

RULE 17

DEALER MEMBER MINIMUM CAPITAL, CONDUCT OF BUSINESS AND INSURANCE

- 17.1. Every Dealer Member shall have and maintain at all times risk adjusted capital greater than zero calculated in accordance with Form 1 and with such requirements as the Board of Directors may from time to time prescribe. If at any time the risk adjusted capital of a Dealer Member is, to the knowledge of such Dealer Member, less than zero, such Dealer Member shall immediately notify the Corporation.
- 17.2. Every Dealer Member shall keep and maintain at all times a proper system of books and records.
- 17.2A. Every Dealer Member shall establish and maintain adequate internal controls in accordance with the internal control policy statements in Rule 2600.
- 17.3. All fully paid or excess margin securities held by a Dealer Member for a client shall be segregated and identified as being held in trust for such client in accordance with the [Rules](#). For the purposes of Rules 17.3, 17.3A and 17.3B, a client means any person who maintains an account with a Dealer Member.
- 17.3A. The securities of all clients of a Dealer Member held in accordance with Rule 17.3 may be segregated in bulk for all such clients, other than those clients whose securities are held apart from all other securities pursuant to a written safekeeping agreement.
- 17.3B. The Board of Directors may prescribe by Rule the manner in which securities owned or held by a Dealer Member or held by a Dealer Member for the account of a client are to be segregated and held including, without limitation, the locations in which securities may be held and the manner in which the amount or value of securities to be segregated shall be calculated.
- 17.4. Every Dealer Member shall fulfil its contracts and any Dealer Member which in the ordinary course of business finds that any other Dealer Member refuses or is unable to fulfil its contracts shall immediately report such fact to the Corporation.
- 17.5. Every Dealer Member shall effect and keep in force insurance against such losses, and in such minimum amount or amounts in respect of such losses or any of them, as the Board of Directors may from time to time by Rule prescribe.
- 17.6. Every Dealer Member shall give to the Corporation written notice, with all available particulars, of any claim (other than client losses relating to lost document bonds) reported in writing by the Dealer Member to its insurers or their authorized representatives arising under the Financial Institution Bond or Bonds which such Dealer Member is required to effect and keep in force under Rule 400.2. Such notice shall be given within two business days of the Dealer Member so reporting to the insurer or its authorized representative.
- 17.7. Upon application by a Dealer Member, the applicable District Council on the recommendation of the Corporation may, in its discretion, reduce the minimum amount of insurance required to be maintained by a Dealer Member pursuant to Rule 400.4 if such Dealer Member can establish that the total exposure of such Dealer Member to the types of losses referred to in Rule 400.2 will not exceed the minimum amount of insurance required by Rule 400.4.
- 17.8. A reduction in the minimum amount of insurance required which is granted pursuant to Rule 17.7 shall be valid for a period of six months, after which it may be renewed upon application by the Dealer Member to the applicable District Council which shall only act after receiving the recommendation of the Corporation.

- 17.9. An application of a Dealer Member pursuant to 17.7 and 17.8 shall be made to the applicable District Council in care of the Corporation.
- 17.10. No Dealer Member shall publish or circulate any financial statement unless such statement is accompanied by a report of the Dealer Member's Auditor upon such statement.
- 17.11. Every Dealer Member shall obtain from clients and maintain in respect of its own account such minimum margin in such amount and in accordance with such requirements as the Board of Directors may from time to time by Rule prescribe. Such minimum margin shall be used for calculations pursuant to Form 1.
- 17.12. No Dealer Member shall on less than 20 days' prior notice (i) to the Corporation, change its name, effect or permit any change in its constitution affecting voting rights, take any steps to dissolve, wind-up, surrender its charter or liquidate or dispose of all or substantially all of its assets, (ii) to the Corporation, effect or permit any alteration in its capital structure including the allotment, issue, repurchase, redemption, cancellation, subdivision or consolidation of any shares in its capital. In either case, the Dealer Member shall not proceed with such action if within such 20-day period it is advised that the matter is to be submitted to the applicable District Council for approval. The applicable District Council may review any matter so submitted to it and either approve or disapprove of the proposed action if it considers that the action may result in the Dealer Member being unable to comply with the [Rules](#) of the Corporation.
- 17.13. Each Dealer Member shall from time to time furnish to an officer of the Corporation such statistical information with respect to such Dealer Member's business as, in the opinion of the Board of Directors, may be necessary in the interests of all the Dealer Members of the Corporation provided that no request for such information shall be made of any Dealer Member unless approved by the Board of Directors.
- 17.14. A Dealer Member engaged in trading in any securities or commodity futures contracts or options listed on or issued by a [recognized stock exchange](#), commodity futures exchange, clearing or service corporation, or other listing or issuing organization, as the case may be, in respect of which the [Rules](#) or any Rulings do not prescribe specific standards or requirements, shall comply with the provisions of the relevant bylaws and regulations of such stock exchange, commodity futures exchange, clearing or service corporation, or other listing or issuing organization in effect from time to time to the extent not inconsistent with the [Rules](#). For the purposes of this Rule 17.14, the Board of Directors shall, from time to time, designate [recognized stock exchanges](#), futures exchanges, clearing or service corporations, or other listing or issuing organizations.
- 17.15. The Board of Directors may exempt a Dealer Member from the requirements of any provision of the [Rules](#) where it is satisfied that to do so would not be prejudicial to the interests of the Dealer Members, their clients or the public and in granting such exemption the Board of Directors may impose such terms and conditions as are considered necessary.
- 17.16. Every Dealer Member shall establish and maintain a business continuity plan identifying the necessary procedures to be undertaken during an emergency or significant business disruption. Such procedures shall be reasonably designed to enable the Dealer Member to stay in business in the event of a future significant business disruption in order to meet obligations to its customers and capital markets counterparts and shall be derived from the Dealer Member's assessment of its critical business functions and required levels of operation during and following a disruption.

Every Dealer Member shall update its plan in the event of any material change to its operations, structure, business or location. Every Dealer Member must also conduct an annual review and test of its business continuity plan to determine whether any modifications are necessary in light of changes to the member's operations, structure, business, or location. The Corporation, in its discretion, may require this annual review to be performed by a qualified third party.