

POLICIES AND PROCEDURES MANUAL

Chapter 1 : COMPLIANCE-RELATED PROCESSES AND FUNCTIONS



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1. Compliance-related processes and functions

1.1 Compliance objectives

To better protect the fundamental interests of clients and to eliminate errors and omissions, the Dealer believes that it is important to establish a rigorous compliance procedure, given that such a procedure constitutes the foundation of a solid financial services business.

1.2 Risk management

Compliance risk refers to the risk of harm to the Dealer's reputation and integrity arising out of a failure to act in accordance with laws, regulations and applicable standards of ethics in interactions with clients, markets or agencies regulating the Dealer.

Any failure to act in a responsible manner or any violation of the policies and regulations prescribed by the Dealer may have serious consequences that cause harm not only to clients but also to representatives and supervisory employees and may even compromise the Dealer's registration.

To protect the Dealer's reputation and to control compliance-related risks, the Dealer's management aims to:

- promote and enforce high standards of integrity and fair treatment;
- ensure that the compliance program is implemented, and that compliance procedures and policies are developed and applied;
- ensure that employees know and understand the compliance policies and procedures relevant to their work; and
- respond promptly and effectively to any relevant compliance-related matter.

In response to the attention paid to compliance by the Dealer's management, its representatives and employees must:

- observe high standards of integrity and fair treatment;
- demonstrate skills and a professional attitude in the context of their commercial activities;
- comply with the letter and the spirit of the applicable laws, regulations and standards of ethics;
- know and abide by the Dealer's compliance procedures and policies; and
- see to it that matters concerning compliance are resolved promptly in order to minimize any damage to the Dealer's reputation and integrity and to limit its financial losses.

1.3 Chief Compliance Officer (CCO)

1.3.1 Required qualifications

The Chief Compliance Officer must have successfully completed the following courses:

- the Canadian Investment Funds Course Exam, the Canadian Securities Course Exam or the Investment Funds in Canada Course Exam,

and

- the PDO Exam, the Mutual Fund Dealers Compliance Exam or the Chief Compliance Officers Qualifying Exam

1.3.2 Experience required

In addition to the skills stipulated above, the Chief Compliance Officer must have 12 months of relevant securities industry experience in the 36-month period before applying for registration.

1.3.3 Roles and responsibilities

The Chief Compliance Officer must control the compliance of the Dealer, or of any other person negotiating on behalf of the Dealer, with administrative regulations, rules and policies, including, without limitation, the standards of control of the business under the terms of [Rule 2 of the Mutual Fund Dealers Association of Canada](#) (MFDA), the AMF (Autorité des Marchés Financiers) and the requirements of the law governing the sale of securities.

In line with his responsibilities, the Chief Compliance Officer has the authority to make recommendations, to carry out corrective measures and to recommend disciplinary action, up to and including termination of the business relationship with representatives or branch managers.

Once a year, the Chief Compliance Officer must submit to the compliance review committee, or a functional equivalent, a compliance evaluation report on the Dealer's transactions.

1.3.4 Alternate Chief Compliance Officer

If the Chief Compliance Officer is temporarily absent or unable to fulfill his duties, the Dealer must name one or more alternates with the required skills to act as Chief Compliance Officer, in accordance with the applicable rules.

1.4 Branch managers

1.4.1 Required Skills

Branch Managers must have successfully completed one of the following courses:

- the Branch Managers Course (BMC) offered by the Canadian Securities Institute (CSI);
- the Branch Managers' Examination Course (BM) offered by IFSE Institute;
- the Chief Compliance Officers Qualifying Examination (CCO) course offered by the Canadian Securities Institute (CSI).

1.4.2 Experience required

In addition to the skills stipulated above, Branch Managers must meet the following conditions:

- have been a representative, an associate with trading privileges, an administrator, a director, or a Chief Compliance Officer registered in accordance with applicable securities legislation for at least 2 years; or
- possess at least two years of experience equivalent to that described above.