

## **7.5 Recorded Prices**

- (1) No Participant acting as agent shall execute a transaction through a marketplace in which the price recorded on the marketplace is:
  - (a) in the case of a purchase by a client, higher than the net cost to the client; or
  - (b) in the case of a sale by a client, lower than the net proceeds to the client.
  
- (2) No Participant acting as principal shall execute a transaction through a marketplace in which the price recorded on the marketplace is:
  - (a) in the case of a sale to a client,
    - (i) higher than the net cost to the client, or
    - (ii) lower than the net cost to the client by more than the usual agency commission that would be charged by that Participant to that client for an order of the same size; and
  - (b) in the case of a purchase from a client,
    - (i) lower than the net proceeds to the client, or
    - (ii) higher than the net proceeds to the client by more than the usual agency commission that would be charged by that Participant to that client for an order of the same size.

### **POLICY 7.5 - RECORDED PRICES**

*If the price of:*

- *an internal cross or intentional cross to be recorded on a marketplace; or*
- *a trade that has been executed outside of Canada that is to be reported to a marketplace in accordance with clause (e) of Rule 6.4,*

*has been agreed to in a foreign currency and the trade is to be recorded or reported in Canadian currency, the price in foreign currency shall be converted to Canadian dollars using the exchange rate the Participant would have applied in respect of a trade of similar size on a foreign organized regulated market at the time of the internal cross, intentional cross or execution of the trade outside of Canada. If the trade price converted into Canadian currency falls between two trading increments for the marketplace on which the cross is to be entered or the trade reported, the price shall be rounded to the nearest trading increment. A Participant shall maintain with the record of the order the exchange rate used for the purpose of entering the internal cross or intentional cross or reporting the foreign trade and such information shall be provided to the Market Regulator upon request in such form and manner as may be reasonably required by the Market Regulator in accordance with Rule 10.11(3).*

<b>Defined Terms:</b>	<p>NI 21 101 section 1.1 – “order”</p> <p>UMIR section 1.1 – “foreign organized regulated market”, “intentional cross”, “internal cross”, “Market Regulator”, “marketplace”, “net cost”, “net proceeds”, “Participant” and “trading increment”</p> <p>UMIR section 1.2(2) – “trade”</p>
<b>Related Provisions:</b>	UMIR 6.4, 10.11(3)
<b>Regulatory History:</b>	<p>Effective May 16, 2008, the applicable securities commissions approved amendments to Rule 7.5 to replace subsection (2) of Rule 7.5 and to add Policy 7.5. See Market Integrity Notice <a href="#">2008-008</a> – “<b>Provisions Respecting “Off-Marketplace” Trades</b>” (May 16, 2008).</p> <p>Effective December 9, 2013, the applicable securities commissions approved amendments to the French version of UMIR. See IIROC Notice <a href="#">13-0294</a> – Notice of Approval and Implementation – “<b>Amendments to the French version of UMIR</b>” (December 9, 2013).</p>
<b>Guidance:</b>	See Market Integrity Notice <a href="#">2004-002</a> – “ <b>Net Prices Trades</b> ” (January 28, 2004).
<b>Guidance:</b>	See Market Integrity Notice <a href="#">2005-034</a> – “ <b>Risk-Bid Tenders – Trading a Portfolio of Securities as Principal</b> ” (October 28, 2005).
<b>Repealed Guidance:</b>	See Market Integrity Notice <a href="#">2006-005</a> – “ <b>Guarantee by a Participant of a Trade Price</b> ” (February 10, 2006). This Market Integrity Notice was repealed and replaced by IIROC Notice <a href="#">12-0010</a> – “ <b>Guidance on the Guarantee by a Participant of a Trade Price for a Client Order</b> ” (January 9, 2012).
<b>Guidance:</b>	See IIROC Notice <a href="#">12-0010</a> – “ <b>Guidance on the Guarantee by a Participant of a Trade Price for a Client</b> ” (January 9, 2012).