

**NATIONAL INSTRUMENT 33-102
REGISTRANT DEALINGS WITH CLIENTS**

TABLE OF CONTENTS

<u>PART</u>	<u>TITLE</u>
Part 1	DEFINITIONS
	1.1 Definitions
Part 2	DISCLOSURE
	2.1 Leverage Disclosure
	2.2 Exemption for Margin Accounts
Part 3	DISCLOSURE OF CONFIDENTIAL RETAIL CLIENT INFORMATION
	3.1 Consent Required
	3.2 Prohibition to Require Consent as a Condition
Part 4	SETTLING SECURITIES TRANSACTIONS
	4.1 Settling Securities Transactions
Part 5	TIED SELLING
	5.1 Tied Selling
Part 6	DISTRIBUTION OF SECURITIES IN A FINANCIAL INSTITUTION
	6.1 Application of Part 6
	6.2 Disclosure
	6.3 Disclosure in Promotional Material
Part 7	EXEMPTION
	7.1 Exemption

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PART 1 DEFINITIONS

1.1 Definitions

- (1) In this Instrument, “**recognized SRO**” means an SRO that is recognized as a self-regulatory organization by a Canadian securities regulatory authority.
- (2) In this Instrument, “**retail client**” means
- a) an individual unless the individual has a net worth exceeding \$5 million, or
 - b) a person or company, other than an individual, unless the person or company has total assets or annual revenues exceeding \$10 million

but does not include

- i) a Canadian financial institution
- ii) a person or company registered under Canadian securities legislation.

PART 2 DISCLOSURE

2.1 Leverage Disclosure

- (1) If a registrant opens an account for a retail client or if a registrant makes a recommendation to a retail client for purchasing securities by leveraging, or otherwise becomes aware of a retail client’s intent to employ leveraged monies for the purpose of investment, the registrant shall provide to the retail client, before the retail client purchases securities by leveraging, a written disclosure statement in substantially the following words:

Using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources only. Should you borrow money to purchase securities, your responsibility to repay the loan as required by its terms remains the same even if the value of the securities purchased declines.

- (2) Before executing an order on behalf of a retail client purchasing securities by leveraging, the registrant shall obtain an acknowledgement from the retail client that specifically refers to the written disclosure statement required by subsection (1) and confirms that the retail client has read the written disclosure statement.
- (3) A registrant is not required to comply with subsections (1) and (2) if:
- (a) the registrant has provided the written disclosure statement required by subsection (1) to the retail client within the six month period prior to making the recommendation for purchasing securities by leveraging, or otherwise becoming aware of a retail client’s intent to employ leveraged monies for the purpose of investment, or

- (b) the registrant is subject to and complies with the leverage disclosure rules of a recognized SRO.

2.2 Exemption for Margin Accounts - Section 2.1 does not apply to purchases of securities by a retail client on margin if the client's margin account is maintained with a registrant that is a member of a recognized SRO and the margin account is operated in accordance with the rules of the recognized SRO.

PART 3 DISCLOSURE OF CONFIDENTIAL RETAIL CLIENT INFORMATION

3.1 Consent Required - A registrant shall hold all information about a retail client confidential and shall not disclose the information to any third party, except as required by law or the rules of a recognized SRO, unless, prior to disclosing the information,

- (a) the registrant informs the retail client to whom the information pertains:
 - (i) of the name of the third party to which the information will be disclosed,
 - (ii) of the relationship between the registrant and the third party,
 - (iii) of the nature of the information that will be disclosed,
 - (iv) of the intended use of the information by the third party, including whether the third party will disclose the information to others,
 - (v) of the right of the retail client to revoke the consent referred to in paragraph (b), and the effect of the revocation, and
 - (vi) that the retail client's consent under paragraph (b) is not required as a condition of the registrant dealing with the retail client, except in circumstances described in section 3.2; and
- (b) the retail client consents to the disclosure of the confidential client information.

3.2 Prohibition to Require Consent as a Condition - No registrant shall require a retail client to consent to the registrant disclosing confidential information regarding the retail client as a condition, or on terms that would appear to a reasonable person to be a condition, of supplying products or services, unless the disclosure of the information is reasonably necessary to provide a specific product or service that the retail client has requested.

PART 4 SETTling SECURITIES TRANSACTIONS

4.1 Settling Securities Transactions - No registrant shall require a person or company to settle that person or company's account with the registrant through that person or company's account at a Canadian financial institution as a condition, or on terms that would appear to a reasonable person to be a condition, of supplying products or services, unless this method of settlement is reasonably necessary to provide a specific product or service that the person or company has requested.

PART 5 TIED SELLING

5.1 Tied Selling - No person or company shall require another person or company

- (a) to invest in particular securities, either as a condition or on terms that would appear to a reasonable person to be a condition, of supplying or continuing to supply products or services; or
- (b) to purchase or use any products or services, either as a condition or on terms that would appear to a reasonable person to be a condition, of selling particular securities.

PART 6 DISTRIBUTION OF SECURITIES IN A FINANCIAL INSTITUTION

6.1 Application of Part 6 - This Part applies only to registrants conducting securities related activities in an office or branch of a Canadian financial institution.

6.2 Disclosure

(1) If a registrant opens an account for a retail client, a registrant shall provide a written disclosure statement that the registrant is a separate entity from the Canadian financial institution and, unless otherwise advised by the registrant, securities purchased from or through the registrant

- (a) are not insured by a government deposit insurer,
- (b) are not guaranteed by a Canadian financial institution, and
- (c) may fluctuate in value.

(2) At the time that the account is opened, the registrant shall obtain an acknowledgement from the retail client that specifically refers to the written disclosure statement required by subsection (1) and confirms that the retail client has read the written disclosure statement.

6.3 Disclosure in Promotional Material - A registrant shall include a written statement that contains the information referred to in section 2.1 and section 6.2 of this Instrument in the registrant's promotional material that is distributed by or displayed in an office or branch of a Canadian financial institution.

PART 7 EXEMPTION

7.1 Exemption

- (1) The regulator or the securities regulatory authority may grant an exemption to this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.
- (2) Despite subsection (1), in Ontario, only the regulator may grant such an exemption.