

**IIROC Notice 13-0162 provided a deferred implementation date for arrangements under Dealer Member Rule 43.2(5)(i), such as employees or Approved Persons that may be acting as a Power of Attorney, trustee, executor or otherwise have full or partial control or authority over the financial affairs of a client. This date has been revised so that in the case of existing arrangements, those arrangements must be unwound or compliant with Dealer Member Rule 43 by October 6, 2017.**

## **RULE 43**

### **PERSONAL FINANCIAL DEALINGS WITH CLIENTS**

- 43.1 An employee or Approved Person of a Dealer Member must not, directly or indirectly, engage in any personal financial dealings with clients.
- 43.2 Personal financial dealings include, but are not limited to, the following types of dealings:
- (1) **Accepting any consideration**
    - (i) Except as described in sub-clauses 43.2(1)(i)(a) and 43.2(1)(i)(b) below, accepting any consideration, including remuneration, gratuity or benefit, from any person other than the Dealer Member for any activities conducted on behalf of a client.
      - (a) Consideration that is non-monetary, of minimal value, and infrequent such that it will not cause a reasonable person to question whether it created a conflict of interest or otherwise improperly influenced the Dealer Member, its employees or agents would not be considered to be consideration for the purposes of clause 43.2(1)(i).
      - (b) Compensation received from a client in exchange for services provided through an approved outside business activity would not be considered to be consideration for the purpose of clause 43.2(1)(i).
  - (2) **Settlement agreements without the Dealer Member's approval**
    - (i) Entering into a settlement agreement without the Dealer Member's prior written consent; or
    - (ii) Paying for client account losses out of personal funds without the Dealer Member's prior written consent.
  - (3) **Borrowing from clients**
    - (i) Borrowing money or receiving a guarantee in relation to borrowing money, securities or any other assets from a client, unless:
      - (a) The client is a financial institution whose business includes lending money to the public and the borrowing is in the normal course of the institution's business; or
      - (b) The client is a Related Person as defined by the Income Tax Act (Canada) and the transaction is addressed in accordance with the Dealer Member's policies and procedures; and

- (c) In the case of Registered Representatives and Investment Representatives, the arrangement set out in sub-clause 43.2(3)(i)(b) is disclosed to and approved in writing by the Dealer Member, prior to the transaction.

**(4) Lending to clients**

- (i) Lending money, or providing a guarantee in relation to a loan of money, securities or any other assets to a client, unless:
  - (a) The client is a Related Person as defined by the Income Tax Act (Canada) and the transaction complies with the Dealer Member's policies and procedures; and
  - (b) In the case of Registered Representatives and Investment Representatives, the arrangement set out in sub-clause 43.2(4)(i)(a) is disclosed to and approved in writing by the Dealer Member, prior to the transaction.

**(5) Control or authority**

- (i) Acting as a Power of Attorney, trustee, executor, or otherwise having full or partial control or authority over the financial affairs of a client, unless:
  - (a) The client is a Related Person as defined by the Income Tax Act (Canada) and the existence of such control is addressed in accordance with the Dealer Member's policies and procedures; and
  - (b) In the case of Registered Representatives and Investment Representatives, the arrangement in sub-clause 43.2(5)(i)(a) is disclosed to and approved in writing by the Dealer Member, prior to the transaction.
- (ii) In the case of discretionary and managed accounts, clause 43.2(5)(i) does not apply to the extent that the control or authority exercised is consistent with the Corporation's applicable requirements for such accounts.