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# bulletin



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*Contact:*

Answerd Ramcharan  
Information Analyst, Regulatory Policy  
(416) 943-5850

*For distribution to relevant parties within your firm*

**BULLETIN #3064**

October 22, 2002

## **By-Laws and Regulations**

### **Amendment to Regulation 2100.6, Inter-Dealer Bond Brokerages**

The Board of Directors of the Association has approved an amendment to Regulation 2100.6, Inter-Dealer Bond Brokerages. The amendment is effective as of January 1, 2003. A copy of the amendment is enclosed as Attachment #1.

#### **Background**

As a result of Alternative Trading Systems scheduled to become members of the Association and them operating in the retail and wholesale debt markets, it was necessary to make the amendment to Regulation 2100.6 in order to foster fair and transparent competition within the wholesale debt markets.

The amendment removes the requirement in the Outside Canada Firm Agreement that fees be charged to or levied on Outside Canada Firms, customers of Inter-Dealer Bond Brokerages. These fees reflect what an Outside of Canada Firm would have paid to the Canadian Investor Protection Fund and the Association if it had been within the jurisdiction of the fund. The removal of these fees for these customers of Inter-Dealer Bond Brokerages were necessary to level the playing field in the wholesale debt markets because customers of Alternative Trading Systems will not be subject to these fees.

Therefore, the amendment will promote fair and transparent competition in the wholesale debt markets for both Inter-Dealer Bond Brokerage Systems and Alternative Trading Systems.

Kenneth A. Nason  
*Association Secretary*

TORONTO Suite 1600, 121 King Street West, Toronto, Ontario M5H 3T9 Telephone: (416) 364-6133 Fax: (416) 364-0753  
CALGARY Suite 2300, 355 Fourth Avenue S.W., Calgary, Alberta T2P 0J1 Telephone: (403) 262-6393 Fax: (403) 265-4603  
HALIFAX Suite 1620, 1791 Barrington Street, Halifax, Nova Scotia B3J 3K9 Telephone: (902) 423-8800 Fax: (902) 423-0629  
MONTRÉAL Suite 2802, 1 Place Ville Marie, Montréal, Québec, H3B 4R4 Téléphone: (514) 878-2854 Télécopieur: (514) 878-3860  
VANCOUVER Suite 1325, P.O. Box 11614, 650 West Georgia Street, Vancouver, B.C. V6B 4N9 Telephone: (604) 683-6222 Fax: (604) 683-3491

**INVESTMENT DEALERS ASSOCIATION OF CANADA**

**AUTHORIZED CUSTOMERS OF INTER-DEALER BOND BROKERAGES**

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. Regulation 2100.6 is hereby repealed and replaced as follows:

“2100.6. **Agreements.** The parties to an agreement referred to in Regulation 2100.5 shall include the Association and the particular firm referred to in paragraph (b) or (c) of Regulation 2100.5 (referred to as the "Outside Canada Firm"), and, in the case of firms referred to in paragraph (b) of Regulation 2100.5, the parties shall also include the affiliated firm of the Outside Canada Firm that is a Member. The agreement shall:

- (a) State that the Outside Canada Firm will be dealing with or through the inter-dealer bond broker, specifying that such activities will be physically carried on from jurisdictions in which the Outside Canada Firm is a member of one of the self-regulatory organizations referred to in, or designated in accordance with, Regulation 2100.5(c)(ii), or from other jurisdictions where the Vice-President, Financial Compliance is satisfied that the trading activities are within the reach of one or more of those self-regulatory organizations;
- (b) obligate the Outside Canada Firm to provide the Member firm with information as to its trading activities in domestic debt securities to enable the Member to provide the Association with regular reporting concerning such trading on an aggregated basis in accordance with Association requirements;
- (c) commit the Outside Canada Firm also to provide (subject to appropriate confidentiality provisions in accordance with Canadian practice) additional information as required by the Association in connection with a specific inquiry concerning trading in domestic debt securities;

The agreement entered into in accordance with this section shall also contain specific provisions necessary and appropriate to adapt the requirements set out above to the particular circumstances of the Outside Canada Firm.”

PASSED AND ENACTED BY THE Board of Directors this 17th day of June 2002, to be effective on a date to be determined by Association staff.