



**Via Email**

November 10, 2017

Theodora Lam  
Policy Counsel, Market Regulation Policy  
Investment Industry Regulatory Organization of Canada  
Suite 2000 121 King Street West  
Toronto, Ontario M5H 3T9  
e-mail: [tlam@iroc.ca](mailto:tlam@iroc.ca)

Market Regulation  
Ontario Securities Commission  
Suite 1903, Box 55  
20 Queen Street West  
Toronto, Ontario M5H 3S8  
e-mail: [marketregulation@osc.gov.on.ca](mailto:marketregulation@osc.gov.on.ca)

Dear Sirs/Mesdames,

**RE: IIROC Notice 17-0109 – Proposed Provisions Respecting Client Identifiers**

We are writing in response to a request for comment in IIROC notice 17-0109. We are appreciative of the opportunity to comment on the proposed provisions on client identifiers. I am also appreciative of the opportunity to sit on IIROC's Client Identifier working group.

The proposed provisions respecting client identifiers is a massive industry initiative that is both large in scope and complexity. IIROC has demonstrated that there is value in this initiative in relation to institutional clients, as well as order execution only ("OEO") retail clients. Our business model focuses mainly on retail clients and wealth management, and we do not offer OEO services. Our response only discusses the impact on these lines of business.

We strongly feel that non-OEO retail clients should not be included in the scope of this project. The benefit of including non-OEO retail accounts is not evident, and including non-OEO retail accounts greatly increases the scope, impact and cost of this initiative. Including non-OEO retail clients in the scope of this project also redirects resources away from implementing the rest of the project, which has greater benefit but also has a high level of complexity.

The proposed provisions would require retail client trades to include the account number of the client. It is not evident that including the non-OEO client account number provides benefit to IIROC surveillance. It is also not apparent how including the account number would reduce questions from IIROC. Including the account number of the client would not allow IIROC to have a full view of a client's trading activity, as the client would have different account numbers at different firms. Without being able to link accounts between dealers, it is not evident that adding the account number to orders helps in any meaningful way for non-OEO retail client surveillance.

The scope of the initiative would be greatly reduced by removing non-OEO retail clients. Reducing the scope of the initiative would both reduce costs on the industry and make the proposal more palatable. Around half of IIROC regulated firms mainly service retail clients. Forcing these retail firms to shoulder part of the cost of this project seems unfair and unwarranted considering the benefit of overseeing this type of client is not evident. Recent regulations have caused increased compliance costs, and adding onto that with regulation without benefit will weaken the relationship between IIROC and IIROC regulated firms.

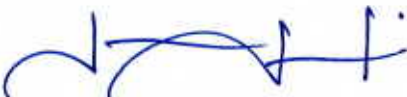
Decreasing the scope of the project will also make implementing the rest of the project less difficult and more timely. Resources could be better spent answering the numerous questions involved with implementing legal entity identifiers for institutional clients, including how surveillance systems will work with this information and how the information will be kept secure.

Client privacy rights are an issue that has to be fully understood prior to implementation. Considering the sensitive nature of trade information, as well as the sophistication of cyber piracy, IIROC must fully understand the broker dealer's obligations to the client and the permission or disclosure required to share this information with IIROC through complex channels and intermediaries. For example, do broker dealers need signoff from existing clients in addition to client acknowledgement in the NCAF, for new clients, regarding information being shared and transmitted electronically to IIROC through multiple channels and intermediaries.

Thank you for the opportunity to comment on this proposal. Once again, we strongly suggest, and would appreciate, a reduction in the scope of this project to remove non-OEO retail clients from this project. If you have any questions or require further information, please feel free to contact us.

Sincerely,

**Leede Jones Gable Inc.**



Jason Jardine CPA, CA  
Manager, Regulatory & New Initiatives