

# IIROC NOTICE

## **Rules Notice Technical**

Dealer Member Rules

*Please distribute internally to:*

Corporate Finance  
Institutional  
Legal and Compliance  
Research  
Senior Management  
Trading Desk

*Contact:*

Angie F. Foggia  
Policy Counsel, Member Regulation Policy  
416 646-7203  
[afoggia@iiroc.ca](mailto:afoggia@iiroc.ca)

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## **Research reports issued by firms regulated by the Financial Services Authority**

Requirement 2 of Dealer Member Rule 3400 prescribes the information that must be prominently disclosed in any research report. Pursuant to Requirement 4 of Dealer Member Rule 3400, the disclosure requirements set out in Requirement 2 do not apply to research reports issued by a firm regulated by the Financial Industry Regulatory Authority or by persons governed by other regulators approved by the Investment Industry Regulatory Organization of Canada (“IIROC”), provided that Dealer Members disclose that such research reports are not prepared subject to Canadian disclosure requirements.

For purposes of Requirement 4, the Financial Services Authority (“FSA”) has been approved by IIROC, provided that Dealer Members who distribute research reports prepared under FSA requirements also disclose the difference in ownership threshold requirements between the FSA and Requirement 2. Under Requirement 2(a)(i) of Dealer Member Rule 3400, research reports must disclose whether the Dealer Member and its affiliates collectively beneficially own 1% or more of any class of the issuer’s equity securities. Firms regulated by the FSA, on the other hand, must disclose major shareholdings, including at least shareholdings exceeding 5% of the total share capital in the relevant issuer held by the firm or any affiliate. Therefore, where a Dealer Member distributes a research report issued by a firm regulated by the FSA, the Dealer Member must disclose the difference in ownership threshold requirements, in addition to having to disclose that the research report was not prepared in compliance with Canadian disclosure requirements. This Notice is effective immediately.