



# IIROC NOTICE

**Rules Notice**  
**Guidance Note**  
Dealer Member Rules

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**18-0158**  
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## Order Execution Only Firms and the Offering of Series A Funds

This Notice relates to IIROC Notice of Implementation 18-0075 (**Notice 18-0075**) published on April 9, 2018.

We are suspending section 2 of [Notice 18-0075](#). This section discussed IIROC's expectation of how order execution only firms (**OEO firms**) address the conflict of interest arising from the offering of funds that pay a trailing commission described as a payment for advice and services.

Subsequent to our publication, the CSA published Staff Notice 81-330 *Status Report on Consultation on Embedded Commissions and Next Steps* (**Staff Notice 81-330**) and indicated it anticipates publishing, in September 2018, proposed amendments to its requirements concerning embedded commissions that are applicable to all registrants. The CSA's rule development process provides further opportunity for meaningful input from all registrants and other industry stakeholders on this important issue and once it is completed, we will align our requirements with theirs.

Until the completion of the CSA's rule development process and the necessary alignment of our requirements, we acknowledge there exists a degree of regulatory uncertainty for OEO firms. In light of this uncertainty, we think the suspension of our expectation in section 2 of Notice 18-0075 that OEO



firms take a specific course of action is appropriate. OEO firms remain subject to IIROC's rules concerning conflicts of interest, which include the requirement to address conflicts of interest considering the best interest of their clients<sup>1</sup>.

We encourage OEO firms to consider the policy positions articulated by the CSA in Staff Notice 81-330.

For clarity, the suspension of section 2 of Notice 18-0075 does not affect the application of [IIROC Guidance Notice 18-0076 – Guidance on Order Execution Only Services and Activities](#) . This guidance was effective on April 9, 2018 and remains in effect.

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<sup>1</sup> IIROC Rule 42- Conflicts of Interest.