

Code of Conduct and Conflicts of Interest Policy IIROC District Council Members

District Council members (“Members”) are required to read and sign this Code of Conduct and Conflicts of Interest Policy (the “Policy”) and should ensure they understand the Policy’s requirements clearly. Should Members have any questions or require clarification on the content of the Policy, please contact IIROC’s General Counsel and Corporate Secretary (the “GC”).

Introduction

It is important that the work of District Council Members, acting under the authority of the rules and By-Law No. 1 of the Investment Industry Regulatory Organization of Canada (“IIROC” or the “Corporation”), be carried out in a transparent, honest and ethical manner at all times and in an environment that is free from any suggestion of improper influence.

The Policy is intended to provide an overview of conflicts of interest that may arise during the course of and following a District Council Member’s term with IIROC. The purpose of the Policy is to help Members avoid conflicts, to resolve any conflicts that exist or develop and to assist Members in identifying when certain activities and interests are or may potentially be in conflict with their obligations as IIROC District Council Members.

District Council Members must exercise due care with respect to their dealings on behalf of the Corporation and must never use their association with IIROC to advance personal interests or act in any way that could harm IIROC’s reputation or use their positions or confidential information to provide preferential treatment to IIROC dealer members and/or approved persons (as such term is defined under the IIROC rules).

On appointment to a District Council and thereafter, Members shall arrange their private affairs in such a manner so as to prevent, and take such additional action as may be necessary to prevent actual, potential or perceived conflicts of interest from arising, and if such a conflict does arise between the private interests of Members (or their employers) and the duties and responsibilities of those individuals as Members of an IIROC District Council, the conflict shall be resolved in favour of the interests of IIROC.

The Policy is a guide only and does not cover every situation in which an actual, potential or perceived conflict of interest may arise. If a District Council Member has any doubt or uncertainty as to whether the Policy applies to the Member’s situation, the Member must consult the District Council Chair for further guidance. If the District Council Chair is personally involved in the situation or there is any doubt or uncertainty

about the application of the Policy to the particular situation after the District Council Chair has been consulted, the GC must be consulted.

Terms used in the Policy

"immediate family" means a spouse, mother, father, sister, brother, child, or other legal relative with whom a District Council Member is permanently living, or a "live-in" partner.

"significant relationship" means a relationship a District Council Member has with another person, including a professional, personal, financial or family relationship, which an independent third party might reasonably consider could affect the Member's actions, or those of a personal associate (whether or not it does affect the Member's conduct).

"District Council" means a District Council established under IIROC's By-Law No.1 and, unless the context indicates otherwise, includes any committee and/or Sub-Committee of any District Council.

"employer" means any IIROC dealer member or other market participant that directly or indirectly employs Members to conduct securities related business (as such term is defined under the IIROC rules) on its behalf, and for greater certainty includes all affiliates (as such term is defined under the IIROC rules) and employees of such entity.

What is a Conflict of Interest?

A conflict of interest arises when there is an actual, potential or perceived conflict between Members' personal interests, or their employers' interests, and such Members' duties, obligations and responsibilities as an IIROC District Council Member.

A conflict of interest includes situations 1) that may affect or appear to affect Members' abilities to act impartially in performing their duties as District Council Members, or 2) where Members (or their employers) benefit or have the potential to benefit from their conduct, even if IIROC is not adversely affected by the conduct.

A perceived conflict of interest is one that a reasonable person would consider likely to compromise a District Council Member's objectivity in relation to any particular matter being considered by the District Council.

Examples of Conflicts of Interest

Conflicts of interest may arise in a number of ways, including as a result of:

- a Member's employer or its employees or any other person or entity in a significant relationship with such Member being, or perceived as being, affected, or likely to be affected, by a decision made or action taken by the District Council and/or its Sub-Committees. For example, where a Member may influence the decisions of the District Council and/or its Sub-Committees in respect of the issuance of an exemption to an applicant that is associated with such Member or such Member's employer; and

- an expectation of a future interest. For example, where Members use their position with the District Council or use confidential information received in the course of their duties on the District Council and/or its Sub-Committees to negotiate terms and/or decisions favourable to such Member's potential future employment.

The examples listed above are not exhaustive. If there is any doubt or uncertainty as to whether a situation raises an actual, potential or perceived conflict of interest for a District Council Member, the Member should immediately discuss the matter with the District Council Chair. If the District Council Chair is personally involved in the situation or there is any doubt or uncertainty about the application of the Policy to the particular situation after the District Council Chair has been consulted, the GC must be consulted.

Participation in District Council Decision Making

General

In discharging their duties owed to the Corporation, District Council Members shall declare any actual, potential or perceived conflict of interest in accordance with the procedures noted below and refrain from participating in the discussions, deliberations and/or decision-making process in respect of any entity or organization regulated by IIROC in which they have such conflict of interest or where such Members, for any reason, would be unable to, or be reasonably perceived as unable to, exercise unbiased judgment.

In addition, a District Council Member must not participate in the discussions, deliberations and/or decision-making process for any matter in which the Member's employer, its employees, officers, directors or a member of the Member's immediate family could benefit from the decision.

For purposes of the above, any such matter could include but is not limited to any IIROC application, exemption, investigation, proceeding, negotiation or hearing affecting the rights of dealer members. If a District Council Member has any doubt whether the situation falls into any of the scenarios discussed above, the Member should err on the side of caution and declare the actual, potential or perceived conflict and refrain from participating.

If any of the above situations should arise, the Member must disclose the nature and extent of any interest that the Member has in the matter before the District Council and/or Sub-Committee, as applicable. Such disclosure must be made immediately following the Member becoming aware of such conflict and before any discussions are held, or actions are taken in the matter. The disclosure, in writing where possible, should be made to the Chair of the District Council and the Chair of the Sub-Committee, if applicable, who shall report the disclosure at the meeting where the matter is being considered. Such disclosure and the steps taken by the District Council and/or Sub-Committee to address the conflict must be documented in the minutes of the District Council and/or Sub-Committee meeting, as applicable.

In addition to declaring the conflict of interest set out above, unless otherwise determined by the Chair of the District Council or Sub-Committee, as applicable, the

Member should retire from the meeting while the discussion on such matter is taking place. If the Chair is conflicted, the District Council and/or Sub-Committee meeting should be chaired by the Vice-Chair or an interim chair for such matter.

In circumstances where a majority of the Members on the same District Council or Sub-Committee have a conflict in respect of a certain matter such that the District Council or Sub-Committee is no longer able to establish a quorum or render an impartial decision, or one that is perceived as being impartial, the Chair of the District Council shall refer such matter to the GC. The GC will determine, in consultation with the Chair of the District Council, an appropriate course of action including any of the following:

- a) refer the issue to a reconstituted Sub-Committee;
- b) refer the issue to a Sub-Committee of another District Council¹; or
- c) ask IIROC staff to decide on the matter, where permitted.

Taking Advantage of the District Council Position

District Council Members must never use, or attempt to use, their positions as District Council Members to directly or indirectly benefit themselves, their employers, a member of their immediate families or any person or entity with which the Members have a significant relationship.

District Council Members and members of their immediate families must not accept material gratuities, gifts of money, discounts or other favoured treatment from any person associated with any entity or organization that may be affected by a decision of the District Council.

Confidential Information

What is Confidential Information?

Confidential information is any information that:

- is not available to the public, and
- could result in harm to IIROC and/or its members, or could give the person to whom it is disclosed an advantage if it was disclosed.

Disclosing Confidential Information

District Council Members must not disclose confidential information obtained during the course of their term of service on a District Council to any person or entity unless required to do so by law or authorized to do so by IIROC. District Council Members must not use confidential information obtained during the course of their service with the District Council in any business or undertaking.

¹ This option is not available if the matter is before the District Council in Quebec as section 69 of *An Act respecting the autorité des marchés financiers* provides that decisions in respect of such matters be made mainly by persons residing in Quebec.

Compliance with the Policy

District Council Members are encouraged to report any suspected violations of the Policy to the GC.

ACKNOWLEDGEMENT AND AGREEMENT
(to be completed and signed annually)

I ACKNOWLEDGE that I have read and understood the Code of Conduct and Conflicts of Interest Policy for IIROC District Council Members (the "Policy").

I AGREE to conduct myself in accordance with the Policy throughout my term of service as an IIROC District Council Member and following my term with respect to confidentiality.

Signature

Printed Name

Date