

# IIROC Policy Priorities - Update Report

|  |   |
|--|---|
| <b>L<br/>E<br/>G<br/>E<br/>N<br/>D</b> | <b>Orange</b> coding means the initiative has been published in its final form and is currently <b>in the implementation phase</b> . This may require <b>immediate</b> attention from Dealer Members. |
|  | <b>Yellow</b> coding means the initiative may require attention from Dealer Members within the <b>next 3 months</b> .   |
|  | <b>Blue</b> coding means the initiative may require attention from Dealer Members within the <b>next 3 to 6 months</b> .  |
|  | <b>Green</b> coding means the initiative may require attention from Dealer Members within the <b>next 6 to 12 months</b> .  |



As at April 11, 2017

## Introduction

This document describes the policy initiatives that we anticipate implementing and/or publishing for comment over the next 12 months. For each initiative, we've provided our estimate of when Dealer Members may be required to take appropriate action. This information will help Dealer Members to anticipate, plan for and/or respond to policy initiatives on a timely and efficient basis.


























Except for initiatives where we have published an Implementation Notice or Notice of Approval with an effective date, all next step dates are IIROC staff's best estimate.

For publication history details please refer to the following:

- DMR- the "Proposed Policy: Active Matters" tab of the "[Dealer Member Regulatory Resources](#)" page on our website
- UMIR – [Status of Amendments](#)

We will update this chart on a quarterly basis.

## Table of Contents

|   |  |   |
|---|--|---|
|    | DMR - Rule - Requirement to Disclose Membership in IIROC as a Dealer Member                                      | 2 |
|    | DMR - Rule - Dealer Member free credit usage limit & segregation requirements                                    | 2 |
|    | DMR - Rule - Non-material amendments to Schedule 12 of Form 1 and its Notes and Instructions                     | 2 |
|    | UMIR - Rule - Order Designations and Identifiers   | 2 |
|    | DMR - Rule - Personal Financial Dealings Amendments  | 2 |
|    | DMR - Rule - Segregation and portability for futures markets   | 3 |
|    | DMR - Rule - Trade-confirmation suppression requirements <b>(New)</b>  | 3 |
|    | UMIR - Rule – Reporting of Certain Trades on Acceptable Foreign Trade Reporting Facilities <b>(New)</b>          | 3 |
|    | UMIR & DMR - Rule - Client Identifiers   | 3 |
|    | DMR - Rule - Material amendments to the Notes and Instructions to Schedule 12 of Form 1                          | 3 |
|    | DMR - Rule and Guidance - Plain language DMR rewrite project including Registration Reform Amendments            | 4 |
|    | DMR - Rule and Guidance - Changes in Dealer Member ownership – forms and guidance                                | 4 |
|    | DMR - Rule - Trade Date plus Two Days (T+2) Settlement Cycle   | 4 |
|    | DMR - Rule - Removal of Statement G from Form 1 <b>(New)</b>   | 4 |
|    | UMIR & DMR - Rule and Guidance - Best Execution Obligation   | 5 |
|    | UMIR - Rule and Guidance - Dark Rules Anti-Avoidance   | 5 |
|   | DMR - Guidance - Order-Execution Only  | 5 |
|  | DMR - Rule - Research Restrictions and Disclosure Requirements   | 5 |
|  | UMIR - Rule and Guidance - Supervision of Trading  | 6 |
|  | DMR - Rule - Anti-Money-Laundering   | 6 |
|  | DMR - Rule - Debt securities concentration test  | 6 |
|  | DMR - Rule - Research Report Quiet Periods   | 6 |
|  | DMR - Guidance - "Know Your Client" and Suitability Assessment Obligations                                       | 7 |
|  | DMR - Rule - Electronic Delivery of Client Documents   | 7 |
|  | Initiatives from the previous Update Report that were not implemented and are not included in this Update Report | 7 |

## IIROC Policy Priorities - Update Report

|  |   |
|--|---|
| <b>L<br/>E<br/>G<br/>E<br/>N<br/>D</b> | <b>Orange</b> coding means the initiative has been published in its final form and is currently <b>in the implementation phase</b> . This may require <b>immediate</b> attention from Dealer Members. |
|  | <b>Yellow</b> coding means the initiative may require attention from Dealer Members within the <b>next 3 months</b> .   |
|  | <b>Blue</b> coding means the initiative may require attention from Dealer Members within the <b>next 3 to 6 months</b> .  |
|  | <b>Green</b> coding means the initiative may require attention from Dealer Members within the <b>next 6 to 12 months</b> .  |



As at April 11, 2017

| INITIATIVE  | DMR/UMIR | STATUS   | DESCRIPTION  | NEXT STEPS  |
|---|----------|--|--|---|
| Requirement to Disclose Membership in IIROC as a Dealer Member                  | DMR      | Notice of Approval published on June 16, 2016 in Rules Notice <a href="#">16-0133</a> .<br><br>Technical Notices <a href="#">16-0271</a> and <a href="#">16-0272</a> published on November 24, 2016. | Sets out requirements for Dealer Members to disclose that they are regulated by IIROC, distribute IIROC's official brochure and include on their website a hyperlink to the IIROC <i>AdvisorReport</i> .         | Amendments effective on January 1, 2017, other than the requirement relating to the inclusion of the IIROC Logo on client account statements, which will be effective on July 1, 2018.<br><br>Technical Notices provide notice of: <ul style="list-style-type: none"> <li>• additional versions of the IIROC Logo</li> <li>• new version of the IIROC Official Brochure.</li> </ul> |
| Dealer Member free credit usage limit, free credit segregation requirements     | DMR      | Notice of Approval published on March 30, 2017 in Rules Notice <a href="#">17-0068</a> .   | Restricts Dealer Members' ability to use client free credit cash balances in the conduct of its business.  | Rule amendment effective March 30, 2017.  |
| Non-material amendments to Schedule 12 of Form 1 and its Notes and Instructions | DMR      | Notice of Approval published on March 30, 2017 in Rules Notice <a href="#">17-0069</a> .   | Re-organizes the Schedule and its Notes and Instructions into a simpler and more logical format, making it easier to read and interpret.   | Rule amendment effective April 28, 2017.  |
| Order Designations and Identifiers  | UMIR     | Notice of Approval published on February 16, 2017 in Rules Notice <a href="#">17-0039</a> .  | Introduces bundled order and derivative-related cross order designations and modification of the current bypass order marker from public to private for the purpose of display in a consolidated market display. | Rule amendment effective September 14, 2017.  |
| Personal Financial Dealing Amendments   | DMR      | Notice of Withdrawal / Notice of Implementation published on April 6, 2017 in Rules Notice <a href="#">17-0079</a> .   | Clarifies the application of rules relating to personal financial dealings with clients.   | Implementation of DMR 43.2(5)(i) effective October 6, 2017.   |

| INITIATIVE  | DMR/UMIR   | STATUS   | DESCRIPTION  | NEXT STEPS   |
|---|------------|--|--|--|
| Segregation and portability for futures markets   | DMR        | Proposed rule amendments under consideration.  | Facilitates the adoption of a customer protection segregation and portability regime by Central Clearing Counterparties serving the futures markets.   | Estimated publication of Request for Comments – April, 2017.                                       |
| Trade-confirmation suppression requirements <b>(New)</b>                                  | DMR        | Proposed rule amendments under consideration.  | Proposal to permit trade-confirmation suppression for Dealer Members whose quarterly compliant trade percentage is typically 90% or higher, but who may have had limited cases where their quarterly compliant trade percentage was slightly below 90%.  | Estimated publication of Request for Comments – April, 2017.                                       |
| Reporting of Certain Trades on Acceptable Foreign Trade Reporting Facilities <b>(New)</b> | UMIR       | Proposed amendments published for comment on April 21, 2016 in Rules Notice <a href="#">16-0082</a> .  | Allows certain trades to be reported to an acceptable foreign trade reporting facility.  | Estimated re-publication of Request for Comments – May, 2017.                                      |
| Client Identifiers  | UMIR & DMR | Proposed rule amendments under development.  | Introduces requirements to: <ul style="list-style-type: none"> <li>include client identifiers on each order sent to a marketplace and on each reportable trade in a debt security</li> <li>use a unique client identifier for each client of a foreign dealer equivalent who enters orders under a routing arrangement where the orders are automatically generated on a predetermined basis by the client.</li> </ul> | Estimated publication of Request for Comments – May, 2017.   |
| Material amendments to the Notes and Instructions to Schedule 12 of Form 1                | DMR        | Comments under IIROC review.<br>Proposed amendments re-published for comment on June 23, 2016 in Rules Notice <a href="#">16-0141</a> . Comment period closed August 22, 2016. | Exclusion of the 15% margin provision in situations where a futures exchange calculates and publishes maintenance margin rates on a daily basis.   | Estimated publication of Notice of Approval or re-publication of Request for Comments – May, 2017. |

| INITIATIVE   | DMR/UMIR   | STATUS  | DESCRIPTION  | NEXT STEPS   |
|--|------------|---|--|--|
| Project to rewrite Dealer Member Rules in plain language and to include registration reform amendments within the plain language rules | DMR        | Out for comment.<br>Proposed IIROC Dealer Member Plain Language Rule Book published for comment on March 9, 2017 in Rules Notice <a href="#">17-0054</a> .                      | Rewrite of current Dealer Member Rules in plain language. Proposed IIROC Dealer Member rule amendments drafted in plain language that result from the CSA Registration Reform Project are included as part of the project. | Comment period closes on May 12, 2017.   |
| Changes in Dealer Member ownership – forms and guidance  | DMR        | Out for comment.<br>Proposed form and guidance changes published for comment on March 9, 2017 in Rules Notice <a href="#">17-0055</a> .   | Changes to the Investor Application Form, the Investor Notification Form and the Investor Notification and Approval guidance to align with changes proposed in the Dealer Member Rules plain language project.             | Comment period closes on May 12, 2017.   |
| Trade Date plus Two Days (T+2) Settlement Cycle  | UMIR & DMR | Comments under IIROC review.<br>Proposed amendments published for comment on July 28, 2016 in Rules Notice <a href="#">16-0177</a> .<br>Comment period closed October 26, 2016. | Facilitates the Canadian capital markets move from a T+3 settlement cycle to a T+2 settlement cycle at the same time with the US capital markets.  | Estimated publication of Notice of Approval or re-publication of Request for Comments – May, 2017. |
| Removal of Statement G from Form 1 ( <b>New</b> )  | DMR        | Proposed housekeeping rule amendments submitted to CSA for approval.  | Removal of Statement G (Opening IFRS Statement of Financial Position and Reconciliation of Equity) of Form 1 and corollary amendments Form 1 removing all references to Statement G.                                       | Estimated publication of Notice of Approval or Request for Comments – June, 2017.                  |

| INITIATIVE  | DMR/UMIR   | STATUS  | DESCRIPTION  | NEXT STEPS  |
|---|------------|---|--|---|
| Best Execution Obligation                         | UMIR & DMR | Submitted to CSA for approval.<br>Proposed rule amendments and guidance re-published for comment on October 13, 2016 in Rules Notices <a href="#">16-0233</a> and <a href="#">16-0234</a> . | Provides clarity on requirements, including written procedures, supervision and disclosure to clients.<br>The amendments and guidance would: <ul style="list-style-type: none"> <li>• address findings from the best execution survey (results were published on March 28, 2014 in Rules Notice <a href="#">14-0082</a>);</li> <li>• reflect proposed changes by the CSA to NI 23-101 – Trading Rules related to best execution; and</li> <li>• address certain issues relating to the sending of orders outside of Canada.</li> </ul> | Estimated publication of Notice of Approval or re-publication of Request for Comments – June, 2017.   |
| Dark Rules Anti-Avoidance                         | UMIR       | Roundtable held on June 23, 2015.<br>Proposed rule amendments published for comment on January 29, 2015 in Rules Notice <a href="#">15-0023</a> .   | Requires execution of small client orders at a “better price” if executed on a non-transparent foreign market. Formerly part of “ <i>Execution and Reporting of Certain ‘Off-Marketplace Trades’</i> ” published for comment in Rules Notice <a href="#">12-0131</a> . The remainder of the original proposal is under review by IIROC.  | Estimated publication of Notice of Withdrawal – June, 2017 (concurrent with the publication of the Notice of Approval of amendments to Best Execution). |
| Order-Execution Only                              | DMR        | Comments under IIROC review.<br>Proposed guidance published for comment on November 3, 2016 in Rules Notice <a href="#">16-0251</a> . Comment period closed February 3, 2017.               | Guidance for Dealer Members providing order-execution only (OEO) services intended to provide IIROC’s views on the scope of products, tools, services and account types that we consider to be consistent with the regulatory framework applicable to the OEO business model.  | Estimated publication of Notice of Approval or re-publication of Request for Comments – Summer, 2017.   |
| Research Restrictions and Disclosure Requirements | DMR        | Proposed rule amendments under consideration.<br>See Rules Notice <a href="#">16-0124</a> .   | Proposal relates to objectivity safeguards and conflict management provisions in existing DMR 3400.  | Estimated industry working group consultation – Summer, 2017.   |

| INITIATIVE                         | DMR/UMIR | STATUS   | DESCRIPTION   | NEXT STEPS  |
|------------------------------------|----------|--|---|---|
| Supervision of Trading             | UMIR     | Comments under IIROC review.<br>Proposed amendments and guidance published for comment on December 8, 2016 in Rules Notice <a href="#">16-0287</a> and <a href="#">16-0288</a> .<br>Comment period closed March 22, 2017.  | Provides a principles-based approach respecting supervision of trading requirements. Specifically, the amendments will remove the “minimum compliance procedures for trading supervision” table currently included in Part 3 of UMIR Policy 7.1.  | Estimated publication of Notice of Approval or re-publication of Request for Comments – Summer, 2017.   |
| Anti-Money-Laundering              | DMR      | Proposed rule amendments and guidance under consideration.   | To assist Dealer Members in complying with AML obligations.   | Estimated publication of Request for Comments – Summer, 2017.   |
| Debt securities concentration test | DMR      | Proposed rule amendments under consideration.<br>Original proposed rule amendments published for comment on December 18, 2014 in Rules Notice <a href="#">14-0298</a> .<br>Details regarding IIROC’s decision to withdraw the original proposed amendments are set out in Rules Notice <a href="#">16-0090</a> . | To prevent undue concentration in securities of a particular issuer by expanding the types of securities that will be subject to the securities concentration test to include: <ul style="list-style-type: none"> <li>• corporate debt securities with a normal margin rate of 10% or less</li> <li>• “other non-commercial debt securities” with a normal margin rate of 10%.</li> </ul> | Estimated re-publication of of Request for Comments – Fall, 2017.   |
| Research Report Quiet Periods      | DMR      | Notice of Approval/Immediate Implementation published September 24, 2015 in Rules Notice <a href="#">15-0216</a> and on June 9, 2016 in Rules Notice <a href="#">16-0124</a> .   | Reduces the quiet periods from 40 days to 10 following the date of the offering for initial public offerings and from 10 days to 3 for secondary offerings.   | As set out in Rules Notice <a href="#">16-0124</a> , we have been maintaining a watching brief to monitor the quality of research relating to domestic and cross-border IPOs and secondary offerings.<br>We currently have no update to report. |

| INITIATIVE  | DMR/UMIR | STATUS                                 | DESCRIPTION   | NEXT STEPS                 |
|---|----------|--|---|----------------------------|
| "Know Your Client" and Suitability Assessment Obligations | DMR      | Proposed guidance under consideration. | Relates to "know your client" and suitability assessment obligations. | IIROC considering options. |
| Electronic Delivery of Client Documents                   | DMR      | Proposed guidance under consideration. | Relates to electronic delivery of client documents.                   | IIROC considering options. |

| <b>Initiatives from the previous Update Report that were not implemented and are not included in this Update Report</b> |  |
|---|--|
| NIL   |  |