



September 4, 2020

**Via email**

Darshna Amin  
Senior Policy Counsel, Member Regulation Policy  
Investment Industry Regulatory Organization of Canada  
Suite 2000, 121 King Street West  
Toronto, Ontario M5H 3T9  
Email: [damin@iiroc.ca](mailto:damin@iiroc.ca)

and

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

Dear Sirs/Mesdames:

**Re: Proposed Early Adoption of Certain IIROC Rules into the Dealer Member Rules**

This comment letter is being submitted by RBC Dominion Securities Inc. and RBC Direct Investing Inc. (“RBC” or “we”). We are writing in response to *IIROC Rules Notice 20-0162 – Request for Comments – Proposed Early Adoption of Certain IIROC Rules into the Dealer Member Rules* published by IIROC on July 23, 2020 (the “Proposed Amendments”). RBC appreciates this opportunity to comment on the Proposed Amendments; our comments are below.

***General Comments***

RBC commends IIROC on its initiatives to reduce regulatory burden on Dealer Members while advancing investor protection. RBC believes that the Proposed Amendments mark a positive development. We support the non-individual client identification and verification amendments, as set out in IIROC Rules Notice 19-0145, to ensure alignment with AML rules. We also support the provisions set out in the Proposed Amendments that will provide Dealer Members and individual registrants with flexibility to meet certain proficiency and education requirements. Our comments below seek to clarify and/or strengthen the Proposed Amendments through sharing practical insights facing RBC in implementing the IIROC Plain Language Rules published on August 22, 2019 (the “IIROC Rules”).

***Client Identity Amendments***

To address the amendments introducing the IIROC Rules, we established a comprehensive project plan to ensure that all IT requirements, policies and process changes would be implemented by the initial implementation date of June 1, 2020. In response to the deferred implementation date set out in IIROC Notice 20-0079, we have since adjusted our project, resource and schedule planning to December 31, 2021, the date on which the IIROC Rules will be implemented. Although in principle we support the Proposed Amendments relating to client identification, we submit that proposed early adoption of the requirement without providing flexibility for Dealer Members,

especially as the implementation date would not be aligned with the remainder of the IIROC Rules, may impose additional regulatory burden on Dealer Members that will be required to plan for a separate IT solution to satisfy the requirements.

We recommend that IIROC grant firms the flexibility to choose to early adopt anytime from when the Proposed Amendments take effect until the stated implementation date of December 31, 2021. This will enable some firms to choose to adopt the provisions early if they are able. Others firms that would experience challenges should be able to choose to observe the December 31, 2021 implementation date and therefore not experience the undue burden of an unexpected early adoption. If early adoption is mandatory, we propose that the earliest implementation date is no earlier than June 30, 2021.

Further, the Proposed Amendments specifically raise the corporate beneficial ownership threshold from 10% to 25%. We suggest that the scope of the proposal be expanded to include flexibility to early adopt the remainder of the IIROC Rules relating to non-individual client identification changes, namely trust and partnerships, as set out in IIROC Notice 19-0145. This will allow Dealer Members that use the same or related non-individual client forms, IT codes or systems to maintain non-individual client identification information to implement all required changes at the same time in a streamlined manner, to align with relevant AML rules.

### ***Conclusion***

We appreciate the opportunity to provide comments and welcome the opportunity to discuss the foregoing with you in further detail. If you have any questions or require further information, please do not hesitate to contact the undersigned.

*“Nick Cardinale”*

#### **Nick Cardinale**

Chief Compliance Officer  
RBC Dominion Securities Inc. (Retail)

*“Yvonne Chang”*

#### **Yvonne Chang**

Chief Compliance Officer  
RBC Direct Investing Inc.