



## REGULATION RESPECTING THE RULES OF ETHICS IN THE SECURITIES SECTOR

REPEALED ON SEPTEMBER 28<sup>TH</sup> 2009

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*In accordance with section 135 of the Act to amend the Securities Act and other legislative provisions, sections 2 to 20 of the Regulation respecting the rules of ethics in the securities sector, approved by Order in Council 161-2001 dated 28 February 2001 (2001, G.O. 2, 1334), as they read on September 27<sup>th</sup> 2009, apply to mutual fund dealer representatives and scholarship plan dealer representatives registered in accordance with Title V of the Securities Act, until rules equivalent to those prescribed in the sections mentioned above are determined in their respect in a regulation made under section 331.1 of that Act.*

### **Act respecting the distribution of financial products and services**

(R.S.Q., c. D-9.2, s. 201),

Repealed, M.O. 2009-06, 2009 G.O. 2, 3686A; eff. 09-09-28.

#### **DIVISION I PURPOSE AND SCOPE**

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1. This regulation sets forth the rules of ethics applicable to the securities representatives mentioned in the first paragraph of section 9 of the Act respecting the distribution of financial products and services (R.S.Q., c. D-9.2).

## **DIVISION II RULES OF CONDUCT**

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2. A representative shall show loyalty towards his client whose interests shall be of the utmost priority when he makes a trade on his behalf.
3. A representative shall make a diligent and professional effort to get to know a client's financial and personal situation as well as his investment goals. The information he obtains from the client shall describe this situation as well as any developments with respect thereto.
4. A representative's recommendations shall be based on an in-depth analysis of information obtained from the client and information concerning the trade.
5. A representative shall caution a client who gives him an unsolicited order which does not appear to be in keeping with his situation.
6. A client's capital shall remain his exclusive property and a representative shall only use it for trades authorized by the client.
7. A representative shall take reasonable steps to ensure the accuracy and sufficiency of information given to a client concerning his investments.

## **DIVISION III CONFIDENTIALITY OF CLIENT INFORMATION**

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8. Information about a client's trades and account shall be confidential and a representative shall not disclose them without the client's permission, unless a provision of law or an order from a court having jurisdiction exempts him from this requirement.
9. Information about a client's order shall remain confidential and a representative shall not use it to trade in his personal account or that of another client.

## **DIVISION IV RESPECT AND CONFIDENCE OF THE PUBLIC**

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10. A representative's methods of soliciting and conducting business shall inspire respect and confidence from the public.
11. Orders shall only be executed when a client authorizes a representative to do so.
12. Trades a client asks a representative to make shall only be carried out by a person authorized by law to do so.
13. In conducting his activities, a representative shall take into consideration the financial integrity and liabilities of the firm on behalf of which he is acting.
14. A representative's professional activities shall be conducted responsibly, with respect, integrity and skill.
15. A representative shall maintain a high level of professional knowledge.

**16.** A representative shall ensure that his conduct complies with the law and meets the requirements of the body governing the firm on behalf of which he is acting.

**17.** A representative who receives privileged or confidential information from a client, an issuer or a third party shall not pass it on, nor shall he trade using such information.

**18.** A representative shall refrain from making false declarations as to his level of skill or as to the effectiveness of his services or those of the firm on behalf of which he is acting.

## **DIVISION V**

### **OBLIGATION TO INFORM CLIENT AND COLLABORATE IN ENFORCING THE ACT**

**19.** A representative shall provide, in an objective and complete manner, the information requested by a client as well as all information concerning the status of his investments and that which is needed to understand and assess a trade.

**20.** A representative shall forthwith collaborate with and respond to a person responsible for enforcing the Act respecting the distribution of financial products and services and its regulations.

**21.** This regulation shall come into force on the fifteenth day following the date of its publication in the Gazette officielle du Québec.



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