

## **RULE 2800C**

### **TRANSACTION REPORTING FOR DEBT SECURITIES**

#### **Introduction**

This Rule 2800C requires Dealer Members to report information about each of their transactions (and the transactions of any affiliate that is a Government Securities Distributor) in Debt Securities to the Corporation through a system maintained by the Corporation.

#### **Purpose**

The reported transaction data is used in the Corporation's surveillance of the debt market to identify potential market abuses such as violations of the fair pricing requirements of Dealer Member Rule 3300, insider trading and market manipulation. It also supports the Corporation's general inspection and enforcement activities, rulemaking, and other regulatory functions. The trade data received pursuant to this rule enables appropriate oversight to ensure the integrity of OTC debt market trading and strengthen standards of investor protection.

#### **1. Definitions**

For purposes of Rule 2800C, the terms below have the meanings noted.

- 1.1 "Debt Security" means any security that provides the holder with a legal right, in specified circumstances, to demand payment of the amount owing and includes a debtor-creditor relationship. The fact that a security was issued in another country or denominated in a foreign currency does not disqualify it from being a Debt Security. The term includes securities with short-term maturities or mandatory tender periods such as commercial paper and floating rate notes as well as traditional notes and bonds.
- 1.2 "Repurchase Agreement" or "Repo" means a transaction that involves the simultaneous sale and future repurchase, or simultaneous purchase and future sale ("Reverse Repo"), of any Debt Securities, including transactions arranged as buy sell-backs and sell buy-backs.
- 1.3 "MTRS 2.0" means the Debt Securities transaction reporting system operated by the Corporation. As used in this term, "MTRS" is an abbreviation of "Market Trade Reporting System".
- 1.4 "Government Securities Distributor" or "GSD" means an entity that has been given notice of its status as such by the Bank of Canada and has access to bid at Government of Canada auctions.
- 1.5 "Legal Entity Identifier" or "LEI" means a unique identification code assigned to a person in accordance with standards set by the Global Legal Entity Identifier System.
- 1.6 "Global Legal Entity Identifier System" means the system for unique identification of parties to financial transactions developed by the Legal Entity Identifier System Regulatory Oversight Committee.
- 1.7 "Legal Entity Identifier System Regulatory Oversight Committee" means the international working group established by the Finance Ministers and the Central Bank Governors of the Group of

Twenty nations and the Financial Stability Board, under the Charter of the Regulatory Oversight Committee for the Global Legal Entity Identifier System dated November 5, 2012.

- 1.8 “MTRS 2.0 Enrollment Form” means the form filed by a Dealer Member with the Corporation to supply contact and other information that may be needed by the Corporation in connection with the Dealer Member’s reporting of Debt Securities transactions. An MTRS 2.0 Enrollment Form must also be filed by any party seeking to act as an Authorized Agent for a Dealer Member in reporting transaction data to MTRS 2.0.
- 1.9 “Authorized Agent” means a Dealer Member or other business entity that has successfully enrolled with the Corporation under Part 3 of this Rule 2800C to submit Debt Securities transaction reports on behalf of Dealer Members.
- 1.10 “Special Condition Indicator” means a code used on a transaction report to indicate that the transaction has certain attributes. Among other uses, the Special Condition Indicator helps to identify transactions that may be priced differently than other transactions in the same issue (e.g., a primary market transaction subject to a fixed price offering agreement). Special Condition Indicators are also used to identify Repo transactions, transactions that involve parties related to the Dealer Member executing the transaction, and certain other conditions that may apply to a transaction and that are relevant to the regulatory and market surveillance purposes of Rule 2800C.
- 1.11 “Riskless Principal Trade” means a trade in a Debt Security that involves two offsetting orders (buy and sell) that are filled through transactions executed against a Dealer Member’s trading or other proprietary account, with the execution of one of the orders dependent upon the receipt or execution of the other. A riskless principal trade results in two offsetting principal transactions on the Dealer Member’s books, rather than one agency transaction. A Dealer Member typically performs a riskless principal trade to fill a client order with an offsetting transaction in the market or with another client.
- 1.12 “File Receipt” means an electronic acknowledgement that confirms the transaction reporting data file has been successfully transmitted.

## **2. Reporting Requirements**

### **2.1 (a) General Transaction Reporting Requirement**

Every Dealer Member must report each of its transactions in Debt Securities (including Repo transactions) and the transactions in Debt Securities (including Repo transactions) of any affiliate that is a GSD, to the Corporation within the timeframes and in the manner specified in this Rule 2800C, subject to the exceptions stated below in Section 2.1(b).

### **(b) Exceptions - the following must not be reported under section 2.1(a) of this Rule 2800C:**

#### **(i) Debt Securities Without Assigned ISIN or CUSIP Numbers**

A transaction in Debt Securities that has no ISIN or CUSIP number assigned on the Date of Trade Execution. However, if that transaction is a new issue of a Debt Security, it shall be reported within the timeframe stated in clause (ii) of subsection 2.5(a) of this Rule 2800C.

(ii) Transactions of Exchange-listed Debt Securities

A transaction in exchange-listed Debt Securities executed on a Marketplace that transmits to IIROC trade information required under National Instrument 23-101 – *Trading Rules*.

(iii) Internal Transactions

A transaction between two separate business units or profit centres within the reporting Dealer Member where there is no change in beneficial ownership.

(iv) Repo Transactions by Non-GSDs

A Repo transaction executed by a Dealer Member that is not a GSD.

(v) Transactions with the Bank of Canada

A transaction in which the Bank of Canada or the Bank of Canada on behalf of the Government of Canada is the counterparty.

(vi) Certain transactions by affiliates that are GSDs only for Government of Canada treasury bills

A transaction other than a Repo transaction executed by an affiliate that is a GSD only for Government of Canada treasury bills, in a Debt Security with an original term to maturity of greater than one year.

## 2.2 Reporting Responsibilities of Dealer Members and ATSS

Reporting responsibilities in the most common situations are as follows:

- (a) In a transaction between a Dealer Member and a client or non-client the Dealer Member reports.
- (b) In a transaction between a Dealer Member and an Inter-Dealer Bond Broker or issuer, the Dealer Member reports.
- (c) In a transaction between a Dealer Member and an Alternative Trading System (ATS), the Dealer Member must report. In a transaction between an ATS and a client, the ATS reports.
- (d) In a transaction between two Dealer Members, each Dealer Member is responsible to report the transaction from its perspective. This responsibility includes the requirement for a Dealer Member to make a buy-side or sell-side transaction report, as appropriate, when it is a party to a transaction that results in the movement of securities between the accounts of an introducing broker and its clearing/carry broker.

2.3 A Dealer Member may use an Authorized Agent to submit transactions to MTRS 2.0. A Dealer Member utilizing an Authorized Agent for transaction reporting remains responsible for compliance with Rule 2800C.

## 2.4 Information Required on Transaction Reports

- (a) Each transaction report must contain accurate and complete information about the reported transaction.

- (b) A Dealer Member is required to obtain a Legal Entity Identifier and must comply with all applicable requirements imposed by the Global Legal Entity Identifier System.
- (c) Each transaction report must contain the following data elements relevant to a bond or Repo transaction as applicable:

<b>No.</b>	<b>Data</b>	<b>Description</b>
1.	SECURITY IDENTIFIER	The ISIN number or CUSIP number assigned to the securities in the transaction
2.	SECURITY IDENTIFIER TYPE	The type of identifier that was submitted, ISIN or CUSIP
3.	TRADE IDENTIFIER	Unique identifier assigned to the transaction by the reporting Dealer Member
4.	ORIGINAL TRADE IDENTIFIER	Included on trade cancelations or corrections
5.	TRANSACTION TYPE	Indicates whether the transaction is new, a cancelation, or a correction
6.	EXECUTION DATE	The calendar day the transaction was executed
7.	EXECUTION TIME	The time at which the transaction was executed, either as recorded by an electronic trading system or time of entry into a trade booking system
8.	SETTLEMENT DATE	The date the transaction is reported to settle
9.	TRADER IDENTIFIER	Assigned by reporting Dealer Member to identify the individual/desk responsible for the transaction
10.	REPORTING DEALER IDENTIFIER	The LEI of the reporting Dealer Member
11.	COUNTERPARTY TYPE	Indicates whether the counterparty was a Client, Non-client, a Dealer Member, a Dealer Member acting as an Alternative Trading System (ATS), an Inter-Dealer Bond Broker (IDBB), an Issuer or a Bank
12.	COUNTERPARTY IDENTIFIER	The LEI of the counterparty, when the counterparty is a Dealer Member, Bank, IDBB, or ATS. Bank trades are defined as trades with Schedule I Banks and Canadian offices of Schedule II Banks
13.	CUSTOMER ACCOUNT TYPE	Indicates whether the client is retail or institutional. This field must be populated if the counterparty type is 'Client'
14.	CUSTOMER LEI	The LEI of the customer supervised as an Institutional Customer
15.	CUSTOMER ACCOUNT	The account number of the supervised as a Retail Customer

<b>No.</b>	<b>Data</b>	<b>Description</b>
	IDENTIFIER	
16.	INTRODUCING/CARRYING DEALER INDICATOR	Indicates whether the reporting Dealer Member acted in the capacity of an introducing or carrying broker
17.	ELECTRONIC EXECUTION INDICATOR	Indicates if the transaction was executed on or facilitated through an electronic trading venue
18.	TRADING VENUE IDENTIFIER	The LEI of the electronic trading venue
19.	SIDE	Indicates whether the reporting Dealer Member was a buyer or seller
20.	QUANTITY	Par value of securities
21.	PRICE	The price at which the transaction was executed, including any mark-ups and/or mark-downs and/or commission
22.	BENCHMARK SECURITY IDENTIFIER	The ISIN or CUSIP of the Bond used as pricing benchmark (if any)
23.	BENCHMARK SECURITY IDENTIFIER TYPE	The type of identifier that was submitted, ISIN or CUSIP
24.	YIELD	The yield as stated on the client confirmation (if any)
25.	COMMISSION	The commission or mark-up stated on confirmation (if any)
26.	CAPACITY	Indicates whether the Dealer Member acted as Principal or Agent (“Riskless Principal Trades” reported as Principal)
27.	PRIMARY MARKET	Special Condition Indicator to indicate that the transaction is being submitted by an underwriter of a new issue of Debt Securities and that, at the time of the transaction, the securities were subject to a fixed price offering agreement. “Take-down” allocations from a syndicate manager to syndicate members are included in this designation as well as customer allocations by any member of the underwriting group subject to a fixed price offering agreement at the time of trade
28.	RELATED PARTY INDICATOR	Special Condition Indicator to indicate that the counterparty is an affiliate of the Dealer Member
29.	NON RESIDENT INDICATOR	Special Condition Indicator to indicate that the transaction is one with a non-resident counterparty
30.	FEE BASED ACCOUNT INDICATOR	Special Condition Indicator to indicate that the transaction is for a retail customer account paying non-transaction-based fees as partial or full remuneration for the Dealer Member’s transaction execution services

Elements Specific to Repo Transactions:

<b>No.</b>	<b>Data</b>	<b>Description</b>
31.	REPO AGREEMENT IDENTIFIER	Unique identifier assigned to the Repo transaction by the reporting Dealer Member.
32.	REPO TYPE	Indicates whether the transaction was conducted as part of a repo, a reverse repo, a sell/buy-back, or a buy/sellback
33.	REPO TERM	Indicates whether the Repo has fixed term or is an open term Repo. May indicate whether Repo is evergreen or extendable. Optional values.
34.	REPO MATURITY DATE	The maturity date if the Repo has a term
35.	CURRENCY OF REPO	The currency denomination of the cash payment used for the initial purchase of the security in a Repo agreement
36.	REPO RATE	The Repo interest rate. If the interest rate is not a term of the contract, then it is the interest rate implied by the difference between the sale (purchase) price and its repurchase (resale) price
37.	REPO HAIRCUT	The Repo haircut. If the haircut is not a term of the contract, then it is the haircut implied by the disparity between the purchase price and the market value of the security at the time of initial purchase
38.	REPO COLLATERAL SECURITY TYPE	Where the Dealer Member is aware of the collateral being used, indicates the type of identifier that was submitted for a single security (ISIN or CUSIP), or if the Repo is for multiple securities. Where the Dealer Member is not aware of the collateral being used, indicates general.
39.	REPO COLLATERAL SECURITY IDENTIFIER	The ISIN or CUSIP number of the security underlying a Repo agreement at the beginning of the agreement if a single security is used as collateral
40.	CLEARING HOUSE	If the Repo was centrally cleared, the LEI identifier of the central clearing house
41.	TRI-PARTY REPO INDICATOR	Indicates whether the transaction is a Tri-Party Repo.

## 2.5 Reporting Timeframes

### (a) Reporting Deadlines

A Dealer Member must ensure that a transaction report for which the Dealer Member is responsible is received by the Corporation in proper form and with complete and accurate information within the following timeframes:

- (i) For transactions in Debt Securities with ISIN or CUSIP Numbers assigned on the Date of Transaction Execution:
  - (A) if the date of transaction execution is a Business Day and the time of transaction execution is no later than 4:00 p.m. Eastern Time, the report must be made no later than 10:00 p.m. Eastern Time on the same Business Day as the date of transaction execution;
  - (B) if the date of transaction execution is a Business Day and the time of transaction execution is after 4:00 p.m. Eastern Time, the report:
    - may be made by 10:00 p.m. Eastern Time on the same Business Day as the date of the transaction execution, and
    - must be made no later than 10:00 p.m. Eastern Time on the first Business Day following the date of transaction execution; and
  - (C) for all other transactions, including those executed on a Saturday, Sunday, or any officially recognized Federal or Provincial statutory holiday on which the system is closed, the report must be made no later than 10:00 p.m. Eastern Time on the first Business Day following the Date of Transaction Execution;

provided, however, that:

- (ii) for transactions in new issue Debt Securities with no ISIN or CUSIP number assigned, a transaction report required under Paragraph 2.1(b) of this Rule must be made:
  - (A) where the ISIN or CUSIP is assigned before 4:00 p.m. Eastern Time, no later than 10:00 p.m. Eastern Time on the same Business Day that the ISIN or CUSIP number is assigned;
  - (B) where the ISIN or CUSIP is assigned after 4:00 p.m. Eastern Time, no later than 10:00 p.m. Eastern Time on the first Business Day following the day that the ISIN or CUSIP was assigned.

(b) Recordkeeping

Upon a successful submission and receipt by the Corporation of transaction reports, MTRS 2.0 provides the submitter with File Receipts.

File Receipts must be retained by the Dealer Member for seven years and be retrievable within a reasonable period of time. File receipts must be retained in a central, readily accessible place for a period of two years from the date of each file receipt.

## 2.6 LEI Renewal

The reporting Dealer Member must ensure that the registration status of its LEI has not lapsed.

## 3. Enrollment Requirements

(a) Initial Enrollment

A Dealer Member or Authorized Agent that will submit Debt Securities transaction reports to MTRS 2.0 must enroll in MTRS 2.0 and receive file submission credentials from the Corporation. Enrollment is accomplished by completing the MTRS 2.0 Enrollment Form with all required information, including technical and business contact points.

(b) Requirements for Continued Enrollment

Once enrolled, Dealer Members remain responsible to keep all information on the MTRS 2.0 Enrollment Form up to date.