

# IIROC NOTICE

**Rules Notice**  
**Exemption**  
Dealer Member Rules

Please distribute internally to:  
Institutional  
Legal and Compliance  
Operations  
Registration  
Retail  
Senior Management

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**20-0084**  
**April 23, 2020**

## **COVID-19 Related Exemptions from IIROC Rules – Applications Received and Exemptions Granted**

As announced in IIROC Notice 20-0063, [COVID-19 Related Exemptions from IIROC Rules](#), the IIROC Board of Directors approved the offering of exemptive relief in a number of areas relating to hardships Dealer Members are experiencing in complying with related IIROC Dealer Member Rules (DMRs) because of the COVID-19 pandemic. IIROC's objective, in doing so, was to provide firms, where necessary, flexibility to service their clients with mitigating controls or processes to maintain investor protection in this challenging operational environment.

IIROC is managing these requests as expeditiously as possible and with fairness, consistency and transparency. This Notice provides an update on the exemption applications received and the exemptions issued during the period ended April 9, 2020.

The next update will be provided for the period ended April 30, 2020.

### **Areas for exemptive relief**

The exemptive relief is available in the following areas:

- Client document approvals



- Timelines for reporting obligations
- Form 1 audit procedures
- Pre-approval requirements
- Supervision requirements
- Suspension of late filing fees
- Margin-related matters
- Registration and proficiency
- Identity verification threshold conformance to federal anti-money laundering legislation (AML) requirements
- Other relief - similar relief to that listed in the preceding items as may be deemed appropriate, subject to the approval of IIROC's President and Chief Executive Officer.

#### **Applications received and exemptions issued**

During the period, we received a total of 48 applications for relief from 25 different member firms from all regions, and representing a range of firm sizes and business models. The applications received and exemptions granted by category listed in Notice 20-0063 are summarized as follows (as at April 9, 2020):

- Wet signatures – 11 applications received; 1 exemption issued
- Auditor procedures – 6 applications received
- Supervision – registrant accounts – 6 applications received; 3 exemptions issued
- Supervision – trade reviews and branch reviews – 6 applications received
- Waiver of late filing fees – 1 application received; 1 exemption issued
- Margin related relief – 2 applications received; 2 exemptions issued
- Registration and proficiency – all applications received were processed in the ordinary manner by the applicable District Council
- Client verification requirements – 4 applications received



Applications for which exemptions had not been issued were still under review as at April 9, 2020.

### **Process for requesting exemptive relief**

Dealer Members wishing to receive exemptive relief in one or more of the above-listed areas must submit a written exemption application detailing:

- the relief their firm wishes to receive
- why, with respect to the effects of the COVID-19 pandemic this relief has been made necessary
- where applicable, the alternative approach the firm would like to use to meet the spirit and intent of the relevant DMR requirement(s)

The firm's exemptive relief application should be submitted by email to the following address: [exemptions@iroc.ca](mailto:exemptions@iroc.ca).

Please ensure you include "COVID-19 related exemption request" and the name of your firm in the email subject line so that it can be quickly passed along to others within IIROC for consideration.

Dealer Members should note that coordination with relevant members of the Canadian Securities Administrators (CSA) will be required for certain types of relief, where equivalent CSA requirements exist.

To facilitate timely consideration of each exemption application, the Board has approved the delegation of limited discretion to certain IIROC senior staff (Decision Makers) to assess and decide upon each firm exemption application. Specifically, each application received will be assigned to an individual Decision Maker who will work with the firm to analyse the exemption request and then issue an exemption decision. Each Decision Maker will apply the following guidelines when exercising this limited discretion:

- each exemption request item must directly/primarily relate to an issue the Member has as a result of preparing or responding to the effects of COVID-19 on its operations – for example, having staff at different locations, work-from-home arrangements, or reduced staff due to illness – this determination shall be at the discretion of the Decision Maker
- the exemption must not be prejudicial to the interests of the Dealer Member, their clients, or the public



- the Decision Maker may impose such terms and conditions on the exemption as the Decision Maker considers reasonable in the circumstances

This delegation of discretion to IROC staff is for an initial period of three months beginning March 26, 2020, subject to a Board-approved extension.

For each area for which the Decision Maker decides to grant relief, and to reflect the temporary nature of this arrangement, the relief granted:

- will be for an initial period of up to six months
- may be renewed for a one-time additional period of up to three months
- will expire at the end of the initial term or, if applicable, the end of the additional term
- will generally be subject to the same term length and same conditions as for all other Dealer Members requesting the same exemption for the same matter.

In addition, Dealer Members should be aware that any exemption finalized by IROC staff may be revoked by the Board, in its sole discretion and for any reason.

#### **Communication of exemption decision and applicant recourse**

Exemption decisions will continue to be communicated to applicants by IROC's General Counsel's Office. The communication will generally be by email with an attached document detailing the decision and any related conditions. Applicants have the same right of decision appeal as they have with a Board exemption decision.