

Comments Received in Response to Rules Notice 17-0055 – Rules Notice – Request for Comments – Dealer Member Rules – Investment in a Dealer Member – Proposed Changes to Forms and Guidance

On March 9, 2017, we issued [Notice 17-0055](#) requesting comments on:

- changes to the Investor Application Form (IAF) and the Investor Notification Form, and
- proposed Guidance “Investment in a Dealer Member – Notification and Approval” (the **Proposed Guidance**).

On May 12, 2017, IIROC received comments from [Comarm Solutions](#) and [Stikeman Elliott LLP](#). Copies of these comments are publicly available on IIROC’s website (www.iiroc.ca). The following is a summary of the comments and our responses:

Summary of Comment		IIROC Response
General Comments		
1.	<p>A commenter recommends that we clarify what we mean by “10% or more of the total equity” if there are multiple classes of shares. They ask if our calculation is by share number or value.</p> <p>This commenter also asked how we would apply the 10% threshold to convertible securities. They point to the approach taken in sections 1.7 and 1.8 of National Instrument 62-104.</p>	<p>We consider “10% or more of the total equity” to be 10% or more of the Dealer Member’s total capital, as reported (as a total \$ or value amount) on line 73 in Statement A – Part 1 – Form 1 in their most recently filed Monthly Financial Report and as adjusted for the proposed transaction.</p> <p>If an investor is purchasing convertible securities of the Dealer Member, we will consider partial conversion at any time of all classes of convertible securities held or proposed to be acquired by the investor. We have added this clarification in the Proposed Guidance section 2.1.</p>

APPENDIX G

IIROC Notice 19-0147 – Rules Notice – Investor Notification Form - Dealer Member Rules – Investment in a Dealer Member – Notification and Approval



Summary of Comment		IIROC Response
	IAF Comments	
2.	<p>A commenter asked if the individual filing required by National Instrument 33-109 <i>Registration Information Requirements (NI 33-109)</i> must be filed on the National Registration Database simultaneously with the IAF.</p> <p>If simultaneous filing is required, this commenter suggests the proposed sections 2(b) and (d) will be repetitive of Form 33-109F4 <i>Registration of Individuals and Review of Permitted Individuals</i>. They recommend we remove these sections.</p>	<p>Yes, the IAF should be filed simultaneously with the filings required by NI 33-109.</p> <p>We agree these sections are duplicative and we removed previously proposed sections 2(b), (c) and (d).</p>
3.	<p>A commenter recommended we include the Dealer Member's Chief Financial Officer as an alternate authorized signatory to the Ultimate Designated Person.</p>	<p>We included the Chief Financial Officer as an alternate signatory.</p>