



Appendix B – Blackline of UMIR, DMR and the IROC Rules to Reflect the Proposed Amendments

Text of UMIR to Reflect the Proposed Amendments

Text of UMIR Marked to Reflect Adoption of the Proposed Amendments ¹	Text of UMIR Following Adoption of the Proposed Amendments
<p>1.1 Definitions</p> <p>In UMIR, unless the subject matter or context otherwise requires:</p> <p>...</p> <p>“arbitrage account” means an account in which the holder makes a usual practice of buying and selling:</p> <p>(a) securities <u>or derivatives</u> in different markets to take advantage of differences in prices available in each market; or</p> <p>(b) securities <u>or derivatives</u> which are or may become convertible or exchangeable by the terms of the securities <u>or derivatives</u> or operation of law into other securities <u>or derivatives</u> in order to take advantage of differences in prices between the securities <u>or derivatives</u>.</p> <p>“Basis Order” means an order for the purchase or sale of:</p> <p>(a) listed securities or quoted securities that comprise at least 80% of the component securities weighting of the underlying interest of:</p> <p>(i) a <u>listed derivative derivative instrument that is listed on an Exchange or quoted on an QTRS</u>; or</p> <p>(ii) an Exempt Exchange-traded Fund, which will be executed at prices determined in a manner acceptable to a Market Regulator that are based on the price achieved through the execution on that trading day of one or more transactions in the derivative <u>instrument</u> or Exempt Exchange-traded Fund; or</p> <p>(b) a <u>listed</u> derivative <u>instrument</u> or an Exempt Exchange-traded Fund, which will be executed at a price determined in a manner acceptable to a Market Regulator that is based on the prices achieved through the execution on that trading day of transactions in the securities that comprise at least 80% of the component security weighting of the underlying interest of the derivative <u>instrument</u> or Exempt Exchange-traded Fund, provided that prior to the entry of the order the Participant or Access Person reports to a Market</p>	<p>1.1 Definitions</p> <p>In UMIR, unless the subject matter or context otherwise requires:</p> <p>...</p> <p>“arbitrage account” means an account in which the holder makes a usual practice of buying and selling:</p> <p>(a) securities or derivatives in different markets to take advantage of differences in prices available in each market; or</p> <p>(b) securities or derivatives which are or may become convertible or exchangeable by the terms of the securities or derivatives or operation of law into other securities or derivatives in order to take advantage of differences in prices between the securities or derivatives.</p> <p>“Basis Order” means an order for the purchase or sale of:</p> <p>(a) listed securities or quoted securities that comprise at least 80% of the component securities weighting of the underlying interest of:</p> <p>(i) a listed derivative; or</p> <p>(ii) an Exempt Exchange-traded Fund, which will be executed at prices determined in a manner acceptable to a Market Regulator that are based on the price achieved through the execution on that trading day of one or more transactions in the derivative or Exempt Exchange-traded Fund; or</p> <p>(b) a listed derivative or an Exempt Exchange-traded Fund, which will be executed at a price determined in a manner acceptable to a Market Regulator that is based on the prices achieved through the execution on that trading day of transactions in the securities that comprise at least 80% of the component security weighting of the underlying interest of the derivative or Exempt Exchange-traded Fund, provided that prior to the entry of the order the Participant or Access Person reports to a Market Regulator its intention to enter the order and the details</p>

¹ Certain rule provisions are highlighted in grey to indicate the provision is not currently in effect at time of publication of the Request for Comment, but has been approved by the IROC Board and CSA under the Client Identifiers Amendments and will come into effect in July 2021 (see IROC Notice [19-0071](#) – *Amendments Respecting Client Identifiers* and IROC Notice [20-0056](#) – *Revised Implementation of Client Identifier Amendments for Listed Securities*).



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Regulator its intention to enter the order and the details of the related transactions, in the form and manner required by the Market Regulator.	of the related transactions, in the form and manner required by the Market Regulator.
<p>“best ask price” means the lowest price of an order on:</p> <p><u>(a)</u> any protected marketplace as displayed in a consolidated market display to sell a particular security <u>or</u></p> <p><u>(b)</u> <u>an Exchange as displayed to sell a listed derivative</u>,</p> <p>but does not include the price of any order that is a Basis Order, Call Market Order, Closing Price Order, Market-on-Close Order, Opening Order, Special Terms Order or Volume-Weighted Average Price Order.</p>	<p>“best ask price” means the lowest price of an order on:</p> <p>(a) any protected marketplace as displayed in a consolidated market display to sell a particular security or</p> <p>(b) an Exchange as displayed to sell a listed derivative,</p> <p>but does not include the price of any order that is a Basis Order, Call Market Order, Closing Price Order, Market-on-Close Order, Opening Order, Special Terms Order or Volume-Weighted Average Price Order.</p>
<p>“best bid price” means the highest price of an order on:</p> <p><u>(a)</u> any protected marketplace as displayed in a consolidated market display to buy a particular security <u>or</u></p> <p><u>(b)</u> <u>an Exchange as displayed to buy a listed derivative</u>,</p> <p>but does not include the price of any order that is a Basis Order, Call Market Order, Closing Price Order, Market-on-Close Order, Opening Order, Special Terms Order or Volume-Weighted Average Price Order.</p>	<p>“best bid price” means the highest price of an order on:</p> <p>(a) any protected marketplace as displayed in a consolidated market display to buy a particular security or</p> <p>(b) an Exchange as displayed to buy a listed derivative,</p> <p>but does not include the price of any order that is a Basis Order, Call Market Order, Closing Price Order, Market-on-Close Order, Opening Order, Special Terms Order or Volume-Weighted Average Price Order.</p>
<p>“bypass order” means an order <u>in a listed security</u> that is:</p> <p>(a) part of a designated trade; or</p> <p>(b) to satisfy an obligation to fill an order imposed on a Participant or Access Person by any provision of UMIR or a Policy</p> <p>and that is entered on:</p> <p>(c) a protected marketplace to execute as against the disclosed volume on that marketplace prior to the execution or cancellation of the balance of the order; or</p> <p>(d) a marketplace that is not a protected marketplace but that displays orders in a consolidated market display, to execute as against the displayed orders on that marketplace that would have been included in the disclosed volume if that marketplace had been a protected marketplace.</p>	<p>“bypass order” means an order in a listed security that is:</p> <p>(a) part of a designated trade; or</p> <p>(b) to satisfy an obligation to fill an order imposed on a Participant or Access Person by any provision of UMIR or a Policy</p> <p>and that is entered on:</p> <p>(c) a protected marketplace to execute as against the disclosed volume on that marketplace prior to the execution or cancellation of the balance of the order; or</p> <p>(d) a marketplace that is not a protected marketplace but that displays orders in a consolidated market display, to execute as against the displayed orders on that marketplace that would have been included in the disclosed volume if that marketplace had been a protected marketplace.</p>
<p>“client order” means an order for the purchase or sale of a security <u>or a derivative</u> received or originated by a Participant for the account of:</p> <p><u>(a)</u> a client of the Participant or</p> <p><u>(b)</u> a client of an affiliated entity of the Participant,</p> <p>but does not include a principal order or a non-client order.</p>	<p>“client order” means an order for the purchase or sale of a security or a derivative received or originated by a Participant for the account of:</p> <p>(a) a client of the Participant or</p> <p>(b) a client of an affiliated entity of the Participant,</p> <p>but does not include a principal order or a non-client order.</p>



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<u>“derivative” means as an option, swap, futures contract, forward contract, contract for difference or any other financial or commodity contract or instrument whose market price, value, delivery obligations, payment obligations or settlement obligations are derived from, referenced to or based on an underlying interest, including a value, price, rate, variable, index, event, probability or thing.</u>	“derivative” means as an option, swap, futures contract, forward contract, contract for difference or any other financial or commodity contract or instrument whose market price, value, delivery obligations, payment obligations or settlement obligations are derived from, referenced to or based on an underlying interest, including a value, price, rate, variable, index, event, probability or thing.
“derivatives market maker” means a person who performs <u>Marketplace Trading Obligations or other the functions</u> ordinarily associated with a market maker or specialist on an Exchange or QTRS in connection with a <u>derivative instrument listed derivative</u> .	“derivatives market maker” means a person who performs Marketplace Trading Obligations or other functions ordinarily associated with a market maker or specialist on an Exchange or QTRS in connection with a listed derivative.
“derivative-related cross” means a pre-arranged trade resulting from an order entered on a marketplace by a Participant or Access Person for a particular security that is fully offset by a trade in a related <u>derivative security that is a derivative instrument</u> .	“derivative-related cross” means a pre-arranged trade resulting from an order entered on a marketplace by a Participant or Access Person for a particular security that is fully offset by a trade in a related derivative.
direct electronic access ” means an arrangement between a Participant that is a member, user or subscriber and a client that permits the client to electronically transmit an order relating to a security <u>or a derivative</u> containing the identifier of the Participant: (a) through the systems of the Participant for automatic onward transmission to a marketplace; or (b) directly to a marketplace without being electronically transmitted through the systems of the Participant.	direct electronic access ” means an arrangement between a Participant that is a member, user or subscriber and a client that permits the client to electronically transmit an order relating to a security or a derivative containing the identifier of the Participant: (a) through the systems of the Participant for automatic onward transmission to a marketplace; or (b) directly to a marketplace without being electronically transmitted through the systems of the Participant.
“foreign dealer equivalent” means a person in the business of trading securities <u>or derivatives</u> in a foreign jurisdiction in a manner analogous to an investment dealer and that is subject to the regulatory jurisdiction of a signatory to the International Organization of Securities Commissions’ Multilateral Memorandum of Understanding in that foreign jurisdiction.	“foreign dealer equivalent” means a person in the business of trading securities or derivatives in a foreign jurisdiction in a manner analogous to an investment dealer and that is subject to the regulatory jurisdiction of a signatory to the International Organization of Securities Commissions’ Multilateral Memorandum of Understanding in that foreign jurisdiction.
“identified order execution only client” means a client using an order execution only service: (a) whose trading activity on marketplaces for which the Market Regulator is the regulation services provider exceeds a daily average of 500 orders per trading day in any calendar month, (b) that is not an individual and is registered as a dealer or adviser in accordance with applicable securities legislation, or (c) that is not an individual and is in the business of trading securities <u>or derivatives</u> in a foreign jurisdiction in a manner analogous to a dealer or adviser.	“identified order execution only client” means a client using an order execution only service: (a) whose trading activity on marketplaces for which the Market Regulator is the regulation services provider exceeds a daily average of 500 orders per trading day in any calendar month, (b) that is not an individual and is registered as a dealer or adviser in accordance with applicable securities legislation, or (c) that is not an individual and is in the business of trading securities or derivatives in a foreign jurisdiction in a manner analogous to a dealer or adviser.



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<p>“internal cross” means an intentional cross <u>in a security</u> between two accounts which are managed by a single firm acting as a portfolio manager with discretionary authority to manage the investment portfolio granted by each of the holders of the accounts and includes a trade in respect of which the Participant or Access Person is acting as a portfolio manager in authorizing the trade between the two accounts.</p>	<p>“internal cross” means an intentional cross in a security between two accounts which are managed by a single firm acting as a portfolio manager with discretionary authority to manage the investment portfolio granted by each of the holders of the accounts and includes a trade in respect of which the Participant or Access Person is acting as a portfolio manager in authorizing the trade between the two accounts.</p>
<p>“last sale price” means the price of the last sale of at least one standard trading unit of:</p> <p><u>(a)</u> a particular security displayed in a consolidated market display but does not include the price of a sale resulting from an order that is:</p> <ul style="list-style-type: none"> <u>(a)</u> a Basis Order; <u>(b)</u> a Call Market Order; <u>(c)</u> a Closing Price Order; <u>(d)</u> a Special Terms Order unless the Special Terms Order has executed with an order or orders other than a Special Terms Order; or <u>(e)</u> a Volume-Weighted Average Price Order; <p><u>(b) a particular option traded on an Exchange.</u></p>	<p>“last sale price” means the price of the last sale of at least one standard trading unit of:</p> <p>(a) a particular security displayed in a consolidated market display but does not include the price of a sale resulting from an order that is:</p> <ul style="list-style-type: none"> (i) a Basis Order; (ii) a Call Market Order; (iii) a Closing Price Order; (iv) a Special Terms Order unless the Special Terms Order has executed with an order or orders other than a Special Terms Order; or (v) a Volume-Weighted Average Price Order; <p>(b) a particular option traded on an Exchange.</p>
<p>“limit order” means an order to:</p> <p>(a) buy a security <u>or derivative</u> to be executed at a specified maximum price; or</p> <p>(b) sell a security <u>or derivative</u> to be executed at a specified minimum price.</p>	<p>“limit order” means an order to:</p> <p>(a) buy a security or derivative to be executed at a specified maximum price; or</p> <p>(b) sell a security or derivative to be executed at a specified minimum price.</p>
<p>“listed derivative” means <u>a derivative that is traded on a marketplace pursuant to standardized terms and conditions set out by that marketplace and whose trades are cleared and settled by a clearing agency.</u></p>	<p>“listed derivative” means a derivative that is traded on a marketplace pursuant to standardized terms and conditions set out by that marketplace and whose trades are cleared and settled by a clearing agency.</p>
<p>“market order” means an order to:</p> <p>(a) buy a security <u>or a derivative</u> to be executed upon entry to a marketplace at the best ask price; or</p> <p>(b) sell a security <u>or a derivative</u> to be executed upon entry to a marketplace at the best bid price.</p>	<p>“market order” means an order to:</p> <p>(a) buy a security or a derivative to be executed upon entry to a marketplace at the best ask price; or</p> <p>(b) sell a security or a derivative to be executed upon entry to a marketplace at the best bid price.</p>
<p>“Marketplace Rules” means the rules, policies and other similar instruments adopted by an Exchange or a QTRS as approved by the applicable securities regulatory authority but not including any rules, policies or other similar instruments related solely to the listing of securities <u>or</u></p>	<p>“Marketplace Rules” means the rules, policies and other similar instruments adopted by an Exchange or a QTRS as approved by the applicable securities regulatory authority but not including any rules, policies or other similar instruments related solely to the listing of securities or</p>



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derivatives on an Exchange or to the quoting of securities on a QTRS.	derivatives on an Exchange or to the quoting of securities on a QTRS.
<p>“Marketplace Trading Obligations” means obligations imposed by:</p> <p>(a) Marketplace Rules on a member or user or a person employed by a member or user to guarantee:</p> <p>(i) a two-sided market for a particular listed security or a listed derivative on a continuous or reasonably continuous basis, or</p> <p>(ii) the execution of orders for the purchase or sale of a particular security which are less than a minimum number of units of the security as designated by the marketplace; or</p> <p>(b) contract between a marketplace and a member, user or subscriber to guarantee the execution of orders for the purchase or sale of a particular security which are less than a minimum number of units of the security as stipulated by the terms of the contract provided such number is less than one standard trading unit and the orders for the member, user or subscriber are automatically generated by the trading system of the marketplace.</p>	<p>“Marketplace Trading Obligations” means obligations imposed by:</p> <p>(a) Marketplace Rules on a member or user or a person employed by a member or user to guarantee:</p> <p>(i) a two-sided market for a particular listed security or a listed derivative on a continuous or reasonably continuous basis, or</p> <p>(ii) the execution of orders for the purchase or sale of a particular security which are less than a minimum number of units of the security as designated by the marketplace; or</p> <p>(b) contract between a marketplace and a member, user or subscriber to guarantee the execution of orders for the purchase or sale of a particular security which are less than a minimum number of units of the security as stipulated by the terms of the contract provided such number is less than one standard trading unit and the orders for the member, user or subscriber are automatically generated by the trading system of the marketplace.</p>
“multiple client order” means an order that includes orders in a listed security or a listed derivative from more than one client, but does not include a principal order or a non-client order.	“multiple client order” means an order that includes orders in a listed security or a listed derivative from more than one client, but does not include a principal order or a non-client order.
<p>“non-client order” means an order for the purchase or sale of a security or a derivative received or originated by a Participant for an account:</p> <p>(a) for a partner, director, officer or a person holding a similar position or acting in a similar capacity of the Participant or of a related entity of the Participant;</p> <p>(b) for an employee of the Participant or of a related entity of the Participant who holds approval from an Exchange or a self-regulatory entity; or</p> <p>(c) which is considered to be an employee account or a non-client account by a self-regulatory entity, but does not include a principal account.</p>	<p>“non-client order” means an order for the purchase or sale of a security or a derivative received or originated by a Participant for an account:</p> <p>(a) for a partner, director, officer or a person holding a similar position or acting in a similar capacity of the Participant or of a related entity of the Participant;</p> <p>(b) for an employee of the Participant or of a related entity of the Participant who holds approval from an Exchange or a self-regulatory entity; or</p> <p>(c) which is considered to be an employee account or a non-client account by a self-regulatory entity, but does not include a principal account.</p>
“principal order” means an order for the purchase or sale of a security or a derivative received or originated by a Participant for a principal account.	“principal order” means an order for the purchase or sale of a security or a derivative received or originated by a Participant for a principal account.
“related derivative” means, in respect of a particular security or derivative, a derivative that is related to the security or derivative because the derivative’s market price, value, delivery obligations, payment obligations or settlement obligations are, in a material way, derived from, referenced to or	“related derivative” means, in respect of a particular security or derivative, a derivative that is related to the security or derivative because the derivative’s market price, value, delivery obligations, payment obligations or settlement obligations are, in a material way, derived from, referenced to or



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<p><u>based on the market price, value, delivery obligations, payment obligations or settlement obligations of the security or derivative.</u></p>	<p>based on the market price, value, delivery obligations, payment obligations or settlement obligations of the security or derivative.</p>
<p>“related security” means, in respect of a particular security <u>or derivative</u>:</p> <p>(a) a security which is convertible or exchangeable into the particular security <u>or derivative</u>; <u>or</u></p> <p>(b) a security into which the particular security <u>or derivative</u> is convertible or exchangeable; <u>;</u></p> <p>(c) a derivative instrument for which the particular security is the underlying interest;</p> <p>(d) a derivative instrument for which the market price varies materially with the market price of the particular security; and</p> <p>(e) if the particular security is a derivative instrument, a security which is the underlying interest of the derivative instrument or a significant component of an index which is the underlying interest of the derivative instrument;</p>	<p>“related security” means, in respect of a particular security or derivative:</p> <p>(a) a security which is convertible or exchangeable into the particular security or derivative, or</p> <p>(b) a security into which the particular security or derivative is convertible or exchangeable.</p>
<p>“routing arrangement” means an arrangement under which a Participant that is a member, user or subscriber permits an investment dealer or a foreign dealer equivalent to electronically transmit an order relating to a security <u>or a derivative</u> containing the identifier of the Participant:</p> <p>(a) through the systems of the Participant for automatic onward transmission to a marketplace; or</p> <p>(b) directly to a marketplace without being electronically transmitted through the systems of the Participant.</p>	<p>“routing arrangement” means an arrangement under which a Participant that is a member, user or subscriber permits an investment dealer or a foreign dealer equivalent to electronically transmit an order relating to a security or a derivative containing the identifier of the Participant:</p> <p>(a) through the systems of the Participant for automatic onward transmission to a marketplace; or</p> <p>(b) directly to a marketplace without being electronically transmitted through the systems of the Participant.</p>
<p>“standard trading unit” means, in respect of:</p> <p>(a) a <u>listed</u> derivative instrument, 1 contract;</p> <p>(b) a debt security that is a listed security or a quoted security, \$1,000 in principal amount; or</p> <p>(c) any equity or similar security:</p> <p>(i) 1,000 units of a security trading at less than \$0.10 per unit,</p> <p>(ii) 500 units of a security trading at \$0.10 or more per unit and less than \$1.00 per unit, and</p> <p>(iii) 100 units of a security trading at \$1.00 or more per unit.</p>	<p>“standard trading unit” means, in respect of:</p> <p>(a) a <u>listed</u> derivative, 1 contract;</p> <p>(b) a debt security that is a listed security or a quoted security, \$1,000 in principal amount; or</p> <p>(c) any equity or similar security:</p> <p>(i) 1,000 units of a security trading at less than \$0.10 per unit,</p> <p>(ii) 500 units of a security trading at \$0.10 or more per unit and less than \$1.00 per unit, and</p> <p>(iii) 100 units of a security trading at \$1.00 or more per unit.</p>
<p>UMIR 1.2 Interpretation</p> <p>[...]</p> <p>(2) For the purposes of UMIR, the following terms shall be as defined by applicable securities legislation except that:</p>	<p>UMIR 1.2 Interpretation</p> <p>[...]</p> <p>(2) For the purposes of UMIR, the following terms shall be as defined by applicable securities legislation except that:</p>



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<p>“person” includes any corporation, incorporated association, incorporated syndicate or other incorporated organization.</p> <p>“trade” includes a purchase or acquisition of a security <u>or a derivative</u> for valuable consideration in addition to any sale or disposition of a security <u>or a derivative</u> for valuable consideration.</p> <p><u>“security” does not include a derivative.</u></p> <p>[...]</p> <p>(8) For the purposes of determining the “best ask price” or the “best bid price” at any particular time reference is made to orders:</p> <p><u>(a) contained in a consolidated market display for a protected marketplace that is then open for trading and in respect of which trading in the particular security or</u></p> <p><u>(b) displayed on an Exchange that is then open for trading and in respect of which trading in the particular derivative</u></p> <p>on that marketplace has not been:</p> <p><u>(a-i)</u> halted, suspended or delayed for regulatory purposes in accordance with Rule 9.1; or</p> <p><u>(b-ii)</u> halted, suspended or delayed in accordance with a Marketplace Rule or a requirement of the marketplace.</p> <p>[...]</p>	<p>“person” includes any corporation, incorporated association, incorporated syndicate or other incorporated organization.</p> <p>“trade” includes a purchase or acquisition of a security or a derivative for valuable consideration in addition to any sale or disposition of a security or a derivative for valuable consideration.</p> <p>“security” does not include a derivative.</p> <p>[...]</p> <p>(8) For the purposes of determining the “best ask price” or the “best bid price” at any particular time reference is made to orders:</p> <p>(a) contained in a consolidated market display for a protected marketplace that is then open for trading and in respect of which trading in the particular security or</p> <p>(b) displayed on an Exchange that is then open for trading and in respect of which trading in the particular derivative</p> <p>on that marketplace has not been:</p> <p>(i) halted, suspended or delayed for regulatory purposes in accordance with Rule 9.1; or</p> <p>(ii) halted, suspended or delayed in accordance with a Marketplace Rule or a requirement of the marketplace.</p> <p>[...]</p>
<p>UMIR 2.2 Manipulative and Deceptive Activities</p> <p>(1) A Participant or Access Person shall not, directly or indirectly, engage in or participate in the use of any manipulative or deceptive method, act or practice in connection with any order or trade on a marketplace if the Participant or Access Person knows or ought reasonably to know the nature of the method, act or practice.</p> <p>(2) A Participant or Access Person shall not, directly or indirectly, enter an order or execute a trade on a marketplace if the Participant or Access Person knows or ought reasonably to know that the entry of the order or the execution of the trade will create or could reasonably be expected to create:</p> <p>(a) a false or misleading appearance of trading activity in or interest in the purchase or sale of the security, <u>the derivative, the related security or related derivative</u>; or</p> <p>(b) an artificial ask price, bid price or sale price for the security, <u>the derivative</u>, or a related security <u>or a related derivative</u>.</p> <p>[...]</p>	<p>UMIR 2.2 Manipulative and Deceptive Activities</p> <p>(1) A Participant or Access Person shall not, directly or indirectly, engage in or participate in the use of any manipulative or deceptive method, act or practice in connection with any order or trade on a marketplace if the Participant or Access Person knows or ought reasonably to know the nature of the method, act or practice.</p> <p>(2) A Participant or Access Person shall not, directly or indirectly, enter an order or execute a trade on a marketplace if the Participant or Access Person knows or ought reasonably to know that the entry of the order or the execution of the trade will create or could reasonably be expected to create:</p> <p>(a) a false or misleading appearance of trading activity in or interest in the purchase or sale of the security, the derivative, the related security or related derivative; or</p> <p>(b) an artificial ask price, bid price or sale price for the security, the derivative, a related security or a related derivative.</p> <p>[...]</p>



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<p>Policy 2.2 – Manipulative and Deceptive Activities Part 1 – Manipulative or Deceptive Method, Act or Practice</p> <p>There are a number of activities which, by their very nature, will be considered to be a manipulative or deceptive method, act or practice. For the purpose of subsection (1) of Rule 2.2 and without limiting the generality <u>of</u> that subsection, the following activities when undertaken on a marketplace constitute a manipulative or deceptive method, act or practice:</p> <ul style="list-style-type: none"> (a) making a fictitious trade; (b) effecting a trade in a security <u>or a derivative</u> which involves no change in the beneficial or economic ownership; and (c) effecting trades by a single interest or group with the intent of limiting the supply of a security <u>or a derivative</u> for settlement of trades made by other persons except at prices and on terms arbitrarily dictated by such interest or group. <p>If persons know or ought reasonably to know that they are engaging or participating in these or similar types of activities those persons will be in breach of subsection (1) of Rule 2.2 irrespective of whether such method, act or practice results in a false or misleading appearance of trading activity or interest in the purchase or sale of a security <u>or a derivative</u>, or an artificial ask price, bid price or sale price for a security, <u>a derivative</u> or a related security <u>or a related derivative</u>.</p>	<p>Policy 2.2 – Manipulative and Deceptive Activities Part 1 – Manipulative or Deceptive Method, Act or Practice</p> <p>There are a number of activities which, by their very nature, will be considered to be a manipulative or deceptive method, act or practice. For the purpose of subsection (1) of Rule 2.2 and without limiting the generality of that subsection, the following activities when undertaken on a marketplace constitute a manipulative or deceptive method, act or practice:</p> <ul style="list-style-type: none"> (a) making a fictitious trade; (b) effecting a trade in a security or a derivative which involves no change in the beneficial or economic ownership; and (c) effecting trades by a single interest or group with the intent of limiting the supply of a security or a derivative for settlement of trades made by other persons except at prices and on terms arbitrarily dictated by such interest or group. <p>If persons know or ought reasonably to know that they are engaging or participating in these or similar types of activities those persons will be in breach of subsection (1) of Rule 2.2 irrespective of whether such method, act or practice results in a false or misleading appearance of trading activity or interest in the purchase or sale of a security or a derivative, or an artificial ask price, bid price or sale price for a security, a derivative or a related security or a related derivative.</p>
<p>Part 2 – False or Misleading Appearance of Trading Activity or Artificial Price</p> <p>For the purposes of subsection (2) of Rule 2.2 and without limiting the generality of that subsection, if any of the following activities are undertaken on a marketplace and create or could reasonably be expected to create a false or misleading appearance of trading activity or interest in the purchase or sale of a security <u>or a derivative</u> or an artificial ask price, bid price or sale price, the entry of the order or the execution of the trade shall constitute a violation of subsection (2) of Rule 2.2:</p> <ul style="list-style-type: none"> (a) entering an order or orders for the purchase of a security <u>or a derivative</u> with the knowledge that an order or orders of substantially the same size, at 	<p>Part 2 – False or Misleading Appearance of Trading Activity or Artificial Price</p> <p>For the purposes of subsection (2) of Rule 2.2 and without limiting the generality of that subsection, if any of the following activities are undertaken on a marketplace and create or could reasonably be expected to create a false or misleading appearance of trading activity or interest in the purchase or sale of a security or a derivative or an artificial ask price, bid price or sale price, the entry of the order or the execution of the trade shall constitute a violation of subsection (2) of Rule 2.2:</p> <ul style="list-style-type: none"> (a) entering an order or orders for the purchase of a security or a derivative with the knowledge that an order or orders of substantially the same size, at



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<p>substantially the same time and at substantially the same price for the sale of that security <u>or that derivative</u>, has been or will be entered by or for the same or different persons;</p> <p>(b) entering an order or orders for the sale of a security <u>or a derivative</u> with the knowledge that an order or orders of substantially the same size, at substantially the same time and at substantially the same price for the purchase of that security <u>or a derivative</u>, has been or will be entered;</p> <p><u>(b.1) the prohibition in paragraphs (a) and (b) of Part 2 of Policy 2.2 does not apply to certain prearranged trades as determined by IIROC from time to time</u></p> <p>(c) making purchases of, or offers to purchase, a security <u>or a derivative</u> at successively higher prices or in a pattern generally of successively higher prices;</p> <p>(d) making sales of or offers to sell a security <u>or a derivative</u> at successively lower prices or in a pattern generally of successively lower prices;</p> <p>(e) entering an order or orders for the purchase or sale of a security <u>or a derivative</u> to:</p> <ul style="list-style-type: none"> (i) establish a predetermined sale price, ask price or bid price, (ii) effect a high or low closing sale price, ask price or bid price, or (iii) maintain the sale price, ask price or bid price within a predetermined range; <p>(f) entering an order or a series of orders for a security <u>or a derivative</u> that are not intended to be executed;</p> <p>(g) entering an order for the purchase of a security <u>or a derivative</u> without, at the time of entering the order, having the ability or the reasonable expectation to make the payment that would be required to settle any trade that would result from the execution of the order;</p> <p>(h) entering an order for the sale of a security <u>or a derivative</u> without, at the time of entering the order, having the reasonable expectation of settling any trade that would result from the execution of the order; and</p> <p>(i) effecting a trade in a security <u>or a derivative</u>, other than an internal cross <u>in a listed security</u>, between</p>	<p>substantially the same time and at substantially the same price for the sale of that security or that derivative, has been or will be entered by or for the same or different persons;</p> <p>(b) entering an order or orders for the sale of a security or a derivative with the knowledge that an order or orders of substantially the same size, at substantially the same time and at substantially the same price for the purchase of that security or a derivative, has been or will be entered;</p> <p>(b.1) the prohibition in paragraphs (a) and (b) of Part 2 of Policy 2.2 does not apply to certain prearranged trades as determined by IIROC from time to time</p> <p>(c) making purchases of, or offers to purchase, a security or a derivative at successively higher prices or in a pattern generally of successively higher prices;</p> <p>(d) making sales of or offers to sell a security or a derivative at successively lower prices or in a pattern generally of successively lower prices;</p> <p>(e) entering an order or orders for the purchase or sale of a security or a derivative to:</p> <ul style="list-style-type: none"> (i) establish a predetermined sale price, ask price or bid price, (ii) effect a high or low closing sale price, ask price or bid price, or (iii) maintain the sale price, ask price or bid price within a predetermined range; <p>(f) entering an order or a series of orders for a security or a derivative that are not intended to be executed;</p> <p>(g) entering an order for the purchase of a security or a derivative without, at the time of entering the order, having the ability or the reasonable expectation to make the payment that would be required to settle any trade that would result from the execution of the order;</p> <p>(h) entering an order for the sale of a security or a derivative without, at the time of entering the order, having the reasonable expectation of settling any trade that would result from the execution of the order; and</p> <p>(i) effecting a trade in a security or a derivative , other than an internal cross in a listed security, between</p>



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<p>accounts under the direction or control of the same person.</p> <p>If persons know or ought reasonably to know that they are engaging or participating in these or similar types of activities those persons will be in breach of subsection (2) of Rule 2.2 irrespective of whether such activity results in a false or misleading appearance of trading activity or interest in the purchase or sale of a security <u>or a derivative</u> or an artificial ask price, bid price or sale price for a security <u>or a derivative</u> or a related security <u>or a related derivative</u>.</p>	<p>accounts under the direction or control of the same person.</p> <p>If persons know or ought reasonably to know that they are engaging or participating in these or similar types of activities those persons will be in breach of subsection (2) of Rule 2.2 irrespective of whether such activity results in a false or misleading appearance of trading activity or interest in the purchase or sale of a security or a derivative or an artificial ask price, bid price or sale price for a security or a derivative or a related security or a related derivative.</p>
<p>Part 3 – Artificial Pricing</p> <p>For the purposes of subsection (2) of Rule 2.2, an ask price, bid price or sale price will be considered artificial if it is not justified by real demand or supply in a security <u>or a derivative</u>. Whether or not a particular price is "artificial" depends on the particular circumstances.</p> <p>Some of the relevant considerations in determining whether a price is artificial are:</p> <p>(a) the prices of the preceding trades and succeeding trades;</p> <p>(b) the change in the:</p> <p style="padding-left: 40px;">(i) last sale price,</p> <p style="padding-left: 40px;">(ii) <u>the price that would be used in the determination of the settlement price for a listed derivative</u>,</p> <p style="padding-left: 40px;">(iii) best ask price, or</p> <p style="padding-left: 40px;">(iv) best bid price</p> <p style="padding-left: 40px;">that results from the entry of the <u>an</u> order on a marketplace;</p> <p>(c) the recent liquidity of the security <u>or derivative</u>;</p> <p>(d) the time the order is entered and any instructions relevant to the time of entry of the order; and</p> <p>(e) whether any Participant, Access Person or account involved in the order:</p> <p style="padding-left: 40px;">(i) has any motivation to establish an artificial price, or</p> <p style="padding-left: 40px;">(ii) represents substantially all of the orders entered or executed for the purchase or sale of the security <u>or derivative</u>.</p>	<p>Part 3 – Artificial Pricing</p> <p>For the purposes of subsection (2) of Rule 2.2, an ask price, bid price or sale price will be considered artificial if it is not justified by real demand or supply in a security or a derivative. Whether or not a particular price is "artificial" depends on the particular circumstances.</p> <p>Some of the relevant considerations in determining whether a price is artificial are:</p> <p>(a) the prices of the preceding trades and succeeding trades;</p> <p>(b) the change in the:</p> <p style="padding-left: 40px;">(i) last sale price,</p> <p style="padding-left: 40px;">(ii) the price that would be used in the determination of the settlement price for a listed derivative,</p> <p style="padding-left: 40px;">(iii) best ask price, or</p> <p style="padding-left: 40px;">(iv) best bid price</p> <p style="padding-left: 40px;">that results from the entry of an order on a marketplace;</p> <p>(c) the recent liquidity of the security or derivative;</p> <p>(d) the time the order is entered and any instructions relevant to the time of entry of the order; and</p> <p>(e) whether any Participant, Access Person or account involved in the order:</p> <p style="padding-left: 40px;">(i) has any motivation to establish an artificial price, or</p> <p style="padding-left: 40px;">(ii) represents substantially all of the orders entered or executed for the purchase or sale of the security or derivative.</p>



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<p>The absence of any one or more of these considerations is not determinative that a price is or is not artificial.</p>	<p>The absence of any one or more of these considerations is not determinative that a price is or is not artificial.</p>
<p>UMIR 4.1 Frontrunning</p> <p>(1) A Participant with knowledge of a client order that on entry could reasonably be expected to affect the market price of a security <u>or derivative</u>, shall not, prior to the entry of such client order,</p> <ul style="list-style-type: none"> (a) enter a principal order or a non-client order on a marketplace, foreign organized regulated market or other market, including any over-the-counter market, for the purchase or sale of the security, <u>derivative</u> or any related security <u>or related derivative</u>; (b) solicit an order from any other person for the purchase or sale of the security, <u>the derivative</u>, or any related security <u>or related derivative</u>; or (c) inform any other person, other than in the necessary course of business, of the client order. <p>[...]</p>	<p>UMIR 4.1 Frontrunning</p> <p>(1) A Participant with knowledge of a client order that on entry could reasonably be expected to affect the market price of a security or derivative, shall not, prior to the entry of such client order,</p> <ul style="list-style-type: none"> (a) enter a principal order or a non-client order on a marketplace, foreign organized regulated market or other market, including any over-the-counter market, for the purchase or sale of the security, derivative or any related security or related derivative; (b) solicit an order from any other person for the purchase or sale of the security, the derivative, or any related security or related derivative; or (c) inform any other person, other than in the necessary course of business, of the client order. <p>[...]</p>
<p>Policy 4.1 Frontrunning</p> <p>Part 1 – Examples of Frontrunning</p> <p>Rule 4.1 provides that no Participant shall trade in equities <u>or derivatives</u> to take advantage of information concerning a client order that has not been entered on a market place <u>marketplace</u> that reasonably can be expected to change the prices of the equities or the related derivatives options or futures contracts. Without limiting the generality of the Rule, the following are examples of transactions covered by the prohibition:</p> <ul style="list-style-type: none"> (a) a transaction in an option, including an option where the underlying interest is an index, when the Participant has knowledge of the unentered client order for the underlying securities; (b) a transaction in a future where the underlying interest is an index when the Participant has knowledge of the unentered client order that is a program trade or index option transaction; and (c) a transaction in an index option when the Participant has knowledge of the unentered client order that is a program trade or an index futures transaction. 	<p>Policy 4.1 Frontrunning</p> <p>Part 1 – Examples of Frontrunning</p> <p>Rule 4.1 provides that no Participant shall trade in equities or derivatives to take advantage of information concerning a client order that has not been entered on a marketplace that reasonably can be expected to change the prices of the equities or the related derivatives. Without limiting the generality of the Rule, the following are examples of transactions covered by the prohibition:</p> <ul style="list-style-type: none"> (a) a transaction in an option, including an option where the underlying interest is an index, when the Participant has knowledge of the unentered client order for the underlying securities; (b) a transaction in a future where the underlying interest is an index when the Participant has knowledge of the unentered client order that is a program trade or index option transaction; and (c) a transaction in an index option when the Participant has knowledge of the unentered client order that is a program trade or an index futures transaction.



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<p>Rule 10.4 extends the prohibition to cover orders entered by a related entity of the Participant or a director, officer, partner or employee of the Participant <u>or</u> a related entity of the Participant.</p>	<p>Rule 10.4 extends the prohibition to cover orders entered by a related entity of the Participant or a director, officer, partner or employee of the Participant <u>or</u> a related entity of the Participant.</p>
<p>Part 2 – Specific Knowledge Required</p> <p>In order to constitute frontrunning contrary to Rule 4.1, the person must have specific knowledge concerning the client order that, on entry, could reasonably be expected to affect the market price of a security <u>or derivative</u>. A person with knowledge of such a client order must insure that the client order has been entered on a marketplace before that person can:</p> <ul style="list-style-type: none"> enter a principal order <u>or</u> non-client order for the security, <u>derivative</u>, or any related security <u>or any related derivative</u>; solicit an order for the security, <u>derivative</u>, or any related security <u>or any related derivative</u>; or inform any other person about the client order, other than in the necessary of course of business. <p>Trading based on non-specific pieces of market information, including rumours, does not constitute frontrunning.</p>	<p>Part 2 – Specific Knowledge Required</p> <p>In order to constitute frontrunning contrary to Rule 4.1, the person must have specific knowledge concerning the client order that, on entry, could reasonably be expected to affect the market price of a security or derivative. A person with knowledge of such a client order must insure that the client order has been entered on a marketplace before that person can:</p> <ul style="list-style-type: none"> enter a principal order or non-client order for the security, derivative, any related security or any related derivative; solicit an order for the security, derivative, any related security or any related derivative; or inform any other person about the client order, other than in the necessary of course of business. <p>Trading based on non-specific pieces of market information, including rumours, does not constitute frontrunning.</p>
<p>6.2 Designations and Identifiers</p> <p>(1) Each order <u>in a listed security</u> entered on a marketplace shall contain:</p> <p>(a) the identifier of:</p> <p>[...]</p> <p><u>(2) Each order in a listed derivative entered on an Exchange shall contain:</u></p> <p><u>(a) the identifier of:</u></p> <p><u>(i) the Participant or Access Person entering the order as assigned to the Participant or Access Person in accordance with Rule 10.15,</u></p> <p><u>(ii) the Exchange on which the order is entered as assigned to the Exchange in accordance with Rule 10.15,</u></p> <p><u>(iii) the Participant for or on behalf of whom the order is entered, if the order is a jitney order,</u></p> <p><u>(iv) the client for or on behalf of whom the order is entered under direct electronic access, and</u></p> <p><u>(v) the investment dealer or foreign dealer equivalent for or on behalf of whom the order is entered under a routing arrangement; and</u></p>	<p>6.2 Designations and Identifiers</p> <p>(1) Each order in a listed security entered on a marketplace shall contain:</p> <p>(a) the identifier of:</p> <p>[...]</p> <p>(2) Each order in a listed derivative entered on an Exchange shall contain:</p> <p>(a) the identifier of:</p> <p>(i) the Participant or Access Person entering the order as assigned to the Participant or Access Person in accordance with Rule 10.15,</p> <p>(ii) the Exchange on which the order is entered as assigned to the Exchange in accordance with Rule 10.15,</p> <p>(iii) the Participant for or on behalf of whom the order is entered, if the order is a jitney order,</p> <p>(iv) the client for or on behalf of whom the order is entered under direct electronic access, and</p> <p>(v) the investment dealer or foreign dealer equivalent for or on behalf of whom the order is entered under a routing arrangement; and</p>



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<p><u>(b) a designation acceptable to the Market Regulator for the Exchange on which the order is entered, if the order is:</u></p> <ul style="list-style-type: none"> <u>(i) a non-client order,</u> <u>(ii) a principal order,</u> <u>(iii) for the account of a derivatives market maker,</u> <u>(iv) for the account of a person who is an insider of the issuer of the underlying security which is the subject of the order,</u> <u>(v) for the account of a person who is a significant shareholder of the issuer of the underlying security which is the subject of the order,</u> <u>(vi) one that includes an opening or closing transaction indicator</u> <u>(vii) of a type for which the Market Regulator may from time to time require a specific or particular designation.</u> <p>...</p> <p>(2) <u>(3)</u> 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:</p> <ul style="list-style-type: none"> (a) any condition on the execution of the order; and (b) the settlement date. <p>(3) <u>(4)</u> 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).</p> <p>(4) <u>(5)</u> Each order entered on a marketplace including all designations and identifiers required by subsection (1) <u>and</u> <u>(2)</u> shall be disclosed to each Market Regulator.</p> <p>(5) <u>(6)</u> The marketplace on which the order is entered shall determine if the identifier of the Participant or the marketplace shall be displayed:</p> <ul style="list-style-type: none"> <u>(a) in a consolidated market display for a security,</u> <u>or</u> <u>(b) in a marketplace for a derivative.</u> <p>(6) <u>(7)</u> Unless otherwise permitted or directed by the Market Regulator, a marketplace shall:</p> <ul style="list-style-type: none"> (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 	<p>(b) a designation acceptable to the Market Regulator for the Exchange on which the order is entered, if the order is:</p> <ul style="list-style-type: none"> (i) a non-client order, (ii) a principal order, (iii) for the account of a derivatives market maker, (iv) for the account of a person who is an insider of the issuer of the underlying security which is the subject of the order, (v) for the account of a person who is a significant shareholder of the issuer of the underlying security which is the subject of the order, (vi) one that includes an opening or closing transaction indicator (vii) of a type for which the Market Regulator may from time to time require a specific or particular designation. <p>...</p> <p>(3) 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:</p> <ul style="list-style-type: none"> (a) any condition on the execution of the order; and (b) the settlement date. <p>(4) 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).</p> <p>(5) Each order entered on a marketplace including all designations and identifiers required by subsection (1) and (2) shall be disclosed to each Market Regulator.</p> <p>(6) The marketplace on which the order is entered shall determine if the identifier of the Participant or the marketplace shall be displayed:</p> <ul style="list-style-type: none"> (a) in a consolidated market display for a security, or (b) in a marketplace for a derivative. <p>(7) Unless otherwise permitted or directed by the Market Regulator, a marketplace shall:</p> <ul style="list-style-type: none"> (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



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<p>(b) not disclose for display in a consolidated market display any designation attached to an order that is required by:</p> <p><u>(i) sub-clause (viii) to (xvii) inclusive of clause (1)(b);</u></p> <p><u>(ii) sub-clause (i) to (vii) inclusive of clause (2)(b).</u></p>	<p>(b) not disclose for display in a consolidated market display any designation attached to an order that is required by:</p> <p>(i) sub-clause (viii) to (xvii) inclusive of clause (1)(b)</p> <p>(ii) sub-clause (i) to (vii) inclusive of clause (2)(b).</p>
<p>UMIR 7.1 Trading Supervision Obligations</p> <p>(1) Each Participant shall develop, implement and maintain written policies and procedures to be followed by directors, officers, partners and employees of the Participant that are reasonably designed, taking into account the business and affairs of the Participant to ensure compliance with UMIR and each Policy <u>as applicable</u>.</p> <p>(2) Prior to the entry of an order on a marketplace by a Participant, the Participant shall comply with:</p> <p>(a) applicable regulatory standards with respect to the review, acceptance and approval of orders;</p> <p>(b) the policies and procedures adopted in accordance with subsection (1); and</p> <p>(c) all <u>applicable</u> requirements of UMIR and each Policy.</p> <p>[...]</p>	<p>UMIR 7.1 Trading Supervision Obligations</p> <p>(1) Each Participant shall develop, implement and maintain written policies and procedures to be followed by directors, officers, partners and employees of the Participant that are reasonably designed, taking into account the business and affairs of the Participant to ensure compliance with UMIR and each Policy as applicable.</p> <p>(2) Prior to the entry of an order on a marketplace by a Participant, the Participant shall comply with:</p> <p>(a) applicable regulatory standards with respect to the review, acceptance and approval of orders;</p> <p>(b) the policies and procedures adopted in accordance with subsection (1); and</p> <p>(c) all applicable requirements of UMIR and each Policy.</p> <p>[...]</p>
<p>Policy 7.1 Trading Supervision Obligations</p> <p>Part 1 – Responsibility for Supervision and Compliance</p> <p>For the purposes of Rule 7.1, a Participant shall supervise its employees, directors and officers and, if applicable, partners to ensure that trading in securities <u>or derivatives</u> on a marketplace (an Exchange, QTRS or ATS) is carried out in compliance with the applicable Requirements (which includes provisions of securities legislation, UMIR, the Trading Rules and the Marketplace Rules of any applicable Exchange or QTRS). An effective supervision system requires a strong overall commitment on the part of the Participant, through its board of directors, to develop and implement a clearly defined set of policies and procedures that are reasonably designed to prevent and detect violations of Requirements. The board of directors of a Participant is responsible for the overall stewardship of the firm with a specific responsibility to supervise the management of the firm. On an ongoing basis, the board of directors must ensure that the principal risks for non-compliance with Requirements have been identified and that appropriate supervision and compliance procedures to manage those risks have been implemented.</p> <p>[...]</p>	<p>Policy 7.1 Trading Supervision Obligations</p> <p>Part 1 – Responsibility for Supervision and Compliance</p> <p>For the purposes of Rule 7.1, a Participant shall supervise its employees, directors and officers and, if applicable, partners to ensure that trading in securities or derivatives on a marketplace (an Exchange, QTRS or ATS) is carried out in compliance with the applicable Requirements (which includes provisions of securities legislation, UMIR, the Trading Rules and the Marketplace Rules of any applicable Exchange or QTRS). An effective supervision system requires a strong overall commitment on the part of the Participant, through its board of directors, to develop and implement a clearly defined set of policies and procedures that are reasonably designed to prevent and detect violations of Requirements. The board of directors of a Participant is responsible for the overall stewardship of the firm with a specific responsibility to supervise the management of the firm. On an ongoing basis, the board of directors must ensure that the principal risks for non-compliance with Requirements have been identified and that appropriate supervision and compliance procedures to manage those risks have been implemented.</p> <p>[...]</p>



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<p>In addition, the “post order entry” compliance testing should recognize that the limited involvement of staff of the Participant in the entry of orders by a client under direct electronic access, an investment dealer or foreign dealer equivalent under a routing arrangement or a client through an order execution service may restrict the ability of the Participant to detect orders that are not in compliance with specific rules. For example, “post order entry” compliance testing may be focused on whether an order entered by a client under direct electronic access , an investment dealer or foreign dealer equivalent under a routing arrangement or a client through an order execution service:</p> <ul style="list-style-type: none"> • has created an artificial price contrary to Rule 2.2; • is part of a “wash trade” (in circumstances where the client has more than one account with the Participant); • is an unmarked short sale (if the trading system of the Participant _does not automatically code as “short” any sale of a security not then held in the account of the client other than a client required to use the “short-marking exempt” designation); and <p>has complied with other order marking requirements and in particular the requirement to mark an order as from an insider or significant shareholder (unless the trading system of the Participant restricts trading activities in affected securities or derivatives).</p>	<p>In addition, the “post order entry” compliance testing should recognize that the limited involvement of staff of the Participant in the entry of orders by a client under direct electronic access, an investment dealer or foreign dealer equivalent under a routing arrangement or a client through an order execution service may restrict the ability of the Participant to detect orders that are not in compliance with specific rules. For example, “post order entry” compliance testing may be focused on whether an order entered by a client under direct electronic access , an investment dealer or foreign dealer equivalent under a routing arrangement or a client through an order execution service:</p> <ul style="list-style-type: none"> • has created an artificial price contrary to Rule 2.2; • is part of a “wash trade” (in circumstances where the client has more than one account with the Participant); • is an unmarked short sale (if the trading system of the Participant _does not automatically code as “short” any sale of a security not then held in the account of the client other than a client required to use the “short-marking exempt” designation); and <p>has complied with other order marking requirements and in particular the requirement to mark an order as from an insider or significant shareholder (unless the trading system of the Participant restricts trading activities in affected securities or derivatives).</p>
<p>Policy 7.1 Trading Supervision Obligations Part 2 – Minimum Elements of a Supervision System For the purposes of Rule 7.1, a supervision system consists of both policies and procedures aimed at preventing violations from occurring and compliance procedures aimed at detecting whether violations have occurred. The Market Regulator recognizes that there is no one supervision system that will be appropriate for all Participants. Given the differences among firms in terms of their size, the nature of their business, whether they are engaged in business in more than one location or jurisdiction, the experience and training of their employees and the fact that effective compliance can be achieved in a variety of ways, this Policy does not mandate any particular type or method of supervision of trading activity. Furthermore, compliance with this Policy does not relieve Participants from complying with specific Requirements that may apply in certain circumstances. In particular, in accordance with subsection (2) of Rule 10.1, orders entered (including orders entered by a client under</p>	<p>Policy 7.1 Trading Supervision Obligations Part 2 – Minimum Elements of a Supervision System For the purposes of Rule 7.1, a supervision system consists of both policies and procedures aimed at preventing violations from occurring and compliance procedures aimed at detecting whether violations have occurred. The Market Regulator recognizes that there is no one supervision system that will be appropriate for all Participants. Given the differences among firms in terms of their size, the nature of their business, whether they are engaged in business in more than one location or jurisdiction, the experience and training of their employees and the fact that effective compliance can be achieved in a variety of ways, this Policy does not mandate any particular type or method of supervision of trading activity. Furthermore, compliance with this Policy does not relieve Participants from complying with specific Requirements that may apply in certain circumstances. In particular, in accordance with subsection (2) of Rule 10.1, orders entered (including orders entered by a client under</p>



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<p>direct electronic access, an investment dealer or foreign dealer equivalent under a routing arrangement or by a client through an order execution service) must comply with the Marketplace Rules on which the order is entered and the Marketplace Rules on which the order is executed. Participants must develop, implement and maintain supervision and compliance procedures that exceed the elements identified in this Policy where the circumstances warrant. For example, previous disciplinary proceedings, warning and caution letters from the Market Regulator or the identification of problems with the supervision system or procedures by the Participant or the Market Regulator may warrant the implementation of more frequent supervision or compliance testing and more detailed supervision or compliance procedures.</p> <p>Regardless of the circumstances of the Participant, however, every Participant must:</p> <ol style="list-style-type: none"> 1. Identify the relevant Requirements, securities laws and other regulatory requirements that apply to the lines of business in which the Participant is engaged (the “Trading Requirements”). 2. Document the supervision system by preparing a written policies and procedures manual. The manual must be accessible to all relevant employees. The manual must be kept current and Participants are advised to maintain an historical copy. 3. Ensure that employees responsible for trading in securities <u>or derivatives</u> are appropriately registered and trained and that they are knowledgeable about the Trading Requirements that apply to their responsibilities. Persons with supervisory responsibility must ensure that employees under their supervision are appropriately registered and trained. Each Participant should provide a continuing training and education program to ensure that its employees remain informed of and knowledgeable about changes to the rules and regulations that apply to their responsibilities. <p>[...]</p>	<p>direct electronic access, an investment dealer or foreign dealer equivalent under a routing arrangement or by a client through an order execution service) must comply with the Marketplace Rules on which the order is entered and the Marketplace Rules on which the order is executed. Participants must develop, implement and maintain supervision and compliance procedures that exceed the elements identified in this Policy where the circumstances warrant. For example, previous disciplinary proceedings, warning and caution letters from the Market Regulator or the identification of problems with the supervision system or procedures by the Participant or the Market Regulator may warrant the implementation of more frequent supervision or compliance testing and more detailed supervision or compliance procedures.</p> <p>Regardless of the circumstances of the Participant, however, every Participant must:</p> <ol style="list-style-type: none"> 1. Identify the relevant Requirements, securities laws and other regulatory requirements that apply to the lines of business in which the Participant is engaged (the “Trading Requirements”). 2. Document the supervision system by preparing a written policies and procedures manual. The manual must be accessible to all relevant employees. The manual must be kept current and Participants are advised to maintain an historical copy. 3. Ensure that employees responsible for trading in securities or derivatives are appropriately registered and trained and that they are knowledgeable about the Trading Requirements that apply to their responsibilities. Persons with supervisory responsibility must ensure that employees under their supervision are appropriately registered and trained. Each Participant should provide a continuing training and education program to ensure that its employees remain informed of and knowledgeable about changes to the rules and regulations that apply to their responsibilities. <p>[...]</p>
<p>Policy 7.1 Trading Supervision Obligations Part 3 – Supervision and Compliance Procedures for Trading on a Marketplace</p> <p>Each Participant must develop, implement and maintain supervision and compliance procedures for trading in securities <u>or derivatives</u> on a marketplace that are appropriate for its size, the nature of its business and whether it carries on business in more than one location or jurisdiction. Such procedures should be developed having regard to the training and experience of its employees and</p>	<p>Policy 7.1 Trading Supervision Obligations Part 3 – Supervision and Compliance Procedures for Trading on a Marketplace</p> <p>Each Participant must develop, implement and maintain supervision and compliance procedures for trading in securities or derivatives on a marketplace that are appropriate for its size, the nature of its business and whether it carries on business in more than one location or jurisdiction. Such procedures should be developed having regard to the training and experience of its employees and</p>



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<p>whether the firm or its employees have been previously disciplined or warned by the Market Regulator concerning the violations of the Requirements. Participants must identify any high-risk areas and ensure that their policies and procedures are adequately designed to address these heightened risks.</p> <p>In developing supervision systems, Participants must identify any exception reports, trading data and any other relevant documents to be reviewed. In appropriate cases, relevant information that cannot be obtained or generated by the Participant should be sought from sources outside the firm including from the Market Regulator.</p> <p>Each Participant must develop written policies and procedures in relation to all Requirements that apply to their business activities.</p> <p>[...]</p>	<p>whether the firm or its employees have been previously disciplined or warned by the Market Regulator concerning the violations of the Requirements. Participants must identify any high-risk areas and ensure that their policies and procedures are adequately designed to address these heightened risks.</p> <p>In developing supervision systems, Participants must identify any exception reports, trading data and any other relevant documents to be reviewed. In appropriate cases, relevant information that cannot be obtained or generated by the Participant should be sought from sources outside the firm including from the Market Regulator.</p> <p>Each Participant must develop written policies and procedures in relation to all Requirements that apply to their business activities.</p> <p>[...]</p>
<p>Policy 7.1 Trading Supervision Obligations Part 5 – Specific Procedures Respecting Manipulative and Deceptive Activities and Reporting and Gatekeeper Obligations</p> <p>Each Participant must develop, implement and maintain a supervision system to ensure that orders entered on a marketplace by or through a Participant are not part of a manipulative or deceptive method, act or practice nor an attempt to create an artificial price or a false or misleading appearance of trading activity or interest in the purchase or sale of a security <u>or a derivative</u>.</p> <p>In particular, the policies and procedures must address:</p> <ul style="list-style-type: none"> the steps to be taken to monitor the trading activities of: <ul style="list-style-type: none"> o an insider or an associate of an insider o part of or an associate of a promotional group or other group with an interest in effecting an artificial price, either for banking and margin purposes, for purposes of effecting a distribution of the securities of the issuer or for any other improper purpose the steps to be taken to monitor the trading activity of any person who has multiple accounts with the Participant including other accounts in which the person has an interest or over which the person has direction or control those circumstances when the Participant is unable to verify certain information (such as the beneficial ownership of the account on behalf of which the order is entered, unless that information is required by applicable regulatory requirements) 	<p>Policy 7.1 Trading Supervision Obligations Part 5 – Specific Procedures Respecting Manipulative and Deceptive Activities and Reporting and Gatekeeper Obligations</p> <p>Each Participant must develop, implement and maintain a supervision system to ensure that orders entered on a marketplace by or through a Participant are not part of a manipulative or deceptive method, act or practice nor an attempt to create an artificial price or a false or misleading appearance of trading activity or interest in the purchase or sale of a security <u>or a derivative</u>.</p> <p>In particular, the policies and procedures must address:</p> <ul style="list-style-type: none"> the steps to be taken to monitor the trading activities of: <ul style="list-style-type: none"> o an insider or an associate of an insider o part of or an associate of a promotional group or other group with an interest in effecting an artificial price, either for banking and margin purposes, for purposes of effecting a distribution of the securities of the issuer or for any other improper purpose the steps to be taken to monitor the trading activity of any person who has multiple accounts with the Participant including other accounts in which the person has an interest or over which the person has direction or control those circumstances when the Participant is unable to verify certain information (such as the beneficial ownership of the account on behalf of which the order is entered, unless that information is required by applicable regulatory requirements)



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<ul style="list-style-type: none"> the fact that orders which are intended to or which affect an artificial price are more likely to appear at the end of a month, quarter or year or on the date of the expiry of options where the underlying interest is a listed security, and the fact that orders which are intended to or which affect an artificial price or a false or misleading appearance of trading activity or investor interest are more likely to involve securities or derivatives with limited liquidity. <p>[...]</p>	<ul style="list-style-type: none"> the fact that orders which are intended to or which affect an artificial price are more likely to appear at the end of a month, quarter or year or on the date of the expiry of options where the underlying interest is a listed security, and the fact that orders which are intended to or which affect an artificial price or a false or misleading appearance of trading activity or investor interest are more likely to involve securities or derivatives with limited liquidity. <p>[...]</p>
<p>Policy 7.1 Trading Supervision Obligations Part 7 – Specific Provisions Applicable to Electronic Access</p> <p>Trading supervision related to electronic access to marketplaces must be performed by a Participant or Access Person in accordance with a documented system of risk management and supervisory controls, policies and procedures reasonably designed to ensure the management of the financial, regulatory and other risks associated with electronic access to marketplaces. The risk management and supervisory controls, policies and procedures employed by a Participant or Access Persons must include:</p> <ul style="list-style-type: none"> automated controls to examine each order before entry on a marketplace to prevent the entry of an order which would result in: <ul style="list-style-type: none"> the Participant or Access Person exceeding pre-determined credit or capital thresholds a client of the Participant exceeding pre-determined credit or other limits assigned by the Participant or to that client, or the Participant, Access Person or client of the Participant exceeding pre-determined limits on the value or volume of unexecuted orders for a particular security or derivative or class of securities or derivatives provisions to prevent the entry of an order that is not in compliance with applicable Requirements provision of immediate order and trade information to compliance staff of the Participant or Access Person regular post-trade monitoring for compliance with Requirements. <p>[...]</p>	<p>Policy 7.1 Trading Supervision Obligations Part 7 – Specific Provisions Applicable to Electronic Access</p> <p>Trading supervision related to electronic access to marketplaces must be performed by a Participant or Access Person in accordance with a documented system of risk management and supervisory controls, policies and procedures reasonably designed to ensure the management of the financial, regulatory and other risks associated with electronic access to marketplaces. The risk management and supervisory controls, policies and procedures employed by a Participant or Access Persons must include:</p> <ul style="list-style-type: none"> automated controls to examine each order before entry on a marketplace to prevent the entry of an order which would result in: <ul style="list-style-type: none"> the Participant or Access Person exceeding pre-determined credit or capital thresholds a client of the Participant exceeding pre-determined credit or other limits assigned by the Participant or to that client, or the Participant, Access Person or client of the Participant exceeding pre-determined limits on the value or volume of unexecuted orders for a particular security or derivative or class of securities or derivatives provisions to prevent the entry of an order that is not in compliance with applicable Requirements provision of immediate order and trade information to compliance staff of the Participant or Access Person regular post-trade monitoring for compliance with Requirements. <p>[...]</p>



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<p>Policy 7.1 Trading Supervision Obligations Part 10 – Specific Procedures Respecting Audit Trail and Record Retention Requirements</p> <p>Each Participant must develop, implement and maintain a supervision system to ensure that an accurate and complete audit trail of orders and trades under Rule 10.11 and Rule 10.12 is recorded and maintained.</p> <p>At a minimum, policies and procedures regarding audit trail requirements must ensure the accurate recording of the following information for each order and trade as applicable:</p> <ul style="list-style-type: none"> • date and time of entry, amendment, cancellation, execution and expiration • quantity • buy, sell or short-sale marker • market or limit order marker • price (if limit order) • security name or symbol <u>of security or derivative</u> • identity of order recipient or trader • client name or account number and special client instructions • client consent • applicable designations and identifiers under Rule 6.2 (identifier would allow compliance and regulators to track the history of the order, from time of order entry to execution or expiration) • for CFOD orders, subsequent time of entry and quantity or price changes. <p>Sample sets must be randomly selected to proportionately cover orders and trades related to all lines of business of a Participant. Reviews for compliance with Audit Trail Requirements must be carried out at least on a quarterly basis and reviews for compliance with Record Retention Requirements must be carried out at least annually. [...]</p>	<p>Policy 7.1 Trading Supervision Obligations Part 10 – Specific Procedures Respecting Audit Trail and Record Retention Requirements</p> <p>Each Participant must develop, implement and maintain a supervision system to ensure that an accurate and complete audit trail of orders and trades under Rule 10.11 and Rule 10.12 is recorded and maintained.</p> <p>At a minimum, policies and procedures regarding audit trail requirements must ensure the accurate recording of the following information for each order and trade as applicable:</p> <ul style="list-style-type: none"> • date and time of entry, amendment, cancellation, execution and expiration • quantity • buy, sell or short-sale marker • market or limit order marker • price (if limit order) • name or symbol of security or derivative • identity of order recipient or trader • client name or account number and special client instructions • client consent • applicable designations and identifiers under Rule 6.2 (identifier would allow compliance and regulators to track the history of the order, from time of order entry to execution or expiration) • for CFOD orders, subsequent time of entry and quantity or price changes. <p>Sample sets must be randomly selected to proportionately cover orders and trades related to all lines of business of a Participant. Reviews for compliance with Audit Trail Requirements must be carried out at least on a quarterly basis and reviews for compliance with Record Retention Requirements must be carried out at least annually. [...]</p>
<p>UMIR 7.2 Proficiency Obligations</p> <p>(1) No order to purchase or sell a security <u>or a derivative</u> shall be entered by a Participant on a marketplace unless the Participant or the director, officer, partner or employee of the Participant entering the order or responsible for the order has:</p> <p>(a) completed the Trader Training Course of the Canadian Securities Institute or such course, examination or other means of demonstrating proficiency in UMIR and Policies as may be acceptable to the Market Regulator of the marketplace on which the</p>	<p>UMIR 7.2 Proficiency Obligations</p> <p>(1) No order to purchase or sell a security or a derivative shall be entered by a Participant on a marketplace unless the Participant or the director, officer, partner or employee of the Participant entering the order or responsible for the order has:</p> <p>(a) completed the Trader Training Course of the Canadian Securities Institute or such course, examination or other means of demonstrating proficiency in UMIR and Policies as may be acceptable to the Market Regulator of the marketplace on which the</p>



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<p>order is entered or the applicable securities regulatory authority; or (b) received approval of an Exchange or QTRS for the entry of orders to the trading system of that Exchange or QTRS.</p> <p>(2) A marketplace shall ensure that each Access Person with access to that marketplace is trained in such provisions of UMIR and such Policies as may be applicable to an Access Person.</p>	<p>order is entered or the applicable securities regulatory authority; or (b) received approval of an Exchange or QTRS for the entry of orders to the trading system of that Exchange or QTRS.</p> <p>(2) A marketplace shall ensure that each Access Person with access to that marketplace is trained in such provisions of UMIR and such Policies as may be applicable to an Access Person.</p>
<p>7.3 Liability for Bids, Offers and Trades</p> <p>(1) All bids and offers for securities <u>or derivatives</u> made and accepted on a marketplace shall be binding and all contracts thereby effected shall be subject to the exercise by the marketplace on which the trade is executed of the powers vested in the marketplace and the Market Regulator of that marketplace.</p> <p>(2) A Participant shall be responsible for all bids and offers that are entered into, or arise by operation of the trading system of a marketplace and that originate from any terminal or computer system allowing access to trading on the marketplace that is operated by or is under the control of that Participant whether or not the Participant has authorized the entry of the order.</p> <p>(3) Subject to the obligation of an Access Person for compliance with applicable provisions of UMIR and the Policies, an ATS shall be responsible for all bids and offers that are entered into, or arise by operation of the trading system of the ATS and that originate from any terminal or computer system allowing access to trading on the ATS that is operated by or is under the control of the Access Person of that ATS whether or not the Access Person has authorized the entry of the order.</p>	<p>7.3 Liability for Bids, Offers and Trades</p> <p>(1) All bids and offers for securities or derivatives_{made} and accepted on a marketplace shall be binding and all contracts thereby effected shall be subject to the exercise by the marketplace on which the trade is executed of the powers vested in the marketplace and the Market Regulator of that marketplace.</p> <p>(2) A Participant shall be responsible for all bids and offers that are entered into, or arise by operation of the trading system of a marketplace and that originate from any terminal or computer system allowing access to trading on the marketplace that is operated by or is under the control of that Participant whether or not the Participant has authorized the entry of the order.</p> <p>(3) Subject to the obligation of an Access Person for compliance with applicable provisions of UMIR and the Policies, an ATS shall be responsible for all bids and offers that are entered into, or arise by operation of the trading system of the ATS and that originate from any terminal or computer system allowing access to trading on the ATS that is operated by or is under the control of the Access Person of that ATS whether or not the Access Person has authorized the entry of the order.</p>
<p>7.4 Contract Record and Official Transaction Record</p> <p>(1) The electronic record of an order or a trade in a security <u>or a derivative</u> as provided by a marketplace to an information processor or an information vendor in accordance with the Marketplace Operation Instrument is the official transaction record for the purpose of determining:</p> <ul style="list-style-type: none"> (a) best ask price; (b) best bid price; and (c) last sale price. <p>(2) Despite subsection (1), the electronic record of a trade in a security <u>or a derivative</u> as maintained by the marketplace on which the trade occurred shall be the record of the contract made on that trade and in the event of a dispute between parties to the contract or</p>	<p>7.4 Contract Record and Official Transaction Record</p> <p>(1) The electronic record of an order or a trade in a security or a derivative_{as} provided by a marketplace to an information processor or an information vendor in accordance with the Marketplace Operation Instrument is the official transaction record for the purpose of determining:</p> <ul style="list-style-type: none"> (a) best ask price; (b) best bid price; and (c) last sale price. <p>(2) Despite subsection (1), the electronic record of a trade in a security or a derivative_{as} maintained by the marketplace on which the trade occurred shall be the record of the contract made on that trade and in the event of a dispute between parties to the contract or</p>



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<p>discrepancy with the records of the clearing agency effect shall be given to the record of the marketplace.</p> <p>(3) Each marketplace shall provide to the information processor or information vendor information respecting each cancellation, variation or correction of a trade as soon as practicable after the cancellation, variation or correction has been made to the record of the contract as maintained by the marketplace and the information processor or information vendor shall amend the transaction record accordingly.</p>	<p>discrepancy with the records of the clearing agency effect shall be given to the record of the marketplace.</p> <p>(3) Each marketplace shall provide to the information processor or information vendor information respecting each cancellation, variation or correction of a trade as soon as practicable after the cancellation, variation or correction has been made to the record of the contract as maintained by the marketplace and the information processor or information vendor shall amend the transaction record accordingly.</p>
<p>7.9 Trading in Listed or Quoted Securities <u>or Derivatives</u> by a Derivatives Market Maker</p> <p>A Participant who is a derivatives market maker shall comply when trading on any marketplace with such additional requirements as may be required by:</p> <p>(a) an Exchange when trading on that Exchange in listed securities <u>or listed derivatives</u>; and</p> <p>(b) a QTRS when trading on that QTRS in quoted securities.</p>	<p>7.9 Trading in Listed or Quoted Securities or Derivatives by a Derivatives Market Maker</p> <p>A Participant who is a derivatives market maker shall comply when trading on any marketplace with such additional requirements as may be required by:</p> <p>(a) an Exchange when trading on that Exchange in listed securities or listed derivatives; and</p> <p>(b) a QTRS when trading on that QTRS in quoted securities.</p>
<p><u>7.14 Position limits for listed derivatives</u></p> <p><u>(1) No Participant, acting as principal or agent, shall enter an order to transact in a listed derivative if the Participant has reason to believe that as a result of the transaction the Participant or its client would, acting alone or in concert with others, directly or indirectly, hold or control a position in excess of the position limits established by an Exchange.</u></p> <p><u>(2) Notwithstanding subsection (1), the Market Regulator may modify the position limits established by an Exchange if it believes that it is necessary to maintain a fair and orderly market.</u></p>	<p>7.14 Position limits for listed derivatives</p> <p>(1) No Participant, acting as principal or agent, shall enter an order to transact in a listed derivative if the Participant has reason to believe that as a result of the transaction the Participant or its client would, acting alone or in concert with others, directly or indirectly, hold or control a position in excess of the position limits established by an Exchange.</p> <p>(2) Notwithstanding subsection (1), the Market Regulator may modify the position limits established by an Exchange if it believes that it is necessary to maintain a fair and orderly market.</p>
<p>9.1 Regulatory Halts, Delays and Suspensions of Trading</p> <p>(1) Regulatory Halts and Suspensions - No order for the purchase or sale of a security <u>or a derivative</u> shall be executed on a marketplace or over-the-counter, at any time while:</p> <p>(a) an order of a securities regulatory authority to cease trading in the security, <u>derivative, related security or related derivative</u> remains in effect;</p> <p>(b) in the case of a listed security <u>or a listed derivative</u>, the Market Regulator of the Exchange on which the security <u>or derivative</u> is listed has halted or suspended trading in the security <u>or derivative</u> while such halt or suspension remains in effect;</p> <p>(c) in the case of a quoted security, the Market Regulator of the QTRS has halted or suspended trading in the</p>	<p>9.1 Regulatory Halts, Delays and Suspensions of Trading</p> <p>(1) Regulatory Halts and Suspensions - No order for the purchase or sale of a security or a derivative shall be executed on a marketplace or over-the-counter, at any time while:</p> <p>(a) an order of a securities regulatory authority to cease trading in the security, derivative, related security or related derivative remains in effect;</p> <p>(b) in the case of a listed security or a listed derivative, the Market Regulator of the Exchange on which the security or derivative is listed has halted or suspended trading in the security or derivative while such halt or suspension remains in effect;</p> <p>(c) in the case of a quoted security, the Market Regulator of the QTRS has halted or suspended trading in the</p>



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<p>security while such halt or suspension remains in effect; and</p> <p>(d) in the case of any security other than a listed security or a quoted security, a Market Regulator of an ATS on which such security may trade has halted trading for the purposes of the public dissemination of material information respecting such security or the issuer of such security.</p> <p>(2) Regulatory Delay - No order for the purchase or sale of a security <u>or derivative</u> shall be executed on a marketplace or over-the-counter, at any time while:</p> <p>(a) in the case of a listed security <u>or a listed derivative</u>, the Market Regulator of the Exchange on which the security <u>or derivative</u> is listed has delayed trading in the security <u>or derivative</u> while such delay remains in effect; and</p> <p>(b) in the case of a quoted security, the Market Regulator of the QTRS has delayed trading in the security while such delay remains in effect.</p> <p>(3) Exceptions for Non-Regulatory Purposes - Despite subsections (1) and (2), an order may be entered on a marketplace or an order may trade on a marketplace, if the Exchange or QTRS has:</p> <p>(a) suspended trading in the security <u>or derivative</u> by reason only that the issuer of the security <u>or underlying security</u> has:</p> <p>(i) ceased to meeting listing or quotation requirements established by the Exchange or QTRS, or</p> <p>(ii) failed to pay to the Exchange or QTRS any fees in respect of the listing or quotation of securities of the issuer <u>or underlying securities of a derivative</u>; or</p> <p>(b) delayed or halted trading in the security <u>or the derivative</u> as a result of:</p> <p>(i) technical problems affecting only the trading system of the Exchange or QTRS, or</p> <p>(ii) the application of a Marketplace Rule.</p> <p>(4) Trading Outside Canada During Regulatory Halts, Delays and Suspensions - If trading in a security has been prohibited on a marketplace in accordance with clauses (1)(b), (c) or (d) or subsection (2), a Participant may execute a trade in the security, if permitted by applicable securities legislation, outside of Canada on a foreign organized regulated market.</p>	<p>security while such halt or suspension remains in effect; and</p> <p>(d) in the case of any security other than a listed security or a quoted security, a Market Regulator of an ATS on which such security may trade has halted trading for the purposes of the public dissemination of material information respecting such security or the issuer of such security.</p> <p>(2) Regulatory Delay - No order for the purchase or sale of a security or derivative shall be executed on a marketplace or over-the-counter, at any time while:</p> <p>(a) in the case of a listed security or a listed derivative, the Market Regulator of the Exchange on which the security or derivative is listed has delayed trading in the security or derivative while such delay remains in effect; and</p> <p>(b) in the case of a quoted security, the Market Regulator of the QTRS has delayed trading in the security while such delay remains in effect.</p> <p>(3) Exceptions for Non-Regulatory Purposes - Despite subsections (1) and (2), an order may be entered on a marketplace or an order may trade on a marketplace, if the Exchange or QTRS has:</p> <p>(a) suspended trading in the security or derivative by reason only that the issuer of the security or underlying security has:</p> <p>(i) ceased to meeting listing or quotation requirements established by the Exchange or QTRS, or</p> <p>(ii) failed to pay to the Exchange or QTRS any fees in respect of the listing or quotation of securities of the issuer or underlying securities of a derivative; or</p> <p>(b) delayed or halted trading in the security or the derivative as a result of:</p> <p>(i) technical problems affecting only the trading system of the Exchange or QTRS, or</p> <p>(ii) the application of a Marketplace Rule.</p> <p>(4) Trading Outside Canada During Regulatory Halts, Delays and Suspensions - If trading in a security has been prohibited on a marketplace in accordance with clauses (1)(b), (c) or (d) or subsection (2), a Participant may execute a trade in the security, if permitted by applicable securities legislation, outside of Canada on a foreign organized regulated market.</p>
<p>10.9 Power of Market Integrity Officials</p> <p>(1) A Market Integrity Official may, in governing trading in securities <u>or derivatives</u> on the marketplace:</p>	<p>10.9 Power of Market Integrity Officials</p> <p>(1) A Market Integrity Official may, in governing trading in securities or derivatives on the marketplace:</p>



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<p>(a) delay, halt or suspend trading in a security <u>or a derivative</u> at any time and for such period of time as such Market Integrity Official may consider appropriate in the interest of a fair and orderly market;</p> <p>(b) refuse to allow any bid price or ask price to be recorded at any time if, in the opinion of such Market Integrity Official, such quotation is unreasonable or not in compliance with UMIR or any Policy;</p> <p>(c) settle any dispute arising from trading in securities <u>or derivatives</u> on the marketplace where such authority is not otherwise provided for in any requirement governing trading on the marketplace;</p> <p>(d) vary or cancel any trade which, in the opinion of such Market Integrity Official, is unreasonable or not in compliance with UMIR or any Policy;</p> <p>(e) vary or cancel any trade upon application of the buyer and seller provided such application has been made by the end of trading on the day following the day on which the trade was made or such earlier time as may be established in any Marketplace Rule of the marketplace on which the trade was executed;</p> <p>[...]</p> <p>(h) provide to any person an interpretation of any provision of UMIR and any Policy in accordance with the purpose and intent of the provision and shall ensure that any such interpretation is observed by such person;</p> <p><u>(i) limit trading to liquidation of a position in a listed derivative only;</u></p> <p><u>(j) order liquidation of a position in a listed derivative in all or a portion of an account;</u></p> <p><u>(k) restrict trading in a listed derivative to a specific price range;</u></p> <p>(l) <u>(l)</u> exercise such powers as are specifically granted to a Market Regulator or Market Integrity Official by UMIR and any Policy; and</p> <p>(m) <u>(m)</u> exercise such powers as are specifically granted to the Market Regulator by the marketplace where the marketplace is entitled to grant such powers.</p> <p>(2) In determining whether any quotation or trade in a security is unreasonable, the Market Regulator shall consider:</p> <p>(a) prevailing market conditions;</p> <p>(b) the last sale price of:</p> <p><u>(i) the security as displayed in a consolidated market display; or</u></p> <p><u>(ii) the derivative as displayed on a marketplace;</u></p>	<p>(a) delay, halt or suspend trading in a security or a derivative at any time and for such period of time as such Market Integrity Official may consider appropriate in the interest of a fair and orderly market;</p> <p>(b) refuse to allow any bid price or ask price to be recorded at any time if, in the opinion of such Market Integrity Official, such quotation is unreasonable or not in compliance with UMIR or any Policy;</p> <p>(c) settle any dispute arising from trading in securities or derivatives on the marketplace where such authority is not otherwise provided for in any requirement governing trading on the marketplace;</p> <p>(d) vary or cancel any trade which, in the opinion of such Market Integrity Official, is unreasonable or not in compliance with UMIR or any Policy;</p> <p>(e) vary or cancel any trade upon application of the buyer and seller provided such application has been made by the end of trading on the day following the day on which the trade was made or such earlier time as may be established in any Marketplace Rule of the marketplace on which the trade was executed;</p> <p>[...]</p> <p>(h) provide to any person an interpretation of any provision of UMIR and any Policy in accordance with the purpose and intent of the provision and shall ensure that any such interpretation is observed by such person;</p> <p>(i) limit trading to liquidation of a position in a listed derivative only;</p> <p>(j) order liquidation of a position in a listed derivative in all or a portion of an account;</p> <p>(k) restrict trading in a listed derivative to a specific price range;</p> <p>(l) exercise such powers as are specifically granted to a Market Regulator or Market Integrity Official by UMIR and any Policy; and</p> <p>(m) exercise such powers as are specifically granted to the Market Regulator by the marketplace where the marketplace is entitled to grant such powers.</p> <p>(2) In determining whether any quotation or trade in a security is unreasonable, the Market Regulator shall consider:</p> <p>(a) prevailing market conditions;</p> <p>(b) the last sale price of:</p> <p>(i) the security as displayed in a consolidated market display, or</p> <p>(ii) the derivative as displayed on a marketplace;</p>



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<p>(c) patterns of trading in the security <u>or derivative</u> on the marketplace including volatility, volume and number of transactions;</p> <p>(d) whether material information concerning the security <u>or underlying security of a derivative</u> is in the process of being disseminated to the public; and</p> <p>(e) the extent of the interest of the person for whose account the order is entered in changing the price or quotation for the security <u>or derivative</u>.</p> <p>(3) In connection with the exercise of a power under this Rule, upon the verbal, written or electronic request of the Market Integrity Official, the Subject Person shall, within the time period specified by the Market Integrity Official:</p> <p>(a) provide any information, document or records in the possession or control of the person that the Market Regulator determines may be relevant to the exercise of a power by the Market Regulator and such information, document or records shall be provided in such manner and form, including electronically, as may be required by the Market Regulator; and</p> <p>(b) allow the inspection of, and permit copies to be taken of, any information, document or records in the possession or control of the person that the Market Regulator determines may be relevant to the exercise of a power by the Market Regulator.</p> <p>(4) If a Market Integrity Official has provided notice to a Subject Person pursuant to subsection (3), the Subject Person shall, notwithstanding any policy or procedure of the Subject Person with respect to the retention of information, documents or records, retain any document or record in the possession or control of the Subject Person that is relevant to the exercise of the power by the Market Integrity Official for a period of 30 days from the date of the notice or such other period as may be specified by the Market Regulator.</p>	<p>(c) patterns of trading in the security or derivative on the marketplace including volatility, volume and number of transactions;</p> <p>(d) whether material information concerning the security or underlying security of a derivative is in the process of being disseminated to the public; and</p> <p>(e) the extent of the interest of the person for whose account the order is entered in changing the price or quotation for the security or derivative.</p> <p>(3) In connection with the exercise of a power under this Rule, upon the verbal, written or electronic request of the Market Integrity Official, the Subject Person shall, within the time period specified by the Market Integrity Official:</p> <p>(a) provide any information, document or records in the possession or control of the person that the Market Regulator determines may be relevant to the exercise of a power by the Market Regulator and such information, document or records shall be provided in such manner and form, including electronically, as may be required by the Market Regulator; and</p> <p>(b) allow the inspection of, and permit copies to be taken of, any information, document or records in the possession or control of the person that the Market Regulator determines may be relevant to the exercise of a power by the Market Regulator.</p> <p>(4) If a Market Integrity Official has provided notice to a Subject Person pursuant to subsection (3), the Subject Person shall, notwithstanding any policy or procedure of the Subject Person with respect to the retention of information, documents or records, retain any document or record in the possession or control of the Subject Person that is relevant to the exercise of the power by the Market Integrity Official for a period of 30 days from the date of the notice or such other period as may be specified by the Market Regulator.</p>
<p>10.11 Audit Trail Requirements</p> <p>(1) Order and Trade Record - In addition to any information required to be recorded by a Participant in accordance with Part 11 of the Trading Rules, a Participant shall:</p> <p>(a) immediately following the receipt or origination of an order, record:</p> <p>(i) all order designations required by clause (b) of subsection (1) of Rule 6.2,</p> <p>(ii) the identifier of any investment adviser or registered representative receiving the order, and</p>	<p>10.11 Audit Trail Requirements</p> <p>(1) Order and Trade Record - In addition to any information required to be recorded by a Participant in accordance with Part 11 of the Trading Rules, a Participant shall:</p> <p>(a) immediately following the receipt or origination of an order, record:</p> <p>(i) all order designations required by clause (b) of subsection (1) of Rule 6.2,</p> <p>(ii) the identifier of any investment adviser or registered representative receiving the order, and</p>



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<p>(iii) any information respecting the special terms attaching to the order required by subsection (2) of Rule 6.2, if applicable;</p> <p>(b) immediately following the entry of an order to trade on a marketplace, add to the record:</p> <p>(i) the identifier of the Participant through which any trade would be cleared and settled,</p> <p>(ii) the identifier assigned to the marketplace on which the order is entered;</p> <p>and</p> <p>(c) immediately following the variation or correction of an order, add to the record any information required by clause (a) which has been changed.</p> <p>(2) Transmittal of Order Information to a Market Regulator - The Participant shall transmit the record of the order required to be maintained by the Participant by this section to:</p> <p>(a) the Market Regulator for the marketplace on which the trade was executed;</p> <p>or</p> <p>[...]</p> <p>(3) Provision of Additional Information – In addition to any information provided by a Participant to a Market Regulator in accordance with subsection (2), the Participant shall provide to the Market Regulator forthwith upon request in such form and manner as may be reasonably required by the Market Regulator:</p> <p>(a) any additional information respecting the order or trade reasonably requested; and</p> <p>(b) information respecting any prior or subsequent order or trade in the security <u>or the derivative</u> or a related security <u>or a related derivative</u> undertaken by the Participant on any marketplace.</p>	<p>(iii) any information respecting the special terms attaching to the order required by subsection (2) of Rule 6.2, if applicable;</p> <p>(b) immediately following the entry of an order to trade on a marketplace, add to the record:</p> <p>(i) the identifier of the Participant through which any trade would be cleared and settled,</p> <p>(ii) the identifier assigned to the marketplace on which the order is entered;</p> <p>and</p> <p>(c) immediately following the variation or correction of an order, add to the record any information required by clause (a) which has been changed.</p> <p>(2) Transmittal of Order Information to a Market Regulator - The Participant shall transmit the record of the order required to be maintained by the Participant by this section to:</p> <p>(a) the Market Regulator for the marketplace on which the trade was executed;</p> <p>or</p> <p>[...]</p> <p>(3) Provision of Additional Information – In addition to any information provided by a Participant to a Market Regulator in accordance with subsection (2), the Participant shall provide to the Market Regulator forthwith upon request in such form and manner as may be reasonably required by the Market Regulator:</p> <p>(a) any additional information respecting the order or trade reasonably requested; and</p> <p>(b) information respecting any prior or subsequent order or trade in the security or the derivative or a related security or a related derivative undertaken by the Participant on any marketplace.</p>
<p>UMIR 10.15 Assignment of Identifiers and Symbols</p> <p>(1) The Market Regulator shall assign a unique identifier to:</p> <p>(a) a marketplace for trading purposes upon the Market Regulator being retained as the regulation services provider for the marketplace;</p> <p>(b) an investment dealer, other than a Participant, or a foreign dealer equivalent upon the Market Regulator being notified that a Participant has entered into a written agreement with the investment dealer or foreign dealer equivalent respecting a routing arrangement; and</p> <p>(c) a client upon the Market Regulator being notified that a Participant has entered into a written agreement with the client respecting direct electronic access.</p>	<p>UMIR 10.15 Assignment of Identifiers and Symbols</p> <p>(1) The Market Regulator shall assign a unique identifier to:</p> <p>(a) a marketplace for trading purposes upon the Market Regulator being retained as the regulation services provider for the marketplace;</p> <p>(b) an investment dealer, other than a Participant, or a foreign dealer equivalent upon the Market Regulator being notified that a Participant has entered into a written agreement with the investment dealer or foreign dealer equivalent respecting a routing arrangement; and</p> <p>(c) a client upon the Market Regulator being notified that a Participant has entered into a written agreement with the client respecting direct electronic access.</p>



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<p>(2) A marketplace, upon granting access to the trading system of the marketplace to a Participant or Access Person, shall assign a unique identifier to the Participant <u>or</u> Access Person for trading purposes.</p> <p>(3) An Exchange upon listing of a security <u>or a derivative</u>, a QTRS upon quoting of a security and a marketplace upon commencement of trading of a foreign exchange-traded security shall assign a unique symbol for trading purposes.</p> <p>(4) The Market Regulator in assigning an identifier pursuant to subsection (1) or an Exchange, QTRS or marketplace in assigning an identifier or symbol pursuant to subsection (2) or (3) shall not assign an identifier or symbol that is:</p> <ul style="list-style-type: none"> (a) different from the identifier or symbol previously assigned to the marketplace, Participant, or security <u>or derivative</u> if such previously assigned identifier or symbol will continue to be used in respect of that marketplace, Participant, or security <u>or derivative</u>; (b) the same as an identifier or symbol assigned to another marketplace, Participant, or security <u>or derivative</u> if such previously assigned identifier or symbol will continue to be used in respect of that other marketplace, Participant, or security <u>or derivative</u>; (c) not in compliance with the provisions of any agreement made in accordance with section 7.5 of the Trading Rules for the co-ordination and monitoring and enforcement between each regulation services provider, Exchange and QTRS; or (d) in a form or of a type that is not generally supported by the systems of market participants as defined for the purposes of applicable securities legislation. 	<p>(2) A marketplace, upon granting access to the trading system of the marketplace to a Participant or Access Person, shall assign a unique identifier to the Participant <u>or</u> Access Person for trading purposes.</p> <p>(3) An Exchange upon listing of a security or a derivative, a QTRS upon quoting of a security and a marketplace upon commencement of trading of a foreign exchange-traded security shall assign a unique symbol for trading purposes.</p> <p>(4) The Market Regulator in assigning an identifier pursuant to subsection (1) or an Exchange, QTRS or marketplace in assigning an identifier or symbol pursuant to subsection (2) or (3) shall not assign an identifier or symbol that is:</p> <ul style="list-style-type: none"> (a) different from the identifier or symbol previously assigned to the marketplace, Participant, security or derivative if such previously assigned identifier or symbol will continue to be used in respect of that marketplace, Participant, security or derivative; (b) the same as an identifier or symbol assigned to another marketplace, Participant, security or derivative if such previously assigned identifier or symbol will continue to be used in respect of that other marketplace, Participant, security, or derivative; (c) not in compliance with the provisions of any agreement made in accordance with section 7.5 of the Trading Rules for the co-ordination and monitoring and enforcement between each regulation services provider, Exchange and QTRS; or (d) in a form or of a type that is not generally supported by the systems of market participants as defined for the purposes of applicable securities legislation.
<p><u>10.19 Reporting limits for listed derivatives</u></p> <p><u>(1) Each Participant shall file with the Market Regulator a daily listed derivatives position report of all positions required to be reported as established by an Exchange.</u></p> <p><u>(2) Notwithstanding subsection (1), the Market Regulator may modify the reporting limits established by an Exchange and prescribe the information and form that is required to be reported if it believes that it is necessary to maintain fair and orderly market.</u></p>	<p>10.19 Reporting limits for listed derivatives</p> <p>(1) Each Participant shall file with the Market Regulator a daily listed derivatives position report of all positions required to be reported as established by an Exchange.</p> <p>(2) Notwithstanding subsection (1), the Market Regulator may modify the reporting limits established by an Exchange and prescribe the information and form that is required to be reported if it believes that it is necessary to maintain fair and orderly market.</p>



Text of Dealer Member Rules to Reflect the Proposed Amendments

Text of DMR Marked to Reflect Adoption of the Proposed Amendments ²	Text of DMR Following Adoption of the Proposed Amendments
<p>RULE 3200 MINIMUM REQUIREMENTS FOR DEALER MEMBERS SEEKING APPROVAL UNDER RULE 1300.1(T) TO OFFER AN ORDER-EXECUTION ONLY SERVICE</p> <p>The following Rule sets forth the documentary, procedural and systems requirements for Dealer Members to receive approval to accept orders from a customer without a suitability determination where no recommendation was provided by the Dealer Member.</p> <p>In this Rule, “order-execution only service” means the acceptance and execution of orders from customers for trades that the Dealer Member has not recommended and for which the Dealer Member takes no responsibility as to the appropriateness or suitability of orders accepted or account positions held.</p> <p>In this Rule “automated order system” has the same meaning as defined in National Instrument 23-103 Electronic Trading and Direct Electronic Access to Marketplaces.</p> <p>In this Rule, “bundled order” has the same meaning as set out in the Universal Market Integrity Rules.</p> <p>In this Rule, “Legal Entity Identifier” means a unique identification code assigned to a person in accordance with standards set by the Global Legal Entity Identifier System.</p> <p>In this Rule, “Global Legal Entity Identifier System” has the same meaning as set out in the Universal Market Integrity Rules.</p> <p>In this Rule, “Legal Entity Identifier System Regulatory Oversight Committee” has the same meaning as set out in the Universal Market Integrity Rules.</p> <p>In this Rule, “multiple client order” has the same meaning as set out in the Universal Market Integrity Rules.</p>	<p>RULE 3200 MINIMUM REQUIREMENTS FOR DEALER MEMBERS SEEKING APPROVAL UNDER RULE 1300.1(T) TO OFFER AN ORDER-EXECUTION ONLY SERVICE</p> <p>The following Rule sets forth the documentary, procedural and systems requirements for Dealer Members to receive approval to accept orders from a customer without a suitability determination where no recommendation was provided by the Dealer Member.</p> <p>In this Rule, “order-execution only service” means the acceptance and execution of orders from customers for trades that the Dealer Member has not recommended and for which the Dealer Member takes no responsibility as to the appropriateness or suitability of orders accepted or account positions held.</p> <p>In this Rule “automated order system” has the same meaning as defined in National Instrument 23-103 Electronic Trading and Direct Electronic Access to Marketplaces.</p> <p>In this Rule, “bundled order” has the same meaning as set out in the Universal Market Integrity Rules.</p> <p>In this Rule, “Legal Entity Identifier” means a unique identification code assigned to a person in accordance with standards set by the Global Legal Entity Identifier System.</p> <p>In this Rule, “Global Legal Entity Identifier System” has the same meaning as set out in the Universal Market Integrity Rules.</p> <p>In this Rule, “Legal Entity Identifier System Regulatory Oversight Committee” has the same meaning as set out in the Universal Market Integrity Rules.</p> <p>In this Rule, “multiple client order” has the same meaning as set out in the Universal Market Integrity Rules.</p>

² Certain rule provisions are highlighted in grey to indicate the provision is not currently in effect at time of publication of the Request for Comment, but has been approved by the IIROC Board and CSA under the Client Identifiers Amendments and will come into effect in July 2021 (see IIROC Notice [19-0071](#) – *Amendments Respecting Client Identifiers* and IIROC Notice [20-0056](#) – *Revised Implementation of Client Identifier Amendments for Listed Securities*).



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<p>In this Rule, “Participant” has the same meaning as set out in the Universal Market Integrity Rules.</p> <p>A. Minimum requirements for Dealer Members offering solely an order-execution only service, either as the Dealer Member’s only business or through a separate business unit of the Dealer Member [...]</p> <p>4. Supervision [...]</p> <p>5. Identification of Certain Clients (a) The Dealer Member must ensure that a client identifier is assigned to each order-execution only service client that trades on a Marketplace for which the Corporation is the regulation services provider: (i) whose trading activity on Marketplaces for which the Corporation is the regulation services provider exceeds a daily average of 500 orders per trading day in any calendar month, (ii) that is not an individual and is registered as a dealer or adviser in accordance with applicable securities legislation, or (iii) that is not an individual and is in the business of trading securities or derivatives in a foreign jurisdiction in a manner analogous to a dealer or adviser. (b) The client identifier required in Rule A.5(a) must be in the form of: (i) a Legal Entity Identifier for a client that is eligible to receive a Legal Entity Identifier under the standards set by the Global Legal Entity Identifier System (ii) an account number for all other client orders not included under Rule A.5(b)(i). (c) If an account number is used as the client identifier under Rule A.5(b)(ii), the Dealer Member must provide the account number and the name of the corresponding client to the Corporation. (d) For an order-execution only service client that is not referred to under Rule A.5(a)(i)-(iii), the Dealer Member must use an account number as the client identifier. (e) The Dealer Member must ensure that each order entered on a Marketplace for which the Corporation is the regulation services provider contains: (i) the Legal Entity Identifier of the Dealer Member if it is a non-executing Dealer Member that is not a Participant, and (ii) a designation to indicate the order is for an order-execution only account.</p>	<p>In this Rule, “Participant” has the same meaning as set out in the Universal Market Integrity Rules.</p> <p>A. Minimum requirements for Dealer Members offering solely an order-execution only service, either as the Dealer Member’s only business or through a separate business unit of the Dealer Member [...]</p> <p>4. Supervision [...]</p> <p>5. Identification of Certain Clients (a) The Dealer Member must ensure that a client identifier is assigned to each order-execution only service client that trades on a Marketplace for which the Corporation is the regulation services provider: (i) whose trading activity on Marketplaces for which the Corporation is the regulation services provider exceeds a daily average of 500 orders per trading day in any calendar month, (ii) that is not an individual and is registered as a dealer or adviser in accordance with applicable securities legislation, or (iii) that is not an individual and is in the business of trading securities or derivatives in a foreign jurisdiction in a manner analogous to a dealer or adviser. (b) The client identifier required in Rule A.5(a) must be in the form of: (i) a Legal Entity Identifier for a client that is eligible to receive a Legal Entity Identifier under the standards set by the Global Legal Entity Identifier System (ii) an account number for all other client orders not included under Rule A.5(b)(i). (c) If an account number is used as the client identifier under Rule A.5(b)(ii), the Dealer Member must provide the account number and the name of the corresponding client to the Corporation. (d) For an order-execution only service client that is not referred to under Rule A.5(a)(i)-(iii), the Dealer Member must use an account number as the client identifier. (e) The Dealer Member must ensure that each order entered on a Marketplace for which the Corporation is the regulation services provider contains: (i) the Legal Entity Identifier of the Dealer Member if it is a non-executing Dealer Member that is not a Participant, and (ii) a designation to indicate the order is for an order-execution only account.</p>



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<p>(f) The Dealer Member must ensure that each order entered on a Marketplace for which the Corporation is the regulation services provider contains either:</p> <ul style="list-style-type: none"> (i) the client identifier required under Rule A.5(b) or Rule A.5(d), or (ii) a designation to indicate the order is a bundled order or a multiple client order. <p>[...]</p> <p>5.1 Identification of Advisers and Foreign Adviser Equivalents</p> <p>(a) The Dealer Member must ensure that a unique identifier is assigned to any adviser that trades on a Marketplace for which the Corporation is the regulation services provider and:</p> <ul style="list-style-type: none"> (i) is itself a client of the Dealer Member, or (ii) has been granted trading authority, direction or control over an account of a client of the Dealer Member. <p>(b) The Dealer Member must ensure that a unique identifier is assigned to any foreign adviser equivalent that trades on a Marketplace for which the Corporation is the regulation services provider and:</p> <ul style="list-style-type: none"> (i) is itself a client of the Dealer Member, or (ii) has been granted trading authority, direction or control over an account of a client of the Dealer Member. <p>(c) The Dealer Member must provide each unique identifier assigned pursuant to subsections A.5.1(a) and (b) and the name of the corresponding firm to the Corporation.</p> <p>(d) The Dealer Member must ensure that each order entered on a Marketplace for which the Corporation is the regulation services provider by or on behalf of a firm for whom a unique identifier must be assigned pursuant to subparagraphs A.5.1 (a)(i) and (b)(i), contains the identifier assigned to that firm.</p> <p>(e) The Dealer Member must ensure that each order entered on a Marketplace for which the Corporation is the regulation services provider by or on behalf of an account over which an adviser or a foreign adviser equivalent has been granted trading authority, direction or control and an identifier was assigned pursuant to subparagraphs A.5.1(a)(ii) or A.5.1(b)(ii), contains the identifier assigned to that firm.</p> <p>(f) Despite subsection A.5(c):</p>	<p>(f) The Dealer Member must ensure that each order entered on a Marketplace for which the Corporation is the regulation services provider contains either:</p> <ul style="list-style-type: none"> (i) the client identifier required under Rule A.5(b) or Rule A.5(d), or (ii) a designation to indicate the order is a bundled order or a multiple client order. <p>[...]</p> <p>5.1 Identification of Advisers and Foreign Adviser Equivalents</p> <p>(a) The Dealer Member must ensure that a unique identifier is assigned to any adviser that trades on a Marketplace for which the Corporation is the regulation services provider and:</p> <ul style="list-style-type: none"> (i) is itself a client of the Dealer Member, or (ii) has been granted trading authority, direction or control over an account of a client of the Dealer Member. <p>(b) The Dealer Member must ensure that a unique identifier is assigned to any foreign adviser equivalent that trades on a Marketplace for which the Corporation is the regulation services provider and:</p> <ul style="list-style-type: none"> (i) is itself a client of the Dealer Member, or (ii) has been granted trading authority, direction or control over an account of a client of the Dealer Member. <p>(c) The Dealer Member must provide each unique identifier assigned pursuant to subsections A.5.1(a) and (b) and the name of the corresponding firm to the Corporation.</p> <p>(d) The Dealer Member must ensure that each order entered on a Marketplace for which the Corporation is the regulation services provider by or on behalf of a firm for whom a unique identifier must be assigned pursuant to subparagraphs A.5.1 (a)(i) and (b)(i), contains the identifier assigned to that firm.</p> <p>(e) The Dealer Member must ensure that each order entered on a Marketplace for which the Corporation is the regulation services provider by or on behalf of an account over which an adviser or a foreign adviser equivalent has been granted trading authority, direction or control and an identifier was assigned pursuant to subparagraphs A.5.1(a)(ii) or A.5.1(b)(ii), contains the identifier assigned to that firm.</p> <p>(f) Despite subsection A.5(c):</p>



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<p>(i) If an adviser is assigned a unique identifier pursuant to subparagraph A.5.1 (a)(ii), each order entered by or on behalf of an account over which that adviser has been granted trading authority, direction or control on a Marketplace for which the Corporation is the regulation services provider must contain the unique identifier assigned to that adviser, or</p> <p>(ii) If a foreign adviser equivalent is assigned a unique identifier pursuant to subparagraph A.5.1(b)(ii), each order entered by or on behalf of an account over which that foreign adviser equivalent has been granted trading authority, direction or control on a Marketplace for which the Corporation is the regulation services provider must contain the unique identifier assigned to that foreign adviser equivalent.</p>	<p>(i) If an adviser is assigned a unique identifier pursuant to subparagraph A.5.1 (a)(ii), each order entered by or on behalf of an account over which that adviser has been granted trading authority, direction or control on a Marketplace for which the Corporation is the regulation services provider must contain the unique identifier assigned to that adviser, or</p> <p>(ii) If a foreign adviser equivalent is assigned a unique identifier pursuant to subparagraph A.5.1(b)(ii), each order entered by or on behalf of an account over which that foreign adviser equivalent has been granted trading authority, direction or control on a Marketplace for which the Corporation is the regulation services provider must contain the unique identifier assigned to that foreign adviser equivalent.</p>
<p>B. Minimum requirements for Dealer Members offering both an advisory and an order-execution only service</p> <p>...</p> <p>5. Supervision</p> <p>...</p> <p>6. Identification of Certain Clients</p> <p>(a) The Dealer Member must ensure that a client identifier is assigned to each order-execution only service client that trades on a Marketplace for which the Corporation is the regulation services provider:</p> <p>(i) whose trading activity on Marketplaces for which the Corporation is the regulation services provider exceeds a daily average of 500 orders per trading day in any calendar month,</p> <p>(ii) that is not an individual and is registered as a dealer or adviser in accordance with applicable securities legislation, or</p> <p>(iii) that is not an individual and is in the business of trading securities <u>or derivatives</u> in a foreign jurisdiction in a manner analogous to a dealer or adviser.</p> <p>(b) The client identifier required in Rule B.6(a) must be in the form of:</p> <p>(i) a Legal Entity Identifier for a client that is eligible to receive a Legal Entity Identifier under the standards set by the Global Legal Entity Identifier System, or</p> <p>(ii) an account number for all other client orders not included under Rule B.6(b)(i).</p> <p>(c) If an account number is used as the client identifier under Rule B.6(b)(ii), the Dealer Member must provide the account number and the name of the corresponding client to the Corporation.</p>	<p>B. Minimum requirements for Dealer Members offering both an advisory and an order-execution only service</p> <p>...</p> <p>5. Supervision</p> <p>...</p> <p>6. Identification of Certain Clients</p> <p>(a) The Dealer Member must ensure that a client identifier is assigned to each order-execution only service client that trades on a Marketplace for which the Corporation is the regulation services provider:</p> <p>(i) whose trading activity on Marketplaces for which the Corporation is the regulation services provider exceeds a daily average of 500 orders per trading day in any calendar month,</p> <p>(ii) that is not an individual and is registered as a dealer or adviser in accordance with applicable securities legislation, or</p> <p>(iii) that is not an individual and is in the business of trading securities or derivatives in a foreign jurisdiction in a manner analogous to a dealer or adviser.</p> <p>(b) The client identifier required in Rule B.6(a) must be in the form of:</p> <p>(i) a Legal Entity Identifier for a client that is eligible to receive a Legal Entity Identifier under the standards set by the Global Legal Entity Identifier System, or</p> <p>(ii) an account number for all other client orders not included under Rule B.6(b)(i).</p> <p>(c) If an account number is used as the client identifier under Rule B.6(b)(ii), the Dealer Member must provide the account number and the name of the corresponding client to the Corporation.</p>



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<p>(d) For an order-execution only service client that is not referred to under Rule B.6(a)(i)-(iii), the Dealer Member must use an account number as the client identifier.</p> <p>(e) The Dealer Member must ensure that each order entered on a Marketplace for which the Corporation is the regulation services provider contains:</p> <ul style="list-style-type: none"> (i) the Legal Entity Identifier of the Dealer Member if it is a non-executing Dealer Member that is not a Participant, and (ii) a designation to indicate the order is for an order-execution only account. <p>(f) The Dealer Member must ensure that each order entered on a Marketplace for which the Corporation is the regulation services provider contains either:</p> <ul style="list-style-type: none"> (i) the client identifier required under Rule B.6(b) or Rule B.6(d), or (ii) a designation to indicate the order is a bundled order or a multiple client order. 	<p>(d) For an order-execution only service client that is not referred to under Rule B.6(a)(i)-(iii), the Dealer Member must use an account number as the client identifier.</p> <p>(e) The Dealer Member must ensure that each order entered on a Marketplace for which the Corporation is the regulation services provider contains:</p> <ul style="list-style-type: none"> (i) the Legal Entity Identifier of the Dealer Member if it is a non-executing Dealer Member that is not a Participant, and (ii) a designation to indicate the order is for an order-execution only account. <p>(f) The Dealer Member must ensure that each order entered on a Marketplace for which the Corporation is the regulation services provider contains either:</p> <ul style="list-style-type: none"> (i) the client identifier required under Rule B.6(b) or Rule B.6(d), or (ii) a designation to indicate the order is a bundled order or a multiple client order.
<p>APPENDIX A - SUPERVISION OF ACCURACY OF RECOMMENDED/NON-RECOMMENDED TRADE BASIS REPORTING FOR DEALER MEMBER FIRMS GRANTED APPROVAL UNDER RULE 1300.1(T)</p> <p>[...]</p> <p>2. Procedures should direct those reviewing reports used in daily trade supervision to look for patterns suggestive of inaccurate designation of trade basis, such as:</p> <p>(a) Trades by more than one customer of a registered representative in the same security <u>or derivative</u> on the same day being designated as non-recommended. Where such situations occur, there must be a reasonable explanation such as widespread holding or trading of the stock <u>or derivative</u>;</p> <p>[...]</p> <p>3. The Dealer Member should be able to generate statistical or exception reports capable of revealing patterns of trade designation to be reviewed for possible inaccuracy, for example:</p> <p>[...]</p> <p>(b) Percentages of trades in particular securities <u>or derivatives</u> designated as recommended or non-recommended. High percentages of trades in some securities <u>or derivatives</u> marked as non-recommended, such as those being recommended in the Dealer Member's research, may be indicative of inaccurate marking. Such reports may also identify frequent trades by particular offices or registered representatives in one security <u>or derivative</u>, which are all marked as non-recommended but</p>	<p>APPENDIX A - SUPERVISION OF ACCURACY OF RECOMMENDED/NON-RECOMMENDED TRADE BASIS REPORTING FOR DEALER MEMBER FIRMS GRANTED APPROVAL UNDER RULE 1300.1(T)</p> <p>[...]</p> <p>2. Procedures should direct those reviewing reports used in daily trade supervision to look for patterns suggestive of inaccurate designation of trade basis, such as:</p> <p>(a) Trades by more than one customer of a registered representative in the same security or derivative on the same day being designated as non-recommended. Where such situations occur, there must be a reasonable explanation such as widespread holding or trading of the stock or derivative;</p> <p>[...]</p> <p>3. The Dealer Member should be able to generate statistical or exception reports capable of revealing patterns of trade designation to be reviewed for possible inaccuracy, for example:</p> <p>[...]</p> <p>(b) Percentages of trades in particular securities or derivatives designated as recommended or non-recommended. High percentages of trades in some securities or derivatives marked as non-recommended, such as those being recommended in the Dealer Member's research, may be indicative of inaccurate marking. Such reports may also identify frequent trades by particular offices or registered representatives in one security or derivative, which are all marked as non-recommended but</p>



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<p>(i) If an adviser is assigned a unique identifier pursuant to subparagraph A.5.1 (a)(ii), each order entered by or on behalf of an account over which that adviser has been granted trading authority, direction or control on a Marketplace for which the Corporation is the regulation services provider must contain the unique identifier assigned to that adviser, or</p> <p>(ii) If a foreign adviser equivalent is assigned a unique identifier pursuant to subparagraph A.5.1(b)(ii), each order entered by or on behalf of an account over which that foreign adviser equivalent has been granted trading authority, direction or control on a Marketplace for which the Corporation is the regulation services provider must contain the unique identifier assigned to that foreign adviser equivalent.</p>	<p>(i) If an adviser is assigned a unique identifier pursuant to subparagraph A.5.1 (a)(ii), each order entered by or on behalf of an account over which that adviser has been granted trading authority, direction or control on a Marketplace for which the Corporation is the regulation services provider must contain the unique identifier assigned to that adviser, or</p> <p>(ii) If a foreign adviser equivalent is assigned a unique identifier pursuant to subparagraph A.5.1(b)(ii), each order entered by or on behalf of an account over which that foreign adviser equivalent has been granted trading authority, direction or control on a Marketplace for which the Corporation is the regulation services provider must contain the unique identifier assigned to that foreign adviser equivalent.</p>
<p>B. Minimum requirements for Dealer Members offering both an advisory and an order-execution only service</p> <p>...</p> <p>5. Supervision</p> <p>...</p> <p>6. Identification of Certain Clients</p> <p>(a) The Dealer Member must ensure that a client identifier is assigned to each order-execution only service client that trades on a Marketplace for which the Corporation is the regulation services provider:</p> <p>(i) whose trading activity on Marketplaces for which the Corporation is the regulation services provider exceeds a daily average of 500 orders per trading day in any calendar month,</p> <p>(ii) that is not an individual and is registered as a dealer or adviser in accordance with applicable securities legislation, or</p> <p>(iii) that is not an individual and is in the business of trading securities <u>or derivatives</u> in a foreign jurisdiction in a manner analogous to a dealer or adviser.</p> <p>(b) The client identifier required in Rule B.6(a) must be in the form of:</p> <p>(i) a Legal Entity Identifier for a client that is eligible to receive a Legal Entity Identifier under the standards set by the Global Legal Entity Identifier System, or</p> <p>(ii) an account number for all other client orders not included under Rule B.6(b)(i).</p> <p>(c) If an account number is used as the client identifier under Rule B.6(b)(ii), the Dealer Member must provide the account number and the name of the corresponding client to the Corporation.</p>	<p>B. Minimum requirements for Dealer Members offering both an advisory and an order-execution only service</p> <p>...</p> <p>5. Supervision</p> <p>...</p> <p>6. Identification of Certain Clients</p> <p>(a) The Dealer Member must ensure that a client identifier is assigned to each order-execution only service client that trades on a Marketplace for which the Corporation is the regulation services provider:</p> <p>(i) whose trading activity on Marketplaces for which the Corporation is the regulation services provider exceeds a daily average of 500 orders per trading day in any calendar month,</p> <p>(ii) that is not an individual and is registered as a dealer or adviser in accordance with applicable securities legislation, or</p> <p>(iii) that is not an individual and is in the business of trading securities or derivatives in a foreign jurisdiction in a manner analogous to a dealer or adviser.</p> <p>(b) The client identifier required in Rule B.6(a) must be in the form of:</p> <p>(i) a Legal Entity Identifier for a client that is eligible to receive a Legal Entity Identifier under the standards set by the Global Legal Entity Identifier System, or</p> <p>(ii) an account number for all other client orders not included under Rule B.6(b)(i).</p> <p>(c) If an account number is used as the client identifier under Rule B.6(b)(ii), the Dealer Member must provide the account number and the name of the corresponding client to the Corporation.</p>



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<p>on a Marketplace for which the Corporation is the regulation services provider:</p> <p>(a) 3600(2)(a) does not apply, and</p> <p>(b) the non-executing Dealer Member must provide to the executing Dealer Member that the client order is part of:</p> <p>(i) a bundled order, or</p> <p>(ii) a multiple client order.</p> <p>(4) A non-executing Dealer Member that is not acting for an order-execution only service account and is not a Participant must ensure that the registration status of its Legal Entity Identifier has not lapsed.</p>	<p>on a Marketplace for which the Corporation is the regulation services provider:</p> <p>(a) 3600(2)(a) does not apply, and</p> <p>(b) the non-executing Dealer Member must provide to the executing Dealer Member that the client order is part of:</p> <p>(i) a bundled order, or</p> <p>(ii) a multiple client order.</p> <p>(4) A non-executing Dealer Member that is not acting for an order-execution only service account and is not a Participant must ensure that the registration status of its Legal Entity Identifier has not lapsed.</p>

Text of IIROC Rules to Reflect the Proposed Amendments

Text of IIROC Rules Marked to Reflect Adoption of the Proposed Amendments ³	Text of IIROC Rules Following Adoption of the Proposed Amendments
<p>Part D: Client Identifiers</p> <p>3140. Identifying clients of a Non-Executing Dealer Member</p> <p>(1) Where a non-executing <i>Dealer Member</i> is not acting for an <i>order execution only account</i> and sends an order in a <i>listed security</i> <u>or a <i>listed derivative</i></u> to an executing <i>Dealer Member</i> for execution on a <i>Marketplace</i> for which <i>IIROC</i> is the regulation services provider, the non-executing <i>Dealer Member</i> must include:</p> <p>(a) an identifier for the client for or on behalf of whom the order is entered, in the form of:</p> <p>(i) a <i>Legal Entity Identifier</i> for an order for an account supervised under Part D of Rule 3900</p> <p>(ii) an account number for all other client orders not included under 3140(1)(a)(i).</p> <p>(b) the <i>Legal Entity Identifier</i> of the non-executing <i>Dealer Member</i> that is not a <i>Participant</i>.</p> <p>(2) Where a non-executing <i>Dealer Member</i> is not acting for an <i>order execution only account</i> and groups together orders from more than one client or account type for execution on a <i>Marketplace</i> for which <i>IIROC</i> is the regulation services provider:</p> <p>(a) 3140(1)(a) does not apply,</p>	<p>Part D: Client Identifiers</p> <p>3140. Identifying clients of a Non-Executing Dealer Member</p> <p>(1) Where a non-executing <i>Dealer Member</i> is not acting for an <i>order execution only account</i> and sends an order in a <i>listed security</i> or a <i>listed derivative</i> to an executing <i>Dealer Member</i> for execution on a <i>Marketplace</i> for which <i>IIROC</i> is the regulation services provider, the non-executing <i>Dealer Member</i> must include:</p> <p>(a) an identifier for the client for or on behalf of whom the order is entered, in the form of:</p> <p>(i) a <i>Legal Entity Identifier</i> for an order for an account supervised under Part D of Rule 3900</p> <p>(ii) an account number for all other client orders not included under 3140(1)(a)(i).</p> <p>(b) the <i>Legal Entity Identifier</i> of the non-executing <i>Dealer Member</i> that is not a <i>Participant</i>.</p> <p>(2) Where a non-executing <i>Dealer Member</i> is not acting for an <i>order execution only account</i> and groups together orders from more than one client or account type for execution on a <i>Marketplace</i> for which <i>IIROC</i> is the regulation services provider:</p> <p>(a) 3140(1)(a) does not apply,</p>

³ Certain rule provisions are highlighted in grey to indicate the provision is not currently in effect at time of publication of the Request for Comment, but has been approved by the IIROC Board and CSA under the Client Identifiers Amendments and will come into effect in July 2021 (see IIROC Notice [19-0071](#) – *Amendments Respecting Client Identifiers* and IIROC Notice [20-0056](#) – *Revised Implementation of Client Identifier Amendments for Listed Securities*).



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<p>and (b) the non-executing <i>Dealer Member</i> must provide to the executing <i>Dealer Member</i> that the order is part of:</p> <p style="padding-left: 40px;">(i) a <i>bundled order</i>, or (ii) a <i>multiple client order</i>.</p> <p>(3) The non-executing <i>Dealer Member</i> that is not acting for an <i>order execution only account</i> and is not a <i>Participant</i> must ensure that the registration status of its <i>Legal Entity Identifier</i> has not lapsed.</p>	<p>and (b) the non-executing <i>Dealer Member</i> must provide to the executing <i>Dealer Member</i> that the order is part of:</p> <p style="padding-left: 40px;">(i) a <i>bundled order</i>, or (ii) a <i>multiple client order</i>.</p> <p>(3) The non-executing <i>Dealer Member</i> that is not acting for an <i>order execution only account</i> and is not a <i>Participant</i> must ensure that the registration status of its <i>Legal Entity Identifier</i> has not lapsed.</p>
<p>3241. Order execution only account services</p> <p>...</p> <p>(4) The <i>Dealer Member</i> must ensure that a client identifier is assigned to each client that trades on a <i>Marketplace</i> for which <i>IIROC</i> is the regulation services provider:</p> <p style="padding-left: 40px;">(i) whose trading activity on <i>Marketplaces</i> for which <i>IIROC</i> is the regulation services provider exceeds a daily average of 500 orders per trading day in any calendar month, (ii) that is not an <i>individual</i> and is registered as a dealer or adviser in accordance with <i>securities laws</i>, or (iii) that is not an <i>individual</i> and is in the business of trading securities <u>or derivatives</u> in a foreign jurisdiction in a manner analogous to a dealer or adviser.</p> <p>(5) The client identifier required in 3241(4) must be in the form of:</p> <p style="padding-left: 40px;">(i) a <i>Legal Entity Identifier</i> for clients eligible to receive a <i>Legal Entity Identifier</i> under the standards set by the <i>Global Legal Entity Identifier System</i> or (ii) an account number for all other client orders not included under 3241(5)(i).</p> <p>(6) If an account number is used as the client identifier under 3241(5)(ii), the <i>Dealer Member</i> must provide the account number and the name of the corresponding client to <i>IIROC</i>.</p> <p>(7) For clients using an <i>order execution only account</i> that are not referred to under 3241(4), the <i>Dealer Member</i> must use an account number as the client identifier.</p> <p>(8) The <i>Dealer Member</i> must ensure that each order in a <i>listed security</i> <u>or a listed derivative</u> entered on a <i>Marketplace</i> for which <i>IIROC</i> is the regulation services provider contains:</p> <p style="padding-left: 40px;">(i) the <i>Legal Entity Identifier</i> of the <i>Dealer Member</i> if it is a non-executing <i>Dealer Member</i> that is not a <i>Participant</i>,</p>	<p>3241. Order execution only account services</p> <p>...</p> <p>(4) The <i>Dealer Member</i> must ensure that a client identifier is assigned to each client that trades on a <i>Marketplace</i> for which <i>IIROC</i> is the regulation services provider:</p> <p style="padding-left: 40px;">(i) whose trading activity on <i>Marketplaces</i> for which <i>IIROC</i> is the regulation services provider exceeds a daily average of 500 orders per trading day in any calendar month, (ii) that is not an <i>individual</i> and is registered as a dealer or adviser in accordance with <i>securities laws</i>, or (iii) that is not an <i>individual</i> and is in the business of trading securities or <i>derivatives</i> in a foreign jurisdiction in a manner analogous to a dealer or adviser.</p> <p>(5) The client identifier required in 3241(4) must be in the form of:</p> <p style="padding-left: 40px;">(i) a <i>Legal Entity Identifier</i> for clients eligible to receive a <i>Legal Entity Identifier</i> under the standards set by the <i>Global Legal Entity Identifier System</i> or (ii) an account number for all other client orders not included under 3241(5)(i).</p> <p>(6) If an account number is used as the client identifier under 3241(5)(ii), the <i>Dealer Member</i> must provide the account number and the name of the corresponding client to <i>IIROC</i>.</p> <p>(7) For clients using an <i>order execution only account</i> that are not referred to under 3241(4), the <i>Dealer Member</i> must use an account number as the client identifier.</p> <p>(8) The <i>Dealer Member</i> must ensure that each order in a <i>listed security</i> or a <i>listed derivative</i> entered on a <i>Marketplace</i> for which <i>IIROC</i> is the regulation services provider contains:</p> <p style="padding-left: 40px;">(i) the <i>Legal Entity Identifier</i> of the <i>Dealer Member</i> if it is a non-executing <i>Dealer Member</i> that is not a <i>Participant</i>,</p>



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<p>and (ii) a designation to indicate the order is for an <i>order execution only account</i>. (9) The <i>Dealer Member</i> must ensure that each order in a <i>listed security</i> <u>or a <i>listed derivative</i></u> entered on a <i>Marketplace</i> for which <i>IIROC</i> is the regulation services provider contains either: (i) the client identifier required under 3241(5) or 3241(7), or (ii) a designation to indicate the order is a <i>bundled order</i> or a <i>multiple client order</i>. (10) The non-executing <i>Dealer Member</i> that is not a <i>Participant</i> must ensure that the registration status of its <i>Legal Entity Identifier</i> has not lapsed.</p>	<p>and (ii) a designation to indicate the order is for an <i>order execution only account</i>. (9) The <i>Dealer Member</i> must ensure that each order in a <i>listed security</i> or a <i>listed derivative</i> entered on a <i>Marketplace</i> for which <i>IIROC</i> is the regulation services provider contains either: (i) the client identifier required under 3241(5) or 3241(7), or (ii) a designation to indicate the order is a <i>bundled order</i> or a <i>multiple client order</i>. (10) The non-executing <i>Dealer Member</i> that is not a <i>Participant</i> must ensure that the registration status of its <i>Legal Entity Identifier</i> has not lapsed.</p>