

## NOTICE OF HOUSEKEEPING AMENDMENTS TO CIPF COVERAGE POLICIES AND BY-LAW July 27, 2023

### Background

As of January 1, 2023, the former Canadian Investor Protection Fund (Former CIPF) and the MFDA Investor Protection Corporation (MFDA IPC) were amalgamated to form a new investor protection fund: the Canadian Investor Protection Fund (CIPF)/Fonds canadien de protection des investisseurs (FCPI).

Concurrent with the launch of CIPF, the Coverage Policy, Claims Procedures, Guidelines for CIPF Appeal Committees Hearings, and Disclosure Policy (collectively, the CIPF Coverage Policies) and CIPF By-law Number 1 (By-law) came into effect on January 1, 2023.

CIPF is publishing notice of housekeeping amendments to the CIPF Coverage Policies and By-law.

### Housekeeping Amendments

Following the amalgamation of the Former CIPF and MFDA IPC, CIPF staff became aware of a non-material typo in the Coverage Policy. As a result, staff conducted a proofreading review of other key CIPF documents and determined that housekeeping amendments were also needed to address editorial and non-material typos (e.g., spacing, capitalization, consistency in terminology) in the remaining Coverage Policies and the By-law. In addition, in April 2023, the New Self-Regulatory Organization of Canada (New SRO) announced that its new name would be the Canadian Investment Regulatory Organization (CIRO) in English, and Organisme canadien de réglementation des investissements (OCRI) in French, effective June 1, 2023. Accordingly, this change has been included in the proposed housekeeping amendments to the Coverage Policies and By-law.

The housekeeping amendments to the CIPF Coverage Policies have been reviewed by the CIPF Board and approved by the President & CEO under the authority granted by the CIPF Board. The housekeeping amendments to the By-law were approved by the CIPF Board.

Clean and blackline versions of the amended CIPF Coverage Policies and By-law are attached to this notice as follows:

- Attachment A – Coverage Policy, amended July 27, 2023
- Attachment B – Blackline of Coverage Policy, amended July 27, 2023
- Attachment C – Claims Procedures, amended July 27, 2023
- Attachment D – Blackline of Claims Procedures, amended July 27, 2023
- Attachment E – Guidelines for CIPF Appeal Committees Hearings, amended July 27, 2023
- Attachment F – Blackline of Guidelines for CIPF Appeal Committees Hearings, amended July 27, 2023



- Attachment G – Disclosure Policy, amended July 27, 2023
- Attachment H – Blackline of Disclosure Policy, amended July 27, 2023
- Attachment I – CIPF By-law Number 1, amended July 27, 2023
- Attachment J – Blackline of CIPF By-law Number 1, amended July 27, 2023

### **Classification as Housekeeping Amendments**

The housekeeping amendments to the CIPF Coverage Policies and By-law are editorial in nature and have no material impact on investors, issuers, registrants, other market participants, CIRO, CIPF, or the capital markets generally.

The housekeeping amendments to the CIPF Coverage Policies and By-law were filed with CSA members in accordance with the orders issued by the members of the Canadian Securities Administrators (CSA) approving CIPF as a compensation fund, effective January 1, 2023 (Approval Orders). CIPF confirms that the amendments are in compliance with the terms and conditions of the Approval Orders. CSA members have provided their non-objection to the classification of the amendments as housekeeping amendments under the Memorandum of Understanding regarding the Oversight of CIPF, effective January 1, 2023.

### **Effective Date**

The housekeeping amendments to the CIPF Coverage Policies and By-law come into effect as of July 27, 2023.

### **For further information please contact:**

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## A. OVERVIEW

1. CIPF provides coverage to customers of members of the Canadian Investment Regulatory Organization, as it is currently named or as it may be renamed from time to time (“**CIRO**”) accepted for membership in CIPF (“**CIRO Members**”) for financial losses in respect of property held in customers’ account caused solely by the insolvency of a CIRO Member. CIPF’s objective is to either return assets to customers or, where assets are not available from the insolvent CIRO Member, provide compensation for their value as at the date of the insolvency. This Policy describes who is eligible as a customer, the kind of losses and property covered, the limits of coverage and how claims are determined and made.
2. CIPF has discretion in determining the customers eligible for protection and the financial loss covered by CIPF in the event of an insolvency of a CIRO Member. This Policy has been adopted to describe the way in which such discretion is intended to be exercised. CIPF reserves the right in the appropriate circumstances to authorize or withhold any payments in a manner other than as described in this Policy.

## B. FUNDING FOR COVERAGE

1. CIPF maintains two segregated funds designed to provide coverage to eligible customers of CIRO Members (each a “**Fund**”). The Fund designated as the “**Investment Dealer Fund**” is available to satisfy potential claims for coverage under this Policy by customers of CIRO Members duly registered under Canadian securities legislation in the category of “investment dealer” or in the categories of both “investment dealer” and “mutual fund dealer” (“**Investment Dealers**”). The Fund designated as the “**Mutual Fund Dealer Fund**” is available to satisfy potential claims for coverage under this Policy by customers of CIRO Members duly registered under Canadian securities legislation only in the category of “mutual fund dealer” (“**Mutual Fund Dealers**”).
2. CIPF maintains on its website at [www.cipf.ca](http://www.cipf.ca) a list of CIRO Members whose customers are entitled to protection subject to the terms of this Policy, identifying whether each CIRO Member is an Investment Dealer or a Mutual Fund Dealer.
3. CIPF will, in its discretion, assess Investment Dealers for contributions to the Investment Dealer Fund and arrange for discrete sources of liquidity for the Investment Dealer Fund (including lines of credit or insurance policies). Likewise, CIPF will, in its discretion, assess Mutual Fund Dealers for contributions to the Mutual Fund Dealer Fund and arrange for discrete sources of liquidity for the Mutual Fund Dealer Fund (including lines of credit or insurance policies).
4. *Only the Investment Dealer Fund is available to satisfy claims for coverage under this Policy by eligible customers of Investment Dealers, and in no event will claims made by customers of an insolvent Mutual Fund Dealer be satisfied from the Investment Dealer Fund. Similarly, only the Mutual Fund Dealer Fund is available to satisfy claims for coverage*

*under this Policy by eligible customers of Mutual Fund Dealers, and in no event will claims made by customers of an insolvent Investment Dealer be satisfied from the Mutual Fund Dealer Fund.*

## C. CUSTOMERS AND ACCOUNTS

### Eligible Customers and Eligible Accounts

1. A customer eligible for coverage under this Policy (“**Customer**”) is an individual, corporation, partnership, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative who has an account with an insolvent CIRO Member used for transacting securities or commodity and futures contracts business with the CIRO Member (dealing as principal or agent) (an “**Account**”). An Account must be fully disclosed in the records of the CIRO Member and is normally evidenced by receipts, contracts and statements that have been issued by the CIRO Member.
2. Customers introduced to a CIRO Member by a foreign affiliate of the CIRO Member, in accordance with the requirements of CIRO, are considered Customers of the CIRO Member eligible for coverage. Accounts with entities other than a CIRO Member (but including, for greater certainty, a CIRO Member’s affiliates or related organizations) are not Accounts for the purposes of this Policy.

### Persons Excluded as Customers

3. A Customer does not include:
  - i) a domestic or foreign securities or mutual fund dealer registered with a Canadian securities regulatory authority or foreign equivalent;
  - ii) any individual or corporation to the extent that such person has a claim for cash or securities which by contract, agreement, or understanding, or by operation of law, is part of the capital of the insolvent CIRO Member such that the claim represents five percent or more of any class of equity securities of the insolvent CIRO Member, or any individual who has a claim which is subordinated to the claims of any or all creditors of the insolvent CIRO Member;
  - iii) a general partner or director of the insolvent CIRO Member;
  - iv) a limited partner with a participation of five percent or more in the net assets or net profits of the insolvent CIRO Member;
  - v) a person with the power to exercise a controlling influence over the management or policies of the insolvent CIRO Member;
  - vi) a clearing corporation;
  - vii) a customer of an institution, securities dealer or other party dealing with a CIRO Member on an omnibus basis (being an account in which the transactions of two or

more persons are combined without disclosure to the CIRO Member of the identity of such persons);

- viii) a person who caused or materially contributed to the insolvency of a CIRO Member, including, but not limited to, a person who has been declared by a court of competent jurisdiction to be a deferred customer pursuant to the provisions of the *Bankruptcy and Insolvency Act* (Canada); and
- ix) a person who does not deal at arm's length (as determined by CIPF) with either an insolvent CIRO Member or a person who is excluded as a Customer.

#### Québec

- 4. While CIRO is recognized as a self-regulatory organization of which Mutual Fund Dealers operating in the Province of Québec are required to be members, those Mutual Fund Dealers are not required to contribute to the Mutual Fund Dealer Fund in respect of Customer Accounts located in Québec. Accordingly, these Customer Accounts will not be eligible for coverage by CIPF. Generally, a Customer Account is considered to be located in Québec for these purposes if the office serving the Customer is located in Québec.

#### D. LOSSES

- 1. Losses eligible for coverage by CIPF ("**Losses**") must be financial losses of a Customer caused solely by the insolvency of a CIRO Member. These losses must arise from the failure of the insolvent CIRO Member to return or account for Property (as defined below) of the Customer previously received, acquired or held by, or in the control of, the CIRO Member, including any such Property unlawfully converted.
- 2. Losses which do not result from the insolvency of a CIRO Member, such as losses from changing market values of securities, unsuitable investments or the default of an issuer of securities are not covered. Losses in a Customer's Account arising from business financing activities of the CIRO Member are also not covered.

#### E. PROPERTY COVERED

##### Types of Property

- 1. The property of a Customer for which CIPF coverage may be available in accordance with the provisions of this Policy includes securities, commodity and futures contracts, cash, cash equivalents and segregated funds received, acquired or held by, or in the control of, the CIRO Member ("**Property**").

##### Eligible Property

- 2. CIPF coverage may be available in respect of Property that is or should have been held by, or in the control of, an insolvent CIRO Member for the account of a Customer at the date of insolvency and which the insolvent CIRO Member is obliged to return to the Customer. This

kind of Property is commonly referred to as being in the “nominee name” of the CIRO Member (as opposed to “client name” as described below).

### **Ineligible Property**

#### Customer (or Client) Name

3. Property that is not held by the CIRO Member, or not recorded in a Customer's Account as being held by a CIRO Member, such as securities that are registered directly in the name of the Customer with the issuer or deposits with financial institutions, is not eligible for CIPF coverage even though it was sold through the CIRO Member to the Customer. This kind of Property is commonly referred to as being in “client name” (as opposed to the “nominee name” of the CIRO Member), may appear on Customer account statements and is not eligible for coverage unless it is otherwise in the custody or control of the CIRO Member. Such custody or control may arise where a CIRO Member or its representatives have ostensible control over assets of a customer holding client name Property by virtue of a power of attorney, trading authorization or temporary receipt of cash intended to be received by an issuer.

#### Crypto Assets

4. Property received, acquired or held by, or in the control of, a CIRO Member that consists of crypto assets, crypto contracts, or other crypto-related property is not eligible for CIPF coverage. For greater certainty, Property consisting of securities of a mutual fund or exchange-traded fund that invests in or holds crypto assets, crypto contracts or other crypto-related property is, however, eligible for CIPF Coverage.

#### Non-Compliant Property

5. Property received, acquired or held by, or in the control of, a CIRO Member in relation to which the CIRO Member is not permitted to trade under Canadian securities legislation is not eligible for CIPF Coverage.

## **F. LIMITS OF COVERAGE**

### **Maximum for each Account**

1. The maximum amount of coverage for eligible Property in a Customer's General Account (defined below), and in each Separate Account (defined below), is \$1,000,000, subject to the aggregation of such Accounts as described below.

### **General Accounts**

2. Each Account of a Customer shall be considered a General Account unless held in a capacity or circumstance set out below under “Separate Accounts” such that it qualifies as a Separate Account. All General Accounts of a Customer, or any interest the Customer may have in a General Account, shall be combined or aggregated so as to constitute a single General

Account of such Customer for the purposes of determining the payments to be made to the Customer. The interest of a Customer in an Account which is held on a joint or shared ownership basis shall be treated as if it were a General Account and similarly combined with the other General Accounts of the Customer. An Account held by a nominee or agent for another person as a principal or beneficial owner shall, except as otherwise provided in this Policy, be deemed to be the Account of the principal or beneficial owner. All Accounts of a Customer opened with a CIRO Member by one or more domestic advisers registered with a Canadian securities regulatory authority, where those accounts are fully disclosed in the records of the CIRO Member, shall also be combined or aggregated to constitute a single General Account and combined with other General Accounts of the Customer, unless any such Accounts are otherwise Separate Accounts under this Policy. For the purposes of determining the maximum coverage available, the General and Separate Accounts that a Customer has with a CIRO Member will not be combined with the General and Separate Accounts that the same Customer may have with another CIRO Member, including another CIRO Member who has an introducing / carrying agreement with the first CIRO Member.

### Separate Accounts

3. Each Account of a Customer held by it in the capacity or circumstance set out below shall be considered a Separate Account of the Customer. Unless otherwise indicated below, each Separate Account held by a Customer in the same capacity or circumstance shall be combined or aggregated so as to constitute a single Separate Account. The burden shall be on the Customer to establish each capacity or circumstance in which the Customer claims to hold Separate Accounts. An Account of a Customer shall not be a Separate Account if it existed on the date of insolvency primarily for the purpose of increasing protection by CIPF.
  - i) **Registered Retirement Plans:** *accounts of registered retirement or deferred income plans such as registered retirement savings plans (RRSPs), registered retirement income funds (RRIFs), life income funds (LIFs), locked-in retirement accounts or plans (LIRAs or LIRSPs) and locked-in retirement income funds (LRIFs) established for the account of a customer (excluding spousal plans) which comply with the requirements under the Income Tax Act (Canada) for such plans and which have been accepted by the Minister under such Act, where the customer is entitled to the benefits of the plan. Accounts established with respect to a customer through the same or different trustees shall be combined and aggregated.*
  - ii) **Registered Education Savings Plans:** *accounts of education savings plans which comply with the requirements under the Income Tax Act (Canada) for registered education savings plans and which have been accepted by the Minister under such Act, where the customer is the subscriber of the plan. Accounts established with respect to a customer through the same trustee shall be combined and aggregated by trustee, but not if established through different trustees.*
  - iii) **Testamentary Trusts:** *accounts held in the name of a decedent, his or her estate or the executor or administrator of the estate of the decedent. Accounts of testamentary*



- trusts held by the same executor or administrator shall not be combined or aggregated unless held in respect of the same decedent.*
- iv) **Inter-vivos Trusts and Trusts Imposed by Law:** *accounts of inter-vivos trusts which are created by a written instrument and trusts imposed by law. Such Separate Accounts of customers shall be distinct from the trustee, the settlor or any beneficiary.*
  - v) **Guardians, Custodians, Conservators, Committees, etc.:** *accounts maintained by a person as a guardian, custodian, conservator, committee or similar capacity in respect of which accounts such person has no beneficial interest. Such accounts held by the same person in any such capacity shall not be combined or aggregated unless held in respect of the same beneficial owner.*
  - vi) **Holding Corporation:** *accounts of corporations controlled by a customer provided that the beneficial ownership of a majority of the equity capital of the corporation is held by persons other than the customer.*
  - vii) **Partnerships:** *accounts of partnerships controlled by a customer provided that the beneficial ownership of a majority of the equity interests in the partnership is held by persons other than the customer.*
  - viii) **Unincorporated Associations or Organizations:** *accounts of unincorporated associations or organizations controlled by a customer provided that the beneficial ownership in a majority of the assets of the association or organization is held by persons other than the customer.*

#### Timing of Payments

4. The time of payment of the maximum amount of coverage available for Claims (as defined below) may be affected by the amount of assets immediately available in the relevant Fund at the relevant time. While CIPF has the legal ability to assess CIRO Members for additional contributions, CIPF may not have on hand in the relevant Fund at any time sufficient assets to make immediate payment of the maximum amount of coverage available for Claims, such that payment may be delayed until such time as the assets of the relevant Fund are sufficient to fund the payments of coverage to which Customers are entitled in accordance with this Policy.

### G. CLAIMS

#### Claims and Determination of Customer Losses

1. The claim of a Loss of a Customer in respect of which CIPF may authorize payment (a “Claim”) shall be determined as at the applicable date of insolvency (as fixed by CIPF in its discretion) after taking into account the delivery of any Property to which the Customer is entitled and the distribution of any assets of the insolvent CIRO Member. Accordingly, the maximum payment which CIPF may make to a Customer shall be calculated as the balance of the Customer's financial Loss as a result of the insolvency of the CIRO Member net of such deliveries. The amount of a Customer's Claim may be reduced, at CIPF's discretion, to



the extent that the Customer is entitled to deposit insurance or other compensation from any source in respect of any Property to which the Loss relates. To be eligible for coverage, the Claim must be filed with CIPF or the trustee in bankruptcy, the receiver or similar official of the insolvent CIRO Member within 180 days of the date of insolvency.

#### **Date of Loss**

2. The date at which the financial Loss of a Customer is determined shall be fixed by CIPF as the date of insolvency of the CIRO Member, which may be the date of the CIRO Member's bankruptcy, or the date on which, in the opinion of CIPF, the CIRO Member became insolvent. The amount of Property delivered to a Customer in satisfaction of a Claim shall be the amount of Property to which the Customer was entitled as at such date for determining financial loss without regard to subsequent market fluctuations. In *lieu* of satisfying a Claim by the delivery of Property, cash in an amount equal to the value of the Property as at the date for determining financial Loss may be paid to the Customer even though the amount of such cash is not equal to the value of such Property as at the date of payment. Open positions in a Customer's Account may, with or without notice, be closed out or liquidated pursuant to the terms of the account with the CIRO Member or correspondent broker, clearing house or exchange requirements or applicable insolvency legislation or orders.

#### **Insolvency Legislation**

3. The determination of the amount of financial Loss suffered by a Customer of an insolvent CIRO Member for the purposes of payment by CIPF and the maximum limits of such payments shall be in accordance with this Policy. In addition, CIPF may exercise its discretion, in respect of determining Customers eligible for protection and the amount of financial Loss suffered, in a manner that is consistent with the right and extent to which a person may be entitled to claim against the customer pool fund of a CIRO Member under the *Bankruptcy and Insolvency Act* (Canada), subject to other restrictions in this Policy and the sole discretion of CIPF to determine protection by CIPF. CIPF may rely on the trustee in bankruptcy, the receiver or similar official under applicable law in determining the amount and validity of claims of a Customer and for the purpose of calculating financial Loss.

#### **Determination by CIPF Conclusive**

4. In the case of any question or dispute as to the interpretation or application of this Policy, including, without limitation, eligibility of the Customer, the amount of the financial Loss incurred by a Customer for the purposes of payment by CIPF of a Claim, the timing of payment and the maximum amounts to be paid to a Customer, the interpretation of CIPF of this Policy shall be final and conclusive. An appeal from a decision of CIPF may be available in accordance with the Claims Procedures.

**DATED January 1, 2023 and amended July 27, 2023**

**CANADIAN INVESTOR PROTECTION FUND (CIPF)**  
100 King Street West, Suite 2610, Toronto, Ontario M5X 1E5 Telephone: 416-  
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## COVERAGE POLICY

### A. OVERVIEW

1. CIPF provides coverage to customers of members of [the Canadian Investment Regulatory Organization](#) ~~New Self-Regulatory Organization of Canada~~, as it is currently named or as it may be renamed from time to time ("~~CIRO~~~~New SRO~~") accepted for membership in CIPF ("~~CIRO~~~~New SRO~~ Members") for financial losses in respect of property held in customers' account caused solely by the insolvency of a ~~CIRO~~~~New SRO~~ Member. CIPF's objective is to either return assets to customers or, where assets are not available from the insolvent ~~CIRO~~~~New SRO~~ Member, provide compensation for their value as at the date of the insolvency. This Policy describes who is eligible as a customer, the kind of losses and property covered, the limits of coverage and how claims are determined and made.
2. CIPF has discretion in determining the customers eligible for protection and the financial loss covered by CIPF in the event of an insolvency of a ~~CIRO~~~~New SRO~~ Member. This Policy has been adopted to describe the way in which such discretion is intended to be exercised. CIPF reserves the right in the appropriate circumstances to authorize or withhold any payments in a manner other than as described in this Policy.

### B. FUNDING FOR COVERAGE

1. CIPF maintains two segregated funds designed to provide coverage to eligible customers of ~~CIRO~~~~New SRO~~ Members (each a "Fund"). The Fund designated as the "**Investment Dealer Fund**" is available to satisfy potential claims for coverage under this Policy by customers of ~~CIRO~~~~New SRO~~ Members duly registered under Canadian securities legislation in the category of "investment dealer" or in the categories of both "investment dealer" and "mutual fund dealer" ("**Investment Dealers**"). The Fund designated as the "**Mutual Fund Dealer Fund**" is available to satisfy potential claims for coverage under this Policy by customers of ~~CIRO~~~~New SRO~~ Members duly registered under Canadian securities legislation only in the category of "mutual fund dealer" ("**Mutual Fund Dealers**").
2. ~~CIPF~~~~New SRO~~ maintains on its website at [www.cipf.ca](#) ~~[insert CIPF website]~~ a list of ~~CIRO~~~~New SRO~~ Members whose customers are entitled to protection subject to the terms of this Policy, identifying whether each ~~CIRO~~~~New SRO~~ Member is an Investment Dealer or a Mutual Fund Dealer.

3. CIPF will, in its discretion, assess Investment Dealers for contributions to the Investment Dealer Fund and arrange for discrete sources of liquidity for the Investment Dealer Fund (including lines of credit or insurance policies). Likewise, CIPF will, in its discretion, assess Mutual Fund Dealers for contributions to the Mutual Fund Dealer Fund and arrange for discrete sources of liquidity for the Mutual Fund Dealer Fund (including lines of credit or insurance policies).
4. *Only the Investment Dealer Fund is available to satisfy claims for coverage under this Policy by eligible customers of Investment Dealers, and in no event will claims made by customers of an insolvent Mutual Fund Dealer be satisfied from the Investment Dealer Fund. Similarly, only the Mutual Fund Dealer Fund is available to satisfy claims for coverage under this Policy by eligible customers of Mutual Fund Dealers, and in no event will claims made by customers of an insolvent Investment Dealer be satisfied from the Mutual Fund Dealer Fund.*

## C. CUSTOMERS AND ACCOUNTS

### Eligible Customers and Eligible Accounts

1. A customer eligible for coverage under this Policy (“Customer”) is an individual, corporation, partnership, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative who has an account with an insolvent ~~CIRONewSRO~~ Member used for transacting securities or commodity and futures contracts business with the ~~CIRONewSRO~~ Member (dealing as principal or agent) (an “Account”). An Account must be fully disclosed in the records of the ~~CIRONewSRO~~ Member and is normally evidenced by receipts, contracts and statements that have been issued by the ~~CIRONewSRO~~ Member.
2. Customers introduced to a ~~CIRONewSRO~~ Member by a foreign affiliate of the ~~CIRONewSRO~~ Member, in accordance with the requirements of ~~CIRONewSRO~~, are considered Customers of the ~~CIRONewSRO~~ Member eligible for coverage. Accounts with entities other than a ~~CIRONewSRO~~ Member (but including, for greater certainty, a ~~CIRONewSRO~~ Member’s affiliates or related organizations) are not Accounts for the purposes of this Policy.

### Persons Excluded as Customers

3. A Customer does not include:
  - i) a domestic or foreign securities or mutual fund dealer registered with a Canadian securities regulatory authority or foreign equivalent;
  - ii) any individual or corporation to the extent that such person has a claim for cash or securities which by contract, agreement, or understanding, or by operation of law, is part of the capital of the insolvent ~~CIRONewSRO~~ Member such that the claim represents five percent or more of any class of equity securities of the insolvent

- [CIRONew-SRO](#) Member, or any individual who has a claim which is subordinated to the claims of any or all creditors of the insolvent [CIRONew-SRO](#) Member;
- iii) a general partner or director of the insolvent [CIRONew-SRO](#) Member;
  - iv) a limited partner with a participation of five percent or more in the net assets or net profits of the insolvent [CIRONew-SRO](#) Member;
  - v) a person with the power to exercise a controlling influence over the management or policies of the insolvent [CIRONew-SRO](#) Member;
  - vi) a clearing corporation;
  - vii) a customer of an institution, securities dealer or other party dealing with a [CIRONew-SRO](#) Member on an omnibus basis (being an account in which the transactions of two or more persons are combined without disclosure to the [CIRONew-SRO](#) Member of the identity of such persons);
  - viii) a person who caused or materially contributed to the insolvency of a [CIRONew-SRO](#) Member, including, but not limited to, a person who has been declared by a court of competent jurisdiction to be a deferred customer pursuant to the provisions of the *Bankruptcy and Insolvency Act* (Canada); and
  - ix) a person who does not deal at arm's length (as determined by CIPF) with either an insolvent [CIRONew-SRO](#) Member or a person who is excluded as a Customer.

#### Québec

- 4. While [CIRONew-SRO](#) is recognized as a self-regulatory organization of which Mutual Fund Dealers operating in the Province of Québec are required to be members, those Mutual Fund Dealers are not required to contribute to the Mutual Fund Dealer Fund in respect of Customer Accounts located in Québec. Accordingly, these Customer Accounts will not be eligible for coverage by CIPF. Generally, a Customer Account is considered to be located in Québec for these purposes if the office serving the Customer is located in Québec.

#### D. LOSSES

- 1. Losses eligible for coverage by CIPF ("**Losses**") must be financial losses of a Customer caused solely by the insolvency of a [CIRONew-SRO](#) Member. These losses must arise from the failure of the insolvent [CIRONew-SRO](#) Member to return or account for Property (as defined below) of the Customer previously received, acquired or held by, or in the control of, the [CIRONew-SRO](#) Member, including any such Property unlawfully converted.
- 2. Losses which do not result from the insolvency of a [CIRONew-SRO](#) Member, such as losses from changing market values of securities, unsuitable investments or the default of an issuer of securities are not covered. Losses in a Customer's Account arising from business financing activities of the [CIRONew-SRO](#) Member are also not covered.

## E. PROPERTY COVERED

### Types of Property

1. The property of a Customer for which CIPF coverage may be available in accordance with the provisions of this Policy includes securities, commodity and futures contracts, cash, cash equivalents and segregated funds received, acquired or held by, or in the control of, the [CIRO New SRO](#) Member (“Property”).

### Eligible Property

2. CIPF coverage may be available in respect of Property that is or should have been held by, or in the control of, an insolvent [CIRO New SRO](#) Member for the account of a Customer at the date of insolvency and which the insolvent [CIRO New SRO](#) Member is obliged to return to the Customer. This kind of Property is commonly referred to as being in the “nominee name” of the [CIRO New SRO](#) Member (as opposed to “client name” as described below).

### Ineligible Property

#### Customer (or Client) Name

3. Property that is not held by the [CIRO New SRO](#) Member, or not recorded in a Customer's Account as being held by a [CIRO New SRO](#) Member, such as securities that are registered directly in the name of the Customer with the issuer or deposits with financial institutions, is not eligible for CIPF coverage even though it was sold through the [CIRO New SRO](#) Member to the Customer. This kind of Property is commonly referred to as being in “client name” (as opposed to the “nominee name” of the [CIRO New SRO](#) Member), may appear on Customer account statements and is not eligible for coverage unless it is otherwise in the custody or control of the [CIRO New SRO](#) Member. Such custody or control may arise where a [CIRO New SRO](#) Member or its representatives have ostensible control over assets of a customer holding client name Property by virtue of a power of attorney, trading authorization or temporary receipt of cash intended to be received by an issuer.

#### Crypto Assets

4. Property received, acquired or held by, or in the control of, a [CIRO New SRO](#) Member that consists of crypto assets, crypto contracts, or other crypto-related property is not eligible for CIPF coverage. For greater certainty, Property consisting of securities of a mutual fund or exchange-traded fund that invests in or holds crypto assets, crypto contracts or other crypto-related property is, however, eligible for CIPF Coverage.

#### Non-Compliant Property

5. Property received, acquired or held by, or in the control of, a [CIRO New SRO](#) Member in relation to which the [CIRO New SRO](#) Member is not permitted to trade under Canadian securities legislation is not eligible for CIPF Coverage.

## F. LIMITS OF COVERAGE

### Maximum for each Account

1. The maximum amount of coverage for eligible Property in a Customer's General Account (defined below), and in each Separate Account (defined below), is \$1,000,000, subject to the aggregation of such Accounts as described below.

### General Accounts

2. Each Account of a Customer shall be considered a General Account unless held in a capacity or circumstance set out below under "Separate Accounts" such that it qualifies as a Separate Account. All General Accounts of a Customer, or any interest the Customer may have in a General Account, shall be combined or aggregated so as to constitute a single General Account of such Customer for the purposes of determining the payments to be made to the Customer. The interest of a Customer in an Account which is held on a joint or shared ownership basis shall be treated as if it were a General Account and similarly combined with the other General Accounts of the Customer. An Account held by a nominee or agent for another person as a principal or beneficial owner shall, except as otherwise provided in this Policy, be deemed to be the Account of the principal or beneficial owner. All Accounts of a Customer opened with a ~~CIRONew SRO~~ Member by one or more domestic advisers registered with a Canadian securities regulatory authority, where those accounts are fully disclosed in the records of the ~~CIRONew SRO~~ Member, shall also be combined or aggregated to constitute a single General Account and combined with other General Accounts of the Customer, unless any such Accounts are otherwise Separate Accounts under this Policy. For the purposes of determining the maximum coverage available, the General and Separate Accounts that a Customer has with a ~~CIRONew SRO~~ Member will not be combined with the General and Separate Accounts that the same Customer may have with another ~~CIRONew SRO~~ Member, including another ~~CIRONew SRO~~ Member who has an introducing / carrying agreement with the first ~~CIRONew SRO~~ Member.

### Separate Accounts

3. Each Account of a Customer held by it in the capacity or circumstance set out below shall be considered a Separate Account of the Customer. Unless otherwise indicated below, each Separate Account held by a Customer in the same capacity or circumstance shall be combined or aggregated so as to constitute a single Separate Account. The burden shall be on the Customer to establish each capacity or circumstance in which the Customer claims to hold Separate Accounts. An Account of a Customer shall not be a Separate Account if it existed on the date of insolvency primarily for the purpose of increasing protection by CIPF.
  - i) **Registered Retirement Plans:** *accounts of registered retirement or deferred income plans such as registered retirement savings plans (RRSPs), registered retirement income funds (RRIFs), life income funds (LIFs), locked-in retirement accounts or plans (LIRAs or LIRSPs) and locked-in retirement income funds (LRIFs) established for the*

- account of a customer (excluding spousal plans) which comply with the requirements under the Income Tax Act (Canada) for such plans and which have been accepted by the Minister under such Act, where the customer is entitled to the benefits of the plan. Accounts established with respect to a customer through the same or different trustees shall be combined and aggregated.*
- ii) **Registered Education Savings Plans:** *accounts of education savings plans which comply with the requirements under the Income Tax Act (Canada) for registered education savings plans and which have been accepted by the Minister under such Act, where the customer is the subscriber of the plan. Accounts established with respect to a customer through the same trustee shall be combined and aggregated by trustee, but not if established through different trustees.*
  - iii) **Testamentary Trusts:** *accounts held in the name of a decedent, his or her estate or the executor or administrator of the estate of the decedent. Accounts of testamentary trusts held by the same executor or administrator shall not be combined or aggregated unless held in respect of the same decedent.*
  - iv) **Inter-vivos Trusts and Trusts Imposed by Law:** *accounts of inter-vivos trusts which are created by a written instrument and trusts imposed by law. Such Separate Accounts of customers shall be distinct from the trustee, the settlor or any beneficiary.*
  - v) **Guardians, Custodians, Conservators, Committees, etc.:** *accounts maintained by a person as a guardian, custodian, conservator, committee or similar capacity in respect of which accounts such person has no beneficial interest. Such accounts held by the same person in any such capacity shall not be combined or aggregated unless held in respect of the same beneficial owner.*
  - vi) **Holding Corporation:** *accounts of corporations controlled by a customer provided that the beneficial ownership of a majority of the equity capital of the corporation is held by persons other than the customer.*
  - vii) **Partnerships:** *accounts of partnerships controlled by a customer provided that the beneficial ownership of a majority of the equity interests in the partnership is held by persons other than the customer.*
  - viii) **Unincorporated Associations or Organizations:** *accounts of unincorporated associations or organizations controlled by a customer provided that the beneficial ownership in a majority of the assets of the association or organization is held by persons other than the customer.*

#### Timing of Payments

4. The time of payment of the maximum amount of coverage available for Claims (as defined below) may be affected by the amount of assets immediately available in the relevant Fund at the relevant time. While CIPF has the legal ability to assess [CIRONewSRO](#) Members for additional contributions, CIPF may not have on hand in the relevant Fund at any time sufficient assets to make immediate payment of the maximum amount of coverage available for Claims, such that payment may be delayed until such time as the assets of the relevant



Fund are sufficient to fund the payments of coverage to which Customers are entitled in accordance with this Policy.

## G. CLAIMS

### Claims and Determination of Customer Losses

1. The claim of a Loss of a Customer in respect of which CIPF may authorize payment (a "Claim") shall be determined as at the applicable date of insolvency (as fixed by CIPF in its discretion) after taking into account the delivery of any Property to which the Customer is entitled and the distribution of any assets of the insolvent ~~CIRONew-SRO~~ Member. Accordingly, the maximum payment which CIPF may make to a Customer shall be calculated as the balance of the Customer's financial Loss as a result of the insolvency of the ~~CIRONew-SRO~~ Member net of such deliveries. The amount of a Customer's Claim may be reduced, at CIPF's discretion, to the extent that the Customer is entitled to deposit insurance or other compensation from any source in respect of any Property to which the Loss relates. To be eligible for coverage, the Claim must be filed with CIPF or the trustee in bankruptcy, the receiver or similar official of the insolvent ~~CIRONew-SRO~~ Member within 180 days of the date of insolvency.

### Date of Loss

2. The date at which the financial Loss of a Customer is determined shall be fixed by CIPF as the date of insolvency of the ~~CIRONew-SRO~~ Member, which may be the date of the ~~CIRONew-SRO~~ Member's bankruptcy, or the date on which, in the opinion of CIPF, the ~~CIRONew-SRO~~ Member became insolvent. The amount of Property delivered to a Customer in satisfaction of a Claim shall be the amount of Property to which the Customer was entitled as at such date for determining financial loss without regard to subsequent market fluctuations. In *lieu* of satisfying a Claim by the delivery of Property, cash in an amount equal to the value of the Property as at the date for determining financial Loss may be paid to the Customer even though the amount of such cash is not equal to the value of such Property as at the date of payment. Open positions in a Customer's Account may, with or without notice, be closed out or liquidated pursuant to the terms of the account with the ~~CIRONew-SRO~~ Member or correspondent broker, clearing house or exchange requirements or applicable insolvency legislation or orders.

### Insolvency Legislation

3. The determination of the amount of financial Loss suffered by a Customer of an insolvent ~~CIRONew-SRO~~ Member for the purposes of payment by CIPF and the maximum limits of such payments shall be in accordance with this Policy. In addition, CIPF may exercise its discretion, in respect of determining Customers eligible for protection and the amount of financial Loss suffered, in a manner that is consistent with the right and extent to which a person may be entitled to claim against the customer pool fund of a ~~CIRONew-SRO~~ Member under the *Bankruptcy and Insolvency Act* (Canada), subject to other restrictions in this

Policy and the sole discretion of CIPF to determine protection by CIPF. CIPF may rely on the trustee in bankruptcy, the receiver or similar official under applicable law in determining the amount and validity of claims of a Customer and for the purpose of calculating financial Loss.

**Determination by CIPF Conclusive**

4. In the case of any question or dispute as to the interpretation or application of this Policy, including, without limitation, eligibility of the Customer, the amount of the financial Loss incurred by a Customer for the purposes of payment by CIPF of a Claim, the timing of payment and the maximum amounts to be paid to a Customer, the interpretation of CIPF of this Policy shall be final and conclusive. An appeal from a decision of CIPF may be available in accordance with the Claims Procedures.

DATED January 1, 2023 [and amended July 27, 2023](#)

## 1. *Introduction*

1.1. The Claims Procedures should be read in conjunction with CIPF's "Coverage Policy". The coverage by CIPF of losses suffered by customers of insolvent member of Canadian Investment Regulatory Organization, as it is currently named or as it may be renamed from time to time ("CIRO") accepted for membership in CIPF ("CIRO Members") is at the discretion of CIPF. The Coverage Policy states that CIPF reserves the right to authorize or withhold payments in a manner other than as prescribed in the Coverage Policy. In the case of any question or dispute as to the interpretation or application of the policy (including the eligibility of a customer, the amount of loss incurred by a customer for purposes of payment of a claim and the maximum amounts to be paid to a customer), CIPF's interpretation of the Coverage Policy shall be final and conclusive.

1.2. The orders issued by members of the Canadian Securities Administrators approving CIPF as a compensation fund each require CIPF to develop fair and reasonable procedures for assessing claims and to pay eligible claims pursuant to these procedures. It has also undertaken to establish a fair and reasonable internal claim review process whereby customer claims that are not accepted for coverage by CIPF shall be reconsidered by the Appeal Committee (as described in section 3.2.1.5.2 of these Claims Procedures), if requested by the customer. This document describes the general process for the administration of claims.

## 2. *CIPF Establishes Date of Insolvency*

2.1. The date at which the financial loss of a customer is determined by CIPF is the date on which CIPF determines, in its discretion, the CIRO Member became insolvent.

2.2. For purposes of CIPF coverage, a CIRO Member will generally be considered to be insolvent on or about the date a trustee is appointed, or if a trustee<sup>1</sup> is not appointed, the date customers cease to have unrestricted access to their accounts, for example, because the CIRO Member has been suspended by CIRO.

## 3. *Claims Administration*

### 3.1. *Where Trustee Appointed*

3.1.1. Where CIPF has information that there are eligible customers of an insolvent CIRO Member that may require CIPF coverage, CIPF may ask the Court to appoint a trustee, and will participate in the trustee's claims process so that all customers are advised how to submit claims to the estate of the insolvent CIRO Member.

3.1.2. Claims to the trustee are considered claims to CIPF to the extent consistent with the CIPF Coverage Policy.

3.1.3. CIPF will work with the trustee to ensure that proved claims of eligible CIRO customers that have demonstrated that they will suffer undue hardship if their claim is not dealt with immediately are dealt with on a priority basis.

3.1.4. When the trustee determines the estate does not have sufficient resources

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<sup>1</sup> For the purposes of these Claims Procedures and CIPF coverage for customers of an insolvent CIRO Member, a trustee in bankruptcy, receiver, liquidator or similar insolvency official is generally referred to as a trustee, unless the context provides otherwise.

to satisfy customer claims, CIPF may settle the losses of eligible CIRO customers by providing the trustee with additional resources, up to the limit of CIPF's coverage, and subject to availability of sufficient CIPF resources. The time of payment may be affected by a number of factors, including the amount of assets immediately available in the Fund (as defined in the Coverage Policy) maintained and designated by CIPF for the benefit of customers of the insolvent CIRO Member (the "**Designated Fund**"), such that payment may be delayed until such time as the assets of such Designated Fund are sufficient to make the necessary payment. Certain operational considerations may also delay the time of payment in the case of "customer name" property in the custody or control of the insolvent CIRO Member.<sup>2</sup>

3.1.5. Payments made to customers may be made by CIPF or by the trustee depending on the individual circumstances of the insolvency.

3.1.6. Where any amount of a customer's claim has been disallowed by the trustee, an eligible CIRO customer can make a request within 60 days of the date of the disallowance to the Appeal Committee (see Appeal Procedures) to review the disallowance. Customers should also be aware of the availability of any court review under applicable legislation or court procedures, which must be filed within prescribed time limits including, in some cases, within 30 days of the notice of disallowance.

### 3.2. Trustee Not Appointed

3.2.1. Where a trustee has not been appointed, claims can be made directly to CIPF.

#### 3.2.1.1. Identification of Claims Against the Estate

- CIPF will take appropriate steps so that all customers that have a cash balance and/or security position on or around the date of insolvency are advised on how to submit a claim to CIPF. This may be by a notice on the final customer account statement, a letter from CIPF, notices in the media, or any other means deemed appropriate by CIPF given the circumstances of the insolvency. CIPF may also rely on the CIRO Member's primary regulator to notify customers on CIPF's behalf.
- Customers requesting compensation from CIPF must submit a proof of claim to CIPF along with all documents and information to support the claim within 180 days of the date of insolvency.

#### 3.2.1.2. Claim Information

- The information required to make a claim, including a proof of claim form, will be available from the CIPF website or upon request. Customers should refer to the Coverage Policy to determine if their claim is eligible for payment by CIPF before

<sup>2</sup> Property that is not held by the CIRO Member, or not recorded in a customer's account as being held by a CIRO Member, such as securities that are registered directly in the name of the customer with the issuer or deposits with financial institutions (commonly referred to as "client name" property) is not eligible for CIPF coverage unless it is in the custody or control of the CIRO Member. Where client name property is in the custody or control of the CIRO Member, payment to customers may, by reason of administrative processes, take longer than payments made in respect of property held, or recorded as being held, by a CIRO Member.

submitting a claim.

- CIPF will endeavour to post other relevant information to its website on the CIRO Member's insolvency and the claims process, as it becomes available.
- Documents and information to support a customer's claim should include, but not be limited to, account statements, correspondence and other documentation provided by the CIRO Member to the customer.

### **3.2.1.3. Priority of Claim Handling**

- CIPF will give priority to the proved claims of customers that have demonstrated that they will suffer undue hardship if their claim is not dealt with immediately.
- All other claims will be dealt with in the order in which the information needed to assess the claim is made available.

### **3.2.1.4. Claims Handling**

- CIPF will acknowledge all claims in writing, as received.
- The burden is on a customer of an insolvent CIRO Member to establish eligibility and the amount of a claim, but CIPF will use its reasonable efforts to collect the available information required to assess the eligibility of the claim for CIPF coverage.
- CIPF may require the customer to provide additional information that was not requested in the proof of claim form, or was requested but not supplied. The customer will usually be given 30 days to comply with any such requests. If the customer does not comply within the required time, CIPF may assess the claim based on the information in its possession.
- Prior to deciding on a claim, CIPF may require the customer to confirm the accuracy and completeness of the information it will use to assess the eligibility of the claim. In this situation, CIPF will prepare a summary of the claim and provide it to the customer for confirmation that the information is accurate and complete, and if not, to amend it accordingly.

### **3.2.1.5. Claims Decisions**

#### **3.2.1.5.1 Claims Eligible for Payment**

- CIPF will advise the customer in writing of its decision on the claim eligibility for payment including the reasons.
- Where a claim is determined to be eligible for payment, CIPF requires a signed agreement in prescribed form by which the claimant subrogates the claim to CIPF before payment is made by CIPF to the claimant.
- A customer can request changes to the form of subrogation agreement, but any such requests must be approved by CIPF and the customer will be obligated to reimburse CIPF for any additional expenses incurred in relation to the requested change.
- The time of payment of the claim may be affected by a number of factors, including the amount of assets immediately available in the Designated Fund maintained by CIPF for the benefit of customers of the insolvent CIRO Member, such that payment

may be delayed until such time as the assets of such Designated Fund are sufficient to make the payment of the claim. Certain operational considerations may also delay the time of payment in the case of “client name” property in the custody or control of the insolvent CIRO Member. However, CIPF will endeavour to pay claims that are determined to be eligible for coverage within 30 days after the subrogation is received from the customer.

#### 3.2.1.5.2 Claims Not Eligible for Payment

- CIPF will advise the customer in writing of its decision on the claim eligibility for payment including the reasons.
- If CIPF determines that the claim is not eligible for coverage, it will advise the customer that CIPF’s decision is eligible for reconsideration by the Appeal Committee. The Appeal Committee will be established by the Board of Directors, and will be comprised of one or more adjudicators that may or may not be CIPF Directors.
- Appeal requests must be made in writing within 60 days of the date the decision letter is sent and must specify the format of appeal hearing requested, namely, an appeal conducted by written submissions, an appeal conducted by teleconference hearing or an appeal conducted by an in-person hearing.

**3.3. Discretion of CIPF.** Notwithstanding the provisions of these Claims Procedures and their application, whether or not a trustee has been appointed, CIPF reserves the right in its sole discretion to administer claims in any other manner consistent with its Coverage Policy from time to time.

## 4. *Appeal Procedures*

### 4.1. Appeal Handling

4.1.1. CIPF will acknowledge all appeals, and the format of appeal elected, in writing as received.

4.1.2. CIPF will endeavour to conduct all appeals within six months of receiving the customer’s appeal request and submissions, or as soon as reasonably possible thereafter given the number of appeal requests received at any particular time. The customer will be notified, in writing, of the date and, where relevant, the time and place the appeal is to be conducted. The Appeal Committee may impose specific time limits for a hearing and submissions, if any, as appropriate in the circumstances. If a customer has not specified an appeal format within 30 days of the date of their appeal request, the customer will be deemed to have elected an appeal by written submissions.

4.1.3. Regardless of the appeal format elected by the customer, the Appeal Committee may, in its discretion:

- request the customer and CIPF staff to appear before the Appeal Committee either in person or by teleconference; or
- direct that any part of an appeal will be in writing.

4.1.4. The customer and CIPF staff may have legal counsel or other advisers present at any in-person or teleconference hearing, but the presence of legal counsel or other advisors is optional.

4.1.5. Written submissions on appeal will include all information used by CIPF to make its

eligibility determination, any other information the customer requests be considered by the Appeal Committee and a summary of any other evidence including oral evidence to be provided by either CIPF staff or the customer. CIPF staff will provide the customer with the information it has in its possession regarding the claim.

4.1.6 The customer, or its legal counsel or other advisors, may take notes or transcripts of the meeting at their own expense.

4.1.7 Any costs incurred by the customer relating to an appeal will be for the account of the customer, not CIPF.

## **4.2 Appeal Deliberations**

4.2.1 The Appeal Committee will conduct its deliberations and make its determination in the absence of CIPF staff, the customer, and the customer's legal counsel or other advisors.

4.2.2 If the Appeal Committee is comprised of two or more members, the decision of the Appeal Committee will be decided by simple majority but, in the case of an evenly split decision amongst members, the decision of the Chair of the Appeal Committee, as appointed by the Board of Directors, shall prevail.

4.2.3 Once a decision has been made, the customer and CIPF staff will be advised in writing of the Appeal Committee's decision and provided with its written reasons.

4.2.4 If the claim is eligible for coverage, prior to payment, the customer must provide CIPF with a signed agreement in prescribed form by which the claimant subrogates the claim to CIPF before payment is made by CIPF to the claimant.

4.2.5 A customer can request changes to the form of subrogation agreement, but any such requests must be approved by CIPF and the customer will be obligated to reimburse CIPF for any additional expenses incurred in relation to the requested change.

## **4.3 Payment Timing**

4.3.1 The time of payment may be affected by a number of factors including the amount of assets immediately available in the Designated Fund maintained by CIPF for the benefit of customers of the insolvent CIRO Member, such that payment may be delayed until such time as the assets of such Designated Fund are sufficient to make the payment of the claim. Certain operational considerations may also delay the time of payment in the case of "customer name" property in the custody or control of the insolvent CIRO Member. However, CIPF will endeavour to pay claims that are determined to be eligible for coverage after an appeal within 30 days after the required subrogation is received from the customer.



**Claims Procedures**  
**Dated January 1, 2023**

## 1. *Introduction*

1.1. The Claims Procedures should be read in conjunction with CIPF's "Coverage Policy". The coverage by CIPF of losses suffered by customers of insolvent member of [Canadian Investment Regulatory Organization](#)~~New Self-Regulatory Organization of Canada~~, as it is currently named or as it may be renamed from time to time ("[CIRONew-SRO](#)") accepted for membership in CIPF ("[CIRONew-SRO Members](#)") is at the discretion of CIPF. The Coverage Policy states that CIPF reserves the right to authorize or withhold payments in a manner other than as prescribed in the Coverage Policy. In the case of any question or dispute as to the interpretation or application of the policy (including the eligibility of a customer, the amount of loss incurred by a customer for purposes of payment of a claim and the maximum amounts to be paid to a customer), CIPF's interpretation of the Coverage Policy shall be final and conclusive.

1.2. The orders issued by members of the Canadian Securities Administrators approving CIPF as a compensation fund each require CIPF to develop fair and reasonable procedures for assessing claims and to pay eligible claims pursuant to these procedures. It has also undertaken to establish a fair and reasonable internal claim review process whereby customer claims that are not accepted for coverage by CIPF shall be reconsidered by the Appeal Committee (as described in section 3.2.1.5.2 of these Claims Procedures), if requested by the customer. This document describes the general process for the administration of claims.

## 2. *CIPF Establishes Date of Insolvency*

2.1. The date at which the financial loss of a customer is determined by CIPF is the date on which CIPF determines, in its discretion, the [CIRONew-SRO](#) Member became insolvent.

2.2. For purposes of CIPF coverage, a [CIRONew-SRO](#) Member will generally be considered to be insolvent on or about the date a trustee is appointed, or if a trustee<sup>1</sup> is not appointed, the date customers cease to have unrestricted access to their accounts, for example, because the [CIRONew-SRO](#) Member has been suspended by [CIRONew-SRO](#).

## 3. *Claims Administration*

### 3.1. Where Trustee Appointed

3.1.1. Where CIPF has information that there are eligible customers of an insolvent [CIRONew-SRO](#) Member that may require CIPF coverage, CIPF may ask the Court to appoint a trustee, and will participate in the trustee's claims process so that all customers are advised how to submit claims to the estate of the insolvent [CIRONew-SRO](#) Member.

3.1.2. Claims to the trustee are considered claims to CIPF to the extent consistent with the CIPF Coverage Policy.

3.1.3. CIPF will work with the trustee to ensure that proved claims of eligible

<sup>1</sup> For the purposes of these Claims Procedures and CIPF coverage for customers of an insolvent [CIRONew-SRO](#) Member, a trustee in bankruptcy, receiver, liquidator or similar insolvency official is generally referred to as a trustee, unless the context provides otherwise.

~~CIRO New SRO~~ customers that have demonstrated that they will suffer undue hardship if their claim is not dealt with immediately are dealt with on a priority basis.

3.1.4. When the trustee determines the estate does not have sufficient resources to satisfy customer claims, CIPF may settle the losses of eligible ~~CIRO New SRO~~ customers by providing the trustee with additional resources, up to the limit of CIPF's coverage, and subject to availability of sufficient CIPF resources. The time of payment may be affected by a number of factors, including the amount of assets immediately available in the Fund (as defined in the Coverage Policy) maintained and designated by CIPF for the benefit of customers of the insolvent ~~CIRO New SRO~~ Member (the "Designated Fund"), such that payment may be delayed until such time as the assets of such Designated Fund are sufficient to make the necessary payment. Certain operational considerations may also delay the time of payment in the case of "customer name" property in the custody or control of the insolvent ~~CIRO New SRO~~ Member.<sup>2</sup>

3.1.5. Payments made to customers may be made by CIPF or by the trustee depending on the individual circumstances of the insolvency.

3.1.6. Where any amount of a customer's claim has been disallowed by the trustee, an eligible ~~CIRO New SRO~~ customer can make a request within 60 days of the date of the disallowance to the Appeal Committee (see Appeal Procedures) to review the disallowance. Customers should also be aware of the availability of any court review under applicable legislation or court procedures, which must be filed within prescribed time limits including, in some cases, within 30 days of the notice of disallowance.

## 3.2. Trustee Not Appointed

3.2.1. Where a trustee has not been appointed, claims can be made directly to CIPF.

### 3.2.1.1. Identification of Claims Against the Estate

- CIPF will take appropriate steps so that all customers that have a cash balance and/or security position on or around the date of insolvency are advised on how to submit a claim to CIPF. This may be by a notice on the final customer account statement, a letter from CIPF, notices in the media, or any other means deemed appropriate by CIPF given the circumstances of the insolvency. CIPF may also rely on the ~~CIRO New SRO~~ Member's primary regulator to notify customers on CIPF's behalf.
- Customers requesting compensation from CIPF must submit a proof of claim to

<sup>2</sup> Property that is not held by the ~~CIRO New SRO~~ Member, or not recorded in a customer's account as being held by a ~~CIRO New SRO~~ Member, such as securities that are registered directly in the name of the customer with the issuer or deposits with financial institutions (commonly referred to as "client name" property) is not eligible for CIPF coverage unless it is in the custody or control of the ~~CIRO New SRO~~ Member. Where client name property is in the custody or control of the ~~CIRO New SRO~~ Member, payment to customers may, by reason of administrative processes, take longer than payments made in respect of property held, or recorded as being held, by a ~~CIRO New SRO~~ Member.

CIPF along with all documents and information to support the claim within 180 days of the date of insolvency.

### 3.2.1.2. Claim Information

- The information required to make a claim, including a proof of claim form, will be available from the CIPF website or upon request. Customers should refer to the Coverage Policy to determine if their claim is eligible for payment by CIPF before submitting a claim.
- CIPF will endeavour to post other relevant information to its website on the [CIRONew-SRO](#) Member's insolvency and the claims process, as it becomes available.
- Documents and information to support a customer's claim should include, but not be limited to, account statements, correspondence and other documentation provided by the [CIRONew-SRO](#) Member to the customer.

### 3.2.1.3. Priority of Claim Handling

- CIPF will give priority to the proved claims of customers that have demonstrated that they will suffer undue hardship if their claim is not dealt with immediately.
- All other claims will be dealt with in the order in which the information needed to assess the claim is made available.

### 3.2.1.4. Claims Handling

- CIPF will acknowledge all claims in writing, as received.
- The burden is on a customer of an insolvent [CIRONew-SRO](#) Member to establish eligibility and the amount of a claim, but CIPF will use its reasonable efforts to collect the available information required to assess the eligibility of the claim for CIPF coverage.
- CIPF may require the customer to provide additional information that was not requested in the proof of claim form, or was requested but not supplied. The customer will usually be given 30 days to comply with any such requests. If the customer does not comply within the required time, CIPF may assess the claim based on the information in its possession.
- Prior to deciding on a claim, CIPF may require the customer to confirm the accuracy and completeness of the information it will use to assess the eligibility of the claim. In this situation, CIPF will prepare a summary of the claim and provide it to the customer for confirmation that the information is accurate and complete, and if not, to amend it accordingly.

### 3.2.1.5. Claims Decisions

#### 3.2.1.5.1 Claims Eligible for Payment

- CIPF will advise the customer in writing of its decision on the claim eligibility for payment including the reasons.
- Where a claim is determined to be eligible for payment, CIPF requires a signed

agreement in prescribed form by which the claimant subrogates the claim to CIPF before payment is made by CIPF to the claimant.

- A customer can request changes to the form of subrogation agreement, but any such requests must be approved by CIPF and the customer will be obligated to reimburse CIPF for any additional expenses incurred in relation to the requested change.
- The time of payment of the claim may be affected by a number of factors, including the amount of assets immediately available in the [Designated Fund](#) maintained by CIPF for the benefit of customers of the insolvent [CIRONewSRO](#) Member, such that payment may be delayed until such time as the assets of such [Designated Fund](#) are sufficient to make the payment of the claim. Certain operational considerations may also delay the time of payment in the case of “client name” property in the custody or control of the insolvent [CIRONewSRO](#) Member. However, CIPF will endeavour to pay claims that are determined to be eligible for coverage within 30 days after the subrogation is received from the customer.

#### 3.2.1.5.2 Claims Not Eligible for Payment

- CIPF will advise the customer in writing of its decision on the claim eligibility for payment including the reasons.
- If CIPF determines that the claim is not eligible for coverage, it will advise the customer that CIPF’s decision is eligible for reconsideration by the Appeal Committee. The Appeal Committee will be established by the Board of Directors, and will be comprised of one or more adjudicators that may or may not be CIPF Directors.
- Appeal requests must be made in writing within 60 days of the date the decision letter is sent and must specify the format of appeal hearing requested, namely, an appeal conducted by written submissions, an appeal conducted by teleconference hearing or an appeal conducted by an in-person hearing.

**3.3. Discretion of CIPF.** Notwithstanding the provisions of these Claims Procedures and their application, whether or not a trustee has been appointed, CIPF reserves the right in its sole discretion to administer claims in any other manner consistent with its Coverage Policy from time to time.

## 4. *Appeal Procedures*

### 4.1. Appeal Handling

4.1.1. CIPF will acknowledge all appeals, and the format of appeal elected, in writing as received.

4.1.2. CIPF will endeavour to conduct all appeals within six months of receiving the customer’s appeal request and submissions, or as soon as reasonably possible thereafter given the number of appeal requests received at any particular time. The customer will be notified, in writing, of the date and, where relevant, the time and place the appeal is to be conducted. The Appeal Committee may impose specific time limits for a hearing and submissions, if any, as appropriate in the circumstances. If a customer has not specified an appeal format within 30 days of the date of their appeal request, the customer will be deemed to have elected an appeal by written submissions.

4.1.3. Regardless of the appeal format elected by the customer, the Appeal Committee may, in its

discretion:

- request the customer and CIPF staff to appear before the Appeal Committee either in person or by teleconference; or
- direct that any part of an appeal will be in writing.

4.1.4 The customer and CIPF staff may have legal counsel or other advisers present at any in-person or teleconference hearing, but the presence of legal counsel or other advisors is optional.

4.1.5 Written submissions on appeal will include all information used by CIPF to make its eligibility determination, any other information the customer requests be considered by the Appeal Committee and a summary of any other evidence including oral evidence to be provided by either CIPF staff or the customer. CIPF staff will provide the customer with the information it has in its possession regarding the claim.

4.1.6 The customer, or its legal counsel or other advisors, may take notes or transcripts of the meeting at their own expense.

4.1.7 Any costs incurred by the customer relating to an appeal will be for the account of the customer, not CIPF.

## 4.2 Appeal Deliberations

4.2.1 The Appeal Committee will conduct its deliberations and make its determination in the absence of CIPF staff, the customer, and the customer's legal counsel or other advisors.

4.2.2 If the Appeal Committee is comprised of two or more members, the decision of the Appeal Committee will be decided by simple majority but, in the case of an evenly split decision amongst members, the decision of the Chair of the Appeal Committee, as appointed by the Board of Directors, shall prevail.

4.2.3 Once a decision has been made, the customer and CIPF staff will be advised in writing of the Appeal Committee's decision and provided with its written reasons.

4.2.4 If the claim is eligible for coverage, prior to payment, the customer must provide CIPF with a signed agreement in prescribed form by which the claimant subrogates the claim to CIPF before payment is made by CIPF to the claimant.

4.2.5 A customer can request changes to the form of subrogation agreement, but any such requests must be approved by CIPF and the customer will be obligated to reimburse CIPF for any additional expenses incurred in relation to the requested change.

## 4.3 Payment Timing

4.3.1 The time of payment may be affected by a number of factors including the amount of assets immediately available in the Designated Fund maintained by CIPF for the benefit of customers of the insolvent [CIRO](#) ~~New SRO~~ Member, such that payment may be delayed until such time as the assets of such Designated Fund are sufficient to make the payment of the claim. Certain operational considerations may also delay the time of payment in the case of "customer name" property in the custody or control of the insolvent [CIRO](#) ~~New SRO~~ Member. However, CIPF will endeavour to pay claims that are determined to be eligible for coverage after an appeal within 30 days after the required subrogation is received from the customer.

## A. GENERAL

1. This document sets out non-binding guidelines for Appeal Committees hearing in-person appeals, appeals by teleconference and appeals in writing (the “**Guidelines**”).
2. These Guidelines are applicable to in-person appeal hearings, appeal hearings by teleconference and appeal hearings in writing, unless a specific type of hearing is referred to in the particular guideline.
3. Where there is any inconsistency between the Guidelines and the relevant Claims Procedures (the “**Claims Procedures**”), the Claims Procedures prevail.
4. Nothing in these Guidelines restricts an Appeal Committee from:
  - a) conducting an appeal in a manner other than the manner described in the Guidelines, if such a change is necessary to ensure a fair procedure for the appeal; and
  - b) deciding an appeal in the manner that they believe is just and appropriate in the circumstances and in accordance with the CIPF Coverage Policy.

## B. CUSTOMER’S ELECTION OF HEARING TYPE

5. The customer may request to have their appeal heard in-person, by teleconference (with or without video) or in writing.
6. An Appeal Committee may decline to hold a hearing by teleconference or in writing if satisfied that an in-person hearing would be preferable to promote a fair and efficient adjudication of the claim.

## C. COMPOSITION OF APPEAL COMMITTEES

7. The CIPF Board of Directors has identified qualified individuals to adjudicate appeals as members of Appeal Committees. These qualified individuals include members of the Board of Directors of CIPF as well as individuals external to CIPF.
8. Each member of an Appeal Committee (a “**Committee Member**”) will be:
  - a) either:
    - i) a Director of CIPF who was not involved in the initial claim decision; or
    - ii) an adjudicator appointed by the CIPF Board of Directors for the purpose of adjudicating appeal hearings; and
  - b) selected at the time of the relevant insolvency in accordance with criteria established by the CIPF Board of Directors, through the CIPF Coverage Committee, a subcommittee of the CIPF Board of Directors.

9. An Appeal Committee may be composed of:
  - a) one Committee Member; or
  - b) two or more Committee Members.
10. When an Appeal Committee is comprised of two or more Committee Members, the CIPF Board of Directors will appoint a Chair of the Appeal Committee from among the Committee Members.

#### D. THE PARTICIPANTS TO AN APPEAL

11. The participants to an appeal hearing are:
  - a) the customer who has submitted a request for appeal in accordance with the Claims Procedures; and
  - b) CIPF staff.
12. The participants to an appeal hearing may have legal counsel or other advisers, but their participation is optional.

#### E. ROLE OF INDEPENDENT LEGAL COUNSEL

13. With the approval of the CIPF Board of Directors, an Appeal Committee may engage independent legal counsel (to be compensated by CIPF) for the purpose of providing legal advice to each Appeal Committee.
14. The role of independent legal counsel is to advise an Appeal Committee in relation to both the conduct of the appeal hearing and decision-making in a well-reasoned manner that is fair, efficient and consistent with the CIPF Coverage Policy and accords with the law.
15. Independent legal counsel will act independently of the customer and CIPF staff (the “**participants**”) and will not provide legal advice for or otherwise represent the participants.
16. An Appeal Committee may seek legal advice from independent legal counsel with respect to general issues arising from an appeal, including:
  - a) procedural issues related to the conduct of an appeal;
  - b) consistency with the CIPF Coverage Policy; and
  - c) applicable legal principles.
17. If an Appeal Committee has obtained legal advice from independent legal counsel that relates to any particular appeal at any time after receiving materials with respect to the appeal, the Appeal Committee will:



- a) disclose to the participants the fact that legal advice has been obtained;
  - b) provide to the participants a summary of the content of that legal advice; and
  - c) offer an opportunity to the participants to make submissions in relation to that legal advice.
18. When independent legal counsel offers advice to an Appeal Committee in the drafting of written reasons for the disposition of an appeal, he or she will do so in the manner set out in paragraphs 47 and 48 below.

#### F. PREPARATIONS FOR APPEAL HEARINGS

19. An administrative coordinator, under the supervision of the Chair of the Coverage Committee of the CIPF Board of Directors, will schedule appeals in advance (having regard to the schedules and availability of participants), but in no event will the scheduling of an appeal be delayed unreasonably by a participant by reason of participant availability or scheduling. Where the scheduling of an appeal is not possible in a timely manner having regard to the schedules and availability of participants, the administrative coordinator may, in their discretion, elect to modify the hearing type or select the hearing date and time, provided that the administrative coordinator determines that such modification is reasonable for the parties involved. The administrative coordinator shall advise Committee Members and the participants of the date, and where relevant, the time and place that the appeal is to be conducted.
20. The customer will provide to CIPF any contact information or other information necessary for the hearing by teleconference.
21. The customer and any representative participating in the appeal will make themselves available at the scheduled time of the appeal.
22. For an appeal in writing, a written submissions schedule, which includes the date upon which each participant’s submissions (including any relevant evidence) are due and the address for delivery of the submissions (the “**Written Submissions Schedule**”) will be provided once the date of the appeal has been set.
23. The Written Submissions Schedule will generally indicate that submissions be provided in the following order:
- a) Claimant’s (Appellant) submissions;
  - b) CIPF’s (Respondent) submissions; and
  - c) Claimant’s (Appellant) reply, if any.
24. An Appeal Committee and the participants to the appeal hearing will be provided in advance of the appeal hearing with:

- a) the CIPF Coverage Policy;
  - b) the CIPF Claims Procedures;
  - c) Guidelines for the CIPF Appeal Committees; and
  - d) relevant background information.
25. An Appeal Committee and the participants to the appeal hearing will also be provided in advance of the appeal hearing with:
- a) any evidence and submissions provided by the customer in support of the appeal; and
  - b) any evidence and submissions provided by CIPF staff in support of staff’s recommendation to recommend or deny coverage, in whole or in part, which will include:
    - i) the summary of facts prepared by staff;
    - ii) the decision letter issued by staff; and
    - iii) a review and analysis of the basis of each claim in relation to the CIPF Coverage Policy.

#### **G. PROCEDURES AND PRACTICES DURING APPEAL HEARINGS**

26. Each Appeal Committee has the power to determine its own procedures and practices and to select from among the Committee Members those Committee Member(s) who will hear each appeal, ensuring fairness and reasonableness. Nevertheless, in most instances, it may be advisable for an Appeal Committee to commence an in-person appeal hearing or an appeal hearing by teleconference by:
- a) welcoming and introducing the Committee Member(s) (including any Committee Members referred to in paragraph 27 below), the customer, CIPF staff and any legal counsel that are present; and
  - b) identifying the purpose of the appeal hearing (i.e. the review of an initial staff recommendation to recommend or deny CIPF coverage).
27. A Committee Member who is not hearing the appeal, may attend an in-person appeal hearing or an appeal hearing by teleconference as an observer, but may not participate in any way in the adjudication of the appeal.
28. In a hearing by teleconference, all the participants and Committee Members should be able to hear one another and any witnesses throughout the hearing.

#### **H. EVIDENCE**

29. Following any introduction provided as referenced in paragraph 26 above, an Appeal Committee will:
  - a) identify any evidence and submissions provided by the customer in support of the appeal;
  - b) identify any evidence and submissions provided by CIPF staff in support of staff’s recommendation to recommend or deny coverage, in whole or in part; and
  - c) confirm that the customer was provided with a copy of CIPF staff’s evidence and submissions, including the summary of facts and decision letter.
30. An Appeal Committee may allow the participants to introduce any evidence the Committee considers appropriate in the circumstances, including:
  - a) any documents that were not previously provided to the Appeal Committee; and
  - b) any other evidence offered with respect to the appeal.
31. In the case of a hearing in writing, any evidence referred to in paragraph 30 is to be received on or before the date of the scheduled appeal hearing.
32. An Appeal Committee may, at its own discretion, restrict oral evidence from being given at an in-person hearing or a hearing by teleconference in the interests of fairness.
33. Each participant is entitled to receive every document that an Appeal Committee receives in the appeal proceeding, and will be given reasonable time to review each such document.
34. An Appeal Committee may ask questions with respect to any evidence offered by any participant.

## **I. SUBMISSIONS**

35. At an in-person hearing or a hearing by teleconference, an Appeal Committee will invite the participants to make submissions relating to the appeal.
36. At an in-person hearing or a hearing by teleconference, an Appeal Committee may ask at any time questions with respect to the submissions or positions taken by any participant.
37. After the close of the Written Submissions Schedule referred to in paragraph 22, an Appeal Committee may write to the participants with any questions in relation to the submissions or positions taken by any participant.
38. If an Appeal Committee requests any additional evidence or submissions in relation to an issue, all participants will have an opportunity to submit further written submissions on that issue.

**J. CONCLUSION OF IN-PERSON APPEAL HEARING OR APPEAL HEARING BY TELECONFERENCE**

- 39. An Appeal Committee will customarily thank the participants for their participation.
- 40. An Appeal Committee will advise that:
  - a) it has made its decision, which will be communicated verbally to the participants, with written reasons to follow; or
  - b) it will reserve its decision and inform the participants of the decision notification process, including the issuance of written reasons.

**K. DELIBERATIONS**

- 41. An Appeal Committee will, without the presence of any participants to the appeal hearing, convene to determine the outcome of the appeal.
- 42. If an Appeal Committee is comprised of two or more Committee Members, the decision of the Appeal Committee will be decided by simple majority but, in the case of an evenly split decision among Committee Members, the decision of the Chair of the Appeal Committee, as appointed by the CIPF Board of Directors, will prevail.
- 43. An Appeal Committee will select a Committee Member to prepare a draft of written reasons for the decision.

**L. REMOVAL OF A COMMITTEE MEMBER**

- 44. If a Committee Member is unable to continue to serve on an Appeal Committee for any reason before the completion of the appeal hearing, which includes the rendering of a decision, the remaining Committee Member(s) will continue to hear the matter and render a decision.
- 45. If there are no remaining Committee Members available to continue with an appeal hearing, an appeal hearing de novo will be scheduled to be heard by another Appeal Committee.
- 46. If the Chair of an Appeal Committee is unable to continue to serve as the Chair of the Appeal Committee, a new Chair of the Appeal Committee will be appointed from among the remaining Committee Members, in accordance with paragraph 10 above.

**M. ADVICE FROM INDEPENDENT LEGAL COUNSEL**

- 47. When an Appeal Committee seeks advice from independent legal counsel in connection with the preparation of written reasons, the Appeal Committee may ask independent legal counsel to review a draft of any written reasons for the purpose of advising the Appeal Committee in relation to:

- a) issuing written reasons that are:
    - i) consistent with the CIPF Coverage Policy;
    - ii) in accordance with the law; and
  - b) ensuring that the written reasons accurately reflect the rationale for the Appeal Committee’s decision.
48. With respect to advice offered by independent legal counsel to an Appeal Committee relating to the preparation of written reasons, the Appeal Committee and independent legal counsel will ensure: (a) that the decision of the Appeal Committee and its reasons are determined in accordance with the CIPF Coverage Policy and CIPF Claims Procedures; and (b) that independent legal counsel does not detrimentally impact the fairness or integrity of the appeal process.
49. If, during the course of seeking legal advice in connection with the preparation of written reasons, new issues arise that were not raised during the appeal hearing, an Appeal Committee will allow the participants to make submissions on those issues following the relevant procedure set out in Section I.

#### **N. CUSTOMER NOTIFICATION OF THE DECISION**

- 50. An Appeal Committee will endeavor to provide its decision and issue its written reasons within 90 days of the date of the appeal hearing.
- 51. An administrative coordinator, under the supervision of the Chair of the Coverage Committee of the CIPF Board of Directors, will advise the participants in writing of the decision of an Appeal Committee.
- 52. An administrative coordinator, under the supervision of the Chair of the Coverage Committee of the CIPF Board of Directors, will provide the participants with written reasons for the decision of an Appeal Committee.

**Guidelines for Canadian Investor Protection Fund (“CIPF”) Appeal Committees Hearings**  
**Dated January 1, 2023**

**A. GENERAL**

1. This document sets out non-binding guidelines for Appeal Committees hearing in-person appeals, appeals by teleconference and appeals in writing (the “**Guidelines**”).
2. These Guidelines are applicable to in-person appeal hearings, appeal hearings by teleconference and appeal hearings in writing, unless a specific type of hearing is referred to in the particular guideline.
3. Where there is any inconsistency between the Guidelines and the relevant Claims Procedures (the “**Claims Procedures**”), the Claims Procedures prevail.
4. Nothing in these Guidelines restricts an Appeal Committee from:
  - a) conducting an appeal in a manner other than the manner described in the Guidelines, if such a change is necessary to ensure a fair procedure for the appeal; and
  - b) deciding an appeal in the manner that they believe is just and appropriate in the circumstances and in accordance with the CIPF Coverage Policy.

**B. CUSTOMER’S ELECTION OF HEARING TYPE**

5. The customer may request to have their appeal heard in-person, by teleconference (with or without video) or in writing.
6. An Appeal Committee may decline to hold a hearing by teleconference or in writing if satisfied that an in-person hearing would be preferable to promote a fair and efficient adjudication of the claim.

**C. COMPOSITION OF APPEAL COMMITTEES**

7. The CIPF Board of Directors has identified qualified individuals to adjudicate appeals as members of Appeal Committees. These qualified individuals include members of the Board of Directors of CIPF as well as individuals external to CIPF.
8. Each member of an Appeal Committee (a “**Committee Member**”) will be:
  - a) either:
    - i) a Director of CIPF who was not involved in the initial claim decision; or

- ii) an adjudicator appointed by the CIPF Board of Directors for the purpose of adjudicating appeal hearings; and
  - b) selected at the time of the relevant insolvency in accordance with criteria established by the CIPF Board of Directors, through the CIPF Coverage Committee, a subcommittee of the CIPF Board of Directors.
- 9. An Appeal Committee may be composed of:
  - a) one Committee Member; or
  - b) two or more Committee Members.
- 10. When an Appeal Committee is comprised of two or more Committee Members, the CIPF Board of Directors will appoint a Chair of the Appeal Committee from among the Committee Members.

#### D. THE PARTICIPANTS TO AN APPEAL

- 11. The participants to an appeal hearing are:
  - a) the customer who has submitted a request for appeal in accordance with the Claims Procedures; and
  - b) CIPF staff.
- 12. The participants to an appeal hearing may have legal counsel or other advisers, but their participation is optional.

#### E. ROLE OF INDEPENDENT LEGAL COUNSEL

- 13. With the approval of the CIPF Board of Directors, an Appeal Committee may engage independent legal counsel (to be compensated by CIPF) for the purpose of providing legal advice to each Appeal Committee.
- 14. The role of independent legal counsel is to advise an Appeal Committee in relation to both the conduct of the appeal hearing and decision-making in a well-reasoned manner that is fair, efficient and consistent with the CIPF Coverage Policy and accords with the law.
- 15. Independent legal counsel will act independently of the customer and CIPF staff (the “**participants**”) and will not provide legal advice for or otherwise represent the participants.
- 16. An Appeal Committee may seek legal advice from independent legal counsel with respect to general issues arising from an appeal, including:
  - a) procedural issues related to the conduct of an appeal;



- b) consistency with the CIPF Coverage Policy; and
  - c) applicable legal principles.
17. If an Appeal Committee has obtained legal advice from independent legal counsel that relates to any particular appeal at any time after receiving materials with respect to the appeal, the Appeal Committee will:
- a) disclose to the participants the fact that legal advice has been obtained;
  - b) provide to the participants a summary of the content of that legal advice; and
  - c) offer an opportunity to the participants to make submissions in relation to that legal advice.
18. When independent legal counsel offers advice to an Appeal Committee in the drafting of written reasons for the disposition of an appeal, he or she will do so in the manner set out in paragraphs 47 and 48 below.

#### F. PREPARATIONS FOR APPEAL HEARINGS

19. An administrative coordinator, under the supervision of the Chair of the Coverage Committee of the CIPF Board of Directors, will schedule appeals in advance (having regard to the schedules and availability of participants), but in no event will the scheduling of an appeal be delayed unreasonably by a participant by reason of participant availability or scheduling. Where the scheduling of an appeal is not possible in a timely manner having regard to the schedules and availability of participants, the administrative coordinator may, in their discretion, elect to modify the hearing type or select the hearing date and time, provided that the administrative coordinator determines that such modification is reasonable for the parties involved. The administrative coordinator shall advise Committee Members and the participants of the date, and where relevant, the time and place that the appeal is to be conducted.
20. The customer will provide to CIPF any contact information or other information necessary for the hearing by teleconference.
21. The customer and any representative participating in the appeal will make themselves available at the scheduled time of the appeal.
22. For an appeal in writing, a written submissions schedule, which includes the date upon which each participant’s submissions (including any relevant evidence) are due and the address for delivery of the submissions (the “**Written Submissions Schedule**”) will be provided once the date of the appeal has been set.
23. The Written Submissions Schedule will generally indicate that submissions be provided in the following order:
- a) Claimant’s (Appellant) submissions;

- b) CIPF’s (Respondent) submissions; and
  - c) Claimant’s (Appellant) reply, if any.
24. An Appeal Committee and the participants to the appeal hearing will be provided in advance of the appeal hearing with:
- a) the CIPF Coverage Policy;
  - b) the CIPF Claims Procedures;
  - c) Guidelines for the CIPF Appeal Committees; and
  - d) relevant background information.
25. An Appeal Committee and the participants to the appeal hearing will also be provided in advance of the appeal hearing with:
- a) any evidence and submissions provided by the customer in support of the appeal; and
  - b) any evidence and submissions provided by CIPF staff in support of staff’s recommendation to recommend or deny coverage, in whole or in part, which will include:
    - i) the summary of facts prepared by staff;
    - ii) the decision letter issued by staff; and
    - iii) a review and analysis of the basis of each claim in relation to the CIPF Coverage Policy.

**G. PROCEDURES AND PRACTICES DURING APPEAL HEARINGS**

26. Each Appeal Committee has the power to determine its own procedures and practices and to select from among the Committee Members those Committee Member(s) who will hear each appeal, ensuring fairness and reasonableness. Nevertheless, in most

instances, it may be advisable for an Appeal Committee to commence an in-person appeal hearing or an appeal hearing by teleconference by:

- a) welcoming and introducing the Committee Member(s) (including any Committee Members referred to in paragraph 27 below), the customer, CIPF staff and any legal counsel that are present; and
  - b) identifying the purpose of the appeal hearing (i.e. the review of an initial staff recommendation to recommend or deny CIPF coverage).
27. A Committee Member who is not hearing the appeal, may attend an in-person appeal hearing or an appeal hearing by teleconference as an observer, but may not participate in any way in the adjudication of the appeal.
28. In a hearing by teleconference, all the participants and Committee Members should be able to hear one another and any witnesses throughout the hearing.

#### **H. EVIDENCE**

29. Following any introduction provided as referenced in paragraph 26 above, an Appeal Committee will:
- a) identify any evidence and submissions provided by the customer in support of the appeal;
  - b) identify any evidence and submissions provided by ~~CIPF~~ ~~NewIPF~~ staff in support of staff’s recommendation to recommend or deny coverage, in whole or in part; and
  - c) confirm that the customer was provided with a copy of CIPF staff’s evidence and submissions, including the summary of facts and decision letter.
30. An Appeal Committee may allow the participants to introduce any evidence the Committee considers appropriate in the circumstances, including:
- a) any documents that were not previously provided to the Appeal Committee; and
  - b) any other evidence offered with respect to the appeal.
31. In the case of a hearing in writing, any evidence referred to in paragraph 30 is to be received on or before the date of the scheduled appeal hearing.
32. An Appeal Committee may, at its own discretion, restrict oral evidence from being given at an in-person hearing or a hearing by teleconference in the interests of fairness.
33. Each participant is entitled to receive every document that an Appeal Committee receives in the appeal proceeding, and will be given reasonable time to review each such document.

34. An Appeal Committee may ask questions with respect to any evidence offered by any participant.

#### **I. SUBMISSIONS**

35. At an in-person hearing or a hearing by teleconference, an Appeal Committee will invite the participants to make submissions relating to the appeal.
36. At an in-person hearing or a hearing by teleconference, an Appeal Committee may ask at any time questions with respect to the submissions or positions taken by any participant.
37. After the close of the Written Submissions Schedule referred to in paragraph 22, an Appeal Committee may write to the participants with any questions in relation to the submissions or positions taken by any participant.
38. If an Appeal Committee requests any additional evidence or submissions in relation to an issue, all participants will have an opportunity to submit further written submissions on that issue.

#### **J. CONCLUSION OF IN-PERSON APPEAL HEARING OR APPEAL HEARING BY TELECONFERENCE**

39. An Appeal Committee will customarily thank the [participants](#) ~~customer and CIPF staff~~ for their participation.
40. An Appeal Committee will advise that:
  - a) it has made its decision, which will be communicated verbally to the participants, with written reasons to follow; or
  - b) it will reserve its decision and inform the participants of the decision notification process, including the issuance of written reasons.

#### **K. DELIBERATIONS**

41. An Appeal Committee will, without the presence of any participants to the appeal hearing, convene to determine the outcome of the appeal.
42. If an Appeal Committee is comprised of two or more Committee Members, the decision of the Appeal Committee will be decided by simple majority but, in the case of an evenly split decision among Committee Members, the decision of the Chair of the Appeal Committee, as appointed by the CIPF Board of Directors, will prevail.
43. An Appeal Committee will select a Committee Member to prepare a draft of written reasons for the decision.

**L. REMOVAL OF A COMMITTEE MEMBER**

44. If a Committee Member is unable to continue to serve on an Appeal Committee for any reason before the completion of the appeal hearing, which includes the rendering of a decision, the remaining Committee Member(s) will continue to hear the matter and render a decision.
45. If there are no remaining Committee Members available to continue with an appeal hearing, an appeal hearing de novo will be scheduled to be heard by another Appeal Committee.
46. If the Chair of an Appeal Committee is unable to continue to serve as the Chair of the Appeal Committee, a new Chair of the Appeal Committee will be appointed from among the remaining Committee Members, in accordance with paragraph 10 above.

**M. ADVICE FROM INDEPENDENT LEGAL COUNSEL**

47. When an Appeal Committee seeks advice from independent legal counsel in connection with the preparation of written reasons, the Appeal Committee may ask independent legal counsel to review a draft of any written reasons for the purpose of advising the Appeal Committee in relation to:
  - a) issuing written reasons that are:
    - i) consistent with the CIPF Coverage Policy;
    - ii) in accordance with the law; and
  - b) ensuring that the written reasons accurately reflect the rationale for the Appeal Committee’s decision.
48. With respect to advice offered by independent legal counsel to an Appeal Committee relating to the preparation of written reasons, the Appeal Committee and independent legal counsel will ensure: (a) that the decision of the Appeal Committee and its reasons are determined in accordance with the CIPF Coverage Policy and CIPF Claims Procedures; and (b) that independent legal counsel does not detrimentally impact the fairness or integrity of the appeal process.
49. If, during the course of seeking legal advice in connection with the preparation of written reasons, new issues arise that were not raised during the appeal hearing, an Appeal Committee will allow the participants to make submissions on those issues following the relevant procedure set out in Section I.

**N. CUSTOMER NOTIFICATION OF THE DECISION**

50. An Appeal Committee will endeavor to provide its decision and issue its written reasons within 90 days of the date of the appeal hearing.

51. An administrative coordinator, under the supervision of the Chair of the Coverage Committee of the CIPF Board of Directors, will advise the [participants](#) ~~customer and CIPF staff~~ in writing of the decision of an Appeal Committee.
52. An administrative coordinator, under the supervision of the Chair of the Coverage Committee of the CIPF Board of Directors, will provide the [participants](#) ~~customer and CIPF staff~~ with written reasons for the decision of an Appeal Committee.

## **1. PURPOSE**

This Disclosure Policy (Policy) describes the requirements, prescribed formats, and acceptable practices for disclosure of CIPF coverage for customers of members (“**CIRO Members**”) of Canadian Investment Regulatory Organization, as it is currently named or as it may be renamed from time to time (“**CIRO**”), all as required by the Corporation Investment Dealer and Partially Consolidated Rule 2284, Mutual Fund Dealer Rule 5.3.2(e) and MSN-0083, or their respective successor rule(s).

## **2. GENERAL PRINCIPLES**

- a. The specific disclosure requirements prescribed by this Policy are informed by the following general principles which are intended to serve as guidance for CIRO Members in their reasonable efforts to comply with the specific requirements of this Policy set forth in Parts A to C below:
  - i. A CIRO Member must disclose membership in CIPF to its customers.
  - ii. A CIRO Member must expressly refer its customers to the CIPF Coverage Policy for the scope of coverage as well as limitations and exclusions to such coverage.
  - iii. A CIRO Member must disclose to its customers whether the Investment Dealer Fund or the Mutual Fund Dealer Fund identified in the CIPF Coverage Policy will be available to satisfy claims of its customers in the event of an insolvency of the CIRO Member.
  - iv. A CIRO Member must not refer to CIPF membership in connection with an activity for which CIPF coverage is not available.
  - v. Where practical, communication about CIPF coverage must be done in the same language as other communication from the CIRO Member to the customer.
  - vi. A CIRO Member must not make any false, misleading or deceptive statements about the nature or scope of coverage provided by CIPF, including CIPF membership.

## **3. APPLICATION**

- a. Parts A and C apply to those CIRO Members registered under Canadian securities legislation in the category of “investment dealer” or in the categories of both “investment dealer” and “mutual fund dealer” and required to comply with this Policy.
- b. Parts B and C apply to those CIRO Members duly registered under Canadian securities legislation only in the category of “mutual fund dealer” and required to comply with this Policy.

## **PART A - INVESTMENT DEALERS AND DUAL REGISTRANTS**

### **4. CIPF MEMBERSHIP IDENTIFIER**

- a. The CIPF Membership Identifier means either the graphic or text versions prescribed in **Appendix A**.
- b. The CIPF Membership Identifier must be displayed so that it is clearly visible and legible, with:



- i. a good contrast to the background, to ensure maximum impact and accessibility; and
  - ii. a clear surrounding area without graphic elements or text.
- c. The graphic version of the CIPF Membership Identifier:
  - i. must be produced from a digital master reference available from CIPF; and
  - ii. must not have its design altered in any way, but may be altered with respect to its overall size, providing the relative proportions and colours are maintained and the content is clearly visible and legible.
- d. The CIPF Membership Identifier is optional on written, visual and audio advertising, including social media, provided that any such use of the CIPF Membership Identifier does not give an impression that CIPF endorses a particular investment product.

## 5. WEBSITES

- a. Each CIRO Member must display the CIPF Membership Identifier and a link to the CIPF website ([www.cipf.ca](http://www.cipf.ca)) on the CIRO Member's main homepage, provided that its use is in compliance with the General Principles of this Policy.
- b. Where a CIRO Member's website is part of a combined financial institution group website or where a CIRO Member employs dually employed representatives<sup>1</sup>, the CIPF Membership Identifier is to be displayed only on the webpages within the website that relate to activities for which CIPF coverage is available, subject to the exception in subsection 5(b)(i).
  - i. The CIPF Membership Identifier may be displayed as part of a banner that is included across multiple or all webpages within the website, provided that those webpages that relate to activities for which CIPF coverage is not available (determined with reference to the CIPF Coverage Policy) include clear and visible disclosure indicating that CIPF coverage does not apply.
- c. The CIPF Membership Identifier is permitted on a CIRO Member's trade name's website provided that:
  - i. it is not a separate legal entity from the CIRO Member;
  - ii. the full legal name of the CIRO Member is also clearly visible; and
  - iii. the use of the CIPF Membership Identifier is in compliance with the General Principles of this Policy.

## 6. CIPF DECAL

- a. The CIPF Decal is the decal prescribed in **Appendix B** and is available to order on the CIPF website ([www.cipf.ca](http://www.cipf.ca)) at the expense of the CIRO Member.

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<sup>1</sup> Individuals dually employed by a CIRO Member and another financial services entity, such as an entity regulated by a securities regulatory authority or by another Canadian financial services regulatory regime such as banking, insurance, deposit-taking or mortgage brokerage activities.

- b. The CIPF Decal must:
  - i. be clearly visible to customers at each business location to which customers, or potential customers, have access;
  - ii. be placed on a door, window, in a plaque on a counter or other similar visible surface;
  - iii. be displayed in the same manner and adjacent to such other sign or symbol of membership or affiliation with a self-regulatory organization;
  - iv. not be placed in a manner that would cause, or be reasonably expected to cause, customers of another financial services entity to believe that they are entitled to CIPF coverage if they are not,<sup>2</sup> such as in the case of a shared premise or where premises are used by dually employed representatives<sup>3</sup>; and
  - v. be removed from vacated premises.
- c. The CIPF Decal is not required to be displayed until 30 days after the first day of operation as a CIRO Member.

## **7. CIPF EXPLANATORY STATEMENT**

- a. The CIPF Explanatory Statement must be 7(a)(i) or 7(a)(ii), each of which have two variations (in square brackets) for text in the second sentence:
  - i. Customers' accounts are protected by the CIPF's Investment Dealer Fund in accordance with its Coverage Policy. A brochure describing the scope and nature of coverage, as well as the limitations and exclusions of coverage, is available [[upon request] or [upon request or at [www.cipf.ca](http://www.cipf.ca)]].
  - ii. Customers' accounts at CIRO Dealer Members are protected by the CIPF's Investment Dealer Fund in accordance with its Coverage Policy. A brochure describing the scope and nature of coverage, as well as the limitations and exclusions of coverage, is available [[upon request] or [upon request or at [www.cipf.ca](http://www.cipf.ca)]].

## **8. CIPF OFFICIAL BROCHURE**

- a. The CIPF Official Brochure means any publication authorized and prescribed by CIPF in **Appendix C**.
- b. The CIPF Official Brochure must:
  - i. be provided in its most current electronic or hard copy form to all new customers at the time of account opening and to all other customers upon request;
  - ii. be ordered in accordance with instructions found on the CIPF website ([www.cipf.ca](http://www.cipf.ca));
  - iii. be imprinted with the legal name of the CIRO Member; and

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<sup>2</sup> Compliance with this requirement will be determined by CIPF with consideration to what is reasonable given the specific circumstances of a CIRO Member.

<sup>3</sup> *Supra* note 1.

- iv. not be altered in any way, unless approved by CIPF in advance.
- c. CIRO Members may provide customers with an electronic or hard copy of the CIPF Official Brochure as part of a customer application package if:
  - i. the CIRO Member does not change any aspect of the CIPF Official Brochure;
  - ii. the pages of the CIPF Official Brochure are not presented on the same page as other content in the customer application package; and
  - iii. the CIPF Official Brochure is imprinted, stamped or printed with the legal name of the CIRO Member and its designation as a participant of the Investment Dealer Fund.

## **9. REQUIREMENTS FOR CONFIRMATIONS AND ACCOUNT STATEMENTS**

- a. Each CIRO Member must include the following, in legible print, on all confirmations and account statements made available to customers:
  - i. the CIPF Membership Identifier on the front page, and
  - ii. the CIPF Explanatory Statement.
- b. Where a CIRO Member has entered into a service arrangement with a registered portfolio manager to provide custodial services to the portfolio manager and its customers, the following additional requirements apply to account statements:
  - i. The following disclosure must be placed prominently on the front page of the account statement:

This statement is being issued to you by [Dealer Member name]. [Dealer Member name] has agreed to act as the custodian for the assets disclosed on this statement. The assets that may be eligible for CIPF coverage, within specified limits, are limited to those disclosed in this account statement.
  - ii. Where the CIRO Member also includes the portfolio manager's contact information on the account statement:
    - (1) The portfolio manager's contact information must appear on the statement as follows:

Portfolio manager contact information:

      - [Individual representative name and contact details]
      - [Firm name and contact details]
    - (2) The CIRO Member must not place the portfolio manager's contact information near the CIRO logo or CIPF Membership Identifier (i.e. directly above, below or beside it), or in a manner that suggests or implies that CIPF coverage applies to losses arising from the insolvency of a portfolio manager.

## **PART B – MUTUAL FUND DEALERS**

### **10. REQUIREMENTS FOR ACCOUNT STATEMENTS**

- a. Each CIRO Member must include the following CIPF Explanatory Statement, in legible print, on all account statements made available to customers:
  - i. Customers' accounts are protected by the CIPF's Mutual Fund Dealer Fund within specific limits. Mutual fund dealer customer accounts located in Québec will not be eligible for coverage by CIPF. Please refer to the CIPF Coverage Policy on the website at [www.cipf.ca](http://www.cipf.ca) for a description of the nature and limits of coverage, or contact CIPF at 1-866-243-6981.

## **PART C – ALL CIRO MEMBERS**

### **11. DISCLOSURE ABOUT CIPF BY CIRO MEMBER OR RELATED PARTY**

- a. Any disclosure about CIPF created by a CIRO Member for broad distribution,<sup>4</sup> other than what is permitted under this Policy, must be approved by CIPF in advance.
- b. A CIRO Member is not permitted to make any reference to a third party about its CIPF risk classification (if any).
- c. A CIRO Member must notify CIPF if it discovers that any non-CIRO Member<sup>5</sup> with which it has a relationship is making any false, misleading or deceptive statements about the nature or scope of coverage (or the limitations and exclusions from coverage) provided by CIPF, including CIPF membership.
- d. Subsections 11(a) to (c) include disclosures about CIPF at physical premises, electronic business sites, including social media, and advertisements.

### **12. SUSPENSION OR TERMINATION OF MEMBERSHIP**

- a. Upon suspension or termination of CIRO membership, each CIRO Member must immediately cease any use of the CIPF Explanatory Statement, the CIPF Official Brochure, the CIPF Membership Identifier and the CIPF Decal, and cease otherwise identifying itself as a member of CIPF.

### **13. IMPLEMENTATION**

- a. This Policy shall be effective January 1, 2023.
- b. Each CIRO Member shall be required to comply with all provisions of this Policy no later than December 31, 2024 (other than CIRO Members granted membership on or after January 1, 2023, who shall be required to comply with all provisions of this Policy upon the earlier of the date such membership is granted and June 30, 2023). Pending compliance with each provision of this Policy:

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<sup>4</sup> For clarity, disclosures on a website and social media are considered created by a CIRO Member for broad distribution.

<sup>5</sup> A non-CIRO Member includes a financial services entity regulated by a securities regulatory authority or by another Canadian financial services regulatory regime such as banking, insurance, deposit-taking or mortgage brokerage activities.

- i. each CIRO Member shall continue to comply with the corresponding provision of the disclosure policy or requirements of CIPF's predecessor applicable to the CIRO Member immediately prior to the effective date of this Policy; and
- ii. all references in each CIRO Member's disclosure, website and documentation to a predecessor of CIPF shall be deemed to be a reference to CIPF.

**14. EXEMPTIONS**

- a. Requests for exemption from any requirements of this Policy or its prescribed formats can be made by filling out the form available on the CIPF website at [www.cipf.ca](http://www.cipf.ca) and submitting it to [info@cipf.ca](mailto:info@cipf.ca).

**PRESCRIBED FORMATS OF THE CIPF MEMBERSHIP IDENTIFIER**

1. The following are the designated forms of the CIPF Membership Identifier:

a. Graphic versions (available in .eps, .jpeg, and .gif formats):



b. Text versions:

i. Member – Canadian Investor Protection Fund

- ii. Membre – Fonds canadien de protection des investisseurs
  - iii. Member of the Canadian Investor Protection Fund
  - iv. Membre du Fonds canadien de protection des investisseurs
  - v. <<Insert Your Dealer Member Name Registered with CIRO>> is a Member of the Canadian Investor Protection Fund
  - vi. << Insérez la dénomination de votre courtier membre telle qu'elle apparaît dans les registres de l'OCRI>> est membre du Fonds canadien de protection des investisseurs
  - vii. Member – Canadian Investor Protection Fund / Membre – Fonds canadien de protection des investisseurs
  - viii. Membre – Fonds canadien de protection des investisseurs / Member – Canadian Investor Protection Fund
  - ix. Member of the Canadian Investor Protection Fund / Membre du Fonds canadien de protection des investisseurs
  - x. Membre du Fonds canadien de protection des investisseurs / Member of the Canadian Investor Protection Fund
  - xi. <<Insert Your Dealer Member Name Registered with CIRO>> is a Member of the Canadian Investor Protection Fund / Fonds canadien de protection des investisseurs
  - xii. << Insérez la dénomination de votre courtier membre telle qu'elle apparaît dans les registres de l'OCRI >> est membre du Fonds canadien de protection des investisseurs / Member of the Canadian Investor Protection Fund
2. The graphic versions of the CIPF Membership Identifier must only appear in the following three colour variants:
- a. Black



- b. Reverse white (white on a coloured background, which may be either black or a colour consistent with the colour scheme used in the CIRO Member's document)



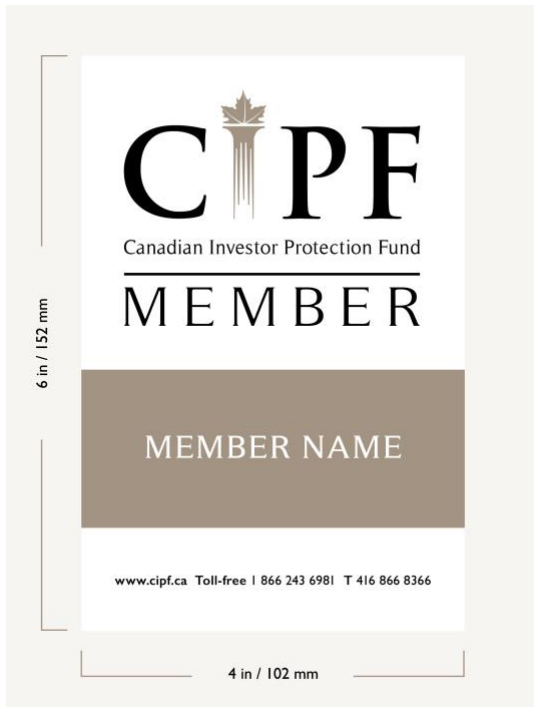


- c. Black and taupe (PMS 7530)



**PRESCRIBED FORMATS OF THE CIPF DECAL**

1. The CIPF Decal contains the CIPF Membership Identifier and an area for imprinting the CIRO Member’s legal entity name.
2. The CIPF Decal is 4 inches or 102 millimetres wide by 6 inches or 152 millimetres high.



**PRESCRIBED FORMATS OF THE CIPF OFFICIAL BROCHURE**

1. The following are the designated forms of the CIPF Official Brochure:
  - a. Electronic version – A CIRO Member must purchase a PDF version imprinted with the legal name of the CIRO Member in accordance with instructions found on the CIPF website ([www.cipf.ca](http://www.cipf.ca)). A CIRO Member must not change any aspect of the imprinted PDF version so purchased.
  - b. Hard copy version – A CIRO Member has the option of printing a PDF version of the purchased electronic brochure or purchasing either blank or imprinted hard copies in accordance with instructions found on the CIPF website ([www.cipf.ca](http://www.cipf.ca)).
    - i. A CIRO Member must not change any aspect of the printed hard copy of the PDF version.
    - ii. Blank hard copies must be stamped or printed by the CIRO Member with the legal name of the CIRO Member and its designation as a participant of the Investment Dealer Fund or the Mutual Fund Dealer Fund, in the white space on the back of the CIPF Official Brochure.
    - iii. Imprinted hard copies must include the legal name of the CIRO Member and its designation as a participant of the Investment Dealer Fund or the Mutual Fund Dealer Fund, and may include the CIRO Member’s logo and/or address.

## 1. PURPOSE

This Disclosure Policy (Policy) describes the requirements, prescribed formats, and acceptable practices for disclosure of CIPF coverage for customers of members (“~~CIRO New SRO Members~~”) of Canadian Investment Regulatory Organization~~New—Self-Regulatory Organization of Canada~~, as it is currently named or as it may be renamed from time to time (“~~CIRO New SRO~~”), all as required by the Corporation Investment Dealer and Partially Consolidated Rule 2284, Mutual Fund Dealer Rule 5.3.2(e) and MSN-0083, or their respective successor rule(s).

## 2. GENERAL PRINCIPLES

- a. The specific disclosure requirements prescribed by this Policy are informed by the following general principles which are intended to serve as guidance for ~~CIRO New SRO~~ Members in their reasonable efforts to comply with the specific requirements of this Policy set forth in Parts A to C below:
  - i. A ~~CIRO New SRO~~ Member must disclose membership in CIPF to its customers.
  - ii. A ~~CIRO New SRO~~ Member must expressly refer its customers to the CIPF Coverage Policy for the scope of coverage as well as limitations and exclusions to such coverage.
  - iii. A ~~CIRO New SRO~~ Member must disclose to its customers whether the Investment Dealer Fund or the Mutual Fund Dealer Fund identified in the CIPF Coverage Policy will be available to satisfy claims of its customers in the event of an insolvency of the CIRO Member~~member firm~~.
  - iv. A ~~CIRO New SRO~~ Member must not refer to CIPF membership in connection with an activity for which CIPF coverage is not available.
  - v. Where practical, communication about CIPF coverage must be done in the same language as other communication from the CIRO Member~~member firm~~ to the customer.
  - vi. A ~~CIRO New SRO~~ Member must not make any false, misleading or deceptive statements about the nature or scope of coverage provided by CIPF, including CIPF membership.

## 3. APPLICATION

- a. Parts A and C apply to those ~~CIRO New SRO~~ Members registered under Canadian securities legislation in the category of “investment dealer” or in the categories of both “investment dealer” and “mutual fund dealer” and required to comply with this Policy.
- b. Parts B and C apply to those ~~CIRO New SRO~~ Members duly registered under Canadian securities legislation only in the category of “mutual fund dealer” and required to comply with this Policy.

## ***PART A – INVESTMENT DEALERS AND DUAL REGISTRANTS***

### **4. CIPF MEMBERSHIP IDENTIFIER**

- a. The CIPF Membership Identifier means either the graphic or text versions prescribed in **Appendix A**.
- b. The CIPF Membership Identifier must be displayed so that it is clearly visible and legible, with:
  - i. a good contrast to the background, to ensure maximum impact and accessibility; and
  - ii. a clear surrounding area without graphic elements or text.
- c. The graphic version of the CIPF Membership Identifier:
  - i. must be produced from a digital master reference available from CIPF; and
  - ii. must not have its design altered in any way, but may be altered with respect to its overall size, providing the relative proportions and colours are maintained and the content is clearly visible and legible.
- d. The CIPF Membership Identifier is optional on written, visual and audio advertising, including social media, provided that any such use of the CIPF Membership Identifier does not give an impression that CIPF endorses a particular investment product.

### **5. WEBSITES**

- a. Each [CIRO](#)~~New-SRO~~ Member must display the CIPF Membership Identifier and a link to the CIPF website ([www.cipf.ca](http://www.cipf.ca)) on the [CIRO](#)~~New-SRO~~ Member's main homepage, provided that its use is in compliance with the General Principles of this Policy.
- b. Where a [CIRO](#)~~New-SRO~~ Member's website is part of a combined financial institution group website or where a [CIRO](#)~~New-SRO~~ Member employs dually employed representatives<sup>1</sup>, the CIPF Membership Identifier is to be displayed only on the webpages within the website that relate to activities for which CIPF coverage is available, subject to the exception in subsection 5(b)(i).
  - i. The CIPF Membership Identifier may be displayed as part of a banner that is included across multiple or all webpages within the website, provided that those webpages that relate to activities for which CIPF coverage is not available (determined with reference to the CIPF Coverage Policy) include clear and visible disclosure indicating that CIPF coverage does not apply.
- c. The CIPF Membership Identifier is permitted on a [CIRO](#)~~New-SRO~~ Member's trade name's website provided that:
  - i. it is not a separate legal entity from the [CIRO](#)~~New-SRO~~ Member;
  - ii. the full legal name of the [CIRO](#)~~New-SRO~~ Member is also clearly visible; and

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<sup>1</sup> Individuals dually employed by a [CIRO](#)~~New-SRO~~ Member and another financial services entity, such as an entity regulated by a securities regulatory authority or by another Canadian financial services regulatory regime such as banking, insurance, deposit-taking or mortgage brokerage activities.

- iii. the use of the CIPF Membership Identifier is in compliance with the General Principles of this Policy.

## **6. CIPF DECAL**

- a. The CIPF Decal is the decal prescribed in **Appendix B** and is available to order on the CIPF website ([www.cipf.ca](http://www.cipf.ca)) at the expense of the [CIRO Member](#) ~~member firm~~.
- b. The CIPF Decal must:
  - i. be clearly visible to customers at each business location to which customers, or potential customers, have access;
  - ii. be placed on a door, window, in a plaque on a counter or other similar visible surface;
  - iii. be displayed in the same manner and adjacent to such other sign or symbol of membership or affiliation with a self-regulatory organization;
  - iv. not be placed in a manner that would cause, or be reasonably expected to cause, customers of another financial services entity to believe that they are entitled to CIPF coverage if they are not,<sup>2</sup> such as in the case of a shared premise or where premises are used by dually employed representatives<sup>3</sup>; and
  - v. be removed from vacated premises.
- c. The CIPF Decal is not required to be displayed until 30 days after the first day of operation as a [CIRO Member](#) ~~member firm~~.

## **7. CIPF EXPLANATORY STATEMENT**

- a. The CIPF Explanatory Statement must be 7(a)(i) or 7(a)(ii), each of which have two variations (in square brackets) for text in the second sentence:
  - i. Customers' accounts are protected by the CIPF's Investment Dealer Fund in accordance with its Coverage Policy. A brochure describing the scope and nature of coverage, as well as the limitations and exclusions of coverage, is available [[upon request] or [upon request or at [www.cipf.ca](http://www.cipf.ca)]].
  - ii. Customers' accounts at [CIRO](#) ~~New SRO~~ Dealer Members are protected by the CIPF's Investment Dealer Fund in accordance with its Coverage Policy. A brochure describing the scope and nature of coverage, as well as the limitations and exclusions of coverage, is available [[upon request] or [upon request or at [www.cipf.ca](http://www.cipf.ca)]].

## **8. CIPF OFFICIAL BROCHURE**

- a. The CIPF Official Brochure means any publication authorized and prescribed by CIPF in **Appendix C**.
- b. The CIPF Official Brochure must:
  - i. be provided in its most current electronic or hard copy form to all new customers at the time of account opening and to all other customers upon request;

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<sup>2</sup> Compliance with this requirement will be determined by CIPF with consideration to what is reasonable given the specific circumstances of a [CIRO](#) ~~New SRO~~ Member.

<sup>3</sup> *Supra* note 1.

- ii. be ordered in accordance with instructions found on the CIPF website ([www.cipf.ca](http://www.cipf.ca));
  - iii. be imprinted with the legal name of the [CIRONew-SRO](#) Member; and
  - iv. not be altered in any way, unless approved by CIPF in advance.
- c. [CIRONew-SRO](#) Members may provide customers with an electronic or hard copy of the CIPF Official Brochure as part of a customer application package if:
- i. the [CIRONew-SRO](#) Member does not change any aspect of the CIPF Official Brochure;
  - ii. the pages of the CIPF Official Brochure are not presented on the same page as other content in the customer application package; and
  - iii. the CIPF Official Brochure is imprinted, stamped or printed with the legal name of the [CIRONew-SRO](#) Member and its designation as a participant of the Investment Dealer Fund.

## 9. REQUIREMENTS FOR CONFIRMATIONS AND ACCOUNT STATEMENTS

- a. Each [CIRONew-SRO](#) Member must include the following, in legible print, on all confirmations and account statements made available to customers:
  - i. the CIPF Membership Identifier on the front page, and
  - ii. the CIPF Explanatory Statement.
- b. Where a [CIRONew-SRO](#) Member has entered into a service arrangement with a registered portfolio manager to provide custodial services to the portfolio manager and its customers, the following additional requirements apply to account statements:
  - i. The following disclosure must be placed prominently on the front page of the account statement:

This statement is being issued to you by [Dealer Member name]. [Dealer Member name] has agreed to act as the custodian for the assets disclosed on this statement. The assets that may be eligible for CIPF coverage, within specified limits, are limited to those disclosed in this account statement.
  - ii. Where the [CIRONew-SRO](#) Member also includes the portfolio manager's contact information on the account statement:
    - (1) The portfolio manager's contact information must appear on the statement as follows:

Portfolio manager contact information:

      - [Individual representative name and contact details]
      - [Firm name and contact details]
    - (2) The [CIRONew-SRO](#) Member must not place the portfolio manager's contact information near the [CIRONew-SRO](#) logo or CIPF Membership Identifier (i.e. directly above, below or beside it), or in a manner that suggests or implies that



CIPF coverage applies to losses arising from the insolvency of a portfolio manager.

## ***PART B – MUTUAL FUND DEALERS***

### **10. REQUIREMENTS FOR ACCOUNT STATEMENTS**

- a. Each ~~CIRONew-SRO~~ Member must include the following CIPF Explanatory Statement, in legible print, on all account statements made available to customers:
  - i. Customers' accounts are protected by the CIPF's Mutual Fund Dealer Fund within specific limits. Mutual fund dealer customer accounts located in Québec will not be eligible for coverage by CIPF. Please refer to the CIPF Coverage Policy on the website at [www.cipf.ca](http://www.cipf.ca) for a description of the nature and limits of coverage, or contact CIPF at 1-866-243-6981.

## ***PART C – ALL ~~CIRONew-SRO~~ MEMBERS***

### **11. DISCLOSURE ABOUT CIPF BY ~~CIRONew-SRO~~ MEMBER OR RELATED PARTY**

- a. Any disclosure about CIPF created by a ~~CIRONew-SRO~~ Member for broad distribution,<sup>4</sup> other than what is permitted under this Policy, must be approved by CIPF in advance.
- b. A ~~CIRONew-SRO~~ Member is not permitted to make any reference to a third party about its CIPF risk classification (if any).
- c. A ~~CIRONew-SRO~~ Member must notify CIPF if it discovers that any non-~~CIRONew-SRO~~ Member<sup>5</sup> with which it has a relationship is making any false, misleading or deceptive statements about the nature or scope of coverage (or the limitations and exclusions from coverage) provided by CIPF, including CIPF membership.
- d. Subsections 11(a) to (c) include disclosures about CIPF at physical premises, electronic business sites, including social media, and advertisements.

### **12. SUSPENSION OR TERMINATION OF MEMBERSHIP**

- a. Upon suspension or termination of ~~CIRONew-SRO~~ membership, each ~~CIRONew-SRO~~ Member must immediately cease any use of the CIPF Explanatory Statement, the CIPF Official Brochure, the CIPF Membership Identifier and the CIPF Decal, and cease otherwise identifying itself as a member of CIPF.

### **13. IMPLEMENTATION**

- a. This Policy shall be effective January 1, 2023.
- b. Each ~~CIRONew-SRO~~ Member shall be required to comply with all provisions of this Policy no later than December 31, 2024 (other than ~~CIRONew-SRO~~ Members granted membership on or after January 1, 2023, who shall be required to comply with all provisions

<sup>4</sup> For clarity, disclosures on a website and social media are considered created by a ~~CIRONew-SRO~~ Member for broad distribution.

<sup>5</sup> A non-~~CIRONew-SRO~~ Member includes a financial services entity regulated by a securities regulatory authority or by another Canadian financial services regulatory regime such as banking, insurance, deposit-taking or mortgage brokerage activities.

of this Policy upon the earlier of the date such membership is granted and June 30, 2023). Pending compliance with each provision of this Policy:

- i. each [CIRONew-SRO](#) Member shall continue to comply with the corresponding provision of the disclosure policy or requirements of CIPF's predecessor applicable to the [CIRONew-SRO](#) Member immediately prior to the effective date of this Policy; and
- ii. all references in each [CIRONew-SRO](#) Member's disclosure, website and documentation to a predecessor of CIPF shall be deemed to be a reference to CIPF.

#### 14. EXEMPTIONS

- a. Requests for exemption from any requirements of this Policy or its prescribed formats can be made by filling out the form available on the CIPF website at [www.cipf.ca](http://www.cipf.ca) and submitting it to [info@cipf.ca](mailto:info@cipf.ca).

**PRESCRIBED FORMATS OF THE CIPF MEMBERSHIP IDENTIFIER**

1. The following are the designated forms of the CIPF Membership Identifier:

a. Graphic versions (available in .eps, .jpeg, and .gif formats):



b. Text versions:

i. Member – Canadian Investor Protection Fund

- ii. Membre – Fonds canadien de protection des investisseurs
  - iii. Member of the Canadian Investor Protection Fund
  - iv. Membre du Fonds canadien de protection des investisseurs
  - v. <<Insert Your Dealer Member Name Registered with ~~New-SRO~~[CIRO](#)>> is a Member of the Canadian Investor Protection Fund
  - vi. << Insérez la dénomination de votre courtier membre telle qu'elle apparaît dans les registres ~~de l'OCRI du Nouvel OAR~~>> est membre du Fonds canadien de protection des investisseurs
  - vii. Member – Canadian Investor Protection Fund / Membre – Fonds canadien de protection des investisseurs
  - viii. Membre – Fonds canadien de protection des investisseurs / Member – Canadian Investor Protection Fund
  - ix. Member of the Canadian Investor Protection Fund / Membre du Fonds canadien de protection des investisseurs
  - x. Membre du Fonds canadien de protection des investisseurs / Member of the Canadian Investor Protection Fund
  - xi. <<Insert Your Dealer Member Name Registered with [CIRO](#)~~New-SRO~~>> is a Member of the Canadian Investor Protection Fund / Fonds canadien de protection des investisseurs
  - xii. << Insérez la dénomination de votre courtier membre telle qu'elle apparaît dans les registres ~~de l'OCRI du Nouvel OAR~~>> est membre du Fonds canadien de protection des investisseurs / Member of the Canadian Investor Protection Fund
2. The graphic versions of the CIPF Membership Identifier must only appear in the following three colour variants:

- a. Black



- b. Reverse white (white on a coloured background, which may be either black or a colour consistent with the colour scheme used in the [CIRO Member's](#)~~member firm's~~ document)

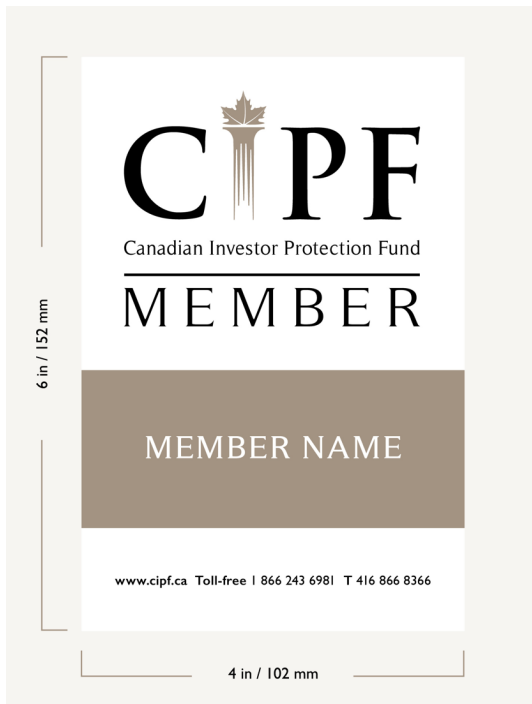


- c. Black and taupe (PMS 7530)



**PRESCRIBED FORMATS OF THE CIPF DECAL**

1. The CIPF Decal contains the CIPF Membership Identifier and an area for imprinting the [CIRO Member's member firm's](#) legal entity name.
2. The CIPF Decal is 4 inches or 102 millimetres wide by 6 inches or 152 millimetres high.



**PRESCRIBED FORMATS OF THE CIPF OFFICIAL BROCHURE**

1. The following are the designated forms of the CIPF Official Brochure:
  - a. Electronic version – A ~~CIRO~~New SRO Member must purchase a PDF version imprinted with the legal name of the ~~CIRO~~New SRO Member in accordance with instructions found on the CIPF website (www.cipf.ca). A ~~CIRO~~New SRO Member must not change any aspect of the imprinted PDF version so purchased.
  - b. Hard copy version – A ~~CIRO~~New SRO Member has the option of printing a PDF version of the purchased electronic brochure or purchasing either blank or imprinted hard copies in accordance with instructions found on the CIPF website (www.cipf.ca).
    - i. A ~~CIRO~~New SRO Member must not change any aspect of the printed hard copy of the PDF version.
    - ii. Blank hard copies must be stamped or printed by the ~~CIRO~~ Member member firm with the legal name of the ~~CIRO~~New SRO Member and its designation as a participant of the Investment Dealer Fund or the Mutual Fund Dealer Fund, in the white space on the back of the CIPF Official Brochure.
    - iii. Imprinted hard copies must include the legal name of the ~~CIRO~~New SRO Member and its designation as a participant of the Investment Dealer Fund or the Mutual Fund Dealer Fund, and may include the ~~CIRO~~New SRO Member’s logo and/or address.

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CANADIAN INVESTOR PROTECTION FUND/FONDS CANADIEN DE PROTECTION DES  
INVESTISSEURS

BY-LAW NUMBER 1

**BE IT ENACTED** as a by-law of the Canadian Investor Protection Fund/Fonds canadien de protection des investisseurs, which was amalgamated under the *Canada Not-for-profit Corporations Act* (the “**Act**”) or a predecessor thereof, as follows:

**1. DEFINITIONS**

1.1 Any capitalized terms used in this By-law that are not defined below shall have the meaning attributed thereto in the Act. In this By-law, the following words and terms shall have the meanings set out below:

“**Affiliate**” has the meaning of an affiliated body corporate under the Act;

“**Amalgamation**” means the amalgamation of the Predecessor Corporations to form the Corporation;

“**Articles**” means the articles of amalgamation of the Corporation;

“**Associate**”, where used to indicate a relationship with any person, means:

- (a) any body corporate of which such person beneficially owns, directly or indirectly, voting securities carrying more than ten percent (10%) of the voting rights attached to all voting securities of the body corporate for the time being outstanding;
- (b) a partner of that person;
- (c) any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity;
- (d) any relative of that person who resides in the same home as that person;
- (e) any person who resides in the same home as the person and to whom that person is married or with whom that person is living in a conjugal relationship outside of marriage; or
- (f) any relative of a person mentioned in clause (e) above, who has the same home as that person.

“**Board**” means the board of directors of the Corporation;

“**By-law**” means this by-law and any other by-laws of the Corporation;

“**Chief Executive Officer**” means the person appointed by the Board, from time to time, as Chief Executive Officer of the Corporation;

**“Corporation”** means the Canadian Investor Protection Fund/Fonds canadien de protection des investisseurs, a corporation amalgamated under the Act;

**“Directors”** means the persons comprising the Board;

**“Governance, Nominating & Human Resources Committee”** means the committee established pursuant to Section 5 of this By-law;

**“Industry Director”** means a Director elected (or appointed to fill a vacancy) and holding office pursuant to Section 4.2.1 of this By-law and who:

- (a) is not, and has not been within the 12 month period prior to their election or appointment, an officer (other than the Chair or the Vice-Chair) or employee of the Corporation, and
- (b) is actively engaged in the securities industry as a partner, director, officer or employee or person acting in a similar capacity of an SRO Member or of an Affiliate or Associate of an SRO Member.

For all purposes of this By-law, an Industry Director of a Predecessor Corporation who is appointed as an Industry Director of the Corporation as at the date of the Amalgamation but does not qualify as an Industry Director under such definition shall be deemed to qualify as an Industry Director and to continue so qualified as long as and until the end of their current 2-year term, calculated to include time served as an Industry Director of a Predecessor Corporation in accordance with Section 4.2.3;

**“Members”** means the members of the Corporation;

**“Predecessor Corporation”** means the Canadian Investor Protection Fund/Fonds canadien de protection des épargnants and the MFDA Investor Protection Corporation/Corporation de protection des investisseurs de l’ACFM;

**“Public Director”** means a Director elected (or appointed to fill a vacancy) and holding office pursuant to Section 4.2.2 of this By-law and who is not, and has not been within the 12 month period prior to their election or appointment:

- (a) an officer (other than the Chair or the Vice-Chair) or employee of the Corporation;
- (b) a director, officer, employee or person acting in a similar capacity of an SRO;
- (c) a person who is a partner, director, officer, employee or a person acting in a similar capacity of, or the holder of a significant interest in, an SRO Member or of an Affiliate or Associate of an SRO Member; or
- (d) an Associate of a person described in subparagraph (a), (b) or (c) or of an SRO Member.

For all purposes of this By-law, a Public Director of a Predecessor Corporation who is appointed as a Public Director of the Corporation as at the date of the Amalgamation and who subsequently ceases to qualify as a Public Director under such definition shall be

deemed to qualify as a Public Director and to continue so qualified as long as and until the end of their current 2-year term, calculated to include time served as a Public Director of a Predecessor Corporation in accordance with Section 4.2.3. For the purposes of this definition of a Public Director, a “significant interest” means in respect of any person the holding, directly or indirectly, of the securities of such person carrying in aggregate ten percent (10%) or more of the voting rights attached to all of the person’s outstanding voting securities;

“**SRO**” means the Canadian Investment Regulatory Organization / Organisme canadien de réglementation des investissements, as it is currently named or as it may be renamed from time to time;

“**SRO Member**” means a registered investment dealer or registered mutual fund dealer, which is a member, approved participant or similar participating organization of the SRO, provided that the Board may exclude any person or class of persons from this definition of SRO Member.

## 2. CONDITIONS OF MEMBERSHIP

2.1 **Membership.** Membership in the Corporation shall consist only of the persons who compose the Board from time to time. Subject to the terms of this By-law and the Act, each Member shall have equal voting rights.

2.2 **Termination of Membership.** The membership of a Member shall terminate upon their resignation or removal from, or otherwise ceasing to hold, office as a Director of the Corporation.

## 3. HEAD OFFICE

3.1 **Head Office.** Until changed in accordance with the Act, the head office of the Corporation shall be in the City of Toronto in the Province of Ontario.

## 4. BOARD OF DIRECTORS

4.1 **Composition of Board.** The property and business of the Corporation shall be managed by a Board consisting of not fewer than 8 or more than 12 Directors, provided that the Board may initially consist of 15 Directors with such number of Directors reduced (to the maximum number of 12 Directors) upon the expiry of terms of office held at the time of the Amalgamation (and all renewals thereof contemplated by Section 4.2.3) to the extent such reduction permits the Board to otherwise remain in compliance with the provisions of this Section 4. The Board shall be composed of Industry Directors, Public Directors and the Chief Executive Officer, subject to their election by the Members or appointment by the Board in accordance with this By-law. The number of Directors, including the number of Industry Directors and Public Directors, shall be determined from time to time by a resolution passed at a meeting of the Members of the Corporation, provided that the number of Public Directors shall exceed the number of Industry Directors by at least one. Directors must be individuals who are at least 18 years of age who are not incapable, within the meaning of the Act, and who do not have the status of a bankrupt. The nomination and election of Directors shall be made bearing in mind the desirability of appropriate and timely regional

representation and, in the case of Industry Directors, experience with the various aspects of the nature of the business carried on by SRO Members.

## 4.2 Election and Term

4.2.1 **Industry Directors.** Industry Directors shall be nominated by the Board for election by the Members at an annual meeting of Members, provided that each Industry Director shall satisfy the criteria in the definition of "Industry Director". An Industry Director shall hold office for a term of 2 years and shall be eligible for re-appointment or re-election for three additional 2-year terms. Notwithstanding the foregoing, Industry Directors may be appointed or elected for a term of less than 2 years in order to accommodate staggered terms of office among all Industry Directors. An Industry Director holding office who ceases to qualify as an Industry Director after the date of their election or appointment shall be deemed to continue to qualify as an Industry Director until the expiry of the current term of office held by them on the date they cease to qualify as an Industry Director.

4.2.2 **Public Directors.** Public Directors shall be nominated by the Board for election by the Members at an annual meeting of Members, provided that each Public Director shall satisfy the criteria in the definition of "Public Director". A Public Director shall hold office for a term of 2 years and be eligible for re-appointment or re-election for three additional 2-year terms. Notwithstanding the foregoing, Public Directors may be elected for a term of less than 2 years in order to accommodate staggered terms of office among all Public Directors. A Public Director holding office who ceases to qualify as a Public Director after the date of their election or appointment shall no longer be eligible to serve as a Public Director effective on the date they ceased to qualify as a Public Director.

4.2.3 **Transition.** The terms of office of Directors who were directors of a Predecessor Corporation at the time of the Amalgamation shall continue according to the length of such terms in accordance with their election or appointment and, on the expiration of the term of office of any such Director, they shall be eligible for re-election or re-appointment for a further 2-year term or terms to a maximum of 4 terms; provided that in no event shall any such Director (other than the Chair or Vice-Chair in accordance with Section 4.3) be eligible to serve in aggregate for more than 8 years (including for greater certainty, any years served prior to the Amalgamation (other than any partial years served) by Directors who were directors of a Predecessor Corporation at the time of the Amalgamation).

## 4.3 Chair, Vice-Chair and Lead Public Director

4.3.1 **Chair.** The Chair shall be appointed by the Board from time to time (with the initial Chair being that individual identified in the agreement setting out the terms of the Amalgamation). The person appointed as Chair shall be a person who qualifies as either an Industry Director or a Public Director. The term of office of the Chair shall be as determined by the Board provided that the Chair shall not serve for longer than 2 consecutive 2-year terms (calculated without reference to any terms served as a Director or Vice-Chair); provided that in no event shall the Chair be eligible to serve in aggregate as a Director, the Chair or Vice-Chair for more than 10 years (including, for greater certainty, any years served prior to the Amalgamation (other than any partial years served) by Directors who were directors of a Predecessor Corporation at the time of the Amalgamation). Where the

Chair ceases to be a Director for any reason, the Chair's term of office as Chair shall terminate concurrently with the end of their term as Director.

- 4.3.2 **Vice-Chair.** The Board may also appoint from time to time a Vice-Chair (with the initial Vice-Chair being that individual identified in the agreement setting out the terms of the Amalgamation). The person appointed as Vice-Chair shall be a person who qualifies as either an Industry Director or Public Director. The term of office of the Vice-Chair shall be as determined by the Board provided that the Vice-Chair shall not serve for longer than 2 consecutive 2-year terms (calculated without reference to any terms served as a Director or Chair); provided that in no event shall the Vice-Chair be eligible to serve in aggregate as a Director or the Vice-Chair for more than 10 years (including, for greater certainty, any years served prior to the Amalgamation (other than any partial years served) by Directors who were directors of a Predecessor Corporation at the time of the Amalgamation). Where the Vice-Chair ceases to be a Director for any reason, the Vice-Chair's term of office as Vice-Chair shall terminate concurrently with the end of their term as Director.
- 4.3.3 **Lead Public Director.** The Public Directors shall appoint from time to time a Lead Public Director. The person appointed as Lead Public Director shall be a person who qualifies as a Public Director, and may be the Chair or Vice-Chair. The term of office of the Lead Public Director shall be the term of the Public Director pursuant to Section 4.2. The Lead Public Director's responsibilities shall be determined from time to time by the Board.
- 4.4 **Chief Executive Officer.** The Board shall appoint a Chief Executive Officer of the Corporation who, unless determined otherwise by the Board, shall also be the President of the Corporation. The Chief Executive Officer shall not, directly or indirectly, while so serving the Corporation, be engaged by, be in the employ of, or be an officer, director, direct or indirect shareholder or partner, as the case may be, of an SRO or of an SRO Member (other than, in the case of indirect shareholdings, an SRO Member forming part of a diversified financial services group). The Chief Executive Officer appointed by the Board shall be nominated by the Board for election as a Director at each annual meeting of Members for a term ending at the conclusion of the next following annual meeting of Members.
- 4.5 **Vacancies.** The office of Director shall be automatically vacated:
- (a) if the Director shall resign such office by delivering a written resignation to the Secretary of the Corporation;
  - (b) if the Director is found by a court to be incapable within the meaning of the Act;
  - (c) if the Director becomes bankrupt;
  - (d) if, at a meeting of the Board, the Directors are of the opinion that due cause exists, including the fact that the Director, without reasonable grounds, has not attended a sufficient number of Board meetings;
  - (e) if the Director becomes ineligible to be a Director subsequent to their appointment;
  - (f) on death;

provided that if any vacancy shall occur for any reason contained in this Section, and if a quorum of Directors remains in office, the Board, by majority vote, may, by appointment, fill the vacancy with a qualified person who will serve until the next annual meeting of Members.

- 4.6 **Retiring Director.** Unless the office of a Director has been automatically vacated pursuant to Section 4.5, a Director shall remain in office until the dissolution or adjournment of the meeting at which a successor is elected or appointed.
- 4.7 **Removal.** Subject to Section 131 of the Act, the Members may, by ordinary resolution passed at a special meeting of Members, remove any Director from office before the expiration of the Director's term and may elect a qualified individual to fill the resulting vacancy for the remainder of the term of the Director so removed, failing which such vacancy may be filled by the Board.
- 4.8 **Place of Meeting, Notice, Voting and Quorum.** Meetings of the Board will be held in Toronto unless otherwise determined by the Board. Meetings of the Board may be called by the Chair, the Vice-Chair, the Chief Executive Officer or any two (2) Directors at any time, provided that 24 hours' written notice of such meeting shall be given, other than by mail, to each Director. Notice by mail shall be sent at least 14 days prior to the meeting. There shall be at least 4 meetings of the Board per calendar year. No error or omission in giving notice of any meeting of the Board or any adjourned meeting of the Board shall invalidate such meeting or make void any proceedings taken thereat and any Director may at any time waive notice of such meeting and may ratify, approve and confirm any or all proceedings taken or had thereat. Each Director is authorized to exercise one vote provided that in the event of an equality of votes on any question at a meeting of the Board, the Lead Public Director shall have a second or casting vote. A quorum for the transaction of all business of the Board shall be a majority of the Directors, provided that at least two Industry Directors are present and the number of Public Directors present shall exceed the number of Industry Directors present by at least one. A quorum may be comprised in whole or in part of Directors attending a meeting of the Directors by means of teleconference or by other electronic means in accordance with Section 4.9. Notwithstanding anything contained herein, any Director may, if in the opinion of the Chair, Vice-Chair or Chief Executive Officer, the financial condition of an SRO Member is such that immediate action by the Directors may be required, call a meeting of Directors to consider the action to be taken by giving three hours' prior notice of such meeting by teleconference or other electronic means to each Director, but no such notice shall be required where all of the Directors are in attendance personally or by teleconference or other electronic means, as the case may be, in the manner referred to in Section 4.9 at a meeting so called.
- 4.9 **Meetings by Teleconference.** Directors may hold meetings by teleconference or by other electronic means that permit all persons participating in the meeting to hear each other.
- 4.9.1 If all of the Directors of the Corporation consent thereto generally or in respect of a particular meeting, a Director may participate in a meeting of the Board or of a committee of the Board by means of such conference telephone or other electronic communications facilities to which all Directors have equal access and which permit all persons participating in the meeting to hear and communicate with each other. A Director participating in a meeting by such means is deemed to be present at the meeting.

- 4.9.2 At the commencement of each such meeting, the secretary of the meeting will record the names of those persons in attendance in person or by electronic communications facilities and the chair of the meeting will determine whether a quorum is present. The chair of each such meeting shall determine the method of recording votes thereat, provided that any Director present may require all persons present to declare their votes individually. The Directors shall take such reasonable precautions as may be necessary to ensure that any electronic communications facilities used are secure from unauthorized interception or monitoring.
- 4.10 **Resolutions and Conduct of Meetings.** Resolutions will be passed by a majority of the Directors present and voting on the resolution by a verbal vote recorded by the secretary of the meeting, unless the Act or this By-law otherwise provides. If permitted by law, a resolution in writing signed by all of the Directors entitled to vote on that resolution at a meeting of Directors or committee of Directors is as valid as if it had been passed at a meeting of Directors or committee of Directors. In the absence of the Chair or the Vice-Chair at any meeting of Directors, the chair of the meeting shall be selected by the Directors present. The Directors may make such other regulations governing their meetings, proceedings and any other administrative matters as they consider necessary or desirable.
- 4.11 **Remuneration of Directors.** The Public Directors and Industry Directors shall be entitled to receive such remuneration as the Board may determine from time to time; and a Director may be paid reasonable expenses incurred by the Director in the performance of their duties.
- 4.12 **Agents, Employees and Advisors.** The Board may appoint such agents, employees and advisors as it shall deem necessary from time to time and such persons shall have such authority and shall perform such duties as shall be prescribed by the Board at the time of such appointment.
- 4.13 **Remuneration of Officers, Agents, Employees and Committee Members.** A reasonable remuneration of all officers, agents and employees and committee members may be fixed by the Board or committee authorized by the Board.

## 5. COMMITTEES

- 5.1 **Governance, Nominating & Human Resources Committee.** The Board shall appoint a Governance, Nominating & Human Resources Committee which shall be composed of 3 or more Directors (including one or both of the Chair and Vice-Chair), a majority of whom shall be Public Directors, and carry out such duties and tasks as set out in the By-law or as determined by the Board from time to time. The chair of the Governance, Nominating & Human Resources Committee shall be a Public Director. The Governance, Nominating & Human Resources Committee shall recommend nominations to the Board for Industry Directors, Public Directors, Chair, Vice-Chair, Chief Executive Officer, and any other nomination as requested by the Board from time to time.
- 5.2 **Audit, Finance and Investment Committee.** The Board shall appoint an Audit, Finance and Investment Committee composed of 3 or more Directors, a majority of whom shall be Public Directors. The chair of the Audit, Finance and Investment Committee shall be a Public Director. The Audit, Finance and Investment Committee shall be responsible for the review

of the Corporation's financial statements and such other functions as the Board may determine.

- 5.3 **Other Committees.** The Directors may in their sole discretion at any time and from time to time appoint from among their number committees consisting of one or more Directors and may delegate to such committees any authority of the Directors. Notwithstanding the foregoing sentence and for greater certainty (i) in the case of any committee with the responsibility for making coverage determinations a person who has ceased to be a Director and who was a member of any such committee immediately prior to ceasing to be a Director may continue to be a member of the committee with full rights to vote and participate for such period of time as determined by the Board in order to complete any business of the committee in which the Director was engaged prior to their ceasing to be a Director and (ii) any committee with the responsibility for hearing and deciding claims appeals shall not be, or be considered to be, a committee of the Board.

## 6. INTEREST OF DIRECTORS AND OFFICERS IN CONTRACT

- 6.1 (a) **Conflict of Interest.** Any Director or officer of the Corporation who:
- (i) is a party to a material contract or material transaction or proposed material contract or proposed material transaction with the Corporation; or
  - (ii) is a director or officer of or has a material interest in any body corporate or business firm, whether direct or indirect, who is a party to a material contract or material transaction or proposed material contract or proposed material transaction with the Corporation,

shall disclose in writing at the Directors' meeting, or have entered in the minutes, the nature and extent of such Director or officer's interest in such actual or proposed material contract or material transaction with the Corporation. An Industry Director shall not have or be deemed to have an interest in an actual or proposed material contract or transaction with the Corporation for the purposes of this Section 6 by virtue only of being an officer or director of, or having a material interest in, an SRO Member or an Affiliate of an SRO Member.

- (b) The disclosure required by sub-section (a) above, shall be made, in the case of a Director:
- (i) at the Directors' meeting at which a proposed contract or proposed transaction is first considered;
  - (ii) if the Director was not then interested in a proposed contract or proposed transaction, at the first Directors' meeting after such Director becomes so interested; or
  - (iii) if the Director becomes interested after a contract or transaction is made, at the first Directors' meeting held after the Director becomes so interested; or



- (iv) if an individual who is interested in a contract or transaction later becomes a Director, at the first Directors' meeting held after the individual becomes a Director.
- (c) The disclosure required by sub-section (a) above, shall be made, in the case of an officer who is not a Director:
- (i) immediately after the officer becomes aware that the contract, transaction, proposed contract, or proposed transaction is to be considered or has been considered at a Directors' meeting;
  - (ii) if the officer becomes interested after a contract or transaction is made, immediately after the officer becomes so interested; or
  - (iii) if an individual who is interested in a contract or transaction later becomes an officer, immediately after the individual becomes an officer.
- (d) If a material contract or material transaction, whether entered into or proposed, is one that, in the ordinary course of carrying on the Corporation's purposes, would not require approval by the Directors or Members, a Director or an officer shall, immediately after becoming aware of the contract or transaction, disclose in writing to the Corporation or request to be entered into the minutes of a meeting of the Directors, the nature and extent of the interest.
- (e) A Director required to make a disclosure in sub-section (a) above shall not vote on any resolution to approve the contract or transaction unless the contract or transaction
- (i) relates primarily to the Director's remuneration as a Director, an officer, an employee, or an agent of the Corporation or an Affiliate;
  - (ii) is for indemnity or insurance under Section 151 of the Act; or
  - (iii) is with an Affiliate.
- (f) For the purposes of this Section 6.1, a general written notice to the Directors declaring that a Director or officer is to be regarded as interested, for any of the following reasons, in a contract or transaction made with a party, is a sufficient declaration of interest in relation to the contract or transaction, if:
- (i) the Director or officer is a director or officer, or acting in a similar capacity, of a party referred to in sub-section 6.1(a)(ii);
  - (ii) the Director or officer has a material interest in the party; or
  - (iii) there has been a material change in the nature of the Director's or the officer's interest in the party.
- (g) A contract or transaction for which disclosure is required is not invalid, and the Director or officer is not accountable to the Corporation or its Members for any

profit realized from the contract or transaction, because of the Director's or officer's interest in the contract or transaction or because the Director was present or was counted to determine whether a quorum existed at the meeting of Directors that considered the contract or transaction if

- (i) disclosure of the interest was made in accordance with this Section;
  - (ii) the Directors approved the contract or transaction; and
  - (iii) the contract or transaction was reasonable and fair to the Corporation when it was approved.
- (h) Even if the conditions under Section 6.1(g) above are not met, a Director or an officer, acting honestly and in good faith, is not accountable to the Corporation or to its Members for any profit realized from a contract or transaction for which disclosure is required, and the contract or transaction is not invalid by reason only of the interest of the Director or officer in the contract or transaction, if:
- (i) the contract or transaction is approved or confirmed by special resolution at a meeting of Members;
  - (ii) disclosure of the interest was made to the Members in a manner sufficient to indicate its nature and extent before the contract or transaction was approved or confirmed by the Members; and
  - (iii) the contract or transaction was reasonable and fair to the Corporation when it was approved or confirmed by the Members.
- (i) A contract is not void by reason only of the failure of a Director or officer to comply with the provisions of this Section 6.1 but a court may, upon the application of the Corporation or a Member, set aside or annul the contract or transaction on any terms that it thinks fit, require the Director or officer to account to the Corporation for any profit or gain realized on the contract or transaction, or make any other order that the court thinks fit.

## 7. PROTECTION OF OFFICERS AND DIRECTORS

7.1 **Standard of Care.** Every Director and officer of the Corporation, in exercising such person's powers and discharging such person's duties, shall act honestly and in good faith with a view to the best interests of the Corporation and shall exercise the care, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances. Every Director and officer of the Corporation shall comply with the Act, the regulations, Articles, and By-law.

7.2 **Limitation of Liability.** Provided that the standard of care required of the Director or officer under the Act and the By-law has been satisfied, no past or present member of the Board or any committee or sub-committee thereof or of the Corporation, nor any past or present officer, employee or agent of any of them, shall be liable for the acts, receipts, neglects or defaults of any other of such persons, or for joining in any receipt or other act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency

or deficiency of title to any property acquired for or on behalf of the Corporation, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Corporation shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the moneys, securities or effects of the Corporation shall be deposited, or for any loss occasioned by any error of judgment or oversight on their part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of their office or in relation thereto; provided that nothing herein shall relieve any such person from the duty to act in accordance with the Act and the regulations thereunder or from liability for any breach thereof.

7.3 **Indemnity.** Each past and present member of the Board or any committee or sub-committee thereof or of the Corporation, and each past and present officer, employee or agent of the Corporation, and any other person who has undertaken or is about to undertake any liability on behalf of the Corporation or any company controlled by it, and their heirs, executors and administrators, and estate and effects, respectively, shall from time to time and at all times, be indemnified and saved harmless out of the funds of the Corporation, from and against:

(a) all costs, charges, fines and penalties and expenses which such Board, committee or sub-committee member, officer, employee, agent or other person sustains or incurs in or about or to settle any action, suit or proceeding which is threatened, brought, commenced or prosecuted against him or her, or in respect of any act, deed, matter or thing whatsoever, made, done or permitted by him or her, in or about the execution of the duties of their office or in respect of any such liability; and

(b) all other costs, charges and expenses which they sustain or incur in or about or in relation to the affairs thereof, including an amount representing the value of time any such Board, committee or sub-committee member, officer employee, agent or other person spent in relation thereto and any income or other taxes or assessments incurred in respect of the indemnification provided for in this By-law, except such costs, charges or expenses as are occasioned by their own wilful neglect or default,

if:

(c) the person acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the Corporation's request; and

(d) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the person had reasonable grounds for believing that the conduct was lawful.

The Corporation shall also indemnify such persons in such other circumstances as the Act permits or requires. Nothing in this By-law shall limit the right of any person entitled to indemnity apart from the provisions of this By-law.

7.4 **Action, Suit or Proceeding Threatened, Brought, etc. by the Corporation.** Where the action, suit or proceeding referred to in Section 7.3(a) above is threatened, brought, commenced or prosecuted by the Corporation against a Board, committee or sub-committee member,

officer, employee, agent or other person who has undertaken or is about to undertake any liability on behalf of the Corporation or any company controlled by it, the Corporation shall make application at its expense for approval of the court to indemnify such persons, and their heirs, executors and administrators, and estates and effects respectively, on the same terms as outlined in Section 7.3.

## 8. INSURANCE

8.1 **Insurance.** The Corporation may purchase and maintain insurance for the benefit of any person referred to in Section 7.3 against such liabilities and in such amounts as the Board may from time to time determine and are permitted by the Act.

## 9. POWERS OF DIRECTORS

9.1 **Powers.** The Directors may administer the affairs of the Corporation in all things and make or cause to be made for the Corporation, in its name, any kind of contract which the Corporation may lawfully enter into and, save as hereinafter provided, generally, may exercise all such other powers and do all such other acts and things as the Corporation is by its Articles or otherwise authorized to exercise and do.

9.2 **Expenditures.** The Directors shall have power to authorize expenditures on behalf of the Corporation from time to time and may delegate by resolution to an officer or officers of the Corporation the right to employ and pay salaries to employees on behalf of the Corporation.

9.3 **Funding.** The Board shall take such steps as they may deem requisite to enable the Corporation to acquire, accept, solicit or receive contributions, assessments, fines, levies, legacies, gifts, grants, settlements, bequests, endowments and donations of any kind whatsoever for the purpose of furthering the objects of the Corporation.

## 10. OFFICERS

10.1 **Appointment.** The officers of the Corporation, which shall include the offices of Chief Executive Officer and may include the offices of President, Senior Vice-President, Vice-President, Secretary and Chief Financial Officer and any such other officers as the Board may determine by by-law, shall be appointed by resolution of the Board at the first meeting of the Board following the annual meeting of Members in which the Directors are elected. A person may hold more than one office. Each Director, by reason of being such, shall be regarded an officer of the Corporation in addition to any other officers who may from time to time be appointed by the Board.

10.2 **Term and Removal of Officers.** The officers of the Corporation, other than those who are officers solely by reason of being members of the Board, shall hold office for such terms as the Board may determine or until their successors are elected or appointed in their stead and shall be subject to removal by resolution of the Board at any time.

## 11. DUTIES OF OFFICERS

11.1 **Chair.** The Chair shall be appointed pursuant to Section 4.3 and shall preside at all meetings of Members and of the Board and shall oversee the general management of the affairs of the Corporation.

- 11.2 **Vice-Chair.** The Vice-Chair shall be appointed pursuant to Section 4.3 and in the absence of the Chair shall preside at meetings of the Members and of the Board and shall have such other duties as may be determined by the Board.
- 11.3 **Chief Executive Officer.** The Chief Executive Officer's responsibilities, duties, remuneration, term and duration of employment shall be determined from time to time by the Board. The Chief Executive Officer shall not, directly or indirectly, while so serving the Corporation, be engaged by, be in the employ of, or be an officer, director, direct or indirect shareholder or partner, as the case may be, of an SRO or of an SRO Member (other than, in the case of indirect shareholdings, an SRO Member forming part of a diversified financial services group). The Chief Executive Officer may, unless determined otherwise by the Board, engage as employees of the Corporation such number of persons as the Chief Executive Officer may in their discretion deem necessary to assist the Chief Executive Officer in the performance of their duties. The Chief Executive Officer will also hold the office of President, unless determined otherwise by the Board, in which case the President's responsibilities, duties, remuneration, term and duration of employment shall be determined from time to time by the Board.
- 11.4 **Senior Vice-President and Other Vice-Presidents.** A Senior Vice-President, if appointed and to the extent authorized by the Board, shall, in the absence or disability of the Chief Executive Officer perform the duties and exercise the powers of the Chief Executive Officer and shall perform such other duties as shall from time to time be imposed upon such Senior Vice-President by the Board. A Vice-President, if any, shall perform such duties as shall from time to time be imposed upon the Vice-President by the Board. If, in the absence or disability of the Chief Executive Officer, a Senior Vice-President has not been appointed or authorized by the Board to perform the duties and exercise the powers of the Chief Executive Officer, the Board may impose such duties on, and delegate such powers to, a Vice-President.
- 11.5 **Chief Financial Officer.** The Chief Financial Officer shall be responsible for the financial administration and controls of the Corporation and shall perform such other duties as shall from time to time be imposed by the Board.
- 11.6 **Secretary.** The Secretary may be empowered by the Board, upon resolution of the Board, to carry on the affairs of the Corporation generally under the supervision of the officers thereof and shall attend all meetings and act as clerk thereof and record all votes and minutes of all proceedings in the books to be kept for that purpose. The Secretary shall give or cause to be given notice of all meetings of the Members and of the Board and shall perform such other duties as may be prescribed by the Board or by the President, under whose supervision the Secretary shall be. The Secretary shall be custodian of the seal of the Corporation, if any, which the Secretary shall deliver only when authorized by a resolution of the Board to do so and to such person or persons as may be named in the resolution.
- 11.7 **Duties of Officers.** The duties of all other officers of the Corporation shall be such as the terms of their engagement call for or as the Board requires of them.

## 12. EXECUTION OF DOCUMENTS

- 12.1 **Execution of Documents.** Contracts, documents or any instruments in writing requiring the signature of the Corporation shall be signed by any two of the Chair, a Vice-Chair, the Chief Executive Officer, the President, the Senior Vice-President, a Vice-President, or Director, or a combination thereof. All contracts, documents and instruments in writing so signed shall be binding upon the Corporation without any further authorization or formality. The Directors shall have power from time to time by resolution to appoint persons on behalf of the Corporation to sign specific contracts, documents and instruments in writing. The Directors may give the Corporation's power of attorney to any registered dealer in securities for the purposes of the transferring of and dealing with any stocks, bonds, and other securities of the Corporation. The seal of the Corporation when required may be affixed to contracts, documents and instruments in writing signed as aforesaid or by any person authorized to sign any such contract, document or instrument.

## 13. MEMBERS' MEETINGS

- 13.1 **Time and Place of Meetings.** Meetings of the Members shall be held at least once a year or more often if necessary at the head office of the Corporation or at any place in Canada as the Board may determine and on such day as the Board shall appoint. If all the Members entitled to vote at a meeting agree, such meeting may be held at any place outside Canada determined by the Board.
- 13.2 **Annual Meetings.** At every annual meeting, in addition to any other business that may be transacted, the report of the Directors, the financial statement and the report of the auditors shall be presented and auditors appointed for the ensuing year. The Members may consider and transact any business either special or general at any meeting of the Members. The Board, the Chair or the Chief Executive Officer shall have power to call, at any time, a general meeting of the Members. The Board shall call a special general meeting of Members on written requisition of at least 2 Members. A majority of the Members entitled to vote will constitute a quorum at any meeting of Members, provided that at least two Members present are also Industry Directors and a majority of the Members present are also Public Directors.
- 13.3 **Written Resolutions.** A resolution in writing, signed by all the Members entitled to vote on that resolution at a meeting of Members, is as valid as if it had been passed at a meeting of Members, provided that the matter dealt with by the resolution in writing is one which is not required by the Act to be dealt with at a meeting of Members.
- 13.4 **Means of Meetings.** Members may hold meetings by teleconference or by other electronic means that permit all persons participating in the meeting to hear each other and communicate adequately. If all the Members of the Corporation consent thereto generally or in respect of a particular meeting, a Member may participate in a meeting of the Members by means of such conference telephone or other electronic communications to which all Members have equal access and such as permit all persons participating in the meeting to hear and communicate with each other, and a Member participating in such a meeting by such means is deemed to be present at the meeting. At the commencement of each such meeting the secretary of the meeting will record the names of those persons in attendance in person or by electronic communications facilities and the chair of the meeting will

determine whether a quorum is present. The chair of each such meeting shall determine the method of recording votes thereat, provided that any Member present may require all persons present to declare their votes individually. The chair of such meetings shall be satisfied that Members have taken such reasonable precautions as may be necessary to ensure that any electronic communications facilities used are secure from unauthorized interception or monitoring.

- 13.5 **Resolutions.** Resolutions will be passed by a majority of the Members entitled to vote by a verbal vote recorded by the secretary of the meeting, unless the Act or this By-law otherwise provides.
- 13.6 **Notice.** Notice of every meeting of Members must be given to each Member, Director, and the Corporation's public accountant or auditor. Any notice required pursuant to this By-law or the Act shall be sufficiently given:
- (a) if delivered by mail, courier, or personal delivery during a period of 21 to 60 days before the day on which the meeting is to be held; or
  - (b) by electronic, telephonic, or other communication facility during a period of 21 to 35 days before the day on which the meeting is to be held.

Notice of any meeting where special business will be transacted should contain sufficient information to permit the Member to form a reasoned judgment on the decision to be taken.

A notice shall be deemed to have been given when it is delivered personally or to the recorded address; a notice mailed shall be deemed to have been given when deposited in a post office or public letter box; and a notice sent by any means of electronic or similar communication shall be deemed to have been given when delivered to the appropriate electronic server or equivalent facility. The declaration by the Secretary that notice has been given pursuant to this By-law shall be sufficient and conclusive evidence of the giving of such notice.

- 13.7 **Voting of Members.** Each Member entitled to vote and who is present at a meeting shall have the right to exercise one vote.
- 13.8 **Errors or Omissions in Giving Notice.** No error or omission in giving notice of any meeting or any adjourned meeting, whether annual or general, of the Members shall invalidate such meeting or make void any proceedings taken thereat and any person entitled to receive notice may at any time waive notice of any such meeting and may ratify, approve and confirm any or all proceedings taken or had thereat. For purpose of sending notice to any Member, Director, or officer for any meeting or otherwise, the address of the Member, Director, or officer shall be that person's last address recorded on the books of the Corporation.

## 14. POLICIES AND AGREEMENTS

- 14.1 **Policies.** The Board may exercise any of its powers and authority in accordance with policies, guidelines or other instruments adopted by it from time to time, and as repealed and amended in its discretion, including, without limitation, in respect of:

- (a) the principles and criteria for payments by the Corporation to customers of insolvent SRO Members;
  - (b) definitions of customers who are eligible for payments referred to in (a);
  - (c) the rights or obligations of SRO Members to hold out the availability of coverage by the Corporation and the use of advertising materials in that regard; and
  - (d) the persons or classes of persons to be excluded from the definition of SRO Member in Section 1.1.
- 14.2 **Agreements.** The Corporation may enter into in its own name agreements or arrangements with any securities commission or regulatory authority, law enforcement agency, self-regulatory organization, stock exchange or other trading market, customer or investor protection or compensation fund or plan or other organization regulating or providing services in connection with securities trading located in Canada or any other country for the exchange of any information (including information obtained by the Corporation pursuant to its authority or otherwise in its possession) and for other forms of mutual assistance for market surveillance, investigation, enforcement and other regulatory purposes relating to trading in securities in Canada or elsewhere.
- 14.3 **Assistance.** The Corporation may provide to any securities commission or regulatory authority, law enforcement agency, self-regulatory organization, stock exchange, other trading market, customer or investor protection or compensation fund or plan or other organization regulating or providing services in connection with securities trading located in Canada or any other country any information obtained by the Corporation pursuant to the By-law or rules or otherwise in its possession and may provide other forms of assistance for surveillance, investigation, enforcement and other regulatory purposes.
- 15. FINANCIAL YEAR**
- 15.1 **Financial Year.** Until determined otherwise by the Board, the financial year-end of the Corporation shall be the last day of December in each year.
- 16. AMENDMENT OF BY-LAWS**
- 16.1 **Amendment of By-laws.** The Board may, by resolution, make, amend, or repeal any by-law that regulates the activities or affairs of the Corporation. Any such by-law, amendment, or repeal shall, subject to its terms, be effective from the date of the resolution of the Board until the next meeting of Members where it may be confirmed, rejected, or amended by the Members by ordinary resolution. If the by-law, amendment, or repeal is confirmed or confirmed as amended by the Members, it remains effective in the form in which it was confirmed. The by-law, amendment, or repeal ceases to have effect if it is not submitted to the Members at the next meeting of Members or if it is rejected by the Members at the meeting. This Section does not apply to a by-law, amendment, or repeal that requires a special resolution of the Members and such by-law, amendment, or repeal will only be effective when confirmed by the Members.



**17. AUDITOR**

- 17.1 **Auditor.** The Members shall at each annual meeting appoint an auditor to audit the accounts of the Corporation for report to the Members at the next annual meeting. The auditor shall hold office until the next annual meeting, provided that the Directors may fill any casual vacancy in the office of auditor. The remuneration of the auditor shall be fixed by the Board.

**18. BOOKS AND RECORDS**

- 18.1 **Books and Records.** The Directors shall ensure that all necessary books and records of the Corporation required by the By-law of the Corporation or by any applicable statute or law are regularly and properly kept.

**19. RULES AND REGULATIONS**

- 19.1 **Rules and Regulations.** The Board may prescribe such rules and regulations not inconsistent with this By-law relating to the management and operation of the Corporation as they deem expedient.

**20. INTERPRETATION**

- 20.1 **Interpretation.** In this By-law and in all other by-laws of the Corporation hereafter passed, unless the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and references to persons shall include firms and corporations.

CANADIAN INVESTOR PROTECTION FUND/FONDS CANADIEN DE PROTECTION DES  
INVESTISSEURS

BY-LAW NUMBER 1

**BE IT ENACTED** as a by-law of the Canadian Investor Protection Fund/Fonds canadien de protection des investisseurs, which was amalgamated under the *Canada Not-for-profit Corporations Act* (the “**Act**”) or a predecessor thereof, as follows:

**1. DEFINITIONS**

1.1 Any capitalized terms used in this By-law that are not defined below shall have the meaning attributed thereto in the Act. In this By-law, the following words and terms shall have the meanings set out below:

“**Affiliate**” has the meaning of an affiliated body corporate under the Act;

“**Amalgamation**” means the amalgamation of the Predecessor Corporations to form the Corporation;

“**Articles**” means the articles of amalgamation of the Corporation;

“**Associate**”, where used to indicate a relationship with any person, means:

- (a) any body corporate of which such person beneficially owns, directly or indirectly, voting securities carrying more than ten percent (10%) of the voting rights attached to all voting securities of the body corporate for the time being outstanding;
- (b) a partner of that person;
- (c) any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity;
- (d) any relative of that person who resides in the same home as that person;
- (e) any person who resides in the same home as the person and to whom that person is married or with whom that person is living in a conjugal relationship outside of marriage; or
- (f) any relative of a person mentioned in clause (e) above, who has the same home as that person.

“**Board**” means the board of directors of the Corporation;

“**By-law**” means this by-law and any other by-laws of the Corporation;

“**Chief Executive Officer**” means the person appointed by the Board, from time to time, as Chief Executive Officer of the Corporation;

**“Corporation”** means the Canadian Investor Protection Fund/Fonds canadien de protection des investisseurs, a corporation amalgamated under the Act;

**“Directors”** means the persons comprising the Board;

**“Governance, Nominating & Human Resources Committee”** means the committee established pursuant to Section 5 of this By-law;

**“Industry Director”** means a Director elected (or appointed to fill a vacancy) and holding office pursuant to Section 4.2.1 of this By-law and who:

- (a) is not, and has not been within the 12 month period prior to their election or appointment, an officer (other than the Chair or the Vice-Chair) or employee of the Corporation, and
- (b) is actively engaged in the securities industry as a partner, director, officer or employee or person acting in a similar capacity of an SRO Member or of an Affiliate or Associate of an SRO Member.

For all purposes of this By-law, an Industry Director of a Predecessor Corporation who is appointed as an Industry Director of the Corporation as at the date of the Amalgamation but does not qualify as an Industry Director under such definition shall be deemed to qualify as an Industry Director and to continue so qualified as long as and until the end of their current 2-year term, calculated to include time served as an Industry Director of a Predecessor Corporation in accordance with Section 4.2.3;

**“Members”** means the members of the Corporation;

**“Predecessor Corporation”** means the Canadian Investor Protection Fund/Fonds canadien de protection des épargnants and the MFDA Investor Protection Corporation/Corporation de protection des investisseurs de l’ACFM;

**“Public Director”** means a Director elected (or appointed to fill a vacancy) and holding office pursuant to Section 4.2.2 of this By-law and who is not, and has not been within the 12 month period prior to their election or appointment:

- (a) an officer (other than the Chair or the Vice-Chair) or employee of the Corporation;
- (b) a director, officer, employee or person acting in a similar capacity of an SRO;
- (c) a person who is a partner, director, officer, employee or a person acting in a similar capacity of, or the holder of a significant interest in, an SRO Member or of an Affiliate or Associate of an SRO Member; or
- (d) an Associate of a person described in subparagraph (a), (b) or (c) or of an SRO Member.

For all purposes of this By-law, a Public Director of a Predecessor Corporation who is appointed as a Public Director of the Corporation as at the date of the Amalgamation and who subsequently ceases to qualify as a Public Director under such definition shall be

deemed to qualify as a Public Director and to continue so qualified as long as and until the end of their current 2-year term, calculated to include time served as a Public Director of a Predecessor Corporation in accordance with Section 4.2.3. For the purposes of this definition of a Public Director, a “significant interest” means in respect of any person the holding, directly or indirectly, of the securities of such person carrying in aggregate ten percent (10%) or more of the voting rights attached to all of the person’s outstanding voting securities;

“SRO” means the Canadian Investment Regulatory Organization ~~New Self-Regulatory Organization of Canada/~~ Organisme canadien de réglementation des investissements ~~Nouvel organisme d’autoréglementation du Canada~~, as it is currently named or as it may be renamed from time to time;

“SRO Member” means a registered investment dealer or registered mutual fund dealer, which is a member, approved participant or similar participating organization of the SRO, provided that the Board may exclude any person or class of persons from this definition of SRO Member.

## 2. CONDITIONS OF MEMBERSHIP

- 2.1 **Membership.** Membership in the Corporation shall consist only of the persons who compose the Board from time to time. Subject to the terms of this By-law and the Act, each Member shall have equal voting rights.
- 2.2 **Termination of Membership.** The membership of a Member shall terminate upon their resignation or removal from, or otherwise ceasing to hold, office as a Director of the Corporation.

## 3. HEAD OFFICE

- 3.1 **Head Office.** Until changed in accordance with the Act, the head office of the Corporation shall be in the City of Toronto in the Province of Ontario.

## 4. BOARD OF DIRECTORS

- 4.1 **Composition of Board.** The property and business of the Corporation shall be managed by a Board consisting of not fewer than 8 or more than 12 Directors, provided that the Board may initially consist of 15 Directors with such number of Directors reduced (to the maximum number of 12 Directors) upon the expiry of terms of office held at the time of the Amalgamation (and all renewals thereof contemplated by Section 4.2.3) to the extent such reduction permits the Board to otherwise remain in compliance with the provisions of this Section 4. The Board shall be composed of Industry Directors, Public Directors and the Chief Executive Officer, subject to their election by the Members or appointment by the Board in accordance with this By-law. The number of Directors, including the number of Industry Directors and Public Directors, shall be determined from time to time by a resolution passed at a meeting of the Members of the Corporation, provided that the number of Public Directors shall exceed the number of Industry Directors by at least one. Directors must be individuals who are at least 18 years of age who are not incapable, within the meaning of the Act, and who do not have the status of a bankrupt. The nomination and election of Directors

shall be made bearing in mind the desirability of appropriate and timely regional representation and, in the case of Industry Directors, experience with the various aspects of the nature of the business carried on by SRO Members.

## 4.2 Election and Term

4.2.1 **Industry Directors.** Industry Directors shall be nominated by the Board for election by the Members at an annual meeting of Members, provided that each Industry Director shall satisfy the criteria in the definition of "Industry Director". An Industry Director shall hold office for a term of 2 years and shall be eligible for re-appointment or re-election for three additional 2-year terms. Notwithstanding the foregoing, Industry Directors may be appointed or elected for a term of less than 2 years in order to accommodate staggered terms of office among all Industry Directors. An Industry Director holding office who ceases to qualify as an Industry Director after the date of their election or appointment shall be deemed to continue to qualify as an Industry Director until the expiry of the current term of office held by them on the date they cease to qualify as an Industry Director.

4.2.2 **Public Directors.** Public Directors shall be nominated by the Board for election by the Members at an annual meeting of Members, provided that each Public Director shall satisfy the criteria in the definition of "Public Director". A Public Director shall hold office for a term of 2 years and be eligible for re-appointment or re-election for three additional 2-year terms. Notwithstanding the foregoing, Public Directors may be elected for a term of less than 2 years in order to accommodate staggered terms of office among all Public Directors. A Public Director holding office who ceases to qualify as a Public Director after the date of their election or appointment shall no longer be eligible to serve as a Public Director effective on the date they ceased to qualify as a Public Director.

4.2.3 **Transition.** The terms of office of Directors who were directors of a Predecessor Corporation at the time of the Amalgamation shall continue according to the length of such terms in accordance with their election or appointment and, on the expiration of the term of office of any such Director, they shall be eligible for re-election or re-appointment for a further 2-year term or terms to a maximum of 4 terms; provided that in no event shall any such Director (other than the Chair or Vice-Chair in accordance with Section 4.3) be eligible to serve in aggregate for more than 8 years (including for greater certainty, any years served prior to the Amalgamation (other than any partial years served) by Directors who were directors of a Predecessor Corporation at the time of the Amalgamation).

## 4.3 Chair, Vice-Chair and Lead Public Director

4.3.1 **Chair.** The Chair shall be appointed by the Board from time to time (with the initial Chair being that individual identified in the agreement setting out the terms of the Amalgamation). The person appointed as Chair shall be a person who qualifies as either an Industry Director or a Public Director. The term of office of the Chair shall be as determined by the Board provided that the Chair shall not serve for longer than 2 consecutive 2-year terms (calculated without reference to any terms served as a Director or Vice-Chair); provided that in no event shall the Chair be eligible to serve in aggregate as a Director, the Chair or Vice-Chair for more than 10 years (including, for greater certainty, any years served prior to the Amalgamation (other than any partial years served) by Directors who were directors of a Predecessor Corporation at the time of the Amalgamation). Where the

Chair ceases to be a Director for any reason, the Chair's term of office as Chair shall terminate concurrently with the end of their term as Director.

- 4.3.2 **Vice-Chair.** The Board may also appoint from time to time a Vice-Chair (with the initial Vice-Chair being that individual identified in the agreement setting out the terms of the Amalgamation). The person appointed as Vice-Chair shall be a person who qualifies as either an Industry Director or Public Director. The term of office of the Vice-Chair shall be as determined by the Board provided that the Vice-Chair shall not serve for longer than 2 consecutive 2-year terms (calculated without reference to any terms served as a Director or Chair); provided that in no event shall the Vice-Chair be eligible to serve in aggregate as a Director or the Vice-Chair for more than 10 years (including, for greater certainty, any years served prior to the Amalgamation (other than any partial years served) by Directors who were directors of a Predecessor Corporation at the time of the Amalgamation). Where the Vice-Chair ceases to be a Director for any reason, the Vice-Chair's term of office as Vice-Chair shall terminate concurrently with the end of their term as Director.
- 4.3.3 **Lead Public Director.** The Public Directors shall appoint from time to time a Lead Public Director. The person appointed as Lead Public Director shall be a person who qualifies as a Public Director, and may be the Chair or Vice-Chair. The term of office of the Lead Public Director shall be the term of the Public Director pursuant to Section 4.2. The Lead Public Director's responsibilities shall be determined from time to time by the Board.
- 4.4 **Chief Executive Officer.** The Board shall appoint a Chief Executive Officer of the Corporation who, unless determined otherwise by the Board, shall also be the President of the Corporation. The Chief Executive Officer shall not, directly or indirectly, while so serving the Corporation, be engaged by, be in the employ of, or be an officer, director, direct or indirect shareholder or partner, as the case may be, of an SRO or of an SRO Member (other than, in the case of indirect shareholdings, an SRO Member forming part of a diversified financial services group). The Chief Executive Officer appointed by the Board shall be nominated by the Board for election as a Director at each annual meeting of Members for a term ending at the conclusion of the next following annual meeting of Members.
- 4.5 **Vacancies.** The office of Director shall be automatically vacated:
- (a) if the Director shall resign such office by delivering a written resignation to the Secretary of the Corporation;
  - (b) if the Director is found by a court to be incapable within the meaning of the Act;
  - (c) if the Director becomes bankrupt;
  - (d) if, at a meeting of the Board, the Directors are of the opinion that due cause exists, including the fact that the Director, without reasonable grounds, has not attended a sufficient number of Board meetings;
  - (e) if the Director becomes ineligible to be a Director subsequent to their appointment;
  - (f) on death;

provided that if any vacancy shall occur for any reason contained in this Section, and if a quorum of Directors remains in office, the Board, by majority vote, may, by appointment, fill the vacancy with a qualified person who will serve until the next annual meeting of Members.

- 4.6 **Retiring Director.** Unless the office of a Director has been automatically vacated pursuant to Section 4.5, a Director shall remain in office until the dissolution or adjournment of the meeting at which a successor is elected or appointed.
- 4.7 **Removal.** Subject to Section 131 of the Act, the Members may, by ordinary resolution passed at a special meeting of Members, remove any Director from office before the expiration of the Director's term and may elect a qualified individual to fill the resulting vacancy for the remainder of the term of the Director so removed, failing which such vacancy may be filled by the Board.
- 4.8 **Place of Meeting, Notice, Voting and Quorum.** Meetings of the Board will be held in Toronto unless otherwise determined by the Board. Meetings of the Board may be called by the Chair, the Vice-Chair, the Chief Executive Officer or any two (2) Directors at any time, provided that 24 hours' written notice of such meeting shall be given, other than by mail, to each Director. Notice by mail shall be sent at least 14 days prior to the meeting. There shall be at least 4 meetings of the Board per calendar year. No error or omission in giving notice of any meeting of the Board or any adjourned meeting of the Board shall invalidate such meeting or make void any proceedings taken thereat and any Director may at any time waive notice of such meeting and may ratify, approve and confirm any or all proceedings taken or had thereat. Each Director is authorized to exercise one vote provided that in the event of an equality of votes on any question at a meeting of the Board, the Lead Public Director shall have a second or casting vote. A quorum for the transaction of all business of the Board shall be a majority of the Directors, provided that at least two Industry Directors are present and the number of Public Directors present shall exceed the number of Industry Directors present by at least one. A quorum may be comprised in whole or in part of Directors attending a meeting of the Directors by means of teleconference or by other electronic means in accordance with Section 4.9. Notwithstanding anything contained herein, any Director may, if in the opinion of the Chair, Vice-Chair or Chief Executive Officer, the financial condition of an SRO Member is such that immediate action by the Directors may be required, call a meeting of Directors to consider the action to be taken by giving three hours' prior notice of such meeting by teleconference or other electronic means to each Director, but no such notice shall be required where all of the Directors are in attendance personally or by teleconference or other electronic means, as the case may be, in the manner referred to in Section 4.9 at a meeting so called.
- 4.9 **Meetings by Teleconference.** Directors may hold meetings by teleconference or by other electronic means that permit all persons participating in the meeting to hear each other.
- 4.9.1 If all of the Directors of the Corporation consent thereto generally or in respect of a particular meeting, a Director may participate in a meeting of the Board or of a committee of the Board by means of such conference telephone or other electronic communications facilities to which all Directors have equal access and which permit all persons participating in the meeting to hear and communicate with each other. A Director participating in a meeting by such means is deemed to be present at the meeting.

- 4.9.2 At the commencement of each such meeting, the secretary of the meeting will record the names of those persons in attendance in person or by electronic communications facilities and the chair of the meeting will determine whether a quorum is present. The chair of each such meeting shall determine the method of recording votes thereat, provided that any Director present may require all persons present to declare their votes individually. The Directors shall take such reasonable precautions as may be necessary to ensure that any electronic communications facilities used are secure from unauthorized interception or monitoring.
- 4.10 **Resolutions and Conduct of Meetings.** Resolutions will be passed by a majority of the Directors present and voting on the resolution by a verbal vote recorded by the secretary of the meeting, unless the Act or this By-law otherwise provides. If permitted by law, a resolution in writing signed by all of the Directors entitled to vote on that resolution at a meeting of Directors or committee of Directors is as valid as if it had been passed at a meeting of Directors or committee of Directors. In the absence of the Chair or the Vice-Chair at any meeting of Directors, the chair of the meeting shall be selected by the Directors present. The Directors may make such other regulations governing their meetings, proceedings and any other administrative matters as they consider necessary or desirable.
- 4.11 **Remuneration of Directors.** The Public Directors and Industry Directors shall be entitled to receive such remuneration as the Board may determine from time to time; and a Director may be paid reasonable expenses incurred by the Director in the performance of their duties.
- 4.12 **Agents, Employees and Advisors.** The Board may appoint such agents, employees and advisors as it shall deem necessary from time to time and such persons shall have such authority and shall perform such duties as shall be prescribed by the Board at the time of such appointment.
- 4.13 **Remuneration of Officers, Agents, Employees and Committee Members.** A reasonable remuneration of all officers, agents and employees and committee members may be fixed by the Board or committee authorized by the Board.

## 5. COMMITTEES

- 5.1 **Governance, Nominating & Human Resources Committee.** The Board shall appoint a Governance, Nominating & Human Resources Committee which shall be composed of 3 or more Directors (including one or both of the Chair and Vice-Chair), a majority of whom shall be Public Directors, and carry out such duties and tasks as set out in the By-law or as determined by the Board from time to time. The chair of the Governance, Nominating & Human Resources Committee shall be a Public Director. The Governance, Nominating & Human Resources Committee shall recommend nominations to the Board for Industry Directors, Public Directors, Chair, Vice-Chair, Chief Executive Officer, and any other nomination as requested by the Board from time to time.
- 5.2 **Audit, Finance and Investment Committee.** The Board shall appoint an Audit, Finance and Investment Committee composed of 3 or more Directors, a majority of whom shall be Public Directors. The chair of the Audit, Finance and Investment Committee shall be a Public Director. The Audit, Finance and Investment Committee shall be responsible for the review



of the Corporation's financial statements and such other functions as the Board may determine.

- 5.3 **Other Committees.** The Directors may in their sole discretion at any time and from time to time appoint from among their number committees consisting of one or more Directors and may delegate to such committees any authority of the Directors. Notwithstanding the foregoing sentence and for greater certainty (i) in the case of any committee with the responsibility for making coverage determinations a person who has ceased to be a Director and who was a member of any such committee immediately prior to ceasing to be a Director may continue to be a member of the committee with full rights to vote and participate for such period of time as determined by the Board in order to complete any business of the committee in which the Director was engaged prior to their ceasing to be a Director and (ii) any committee with the responsibility for hearing and deciding claims appeals shall not be, or be considered to be, a committee of the Board.

## 6. INTEREST OF DIRECTORS AND OFFICERS IN CONTRACT

- 6.1 (a) **Conflict of Interest.** Any Director or officer of the Corporation who:
- (i) is a party to a material contract or material transaction or proposed material contract or proposed material transaction with the Corporation; or
  - (ii) is a director or officer of or has a material interest in any body corporate or business firm, whether direct or indirect, who is a party to a material contract or material transaction or proposed material contract or proposed material transaction with the Corporation,

shall disclose in writing at the Directors' meeting, or have entered in the minutes, the nature and extent of such Director or officer's interest in such actual or proposed material contract or material transaction with the Corporation. An Industry Director shall not have or be deemed to have an interest in an actual or proposed material contract or transaction with the Corporation for the purposes of this Section 6 by virtue only of being an officer or director of, or having a material interest in, an SRO Member or an Affiliate of an SRO Member.

- (b) The disclosure required by sub-section (a) above, shall be made, in the case of a Director:
- (i) at the Directors' meeting at which a proposed contract or proposed transaction is first considered;
  - (ii) if the Director was not then interested in a proposed contract or proposed transaction, at the first Directors' meeting after such Director becomes so interested; or
  - (iii) if the Director becomes interested after a contract or transaction is made, at the first Directors' meeting held after the Director becomes so interested; or

- (iv) if an individual who is interested in a contract or transaction later becomes a Director, at the first Directors' meeting held after the individual becomes a Director.
- (c) The disclosure required by sub-section (a) above, shall be made, in the case of an officer who is not a Director:
  - (i) immediately after the officer becomes aware that the contract, transaction, proposed contract, or proposed transaction is to be considered or has been considered at a Directors' meeting;
  - (ii) if the officer becomes interested after a contract or transaction is made, immediately after the officer becomes so interested; or
  - (iii) if an individual who is interested in a contract or transaction later becomes an officer, immediately after the individual becomes an officer.
- (d) If a material contract or material transaction, whether entered into or proposed, is one that, in the ordinary course of carrying on the Corporation's purposes, would not require approval by the Directors or Members, a Director or an officer shall, immediately after becoming aware of the contract or transaction, disclose in writing to the Corporation or request to be entered into the minutes of a meeting of the Directors, the nature and extent of the interest.
- (e) A Director required to make a disclosure in sub-section (a) above shall not vote on any resolution to approve the contract or transaction unless the contract or transaction
  - (i) relates primarily to the Director's remuneration as a Director, an officer, an employee, or an agent of the Corporation or an Affiliate;
  - (ii) is for indemnity or insurance under Section 151 of the Act; or
  - (iii) is with an Affiliate.
- (f) For the purposes of this Section 6.1, a general written notice to the Directors declaring that a Director or officer is to be regarded as interested, for any of the following reasons, in a contract or transaction made with a party, is a sufficient declaration of interest in relation to the contract or transaction, if:
  - (i) the Director or officer is a director or officer, or acting in a similar capacity, of a party referred to in sub-section 6.1(a)(ii);
  - (ii) the Director or officer has a material interest in the party; or
  - (iii) there has been a material change in the nature of the Director's or the officer's interest in the party.
- (g) A contract or transaction for which disclosure is required is not invalid, and the Director or officer is not accountable to the Corporation or its Members for any

profit realized from the contract or transaction, because of the Director's or officer's interest in the contract or transaction or because the Director was present or was counted to determine whether a quorum existed at the meeting of Directors that considered the contract or transaction if

- (i) disclosure of the interest was made in accordance with this Section;
  - (ii) the Directors approved the contract or transaction; and
  - (iii) the contract or transaction was reasonable and fair to the Corporation when it was approved.
- (h) Even if the conditions under Section 6.1(g) above are not met, a Director or an officer, acting honestly and in good faith, is not accountable to the Corporation or to its Members for any profit realized from a contract or transaction for which disclosure is required, and the contract or transaction is not invalid by reason only of the interest of the Director or officer in the contract or transaction, if:
- (i) the contract or transaction is approved or confirmed by special resolution at a meeting of Members;
  - (ii) disclosure of the interest was made to the Members in a manner sufficient to indicate its nature and extent before the contract or transaction was approved or confirmed by the Members; and
  - (iii) the contract or transaction was reasonable and fair to the Corporation when it was approved or confirmed by the Members.
- (i) A contract is not void by reason only of the failure of a Director or officer to comply with the provisions of this Section 6.1 but a court may, upon the application of the Corporation or a Member, set aside or annul the contract or transaction on any terms that it thinks fit, require the Director or officer to account to the Corporation for any profit or gain realized on the contract or transaction, or make any other order that the court thinks fit.

## 7. PROTECTION OF OFFICERS AND DIRECTORS

7.1 **Standard of Care.** Every Director and officer of the Corporation, in exercising such person's powers and discharging such person's duties, shall act honestly and in good faith with a view to the best interests of the Corporation and shall exercise the care, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances. Every Director and officer of the Corporation shall comply with the Act, the regulations, Articles, and By-law.

7.2 **Limitation of Liability.** Provided that the standard of care required of the Director or officer under the Act and the By-law has been satisfied, no past or present member of the Board or any committee or sub-committee thereof or of the Corporation, nor any past or present officer, employee or agent of any of them, shall be liable for the acts, receipts, neglects or defaults of any other of such persons, or for joining in any receipt or other act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency

or deficiency of title to any property acquired for or on behalf of the Corporation, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Corporation shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the moneys, securities or effects of the Corporation shall be deposited, or for any loss occasioned by any error of judgment or oversight on their part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of their office or in relation thereto; provided that nothing herein shall relieve any such person from the duty to act in accordance with the Act and the regulations thereunder or from liability for any breach thereof.

7.3 **Indemnity.** Each past and present member of the Board or any committee or sub-committee thereof or of the Corporation, and each past and present officer, employee or agent of the Corporation, and any other person who has undertaken or is about to undertake any liability on behalf of the Corporation or any company controlled by it, and their heirs, executors and administrators, and estate and effects, respectively, shall from time to time and at all times, be indemnified and saved harmless out of the funds of the Corporation, from and against:

(a) all costs, charges, fines and penalties and expenses which such Board, committee or sub-committee member, officer, employee, agent or other person sustains or incurs in or about or to settle any action, suit or proceeding which is threatened, brought, commenced or prosecuted against him or her, or in respect of any act, deed, matter or thing whatsoever, made, done or permitted by him or her, in or about the execution of the duties of their office or in respect of any such liability; and

(b) all other costs, charges and expenses which they sustain or incur in or about or in relation to the affairs thereof, including an amount representing the value of time any such Board, committee or sub-committee member, officer employee, agent or other person spent in relation thereto and any income or other taxes or assessments incurred in respect of the indemnification provided for in this By-law, except such costs, charges or expenses as are occasioned by their own wilful neglect or default,

if:

(c) the person acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the Corporation's request; and

(d) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the person had reasonable grounds for believing that the conduct was lawful.

The Corporation shall also indemnify such persons in such other circumstances as the Act permits or requires. Nothing in this By-law shall limit the right of any person entitled to indemnity apart from the provisions of this By-law.

7.4 **Action, Suit or Proceeding Threatened, Brought, etc. by the Corporation.** Where the action, suit or proceeding referred to in Section 7.3(a) above is threatened, brought, commenced or prosecuted by the Corporation against a Board, committee or sub-committee member,

officer, employee, agent or other person who has undertaken or is about to undertake any liability on behalf of the Corporation or any company controlled by it, the Corporation shall make application at its expense for approval of the court to indemnify such persons, and their heirs, executors and administrators, and estates and effects respectively, on the same terms as outlined in Section 7.3.

## 8. INSURANCE

8.1 **Insurance.** The Corporation may purchase and maintain insurance for the benefit of any person referred to in Section 7.3 against such liabilities and in such amounts as the Board may from time to time determine and are permitted by the Act.

## 9. POWERS OF DIRECTORS

9.1 **Powers.** The Directors may administer the affairs of the Corporation in all things and make or cause to be made for the Corporation, in its name, any kind of contract which the Corporation may lawfully enter into and, save as hereinafter provided, generally, may exercise all such other powers and do all such other acts and things as the Corporation is by its Articles or otherwise authorized to exercise and do.

9.2 **Expenditures.** The Directors shall have power to authorize expenditures on behalf of the Corporation from time to time and may delegate by resolution to an officer or officers of the Corporation the right to employ and pay salaries to employees on behalf of the Corporation.

9.3 **Funding.** The Board shall take such steps as they may deem requisite to enable the Corporation to acquire, accept, solicit or receive contributions, assessments, fines, levies, legacies, gifts, grants, settlements, bequests, endowments and donations of any kind whatsoever for the purpose of furthering the objects of the Corporation.

## 10. OFFICERS

10.1 **Appointment.** The officers of the Corporation, which shall include the offices of Chief Executive Officer and may include the offices of President, Senior Vice-President, Vice-President, Secretary and Chief Financial Officer and any such other officers as the Board may determine by by-law, shall be appointed by resolution of the Board at the first meeting of the Board following the annual meeting of Members in which the Directors are elected. A person may hold more than one office. Each Director, by reason of being such, shall be regarded an officer of the Corporation in addition to any other officers who may from time to time be appointed by the Board.

10.2 **Term and Removal of Officers.** The officers of the Corporation, other than those who are officers solely by reason of being members of the Board, shall hold office for such terms as the Board may determine or until their successors are elected or appointed in their stead and shall be subject to removal by resolution of the Board at any time.

## 11. DUTIES OF OFFICERS

11.1 **Chair.** The Chair shall be appointed pursuant to Section 4.3 and shall preside at all meetings of Members and of the Board and shall oversee the general management of the affairs of the Corporation.

- 11.2 **Vice-Chair.** The Vice-Chair shall be appointed pursuant to Section 4.3 and in the absence of the Chair shall preside at meetings of the Members and of the Board and shall have such other duties as may be determined by the Board.
- 11.3 **Chief Executive Officer.** The Chief Executive Officer's responsibilities, duties, remuneration, term and duration of employment shall be determined from time to time by the Board. The Chief Executive Officer shall not, directly or indirectly, while so serving the Corporation, be engaged by, be in the employ of, or be an officer, director, direct or indirect shareholder or partner, as the case may be, of an SRO or of an SRO Member (other than, in the case of indirect shareholdings, an SRO Member forming part of a diversified financial services group). The Chief Executive Officer may, unless determined otherwise by the Board, engage as employees of the Corporation such number of persons as the Chief Executive Officer may in their discretion deem necessary to assist the Chief Executive Officer in the performance of their duties. The Chief Executive Officer will also hold the office of President, unless determined otherwise by the Board, in which case the President's responsibilities, duties, remuneration, term and duration of employment shall be determined from time to time by the Board.
- 11.4 **Senior Vice-President and Other Vice-Presidents.** A Senior Vice-President, if appointed and to the extent authorized by the Board, shall, in the absence or disability of the Chief Executive Officer perform the duties and exercise the powers of the Chief Executive Officer and shall perform such other duties as shall from time to time be imposed upon such Senior Vice-President by the Board. A Vice-President, if any, shall perform such duties as shall from time to time be imposed upon the Vice-President by the Board. If, in the absence or disability of the Chief Executive Officer, a Senior Vice-President has not been appointed or authorized by the Board to perform the duties and exercise the powers of the Chief Executive Officer, the Board may impose such duties on, and delegate such powers to, a Vice-President.
- 11.5 **Chief Financial Officer.** The Chief Financial Officer shall be responsible for the financial administration and controls of the Corporation and shall perform such other duties as shall from time to time be imposed by the Board.
- 11.6 **Secretary.** The Secretary may be empowered by the Board, upon resolution of the Board, to carry on the affairs of the Corporation generally under the supervision of the officers thereof and shall attend all meetings and act as clerk thereof and record all votes and minutes of all proceedings in the books to be kept for that purpose. The Secretary shall give or cause to be given notice of all meetings of the Members and of the Board and shall perform such other duties as may be prescribed by the Board or by the President, under whose supervision the Secretary shall be. The Secretary shall be custodian of the seal of the Corporation, if any, which the Secretary shall deliver only when authorized by a resolution of the Board to do so and to such person or persons as may be named in the resolution.
- 11.7 **Duties of Officers.** The duties of all other officers of the Corporation shall be such as the terms of their engagement call for or as the Board requires of them.

## 12. EXECUTION OF DOCUMENTS

- 12.1 **Execution of Documents.** Contracts, documents or any instruments in writing requiring the signature of the Corporation shall be signed by any two of the Chair, a Vice-Chair, the Chief Executive Officer, the President, the Senior Vice-President, a Vice-President, or Director, or a combination thereof. All contracts, documents and instruments in writing so signed shall be binding upon the Corporation without any further authorization or formality. The Directors shall have power from time to time by resolution to appoint persons on behalf of the Corporation to sign specific contracts, documents and instruments in writing. The Directors may give the Corporation's power of attorney to any registered dealer in securities for the purposes of the transferring of and dealing with any stocks, bonds, and other securities of the Corporation. The seal of the Corporation when required may be affixed to contracts, documents and instruments in writing signed as aforesaid or by any person authorized to sign any such contract, document or instrument.

## 13. MEMBERS' MEETINGS

- 13.1 **Time and Place of Meetings.** Meetings of the Members shall be held at least once a year or more often if necessary at the head office of the Corporation or at any place in Canada as the Board may determine and on such day as the Board shall appoint. If all the Members entitled to vote at a meeting agree, such meeting may be held at any place outside Canada determined by the Board.
- 13.2 **Annual Meetings.** At every annual meeting, in addition to any other business that may be transacted, the report of the Directors, the financial statement and the report of the auditors shall be presented and auditors appointed for the ensuing year. The Members may consider and transact any business either special or general at any meeting of the Members. The Board, the Chair or the Chief Executive Officer shall have power to call, at any time, a general meeting of the Members. The Board shall call a special general meeting of Members on written requisition of at least 2 Members. A majority of the Members entitled to vote will constitute a quorum at any meeting of Members, provided that at least two Members present are also Industry Directors and a majority of the Members present are also Public Directors.
- 13.3 **Written Resolutions.** A resolution in writing, signed by all the Members entitled to vote on that resolution at a meeting of Members, is as valid as if it had been passed at a meeting of Members, provided that the matter dealt with by the resolution in writing is one which is not required by the Act to be dealt with at a meeting of Members.
- 13.4 **Means of Meetings.** Members may hold meetings by teleconference or by other electronic means that permit all persons participating in the meeting to hear each other and communicate adequately. If all the Members of the Corporation consent thereto generally or in respect of a particular meeting, a Member may participate in a meeting of the Members by means of such conference telephone or other electronic communications to which all Members have equal access and such as permit all persons participating in the meeting to hear and communicate with each other, and a Member participating in such a meeting by such means is deemed to be present at the meeting. At the commencement of each such meeting the secretary of the meeting will record the names of those persons in attendance in person or by electronic communications facilities and the chair of the meeting will

determine whether a quorum is present. The chair of each such meeting shall determine the method of recording votes thereat, provided that any Member present may require all persons present to declare their votes individually. The chair of such meetings shall be satisfied that Members have taken such reasonable precautions as may be necessary to ensure that any electronic communications facilities used are secure from unauthorized interception or monitoring.

- 13.5 **Resolutions.** Resolutions will be passed by a majority of the Members entitled to vote by a verbal vote recorded by the secretary of the meeting, unless the Act or this By-law otherwise provides.
- 13.6 **Notice.** Notice of every meeting of Members must be given to each Member, Director, and the Corporation's public accountant or auditor. Any notice required pursuant to this By-law or the Act shall be sufficiently given:
- (a) if delivered by mail, courier, or personal delivery during a period of 21 to 60 days before the day on which the meeting is to be held; or
  - (b) by electronic, telephonic, or other communication facility during a period of 21 to 35 days before the day on which the meeting is to be held.

Notice of any meeting where special business will be transacted should contain sufficient information to permit the Member to form a reasoned judgment on the decision to be taken.

A notice shall be deemed to have been given when it is delivered personally or to the recorded address; a notice mailed shall be deemed to have been given when deposited in a post office or public letter box; and a notice sent by any means of electronic or similar communication shall be deemed to have been given when delivered to the appropriate electronic server or equivalent facility. The declaration by the Secretary that notice has been given pursuant to this By-law shall be sufficient and conclusive evidence of the giving of such notice.

- 13.7 **Voting of Members.** Each Member entitled to vote and who is present at a meeting shall have the right to exercise one vote.
- 13.8 **Errors or Omissions in Giving Notice.** No error or omission in giving notice of any meeting or any adjourned meeting, whether annual or general, of the Members shall invalidate such meeting or make void any proceedings taken thereat and any person entitled to receive notice may at any time waive notice of any such meeting and may ratify, approve and confirm any or all proceedings taken or had thereat. For purpose of sending notice to any Member, Director, or officer for any meeting or otherwise, the address of the Member, Director, or officer shall be that person's last address recorded on the books of the Corporation.

## 14. POLICIES AND AGREEMENTS

- 14.1 **Policies.** The Board may exercise any of its powers and authority in accordance with policies, guidelines or other instruments adopted by it from time to time, and as repealed and amended in its discretion, including, without limitation, in respect of:



- (a) the principles and criteria for payments by the Corporation to customers of insolvent SRO Members;
  - (b) definitions of customers who are eligible for payments referred to in (a);
  - (c) the rights or obligations of SRO Members to hold out the availability of coverage by the Corporation and the use of advertising materials in that regard; and
  - (d) the persons or classes of persons to be excluded from the definition of SRO Member in Section 1.1.
- 14.2 **Agreements.** The Corporation may enter into in its own name agreements or arrangements with any securities commission or regulatory authority, law enforcement agency, self-regulatory organization, stock exchange or other trading market, customer or investor protection or compensation fund or plan or other organization regulating or providing services in connection with securities trading located in Canada or any other country for the exchange of any information (including information obtained by the Corporation pursuant to its authority or otherwise in its possession) and for other forms of mutual assistance for market surveillance, investigation, enforcement and other regulatory purposes relating to trading in securities in Canada or elsewhere.
- 14.3 **Assistance.** The Corporation may provide to any securities commission or regulatory authority, law enforcement agency, self-regulatory organization, stock exchange, other trading market, customer or investor protection or compensation fund or plan or other organization regulating or providing services in connection with securities trading located in Canada or any other country any information obtained by the Corporation pursuant to the By-law or rules or otherwise in its possession and may provide other forms of assistance for surveillance, investigation, enforcement and other regulatory purposes.
- 15. FINANCIAL YEAR**
- 15.1 **Financial Year.** Until determined otherwise by the Board, the financial year-end of the Corporation shall be the last day of December in each year.
- 16. AMENDMENT OF BY-LAWS**
- 16.1 **Amendment of By-laws.** The Board may, by resolution, make, amend, or repeal any by-law that regulates the activities or affairs of the Corporation. Any such by-law, amendment, or repeal shall, subject to its terms, be effective from the date of the resolution of the Board until the next meeting of Members where it may be confirmed, rejected, or amended by the Members by ordinary resolution. If the by-law, amendment, or repeal is confirmed or confirmed as amended by the Members, it remains effective in the form in which it was confirmed. The by-law, amendment, or repeal ceases to have effect if it is not submitted to the Members at the next meeting of Members or if it is rejected by the Members at the meeting. This Section does not apply to a by-law, amendment, or repeal that requires a special resolution of the Members and such by-law, amendment, or repeal will only be effective when confirmed by the Members.

**17. AUDITOR**

- 17.1 **Auditor.** The Members shall at each annual meeting appoint an auditor to audit the accounts of the Corporation for report to the Members at the next annual meeting. The auditor shall hold office until the next annual meeting, provided that the Directors may fill any casual vacancy in the office of auditor. The remuneration of the auditor shall be fixed by the Board.

**18. BOOKS AND RECORDS**

- 18.1 **Books and Records.** The Directors shall ensure that all necessary books and records of the Corporation required by the By-law of the Corporation or by any applicable statute or law are regularly and properly kept.

**19. RULES AND REGULATIONS**

- 19.1 **Rules and Regulations.** The Board may prescribe such rules and regulations not inconsistent with this By-law relating to the management and operation of the Corporation as they deem expedient.

**20. INTERPRETATION**

- 20.1 **Interpretation.** In this By-law and in all other by-laws of the Corporation hereafter passed, unless the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and references to persons shall include firms and corporations.