

# IIROC NOTICE

**Rules Notice**  
**Technical**  
Dealer Member Rules

*Please distribute internally to:*  
Corporate Finance  
Institutional  
Legal and Compliance  
Research  
Senior Management  
Trading Desk

*Contact:*

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**18-0195**

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## **Research reports issued by firms regulated by France's Autorité des Marchés Financiers**

In Requirement 2 of Dealer Member Rule 3400 (**DMR 3400.2**) we prescribe the information a Dealer Member must prominently disclose in a research report. According to Requirement 4 of Dealer Member Rule 3400 (**DMR 3400.4**), the disclosure requirements in DMR 3400.2 do not apply where:

- the research report is prepared by an independent third party governed by Financial Industry Regulatory Authority or by persons governed by other regulators approved by IIROC, and
- the Dealer Member discloses that such research report is not prepared subject to Canadian disclosure requirements.<sup>1</sup>

For purposes of DMR 3400.4, in addition to the Financial Services Authority (now the Financial Conduct Authority)<sup>2</sup>, effective immediately, we also approve France's Autorité des Marchés Financiers (**AMF France**) subject to the conditions below.

### **Conditions**

A Dealer Member that distributes research reports prepared by an independent third party in accordance with AMF France's requirements must disclose:

1. the difference in ownership threshold requirements between the AMF France's requirements and DMR 3400.2:

(i) Under DMR 3400.2(a)(i) a Dealer Member must disclose whether the Dealer

<sup>1</sup> See [DMR 3400 Research Restrictions and Disclosure Requirements](#)

<sup>2</sup> [Notice 12-0206](#)

Member and its affiliates collectively beneficially own 1% or more of any class of the issuer's equity securities. On the other hand, a firm regulated by AMF France must disclose if it owns a net long or short position exceeding 0.5% of the total issued share capital of the issuer.

(ii) Under DMR 3400.2(a)(ii) a Dealer Member must disclose whether the analyst or any associate of the analyst responsible for the report or recommendations or any individuals directly involved in the preparation of the report hold or are short any of issuer's securities directly or through derivatives. On the other hand, a firm regulated by AMF France must disclose if the analyst or any individual which, directly or indirectly, expresses a particular investment proposal in respect of a financial instrument or an issuer, owns a net long or short position exceeding 0.5% of the total issued share capital of the issuer.

2. that the research report was not prepared in compliance with Canadian disclosure requirements.

### **Conflicts of Interest**

We remind Dealer Members to review applicable requirements under [DMR 42 Conflicts of Interest](#) when distributing independent third party research reports to clients.