

Dealer Member Rules Policy Priorities

Members Seminar Presentation

Policy Priorities

- Client Relationship Model
- Complaint handling proposals
- Equity margin project
- Debt market transparency
- Common disciplinary process
- Other items

Client Relationship Model

- Proposals were published in February for public comment
- 16 comment letters were received
- We are in the process of responding public comments on the CRM proposals
- We will be meeting with the MFDA to discuss how to further harmonize our two sets of proposals
- CSA staff have yet to provide us with their comments

Complaint handling proposals

- Proposals were published in October 2007 for public comment
- Consolidated response to public and CSA staff comments has been recently submitted to the CSA and will be published shortly
- As with the CRM proposals, we will be meeting with the MFDA to discuss how to further harmonize our two sets of proposals

Equity margining project

- Rule being implemented in two phases
- The first phase was implemented in September 2007
- The second phase rollout was commenced in June 2008 and will result in:
 - The introduction of the new “basic margin rate” margining methodology (to be tested by the members for a minimum period of six months)
 - The elimination of the list of securities eligible for reduced margin (at the end of the official test period)
 - The elimination of the reduced “normal new issue margin” requirement for underwriting commitment positions
 - The elimination of the reduced margin requirements for positions held in registered trader accounts

Debt market transparency

- Rules will be proposed to improve debt market transparency to the retail client
- Proposals will include (1) a principles-based fair pricing rule and (2) a requirement to disclose yield on the trade confirmation
- A “mark-up” disclosure proposal is also being considered

Common disciplinary process

- Merger related project
- Previous IDA and RS disciplinary processes, while similar, were not the same and need to be conformed

Other

- **Security regulatory values (valuation and margining)**

[Assessment of liquidity and its impact on security valuation and margining.]

- **Margining of actively traded forex and securities**

[Re-assessment of margin rates currently applied to foreign exchange positions and establishment of margin rates for contract for difference (CFD) products (whose underliers may be individual equities, indices, commodities and foreign exchange).]

- **Margining of leveraged ETFs**

[Review of appropriate margining treatment for positions in and offsets involving leveraged ETFs.]