

IIROC Policy Priorities - Update Report

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|---------------|---|
| LEGEND | Orange coding means the initiative has been published in its final form and is currently in the implementation phase . This may require immediate attention from Dealer Members. |
| | Yellow coding means the initiative may require attention from Dealer Members within the next 3 months . |
| | Blue coding means the initiative may require attention from Dealer Members within the next 3 to 6 months . |
| | Green coding means the initiative may require attention from Dealer Members within the next 6 to 12 months . |



As at January 7, 2020

Introduction

This document describes the policy initiatives that we anticipate implementing and/or publishing for comment over the next 12 months. For each initiative, we've provided our estimate of when Dealer Members may be required to take appropriate action. This information will help Dealer Members to anticipate, plan for and/or respond to policy initiatives on a timely and efficient basis.

Except for initiatives where we have published an Implementation Notice or Notice of Approval with an effective date, all next step dates are IIROC staff's best estimate.

Legend for "Rules"

- [Consolidated Enforcement, Examination and Approval Rules](#) – **CR**
- [Continuing Education Rules](#) – **CE**
- [Dealer Member Rules](#) – **DMR**
- [IIROC Rules](#)* – **IR**
- [IIROC Universal Market Integrity Rules](#) – **UMIR**

*Please see the "Plain Language Dealer Member Rules Rewrite Project (IIROC Rules)" initiative in this report.































Publication History

For publication history details please refer to the following:

- **CR /CE /DMR** - the "Proposed Policy: Active Matters" tab of the ["Dealer Member Regulatory Resources"](#) page on our website
- **UMIR** – [Status of Amendments](#)

We will update this chart on a quarterly basis.

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As at January 7, 2020

| INITIATIVE | RULES | STATUS | DESCRIPTION | NEXT STEPS |
|---------------------------------|------------|---|---|--|
| Limitation of Liability Clauses | DMR & IR | Guidance published on October 10, 2019 in Rules Notice 19-0177 . | To address regulatory concerns regarding limitation of liability clauses in contracts between Dealer Members and their clients. | Guidance effective on October 10, 2019. |
| Client Identifiers | UMIR & DMR | <p>Notice of Approval published on April 18, 2019 in Rules Notice 19-0071.</p> <p>Notice of approval published on October 17, 2019 in Rules Notice 19-0179.</p> | <p>Introduces requirements to:</p> <ul style="list-style-type: none"> include client identifiers on each order sent to a marketplace and on each reportable trade in a debt security use a unique client identifier for each client of a foreign dealer equivalent who enters orders under a routing arrangement where the orders are automatically generated on a predetermined basis by the client. <p>Amendments to require Dealer Members to report the following for transactions in debt securities:</p> <ul style="list-style-type: none"> Legal Entity Identifier for a client supervised as an institutional client Account number for a client supervised as a retail client. | <p>Amendments effective on:</p> <p>Phase 1 - October 18, 2019</p> <p>Phase 2 – October 19, 2020</p> <p>Phase 3 – April 19, 2021.</p> |

| INITIATIVE | RULES | STATUS | DESCRIPTION | NEXT STEPS |
|--|------------------------|--|--|--|
| Transaction Reporting for Debt Securities | DMR & IR | <p>Notice of Approval published on March 28, 2019 in Rules Notice 19-0052.</p> <p>Changes to Implementation Date of Amendments to Transaction Reporting for Debt Securities published on May 16, 2019 in Rules Notice 19-0089.</p> | <p>Introduces requirements to:</p> <ul style="list-style-type: none"> shorten the transaction reporting deadlines for debt securities to align with the change to shorter settlement cycles remove the reporting requirement on alternative trading systems when trades in debt securities are executed against a Dealer Member to eliminate duplicative reporting add new data fields to enhance the surveillance capabilities of IROC Debt Surveillance and assist with the regulatory functions of the Bank of Canada. | Amendments for the reporting of repo transactions effective on October 28, 2019. Remaining amendments effective on April 27, 2020. |
| Cybersecurity Incident Reporting | DMR & IR | <p>Notice of Approval published on November 14, 2019 in Rules Notice 19-0194.</p> <p>FAQs published on November 14, 2019 in Rules Notice 19-0195.</p> | Amendments to our Dealer Member Rules requiring mandatory reporting of certain cybersecurity incidents. | Amendments and FAQs effective November 14, 2019. |
| Helping IROC Dealer Members with Compliance – Role of Guidance | UMIR, DMR, IR, CR & CE | Guidance published on December 17, 2019 in Rules Notice 19-0217 . | Guidance explains the nature of our rules and guidance, and how each is used by IROC and Dealer Members. | Guidance effective on December 17, 2019. |
| Electronic client complaint record retention (New) | DMR & IR | Guidance published on December 17, 2019 in Rules Notice 19-0216 . | Provides clarity to Dealer Members on retaining client complaint records electronically. | Guidance effective on December 17, 2019. |

| INITIATIVE | RULES | STATUS | DESCRIPTION | NEXT STEPS |
|---|----------|---|---|---|
| Continuing Education Requirements | CE | <p>Notice of Approval published on December 19, 2019 in Rules Notice 19-0220, Technical Notice on Late Filing Fee for Continuing Education (CE) Reporting published on December 19, 2019 in Rules Notice 19-0221.</p> <p>Guidance on IIROC's CE Program published on December 19, 2019 in Rules Notice 19-0222.</p> | <p>Amendments and guidance to the CE rules to address inconsistencies, support our goal of modernizing and simplifying the CE Program, and respond to comments received during the course of our on-going review of our CE Program.</p> <p>Technical Notice on late filing fee for CE reporting pursuant to section 2662(2) of the IIROC Rules.</p> | Amendments, guidance, and CE late filing fee effective on January 1, 2020. |
| Price Improvement by a Dark Order | UMIR | <p>Notice of Approval published on August 8, 2019 in Rules Notice 19-0134.</p> | <p>Modifies requirements in UMIR 6.6 for Dark Orders to provide a better price by introducing a minimum order value of \$30,000 threshold in addition to the current threshold of 50 standard trading units.</p> | Amendments effective on February 4, 2020. |
| Form 1 – Adoption of International Financial Reporting Standards 16 on Leases | DMR & IR | <p>Notice of Approval published on March 5, 2019 in Rules Notice 19-0036.</p> | <p>Housekeeping amendments to adopt International Financial Reporting Standards (IFRS) 16 on leases and to ensure the changes do not impact risk adjusted capital regarding non-refundable leasehold inducements.</p> | Amendment to Statement B of Form 1 to remove the reference to line A65 effective on March 5, 2019. Remaining amendments effective on December 1, 2020. |
| Free Credit Cash Segregated in Trust for Clients | DMR & IR | <p>Notice of Approval published on December 12, 2019 in Rules Notice 19-0212.</p> <p>Guidance published on December 12, 2019 in Guidance Note 19-0213.</p> | <p>Amendments to eliminate inconsistency between Rule 1200.3 and Notes to Statement D of Form 1.</p> | Amendments effective March 12, 2020. |
| Plain Language Dealer Member Rules Rewrite Project (IIROC Rules) | IR | <p>Notice of Approval published on August 22, 2019 in Rules Notice 19-0144.</p> | <p>Rewrite of current Dealer Member Rules in plain language. Proposed IIROC Dealer Member rule amendments drafted in plain language that result from the CSA Registration Reform Project are included as part of the project.</p> | <p>Amendments effective June 1, 2020, except for:</p> <ul style="list-style-type: none"> • section 3211 (Account Appropriateness), and • subsection 3220(4) (Record Keeping – Persons with trading authorization) <p>that become effective September 1, 2020.</p> |

| INITIATIVE | RULES | STATUS | DESCRIPTION | NEXT STEPS |
|--|----------|--|---|---|
| Form 1 – PLR Related Amendments | IR | Notice of Approval published on August 22, 2019 in Rules Notice 19-0146 . | Amendments to certain defined terms used in Form 1 for consistency with PLR. | Amendments effective June 1, 2020. |
| Changes in Dealer Member Ownership – Forms and Guidance | IR | Notice of Approval published on August 22, 2019 in Rules Notice 19-0147 . | Amendments to the Investor Application Form, the Investor Notification Form and the Investor Notification and Approval guidance to align with changes proposed in the Plain Language Dealer Member Rules Rewrite Project (PLR). | Amendments to forms and guidance effective June 1, 2020. |
| Anti-Money-Laundering | IR | Notice of Approval published on August 22, 2019 in Rules Notice 19-0145 . Guidance published on November 25, 2019 in Rules Notice 19-0201 . | Harmonizes IIROC Rules with federal anti-money laundering rules and provincial securities legislation (NI 31-103), as applicable. | Amendments and guidance effective June 1, 2020. |
| Form 1 – PLR Related Housekeeping Amendments | IR | Notice of Approval published on October 17, 2019 in Rules Notice 19-0180 . | Housekeeping amendments to Form 1 for use in, and consistency, with the terms and drafting protocol used in PLR. | Amendments effective June 1, 2020. |
| Guidance Review Project | IR | Guidance Notes being updated/revised by IIROC. | Updating/revising of IIROC’s Guidance Notes for consistency with Plain language Dealer Member Rules rewrite project. | Publication of updated guidance to commence in January, 2020. |
| Reporting Changes to a Dealer Member’s Business Activities | IR | Proposed Guidance under development. | Provides IIROC’s expectations on the notice requirement set out in subsection 2246(2) of the IIROC Rules (Dealer Member’s notice of material changes to business activities). | Estimated publication of Guidance – January, 2020. |
| Derivatives Rule Reform | IR | Proposed amendments and draft guidance published for comment on November 21, 2019 in Rules Notice 19-0200 . | Amendments to modernize Dealer Member Rule requirements for derivatives and to materially harmonize with proposed CSA OTC derivatives business conduct and registration requirements. | Comment period closes February 19, 2020. |
| Form 1 - Agency Tri-Party Arrangements | DMR & IR | Comments under IIROC review. Proposed amendments published for comment on February 21, 2019 in Rules Notice 19-0027 . Comment | Amendments to allow Dealer Members to treat the agent as equivalent to principal for margin purposes in certain agency tri-party repurchase and resale arrangements and securities borrow and loan arrangements. | Estimated publication of Notice of Approval or re-publication of Request for Comments – February, 2020. |

| INITIATIVE | RULES | STATUS | DESCRIPTION | NEXT STEPS |
|---|-----------|--|---|--|
| | | period closed April 22, 2019. | | |
| Non-client Definition | UMIR & IR | <p>Comments under IIROC review.</p> <p>Proposed amendments and guidance published for comment on September 5, 2019 in Rules Notices 19-0157 and 19-0158, respectively.</p> <p>Comment period closed on December 4, 2019.</p> | To clarify and eliminate any inconsistencies between the DMR and UMIR definitions of the term “non-client”. | Estimated publication of Notice of Approval or re-publication of Request for Comments – March, 2020. |
| Client Focused Reforms (New) | IR | <p>Proposed</p> <ul style="list-style-type: none"> housekeeping and public comment amendments, and accompanying guidance <p>under development.</p> | Amendments to IIROC Rules for uniformity with the CSA’s Client Focused Reform Amendments published on October 3, 2019. | Estimated publication of Housekeeping Amendments, Request for Comments and Guidance – April, 2020. |
| Debt Securities Concentration Test | DMR & IR | <p>Comments under IIROC review.</p> <p>Proposed amendments re-published for comment on August 29, 2019 in Rules Notice 19-0154.</p> <p>Comment period closed September 30, 2019.</p> | <p>Introduces requirements to:</p> <ul style="list-style-type: none"> prevent undue concentration in securities of a particular issuer by expanding the types of securities that will be subject to the securities concentration test to include: <ul style="list-style-type: none"> corporate debt securities with a normal margin rate of 10% or less “other non-commercial debt securities” with a normal margin rate of 10%. update the use of credit ratings and references to credit rating agencies in the DMRs and Form 1. | Estimated publication of Notice of Approval or re-publication of Request for Comments – Winter, 2019/20. |
| Supervision of Associate Portfolio Managers | IR | Proposed guidance under development. | Provides greater clarity on the pre-approval of Associate Portfolio Managers (APM) advice and APM supervision requirements. | Estimated publication of Guidance – Winter/Spring, 2020. |

| INITIATIVE | RULES | STATUS | DESCRIPTION | NEXT STEPS |
|--|-----------|--|--|--|
| Regulatory Framework for Addressing Financial Exploitation and Cognitive Impairment among Older and Vulnerable Investors | DMR & IR | Proposed amendments under development. | <p>Introduce requirements to prevent the financial exploitation of vulnerable investors. These requirements will target three areas where Dealer can accommodate and protect vulnerable investors:</p> <ul style="list-style-type: none"> obtaining a trusted contact person information placing temporary holds on trades and disbursements operating under a legal safe harbor. | <p>IIROC is working together with members of the CSA and the MFDA to develop a regulatory framework to address these issues.</p> <p>Estimated publication of proposed framework – Winter/Spring, 2020.</p> |
| Ombudservice | IR | <p>Comments under IIROC review.</p> <p>Proposed amendments published for comment on October 17, 2019 in Rules Notice 19-0181.</p> <p>Comment period closed on November 18, 2019.</p> | Amendments to our rules for consistency with the OBSI Terms of Reference. | Estimated publication of Notice of Approval or re-publication of Request for Comments – Spring, 2020. |
| Alternative Forms of Disciplinary Actions | CR | <p>Comments under IIROC review.</p> <p>Proposed amendments published for comment on April 25, 2019 in Rules Notice 19-0076.</p> <p>Comment period closed on July 24, 2019.</p> | Proposals to provide for alternative forms of disciplinary action. The proposals would allow for more tailored enforcement responses and ensure enforcement actions are fair and proportionate to the particular circumstances of cases under investigation. | Estimated publication of Notice of Approval or re-publication of Request for Comments – Spring, 2020. |
| Reporting, Internal Investigation and Client Complaint Requirements | UMIR & IR | Proposed amendments under development. | <p>Amendments to IIROC Rules to:</p> <ul style="list-style-type: none"> introduce a principles-based reporting requirement which focuses on harm to clients and the capital markets make our reporting requirements clearer and more consistent with regulatory expectations better align our reporting requirements and complaint requirements. | Estimated publication of Request for Comments – Spring, 2020. |

| INITIATIVE | RULES | STATUS | DESCRIPTION | NEXT STEPS |
|---|----------------|---|--|--|
| Partial Swap Offsets (New) | IR | Proposed amendments under development. | Amendments to IIROC Rules to allow margin offsets for swaps on partial notional amounts. | Estimated publication of Request for Comments – Spring 2020. |
| Proposed Framework for CryptoAsset Trading Platforms (New) | DMR, IR & UMIR | Comments under CSA and IIROC Review. Joint CSA/IIROC Consultation Paper published on March 14, 2019 in Rules Notice 19-0046 . Comment period closed May 15, 2019. | Seeks feedback from the financial technology (fintech) community, market participants, investors and other stakeholders on how requirements may be tailored for platforms operating in Canada that facilitate the buying and selling or transferring of crypto assets (Platforms) whose operations engage securities law. Use feedback to establish a framework that provides regulatory clarity to Platforms, addresses risks to investors and creates greater market integrity. | Next steps are under review. |

| Initiatives from the previous Update Report that have been closed and are not included in this Update Report | |
|---|---|
| Segregation and Portability for Futures Markets | Amendments withdrawn on December 19, 2019 in Rules Notice 19-0219 . |