



# bulletin



**BULLETIN NO. 2429, DECEMBER 15, 1997**

## **Joint Securities Industry Committee On Conflicts Of Interest Compliance With Committee Recommendations**

The Joint Securities Industry Committee on Conflicts of Interest released its final Report September 18, 1997. The key recommendations of the Committee include (i) the disclosure of the combined securities holdings of the Member firm and its employees (the 'pro group') on trade confirmations, in research reports and in monthly reports of the stock exchanges; (ii) client priority rules for private placements which make clients aware of private placements and give priority to client orders, subject to suitability requirements; (iii) uniform hold periods across stock exchanges and provincial securities commissions and restrictions on abridging these hold periods when pro group holdings exceed 20% of the securities outstanding; and (iv) tighter conflict of interest rules which require a Member firm with a pro group holding exceeding 20% to include an independent dealer in any underwriting of these securities.

The IDA Executive Committee supports the Joint Industry Committee recommendations. The Association is working together with the other self-regulatory organizations to develop regulations based on these recommendations. The Association recognizes that firms can only comply with some of the recommendations, notably pro group disclosure, after significant systems development. Nonetheless, internal policies and procedures can be established to meet:

- the client priority rule;
- restrictions on hold periods; and
- extension of conflict of interest rules.

The Executive Committee recognizes the importance of the Report and considers the Report's recommendations to be in accord with Association policy. Therefore, Members are strongly encouraged to begin complying with these particular recommendations immediately.

Copies of the final report can be obtained by calling Anita Monsell at (416) 943-6947.

Any questions on the foregoing should be directed to Keith Rose, Vice-President, Regulatory Policy at (416) 943-6907.

Joseph J. Oliver  
*President and Chief Executive Officer*

**PLEASE DISTRIBUTE TO INTERESTED PARTIES IN YOUR FIRM**