

IIROC NOTICE

Rules Notice Guidance Note

Dealer Member Rules
UMIR

Please distribute internally to:

Institutional
Legal and Compliance
Retail
Senior Management
Trading Desk

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Helping IIROC Dealer Members with Compliance – Role of Guidance

Executive Summary

This Guidance Note explains the nature of our rules and guidance, and how each is used by IIROC and Dealer Members (**Dealers**).

Our rules consist of both prescriptive and principles-based rules, both of which are enforceable by IIROC. In order to reflect the diversity of business models represented by our Dealers, and to better accommodate industry evolution and innovation, principles-based rules are often preferred as they can provide more flexibility. However, this flexibility can also lead to more uncertainty and inconsistent application.

To provide more certainty and foster consistent application of our rules, and to assist our Dealers with compliance, we publish guidance on our rules. Our guidance provides context for our rules and, in many cases, communicates our views on acceptable practices that Dealers may find useful in complying with our rules. Guidance is not intended to impose or imply specific additional requirements.



1. Nature of IIROC's rules

1.1 Description of IIROC's rules

IIROC's rules are comprised of:

- (i) IIROC's Dealer Member Rules (**DMRs**),
- (ii) IIROC's Consolidated Enforcement, Examination and Approval Rules (**Consolidated Rules**),
- (iii) Continuing Education Rules,
- (iv) IIROC's Universal Market Integrity Rules (**UMIR**), and
- (v) Transition Rule.

Upon the implementation of IIROC's plain language rule book on June 1, 2020¹ the DMRs, Consolidated Rules and Continuing Education Rules will be combined into one set of rules called IIROC Rules. This means that, as of June 1, 2020, IIROC's requirements will be comprised of:

- (i) IIROC Rules,
- (ii) UMIR, and
- (iii) Transition Rule.

1.2 Role of our rules

Our rules are enforceable by us and our Dealers are required to comply with them. Unless a Dealer has received an exemption from our rules, non-compliance can lead to us taking one or more of the following actions:

- issuing an examination finding,
- imposing terms and conditions, or
- undertaking an enforcement investigation or commencing an enforcement proceeding.

2. Nature of IIROC's Guidance

2.1 Form of guidance

Guidance can take different forms. It can take the form of a formal guidance note – this Guidance Note for example – or something less formal, such as frequently-asked-questions. It can also be in other formats such as a webcast.

2.2 Role of guidance

Guidance is not intended to impose or imply specific requirements. It is to help our Dealers comply with our rules. Guidance is published by us as needed and can, among other things:

- explain our intent for a rule and our views on its application,
- describe acceptable practices on how a rule may be met, including discussions of specific scenarios, or
- provide an analytical framework to help in applying a rule to different scenarios.

¹ See IIROC Dealer Member Plain Language Rule Book Implementation – Rules Notice [19-0144](#) (August 22, 2019).



A Dealer can use guidance to assess the effectiveness of its policies and procedures in achieving and demonstrating compliance with our rules.

As mentioned, guidance is not intended to impose or imply additional specific rule requirements, but rather indicate our views on acceptable practices to comply with a rule. However when guidance refers to specific rule requirements the Dealer is expected to comply with those rule requirements.

In the course of a compliance examination, or in other interactions with IIROC (for example, registration matters), we may refer to guidance, particularly guidance that sets out an acceptable practice, when assessing a Dealer's compliance with a particular rule. We recognize there may be more than one way for a Dealer to comply with a rule. A Dealer not using an acceptable practice discussed in guidance will always have the opportunity to discuss with us how its practice achieves compliance with the rule. If a Dealer is not able to demonstrate that it has complied with a rule, by whatever practice it uses, any ensuing examination finding, or other action, will be based on the applicable rule and not on non-compliance with guidance. The determination of whether a Dealer has demonstrated compliance with a rule is at IIROC's discretion.

3. Discussions with IIROC Staff

Our guidance may not address every situation contemplated by our Dealers. In such cases, we invite Dealers to speak with their usual IIROC contact concerning the application of our rules.