

Client Focused Reforms – Public Comment Rule Changes

Consequential Amendments

Requirement	Description of Consequential Amendment	Related Rule Amendment(s)
Definitions		
Subsection 1201(2) – Definitions – “direct electronic access account”	For added consistency, we propose adding this new definition, which substantially incorporates the existing language from the suitability exemption in subsection 3404(3).	<ul style="list-style-type: none"> • Suitability (Rule 3400)
Subsection 1201(2) – Definitions - “order execution only account”	We reiterate the applicability of the new account suitability determination obligations under clauses 3402(3)(i) and 3403(4)(i) by including cross references to these provisions.	<ul style="list-style-type: none"> • Suitability (Rule 3400)
Subsection 1201(2) – Definitions – “advisory account”, “discretionary account”, “managed account” and “order execution only account”	We are adding the word “determination” next to the word “suitability” for greater consistency with the language used in the IIROC CFR Suitability Amendments.	<ul style="list-style-type: none"> • Suitability (Rule 3400)

Requirement	Description of Consequential Amendment	Related Rule Amendment(s)
Shared Office Premises		
Section 2216 – Shared office premises	We propose a clerical change replacing the term “New Account Application” with the term “account application” to avoid confusion. The KYC information to be collected is set out specifically in Rule 3200 and not by reference to IIROC’s Form 2 (Form 2 is no longer applicable upon the implementation of the IIROC Rules). IIROC’s Form 2 is often referred to as the New Account Application Form and so the change to “account application” is proposed to avoid confusion.	<ul style="list-style-type: none"> • Suitability (Rule 3400)
Clause 2216(17)(ii) – Shared office premises	We are adding the word “determination” next to the word “suitability” for greater consistency with the language used in the IIROC CFR Suitability Amendments.	<ul style="list-style-type: none"> • Suitability (Rule 3400)

Requirement	Description of Consequential Amendment	Related Rule Amendment(s)
Principal and Agent Relationships		
<p>Subsection 2303(4) - Written agreement between the Dealer Member and IIROC</p>	<p>We propose a clerical change replacing the term “New Account Application” with the term “account application” to avoid confusion. The KYC information to be collected is set out specifically in Rule 3200 and not by reference to IIROC’s Form 2 (Form 2 is no longer applicable upon the implementation of the IIROC Rules). IIROC’s Form 2 is often referred to as the New Account Application Form and so the change to “account application” is proposed to avoid confusion.</p>	<ul style="list-style-type: none"> • Suitability (Rule 3400)
Relationship Disclosure		
<p>Subsection 3216(5) – Managed accounts</p>	<p>We are removing clause 3216(5)(iv), and any reference to this clause in section 3216, because this information will be addressed through the disclosure now required under paragraph 3216(5)(ii)(d)(III). Dealers may need to update their relationship disclosure document based on this change.</p>	<ul style="list-style-type: none"> • Suitability (Rule 3400)

Requirement	Description of Consequential Amendment	Related Rule Amendment(s)
Order Execution Only Accounts		
Sub-clause 3241(2)(i)(b) – Order execution only account services	We are updating the suitability and KYC language in this sub-clause for consistency with the updated KYC factors in clause 3202(1)(iii) and the enhanced suitability obligation in subsection 3402 and 3403. As a result of this change, OEO Dealers will likely have to update their disclosures to clients.	<ul style="list-style-type: none"> • Know-your-client (Part A of Rule 3200) • Suitability (Rule 3400)
Futures and Options Accounts		
Subsection 3252(2) – Additional requirements when opening an options account	We are updating the language in this subsection for consistency with the account appropriateness requirement. As a result of this change, some Dealers may need to update their supervisory policies and procedures for options accounts.	<ul style="list-style-type: none"> • Suitability (Rule 3400) • Account Appropriateness (section 3211)
Subsection 3257(2) - Additional requirements when opening a futures contract or futures contract option account	We are updating the language in this subsection for consistency with the account appropriateness requirement. As a result of this change, some Dealers may need to update their supervisory policies and procedures for futures accounts.	<ul style="list-style-type: none"> • Suitability (Rule 3400) • Account Appropriateness (section 3211)
Suitability		
Rule 3400 – Suitability	In the section and rule titles, we are adding the term “determination” next to the word “suitability” for greater consistency with the language used in the IIROC CFR Suitability Amendments. We are also removing the subsection titles.	<ul style="list-style-type: none"> • Suitability (Rule 3400)

Requirement	Description of Consequential Amendment	Related Rule Amendment(s)
Subsection 3402(4) – Making a suitability determination	We are rewording this section for greater consistency with the CSA CFRs.	<ul style="list-style-type: none"> • Suitability (Rule 3400)
Supervision		
Subsection 3948(1) – Supervision of suitability obligations	We are adding the word “determination” next to the word “suitability” for greater consistency with the language used in the IIROC CFR Suitability Amendments.	<ul style="list-style-type: none"> • Suitability (Rule 3400)
Subsection 3951(1) – Supervision of suitability obligations	We are adding the word “determination” next to the word “suitability” for greater consistency with the language used in the IIROC CFR Suitability Amendments.	<ul style="list-style-type: none"> • Suitability (Rule 3400)
Subsection 3962(1) – Supervision of retail options accounts	We are updating language in this subsection for consistency with the enhanced suitability obligation in subsection 3402(1). As a result of this change, some Dealers may need to update their supervisory policies and procedures for retail options accounts.	<ul style="list-style-type: none"> • Suitability (Rule 3400)
Clause 3967(1)(ii) – Supervision of retail futures contract and futures contract options accounts	We are updating language in this clause for consistency with the enhanced suitability obligation in subsection 3402(1). As a result of this change, some Dealers may need to update their supervisory policies and procedures for retail futures accounts.	<ul style="list-style-type: none"> • Suitability (Rule 3400)