due to the Corporation from the former Dealer Member.

