

Market Conduct Statement

The Basics

The *Bank Act* requires all banks to inform customers that prescribed misconduct such as coercive tied selling and taking advantage of customers is illegal. To comply with this law, and to help our customers understand the basics of tied selling, China Construction Bank Toronto Branch ("CCBTO") has created this Statement.

Coercive tied selling is illegal and prohibited under the *Bank Act*. Coercive tied selling occurs when a Bank imposes undue pressure or coerces a person to obtain a product or service as a condition of obtaining another product or service. It is against the law to be unduly pressured to purchase a product or service that you do not want in order to obtain the product or service that you do want.

Coercive tied selling should not be mistaken for legal sales practices that are designed to show interest in your business, or appreciation for a customer's loyalty and continued business.

Acceptable Sales Practices

Businesses like CCBTO may make available preferential pricing or bundling of products and services to offer new or existing customers better prices or more favorable terms. This is not considered coercive tied selling, as you are not required to add any of these products or services.

Preferential Pricing – preferential pricing is when a customer may be offered better pricing or rates on a product or service because he or she uses more of the products or services offered. For example, a person may receive preferential pricing when ordering 1000 units of an item compared to ordering just 100.

Bundling – products or services may be combined in order to offer a customer a better price or more

favorable terms. By bundling, a business may be able to offer lower combined price compared to the price of purchasing each product or services separately. Banks may be able to offer you bundled financial services or products so that you are able to take advantage of a package price or rate.

Risk Management

Banks must manage the risk on the products and services they provide. The law allows banks to impose specific requirements on borrowers as a condition for granting loans. The requirements imposed will be those necessary to manage risk. CCBTO only imposes requirements for borrowers that are reasonable and consistent with the level of risk.

An example of this risk management can be seen in applying for an operating loan for a business. To manage the risk associated with this product, the bank may require an operating account be opened. The business operating account at the bank will allow the bank to assess cash flow and possible risks. This is both legal and appropriate.

Contact

If you have any questions about market conduct or coercive tied selling, please direct your inquiry to:

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