

Core Regulatory Obligations Exemptions Chart

Do the Core Regulatory Obligations apply in the following scenarios?

Scenario:	Core Regulatory Obligation:					
	Account Appropriateness ¹ (Rule 3211)	Account Suitability ¹ (Rule 3402(3))	Product Due Diligence (PDD) (Rule 3301)	Know your product (KYP) (Rule 3302)	Know your client (KYC) (Rule 3202)	Portfolio Suitability (Rule 3402)
(i) Type of Account:						
Order Execution Only Account	Partially ² (see 3211(2)(i))	Partially ³ (see 3404(1)(i))	Yes	No (see 3303(2)(i))	Partially ⁴ (see 3208(1)(i))	No (see 3404(1)(i))
Direct Electronic Access Account	Partially ² (see 3211(2)(ii))	Partially ³ (see 3404(1)(ii))	Yes	No (see 3303(2)(ii))	Partially ⁴ (see 3208(1)(ii))	No (see 3404(1)(ii))
Advisory Account	Yes	Yes	Yes	Yes	Yes	Yes
Discretionary Account/Managed Account	Yes	Yes	Yes	Yes	Yes	Yes
(ii) Type of Client:						
All Institutional Clients	Yes ⁵	Yes ⁶	Yes	Yes	Partially ⁴ (see 3208(1)(iv))	Yes ⁶ (see 3404(3)(ii) for potential waiver)
Subcategories of Institutional Clients (Dealer Member, regulated entity, exempt market dealer, portfolio manager, bank, trust company or insurance company)	No ⁵ (see 3211(3)(ii))	No ⁶ (see 3404(4))	Yes	Yes	Partially ⁷ (see 3208(1)(iv))	No ⁶ (see 3404(3))
(iii) Service Provider⁸:						
Carrying Broker	No (see 3211(3)(i))	No (see 3404(2))	No (see 3303(1))	No (see 3303(2)(iii))	Partially ⁴ (see 3208(1)(iii))	No (see 3404(2))
Trade Execution, Clearing, Settlement (e.g., to a PM)	No (see 3211(3)(i))	No (see 3404(2))	No (see 3303(1))	No (see 3303(2)(iii))	Partially ⁴ (see 3208(1)(iii))	No (see 3404(2))

- ¹ The Account Appropriateness and Account Suitability obligations mirror each other. However, Account Appropriateness is conducted prior to account opening and Account suitability is an ongoing obligation conducted after the account has been opened.
- ² Order Execution Only Accounts and Direct Electronic Access Accounts are subject to 3211(1)(i) [that it would be appropriate for the person to become a client of the Dealer Member]. However, they are exempt from 3211(1)(ii) [that the scope of products, services and account relationships which the person would have access to within the account are appropriate for the person].
- ³ The applicability of Account Suitability for Order Execution Only Accounts and Direct Electronic Access Accounts tracks the applicability of Account Appropriateness for these account types.
- ⁴ Subsection 3208(1) provides an exemption only from the KYC provisions relating to suitability (3202(1)(iii) and 3202(4)). Dealers remain obligated to collect other types of KYC information (e.g., AML/Client ID information, institutional client status, etc.).
- ⁵ Note that as the account appropriateness determination is conducted prior to account opening, 3211 uses the language “person” rather than “retail client” or “institutional client”.
- ⁶ The Portfolio Suitability and Account Suitability obligations set out in Rule 3402 only apply only with respect to “retail clients”. As such, Rule 3402 does not apply to “institutional clients”. However, Rule 3403 sets out the institutional client account and portfolio suitability obligations (and applicable exemptions) with respect to institutional clients.
- ⁷ 3208(1)(ii) uses the term “institutional client” and therefore captures all subcategories of institutional clients.
- ⁸ Service providers are Dealer Members who provide certain back-office services to another Dealer Member, portfolio manager, exempt market dealer or their respective clients. In these cases, the other Dealer Member, portfolio manager or exempt market dealer is generally responsible for the core regulatory obligations.

Custodian	No (see 3211(3)(i))	No (see 3404(2))	No (see 3303(1))	No (see 3303(2)(iii))	Partially ⁴ (see 3208(1)(iii))	No (see 3404(2))
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