

RULE 1200 | DEFINITIONS

1201. Definitions

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(2) The following terms have the meanings set out when used in the *IIROC requirements*:

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“approved ombudsman service”	An ombudsman service approved by the <i>Board</i> in accordance with subsection 9503(1).
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RULE 3700 | REPORTING AND HANDLING OF COMPLAINTS, INTERNAL INVESTIGATIONS AND OTHER REPORTABLE MATTERS

3701. Introduction

- ~~(1) — A Dealer Member must report complaints, internal investigations and other matters to IROC as required in Rule 3700.~~
- ~~(2) — A Dealer Member must investigate allegations of misconduct as required in Rule 3700.~~
- ~~(3) — A Dealer Member must handle all client complaints as required in Rule 3700.~~
- ~~(4) —~~
- (1) Rule 3700 sets out Dealer Members’, Approved Persons’ and employees’ reporting, internal investigation and complaint handling and investigation requirements. Rule 3700 is divided into the following parts:
 - Part A – Reporting requirements
[sections ~~3702~~3710 through ~~3704~~3712]
 - Part B – Internal investigations and internal discipline
[sections ~~3706~~3720 through ~~3708~~3723]
 - Part C – Settlement agreements
[sections ~~3710~~3730 and ~~3711~~3731]
 - Part D – Client complaints – Institutional Clients
[section ~~3715~~3740]
 - Part E – Client complaints – Retail Clients
[sections ~~3720~~3750 through ~~3728~~3759]
 - Part F – Legal actions
[section ~~3780~~3760]
 - Part G – ~~Record~~ Specific record retention requirements for client complaints

[~~sections 3785 and 3786~~section 3770]

3702. Definitions

(1) The following terms have the meaning set out below when used in Rule 3700:

<u>“complaint”</u>	<u>Any oral or written expression of dissatisfaction with a current or former Dealer Member, Approved Person or employee.</u>
<u>“cybersecurity incident”</u>	<u>Any act to gain unauthorized access to, disrupt or misuse a Dealer Member’s information system, or information stored on such information system, that has</u>

	<p><u>resulted in, or has a reasonable likelihood of resulting in:</u></p> <ul style="list-style-type: none"> <u>(i) substantial harm to any person,</u> <u>(ii) a material impact on any part of the normal operations of the Dealer Member,</u> <u>(iii) invoking the Dealer Member’s business continuity plan or disaster recovery plan, or</u> <u>(iv) the Dealer Member being required under any applicable laws to provide notice to any government body, securities regulatory authority or other SRO.</u>
<p><u>“internal dispute resolution service”</u></p>	<p><u>An internal dispute resolution service offered by the Dealer Member, or an affiliate of the Dealer Member, to the Dealer Member’s clients.</u></p>
<p><u>“serious client-related misconduct”</u></p>	<p><u>Any serious misconduct relating to the client’s account or to interactions with the client.</u></p>
<p><u>“serious misconduct”</u></p>	<ul style="list-style-type: none"> <u>(i) Any activity which creates a reasonable risk of material harm to a client or the capital markets, including, but not limited to, any:</u> <ul style="list-style-type: none"> <u>(a) material breach of client personal information under the Dealer Member’s control,</u> <u>(b) theft,</u> <u>(c) fraud,</u> <u>(d) misappropriation or misuse of funds or securities,</u> <u>(e) forgery,</u> <u>(f) money laundering,</u> <u>(g) insider trading,</u> <u>(h) misrepresentation,</u> <u>(i) unauthorized trading, including discretionary trading contrary to sub-section 3221(1),</u>

	<p>(j) <u>engaging in Dealer Member related activities outside the Dealer Member,</u></p> <p>(k) <u>engaging in activities outside the Dealer Member contrary to section 2554,</u></p> <p>(l) <u>addressing conflicts of interest in a manner that is contrary to section 3111 or section 3112,</u></p> <p>(m) <u>engaging in personal financial dealings contrary to section 3115,</u></p> <p>(n) <u>violating the best execution of client orders requirements in Part C of Rule 3100,</u></p> <p>(o) <u>violating the client priority requirements in section 3503 or in Universal Market Integrity Rule 5.3., and</u></p> <p>(p) <u>violating the suitability determination obligation in Rule 3400, or</u></p> <p>(ii) <u>any other instance of material non-compliance with IROC requirements, securities laws or any applicable laws.</u></p>
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3703. – 3709. Reserved.

PART A – REPORTING REQUIREMENTS

~~3702~~3710. Reporting ~~by an Approved Person~~ to the Dealer Member

- (1) An *Approved Person* must report to the *Dealer Member* as soon as possible or, at the latest, within two business days upon becoming aware of any of the following matters ~~within two business days:~~
- (i) if there is a change in the *Approved Person's* registration information or Form 33-109F4,
 - (ii) if the *Approved Person* has reason to believe that ~~he or she has or they~~ may have engaged or currently be ~~contravening~~engaging in any ~~IROC requirements, securities laws, or any applicable laws~~serious misconduct,
 - (iii) if the *Approved Person* is the subject of a ~~written~~ client complaint, ~~or~~

- (iv) if ~~the Approved Person becomes aware of~~ there is a client *complaint*, ~~in writing or other form, about~~ alleging serious client-related misconduct by another *Approved Person* involving allegations of theft, fraud, misappropriation of funds or securities, forgery, money laundering, market manipulation, insider trading, misrepresentation, or unauthorized trading. ~~or employee, or~~
- (v) if the *Approved Person* is subject to any of the following in any jurisdiction inside or outside of Canada, while in the employ of the *Dealer Member* or concerning matters that occurred while in the employ of the *Dealer Member*:
 - (a) charged with, convicted of, plead guilty or no contest to, any criminal offence,
 - (b) named as a defendant or respondent in, or is the subject of, any proceeding, disciplinary action or investigation alleging contravention of any *securities laws or applicable laws*,
 - (c) named as a defendant or respondent in, or is the subject of any proceeding, disciplinary action or investigation alleging contravention of the requirements or policies of any regulatory or *SRO*, professional licensing or registration body,
 - (d) denial of registration or license by any regulatory or *SRO*, professional licensing or registration body, or
 - (e) any pending legal actions against the *Approved Person*, including a civil claim or arbitration notice alleging *serious misconduct*.
- (2) A *Dealer Member* must ~~inform~~ establish and maintain policies and procedures that require an *employee* report to the *Dealer Member* any of all the following matters as soon as possible or, at the latest, within two *business days* upon becoming aware of any of the following matters:
 - (i) if the *employee* has reason to believe that they may have engaged or currently be engaging in any *serious misconduct*,
 - (ii) if the *employee* is the subject of a client *complaint*,
 - (iii) if there is a client *complaint* alleging *serious client-related misconduct* by an *Approved Person* or another *employee*, or
 - (iv) if the *employee* is subject to any of the following in any jurisdiction inside or outside of Canada, while in the employ of the *Dealer Member* or concerning matters that occurred while in the employ of the *Dealer Member*:
 - (a) charged with, convicted of, plead guilty or no contest to, any criminal offence,
 - (b) named as a defendant or respondent in, or is the subject of, any proceeding, disciplinary action or investigation alleging contravention of any *securities laws or applicable laws*,
 - (c) named as a defendant or respondent in, or is the subject of any proceeding, disciplinary action or investigation alleging contravention of the requirements or policies of any regulatory or *SRO*, professional licensing or registration

- body,
- (d) denial of registration or license by any regulatory or SRO, professional licensing or registration body, or
- (e) any pending legal actions against the ~~Approved Person~~ employee, including a civil claim or arbitration notice alleging serious misconduct.
- (3) A Dealer Member must designate an *individual* or department to receive, and maintain records of, the reports required by ~~subsection 3702(1)~~ subsections 3710(1) and 3710(2).
- (4) Clauses 3710(1)(v) and 3710(2)(iv) do not include disclosure of an investigation if such disclosure is prohibited by the securities laws, applicable laws, or requirements or policies of any regulatory or SRO, professional licensing or registration body.

~~3703~~3711. Reporting by a Dealer Member to IIROC

- ~~(1) For purposes of this section 3703, a “cybersecurity incident” includes any act to gain unauthorized access to, disrupt or misuse a Dealer Member’s information system, or information stored on such information system, that has resulted in, or has a reasonable likelihood of resulting in:~~
- ~~(i) substantial harm to any person,~~
- ~~(ii) a material impact on any part of the normal operations of the Dealer Member,~~
- ~~(iii) invoking the Dealer Member’s business continuity plan or disaster recovery plan,~~
or
- ~~(iv) the Dealer Member being required under any applicable laws to provide notice to any government body, securities regulatory authority or other self-regulatory organization.~~
- ~~(2) A Dealer Member must report to IIROC any of the following matters, within the time period and, using the method prescribed~~ approved ~~by IIROC, as soon as possible or, at the latest, within five business days upon becoming aware of any of the following matters:~~
- ~~(i) all client complaints, against the Dealer Member or any current or former Approved Person, except service complaints. For the purpose of clause 3703(2)(i), a service complaint by a client is one that is related to service issues and is not the subject of any domestic or foreign securities laws,~~
- ~~(ii) whenever~~ if the Dealer Member has reason to believe that they may have engaged or currently be engaging in any serious misconduct,
- (ii) if the Dealer Member or Approved Person or employee has paid substantial compensation to a client either directly or indirectly,
- (iii) if an internal investigation is commenced by the Dealer Member in accordance with section ~~3706,~~ 3720,

- ~~(iii) — the results of the internal investigation under clause 3703(2)(ii)~~
- (iv) ~~any time~~ if the *Dealer Member*, or a current or former *Approved Person* or employee is subject to one of the following in any jurisdiction inside or outside of Canada, while in the employ of the *Dealer Member* or concerning matters that occurred while in the employ of the *Dealer Member*:
- (a) charged with, convicted of, plead guilty or no contest to, any criminal offence,
 - (b) named as a defendant or respondent in, or is the subject of, any proceeding ~~of~~ disciplinary action, or investigation alleging contravention of any *securities laws or applicable laws*,
 - (c) named as a defendant or respondent in, or is the subject of any proceeding ~~of~~ disciplinary action or investigation alleging contravention of the requirements or policies of any regulatory ~~or self-regulatory~~ organization or SRO, professional licensing or registration body,
 - (d) denial of registration or license by any regulatory organization or ~~self-regulatory organization~~ SRO, professional licensing or registration body, or
 - (e) subject to a civil claim or arbitration notice ~~involving any of the following: alleging serious misconduct, and~~
 - ~~(i) — any matters related to securities,~~
 - ~~(ii) — any matter related to handling of client accounts or dealings with clients, or~~
 - ~~(iii) — any matter that is the subject of any legislation, rules, regulations, or policies concerning securities, exchange contracts or financial services of any securities or financial services regulatory or self-regulatory organization in any jurisdiction,~~
- ~~(v) — the resolution of any matters set out in clause 3703(2)(iv),~~
- ~~(vi)~~ (v) any internal disciplinary action that is taken by a *Dealer Member* against an *Approved Person* or an employee as a result of:
- (a) a client complaint ~~within the meaning of clause 3703(2)(i)~~ involving allegations of serious misconduct,
 - (b) a ~~securities related~~ civil claim or arbitration notice, involving allegations of serious misconduct, or
 - ~~(c) — an internal investigation,~~
 - ~~(d) — a Dealer Member initiated disciplinary action imposing suspension, termination, demotion, or trading restrictions on the Approved Person~~
 - ~~(e) — a Dealer Member initiated~~
 - ~~(c) — an internal investigation involving allegations of serious misconduct.~~
- (2) A Dealer Member must report to IIROC, using the method approved by IIROC, as soon as possible or at the latest within 20 business days upon becoming aware of a client complaint, all client complaints involving allegations of serious misconduct against the

Dealer Member or any current or former Approved Person or employee while in the employ of the Dealer Member.

(3) A Dealer Member must report to IIROC, using the method approved by IIROC, as soon as possible or at the latest within five business days the resolution of:

- (i) any matter set out in clause 3711(1)(iv),
- (ii) any internal disciplinary action ~~not involving any of the matters listed in sub-clauses 3703(1)(vi)(a) through 3703(1)(vi)(c), which results in a monetary penalty:~~
 - ~~(i) over \$5,000 for a single occurrence,~~
 - ~~(ii) over \$15,000 in total in a calendar year, or~~
 - ~~(iii) imposed three times or more in a calendar year~~ set out in clause 3711(1)(v), and
 - ~~(vii)~~
 - (iii) any client complaint set out in clause 3711(2).

(4) A Dealer Member must report to IIROC, using the method approved by IIROC, as soon as possible or at the latest within 20 business days from the date on which an internal investigation is completed, a detailed description of the internal investigation conducted under section 3720 and its results.

(5) A Dealer Member must report to IIROC any cybersecurity incident, ~~in writing~~ using the method approved by IIROC,

(a) within three calendar days ~~from discovering~~upon becoming aware of a cybersecurity incident, and the report must include the following information:

- ~~(i)~~ (a) a description of the cybersecurity incident,
- ~~(ii)~~ (b) the date on which or time period during which the cybersecurity incident occurred and the date ~~it was discovered by~~when the Dealer Member became aware of it,
- ~~(iii)~~ (c) an preliminary assessment of the cybersecurity incident, including the risk of harm to any person and/or impact on the operations of the Dealer Member,
- ~~(iv)~~ (d) a description of immediate incident response steps the Dealer Member has taken to mitigate the risk of harm to persons and impact on its operations, and
- ~~(v)~~ (e) the name of and contact information for an individual who can answer, on behalf of the Dealer Member, any of IIROC's follow-up questions about the cybersecurity incident,

(b)ii) within 30 calendar days, unless otherwise agreed by IIROC, ~~from discovering~~upon becoming aware of a cybersecurity incident, and the report must include the following information:

- ~~(i)~~ (a) a description of the cause of the cybersecurity incident,
- ~~(ii)~~ (b) an assessment of the scope of the cybersecurity incident, including the number of persons harmed and the impact on the operations of the Dealer

Member,

~~(III)~~ (c) details of the steps the *Dealer Member* took to mitigate the risk of harm to *persons* and impact on its operations,

~~(IV)~~ (d) details of the steps the *Dealer Member* took to remediate any harm to any *persons*, and

~~(V)~~ (e) actions the *Dealer Member* has or will take to improve its *cybersecurity incident preparedness*.

(6) Clause 3711(1)(iv) does not include disclosure of an investigation if such disclosure is prohibited by the securities laws, applicable laws, or requirements or policies of any regulatory organization or SRO, professional licensing or registration body.

~~3704~~3712. Failure to report

- (1) Failure to report, ~~as required by~~ within the timelines set out in sections ~~3702~~3710 and ~~3703~~3711, may result in IIROC imposing an administrative fee, or other penalties that are permitted under IIROC requirements, against the *Dealer Member* or, where applicable, the Approved Person.

~~3705~~3713 - 3719. Reserved.

PART B – INTERNAL INVESTIGATIONS AND INTERNAL DISCIPLINE

~~3706~~3720. Requirement to commence an internal investigation

- (1) A *Dealer Member* must conduct an internal investigation, which includes an internal compliance review, if it ~~appears~~becomes aware that the *Dealer Member* ~~or~~, a current or former *Approved Person* or employee while employed by the *Dealer Member* engaged or appeared to have engaged in any ~~of the following types of activities in any jurisdiction inside or outside of Canada:~~serious misconduct.

~~(i) — theft,~~

~~(ii) — fraud,~~

~~(iii) — misappropriation of funds or securities,~~

~~(iv) — forgery,~~

~~(v) — money laundering,~~

~~(vi) — market manipulation,~~

~~(vii) — insider trading,~~

~~(viii) — misrepresentation, or~~

~~(ix) — unauthorized trading.~~

- ~~(2) — For the purpose of clause 3706(1)(viii), a misrepresentation means:~~

~~(i) — an untrue statement of facts, or~~

~~(ii) — an omission to state a fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.~~

37073721. Records of an internal investigation

- (1) ~~The~~For each internal investigation conducted in accordance with section 3720, the Dealer Member must maintain records ~~showing~~in accordance with section 3803 containing the:
- (i) ~~cause of~~the issues investigated,
 - (ii) the investigation steps taken, ~~and~~including the documents obtained and the individuals interviewed,
 - (iii) ~~results, the evidence collected, and~~
~~of each internal investigation in accordance with section 3803.~~
 - (iv) the conclusion made and any resulting recommendations and steps taken.
- (2) A Dealer Member must provide IIROC with the records required under subsection 3721(1) upon request.

37083722. Internal discipline

- (1) A Dealer Member's policies and procedures must establish procedures to determine the appropriate disciplinary measures, if any, for any breach of IIROC requirements or any securities laws ~~to be subject to appropriate disciplinary measures by any Approved Person or employee.~~

3723. Exception

- (1) A Dealer Member, an Approved Person and an employee are not required to comply with Parts A and B of Rule 3700 for any matter reported to IIROC under Universal Market Integrity Rules 10.16, 10.17 and 10.18.

37093724 - 3729. Reserved.**PART C – SETTLEMENT AGREEMENTS****37103730. Entering into settlement agreements**

- (1) ~~An Approved Person~~Persons and employees must obtain the Dealer Member's written consent before entering into any settlement agreement with a client, regardless of the form of the settlement and regardless of whether the settlement is the result of a client complaint or a finding by the Approved Person or the employee or the Dealer Member.
- (2) A Dealer Member must keep a record of the prior written consent in accordance with section 3803.
- (3) Subsection ~~3710(1)~~3730(1) does not apply to settlement agreements entered into by an ~~employee or Approved Person~~or employee who is authorized by the Dealer Member to negotiate or enter into settlement agreements in the normal course of ~~his/her~~their duties and does not arise out of ~~the~~ activities involving the Approved Person or employee.

37113731. Release

- (1) A release entered into between a Dealer Member and a client may not impose confidentiality or similar restrictions aimed at preventing a client from initiating a

complaint to the securities regulatory authorities, SROs or other enforcement authorities, or continuing with any pending complaint in progress, or participating in any further proceedings by such authorities.

~~37123732.~~ – ~~37143739.~~ Reserved.

PART D – CLIENT COMPLAINTS – INSTITUTIONAL CLIENTS

~~37153740.~~ **Policies** Complaint policies and procedures

- (1) The *Dealer Member's* policies and procedures must specifically address dealing effectively with *institutional client complaints* received.
- (2) The *Dealer Member's* policies and procedures must specifically address the following:
 - (i) the *Dealer Member* must acknowledge all ~~written and verbal~~ *institutional client complaints*,
 - (ii) the *Dealer Member* must convey the results of its investigation, if any, of a *complaint* to the *institutional client* in due course,
 - (iii) the *Dealer Member* must ensure that the *Approved Person* and their *Supervisor* is aware of all *institutional client complaints* filed against the *Approved Person*,
 - (iv) the *Dealer Member* must ensure that all allegations of *serious misconduct* are reported to an appropriate *Executive*, and
 - (v) *complaints* are to be handled by a *Supervisor* and a copy must be filed with the compliance department/function (or the equivalent) of the *Dealer Member*.
- (3) If the *Dealer Member* determines that the number or severity of *complaints* is significant, or when a *Dealer Member* detects frequent and repetitive *complaints* made with respect to the same or similar matters which may on a cumulative basis indicate a serious problem, then the *Dealer Member* must:
 - (i) review its internal policies and procedures, and
 - (ii) ensure recommendations to remedy the problem are submitted to the appropriate management level.

~~37163741.~~ – ~~37193749.~~ Reserved.

PART E – CLIENT COMPLAINTS – RETAIL CLIENTS

~~37203750.~~ **Retail client complaints**

- (1) A Dealer Member must document and, in a manner that a reasonable retail client would consider effective, fair and expeditious, respond to each retail client complaint made to the Dealer Member about any product or service offered by the Dealer Member or the Dealer Member's Approved Person or employee.
- (2) A *Dealer Member* must establish and maintain policies and procedures to deal effectively, fairly and expeditiously with ~~with both:~~
 - ~~(i) retail client complaints alleging misconduct, and~~

~~(ii) retail client complaints that do not allege misconduct.~~

~~(23)~~ A Dealer Member must provide a written response to any retail client complaint that is submitted in the form specified in section ~~3721~~3751.

~~3721~~3751. Application

(1) ~~Part E of Rule 3700 applies~~Sections 3751 to 3759 apply to complaints submitted by a retail client, or a person authorized to act on behalf of a retail client ~~in the following form:~~ alleging serious client-related misconduct.

~~(i) a recorded expression of dissatisfaction with a Dealer Member or employee or agent alleging misconduct, or~~

~~(ii) a verbal expression of dissatisfaction with the Dealer Member or employee or agent alleging misconduct where a preliminary investigation indicates that the allegation may have merit.~~

~~(2) For the purpose of subsections 3720(1) and 3721(1), alleged misconduct includes, but is not limited to:~~

~~(i) allegations of breach of confidentiality, theft, fraud, misappropriation or misuse of funds or securities, forgery, unsuitable investments, misrepresentation, or unauthorized trading relating to the client's account,~~

~~(ii) other inappropriate financial dealings with clients, or~~

~~(iii) engaging in Dealer Member related activities outside of the Dealer Member.~~

~~(32)~~ Any matter which is the subject of a civil action or arbitration is not considered to be a complaint for the purpose of section ~~3721~~3751.

~~3722~~3752. Handling client complaints

(1) Complaints must be handled by supervisory or compliance staff and a copy of the complaint must be filed with the compliance department or function (or the equivalent) of the Dealer Member.

(2) The Dealer Member must commit adequate resources, including training and support, to supervisory or compliance staff managing complaints and must establish clear roles and responsibility for the management of complaints.

(3) The Dealer Member must appoint an individual to act as the designated complaints officer. The individual must have the requisite experience and authority to oversee the complaint handling process and to act as a liaison with IIROC.

(4) An individual who is the subject of a complaint must not handle the complaint.

~~3723~~3753. Complaint policies and procedures

~~(1) A Dealer Member's policies and procedures must specifically address dealing effectively, fairly and expeditiously with complaints.~~

~~(2)~~ A Dealer Member's policies and procedures must ~~specifically~~specifically address:

- (i) procedures for a fair and thorough investigation of *complaints*,
- (ii) a process for assessing the merits of *complaints* with proper considerations of the facts of the case,
- (iii) the process to be followed in determining what offer should be made to the client, where the *complaint* is assessed to have merit,
- (iv) a description of remedial actions which may be appropriate to be taken within the firm, Dealer Member.
- ~~(v) a procedure that will ensure that complaints are not dismissed without proper consideration of the facts of each case,~~
- ~~(vi) a balanced approach to dealing with complaints that objectively considers the interests of the complainant, the Dealer Member, including the employees, Approved Persons or other relevant parties,~~
- ~~(vii) a process that ensures that the relevant employees, Approved Persons, employees and their Supervisors are made aware of all complaints filed by their clients,~~
- ~~(viii) procedures to inform an appropriate Executive of any serious misconduct, and~~
- ~~(ix) procedures to monitor the general nature of the complaints.~~
- (32) If a *Dealer Member* determines that the number or severity of *complaints* is significant, or when a *Dealer Member* detects frequent and repetitive *complaints* made with respect to the same or similar matters which may on a cumulative basis indicate a serious problem, the *Dealer Member* must:
 - (i) review its internal procedures and practices,
 - (ii) ascertain the scope and severity of client detriment that might have arisen,
 - (iii) consider whether it is fair and reasonable for the Dealer Member to undertake proactively a redress or remediation exercise, and
 - ~~(iv)~~ ensure recommendations to remedy the problem are submitted to the appropriate management level.

~~3724.—Client access~~3754. Disclosure of complaint handling procedures

- (1) At the time of account opening, a *Dealer Member* must provide each new client with:
 - (i) a written summary of the *Dealer Member's* complaint handling procedures, which is clear and can be easily understood by the client, and
 - (ii) a copy of the *complaint handling* process brochure, approved by IIROC.
- (2) A *Dealer Member* must make available to on its ~~clients, on an ongoing basis,~~ website a written summary of the *Dealer Member's* complaint handling procedures ~~which may be made available either on~~ Where the *Dealer Member's* does not have a website ~~or, the Dealer Member must make a written summary of their complaint-handling procedures available, on an ongoing basis,~~ by other means.

37253755. Complaint acknowledgement letter

- (1) The *Dealer Member* must send an acknowledgement letter to the complainant within five *business days* of receipt of a *complaint*.
- (2) The acknowledgement letter in subsection ~~3725(13755(1))~~ must be written in plain language and be in a format readily accessible and understandable by the complainant and include the following:
 - (i) the name, job title and full contact information of the *individual* at the *Dealer Member* handling the *complaint*,
 - (ii) a statement indicating that the client should contact the *individual* at the *Dealer Member* handling the *complaint* if ~~he/she~~they would like to inquire about the status of the *complaint* or provide the *Dealer Member* with any additional information,
 - (iii) an explanation of the *Dealer Member's* internal *complaint* handling process, including but not limited to the role of the designated complaints officer,
 - (iv) a reference to an attached copy of *IIROC* approved *complaint* handling process brochure and a reference to the statutes of limitations contained in the document,
 - (v) the 90-~~days~~-day time line to provide a substantive response to complainants, and
 - (vi) a statement informing the client that the *Dealer Member* may request additional information, from time to time, to investigate the *complaint*.

37263756. Response to client complaints

- (1) The *Dealer Member* must send a substantive response letter to each complainant.
- (2) The substantive response letter must be accompanied by a copy of the *complaint* handling process brochure approved by *IIROC*.
- (3) The substantive response letter must be written in plain language and be in a format readily accessible and understandable by the complainant.
- (4) The substantive response letter must be presented in a manner that is fair, clear and not misleading to the client, and must include the following information:
 - (i) a summary of the *complaint*,
 - (ii) the result of the *Dealer Member's* investigation,
 - (iii) the *Dealer Member's* final decision on the *complaint*, including an explanation, ~~and~~
 - (iv) a statement describing to the client the options available if the client is not satisfied with the *Dealer Member's* response, including the availability of:
 - (a) ~~arbitration,~~
 - (b) ~~litigation/civil action,~~
 - (c) ~~submitting a complaint to IIROC,~~
 - (d) the approved *ombudsman* service, if a request is made within the period required by the ~~ombudsman,~~
 - (e) ~~an internal~~approved *ombudsman* service ~~offered by an affiliate of,~~

- (b) arbitration,
- (c) litigation/civil action, and
- (d) any other available options,
- (v) a statement that the client may report any suspected *serious misconduct* to *IIROC* for an assessment of whether any disciplinary action is warranted, and
- (vi) if the *Dealer Member*, if any, offers an *internal dispute resolution service* to its *retail clients*, a statement describing the availability of an *internal dispute resolution service*, with an explanation that:
- (a) ~~(i)~~ the use of the *internal ombudsman dispute resolution service* process is voluntary, and
- ~~(ii)~~ the estimated length of time the process is expected to take based on historical data, and
- ~~(f)~~ any other applicable options
- (b) the *internal dispute resolution service*'s 90-day time line to provide a substantive response to complainants.
- (45) A *Dealer Member* must ~~respond~~ send a substantive response letter to each ~~client~~ complainant as soon as possible and not later than 90 days from the date of ~~receipt of~~ they received the *complaint* subject to the following:
- (i) the 90-~~days~~-day time line must include all internal processes of the *Dealer Member* that are made available to the client, other than the *internal ombudsman process offered by an affiliate of the Dealer Member* dispute resolution service,
 - (ii) the *Dealer Member* must inform the client if the *Dealer Member* is unable to provide the client with a ~~final~~ substantive response letter within the 90-~~days~~-day time line and must include the reasons for the delay and the new estimated time of completion, and
 - (iii) the *Dealer Member* must inform *IIROC* if the *Dealer Member* is unable to meet the 90-~~days~~-day time line and must provide reasons for the delay.
- (6) If the *Dealer Member* offers an *internal dispute resolution service* to its *retail clients*, the *Dealer Member* must establish and maintain policies and procedures that require the *internal dispute resolution service* to send a substantive response letter to each complainant as soon as possible and not later than 90 days from the date the *internal dispute resolution service* received the *complaint*.

~~3727~~3757. Duty to assist in client complaint resolution

- (1) If an *Approved Person* moves to a different *Dealer Member* after a *complaint* has been made against the *Approved Person*, the *Approved Person* must continue to co-operate with the *Dealer Member* where they were employed or acted as an *agent* until the *complaint* has been resolved.
- (2) *Dealer Members* must co-operate with each other if events relating to a *complaint* took place at more than one *Dealer Member* or if the *Approved Person* is an *employee* ~~or agent~~

of another *Dealer Member* that is not involved in the events relating to the *complaint*.

~~3728~~3758. **Client complaint file**

- (1) A *Dealer Member* must retain the following information in accordance with section ~~3786~~3771 for each client *complaint*:
- (i) the complainant's name,
 - (ii) the date of the *complaint*,
 - (iii) the nature of the *complaint*,
 - (iv) the name of the *individual* who is subject of the *complaint*,
 - (v) the securities or services which are the subject of the *complaint*,
 - (vi) the materials reviewed ~~in~~and obtained during the *investigation*,
 - (vii) the name, title and date *individuals* were interviewed for the *investigation*, and
 - (viii) the date and conclusion of the decision rendered in connection with the *complaint*.

~~3729. — 3779. Reserved~~

3759. Communication of internal dispute resolution service options

- (1) If the *Dealer Member* or an affiliate of a *Dealer Member* offers an *internal dispute resolution service*, the *Dealer Member* must clearly indicate in their communications with clients the following:
- (i) the *internal dispute resolution service* is employed by the *Dealer Member* or an affiliate of a *Dealer Member* and is not an independent dispute resolution service,
 - (ii) a client may submit a *complaint* to the *approved ombudsman service* without first submitting a *complaint* to the *internal dispute resolution service* if the *Dealer Member* has not provided the client with a substantive response letter within 90 days as required by subsection 3756(5),
 - (iii) a client may submit their *complaint* to the *approved ombudsman service* without first submitting a *complaint* to the *internal dispute resolution service* if the client is not satisfied with the *Dealer Member's* substantive response letter,
 - (iv) the use of the *internal dispute resolution service* is voluntary,
 - (v) the *internal dispute resolution service* has 90 days to provide a substantive response to a client, and
 - (vi) that the statutory limitation periods continue to run while an *internal dispute resolution service* reviews a *complaint*, which may impact a client's ability to commence a civil action.
- (2) In referring to its *internal dispute resolution service* or to the persons assigned to its *internal dispute resolution service*, a *Dealer Member* may not use any misleading terms, including the term "ombudsman" or any other term with a similar meaning, that suggests that the *internal dispute resolution service* is independent of the *Dealer Member*.
- (3) A *Dealer Member* must clearly indicate in their communications with clients the following:

- (i) a client has 180 days after receiving the Dealer Member's substantive response letter to submit their complaint to the approved ombudsman service, and
- (ii) the services of the approved ombudsman service are provided free of charge.
- (4) A Dealer Member's disclosure of the approved ombudsman service must:
 - (i) be equally prominent as the Dealer Member's disclosure of the internal dispute resolution service.
 - (ii) be clear, transparent and written in plain language, and
 - (iii) include the full contact information of the approved ombudsman service.

PART F – LEGAL ACTIONS

~~3780~~3760. Reporting legal actions

- (1) All legal actions against the *Dealer Member* must be reported to an appropriate *Executive* of the *Dealer Member*.

~~3781~~3761. – ~~3784~~3769. Reserved.

PART G – SPECIFIC RECORD RETENTION REQUIREMENTS FOR CLIENT COMPLAINTS

~~3785.~~ ~~Matters reported to IIROC~~

3770. Client complaints

- (1) A *Dealer Member* must maintain, ~~and make available to IIROC upon request, copies of all documents associated with matters reported to IIROC under section 3703 for a minimum~~copy ~~of seven years from the date of resolution of the matter.~~

~~3786.~~ ~~Client complaints~~

- ~~(1) A Dealer Member must keep an up-to-date record of all client complaints and associated documentation relating to the conduct, business and affairs of the Dealer Member, or an employee or agent of the Dealer Member, each client complaints file in a central and readily accessible place for a period of two years from the date of receipt of a client complaint.~~
- ~~(2) For each client complaint file, a Dealer Member must maintain a copy for seven years in a location that is retrievable within a reasonable period of time.~~

~~3787~~3771. – 3799. Reserved.

RULE 3800 | DEALER MEMBER RECORDS AND CLIENT COMMUNICATIONS

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3804. General requirements to maintain records

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- (2) The *records* required under subsection 3804(1) include, but are not limited to, *records* that do the following:
- (i) permit timely creation and audit of financial statements and other financial information required to be filed or delivered to *IIROC* or the applicable *securities regulatory authority*,
 - (ii) permit determination of the *Dealer Member's* capital position,
 - (iii) demonstrate compliance with the *Dealer Member's* capital and insurance requirements,
 - (iv) demonstrate compliance with internal control procedures,
 - (v) demonstrate compliance with the *Dealer Member's* policies and procedures,
 - (vi) permit the identification and *segregation* of client cash, securities, and other property,
 - (vii) identify all transactions conducted on behalf of the *Dealer Member* and each of its clients, including the parties to the transaction and the terms of the purchase or sale,
 - (viii) provide an audit trail for:
 - (a) client instructions and orders, and
 - (b) each trade transmitted or executed for a client or by the *Dealer Member* on its own behalf,
 - (ix) permit the generation of account activity reports for clients,
 - (x) provide securities pricing as may be required by *securities laws*,
 - (xi) document the opening of client accounts, including any agreements with clients and evidence that account related documents required by *IIROC requirements* have been provided to clients,
 - (xii) demonstrate compliance with know-your-client, account appropriateness, product due diligence, know-your-product and suitability determination requirements,

- (xiii) demonstrate compliance with complaint handling requirements,
- (xiv) document *correspondence* with clients,
- (xv) document compliance, training, and and supervision actions taken by the *Dealer Member*,
- (xvi) demonstrate compliance with conflicts of interest requirements,
- (xvii) document
 - (a) the Dealer Member’s sales practices, compensation arrangements and incentive practices, and
 - (b) other compensation arrangements and incentive practices from which the *Dealer Member* or its *Approved Persons*, or any affiliate or associate of that *Dealer Member*, benefit,
- (xviii) demonstrate compliance with misleading communications requirements,
- (xix) demonstrate compliance with the conditions for *temporary holds*, and
- (xx) document each event required to be reported to IIROC under subsections 3711(1) through 3711(5).

RULE 9500 | ALTERNATIVE DISPUTE RESOLUTION

9501. Introduction

- (1) Rule 9500 sets out the requirements relating to a *Dealer Member's* obligation to participate in arbitration programs and ombudsman services approved by *IIROC*.

9502. Participation by a Dealer Member in arbitration

- (1) The *Board* may approve, with terms and conditions, one or more arbitration programs or organizations for *Dealer Members* or any class of *Dealer Members*.
- (2) A *Dealer Member* must participate in or become a member of an arbitration program or organization approved by the *Board*.
- (3) The participation of a *Dealer Member* in, or any decision made under, an arbitration program will not affect *IIROC's* authority, or prevent it from exercising that authority under *IIROC requirements*.
- (4) If a client requests arbitration, the *Dealer Member* involved must submit to binding arbitration in any dispute between the *Dealer Member* and the client.
- (5) The *Dealer Member* must comply with the arbitration program's requirements and decisions.

9503. Participation by a Dealer Member in an ombudsman service

- (1) A *Dealer Member* must participate in an ombudsman service approved by the *Board*.
- (2) The participation of a *Dealer Member* in, or any recommendations made by, an [approved ombudsman service](#), will not affect the authority of *IIROC* or prevent it from exercising that authority under *IIROC requirements*.
- (3) On a client's request, any dispute between a *Dealer Member* and the client must be submitted to the *approved ombudsman service*.
- (4) The eligibility of a dispute for review is made by the [approved ombudsman service](#) based on its terms of reference.
- (5) A *Dealer Member* must comply with the [approved ombudsman service's](#) requirements.
- (6) The [approved ombudsman service's](#) recommendations are non-binding on each participant in the service.

9504. Dealer Members must provide information to ombudsman service

- (1) The [approved ombudsman service](#) may ask a *Dealer Member*, or an *Approved Person*, or other *person* subject to *IIROC's* authority for information or *records* relating to a review or investigation.
- (2) The *person* in subsection 9504(1) must submit the information requested in the form and manner, including electronic, as prescribed by the [approved ombudsman service](#).
- ~~(3) The ombudsman service may not provide *IIROC* with any information or *records* of its~~

~~service received relating to a review or investigation, except information relating to an IIROC investigation or hearing allegation that:~~

- ~~(i) the Dealer Member provided information to the ombudsman service it knew was false and intended to mislead the ombudsman, or~~
- ~~(ii) the Dealer Member failed to provide information as required by section 9504.~~

9505. – 9699. Reserved.