

**Comments Received in Response to Rules Notice 20-0162 –
Proposed early adoption of certain IIROC Rules into the Dealer Member Rules**

On July 23, 2020, we published [Notice 20-0162](#) requesting comments on proposed amendments (**Proposed Amendments**) to early adopt certain provisions of the IIROC Rules into the Dealer Member Rules. IIROC received two comment letters from the following commenters:

Investors Group Inc.

RBC Dominion Securities Inc. and RBC Direct Investing Inc.

Copies of these comment letters are publicly available on IIROC's website (www.iiroc.ca). We would like to thank everyone for their time reviewing the material and providing their comments. The comments we received and our responses to them are summarized in the table below.

Summarized comment	IIROC response and additional commentary
General comments	
Commenters are supportive of the Proposed Amendments that reduce regulatory burden on Dealers Members without compromising investor protection.	Thank you for your comments.
<u>Dealer Member Rule 1300.1(b)(i)</u> – Identity and Creditworthiness	
<p>A commenter suggests firms be provided with flexibility to choose to early adopt anytime from the proposed implementation date to when the IIROC Rules become effective on December 31, 2021. Since the implementation date would not be aligned with the rest of the IIROC Rules, it may pose challenges for some Dealers requiring them to plan for a separate IT solution to meet the requirements.</p> <p>The commenter proposes that if a specific implementation date is required, the earliest implementation date be no earlier than June 30, 2021.</p>	<p>The corporate beneficial ownership identity verification threshold is being amended from the existing 10% to 25%.</p> <p>As the existing 10% threshold is a stricter threshold, Dealers are free to continue to identify corporate beneficial owners at the 10% level (even subsequent to the implementation of the IIROC Rules).</p> <p>However, absent exemptive relief, Dealers may choose to rely on the new 25% threshold only after the implementation of the Proposed Amendments.</p>

Appendix 3

Summarized comment	IIROC response and additional commentary
<p>A commenter suggests the scope of the Proposed Amendments be expanded to include client identification changes related to trust and partnerships as set out in Notice 19-0145. This would permit Dealers to implement non-individual client identification changes (to forms and IT systems) all at the same time.</p>	<p>The client identification changes related to trusts and partnerships are not part of the Proposed Amendments as our focus was on relaxing the corporate beneficial ownership threshold.</p> <p>To the extent that Dealers wish to avoid multiple IT system changes, as indicated above, Dealers are free to maintain the existing 10% corporate beneficial threshold and move to the 25% threshold at the same time identification changes are made relating to trusts and partnerships as part of the implementation of the IIROC Rules.</p>

Appendix 3

IIROC Notice 20-0262 – Rules Notice –Notice of Approval and Implementation - Early adoption of certain IIROC Rules into the Dealer Member Rules