

RULE 42
CONFLICTS OF INTEREST

- 42.1. Responsibility to identify conflicts of interest
- (1) Each Dealer Member and, where applicable, Approved Person shall take reasonable steps to identify existing and potential material conflicts of interest between the interests of the Dealer Member or Approved Person and the interests of the client.
 - (2) Where an Approved Person becomes aware of an existing or potential material conflict of interest, the existing or potential conflict shall be reported immediately to the Dealer Member.
- 42.2. Approved Person responsibility to address conflicts of interest
- (1) The Approved Person must consider the implications of any existing or potential material conflicts of interest between the Approved Person and the client.
 - (2) The Approved Person must address all existing or potential material conflicts of interest between the Approved Person and the client in a fair, equitable and transparent manner, and consistent with the best interests of the client or clients.
 - (3) Any existing or potential material conflict of interest between the Approved Person and the client that cannot be addressed in a fair, equitable and transparent manner, and consistent with the best interests of the client or clients, must be avoided.
- 42.3. Dealer Member responsibility to address conflicts of interest
- (1) The Dealer Member must consider the implications of any existing or potential material conflicts of interest between the Dealer Member and the client.
 - (2) The Dealer Member must address the existing or potential material conflict of interest in a fair, equitable and transparent manner, and considering the best interests of the client or clients.
 - (3) Any existing or potential material conflict of interest between the Dealer Member and the client that cannot be addressed in a fair, equitable and transparent manner, and considering the best interests of the client or clients, must be avoided.
 - (4) The Dealer Member must adequately supervise how existing or potential material conflicts of interest between the Approved Person and the client are addressed by its Approved Persons pursuant to section 42.2.
- 42.4. Responsibility to disclose conflicts of interest
- (1) Unless avoided, an existing or potential material conflict of interest must be disclosed to the client in all cases where a reasonable client would expect to be informed:
 - (a) for new clients, prior to opening an account for the client; and
 - (b) for existing clients, either as the conflict of interest occurs or, in the case of a transaction related conflict of interest, prior to entering into the transaction with the client.
- 42.5. Conflicts of interest policies and procedures
- (1) Each Dealer Member shall develop and maintain written policies and procedures to be followed in identifying, avoiding, disclosing and addressing material conflict of interest situations.