



POLICY NO. 8

REPORTING AND RECORDKEEPING REQUIREMENTS

Introduction

This Policy establishes minimum requirements concerning information that registrants are required to report to Members and information that Members are required to report to the designated self-regulatory organization (“SRO”).

Members and registrants should also refer to the Uniform Application for Registration/Approval (or any form replacing the Uniform Application for Registration/Approval), which also sets out information that Members and registrants must report to their designated SRO.

Definitions

For the purposes of this Policy:

“**business days**” means a day other than Saturday, Sunday or any officially recognized Federal or Provincial statutory holiday.

“**civil claim**” includes civil claims pending before a court or tribunal.

“**compensation**” means the payment of a sum of money, securities, reversal of a securities transaction, inclusion of a securities transaction (whether either transaction has a realized or unrealized loss) or any other equivalent type of entry which is intended to offset or counterbalance an act of misconduct. A correction of a client account or position as a result of good faith trading errors and omissions is not considered to be “compensation” for the purposes of Policy 8.

“**designated SRO**” means the self-regulatory organization that has been assigned the prime audit jurisdiction for the Member under the Canadian Investor Protection Fund Agreement.

“**exchange contracts**” include, but are not limited, to commodity futures contracts and commodity futures options.

“**legislation or law**” includes, but is not limited to, any rules, policies, regulations, rulings or directives of any securities commission.

“**misrepresentation**” means:

- i) an untrue statement of fact; or
- ii) an omission to state a fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

“**registrant**” means any partner, director, officer or registered or approved person of a Member.



“securities – related” means:

- (i) any matter related to securities or exchange contracts; or
- (ii) any matter related to the handling of client accounts or dealings with clients; or
- (iii) any matter that is the subject of any legislation or law concerning securities or exchange contracts of any jurisdiction, inside or outside of Canada; or
- (iv) any matter that is the subject of by-laws, rules, regulations, rulings or policies of any securities or financial services regulatory or self-regulatory organization in any jurisdiction, inside or outside of Canada.

“service complaints” means any complaint by a client which is founded on customer service issues and is not the subject of:

- i) any legislation or law concerning securities or exchange contracts of any jurisdiction, inside or outside of Canada; or
- ii) by-laws, rules, regulations, rulings or policies of any securities or financial services regulatory or self-regulatory organization in any jurisdiction, inside or outside of Canada.

I. REPORTING REQUIREMENTS

A. REPORTING REQUIREMENTS TO MEMBER

- 1. Each registrant shall report to the Member, within two business days, whenever:
 - (a) there is any change to the information contained in his or her Uniform Application for Registration/Approval (or any form replacing the Uniform Application for Registration/Approval);
 - (b) he or she has reason to believe that he or she is or may have been in contravention of:
 - i) any provision of any legislation or law concerning securities or exchange contracts of any jurisdiction, inside or outside of Canada; or
 - ii) any by-laws, regulations, rules, rulings or policies of any regulatory or self-regulatory organization, professional licensing or registration body in any jurisdiction, inside or outside of Canada.
 - (c) he or she is the subject of any customer complaint in writing; or
 - (d) he or she is aware of a customer complaint, whether in writing or any other form, with respect to any other registrant involving allegations of theft, fraud, misappropriation of funds or securities, forgery, money laundering, market manipulation, insider trading, misrepresentation or unauthorized trading.
- 2. Each Member shall designate a person or department with whom the reports and records required by Part I Section A shall be filed.



B. REPORTING REQUIREMENTS TO DESIGNATED SRO

1. Each Member shall report to its designated SRO, in such detail and frequency as prescribed by the SRO:
 - (a) whenever there is any change to the information contained in the Uniform Application for Registration/Approval (or any form replacing the Uniform Application for Registration/Approval) of any registrant;
 - (b) whenever the Member, or any current or former registrant is charged with, convicted of, pleads guilty or no contest to, any criminal offence, in any jurisdiction, inside or outside of Canada, while in the employ of the Member, or concerning matters that occurred while in the employ of the Member;
 - (c) whenever the Member, or a current or former registrant, is:
 - (i) named as a defendant or respondent in, or is the subject of, any proceeding or disciplinary action alleging contravention of any legislation or law concerning securities or exchange contracts, of any jurisdiction, inside or outside of Canada, while in the employ of the Member, or concerning matters that occurred while in the employ of the Member;
 - (ii) named as a defendant or respondent in, or is the subject of, any proceeding or disciplinary action alleging contravention of the by-laws, regulations, rules, rulings or policies of any regulatory or self-regulatory organization, professional licensing or registration body in any jurisdiction, inside or outside of Canada, while in the employ of the Member, or concerning matters that occurred while in the employ of the Member; or
 - (iii) denied registration or a license by any regulatory or self-regulatory organization, professional licensing or registration body, in any jurisdiction, inside or outside of Canada, while in the employ of the Member.
 - (d) all customer complaints in writing, except service complaints, against the Member or any current or former registrant;
 - (e) all securities-related civil claims and arbitration notices filed, against the Member, or against any current or former registrant, in any jurisdiction inside or outside Canada, while in the employ of the Member, or concerning matters that occurred while in the employ of the Member;
 - (f) all resolutions of any matters reportable pursuant to I.B.1(b),(c),(d) and (e) of this Policy, including, judgements, awards, private settlements and arbitrations, in any jurisdiction, inside or outside of Canada;
 - (g) whenever a registrant is the subject of any internal disciplinary action where:
 - (i) there is a customer complaint in writing pursuant to Part I B. 1(d) of this Policy;
 - (ii) there is a securities-related civil claim or arbitration notice pursuant to Part I B.1(e) of this Policy;
 - (iii) there is an internal investigation pursuant to Part I B. 1(h) and Part II of this Policy;



- (iv) member initiated disciplinary action involves suspension, termination, demotion or the imposition of trading restrictions;
 - (v) member initiated disciplinary action, arising from any source other than (i)–(iii), involves the withholding of commissions or imposition of fines in excess of \$5,000 for a single matter, \$15,000 cumulatively for a one calendar year period or where commission has been withheld or fines imposed three or more times during one calendar year period.
- (h) whenever an internal investigation, pursuant to Part II of this Policy, is commenced and the results of such internal investigation when completed.
2. Documentation associated with each item required to be reported under Part I Section B shall be maintained and available to the designated SRO, upon request, for a minimum of 2 years from the resolution of the matter.
 3. Where the designated SRO is the IDA, it shall have the power to impose a prescribed administrative fee for failure to comply with any of the reporting requirements set out in this policy. The IDA may also impose any other penalties pursuant to By-law 20.

II. INTERNAL INVESTIGATIONS

1. The Member shall conduct an internal investigation where it appears that the Member, or any current or former registrant, while in the employ of the Member, has violated any provision of any legislation or law, or has violated any by-laws, rules, regulations, rulings or policies of any regulatory or self-regulatory organization relating to theft, fraud, misappropriation of funds or securities, forgery, money laundering, market manipulation, insider trading, misrepresentation or unauthorized trading, in any jurisdiction, inside or outside of Canada.
2. Records of investigations under Part II Section 1 shall be:
 - (a) in sufficient detail to show the cause, steps taken and result of each investigation; and
 - (b) maintained and available to the designated SRO upon request for a minimum of two years from the completion of the investigation.

III. SETTLEMENT AGREEMENTS

1. No registrant shall, without prior written consent of the Member, enter into any settlement with a customer, whether the settlement is in the form of monetary payment, delivery of securities, reduction of commissions or any other form, and whether the settlement is the result of a customer complaint or a finding by the individual or Member. Such prior written consent and the terms and conditions of such shall be kept on record by the Member.
2. Part III Section 1 shall not apply to any registrant authorized by the Member to negotiate or enter into settlement agreements in the normal course of his/her duties with respect to settlement agreements that do not arise out of activities involving the registrant.