

# IIROC NOTICE

**Rules Notice**  
**Guidance Note**  
IIROC Rules

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## Shared Premises

### Executive Summary

This guidance provides assistance to a Dealer Member (**Dealer**) that shares offices premises with another financial services entity.<sup>1</sup> IIROC acknowledges that standards in this guidance may not be practicable in all business arrangements such as where there are numerous dually employed representatives or the Dealer provides order execution only services. We expect a Dealer to develop policies and procedures that are appropriate to its business model and that achieve the objectives set out in this guidance. However, a Dealer must ensure that IIROC requirements set out in section 2216 are met.<sup>2</sup>

The objective of the shared office space rules is to ensure that clients are not confused as to which entity they are dealing with when a Dealer shares office premises with another financial institution.

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<sup>1</sup> As defined in subsection 2216(1) of the IIROC Rules.

<sup>2</sup> In this guidance, all rule references are to the IIROC Rules unless otherwise specified.



## **1. Telephone operations**

A Dealer may share a receptionist with another financial services entity however, clients should have a clear understanding of which entity they are dealing with when they call the Dealer or the other financial services entity in a shared office situation. We recommend using separate directory listings for each entity.

## **2. Signs**

Section 2216(8) requires the legal names under which a Dealer and each of the other financial services entities operate must be clearly displayed. A Dealer may also display a business, trade or style name under which a Dealer and each of the other financial services entities operate. The Dealer need not display the names of each individual representative of the financial services entities.

## **3. Physical premises**

Separate entrances are not necessary. We recommend that the respective representatives, employees or agents of the Dealer and the other financial services entity situate themselves in separate areas, if permitted by resources and infrastructure. This arrangement can:

- minimize client confusion, and
- ensure privacy and confidentiality of records.

## **4. Confidentiality of records**

A Dealer must maintain controls on client records so that the other financial services entity in a shared office situation does not have access to the client's file. When hardware and software are shared, a Dealer should ensure that confidentiality protocols separate the Dealer's client files from the other financial service entity's files.

## **5. Supervision**

In some jurisdictions, securities regulators may allow a trading officer to be dually-employed with a Dealer and non-Dealer financial services entity.<sup>3</sup> Such dually employed officers may be designated a Supervisor for both entities. In other jurisdictions, different Supervisors must conduct supervision. In either situation, the Supervisor may be on-site or off-site.

A Supervisor must devote sufficient time to supervision of the branch. Rule 3900 sets out specific requirements. In addition, Supervisors have additional responsibilities regarding, among other things:

- confidentiality of client records,
- the separation of files and operations,

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<sup>3</sup> IIROC Rules regarding the registration of dually-employed individuals is set out in section 2554.



- the issue of dually employed registrants, and
- registrants operating within the limits of their registration.

The entities sharing an office may share an administration officer, who need not be registered, responsible for general office oversight. . This does not diminish the requirement for a Supervisor to supervise business practices and monitor compliance of the Dealer.

## **6. Business cards**

Section 2216 also contains requirements related to employees who work for both a Dealer Member and a financial services entity. For persons holding both a securities and insurance registration, provincial legislation differs regarding the use of double-sided or separate business cards. The Dealer is responsible for ensuring compliance with applicable laws,<sup>4</sup> including securities laws and insurance legislation.

When registrants are dually-employed by a Dealer and a financial services entity, we recommend the registrants have double-sided business cards.

## **7. Shared employees**

Sales assistants or other employees (other than the receptionist, administration officer or supervisor as described above) should be assigned to either the Dealer or the other financial services entity, rather than being shared between them. If warranted under the circumstances, certain individuals should sign confidentiality agreements.

## **8. Applicable rules**

IIROC Rules this Guidance Note relates to are:

- section 2216, and
- Rule 3900.

## **9. Related documents**

This Guidance Note was published under [Notice 20-0007](#) – Notice of Approval/Implementation – Guidance Review Project – Group 1.

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<sup>4</sup> As defined in subsection 1201(2).