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bulletin



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For distribution to relevant parties within your firm

BULLETIN #3047
September 19, 2002

By-Laws & Regulations Amendments to By-law No. 16, District Association Auditors, Members' Auditors, Financial Reporting and Senior Vice-President, Member Regulation

The Board of Directors of the Association has approved amendments to By-law No. 16.4(i) regarding the regulatory filing of the Top 20 Report, effective October 1, 2002.

The objective of the rule change is to reduce excessive regulatory filing requirements for Members by eliminating the requirement to prepare the Top 20 Report.

This Report filing has been primarily used by the IDA compliance staff as supplementary information to assess the reasonableness of any securities concentration margin charge provided by Member firms on Statement B, line 25 on the Monthly Financial filings. In an effort to identify and eliminate excessive regulatory filing requirements, the Top 20 Report has been identified as no longer providing added regulatory value as securities concentration information is currently provided on the monthly financial report as a line item and supporting information provided on Schedule 9 on year-end audited filings of Form #1. In addition, the IDA field examinations include reviews of the reporting infrastructure at Member firms to ensure accuracy and completeness of the reporting processes, including the securities concentration test as part of the regular monitoring of the firm's overall capital position.

Firms are reminded of the regulatory requirement of monitoring for securities concentration test and provide any capital charges as set out in notes and instructions to Schedule 9 of Form 1. Firms must ensure that in the absence of filing the Top 20 Report, any related EDP reports necessary to monitor for securities concentration must continue to be generated and maintained on file for purposes of examination.

Kenneth A. Nason
Association Secretary

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INVESTMENT DEALERS ASSOCIATION OF CANADA

AMENDMENT TO BY-LAW No. 16 DISTRICT ASSOCIATION AUDITORS, MEMBERS' AUDITORS, FINANCIAL REPORTING AND SENIOR VICE-PRESIDENT, MEMBER REGULATION

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

1. By-law 16.4(i) is amended by removing the reference to the filing of the Top 20 Report.

"16.4. Each Member which has been designated by the applicable District Council shall:

- (i) file monthly with the Senior Vice-President, Member Regulation a copy of a financial report of the Member as at the end of each fiscal month or at such other date as may be agreed with the Senior Vice-President, Member Regulation. Such monthly financial reports shall contain or be accompanied by such information as may be prescribed by the Senior Vice-President, Member Regulation from time to time ~~but shall include a report in prescribed form filed within seven business days of the end of each month detailing:~~

~~———— (a) the ten customer margin or customer cash accounts with the latest debit balances exceeding \$50,000 as of the last business day of the month; and~~

~~———— (b) the ten inventory positions with the largest loan value excluding fully hedged positions (or positions which qualify for full margin offsets) exceeding \$50,000 as of the last business day of the month, excluding new issues; and"~~

PASSED AND ENACTED BY THE Board of Directors this 10th day of April 2002, to be effective on a date to be determined by Association staff.