

IIROC NOTICE

Rules Notice

Guidance Note

Dealer Member Rules

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Contact:

Sherry Tabesh-Ndreka
Senior Counsel, Registration
416-943-4656
stabesh@iiroc.ca

Louise Hamel
Vice President
Business Conduct Compliance
416-943-6911
lhamel@iiroc.ca

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Business locations - Registration and Compliance approach to work from home arrangements

The intent of this Guidance Notice is to clarify our approach and expectations relating to work from home (**WFH**) arrangements, particularly given the move to more permanent WFH arrangements by different types of Approved Persons in response to the COVID-19 pandemic.

National Instrument 33-109, *Registration Information*, defines “business location” as a location where the firm carries out an activity that requires registration, and includes a residence if regular and ongoing activity that requires registration is carried out from the residence or if records relating to an activity that requires registration are kept at the residence.

IIROC Dealer Member Rule 1.1 defines “Business Location” as a physical location where, on a regular and ongoing basis, at least one of a Dealer Member’s employees or agents conducts business that requires Corporation approval or registration under securities legislation.¹

¹ Effective December 31, 2021, refer to the following definition of “business location” set out in IIROC Rule subsection 1201(2): A location where an activity that requires registration or IIROC approval is carried out by or on behalf of a



IIROC Dealer Member Rule 40.8 requires a Dealer Member to notify IIROC of the opening, closing, change of address or change of supervision of a Business Location.²

We continue to support taking a flexible approach to WFH arrangements for IIROC Approved Persons.

In order to avoid imposing undue regulatory burden, we expect that Dealer Members maintain an up-to-date record of all Approved Persons who have a regular and on-going WFH arrangement, *whether or not* the Dealer Member has notified IIROC of the location as a Business Location. The record must include the following information:

- The date on which the regular and on-going WFH arrangement started,
- A description of the activities that occur at the individual's residence,
- The enhanced supervision assessed and/or introduced in order to address any oversight gaps that may be arising from the WFH arrangement,
- Potential conflicts of interest arising from the WFH arrangement, and how they have been addressed, and
- The end of date of the WFH arrangement, if applicable.

In order to comply with their supervision requirements, Dealer Members need to assess whether the WFH arrangement triggers a need to introduce or modify the current supervision procedures and practices.³ The determination of whether the Dealer Member needs to enhance or otherwise modify its supervisory procedures will depend on the specific business model, the Approved Person's role and activities, and the existing supervisory structure at the Dealer Member.

As part of the Business Conduct Compliance (BCC) examination program, BCC may review the firm's remote supervision structure. If requested, firms should be prepared to provide the information outlined above to examination staff. BCC will continue to use the list of Business Locations on the National Registration Database (NRD) to plan our examinations. BCC may also review the list maintained by Dealer Members to determine which, if any, WFH arrangements we should examine in order to test whether the Dealer Member has notified IIROC of all appropriate Business Locations.

In determining whether a *residence* needs to be reported as a Business Location, Dealer Members should look to whether:

1. There is a regular and ongoing WFH arrangement; and

Dealer Member, and includes a residence if regular and ongoing activity that requires registration or approval is carried out from the residence or if records relating to an activity that requires registration or approval are kept at the residence.

² Effective December 31, 2021, refer to IIROC Rule clause 2803(2)(i)(h).

³ IIROC Notice 20-0245 *Supervision related to material non-public information* provides guidance on management of risks relating to supervision of material non-public information in a remote work environment



2. Any one of the following factors are present:

- a) more than one Approved Person conducts registerable activities on behalf of the Dealer Member at the residence, unless multiple Approved Persons reside in the same residence
- b) the residence is held out to the public as a business location (signage, business cards, etc.) by the individual or Dealer Member
- c) the individual meets with clients at the residence
- d) the individual maintains records at the residence relating to an activity that requires registration that are not duplicated at the Dealer Member's offices