

# IIROC NOTICE

## **Rules Notice Guidance Note**

Dealer Member Rules

*Please distribute internally to:*

Corporate Finance  
Credit  
Institutional  
Internal Audit  
Legal and Compliance  
Operations  
Registration  
Regulatory Accounting  
Research  
Retail  
Senior Management  
Trading Desk

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**10-0060**

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## **Reporting of Changes to Business Models**

In the normal course of business, Dealer Members may on occasion change their existing business model(s). Given that IIROC uses a risk-based approach to prioritize and guide its oversight of Dealer Members, it is essential that IIROC be made aware of significant changes to a Dealer Member's business model. This information will also assist IIROC in preparing for its business conduct reviews, financial examinations and trade desk reviews of firms, thereby enabling more efficient and effective regulatory supervision.

This Notice is intended to advise Dealer Members of IIROC's expectation that it be notified of any significant changes to a Dealer Member's business model(s). While the question of what constitutes a "significant change" depends on the circumstances in each case, some examples of significant changes that a Dealer Member should report include:

- the introduction of a new line of business which is a marked departure from its existing business activities and/or requires the Dealer Member or its staff to obtain new or



additional registrations. For instance, if a firm that traditionally has only offered discount brokerage services, now offers managed accounts; or

- changes to material operational processes which may impact trade execution, clearing, jitney, omnibus or settlement arrangements.

If in doubt as to the significance or materiality of a planned change, Dealer Members are advised to err on the side of caution and either report the change or discuss the change with IIROC staff. Depending on the nature of the change, any such discussions should take place with the IIROC Business Conduct Compliance Manager and/or Financial Compliance Manager assigned to the Dealer Member.

Dealer Members should note that IIROC expects their notifications of changes to be thorough and detailed. The notifications should be made to IIROC by way of a letter providing the information necessary for IIROC to fully understand and assess the changes to the Dealer Members' business model. Dealer Members should send their letters to the attention of IIROC's Membership Coordinator ([secretary@iroc.ca](mailto:secretary@iroc.ca)).