

# IIROC Policy Priorities - Update Report

<b>L E G E N D</b>	<b>Orange</b> coding means the initiative has been published in its final form and is currently in the implementation phase. This may require <b>immediate</b> attention from Dealer Members.
	<b>Yellow</b> coding means the initiative may require attention from Dealer Members within the <b>next 3 months</b> .
	<b>Blue</b> coding means the initiative may require attention from Dealer Members within the <b>next 3 to 6 months</b> .
	<b>Green</b> coding means the initiative may require attention from Dealer Members within the <b>next 6 to 12 months</b> .



As at April 6, 2021

## Introduction

This document describes the policy initiatives that we anticipate implementing and/or publishing for comment over the next 12 months. For each initiative, we've provided our estimate of when Dealer Members may be required to take appropriate action. This information will help Dealer Members to anticipate, plan for and/or respond to policy initiatives on a timely and efficient basis.

Except for initiatives where we have published an Implementation Notice or Notice of Approval with an effective date, all next step dates are IIROC staff's best estimate.

## Legend for "Rules"

- [Consolidated Enforcement, Examination and Approval Rules](#) – **CR**
- [Continuing Education Rules](#) – **CE**
- [Dealer Member Rules](#) – **DMR**
- [IIROC Rules](#)\* – **IR**
- [IIROC Universal Market Integrity Rules](#) – **UMIR**

\*Please see the "Plain Language Dealer Member Rules Rewrite Project (IIROC Rules)" initiative in this report.

## Publication History

For publication history details please refer to the following:

- **CR/CE/DMR** - the "Proposed Policy: Active Matters" tab of the ["Dealer Member Regulatory Resources"](#) page on our website
- **UMIR** – [Status of Amendments](#)

We will update this chart on a quarterly basis.

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INITIATIVE	RULES	STATUS	DESCRIPTION	NEXT STEPS
Form 1 – Adoption of International Financial Reporting Standards 16 on Leases	DMR & IR	Notice of Approval published on March 5, 2019 in Rules Notice <a href="#">19-0036</a> .	Housekeeping amendments to adopt International Financial Reporting Standards (IFRS) 16 on leases and to ensure the changes do not impact risk adjusted capital regarding non-refundable leasehold inducements.	Amendment to Statement B of Form 1 to remove the reference to line A65 effective on March 5, 2019. Remaining amendments effective on January 1, 2021.
Early Adoption of Certain IIROC Rules into the Dealer Member Rules	DMR	Notice of Approval published on December 10, 2020 in Rules Notice <a href="#">20-0262</a> .	Amendments to certain Dealer Member Rules to align with their parallel provisions in the IIROC Rules.	Amendments effective on January 1, 2021.
Proposed Framework for Crypto Asset Trading Platforms	DMR, IR & UMIR	Final Joint Notice published on March 29, 2021 in Rules Notice <a href="#">21-0060</a> .	Seeks feedback from the financial technology (fintech) community, market participants, investors and other stakeholders on how requirements may be tailored for platforms operating in Canada that facilitate the buying and selling or transferring of crypto assets (Platforms) whose operations engage securities law.  Use feedback to establish a framework that provides regulatory clarity to Platforms, addresses risks to investors and creates greater market integrity.	Final framework for regulation of crypto-asset trading platforms published March 29, 2021.
Client Identifiers	UMIR & DMR	Notice of Approval published on April 18, 2019 in Rules Notice <a href="#">19-0071</a> . Notice of Approval published on October 17, 2019 in Rules Notice <a href="#">19-0179</a> . Revised Implementation Date of Client Identifier Amendments for Listed Securities published on March 26, 2020 in Rules Notice <a href="#">20-0056</a> .	Introduces requirements to: <ul style="list-style-type: none"> <li>include client identifiers on each order sent to a marketplace and on each reportable trade in a debt security</li> <li>use a unique client identifier for each client of a foreign dealer equivalent who enters orders under a routing arrangement where the orders are automatically generated on a predetermined basis by the client.</li> </ul> Amendments to require Dealer Members to report the following for transactions in debt securities: <ul style="list-style-type: none"> <li>Legal Entity Identifier for a client supervised as an institutional client</li> <li>Account number for a client supervised as a retail client.</li> </ul>	Amendments effective on: <ul style="list-style-type: none"> <li>Phase 1 – October 18, 2019 (completed)</li> <li>Phase 2 – July 26, 2021</li> <li>Phase 3 – July 26, 2021.</li> </ul>

INITIATIVE	RULES	STATUS	DESCRIPTION	NEXT STEPS
Plain Language Dealer Member Rules Rewrite Project (IIROC Rules)	IR	Notice of Approval published on August 22, 2019 in Rules Notice <a href="#">19-0144</a> . Revised Implementation Date of IIROC Rules published on April 16, 2020 in Rules Notice <a href="#">20-0079</a> .	Rewrite of current Dealer Member Rules in plain language. Proposed IIROC Dealer Member rule amendments drafted in plain language that result from the CSA Registration Reform Project are included as part of the project.	Amendments effective on December 31, 2021.
Form 1 – PLR Related Amendments	IR	Notice of Approval published on August 22, 2019 in Rules Notice <a href="#">19-0146</a> .	Amendments to certain defined terms used in Form 1 for consistency with PLR.	Amendments effective on December 31, 2021.
Changes in Dealer Member Ownership – Forms and Guidance	IR	Notice of Approval published on August 22, 2019 in Rules Notice <a href="#">19-0147</a> .	Amendments to the Investor Application Form, the Investor Notification Form and the Investor Notification and Approval guidance to align with changes proposed in the Plain Language Dealer Member Rules Rewrite Project (PLR).	Amendments effective on December 31, 2021.
Anti-Money-Laundering	IR	Notice of Approval published on August 22, 2019 in Rules Notice <a href="#">19-0145</a> . Guidance published on November 25, 2019 in Rules Notice <a href="#">19-0201</a> .	Harmonizes IIROC Rules with federal anti-money laundering rules and provincial securities legislation (NI 31-103), as applicable.	Amendments and Guidance effective on December 31, 2021.
Form 1 – PLR Related Housekeeping Amendments	IR	Notice of Approval published on October 17, 2019 in Rules Notice <a href="#">19-0180</a> .	Housekeeping amendments to Form 1 for use in, and consistency, with the terms and drafting protocol used in PLR.	Amendments effective on December 31, 2021.
Guidance Review Project – Group 1 Guidance Notes	IR	Notice of Approval relating to Group 1 Guidance Notes published on January 13, 2020 in Rules Notice <a href="#">20-0007</a> .	Updating/revising of IIROC's Guidance Notes for consistency with Plain language Dealer Member Rules rewrite project.	Guidance effective on December 31, 2021.

INITIATIVE	RULES	STATUS	DESCRIPTION	NEXT STEPS
Debt Securities Concentration Test	DMR & IR	Notice of Approval published on February 18, 2021 in Rules Notice <a href="#">21-0028</a> .	Introduces requirements to: <ul style="list-style-type: none"> <li>prevent undue concentration in securities of a particular issuer by expanding the types of securities that will be subject to the securities concentration test to include: <ul style="list-style-type: none"> <li>corporate debt securities with a normal margin rate of 10% or less</li> <li>“other non-commercial debt securities” with a normal margin rate of 10%.</li> </ul> </li> <li>update the use of credit ratings and references to credit rating agencies in the DMRs and Form 1.</li> </ul>	Amendments effective September 1, 2022.
Regulatory Framework for Addressing Financial Exploitation and Cognitive Impairment among Older and Vulnerable Investors	DMR & IR	Technical Notice published on March 5, 2020 in Rules Notice <a href="#">20-0041</a> . CSA <a href="#">Notice and Request for Comment</a> published on March 5, 2020.	IIROC worked together with members of the CSA and the MFDA to develop a regulatory framework to enhance investor protection by addressing issues of financial exploitation and diminished mental capacity of vulnerable clients	Next steps are under review.
Proposed amendments to Form 1 and corollary amendments to the IIROC Rules ( <b>New</b> )	IR	Proposed amendments under development.	Amendments to improve the overall consistency of the IIROC requirements, as well as to provide greater clarity of certain defined terms and to incorporate plain language writing conventions within Form 1.	Estimated publication of Request for Comments – April, 2021.

INITIATIVE	RULES	STATUS	DESCRIPTION	NEXT STEPS
Alternative Forms of Disciplinary Actions	CR	Comments under IIROC review. Proposed amendments published for comment on April 25, 2019 in Rules Notice <a href="#">19-0076</a> . Comment period closed on July 24, 2019.	Proposals to provide for alternative forms of disciplinary action. The proposals would allow for more tailored enforcement responses and ensure enforcement actions are fair and proportionate to the particular circumstances of cases under investigation.	Estimated publication of Notice of Withdrawal – April, 2021.
Proposed Amendment to IIROC By-law No. 1 Regarding the Definition of “Marketplace”	By-law No. 1	Submitted to CSA for approval. Proposed amendments published for comment on December 3, 2020 in Administrative Notice <a href="#">20-0254</a> . Comment period closed January 4, 2021.	Amendment to Section 1.1 of IIROC By-law No. 1 to change the definition of “Marketplace”.	IIROC intends to seek Member approval of the amendment at a special meeting in May 2021.
Client Focused Reforms	DMR & IR	Proposed rule amendments published for comment on November 19, 2020 in Rules Notice <a href="#">20-0238</a> . Comment period closed January 18, 2021.  Notice of Approval relating to housekeeping rule amendments published on November 19, 2020 in Rules Notice <a href="#">20-0239</a> .	Amendments to IIROC Rules for uniformity with the CSA’s Client Focused Reform Amendments published on October 3, 2019.	Estimated publication of Notice of Approval or re-publication of Request for Comments – Spring, 2021.
Bulk Account Movements	DMR & IR	Comments under IIROC review. Proposed amendments published for comment on October 8, 2020 in Rules Notice <a href="#">20-0203</a> . Comment period closed December 7, 2020.	Amendments setting out IIROC Staff authority to grant exemptive relief to Dealer Members from the applicable timeline to complete certain client account documentation requirements for bulk account movements situations.	Estimated publication of Notice of Approval or re-publication of Request for Comments – Spring, 2021.

INITIATIVE	RULES	STATUS	DESCRIPTION	NEXT STEPS
Swap Counterparty Margin Requirements	DMR & IR	Comments under IIROC review.  Proposed amendments published for comment on July 16, 2020 in Rules Notice <a href="#">20-0154</a> . Comment period closed August 17, 2020.	Amendments to swap counterparty margin requirements.	Estimated publication of Notice of Approval or re-publication of Request for Comments – June, 2021.
Listed Derivatives Trading	UMIR & IR	Submitted to CSA for approval.  Proposed amendments published for comment on October 8, 2020 in Rules Notice <a href="#">20-0202</a> . Comment period closed December 7, 2020.	Amendments to accommodate the trading of listed derivatives.	Estimated publication of Notice of Approval or re-publication of Request for Comments – Summer, 2021
Derivatives Rule Reform	IR	Comments under IIROC review.  Proposed amendments and draft guidance published for comment on November 21, 2019 in Rules Notice <a href="#">19-0200</a> . Comment period closed February 19, 2020.	Amendments to modernize Dealer Member Rule requirements for derivatives and to materially harmonize with proposed CSA OTC derivatives business conduct and registration requirements.	Estimated publication of Notice of Approval or re-publication of Request for Comments – Summer, 2021.
Reporting, Internal Investigation and Client Complaint Requirements	UMIR & IR	Proposed amendments under development.	Amendments to IIROC Rules to: <ul style="list-style-type: none"> <li>• introduce a principles-based reporting requirement which focuses on harm to clients and the capital markets</li> <li>• make our reporting requirements clearer and more consistent with regulatory expectations</li> <li>• better align our reporting requirements and complaint requirements.</li> </ul>	Estimated publication of Request for Comments – Summer, 2021

INITIATIVE	RULES	STATUS	DESCRIPTION	NEXT STEPS
IIROC Rules - New Guidance Notes	IR	Proposed guidance under development.	<p>New guidance notes on certain IIROC Rule requirements:</p> <ul style="list-style-type: none"> <li>• <i>Supervision of Associate Portfolio Managers</i> – to provide greater clarity on the pre-approval of Associate Portfolio Managers (APM) advice and APM supervision requirements</li> <li>• <i>Reporting Changes to a Dealer Member's Business Activities</i> – to provide IIROC's expectations on the notice requirement set out in subsection 2246(2) of the IIROC Rules</li> <li>• <i>Delegation</i> – to provide IIROC's expectations on the delegation of tasks or activities by an individual at a Dealer Member pursuant to section 1103 of the IIROC Rules (<b>New</b>)</li> <li>• <i>Managing Significant Areas of Risk</i> – to provide IIROC's expectations on the responsibility for significant areas of risk assigned to an executive (<b>New</b>).</li> </ul>	Estimated publication of Guidance –Summer, 2021.
Segregation and Portability Regime	DMR & IR	Proposed amendments under development.	<p>Introduces amendments to:</p> <ul style="list-style-type: none"> <li>• provide consistency with CDCC segregation and portability model</li> <li>• reduce commingling of futures business and other business lines not subject to segregation and portability regime.</li> </ul>	Estimated publication of Request for Comments – Fall 2021.
Institutional Credit and Custody Risk	DMR & IR	Proposed amendments under development.	Amendments to update institutional counterparty and custodian definitions including re-evaluating margin requirements on institutional accounts.	Estimated publication of Request for Comments – Fall, 2021.
Floating Index Margin and LSERM Methodology	DMR & IR	Proposed amendments under development.	Amendments to reduce procyclicality in the formula.	Estimated publication of Request for Comments – Fall, 2021.
Partial Swap Offsets	IR	Proposed amendments under development.	Amendments to IIROC Rules to allow margin offsets for swaps on partial notional amounts.	Estimated publication of Request for Comments – Fall, 2021.

INITIATIVE	RULES	STATUS	DESCRIPTION	NEXT STEPS
Proposed margin requirements for structured products (principal-protected notes and principal-at-risk notes)	DMR & IR	Proposed amendments published for comment on February 25, 2021 in Rules Notice <a href="#">21-0032</a> . Comment period closes April 12, 2021.	Introduces amendments to: <ul style="list-style-type: none"> <li>require a margin rate of 70% for structured products that meet eligibility criteria</li> <li>allow an alternative component-based margin methodology for structured products with a guarantee component.</li> </ul>	Estimated publication of Notice of Approval or re-publication of Request for Comments – Fall, 2021.
Guidance Review Project – Group 2 & 3 Guidance Notes	IR	Guidance Notes being updated/revised by IIROC.	Updating/revising of IIROC's Guidance Notes for consistency with the IIROC Rules.	Estimated publication of Guidance – Fall 2021.

Initiatives from the previous Update Report that have been closed and are not included in this Update Report	
Non-client Definition	Notice of Withdrawal published on January 14, 2021 in Rules Notice <a href="#">21-0009</a> .
Ombudservice	Amendments to be included as part of the Reporting, Internal Investigation and Client Complaint Requirements project.