

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

HOUSEKEEPING AMENDMENTS TO THE IIROC RULES AND FORM 1 RELATING TO THE LBMA MEMBERSHIPS

BLACK-LINE COMPARISON OF THE AMENDMENTS TO THE “ACCEPTABLE SECURITIES LOCATION” DEFINITION IN FORM 1

“acceptable securities location”	<p>A location considered suitable to hold securities on behalf of a <i>Dealer Member</i>, for both inventory and client positions, without capital penalty. To be suitable, the location must meet <i>IIROC’s segregation</i> and custody requirements including, but not limited to, the requirement for a written custody agreement. The written custody agreement must outline the terms under which securities are deposited and include provision that:</p> <ul style="list-style-type: none"> • no use or disposition of the securities shall be made without the prior written consent of the <i>Dealer Member</i>, and • the securities can be delivered to the <i>Dealer Member</i> promptly on demand. <p>The entities with locations that are considered suitable are as follows:</p> <p>...</p> <p>(viii) For London Bullion Market Association (LBMA) gold and silver good delivery bars, those entities considered suitable to hold these bars on behalf of a <i>Dealer Member</i>, for both inventory and client positions, without capital penalty must:</p> <ol style="list-style-type: none"> (a) be a market making member, ordinary<u>full</u> member, or associate<u>affiliate</u> member of the LBMA, (b) be on <i>IIROC’s</i> list of entities considered suitable to hold LBMA gold and silver good delivery bars, and (c) have executed a written precious metals storage agreement with the <i>Dealer Member</i>, outlining the terms upon which such LBMA good delivery bars are deposited. The terms must include provisions that no use or disposition of these bars shall be made without the written prior consent of the <i>Dealer Member</i>, and these bars can be delivered to the <i>Dealer Member</i> promptly on demand. The precious metals storage agreement must provide equivalent rights and protection to the <i>Dealer Member</i> as the standard securities custodial agreement. <p>...</p>
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