

OSC NOTICE

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)

CHANGES TO HARMONIZE AND STREAMLINE THE OVERSIGHT OF IIROC

Staff of the Ontario Securities Commission (**Staff**) are publishing certain changes to the oversight of IIROC by the Recognizing Regulators.

A. Background

IIROC is the national self-regulatory organization (**SRO**) which oversees all investment dealers and trading activity on debt and equity marketplaces in Canada and thus, plays an important role in the security of investors and confidence in Canada's capital markets. IIROC is recognized by all provincial and territorial jurisdictions (collectively the Canadian Securities Administrators - **CSA**) pursuant to applicable legislation. All jurisdictions formally recognize IIROC through their respective recognition orders (**Recognition Orders**), which are largely harmonized. In addition, in order to coordinate the oversight of IIROC, the CSA has entered into a memorandum of understanding regarding oversight of IIROC (**MOU**).

Given the passage of time since the current Recognition Orders and MOU became effective, a CSA staff working group initiated a focused review with the purpose to only streamline and modernize the documents to better reflect current CSA expectations and oversight practices and to harmonize them with [similar documents under review](#) relating to the Mutual Fund Dealers Association of Canada (**MFDA**).

Therefore, changes will comprise of:

- Making certain amendments to the Recognition Orders in order to clarify the CSA's expectations and reduce IIROC's regulatory burden; and
- Concluding a new MOU that will modernize, streamline and harmonize certain sections of the MOU to better reflect current CSA oversight review practices.

Overall, the amendments are intended to:

- increase regulatory efficiency by streamlining and harmonizing the oversight regime for IIROC; and
- reduce regulatory burden.

The following documents, demonstrating the amendments, are attached:

- [Amended and restated IIROC Recognition Order \(blackline\)](#);
- [Amended and restated IIROC Recognition Order \(clean\)](#); and
- [New proposed MOU](#).

A more detailed overview is included below.

B. Key Proposed Amendments to IIROC's Recognition Order

- The purposes for which IIROC may use monies derived from fines and settlement agreements have been clarified.
- The terms and conditions regarding the maintenance of IIROC's critical technology systems have been clarified.
- Several other minor changes have been made to clarify the CSA's expectations and/or reflect current oversight practice.

C. Key Details of the Proposed New MOU

- The new MOU better harmonizes the regime which the CSA has in place to govern oversight of IIROC and includes changes that will reduce regulatory burden and enhance efficiency.
- The sections of the MOU dealing with coordinated oversight reviews have been revised and harmonized to better reflect current oversight practices.
- The Joint Rule Review Protocols, appended to the MOU, have been revised and harmonized to better reflect current rule review practices.

D. Purpose of the Publication

The purpose of this publication is to inform the public of the amendments that Staff intend to finalize after August 29, 2020. If you have any questions or comments, they may be referred to:

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E. Ongoing Consultation on the SRO Organization Framework

The CSA is currently undertaking a review of the regulatory framework for IIROC and the MFDA. On June 25, 2020, a [consultation paper](#) on the SRO Regulatory Framework (**Consultation Paper**) was published for a 120-day comment period seeking input from all industry representatives and stakeholders, investor advocates, and the public on how innovation and the evolution of the financial services industry has impacted the current regulatory framework, as well as specific comments on the issues and targeted outcomes set out in the Consultation Paper. That consultation process is distinct from the changes described in this notice. All substantial queries and comments related to that consultation process should be submitted in accordance with the instructions in the Consultation Paper.