

IIROC DISTRICT COUNCIL PROCEDURES

1. Composition of District Councils

- 1.1. Each District Council shall be composed of four to twenty members (including ex officio members described in Sections 1.3 and 4.5, but not including ex officio members appointed by the IIROC Board under IIROC By-law No. 1), as may be determined by the District Council. Each member of the District Council must be an officer or employee of a Dealer Member.
- 1.2. The Chair and Vice-Chair are elected at the Annual General Meeting of the District.
- 1.3. The immediate Past Chair of the District Council shall be an ex officio member of such District Council for one year following the conclusion of his or her term as Chair, and shall be entitled to attend and to vote at meetings of the District Council.
- 1.4. Where warranted, a Dealer Member may have more than one representative on a District Council.

2. Election of Members to District Councils

- 2.1. Each District Council shall appoint a Nomination Sub-Committee.
- 2.2. The mandate of the Nomination Sub-Committee is to review the nominations received for election to the District Council and make recommendations to the District Council.
- 2.3. The Nomination Sub-Committee shall solicit nominations from Dealer Members with offices in the District and recommend to the District Council nominations for election to the District Council.
- 2.4. The Nomination Sub-Committee shall seek to ensure a proper balance of District Council members who will, collectively, provide effective representation of the Dealer Members, having regard to each nominee's disciplinary history, if any, skills, experience and expertise necessary to discharge his or her obligations as a District Council member, including regulatory responsibilities pursuant to IIROC Rules and Delegation Orders issued by the provincial securities commissions.
- 2.5. The District Council will determine the slate of nominees presented to the Dealer Members for election to the District Council at the Annual General Meeting of the District. For greater certainty, members permitted to stand for

re-election under Section 4.5 will be included in the slate of nominees presented for election.

- 2.6. A Dealer Member shall have one vote only in the election of District Council members, regardless of the number of branch offices or approved persons in the District.
- 2.7. There is no requirement to use a formal proxy. Dealer Members must be notified that they are entitled to send a senior representative to represent them and vote at the Annual General Meeting.
- 2.8. Any vacancy on the District Council arising from a resignation, removal or inability to serve may be filled by a resolution of the District Council, until the Annual General Meeting immediately following the filling of the vacancy.

3. District Council Meetings

- 3.1. Each District Council shall meet at least once a month, unless the Chair determines otherwise.
- 3.2. The Chair or any two voting members of a District Council may call a special meeting of the District Council at any time.
- 3.3. At least twenty-four hours written notice of any District Council meeting shall be given to all District Council members.
- 3.4. Fifty percent of Dealer Members represented on the District Council, plus one (each represented by a voting member) shall be a quorum for any meeting of a District Council.
- 3.5. Meetings may be held in person, by telephone or by any other means of communication that permit all persons participating in the meeting to communicate with each other simultaneously.
- 3.6. Decisions shall be made by a majority of the votes cast and, in the event of a tie vote, the Chair of the District Council meeting, during which the vote is being held, shall cast the tie breaking vote.
- 3.7. Each District Council member shall be entitled to one vote in respect of each matter requiring a vote of the members of the District Council, but with no more than one vote per Dealer Member.
- 3.8. A Dealer Member that has more than one representative on a District Council shall, from time to time, designate the voting member of the District Council, provided that any representative that is the Chair or Vice-Chair of the District Council must be the Dealer Member's designated voting member.

- 3.9. Approval of a resolution by District Council via email, fax or other written means, not in a duly constituted meeting, requires no less than 80% approval of those members of the District Council eligible to vote on the matter under consideration.
- 3.10. Each District Council will maintain and approve, on a timely basis, minutes of District Council meetings.

4. Term

- 4.1. A District Council Chair and Vice-Chair shall be elected to hold such positions for up to a maximum of four consecutive years. Exceptions may be made where the Chair of the District Council is elected to chair the National Advisory Committee.
- 4.2. Members of a District Council are elected to two-year terms.
- 4.3. District Council members may serve for a maximum of five two-year terms, whether consecutive or not.
- 4.4. The District Council may grant an exception to the term limit in Section 4.3 if an extension is necessary in order to allow a District Council's Chair or Vice Chair to complete their term as a District Council executive.
- 4.5. In any District with less than 1000 resident registrants, if the enforcement of the 10 year term limit would result in the District Council lacking the necessary expertise and/or experience to discharge its regulatory obligations, the District Council may allow a member who has reached the term limit to stand for re-election as an ex officio, non-voting member of the District Council. This decision shall be made by the District Council and should only be considered if it is necessary in order to promote fair, meaningful and diverse representation of the District's Dealer Members on the District Council and a proper balance among the interests of the Dealer Members on the District Council. Not more than 25 percent of the members of a District Council may be elected on this basis. Furthermore, a District Council may not allow a member who has reached the term limit to stand for re-election where doing so would exclude qualified nominees seeking election to the District Council.
- 4.6. There will be a transition period of three years in respect of this Section 4 from the date of the implementation of these District Council Procedures. Any District Council members who, at the beginning of the transition period, have already served 10 years or more on a District Council will be allowed to continue to sit on the District Council until the end of the transition period. Any District Council members elected after the date of the implementation of these Procedures will immediately be subject to the 10 year term limit.

5. Sub-Committees of the District Council

- 5.1. Each District Council shall, annually, at its first meeting, and from time to time appoint three to five of its members to the Registration Sub-Committee who shall serve for a term not to exceed one year. For Registration Sub-Committees comprising three members, the District Council may elect an alternate member to fill in for an absentee member or for a member who has a conflict which prevents him/her from considering a matter.
- 5.2. The District Council Chair shall be an ex-officio member of the Registration sub-committee and may vote when a Registration Sub-Committee member is absent or has a conflict which prevents him/her from considering a matter.
- 5.3. All submissions requiring a Registration Sub-Committee decision must be submitted to all members of the Sub-Committee. For Registration Sub-Committees comprising three members, if one of the members of the Sub-Committee is unavailable, the Chair of the Council or an alternate (if one has been elected) will fill in for the missing member.
- 5.4. A quorum for a decision of a Registration Sub-Committee is three members entitled to consider the matter. Decisions of the Registration Sub-Committee are by majority vote of those voting and members may consult among themselves before they decide on a matter before them. The Registration Sub-Committee does not have to meet in person when deciding a matter before them.
- 5.5. Registration Sub-Committee members may communicate their decision to IIROC Registration staff in writing through e-mail or fax, or at meetings held in person or by teleconference.
- 5.6. Decisions of a Registration Sub-Committee are reported to the District Council for information at the following District Council meeting.
- 5.7. A District Council may appoint other Sub-Committees for the District for the purposes of dealing with matters identified from time to time such as membership or policy, as required and as authorized by the By-laws, Rules and Delegation Orders. Each District Council Sub-Committee shall have a written mandate that has been approved by the District Council setting out the responsibilities and procedures to be followed by the Sub-Committee.

6. Code of Conduct for Members of the District Councils

- 6.1. Members of the District Councils shall acknowledge in writing and agree to be bound by the Code of Conduct and Conflicts of Interest Policy upon election to the District Council and annually thereafter.

- 6.2. The District Council Chair shall deal with potential or actual conflicts of interest involving District Council members in accordance with the Code of Conduct and Conflicts of Interest Policy.
- 6.3. District Council members may, by resolution, remove a District Council member
- who misses three successive District Council meetings without a valid reason; or
 - for a material breach of the Code of Conduct and Conflicts of Interest Policy.
- 6.4. Where IIROC or a securities regulatory authority has issued a notice of hearing naming a District Council member personally, the District Council member must withdraw from District Council proceedings until the matter is finally resolved.