

## 6.2 Designations and Identifiers

- (1) Each order entered on a marketplace shall contain:
  - (a) the identifier of:
    - (i) the Participant or Access Person entering the order as assigned to the Participant or Access Person in accordance with Rule 10.15,
    - (ii) the marketplace on which the order is entered as assigned to the marketplace in accordance with Rule 10.15,
    - (iii) the Participant for or on behalf of whom the order is entered, if the order is a jitney order,
    - (iv) the client for or on behalf of whom the order is entered where the order originates from a Dealer Member that provides order execution services and the order requires a client identifier pursuant to Dealer Member Rule 3200,
    - (v) the client for or on behalf of whom the order is entered under direct electronic access, and
    - (vi) the investment dealer or foreign dealer equivalent for or on behalf of whom the order is entered under a routing arrangement; and
  - (b) a designation acceptable to the Market Regulator for the marketplace on which the order is entered, if the order is:
    - (i) a Call Market Order,
    - (ii) an Opening Order,
    - (iii) a Market-on-Close Order,
    - (iv) a Special Terms Order,
    - (v) a Volume-Weighted Average Price Order,
      - (v.1) a Basis Order,
      - (v.2) a Closing Price Order,
      - (v.3) a bypass order,
      - (v.4) a directed action order as defined in the Trading Rules,
    - (vi) part of a Program Trade,
    - (vii) part of an intentional cross or internal cross,
      - (vii.1) a derivative-related cross,
    - (viii) a short sale but not including an order which is designated as a “short-marking exempt order” in accordance with subclause 6.2(1)(b)(ix),
    - (ix) a short-marking exempt order,
    - (x) a non-client order,
    - (xi) a principal order,
    - (xii) a jitney order,

- (xiii) for the account of a derivatives market maker,
  - (xiv) for the account of a person who is an insider of the issuer of the security which is the subject of the order,
  - (xv) for the account of a person who is a significant shareholder of the issuer of the security which is the subject of the order,
  - (xvi) of a type for which the Market Regulator may from time to time require a specific or particular designation, or
  - (xvii) a bundled order.
- (2) If the order entered on a marketplace is a Special Terms Order, the order shall contain, in addition to all designations and identifiers required by subsection (1), information in such form as is acceptable to the Market Regulator of the marketplace on which the order is entered respecting:
- (a) any condition on the execution of the order; and
  - (b) the settlement date.
- (3) If following the entry of an order on a marketplace for the sale of security that has not been designated as a short sale such order would become a short sale on execution, the order shall be modified to include the short sale designation required by subsection (1).
- (4) Each order entered on a marketplace including all designations and identifiers required by subsection (1) shall be disclosed to each Market Regulator.
- (5) The marketplace on which the order is entered shall determine if the identifier of the Participant or the marketplace shall be displayed in a consolidated market display.
- (6) Unless otherwise permitted or directed by the Market Regulator, a marketplace shall:
- (a) disclose for display in a consolidated market display any designation attached to an order that is required by sub-clause (i) to (vii.1) inclusive of clause (1)(b), but for a bypass order that is not part of a designated trade, and
  - (b) not disclose for display in a consolidated market display any designation attached to an order that is required by sub-clause (viii) to (xvii) inclusive of clause (1)(b).

<b>Defined Terms:</b>	<p><i>NI 21-101 section 1.1 – “order”</i></p> <p><i>NI 21-101 section 1.4 – Interpretation -- “security”</i></p> <p><i>NI 23-101 section 1.1 – “directed-action order”</i></p> <p><i>NI 31-103 section 1.1 – “investment dealer”</i></p> <p><i>UMIR section 1.1 – “Access Person”, “Basis Order”, “bypass order”, “bundled order”, “Call Market Order”, “Closing Price Order”, “consolidated market display”, “derivatives market maker”, “derivative-</i></p>
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related cross”, “direct electronic access”, “foreign dealer equivalent”, “insider”, “intentional cross”, “internal cross”, “jitney order”, “Market-on-Close Order”, “Market Regulator”, “marketplace”, “non-client order”, “Opening Order”, “Participant”, “principal order”, “Program Trade”, “routing arrangement”, “short-marking exempt order”, “short sale”, “significant shareholder”, “Special Terms Order”, “Trading Rules” and “Volume-Weighted Average Price Order”

UMIR section 1.2 – “person”

**Related Provision:**

UMIR section 10.15

**Regulatory History:**

Effective April 8, 2005, the applicable securities commissions approved an amendment to require marking of Basis Orders. See Market Integrity Notice [2005-010](#) – “**Provisions Respecting a “Basis Order”**” (April 8, 2005).

Effective March 9, 2007, the applicable securities commissions approved an amendment to require marking of a Closing Price Order. See Market Integrity Notice [2007-002](#) – “**Provisions Respecting Competitive Marketplaces**” (February 26, 2007).

On May 16, 2008, the applicable securities commissions approved an amendment to require marking of a bypass order. The implementation date of this amendment was determined by the IIROC Board of Directors to be June 1, 2009. See Market Integrity Notice [2008-008](#) – “**Provisions Respecting “Off-Marketplace” Trades**” (May 16, 2008) and see IIROC Notice [09-0034](#) – “**Implementation Date for the Marking of Bypass Orders**” (February 3, 2009).

Effective February 1, 2011, the applicable securities commissions approved an amendment to require marking of a directed action order. See IIROC Notice [11-0036](#) – “**Provisions Respecting the Implementation of the Order Protection Rule**” (January 28, 2011).

On April 13, 2012, the applicable securities commissions approved amendments to section 6.2, effective October 15, 2012, to replace the short sale language (that referenced price restrictions) with short sale and short-marking exempt order marker requirements. See IIROC Notice [12-0078](#) – “**Provisions Respecting Regulation of Short Sales and Failed Trades**” (March 2, 2012).

On July 4, 2013, the applicable securities commissions approved amendments to section 6.2, effective March 1, 2014, to add identifier requirements for direct electronic access clients and routing arrangements. See IIROC Notice [13-0184](#) – **Provisions Respecting Third-Party Electronic Access to Marketplaces** issued July 4, 2013.

On November 13, 2014, the applicable securities commissions approved amendments to 6.2, effective June 1, 2015, to require an identifier if the order requires an identifier under Dealer Member Rule 3200. See IIROC Notice [14-0263](#) – “**Provisions Respecting Order Execution Services as a Form of Third-Party Electronic Access to Marketplaces**” (November 13, 2014).

On February 3, 2017, the applicable securities commissions approved amendments to section 6.2, effective September 14, 2017. See IIROC Notice [17-0039](#) – Notice of Approval – “**Amendments Respecting Designations and Identifiers**” (February 16, 2017).

**Guidance:**

See Market Integrity Notice [2002-012](#) – “**Regulation ID Order Markers and Order Inhibition During Regulatory Halts & Suspensions**” (July 9, 2012).

**Guidance:**

See Market Integrity Notice [2003-007](#) – “**Order Marking**” (March 27, 2003).

**Repealed Guidance:**

See Market Integrity Notice [2005-003](#) - “**Marking Jitney Orders**” (March 4, 2005). This Notice was repealed and replaced by IIROC Notice [13-0185](#) – “**Guidance Respecting Third-Party Electronic Access to Marketplaces**” (July 4, 2013).

**Repealed Guidance:**

See Market Integrity Notice [2006-014](#) - “**Insider” and “Significant Shareholder” Markers**” (June 16, 2000). This Notice was repealed and replaced by IIROC Notice [10-0121](#) – **Guidance on “Insider” and “Significant Shareholder” Markers** (April 28, 2010).

**Repealed Guidance:**

See Market Integrity Notice [2007-004](#) - “**Marking Orders Received from Other Dealers**” (February 28, 2007). This Notice was repealed and replaced by IIROC Notice [13-0185](#) – “**Guidance Respecting Third-Party Electronic Access to Marketplaces**” (July 4, 2013).

**Repealed Guidance:**

See Market Integrity Notice [2007-016](#) - “**Specific Questions Related to “Insider” Marking Requirements**” (August 10, 2007). This Notice was repealed and replaced by IIROC Notice [10-0121](#) – “**Guidance on “Insider” and “Significant Shareholder” Markers**” (April 28, 2010).

**Guidance:**

See IIROC Notice [08-0033](#)– “**New Procedures for Order Marker Corrections**” (July 15, 2008).

**Guidance:**

See IIROC Notice [08-0050](#) – “**User Guide for the Regulatory Marker Correction Form**” (July 30, 2008).

**Guidance:**

See IIROC Notice [09-0128](#) – “**Specific Questions Related To The Use of The Bypass Order Marker**” (May 1, 2009).

**Guidance:**

See IIROC Notice [10-0121](#) – “**Guidance on “Insider” and “Significant Shareholder” Markers**”

(April 28, 2010).

**Guidance:** See IROC Notice [12-0295](#) – “**Specific Questions Related To Dark Liquidity Rule Amendments**” (October 9, 2012).

**Guidance:** See IROC Notice [12-0300](#) – “**Guidance on “Short Sale” and “Short-Marking Exempt” Order Designations**” (October 11, 2012).

**Guidance:** See IROC Notice [13-0053](#) – “**Guidance on Certain Manipulative and Deceptive Trading Practices**” (February 14, 2013).

**Guidance:** See IROC Notice [13-0185](#) – “**Guidance Regarding Third-Party Electronic Access to Marketplaces**” (July 4, 2013).

**Guidance:** See Notice [14-0264](#) - “**Guidance Respecting Order Execution only as a Form of Third-Party Electronic Access to Marketplaces**” (November 13, 2014).

**Guidance:** See IROC Notice [15-0135](#) – “**Alternative Guidance on “Insider” Order Marking**” (June 24, 2015).

**Disciplinary Proceedings:** Rule 6.2(1)(b)(viii) and (x) was considered **In the Matter of Salman Partners Inc. (“Salman”), Sameh Magid (“Magid”), William Burk (“Burk”) and Ian Todd (“Todd”)** (February 18, 2005) SA 2005-001. See Disciplinary Proceedings under Rule 3.1.

**Disciplinary Proceedings:** **In the Matter of Union Securities Ltd. (“Union”)** (April 18, 2006) DN 2006-004

*Facts – Between 15 October 2002 and 31 July 2005, Union failed to implement adequate trade supervision and compliance systems and appoint a Head of Trading with the effective responsibility for supervising trading. In failing to do so, Union’s supervisory system could not adequately mitigate certain risks to the marketplace which were identified by RS in the course of its trade desk reviews. In particular, Union failed to update its written policies and procedures in a timely fashion to ensure that orders entered on a marketplace contained acceptable order designations, failed conduct accurate internal auditing and maintain an appropriate audit trail in its paper ticket practices.*

*Disposition – A Participant is required to implement an updated trade supervision and compliance system which is appropriate for its business and which allows the Participant and its directors, officers, partners and employees to detect, prevent and address violations or a possible violations of UMIR. Union failed to adopt, implement and update its trading supervision and compliance policies and procedures such that they met the minimum requirements under UMIR.*

*Requirements Considered – Rules 6.2, 10.11, 7.1 and Policy 7.1*

*Sanction – \$150,000 fine; certification to RS by Union’s President and a director of Union (on behalf of the Board of Directors) that:*

- a) on or before 30 May 2006 Union will implement all of the recommendations made in the Consultant Report,
- b) on or before 30 July 2006 Union has implemented all of the recommendations made in the Consultancy Report, including developing implementing, and filing with RS, enhanced supervision and compliance procedures to reduce incidence of audit trail deficiencies, and
- c) on or before 30 September 2006, that they expect the procedures Union has implemented will reduce audit trail deficiency rates to less than 10%.

*Also, Union will consent to and cooperate with any and all reasonable trade desk review and information requests from RS to monitor progress on achieving targets.*

**Disciplinary Proceedings:** Rule 6.2(1)(b) was considered **In the Matter of Raymond James Ltd. (“Raymond James”) and Marc Deslongchamps (“Deslongchamps”)** (June 30, 2006) DN 2006-006. See Disciplinary Proceedings under Rule 5.3

**Disciplinary Proceedings:** **In the Matter of Golden Capital Securities Ltd. (“Golden”), Jack Finkelstein (“Finkelstein”) and Jeff Rutledge (“Rutledge”)** (November 23, 2007) DN 2007-004

*Facts – Between April 1, 2002 and July 31, 2005, Golden was deficient in a number of its order designation and audit trail requirements. Golden also failed to appoint a Head of Trading and trading supervisor and failed to ensure its employees with trade supervision functions were properly trained.*

*Between June 2004 and March 2005, Finkelstein participated in several trades that involved matching buy and sell orders to “cross” securities that were either missing or contained inaccurate order information related to the size, price, time of receipt and/or variations to an order. In one case Finkelstein failed to correctly designate the inventory side of a client/principal cross involving 50 standard trading units or less which resulted in the cross being executed without the required price improvement to the client.*

*Between June 2004 and March 2005, Rutledge participated in several trades involving matching buy and sell orders to "cross" securities that were either missing or contained inaccurate order information related to the size, price, time of receipt and/or variations to an order. In one case Rutledge failed to correctly designate the inventory side of a client/principal cross involving 50 standard trading units or less which resulted in the cross being executed without the required price improvement to the client.*

*Disposition – By failing to ensure that each order entered on a marketplace contained the proper order designations and failing to implement adequate policies and procedures to ensure compliance with UMIR, Golden contravened Rule 6.2(1)(b), Rule 7.1, Rule 7.1(3) and Policy 7.1 of UMIR. Finkelstein and Rutledge, by failing to record all order designations and information required with respect to the entry of an order on a marketplace and failing to ensure that a client order executed against a principal order or non-client order receive the required price improvement breached Rules 6.2, 6.2(1)(b) and 8.1 of UMIR.*

*Requirements Considered – Rules 6.2, 7.1, 8.1, 10.11 and Policy 7.1*

*Sanction – Golden - \$180,000 fine and costs of \$20,000;*

*Finkelstein - \$25,000 fine; and*

*Rutledge - \$35,000 fine and costs of \$5,000.*

**Disciplinary Proceedings: In the Matter of Vinh-Phat Nguyen-Qui ("Nguyen-Qui") (October 11, 2012) DN 12-0298**

*Facts – Between October and December 2009 (the "Relevant Period"), Nguyen-Qui, a Registered Representative employed by W.D. Latimer Co. Limited, entered buy and sell orders on the TSX in the pre-opening market and cancelled them prior to market opening for the sole objective of acquiring a better chronological position once the market opened. Nguyen-Qui also entered short sale orders in the pre-opening market without designating them as short sales and/or at a price below the last sale price as indicated in the consolidated market display.*

*Disposition – In the Relevant Period, Nguyen-Qui entered orders he knew or ought to reasonably have known would create or could reasonably be expected to create, a false or misleading appearance of trading activity or interest in the purchase or sale of the security, contrary to UMIR 2.2(2)(a); entered short sale orders in the pre-opening market without proper designation contrary to UMIR 6.2(1)(b)(viii); and entered short sale orders in the pre-opening market below the last sale price, contrary to UMIR 3.1(1).*

*Requirements Considered – Rule 2.2(2)(a), 3.1(1) and 6.2(1)(b)(viii).*

*Sanction – The Hearing Panel imposed a prohibition on Nguyen-Qui from accessing the market as a Registered Representative for a period of two months and a fine of \$10,000 for the first violation plus fines of \$5,000 for each of the two additional violations; Nguyen-Qui was also required to take the Trader Training Course again and pay costs in the amount of \$10,000.*