RULES OF PROCEDURE
OF THE
ADRC-CIRO[i] ARBITRATION PROGRAM

Effective June 1, 2023

1. DEFINITIONS

1.1 In these Rules, the words and phrases listed below have the following meaning:

(a) "ADRC" – ADR Chambers, Inc., a company incorporated under the laws of Ontario, having its head office at 2001 Sheppard Avenue East, Suite 200, North York, Ontario, M2J 4Z8;

(b) "Administrator" - the person designated by ADRC to administer the Program;

(c) "Arbitrator" – the Arbitrator appointed pursuant to these Rules;

(d) "Award Limit" – a sum fixed and made public by CIRO constituting the maximum award allowed in arbitration under the Program, excluding interest, arbitration costs, and legal costs;

(e) "Claimant" – a client of a Dealer Member who initiates arbitration proceedings;

(f) "Claim Eligibility Date" – with respect to the provinces below, the date after which the facts giving rise to the Dispute must have occurred:

British Columbia – *January 1, 1992*

Ontario – *June 30, 1998*

Manitoba, Saskatchewan, Alberta – *July 1, 1999*

Nova Scotia, New Brunswick, Newfoundland and Labrador, Prince Edward Island – *June 30, 1999*

(g) "Dealer Member" – a CIRO member firm that is an investment dealer in accordance with securities legislation;

(h) "Dispute" – a dispute, claim or controversy concerning the *securities related business* activities (as defined in the CIRO Investment Dealer and Partially

[i] On January 1, 2023, the Investment Industry Regulatory Organization of Canada ("IIROC") and the Mutual Fund Dealers Association of Canada ("MFDA") were consolidated into a single self-regulatory organization, named the Canadian Investment Regulatory Organization ("CIRO") as of June 1, 2023.

Consolidated Rules) of a Dealer Member that is submitted to arbitration under these Rules;

(i) "CIRO" – The Canadian Investment Regulatory Organization, the national self-regulatory organization which oversees all investment dealers, mutual fund dealers, and trading activity on Canada's debt and equity marketplaces;

(j) "Panel" – the panel maintained by ADRC of persons qualified to serve as arbitrators under the Program;

(k) "Parties" – the Claimant and Respondent in an arbitration proceeding conducted under the Program;

(l) "Program" – the ADRC-CIRO Arbitration Program;

(m) "Rate Schedule" – the schedule of fees, rates and other charges for the Program as adopted from time to time by ADRC in consultation with CIRO;

(n) "Respondent" – a Dealer Member against which arbitration is initiated;

(o) "Rules" – these Arbitration Rules of the ADRC-CIRO Arbitration Program as amended from time to time;

(p) "Territory" – means Nova Scotia, New Brunswick, Newfoundland and Labrador, Prince Edward Island, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, the Northwest and Yukon Territories, and Nunavut.

1.2 In these Rules, words importing one gender include the other gender, and the singular includes the plural, and vice versa.

1.3 For the purposes of calculating a period of time under these Rules, such period shall begin to run on the day following the day when a notice, notification, communication or proposal is received. If the last day of such period is a statutory holiday or a non-business day at the residence or place of business of the addressee, the period is extended until the first business day which follows. Statutory holidays or non-business days occurring during the running of the period of time are included in calculating the period.

2. APPLICATION

2.1 These Rules shall apply to the arbitration of any claim against a Dealer Member that:

(a) is brought by one of its clients;

(b) concerns the *securities related business* activities (as defined in the CIRO Investment Dealer and Partially Consolidated Rules) of that Dealer Member;

(c) does not exceed the Award Limit;

(d) arises within the Territory; and

(e) meets the Claim Eligibility Date, if any.

2.2 The applicable version of these Rules, and the applicable Award Limit, shall be those in effect on the date of the Notice of Arbitration referred to in section 3, below.

2.3 Except by express agreement of the Parties, no claim for an amount in excess of the Award Limit shall be submitted to arbitration, and the Arbitrator shall not be empowered to grant an award in excess of the Award Limit.

3. COMMENCEMENT OF ARBITRATION

3.1 Arbitration is commenced by submission to ADRC by the Claimant of a completed Notice of Arbitration form, or equivalent written application, and payment of the filing fee in effect at the time of filing, as set forth in the Rate Schedule.

3.2 The Notice of Arbitration shall include:

(a) the Parties' names and addresses;

(b) a summary statement of the subject matter of the Dispute and the amount of the claim resulting from it; and

(c) any documents and information that establish the facts.

3.3 Upon receipt of a completed application and the required filing fee, ADRC will review the documents to ensure that:

(a) the requirements of section 2.1, above, are satisfied; and

(b) an attempt has been made by the Claimant to resolve the subject matter of the Dispute directly with the Respondent prior to initiating arbitration.

3.4 ADRC will confirm commencement of the arbitration to both Parties, forward a copy of the Notice of Arbitration and any accompanying documents to the Respondent, and arrange for a preliminary meeting.

3.5 Within seven (7) days following receipt of the abovementioned communication from ADRC, the Respondent shall provide the claimant and ADRC with its Answer to the Notice of Arbitration and any counterclaim.

3.6 The Respondent's Answer shall include:

(a) a summary of the facts;

(b) a response to the Claimant's summary statement regarding the Dispute; and

(c) any documents and information that establish the facts.

4. REPRESENTATION AND ASSISTANCE

The parties may be represented by counsel and/or assisted by persons of their choice. The names and addresses of such persons must be communicated in writing to ADRC and the other party.

5. PRELIMINARY MEETING

5.1 The Administrator shall conduct a preliminary meeting with the Parties and/or their representatives for the purpose of addressing some or all of the following matters:

(a) appointment of the Arbitrator;
(b) identification of the issues in dispute;
(c) schedule for submitting written statements;
(d) discovery and exchange of documents;
(e) involvement of any witnesses and experts;
(f) any other matters that will assist the parties in settling their differences or help the arbitration proceed in an efficient and expeditious manner.

5.2 In most cases, the preliminary meeting will take place by conference telephone call.

5.3 The Administrator shall record any agreements made at the preliminary meeting, and shall, within seven (7) days of that meeting, send a copy of that record to each of the Parties and the Arbitrator.

6. APPOINTMENT OF THE ARBITRATOR

6.1 There shall be a sole arbitrator.

6.2 At the time of confirming commencement of the arbitration pursuant to section 3.3, the Administrator shall provide the Parties with a list of five names selected from the Panel, and request them to select an arbitrator by mutual agreement or to select three names from the list and inform the Administrator of them. If within five (5) days following the preliminary meeting provided for in section 5.1 this has not resulted in an appointment, the Administrator shall make the appointment from the Panel.

6.3 An arbitrator shall be and remain at all times wholly independent and impartial. Every Arbitrator shall, upon accepting appointment, sign a statement declaring that he or she knows of no circumstance likely to give rise to justifiable doubts as to his or her independence or impartiality and that he or she will disclose any such circumstance to the parties should such circumstance arise after that time and before the arbitration is concluded. A copy of the statement shall be retained by ADRC and a copy provided to each Party.

6.4 ADRC may declare the office of Arbitrator to be vacant if, on the basis of evidence thought satisfactory by ADRC, it concludes that an Arbitrator is unable to perform the duties of the office. A substitute arbitrator shall be appointed in accordance with the appointment procedure set forth in section 6.2, above. In the event an Arbitrator is replaced, any hearings previously held may be repeated.

7. PLACE OF ARBITRATION

7.1 Unless the parties agree otherwise, the place of arbitration shall be the province in which the Claimant is resident.

7.2 The Arbitrator may hold meetings at any other place he considers necessary for any purpose, including hearing witnesses, experts or the parties, or for the inspection of documents, and may conduct any arbitration-related business or hearings by telephone or video conference. The arbitrator shall select the most practical solution involving the least expense possible.

7.3 When the place of arbitration is British Columbia, the parties shall expressly agree not to apply section 22 of the Commercial Arbitration Act (RSBC 1996, ch. 55) concerning application of the rules of the British Columbia International Commercial Arbitration Centre for the conduct of domestic commercial arbitrations.

8. CONDUCT OF THE PROCEEDINGS

Subject to these Rules, the Arbitrator may conduct the arbitration in the manner he considers appropriate, provided that each party shall be treated fairly and shall be given a full opportunity to present its case.

9. EXCHANGE OF STATEMENTS

9.1 Within the time period agreed in the preliminary meeting, the Claimant may deliver a written statement to the respondent and ADRC. The statement should include:

(a) a description of the issues to be determined;
(b) the amounts being claimed;
(c) the facts supporting the claim(s) made; and
(d) the relief or remedy sought.

9.2 Within the time period agreed in the preliminary meeting, the respondent may deliver a written statement in response.

9.3 Each party shall deliver the documents upon which it intends to rely with each of the above statements.

9.4 The Parties may agree on the submission of further written statements, and shall, in consultation with the Administrator, fix the periods of time for exchanging such statements.

10. PRODUCTION OF DOCUMENTS

The Arbitrator may order a party to produce any particular document or class of documents he considers relevant within a time he specifies.

11. APPLICATIONS AND DECISIONS

11.1 Procedural matters arising other than at a scheduled hearing, on which the Parties are unable to reach agreement, may be submitted to the Arbitrator by either Party for decision.

11.2 The Party seeking a decision on any such matter shall submit to the Arbitrator and the other Party an application in writing, setting forth the issues in dispute and the decision requested.

11.3 Upon receipt of such application, the Administrator shall communicate with the Arbitrator and the Parties, to fix a time frame for the other Party's response to the application, and determine the manner in which the application shall be heard and decided by the Arbitrator.

11.4 The costs of such proceedings shall be fixed by the Arbitrator in his decision, shall be invoiced directly to the Party or Parties responsible for them, and shall not be satisfied from the Parties' deposits.

12. HEARINGS AND EVIDENCE

12.1 The Administrator shall, in consultation with the parties, set the date for the hearing.

12.2 Each party shall prove the facts on which it relies.

12.3 The Parties expressly refer to the Arbitrator for decision all questions of fact and of law, and of mixed fact and law, arising in the arbitration.

12.4 In deciding issues of relevance and materiality of evidence, the Arbitrator shall not be required to apply the rules of evidence.

12.5 With the Arbitrator's consent, the parties may, by mutual agreement, forego oral arguments and present their claims and arguments in writing only. If the parties cannot agree as to whether arguments shall be presented orally or in writing only, the proceedings shall be oral.

12.6 The parties and the Arbitrator may agree that any meeting or hearing shall proceed entirely by telephone or video conference.

12.7 Additional fees may be assessed by ADRC in the amounts set forth in the Rate Schedule, in the event that:

(a) a hearing is adjourned at the request of one or both Parties fewer than fourteen days before its scheduled date;
(b) the Claimant abandons or withdraws from the arbitration fewer than fourteen days before a scheduled hearing date; or

(c) the Parties agree, fewer than fourteen days before a scheduled hearing date, to terminate the arbitration (e.g., in the event of settlement).

13. CONFIDENTIALITY

Unless otherwise agreed by the parties or required by law, all hearings, meetings, and communications, including the arbitral award, shall be private and confidential as among the parties, the Arbitrator and ADRC. The parties consent to the disclosure to CIRO of

information concerning arbitrations, including copies of awards and notice of settlements, for the purpose of monitoring the Program and for regulatory purposes.

14. SETTLEMENT

14.1 The Arbitrator may encourage settlement of the Dispute and, with the written agreement of the parties, may conduct mediation, conciliation, facilitation or other appropriate procedures.

14.2 If the parties settle the Dispute, they shall inform ADRC forthwith. If requested by the parties and acceptable to the Arbitrator, the Arbitrator shall record the settlement in the form of an arbitral award.

15. ARBITRAL AWARD

15.1 The Arbitrator shall render an award in writing, stating the grounds on which it is based, and sign it. The award must be rendered within thirty (30) days after the hearing has terminated, or in the case of proceedings in writing only, thirty (30) days after the date on which the Arbitrator received final written submission. These time periods may be modified by consent of the parties and the arbitrator, or upon ADRC's decision, with notice to the parties and reasons.

15.2 The award shall be final and binding on the Parties, and the right to appeal the award on any question of law, question of fact or question of mixed law and fact is – to the fullest extent permitted by law – excluded.

16. ARBITRATION AND LEGAL COSTS

16.1 The arbitration costs include:

(a) the fees of the Arbitrator and Administrator, based on the hourly rate set forth in the Rate Schedule;

(b) any travel and other expenses incurred by the Arbitrator;

(c) the filing fee, hearing room and/or video conferencing charges, and any ancillary disbursements, as set forth in the Rate Schedule;

(d) costs of hearing facilities and services at venues other than ADRC.

16.2 The additional fees referred to in section 12.7 and set forth in the Rate Schedule do not form part of the arbitration costs.

16.3 The arbitration costs shall in principle be divided equally between the Parties, however the Arbitrator may, in his discretion, modify the allocation of arbitration costs between the parties.

16.4 The Claimant shall elect whether or not the Arbitrator

(a) may, in his discretion, award legal costs against a party: or

(b) may not award legal costs against a party, unless he finds that the party concerned has acted in a manner that may be characterized as unfair, vexatious, improper, in bad faith, or has unnecessarily and unreasonably prolonged the proceedings.

This election shall be made by giving notice thereof to the Respondent and to ADRC, no later than the Preliminary Meeting provided for in section 5, above.

The election, once made, may not be revoked unilaterally by the Claimant. In the absence of such election, subsection (b) shall apply.

17. DEPOSITS

17. 1 Upon commencement of the arbitration, the Administrator may request each party to deposit an equal sum as an advance for the arbitration costs.

17.2 During the course of the arbitral proceedings the Administrator may request supplementary deposits from the parties.

17.3 Upon termination of the arbitration proceedings, ADRC shall render an accounting to the parties of the deposits received, and return any unexpended balance to the parties or invoice them for any amount due. The award shall not be released to the Parties until the entire account for the arbitration has been paid in full.