

**RULE 800**  
**TRADING AND DELIVERY**

**General**

- 800.1. Unless otherwise stated this Rule 800 shall apply to all Dealer Members and to members of other associations subscribing to the Corporation's Trading and Delivery Rules (hereinafter sometimes called "dealers").
- 800.2. Dealer Members will not become or continue as members of any trading organization or association formed as kindred to the bond business and domiciled in Canada unless such an association has as part of its constitution or regulations an agreement by all its members to concur in and observe the [Rules](#) for trading and delivery practices of the Corporation.
- 800.3. Clearing days are defined as being all business days, except Saturdays and statutory or other legal holidays.
- 800.4. In this Rule 800 "dealt in" and words of similar import refer to transactions in securities between dealers.
- 800.5. All securities having interest payable as a fixed obligation shall be dealt in on an "accrued interest" basis until maturity or a default in such payment either occurs or is announced by the debtor, whichever is the earlier event. This Rule 800.5 may be abrogated from time to time in specific cases where common practice and expediency prompt such action; due notice of such special instances to be given to all Dealer Members.
- 800.6. Sales made of securities prior to actual default or official announcement as specified in Rule 800.5, but undelivered at the time of default or such announcement, shall be dealt in on an "accrued interest" basis in accordance with the terms of the original transaction.
- 800.7. Subsequent to default or official announcement as specified in Rule 800.5, the securities shall be dealt in on a flat basis with all matured and unpaid coupons attached, until such time as all arrears of interest have been paid and one current coupon has been paid when due.
- 800.8. Transactions in bonds having coupons payable out of income, if, as and when earned, shall all take place upon a flat basis. Any matured and unpaid income coupons must be attached. Income bonds which have been called for redemption, should continue to be traded on a flat basis even after the call date has been published.
- 800.9. When transactions occur in bonds the issuers which have been subject to reorganization or capital adjustment with the result that holders have received as a bonus or otherwise, certain stock or scrip then such transactions shall be ex stock or scrip, unless otherwise stated at the time the trade is made. Such bonds shall be traded flat until such time as all arrears have been paid and one current coupon has been paid when due, except where the Board of Directors shall determine otherwise.
- 800.10. No security, with the exception of a new issue at take down date, shall be registered in the name of the customer or his or her nominee prior to the receipt of payment. The absorption by a Dealer Member of bank or other charges incurred by a customer or his or her nominee for the registration of a security will be considered an infraction of this Rule. A Dealer Member may absorb transfer fees incurred in the transfer of a security after payment according to a customer's instructions.
- 800.11. Dealer Members will not deal, either directly or indirectly, with or for the personal account of any employee of other Dealer Members without the written consent of a director or partner of the employee's firm.

- 800.12. Dealer Members, for the purpose of communication between themselves, will be responsible for the payment of their own telephone charges and send only prepaid telegrams.
- 800.13. No transaction with a client which involves an agreement to purchase or repurchase a security, an agreement to sell or resell a security or the granting of a put, call or similar option involving a security shall be entered into unless all terms relevant to the transaction are stated in writing on the face of the contract. (If necessary, part of such terms may be set forth on an additional page attached to the contract provided that they are referred to on the face of the contract.)
- 800.14. Should any Dealer Member be in doubt as to whether a specific type of transaction is forbidden under this Rule 800, it is recommended that he or she secure a ruling on a similar hypothetical case from the Chair of his or her District.
- 800.15. The purpose of these [Rules](#) is to spell out as far as practical what can be done under these [Rules](#) without breaking the letter or the spirit of them. It is common knowledge that there are innumerable ways of circumventing the purposes of the [Rules](#), but any such method so adopted can only be considered a direct contravention of the letter and spirit of these [Rules](#) and contrary to fair business practice.

### **Trading**

(Whether as Principal or Agent)

- 800.16. All transactions, except sale and repurchase agreements, involving bonds and debentures on which interest is a fixed obligation shall be treated on an accrued interest basis.
- 800.17. Repealed.
- 800.18. Repealed.
- 800.19. Unless prefixed by some qualifying phrase, a Dealer Member calling a market shall be obliged to trade Trading Units (as hereinafter defined) if called upon to trade.
- 800.20. Any Dealer Member asking the size of a stated market must be prepared to buy or sell at least a Trading Unit (as hereinafter defined) at the price quoted if immediately requested to do so by the Dealer Member calling the market.
- 800.21. Trading Units shall consist of the following:
- (a) In the case of Government of Canada direct obligations and Government of Canada Guaranteed obligations having an unexpired term of less than one year to maturity (or to the earliest call date, where the transaction is completed at a premium): \$250,000 par value;
  - (b) In the case of Government of Canada direct obligations and Government of Canada Guaranteed obligations having an unexpired term of one year or longer but three years or less to maturity (or to the earliest call date, where the transaction is completed at a premium): \$100,000 par value;
  - (c) In the case of Government of Canada direct obligations and Government of Canada Guaranteed obligations having an unexpired term to maturity of longer than three years (where the bond is traded at a premium, the earliest call date shall be treated as the maturity date): \$100,000 par value;
  - (d) In the case of bonds, debentures and other obligations of or guaranteed by a province in Canada: \$25,000 par value;

- (e) In the case of all other bonds and debentures other than Government of Canada direct obligations and Government of Canada Guaranteed obligations and bonds, debentures and other obligations of or guaranteed by a province in Canada: \$25,000 par value;
- (f) In the case of bonds, convertible debentures or debentures issued with attached stock warrants, rights or other appendages and traded in unit form: \$5,000 par value of bonds or debentures, irrespective of the value of the appendages;
- (g) In the case of common and preferred shares not listed on a recognized stock exchange:
  - In lots of 500 shares, if market price is below \$1
  - In lots of 100 shares, if market price is at \$1 and below \$100
  - In lots of 50 shares, if market price is at \$100 or above.

For the purpose of this Rule 800 a recognized stock exchange means the American Stock Exchange, The TSX Venture Exchange, the Montreal Exchange, the New York Stock Exchange and The Toronto Stock Exchange.

- 800.22. Any amount less than one Trading Unit shall be considered as an odd lot and any Dealer Member who has been requested to call a market has the option to trade an odd lot at the called market (if so requested) or to adjust his market to compensate for the smaller amount involved.
- 800.23. Rules 800.19, 800.20, 800.21 and 800.22 shall not apply to dealings in the Pacific, Alberta, Saskatchewan, Manitoba or Atlantic Districts or to dealings between the said Districts. They shall apply to all dealings in the Ontario and Quebec Districts and to all dealings between the Ontario and/or Quebec Districts and any other District or Districts.
- 800.24. Unless otherwise stated at the time of the transaction, all trades are to be considered for regular delivery.
- 800.25. When a deal involves the sale of more than one maturity or the purchase of more than one maturity, the deal covering each maturity shall be treated as a separate transaction. No contingent (all or none) dealings are permitted.
- 800.26. In trading securities which are dealt in both as actual bonds, debentures, or other forms of securities and as certificates of deposit, and in the absence of an existing ruling making them interchangeable for delivery, delivery shall be made in the form of actual securities unless it is stipulated at the time of the transaction that they are (a) certificates of deposit, or (b) unspecified; in the latter case, either actual securities or certificates of deposit or mixed, shall be good delivery.

### **Delivery**

- 800.27. All transactions are to be consummated upon the following regular delivery terms unless at the time each individual transaction takes place alternative terms are agreed upon and confirmed in writing:
- (a) In the case of Government of Canada Treasury Bills regular delivery shall be for the same day as the transaction takes place;
  - (b) In the case of Government of Canada Bonds and Government of Canada Guaranteed Bonds except Treasury Bills) having an unexpired term of three years or less to maturity (or to the earliest call date where a transaction is completed at a premium) regular delivery shall involve the stopping of accrued interest on the second clearing day after the transaction takes place;
  - (c) In the case of Government of Canada Bonds and Government of Canada Guaranteed Bonds having an unexpired term to maturity of longer than three years (where such a bond is traded at a premium the earliest call date shall be treated as the maturity date) and

all provincial, municipal, corporation and other bonds or debentures, stock, or other certificates of indebtedness including (subject to clause (f)) mortgage-backed securities, regular delivery shall involve the stopping of accrued interest, where applicable, on the second clearing day after the transaction takes place;

- (d) Nothing herein contained shall in any way interfere with the common practice of dealing in new issues during the period of original distribution on an "accrued interest to delivery" basis with the exception that regular delivery [Rules](#) will come into effect the appropriate number of clearing days prior to the new issue securities being first available for physical delivery;

Where a new issue delivery is made against payment outside of the points fixed for the initial syndicate delivery of the issue, additional accrued interest shall be charged from the delivery date at the initial syndicate delivery point(s) of the new issue, according to the length of time normally required for delivery to the locality in which the delivery is made;

- (e) Sellers and buyers are both obliged to mail or deliver contracts of confirmation to a transaction each to the other the same day or within a maximum of one working day after a transaction is made;
- (f) A trade in a mortgage-backed security made during a commitment period shall be entered into for delivery on the first clearing day on or after the fifteenth calendar day of the month. For the purposes of this clause (f), "commitment period" means the period from the second clearing day before month-end to the first clearing day on or before the twelfth calendar day of the following month, inclusive.

800.28. All transactions between Dealer Members doing business in different municipalities are to be completed on buyers' terms, i.e. delivery to be made free of banking and/or shipping charges to the buyer. Where drafts are drawn to arrive at their destination on other than a clearing day, the seller is entitled to have charges paid up to the next clearing day after the expected arrival of such draft.

800.29. In the case of dealings between Dealer Members in the same municipality, physical delivery by the seller should be completed before 5:30 p.m. on a clearing day, except for dealings between Participants, as defined in Rule 800.30A, which shall be settled in accordance with the rules of the applicable [Settlement Service](#).

800.30. For the purpose of this Rule 800 and subject to any other Rule or Ruling expressly providing otherwise, good delivery between Dealer Members shall consist of the following, provided it is acceptable to the relevant transfer agent:

**(a) Bonds/Debentures**

Good delivery may consist of bearer bonds/debentures or registered bonds/debentures.

Bonds and/or debentures that are dealt with in registered form shall be good delivery if:

- (i) Registered in the name of an [individual](#), duly endorsed and with endorsement guaranteed by a Dealer Member in good standing of the Corporation or a recognized stock exchange, or by a [chartered bank](#) or qualified Canadian trust company;
- (ii) Registered in the name of a Dealer Member or nominee of a Dealer Member and duly endorsed;
- (iii) Registered in the name of a member of a recognized stock exchange and duly endorsed;

- (iv) Registered in the name of a [chartered bank](#) or qualified Canadian trust company or the nominee of a [chartered bank](#) or qualified trust company and duly endorsed;
- (v) In denominations as indicated below duly endorsed or with completed Power of Attorney to transfer attached. (One Power of Attorney for each certificate in question or an amalgamated Power of Attorney if acceptable to receiving broker or dealer.)

In all cases, endorsement guarantees acceptable to the relevant registrars and transfer agents must be procured by the seller and accompany delivery.

Interim certificates shall be considered good delivery as long as definitive certificates are not available. Once definitives are available, interims shall not be considered good delivery, unless by mutual agreement.

Bonds and debentures up to a maximum denomination of \$100,000 par value shall constitute good delivery.

Denominations other than those specified above constitute good delivery only if acceptable to the buyer.

**(b) Stocks**

(i) Certificates registered in the name of:

- (1) An [individual](#), endorsed by the registered holder in exactly the same manner as registered and the endorsement guaranteed by a Dealer Member or by a member of a recognized stock exchange or by a [chartered bank](#) or qualified Canadian trust company; Where the endorsement does not exactly correspond to the registration shown on the face of the certificate, a certification by a Dealer Member or by a member of a recognized stock exchange that the two signatures are those of one and the same person or by a [chartered bank](#) or qualified Canadian trust company;
- (2) A Dealer Member or a member of a recognized stock exchange or a nominee of either and duly endorsed;
- (3) A [chartered bank](#) or qualified Canadian trust company or the nominee of a [chartered bank](#) or qualified Canadian trust company and duly endorsed by a Dealer Member;
- (4) Any other manner providing it is properly endorsed and the endorsement is guaranteed by a Dealer Member or by a member of a recognized stock exchange or by a [chartered bank](#) or qualified Canadian trust company; and

(ii) Certificates in board lot denominations (or less) as required by the exchange on which the stock is traded.

Unlisted stocks should also be in denominations similar to listed stocks in the same category and price range.

- (c) For the purpose of this Rule 800 "qualified Canadian trust company" means a trust company licensed to do business in Canada with a minimum paid up capital and surplus of \$5,000,000.

800.30A. For the purposes of Rule 800:

"CDS" means The Canadian Depository for Securities Limited/La Caisse Canadienne de Dépôt de Valeurs Limitée;

"Participant" means a participant in a [Settlement Service](#);

"Settlement Service" means a securities settlement service made available by [CDS](#).

800.30B. Dealer Members who are Participants shall report all trades between Participants of securities to which a [Settlement Service](#) applies in accordance with the procedures of the applicable [Settlement Service](#).

### Delivery through CDS

800.30C. Good delivery of securities between Dealer Members which are Participants and any other Participants may be made by entries in the records maintained by [CDS](#).

All trades between Participants in securities to which a [Settlement Service](#) applies shall be settled through such [Settlement Service](#) unless both the deliverer and the receiver have agreed otherwise.

800.30D.

- (a) For the purpose of this Rule 800.30D:
- (i) "**Dealer Member User**" means a Dealer Member which is a party to a [nominee facility agreement](#);
  - (ii) "**Dealer Member Non-user**" means a Dealer Member, which is not a party to a [nominee facility agreement](#);
  - (iii) "**Non-member User**" means a corporation, firm, person or other entity, which is not a Dealer Member and is a party to a [nominee facility agreement](#);
  - (iv) "**Non-member Non-user**" means a corporation, firm, person or other entity, which is not a Dealer Member and is not a party to a [nominee facility agreement](#);
  - (v) "**Nominee Facility Agreement**" means an agreement in writing in a form satisfactory to the Corporation whereby The Canadian Depository for Securities Limited/La Caisse Canadienne de Dépôt de Valeurs Limitée, the TSX Venture Exchange or any other person approved by the Corporation provides for the issuing of a [nominee certificate](#) evidencing an [eligible security](#) of an [issuer](#);
  - (vi) "**Issuer**" means an issuer of securities designated by the Corporation as an issuer for the purpose of this Rule 800.30D;
  - (vii) "**Eligible Security**" means a security of an [issuer](#) designated by the Corporation as an eligible security for the purpose of this Rule 800.30D;
  - (viii) "**Nominee Certificate**" means a certificate issued by or on behalf of an [issuer](#) in respect of an [eligible security](#) in the name of a [facility nominee](#) in a form and manner satisfactory to the Corporation;
  - (ix) "**Facility Nominee**" means a nominee appointed by The Canadian Depository for Securities Limited/La Caisse Canadienne de Dépôt de Valeurs Limitée or the TSX Venture Exchange or any other nominee, any of which nominees shall have been approved by the Corporation for the purposes and on the terms and conditions prescribed by the Corporation.
- (b) Notwithstanding any other Rule relating to the delivery or good delivery of securities, but subject to Rule 800.30C, good delivery in eligible securities of an [issuer](#),

- (i) Between Dealer Member users and between Dealer Member users and non-Dealer Member users shall only be by nominee certificates except that, if a delivering non-Dealer Member user is a [chartered bank](#) or trust company licensed or registered to do business in Canada or a province thereof, good delivery may also be by certificates registered in the name of the delivering [chartered bank](#) or trust company or their respective nominees, clients or a nominee of their clients (provided that a Dealer Member or a non-Dealer Member user other than a [chartered bank](#) or trust company shall not be a nominee) and shall otherwise comply with Rule 800;
  - (ii) Between Dealer Member non-users and between delivering Dealer Member non-users and either non-Dealer Member users or non-Dealer Member non-users shall only be by certificates registered in the name of the receiving [Dealer Member non-user](#), non-Dealer Member user or non-Dealer Member non-user, as the case may be, its client or the client's nominee and shall otherwise comply with Rule 800, provided that, if the receiving non-Dealer Member user or non-Dealer Member non-user is the client of the delivering [Dealer Member non-user](#), certificates shall be in the name of the beneficial owner or such owner's nominee (which nominee shall not be a Dealer Member);
  - (iii) Between a delivering [Dealer Member user](#) and either a [Dealer Member non-user](#) or a non-Dealer Member non-user shall only be by certificates registered in the name of the receiving [Dealer Member non-user](#) or non-Dealer Member non-user, as the case may be, or their respective clients or their clients' nominees and shall otherwise comply with Rule 800 provided that, if the receiving non-Dealer Member non-user is the client of the delivering [Dealer Member user](#), certificates shall be in the name of the beneficial owner or such owner's nominee (which nominee shall not be a Dealer Member);
  - (iv) Between a delivering [Dealer Member non-user](#) and a [Dealer Member user](#) shall be by certificates registered in the name of the delivering [Dealer Member non-user](#), its client or the client's nominee and shall otherwise comply with Rule 800.
- (c) Notwithstanding Rule 800.10, an [eligible security](#) may be registered by a Dealer Member in the name of, or in the name of a nominee of, a self-administered registered retirement savings plan registered under the *Income Tax Act* (Canada) prior to the receipt of payment therefore provided that the Dealer Member obtains an unconditional guarantee of payment by the trust company administering the plan prior to such registration.
- (d) Where delivery is made by certificates in the name of a receiving [Dealer Member non-user](#), non-Dealer Member user, non-Dealer Member non-user or a client or the client's nominee in accordance with Rules 800.30D(b)(ii) or (iii), the delivering Dealer Member or [Dealer Member non-user](#), as the case may be, shall be entitled to payment for such certificates immediately on its advising that the certificates are available for delivery, which advice may be subject to receipt of instructions as to registration and the effecting of registrations.

### **Delivery through WCDTC**

800.30E.Repealed.

### **Uniform Settlement**

800.31.

- (a) No Dealer Member shall accept an order from a customer pursuant to an arrangement whereby payment of securities purchased or delivery of securities sold is to be made to or by a settlement agent of the customer unless all of the following procedures have been followed:
- (i) The Dealer Member shall have received from the customer prior to or at the time of accepting the order the name and address of the settlement agent and account number of the customer on file with the agent. Where settlement is made through a depository offering an identification number system for the clients of settlement agents of the depository, the Dealer Member shall have the client identification number prior to or at the time of accepting the order and use the number in the settlement of the trade;
  - (ii) Each order accepted from the customer pursuant to such an arrangement is identified as either a delivery or receipt against payment trade;
  - (iii) The Dealer Member provides to the customer a confirmation by electronic, physical, facsimile or verbal means of all relevant data and information required to be contained in a confirmation made pursuant to Rule 200 with respect to the execution of the trade, in whole or in part, as early as possible on the next business day following such execution, provided that the Dealer Member shall comply with the requirements of Rule 200 to the extent it has not done so pursuant to this clause (iii);
  - (iv) The Dealer Member has obtained an agreement from the customer that the customer will furnish its settlement agent with instructions with respect to the receipt or delivery of the securities involved in the transaction promptly upon receipt by the customer of each such confirmation, or the relevant date and information as to each execution, relating to such order (even though such execution represents the purchase or sale of only a part of the order), and that in any event the customer will ensure that its settlement agent affirms the transaction no later than the next business day after the date of execution of the trade to which the confirmation relates;
  - (v) The customer and its settlement agent shall utilize the facilities or services of a recognized securities depository for the affirmation and settlement of all [depository eligible transactions](#) through such facilities or services including book based or certificated settlement.
- (b) For the purposes of Rule 800.31(a)
- (i) "**Recognized Securities Depositories**" shall be The Canadian Depository for Securities Limited;
  - (ii) "**Depository Eligible Transactions**" shall mean trades in securities in respect of which affirmation and settlement can be performed through the facilities or services of a recognized securities depository.
- (c) The provisions of paragraph (v) of Rule 800.31(a) shall not apply to trades:
- (i) To be settled outside Canada; or
  - (ii) Where both the Dealer Member and the settlement agent are not participants in the same recognized securities depository or the same facilities or services of such depository required in respect of the trade.



- (d) The provisions of this Rule 800.31 including the exemptions referred to in paragraph (c) shall be the subject of periodic review by the Corporation on its own or in consultation with any stock exchange or other entity or association representing or having regulatory authority in the Canadian securities industry.

800.32. For the purpose of this Rule 800 delivery of a bond, debenture or stock certificate of the type described below shall not constitute good delivery:

- (a) A mutilated or torn certificate or coupon unless acceptable to receiving broker or dealer;
- (b) A certificate registered in the name of a firm or corporation that has made an assignment for the benefit of creditors or has been declared bankrupt;
- (c) A certificate signed by a Trustee or Administrator unless accompanied by sufficient evidence of authority to sign;
- (d) A certificate with documents attached other than a registered bond of an issue available in registered form only, with completed Power of Attorney to transfer attached. (One Power of Attorney for each certificate or an amalgamated Power of Attorney if acceptable to receiving broker or dealer);
- (e) A certificate which has been altered or erased (other than by the Transfer Agent) whether or not such alteration or erasure has been guaranteed;
- (f) A certificate on which the assignment and/or substitute attorney has been altered or erased;
- (g) A certificate with the next maturing coupon or subsequent coupons detached unless where so traded or where a certificate cheque (if for \$1,000 or more) payable to the receiving Dealer Member, dated no later than the date of delivery and for the amount of the coupon(s) missing, is attached to the certificate in question;
- (h) A bond or debenture, registered as to principal only, which after being transferred to Bearer, does not bear the stamp and signature of the Trustee;
- (i) A registered bond, debenture or stock unless it bears a certificate that provincial tax has been paid where applicable;
- (j) A certificate that has a stop transfer placed against it, the stop having been placed prior to delivery being made to the receiving dealer or broker.

800.33. Where dealings take place in bonds and/or debentures, available only in registered form:

- (a) Dealings made from one business day before a regular interest payment up to two business days before the closing of the transfer books for the next interest payment, both days inclusive, shall be on an "and interest" basis. Unless delivery is completed to the buyer by twelve o'clock noon at a transfer point on the date of the closing of the transfer books for a regular interest payment, then the full amount of such interest payment shall be deducted by the seller after the calculation of interest on the regular delivery basis;
- (b) Dealings made from one business day before the closing of the transfer books up to and including two business days before a regular interest payment shall be "less interest" from settlement date to the regular interest payment date.

800.34. Where dealings take place in unlisted registered shares, the shares shall be traded, ex dividend, ex rights, or ex payments one business day before the record date. Where dealings take place in such registered shares which are not ex dividend, ex rights, or ex payments at the time the transaction occurs, the seller shall be responsible to the buyer for the payment of such dividends or payments, and delivery of such rights, as may be involved, on their due dates, if delivery is not completed

before twelve o'clock noon at a transfer point on the date of the closing of the transfer books. Should the record date fall on a Saturday or other non-business day, for the purposes of this Rule it shall be presumed to be effective the business day previous.

- 800.35. Where interest on a transaction involves an amount greater than that represented by the half-yearly coupon, interest is to be calculated on the basis of the full amount of the coupon less one or two days, as the case may be.
- 800.36. Sales or purchases of securities prior to notice of call in part but not in full and undelivered on date of such notice, shall be completed on the basis of the original transaction. (Date of notice means the date of the notice of call irrespective of the date of publication of such notice.) Called securities do not constitute good delivery unless the transaction is so designated at its inception.
- 800.37. Sales or purchases of securities prior to notice of call in full and undelivered at time of such notice shall be completed on the terms of the original transaction.
- 800.38. The seller shall, at all times, be required to pay, or certify that payment has been made of, all taxes relative to the transaction, sufficient to enable the buyer to have the securities transferred to his or her nominee without tax cost to him or her. This rule shall not apply as to provincial transfer taxes if the buyer, by choice, transfers the securities to a register outside his or her own province, if there is a register within his or her province.
- 800.39. For the purpose of Rules 800.40 to 800.44 a "regular delivery transaction" shall be deemed to have taken place once the dealers involved have agreed on a price.
- 800.40. In the case of dealings between Dealer Members in the same municipality, should delivery not be advised by 11:30 a.m. on the fourth clearing day after a regular delivery transaction takes place, the buyer may at his or her option, give written notice to the seller and to the Corporation on that day, or any subsequent clearing day, prior to 3:30 p.m., of his or her intention to buy in for cash on the second clearing day after the original notice. Such notice shall automatically renew itself from clearing day to clearing day from 11:30 a.m. until closing until the transaction is finally completed. If the buy-in is not executed on the second clearing day after the original notice, then the seller shall have the privilege of advising the buyer each subsequent day before 11:30 a.m. of his or her ability, and intention, to make either whole or partial delivery on that day.
- 800.41. Where transactions occur between Dealer Members located in different municipalities, should delivery not have been received by the buyer at the expiration of four clearing days after the transaction takes place, on or after the fourth clearing day, the buyer may serve the seller with a buy-in by forwarding notice thereof over a public telegraph wire system, such notice to be timed at the sender's point not later than noon to be effective the third clearing day following and also advise the Corporation. If, prior to 5 p.m. buyer's time the day following the wired notice, the seller has not advised the buyer by public telegraph wire that the securities covered by the buy-in have passed through his or her clearing and are in transit to the buyer, then the buyer may on the third clearing day following the wired notice, proceed to execute such buy-in. While such wired buy-ins shall automatically renew themselves from clearing day to clearing day, the seller shall, except with the consent of the buyer, forfeit all right to complete delivery of other than such portion of the transaction which is in transit by the day following the receipt of a wired buy-in.
- 800.42. Any Dealer Member who is bought in may demand evidence that a bona fide transaction has taken place involving delivery, and he or she shall have the right to deliver such part of his or her commitment as he or she is in a position to consummate to the nearest \$1,000 par value, or stock Trading Unit as defined in Rule 800.21, coincidental with, the execution of the buy-in and as provided for in the preceding paragraphs.

800.43. The Corporation shall have the authority to postpone the execution of a buy-in from day to day, and to combine buy-ins in the same security and to decide any dispute arising from the execution of the buy-in and his or her decision shall be final and binding.

800.44. When a buy-in has been completed the buyer shall submit to the seller a statement of account showing as credits the amount originally contracted for as payment for the securities, and as debits, the amount paid on buy-in, the cost of the buyer's wire and telephone charges relative to the buy-in, and any bank or shipping charges incurred. Any credit balance remaining shall be paid to the seller by the buyer, and the seller shall be responsible for payment to the buyer of any remaining debit.

#### **Dividend Claims**

800.45. No Dealer Member shall make a certificate claim for dividends against another Dealer Member if the amount of such claim would be \$5.00 or less.

#### **Redemption Agents**

800.46. No Dealer Member shall in respect of [debt](#) securities of any maturity pay to a client the redemption price or other amount due on redemption of such securities which price or amount exceeds \$100,000 unless it shall first have received an amount equal to such price or other amount from the borrower or its agent by cheque certified by or accepted without qualification by a [chartered bank](#) (as defined in Rule 1.1) or payment has been received by or to the credit of the Dealer Member through the facilities of The Canadian Depository for Securities Limited or Depository Trust Company.

#### **800.47. When Issued Trading**

Unless otherwise provided by the Corporation or the parties to the trade by mutual agreement:

- (a) All when issued trades made prior to the trading day before the anticipated date of issue of the security shall be settled on the anticipated date of issue of such security;
- (b) When issued trades on or after the trading day before the anticipated date of issue of the security shall settle on the second settlement day after the trade date; and
- (c) If the security has not been issued on the date for settlement as set out in paragraph (a) or (b) above, such trades shall be settled on the date that the security is actually issued.

800.48. Accrued interest on trades in interest paying instruments which pay interest monthly shall be zero if the value date of the trade is an interest payment date. Otherwise, the accrued interest on such trades shall be calculated by multiplying the face amount of the instrument by the interest rate of the instrument and the number of days between the value date of the trade and the last interest payment date prior to the value date of the trade and dividing the result by twelve multiplied by the number of days between the next interest payment date after the value date of the trade and the last interest payment date prior to the value date of the trade.

#### **800.49. Broker-to-broker non-exchange trade matching**

##### **(1) Trade matching requirement**

For each non-exchange trade, involving a [CDS eligible security](#) that is executed by a *Dealer Member* with another *Dealer Member*, each *Dealer Member* must:

- (i) Enter the trade into an *acceptable trade matching utility* or
- (ii) Accept or reject any trade entered into an *acceptable trade matching utility* by another *Dealer Member*.

at or before 6 p.m. (Toronto time) on the day the trade was executed.

(2) **Definition of non-exchange trade**

For the purposes of this Rule a non-exchange trade is defined as any trade in a *CDS eligible security* (excluding new issue trades and repurchase and reverse repurchase transactions) between two *Dealer Members*, which has not been submitted to the CDS continuous net settlement service by a recognized exchange. The dealer to dealer portion of a jitney trade that is executed between two *Dealer Members* that is not reported by a recognized exchange is a non-exchange trade.

(3) **List of acceptable trade matching utilities**

The *Corporation* maintains a list of *acceptable trade matching utilities* that is published from time to time.

(4) **Trade classification where a Dealer Member enters a trade into the matching utility**

If a *Dealer Member* enters a trade into an *acceptable trade matching utility* under clause 800.49(1)(i), the trade is considered for each dealer trade counterparty to be a *compliant trade*, a *don't know trade* or a *non-compliant trade* according to the following table:

		<b>Action of other Dealer Member</b>					No action
		Enter trade at or before 6 p.m.	Accept trade at or before 6 p.m.	Enter or accept trade after 6 p.m.	Reject trade at or before 6 p.m.	Reject trade after 6 p.m.	
<b>Action of Dealer Member</b>	Enter trade at or before 6 p.m.	- <i>Dealer Member</i> compliant trade	- <i>Dealer Member</i> compliant trade	- <i>Dealer Member</i> compliant trade	- <i>Dealer Member</i> don't know or DK trade	- <i>Dealer Member</i> don't know or DK trade	- <i>Dealer Member</i> compliant trade
	Enter trade after 6 p.m.	- <i>Dealer Member</i> non-compliant trade	- <i>Dealer Member</i> compliant trade	- <i>Dealer Member</i> non-compliant trade	- <i>Dealer Member</i> don't know or DK trade	- <i>Dealer Member</i> non-compliant trade	- <i>Dealer Member</i> non-compliant trade
		- <i>Other Dealer Member</i> compliant trade	- <i>Other Dealer Member</i> compliant trade	- <i>Other Dealer Member</i> non-compliant trade	- <i>Other Dealer Member</i> don't know or DK trade	- <i>Other Dealer Member</i> non-compliant trade	- <i>Other Dealer Member</i> non-compliant trade

(5) **Trade classification where a Dealer Member does not enter a trade into the matching utility**

If a *Dealer Member* accepts or rejects a trade entered into an *acceptable trade matching utility* by another *Dealer Member* under clause 800.49(1)(ii) or takes no action on a trade

entered into an *acceptable trade matching utility* by another *Dealer Member*, the trade is considered for each dealer trade counterparty to be a *compliant trade*, a *don't know trade* or a *non-compliant trade* according to the following table:

	<b>Action of other Dealer Member</b>		
	Enter trade at or before 6 p.m.	Enter trade after 6 p.m.	
<b>Action of Dealer Member</b>	Accept at or before 6 p.m.	- <i>Dealer Member</i> compliant trade - <i>Other Dealer Member</i> compliant trade	
	Accept after 6 p.m.	- <i>Dealer Member</i> non-compliant trade - <i>Other Dealer Member</i> compliant trade	- <i>Dealer Member</i> non-compliant trade - <i>Other Dealer Member</i> non-compliant trade
	Reject at or before 6 p.m.	- <i>Dealer Member</i> don't know or DK trade - <i>Other Dealer Member</i> don't know or DK trade	
	Reject after 6 p.m.	- <i>Dealer Member</i> non-compliant trade - <i>Other Dealer Member</i> don't know or DK trade	- <i>Dealer Member</i> don't know or DK trade - <i>Other Dealer Member</i> non-compliant trade
	No action	- <i>Dealer Member</i> non-compliant trade - <i>Other Dealer Member</i> compliant trade	- <i>Dealer Member</i> non-compliant trade - <i>Other Dealer Member</i> non-compliant trade

(6) **Determination of quarterly compliant trade percentage**

The quarterly compliant trade percentage for a *Dealer Member* is determined by dividing the sum of quarter's compliant trades (which does not include "don't know" trades) by the total number of non-exchange trades that are executed during the quarter by the *Dealer Member* with other *Dealer Members*.

A *Dealer Member* must promptly report to the *Corporation* when their quarterly compliant trade percentage is less than 90% in any quarter and must include in this report its action plan to improve its percentage. Failure to increase the compliant trade percentage to 90% or more within the next quarter after the first sub-standard report will be grounds for the *Corporation* to pursue disciplinary action.

