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For distribution to relevant parties within your firm

**BULLETIN #3539**  
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## **By-Laws and Regulations**

### **Amendments to Policy No. 5; Policy No. 5B**

The Board of Directors has approved amendments to IDA Policy No. 5 - Code of Conduct for IDA Member Firms Trading in Wholesale Domestic Debt Markets and Policy No. 5B - Retail Debt Market Trading and Supervision.

The amendments to Policy No. 5, drafted in consultation with the Bank of Canada and the Department of Finance, reorganize the policy to make it consistent with other regulations and policies while retaining in the Preface the history and purpose of Policy No. 5 and the expectations of the Bank of Canada and Department of Finance regarding compliance with the policy by other fixed income market participants. The amendments also delineate specific types of debt market activity that are improper, to assist Members in designing supervision and compliance systems to prevent or detect improper activity.

Policy No. 5B sets standards regarding activity in the retail debt market. While Policy 5B reiterates those improper activities listed in Policy 5 which might also occur in the retail market, it also adds a requirement to establish mark-up, mark-down and commission guidelines and supervise mark-ups, mark-downs and commissions to ensure that any deviations from those guidelines are justified.

The amendments to Policy No. 5 and Policy No. 5B are effective May 15, 2006. However, Members have until September 1, 2006 to identify and implement any changes to policies, procedures and controls, required under Section 2, necessitated by the amendments to Policy No. 5, and until November 1, 2006 to implement such changes under Sections 2 and 3 of Policy 5B. Members are **not** required to file their policies, procedures or changes thereto under those sections for pre-approval by the Association; they will be reviewed by the Association in the course of subsequent sales compliance reviews.

Kenneth A. Nason  
Association Secretary