

Appendix D – Clean copy of the Proposed Amendments to the IROC Rules

1201. Definitions

(2) The following terms have the meanings set out when used in the *IROC requirements*:

“bundled order”	Has the same meaning as set out in the Universal Market Integrity Rules
...	...
“Global Legal Entity Identifier System”	Has the same meaning as set out in the Universal Market Integrity Rules.
...	...
“Legal Entity Identifier”	A unique identification code assigned to a person in accordance with standards set by the Global Legal Entity Identifier System.
...	...
“Legal Entity Identifier System Regulatory Oversight Committee”	Has the same meaning as set out in the Universal Market Integrity Rules.
...	...
“listed security”	Has the same meaning as set out in the Universal Market Integrity Rules.
...	...
“multiple client order”	Has the same meaning as set out in the Universal Market Integrity Rules.
...	...
“Participant”	Has the same meaning as set out in the Universal Market Integrity Rules.

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PART D: CLIENT IDENTIFIERS

3140. Identifying clients of a Non-Executing Dealer Member

(1) Where a non-executing *Dealer Member* is not acting for an *order execution only account* and sends an order in a *listed security* to an executing *Dealer Member* for execution on a

Marketplace for which *IIROC* is the regulation services provider, the non-executing *Dealer Member* must include:

- (i) an identifier for the client for or on behalf of whom the order is entered, in the form of:
 - (a) a *Legal Entity Identifier* for an order for an account supervised under Part D of Rule 3900
 - (b) an account number for all other client orders not included under sub-clause 3140(1)(i)(a).
 - (ii) the *Legal Entity Identifier* of the non-executing *Dealer Member* that is not a *Participant*.
- (2) Where a non-executing *Dealer Member* is not acting for an *order execution only account* and groups together orders from more than one client or account type for execution on a *Marketplace* for which *IIROC* is the regulation services provider:
- (i) sub-clause 3140(1)(i) does not apply, and
 - (ii) the non-executing *Dealer Member* must provide to the executing *Dealer Member* that the order is part of:
 - (a) a *bundled order*, or
 - (b) a *multiple client order*.
- (3) The non-executing *Dealer Member* that is not acting for an *order execution only account* and is not a *Participant* must ensure that the registration status of its *Legal Entity Identifier* has not lapsed.

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RULE 3200 – CLIENT ACCOUNTS

3201. Introduction

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- (3) The following terms have the meaning set out below when used in Part D – Order Execution Only Accounts:
- (i) “adviser” means a *person* that is not an *individual* and is registered as an adviser in accordance with *securities laws*.
 - (ii) “foreign adviser equivalent” means a person that is not an *individual* and is in the business of trading securities in a foreign jurisdiction in a manner analogous to an *adviser*.

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3241. Order execution only account services

- (1) A *Dealer Member* approved by *IIROC* to provide *order execution only account* services within either a separate legal entity or a separate business unit, must:
- (i) implement the policies and procedures required by *IIROC requirements*, and

- (ii) not allow its *order execution only account* service clients to:
 - (a) use their own automated order system, as defined in *securities laws*, to generate orders to be sent to the *Dealer Member* or send orders to the *Dealer Member* on a pre-determined basis, or
 - (b) manually send orders or generate orders to the *Dealer Member* that exceed the threshold on the number of orders as set by *IIROC* from time to time,
 - (iii) not provide *order execution only account* services to any *person* that is not an *individual* and is acting as and, registered or exempted from registration as a dealer in accordance with *securities laws*, and trades on a *Marketplace* for which *IIROC* is the regulation services provider.
- (2) Despite clause (1)(iii), a *Dealer Member* may provide an *order execution only account* service to a *person* that is exempted from registration as a dealer under section 8.4 of National Instrument 31-103.
- (3) A *Dealer Member* approved by *IIROC* to provide *order execution only account* services must, prior to opening an *order execution only account*:
- (i) provide the following written disclosures to the client:
 - (a) a statement confirming that the *Dealer Member* will not provide any recommendations to the client and that the client is solely responsible for making all investment decisions in the *order execution only account*,
 - (b) a statement confirming that the *Dealer Member* will not be responsible for making a suitability determination for the client and, in particular, that the *Dealer Member* will not consider the client's current financial situation, investment knowledge, investment objectives and time horizon, risk tolerance, the client account's investment portfolio composition and risk level, nor other similar factors, and
 - (c) a statement confirming that the *Dealer Member* will not be responsible for making a determination that the products and account types offered by the *Dealer Member* in the *order execution only account* are appropriate for the client,and
 - (ii) obtain a positive acknowledgement from the client, and each beneficial owner of the account, confirming that the client, and each beneficial owner, has received and understood the disclosures described in clause 3241(3)(i).
- (4) The *Dealer Member* must maintain, in an accessible form, a record of the acknowledgement obtained under clause 3241(3)(ii) in the following form:
- (i) the client's signature or initials on a new client form or other document, specifically related to the disclosure and acknowledgement,
 - (ii) an electronic acknowledgement attached to the disclosure and acknowledgement text, or
 - (iii) a tape recording of a verbal acknowledgement.
- (5) The *Dealer Member* must ensure that a client identifier is assigned to each client that trades on a *Marketplace* for which *IIROC* is the regulation services provider whose trading activity on

Marketplaces for which *IIROC* is the regulation services provider exceeds a daily average of 500 orders per trading day in any calendar month.

- (6) The *Dealer Member* must ensure that a unique identifier is assigned to any *adviser* that trades on a *Marketplace* for which *IIROC* is the regulation services provider and that:
 - (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*.
- (7) The *Dealer Member* must ensure that a unique identifier is assigned to any *foreign adviser equivalent* that trades on a *Marketplace* for which *IIROC* is the regulation services provider and that:
 - (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*.
- (8) The client identifier required in subsection 3241(5), clause 3241(6)(i) and clause 3241(7)(i) must be in the form of:
 - (i) a *Legal Entity Identifier* for clients eligible to receive a *Legal Entity Identifier* under the standards set by the *Global Legal Entity Identifier System*or
 - (ii) an account number for all other client orders not included under subsection 3241(5), clause 3241(6)(i) and clause 3241(7)(i).
- (9) If an account number is used as the client identifier under clause 3241(8)(ii), the *Dealer Member* must provide the account number and the name of the corresponding client to *IIROC*.
- (10) The *Dealer Member* must provide each unique identifier assigned pursuant to clause 3241(6)(ii) and clause 3241(7)(ii) and the name of the corresponding firm to *IIROC*.
- (11) For clients using an *order execution only account* that are not referred to under subsection 3241(5), clause 3241(6)(i), or clause 3241(7)(i), the *Dealer Member* must use an account number as the client identifier.
- (12) The *Dealer Member* must ensure that each order in a *listed security* entered on a *Marketplace* for which *IIROC* 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*.
- (13) The *Dealer Member* must ensure that each order in a *listed security* entered on a *Marketplace* for which *IIROC* is the regulation services provider contains either:
 - (i) the identifier required under subsection 3241(5), clause 3241(6)(i), clause 3241(7)(i) or subsection 3241(11),or
 - (ii) a designation to indicate the order is a *bundled order* or a *multiple client order*.

- (14) The *Dealer Member* must ensure that each order entered on a *Marketplace* for which *IIROC* is the regulation services provider by or on behalf of a firm for whom a unique identifier must be assigned pursuant to clause 3241(6)(i) or clause 3241(7)(i) contains the unique identifier assigned to that firm.
- (15) The *Dealer Member* must ensure that each order entered on a *Marketplace* for which *IIROC* is the regulation services provider by or on behalf of an account over which an *adviser* or *foreign adviser equivalent* has been granted trading authority, direction or control and an identifier was assigned pursuant to clause 3241(6)(ii) or clause 3241(7)(ii) contains the identifier assigned to that firm.
- (16) Despite the requirement to include a client identifier assigned under subsection 3241(5) on an order sent to a *Marketplace*:
- (i) if an *adviser* is assigned a unique identifier pursuant to clause 3241(6)(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 *IIROC* is the regulation services provider must contain the unique identifier assigned to that *adviser*, or
 - (ii) if a *foreign adviser equivalent* is assigned a unique identifier pursuant to clause 3241(7)(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 *IIROC* is the regulation services provider must contain the unique identifier assigned to that *foreign adviser equivalent*.
- (17) The non-executing *Dealer Member* that is not a *Participant* must ensure that the registration status of its *Legal Entity Identifier* has not lapsed.
- (18) A *Dealer Member* approved by *IIROC* to provide *order execution only account* services within either a separate legal entity or a separate business unit, must ensure that:
- (i) its order-entry systems and records are capable of labeling all account documentation, including monthly statements and confirmations, as “order execution only accounts” or other similar phrase, and
 - (ii) the client monthly statements of its *order execution only account* services are not consolidated with any other client account statements, including those of any other business unit of the *Dealer Member* or of the *Dealer Member* itself.

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RULE 7200 – TRANSACTION REPORTING FOR DEBT SECURITIES

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7202. Definitions

(1) The following items have the meaning set out below when used in Rule 7200:

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(iii) “file receipt” means an electronic acknowledgement that confirms the transaction reporting data file has been successfully transmitted.

(iv) “Government Securities Distributor” 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.

(v) "ISIN" means International Securities Identification Number.

(vi) "MTRS 2.0" means the Market Trade Reporting System operated by IIROC for reporting debt securities transactions.

(vii) "MTRS 2.0 Enrollment Form" means the form filed by a Dealer Member with IIROC to supply contact and other information that may be needed by IIROC 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.

(viii) "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.

(ix) "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 (for instance, a primary market transaction subject to a fixed price offering agreement). Special condition indicators are also used to identify repurchase agreement 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 7200.

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7203. Reporting requirements

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(6) Transaction reports made under subsection 7203(1) must accurately and completely reflect the reported transaction and must contain the following data elements relevant to a bond or *repurchase agreement* transaction, as applicable:

No.	Data	Description
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14.	CLIENT LEI	The <i>Legal Entity Identifier</i> of the <i>institutional client</i> .
15.	CLIENT ACCOUNT IDENTIFIER	The account number of the <i>retail client</i> .

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(7) The reporting *Dealer Member* must ensure that the registration status of its *Legal Entity Identifier* has not lapsed.