Rules Notice
Notice of Approval/Implementation
Dealer Member Rules

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19-0052
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Amendments to Transaction Reporting for Debt Securities

Executive Summary

On March 19, 2019, the applicable securities regulatory authorities approved amendments to Dealer Member Rule 2800C (**Amendments**). The Amendments will:

- shorten the transaction reporting deadlines for debt securities to align with the change to shorter settlement cycles

- remove the reporting requirement on alternative trading systems (**ATSs**) when trades in debt securities are executed against a Dealer Member to eliminate duplicative reporting

- amend data fields for repo transactions to assist the Bank of Canada with their financial system stability functions.

The Amendments were published for comment on March 8, 2018 in IIROC Rules Notice 18-0052 – Rules Notice – Request for Comments – DMR – *Proposed Amendments to Transaction Reporting for Debt Securities* (**March 2018 Proposal**). All relevant background information, including the description and impact of the Amendments, is set out in Notice 18-0052.

Comments Received

We received five comment letters in response to Notice 18-0052. Attachment C to this Notice provides a summary of the public comments received and our responses. As a result of the comments, we have made revisions to Notice 18-0052, as set out in Attachment B and summarized below.

Description of the Amendments and Non-Material Changes

Shortening Reporting Timeframes

We are shortening the transaction reporting timeframe as follows:

Execution Date	Execution Time		Reporting deadline	
	Current	Proposal	Current	Proposal
Business day	Before 6 p.m.	Before 4 p.m.	Before 2 p.m. on the business day following execution date (T+1)	Before 10 p.m. on same day as execution date (T)
	After 6 p.m.	After 4 p.m.	Before 2 p.m. on the second business day following execution date (T+2)	Before 10 p.m. on the first business day following execution date (T+1)
Not a business day	Anytime		Before 2 p.m. on the second business day following execution date (T+2)	Before 10 p.m. on the first business day following execution date (T+1)

For new issue debt securities with no ISIN or CUSIP assigned and where a transaction report is required under subsection 2.1(b) of DMR 2800C, the reporting timeframe is changing as follows:

Assignment of ISIN or CUSIP		Reporting deadline	
Current	Proposal	Current	Proposal
Anytime	Before 4 p.m.	Before 6 p.m. on the business day following the date of ISIN/CUSIP assignment	Before 10 p.m. on the same day as ISIN/CUSIP assignment
	After 4 p.m.		Before 10 p.m. on the first business day following date of ISIN/CUSIP assignment

Dealer Members may continue to use a 6 p.m. day cut-off time (rather than the 4 p.m. day cut-off time) if that reduces impacts to their systems and processes.

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To facilitate transaction reporting before the shortened timeline, we are amending our error handling processes to reject only the line(s) containing an error, instead of the Dealer Member's entire file submission. We plan to have these changes in place by the end of the implementation period.

Remove reporting requirement on ATSs when trading against Dealer Member

We are removing the reporting requirement on ATSs for transactions that are already reported by the Dealer Member.

Removal of six proposed data fields

In the March 2018 Proposal, we proposed to add six new data fields to enhance the surveillance capabilities of IIROC Debt Surveillance.

Commenters indicated that the new proposed data fields would be challenging for some Dealer Members to complete, as staff may need to input certain field(s) manually and/or source information across different departments.

As a result of the comments received, we have removed six new data fields that were proposed in the March 2018 Proposal. Rather than ask all Dealer Members report this information, we would obtain the information through a new reference data source, where available. The cost would be shared by all Dealer Members.

The Amendments maintain the data fields requested by the Bank of Canada with respect to repo transactions in order to ensure they receive the information needed to carry out their mandate.

Attachments

Attachment A – Amendments to Dealer Member Rule (**DMR**) 2800C and Proposed Dealer Member Plain Language Rule (**PLR**) 7200
Attachment B – Changes to DMR 2800C and PLR 7200 as a result of the Amendments
Attachment C – Summary of comments received and IIROC's responses

Implementation

The Amendments will come into force on **October 28, 2019**, being seven months after the publication of this Notice.

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Attachment A

Dealer Member Rule Amendments

1. Paragraph (i) of subsection 2.1(b) of DMR 2800C is amended by:

   a. adding "clause (ii) of subsection 2.5(a) of this Rule 2800C." after "within the timeframe stated in"

   b. deleting "Section 2.5 of this Rule 2800C if an ISIN or CUSIP is assigned to the Debt Security by 6:00 p.m. Eastern Time on the business day following the date of sale of the new issue".

2. Section 2.2 of DMR 2800C is amended by:

   a. adding "and ATSs" after "Reporting Responsibilities of Dealer Members".

3. Subsection 2.2(c) of DMR 2800C is amended by:

   a. deleting "where the ATS is the counterparty" after "In a transaction between a Dealer Member and an Alternative Trading System (ATS)"

   b. deleting "and the ATS" after "the Dealer Member"

   c. deleting "(where the ATS is the counterparty)" after "In a transaction between an ATS".

4. Subsection 2.4(c) of DMR 2800C is amended by:

   a. Row 33 is amended by:

      i. adding "." after "an open term Repo"

      ii. adding the following paragraph after "an open term Repo.":

      "May indicate whether Repo is evergreen or extendable. Optional values"

   b. Row 38 is amended by:

      i. adding "Where the Dealer Member is aware of the collateral being used," before "Indicates"

      ii. replacing "Indicates" with "indicates"

      iii. adding "for a single security" before "ISIN or CUSIP"

      iv. adding an open bracket before "ISIN" and a close bracket after "CUSIP"

      v. adding a comma after "CUSIP)"

      vi. deleting "or if the Repo is for general collateral,"

      vii. adding a period after "multiple securities"

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viii. adding a new paragraph after "multiple securities." as follows:

"Where the Dealer Member is not aware of the collateral being used, indicates general."

c. adding a new row after Row 40 as follows:

41.	TRI-PARTY REPO INDICATOR	Indicates whether the transaction is a Tri-Party Repo.

5. Subparagraph (i)(A) of subsection 2.5(a) of DMR 2800C is amended by:

   a. replacing "6:00 p.m." with "4:00 p.m."

   b. replacing "2:00 p.m." with "10:00 p.m."

   c. adding "same" after "Eastern Time on the"

   d. replacing "following" with "as".

6. Subparagraph (i)(B) of subsection 2.5(a) of DMR 2800C is amended by:

   a. replacing "6:00 p.m." with "4:00 p.m."

   b. adding the ":" after "the report"

   c. deleting the following after "the report:"

   "must be made no later than 2:00 p.m. Eastern Time on the second Business Day following the date of transaction execution; and"

   d. adding the following two bullets after "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".

7. Subparagraph (i)(C) of subsection 2.5(a) of DMR 2800C is amended by:

   a. replacing "2:00 p.m." with "10:00 p.m."

   b. replacing "second" with "first".

8. Paragraph (ii) of subsection 2.5(a) of DMR 2800C is amended by:

   a. replacing "no later than" with ":"

   b. deleting "6:00 p.m. Eastern Time on the Business Day following the day that the ISIN or CUSIP number is assigned.".

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9. Adding a new subparagraph (A) to paragraph 2.5(a)(ii) of DMR 2800C as follows:

    "(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;"

10. Adding a new subparagraph (ii)(B) after subparagraph (ii)(A) of subsection 2.5(a) of DMR 2800C as follows:

    "(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."

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Dealer Member Plain Language Rule Amendments[1]

The proposed Dealer Member Plain Language Rules are hereby amended as follows:

1. Paragraph (i) of subsection 7203(2) is amended by:

    a. deleting "if an *ISIN* or *CUSIP* number is assigned to the *debt security* by 6:00 p.m. on the *business day* following the date of sale of the new issue".

2. Paragraph (iii) of subsection 7203(3) is amended by:

    a. deleting "where the Alternative Trading System is the counterparty,"

    b. deleting "and the Alternative Trading System"

    c. deleting "(where the Alternative Trading System is the counterparty)".

3. Subsection 7203(6) is amended by:

    a. Row 33 is amended by:

        i. adding "." after "an open term *repurchase agreement* transaction or *reverse repurchase agreement* transaction"

        ii. adding the following paragraph after "an open term *repurchase agreement* transaction or *reverse repurchase agreement* transaction.":
        "May indicate whether *repurchase agreement* transaction or *reverse repurchase agreement* transaction is evergreen or extendable. Optional values"

    b. Row 38 is amended by:

        i. adding "Where the *Dealer Member* is aware of the collateral being used," before "Indicates"

        ii. replacing "Indicates" with "indicates"

        iii. adding "for a single security" before "*ISIN* or *CUSIP*"

        iv. adding "(" before "*ISIN*" and ")," after "*CUSIP*"

        v. deleting "or if the *repurchase agreement* transaction or *reverse repurchase agreement* transaction is for general collateral,"

        vi. adding "." after "multiple securities"

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vii.   adding a new paragraph after "multiple securities." as follows:

"Where the *Dealer Member* is not aware of the collateral being used, indicates general."

c.   adding a new row after Row 40 as follows:

41.	TRI-PARTY REPO INDICATOR	Indicates whether the *repurchase agreement* transaction or *reverse repurchase agreement* transaction is a tri-party repo.

4.   Subparagraph (i)(a) of subsection 7204(1) is amended by:

a.   replacing "6:00 p.m." with "4:00 p.m."

b.   replacing "2:00 p.m." with "10:00 p.m."

c.   adding "same" before "business day following"

d.   replacing "following" with "as".

5.   Subparagraph (i)(b) of subsection 7204(1) is amended by:

a.   replacing "6:00 p.m." with "4:00 p.m."

b.   adding ":" after "the report"

c.   deleting the following after "the report:":

"must be made no later than 2:00 p.m. on the second *business day* following the date of trade execution, and"

d.   adding the following bullets after "the report:"

- "may be made by 10:00 p.m. on the same *business day* as the date of the transaction execution, and"
- "must be made no later than 10:00 p.m. on the first *business day* following the date of trade execution, and"

6.   Subparagraph (i)(c) of subsection 7204(1) is amended by:

a.   replacing "2:00 p.m." with "10:00 p.m."

b.   replacing "second" with "first".

7.   Paragraph (ii) of subsection 7204(1) is amended by:

a.   adding ":" after "must be made"

b.   deleting "no later than 6:00 p.m. on the *business day* following the day that the *ISIN* or *CUSIP* is assigned".

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8. Adding a subparagraph (ii)(a) to subsection 7204(1) as follows:

    "(a) where the *ISIN* or *CUSIP* is assigned before 4:00 p.m., no later than 10:00 p.m. on the same *business day* that the *ISIN* or *CUSIP* number is assigned,"

9. Adding a subparagraph (ii)(b) after subparagraph (ii)(a) of subsection 7204(1) as follows:

    "(b) where the *ISIN* or *CUSIP* is assigned after 4:00 p.m., no later than 10:00 p.m. on the first *business day* following the day that the *ISIN* or *CUSIP* was assigned."

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Attachment B – Text of DMR and PLR to Reflect the Amendments

Text of Dealer Member Rules to Reflect Amendments to Dealer Member Rule 2800C

Text of Provision Following Adoption of the Proposed Amendments	Text of Current Provisions Marked to Reflect Adoption of the Proposed Amendments
RULE 2800C **TRANSACTION REPORTING FOR DEBT SECURITIES** **2. Reporting Requirements** 2.1 (a) General Transaction Reporting Requirement … (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.	**RULE 2800C** **TRANSACTION REPORTING FOR DEBT SECURITIES** **2. Reporting Requirements** 2.1 (a) General Transaction Reporting Requirement … (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 S~~subsection 2.5~~(a)~~ of this Rule 2800C. ~~if an ISIN or CUSIP number is assigned to the Debt Security by 64:00 p.m. Eastern Time on the business day following the date of sale of the new issue.~~
2.2 Reporting Responsibilities of Dealer Members and ATSs Reporting responsibilities in the most common situations are as follows: … (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.	2.2 Reporting Responsibilities of Dealer Members ~~and ATSs~~ Reporting responsibilities in the most common situations are as follows: … (c) In a transaction between a Dealer Member and an Alternative Trading System (ATS), ~~where the ATS is the counterparty,~~ the Dealer Member ~~and the ATS~~ must report. In a transaction between an ATS ~~(where the ATS is the counterparty)~~ and a client, the ATS reports.
2.4 Information Required on Transaction Reports … (c) Each transaction report must contain the following data elements relevant to a bond or Repo transaction as applicable: … Elements Specific to Repo Transactions:	2.4 Information Required on Transaction Reports … (c) Each transaction report must contain the following data elements relevant to a bond or Repo transaction as applicable: … Elements Specific to Repo Transactions:

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	Text of Provision Following Adoption of the Proposed Amendments			Text of Current Provisions Marked to Reflect Adoption of the Proposed Amendments	

No.	Data	Description	No.	Data	Description
...	...	...	...	...	...
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	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
...	...	...	...	...	...
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.	38.	REPO COLLATERAL SECURITY TYPE	Where the Dealer Member is aware of the collateral being used, Iindicates the type of identifier that was submitted for a single security (ISIN or CUSIP), or if the Repo is for general collateral, or if the Repo is for multiple securities. Where the Dealer Member is not aware of the collateral being used, indicates general.
...	...	...	...	...	...
41.	TRI-PARTY REPO INDICATOR	Indicates whether the transaction is a Tri-Party Repo.	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:

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 6 4:00 p.m. Eastern Time, the report must be made no later than 2 10:00 p.m. Eastern Time on the same Business Day following 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 6 4:00 p.m. Eastern Time, the report: must be made no later than 2:00 p.m.

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• 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.	~~Eastern Time on the second Business Day following the date of transaction execution; and~~ • 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 ~~2~~ 10:00 p.m. Eastern Time on the ~~second~~ 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: ~~no later than 6:00 p.m. Eastern Time on the Business Day following the day that the ISIN or CUSIP number is assigned.~~ (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.

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Text of Proposed Dealer Member Plain Language Rules to Reflect Amendments to Rule 7200[2]

Text of Provision Following Adoption of the Proposed Amendments	Text of Current Provisions Marked to Reflect Adoption of the Proposed Amendments
7203. Reporting requirements … (2) The following must not be reported under subsection 7203(1): (i) a transaction in *debt securities* that have no *ISIN* or *CUSIP* number assigned on the date of trade execution, except that, if that transaction is a new issue of a *debt security*, it shall be reported within the timeframe stated in clause 7204(1)(ii),	**7203. Reporting requirements** … (2) The following must not be reported under subsection 7203(1): (i) a transaction in *debt securities* that have no *ISIN* or *CUSIP* number assigned on the date of trade execution, except that, if that transaction is a new issue of a *debt security*, it shall be reported within the timeframe stated in clause 7204(1)(ii) ~~if an *ISIN* or *CUSIP* number is assigned to the *debt security* by 6:00 p.m. on the *business day* following the date of sale of the new issue~~,
(3) Reporting responsibilities in the most common situations are as follows: … (iii) in a transaction between a *Dealer Member* and an Alternative Trading System, the *Dealer Member* must report. In a transaction between an Alternative Trading System and a client, the Alternative Trading System reports.	(3) Reporting responsibilities in the most common situations are as follows: … (iii) in a transaction between a *Dealer Member* and an Alternative Trading System, ~~where the Alternative Trading System is the counterparty,~~ the *Dealer Member* ~~and the Alternative Trading System~~ must report. In a transaction between an Alternative Trading System ~~(where the Alternative Trading System is the counterparty)~~ and a client, the Alternative Trading System reports.
(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: … Elements specific to *repurchase agreement* transactions or *reverse repurchase agreement* transactions:	(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: … Elements specific to *repurchase agreement* transactions or *reverse repurchase agreement* transactions:

No.	Data	Description
…	…	…
33.	REPO TERM	Indicates whether the *repurchase agreement* transaction or *reverse repurchase agreement* transaction has fixed term or is an open term *repurchase agreement* transaction or *reverse repurchase agreement* transaction.

No.	Data	Description
…	…	…
33.	REPO TERM	Indicates whether the *repurchase agreement* transaction or *reverse repurchase agreement* transaction has fixed term or is an open term *repurchase agreement* transaction or *reverse repurchase agreement* transaction.

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[2] IIROC Notice 18-0014 – Rules Notice – Request for Comments – Dealer Member Rules – *Re-publication of Proposed IIROC Dealer Member Plain Language Rule Book* (January 18, 2018).

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		May indicate whether *repurchase agreement* transaction or *reverse repurchase agreement* transaction is evergreen or extendable. Optional values			May indicate whether *repurchase agreement* transaction or *reverse repurchase agreement* transaction is evergreen or extendable. Optional values
…	…	…	…	…	…
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 *repurchase agreement* transaction or *reverse repurchase agreement* transaction is for multiple securities. Where the *Dealer Member* is not aware of the collateral being used, indicates general.	38.	REPO COLLATERAL SECURITY TYPE	Where the *Dealer Member* is aware of the collateral being used, ~~i~~Indicates the type of identifier that was submitted for a single security (*ISIN* or *CUSIP*), or ~~if the *repurchase agreement* transaction or *reverse repurchase agreement* transaction is for general collateral,~~ or if the *repurchase agreement* transaction or *reverse repurchase agreement* transaction is for multiple securities. Where the *Dealer Member* is not aware of the collateral being used, indicates general.
…	…	…	…	…	…
41.	TRI-PARTY REPO INDICATOR	Indicates whether the *repurchase agreement* transaction or *reverse repurchase agreement* transaction is a tri-party repo.	41.	TRI-PARTY REPO INDICATOR	Indicates whether the *repurchase agreement* transaction or *reverse repurchase agreement* transaction is a tri-party repo.

7204. Reporting timeframes

(1) A *Dealer Member* must ensure that a transaction report for which the *Dealer Member* is responsible is received by *IIROC* 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 trade execution:

        (a) if the date of trade execution is a *business day* and the time of transaction execution is no later than 4:00 p.m., the report must be made no later than 10:00 p.m. on the same *business day* as the date of trade execution,

        (b) if the date of trade execution is a *business day* and the time of transaction execution is after 4:00 p.m., the report:
- may be made by 10:00 p.m. on the same *business day* as the date of the transaction execution, and
- must be made no later than 10:00 p.m. on the first *business day* following the

7204. Reporting timeframes

(1) A *Dealer Member* must ensure that a transaction report for which the *Dealer Member* is responsible is received by *IIROC* 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 trade execution:

        (a) if the date of trade execution is a *business day* and the time of transaction execution is no later than ~~6~~ 4:00 p.m., the report must be made no later than ~~2~~ 10:00 p.m. on the same *business day* ~~following~~ as the date of trade execution,

        (b) if the date of trade execution is a *business day* and the time of transaction execution is after ~~6~~ 4:00 p.m., the report: ~~must be made no later than 2:00 p.m. on the second *business day* following the date of trade execution, and~~

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Text of Provision Following Adoption of the Proposed Amendments	Text of Current Provisions Marked to Reflect Adoption of the Proposed Amendments
date of trade 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. on the first *business day* following the date of trade execution, provided, however, that: (ii) for transactions in new issue *debt securities* with no *ISIN* or *CUSIP* number assigned, a transaction report required under clause 7203(2)(i) must be made: (a) where the *ISIN* or *CUSIP* is assigned before 4:00 p.m., no later than 10:00 p.m. 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., no later than 10:00 p.m. on the first *business day* following the day that the *ISIN* or *CUSIP* was assigned.	• may be made by 10:00 p.m. on the same *business day* as the date of the transaction execution, and • must be made no later than 10:00 p.m. on the first *business day* following the date of trade 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 2 10:00 p.m. on the second first *business day* following the date of trade execution, provided, however, that: (ii) for transactions in new issue *debt securities* with no *ISIN* or *CUSIP* number assigned, a transaction report required under clause 7203(2)(i) must be made: no later than 6:00 p.m. on the *business day* following the day that the *ISIN* or *CUSIP* is assigned. (a) where the *ISIN* or *CUSIP* is assigned before 4:00 p.m., no later than 10:00 p.m. 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., no later than 10:00 p.m. on the first *business day* following the day that the *ISIN* or *CUSIP* was assigned.

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Attachment C

Comments Received in Response to

IIROC Notice 18-0052 – Rules Notice - Request For Comments – Dealer Member Rule

Proposed Amendments to Transaction Reporting for Debt Securities

On March 8, 2018, IIROC issued Notice 18-0052 requesting comments on Proposed Amendments to Transaction Reporting for Debt Securities (**March 2018 Proposal**). IIROC received comments on the March 2018 Proposal from:

Casgrain & Company Limited (**Casgrain**)

CIBC World Markets Inc. (**CIBC**)

Investment Industry Association of Canada (**IIAC**)

Laurentian Bank Securities (**Laurentian**)

RBC Dominion Securities Inc. (**RBC**)

Copies of these comments are publicly available on IIROC's website (www.iiroc.ca). The following table summarizes these comments and our responses:

Text of Proposed DMR Amendments in March 2018 Proposal Marked to Reflect Adoption of Revised Proposal	Summary of Comments	IIROC Response
	Opposes the proposal	
	Proposal as currently drafted could detract from IIROC's debt market surveillance objectives in the following ways: • compressed timelines may erode the quality of reported data, leading IIROC Surveillance to rely on inaccurate and/or incomplete information when conducting its reviews.	The proposed shortened reporting timelines would further IIROC's surveillance objectives by providing an opportunity for Debt Surveillance to detect and/or correct issues before a trade settles. For this reason, we intend to move forward with this proposal. Data quality

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	• changes to data fields will entail complicated and costly revisions to Dealer Members' infrastructure and procedures, which will impact their ability to report transactions to IIROC. (IIAC, RBC, Laurentian, Casgrain, CIBC)	• We have seen a steady improvement in the quality of reported data over the past two years, and anticipate minimal impact to data quality. Where necessary, we would continue to work with Dealer Members to improve the accuracy of reports on a post-submission basis and quickly resolve any issues. • We have begun work on a system change which will result in the rejection of only the line(s) with the error rather than the entire file. We plan to have these changes in place prior to the implementation of the revised proposal. Impact on Dealer Members' infrastructure and procedures from changes to data fields • To lessen this impact on Dealer Members, we removed six of the data fields we proposed in the March 2018 Proposal.
Changes to day cut-off		

RULE 2800C
TRANSACTION REPORTING FOR DEBT SECURITIES
 	
2. Reporting Requirements
 	
    2.1 (a) General Transaction Reporting Requirement
    …
    (b) Exceptions - the following must not be reported under section 2.1(a) of this Rule 2800C:
	Recommends to continue with 6 p.m. cut-off time (rather than the proposed 4 p.m. cut-off time) for secondary and primary market transactions. The proposed 4 p.m. cut-off time would entail "breaking the batch", where two files would have to be created for the same business day, which would:
	
	• decouple reporting and processes for other purposes (e.g. collateral management/securities movements, P&L calculations, margin/risk calculations, etc.) from debt transaction reporting (CIBC)
		We would not change the 4 p.m. day cut-off time since we belive this may benefit smaller Dealer Members by allowing them to:
		
		• report transactions executed during a shorter time period
		• have more time to report transactions to IIROC.
		
		However, Dealer Members may use a longer day cut-off time if that reduces impacts to their systems and processes. In particular, to prevent Dealer Members from having to "break the batch",

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(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 ~~paragraph~~ clause (ii) of subsection 2.5(a) of this Rule 2800C.	• add another major workflow (IIAC, CIBC, RBC, Laurentian).	Dealer Members can continue to use the 6 p.m. day cut-off time for primary and secondary market transaction reporting.
	Asks IIROC to clarify if Dealer Members can continue to use a 6 p.m. cut-off time for reporting secondary market transactions. (IIAC, RBC, Laurentian)	
… 2.5 Reporting Timeframes (a) Reporting Deadlines	**Shortening transaction reporting timeframe**	
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:	For secondary market transactions occurring before 6 p.m., recommends reporting trades by by 10 a.m. on T+1. (IIAC, CIBC, RBC, Laurentian, Casgrain) For primary market transactions, recommends that for ISIN/CUSIP assigned: • before 6 p.m.: to report by 10 a.m. on T+1 • after 6 p.m.: to report by 10 a.m. on T+2. (IIAC, CIBC, RBC, Laurentian)	We thank commenters for their suggestions. Reporting on T+1 would prevent IIROC from reviewing the trades before settlement. We understand the proposed shortened reporting timeframe may have significant impacts on some Dealer Members. However we believe that it is an important objective to pursue because it would: • align with the new settlement cycle in Canada and therefore provide IIROC with an opportunity to detect and/or correct issues before settlement

(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:
	Commenters identified the following issues with shortened reporting timeframe:
	
	• Current processes cannot be easily compressed to accommodate the new 10 p.m. reporting deadline. (IIAC, CIBC, RBC, Laurentian)
	• There may an impact to data quality:
	   o Dealers may not conduct reconciliations before reporting to IIROC because:
		• be closer to the reporting requirements in other jurisdictions. For example, FINRA requires same-day reporting under the TRACE Reporting Timeframes.[3]
		
		We understand that some Dealer Members may need to amend their processes to accommodate the new reporting timeframe, however we would work with Dealer Members that may initially experience an impact on the data quality they

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[3]   TRACE Reporting Timeframes effective July 2017.

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o may be made by 10:00 p.m. Eastern Time on the same Business Day as the date of the transaction execution, and
 	
    o 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.
	▪ Reconciliations are conducted on the night of the execution and the next morning. (CIBC)
	
	▪ Automated reports from service bureaus used for reconciliations would only be available on T+1. May need manual interventions to address discrepancies before re-sending data to IIROC. (Casgrain)
	
	o If Dealer Members are not able to correct trades prior to settlement, there would be a larger number of incorrect trades reported to IIROC, causing more false positives in IIROC's surveillance efforts. (IIAC, RBC, Laurentian)
	
	IIAC recommends IIROC reach out to carrying brokers to understand the impact of new reporting timeframes on smaller Dealer Members, who may rely on manual processes to correct errors and/or report trades.
		report to improve the quality on a post-submission basis.
		
		We discussed our March 2018 Proposal and revised proposal with the Fixed Income Advisory Committee, which has carrying broker representation.

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	IIROC processes for handling rejected files submitted by Dealer Members	
	Recommends IIROC change procedures regarding errors in file submissions by Dealer Members. Rather than rejecting the entire file, IIROC should accept the file minus the line(s) with the error(s). (IIAC, CIBC, RBC, Laurentian)	We have begun work on a system change which will result in the rejection of only the line(s) with the error rather than the entire file. We plan to have these changes in place prior to the implementation of the revised proposal.
	Removing reporting requirement on ATSs when trading against Dealer Member	
2.2 Reporting Responsibilities of Dealer Members and ATSs Reporting responsibilities in the most common situations are as follows: … (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.	Casgrain agrees that duplication of information is not necessary.	We note the comments. We would reflect any cost savings from removing duplicative reporting by ATSs in our debt market regulation fee model.
	Agrees that duplicative reporting is not warranted, and expects cost savings at IIROC to be reflected in IIROC's debt market regulation fee model. (IIAC, CIBC, RBC, Laurentian)	
	Asks IIROC to provide a list of ATSs covered by the March 2018 Proposal. (IIAC, CIBC, RBC, Laurentian)	We would remove the reporting requirement on ATSs when trades are executed against a Dealer Member. The following is a list of debt ATSs currently operating in Canada:[4] • Perimeter CBID • MarketAxess • Liquidnet • CanDeal.
	New data fields – general	
	CIBC asks if IIROC can directly source some of the requested information or if Dealer Members can provide it on a voluntary basis.	As mentioned above, we would remove six of the data fields proposed in the March 2018 Proposal. We will instead try and obtain this information through a new reference data source, where available. This cost would be shared by all Dealer Members.

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[4] The Ontario Securities Commission provides a list of ATSs currently operating in Ontario at http://www.osc.gov.on.ca/en/Marketplaces_ats_index.htm.

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	New data fields: Variable Rate Note, Callable Indicator, New Issue Fee	
2.4 Information Required on Transaction Reports … (c) Each transaction report must contain the following data elements relevant to a bond or Repo transaction as applicable: | No.	Data	Description | |---|---|---| | … | … | … | | 26. | VARIABLE RATE NOTE | Special Condition Indicator to indicate whether the Debt Security has a variable coupon rate | | 27. | CALLABLE INDICATOR | Special Condition Indicator to indicate whether a Debt Security is callable prior to maturity | | … | … | … | | 32. | NEW ISSUE FEE | Where the transaction is a Primary Market issue, specify the fee associated with the new issue distribution | | … | … | … |	Recommends IIROC to source information for certain fields (Variable Rate Note, Callable Indicator, New Issue Fee) directly from the central repository, and to update/maintain the security master file on behalf of the industry. This would keep industry costs low and ensure consistency in bond classification. (IIAC, CIBC, RBC, Laurentian, Casgrain) With respect to the New Issue Fee: • Dealer Members need to manually source and input this data. (IIAC, CIBC, RBC, Laurentian) • Asks if IIROC is looking for the difference between the take down price from the issuer versus the distribution price to the syndicate clients, and if so, whether IIROC can extract this information from its current data. (IIAC, CIBC, RBC, Laurentian, Casgrain) For example, IIROC can subtract the price of the Dealer Member's allocation to its sales, as the buy and sales are flagged with the primary market indicator. (Casgrain)	We note the comments and have removed these three proposed data fields in the revised proposal.
	New data fields: Dealing Representative and Recommendation Indicator	
	No.	Data	Description | |---|---|---| | … | … | … | | 28. | DEALING REPRESENTATIVE | Name or code of the dealing	Asks IIROC to confirm if these indicators are only applicable to retail transactions, and if they are required for fee-based accounts. (IIAC, CIBC, RBC, Laurentian)	We note the comments and have removed both of these proposed data fields in the revised proposal.

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No.	Data	Description		
		representative (also known as advisor) where one was involved in the transaction	Casgrain recommends these fields be optional for Dealer Members that do not engage in retail transactions.	
			Asks IIROC to explain how Surveillance will use these indicators. (IIAC, CIBC, RBC, Laurentian)	
29.	RECOMMENDATION INDICATOR	Special Condition Indicator to indicate when the transaction was recommended by a dealing representative		
…	…	…		

	New data field: Derivative Indicator		
No.	Data	Description	Recommends this indicator be optional as some Dealer Members do not conduct derivative transactions. (IIAC, RBC, Laurentian)
…	…	…	
36.	DERIVATIVE INDICATOR	Special Condition Indicator to indicate whether the transaction is the result of a derivative contract exercise	
…	…	…	

Row details (Derivative Indicator section, right column): We note the comment and have removed this proposed data field in the revised proposal.

	New data fields for repo transactions	
Elements Specific to Repo Transactions:	More than 90 days would be required to reconfigure existing systems to populate these data fields. (IIAC, RBC, Laurentian)	We note the comment and have taken it into account when determining the implementation period. Please see Implementation Period in the section below.

No.	Data	Description
…	…	…

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39.	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	Casgrain recommends a 10 a.m. T+1 reporting timeframe as these additions to a Dealer Member's process would increase the time needed to submit the file.	We would not propose a reporting timeframe for repo securities that differs from the timeframe for other debt securities under DMR 2800C. The Bank of Canada would require this information by the proposed shortened timeframe to assist with their financial system stability function.
…	…	…		
44.	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.		
…	…	…		
47.	TRI-PARTY REPO INDICATOR	Indicates whether the transaction is a Tri-Party Repo		
		Implementation Period		
		For proposal as currently drafted: • 12-18 months. (IIAC, CIBC, RBC, Laurentian) • 9-12 months. (Casgrain)		Given that the revised proposal removes six new data fields from the March 2018 Proposal, we would propose a seven-month implementation period, which would provide additional time for:

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	For new data fields applicable to repo transactions: • More than 90 days. (IIAC, RBC, Laurentian) • At least 180 days. (CIBC)	• Dealer Members to implement any changes necessary to accommodate the shortened reporting timeframe. • Dealer Members to implement changes to the repo fields. • IIROC to update its error handling procedures.
	CIBC recommends reporting by 10 a.m. on T+1 (rather than 10 p.m. on trade date in proposal), for which there should be a 180-day implementation.	
Costs to Dealer Members		
	While it is difficult to estimate costs of implementation at this stage, costs would be material for most firms. (IIAC, RBC, Laurentian)	We understand that shortening the reporting timeframe may result in additional costs or other resources for some Dealer Members, however we expect some of these additional costs or impacts would be offset by:
	Casgrain raises the following concerns: • Shortening reporting timeframes would result in considerable costs, including the extension of work hours. • New data fields would incur significant costs for the system's license, as well as an increase in the annual trading system's maintenance fee.	• the significantly reduced scope of requirements in the revised proposal as compared to the March 2018 Proposal • our new validation process which would only reject the line(s) with the errors rather than the entire file. We plan to have these changes in place prior to the implementation of the revised proposal.
Other		
	Raises concerns regarding potential adverse effects to bond market functioning from publicly disseminating bond information too quickly (IIAC, RBC, Laurentian)	The purpose of the March 2018 Proposal is to enhance IIROC's surveillance capabilities. With respect to IIROC's role as the Debt Information Processor, we would publish information pursuant to the manner and timelines mandated by the CSA.[5]

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[5] CSA Staff Notice and Request for Comment 21-323 – Proposal for Mandatory Post-Trade Transparency of Trades in Government Debt Securities, Expanded Transparency of Trades in Corporate Debt Securities and Proposed Amendments to National Instrument 21-101 Marketplace Operation and Related Companion Policy.

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	Asks whether debt transaction reporting timelines will change again if settlement shortens further (IIAC, RBC, Laurentian, Casgrain)	We currently have no plans to further shorten the transaction reporting timelines.
	Casgrain asks IIROC to clarify its rationale for the March 2018 Proposal, which is being proposed only 17 months after Phase 2 implementation, which entailed the investment of a considerable amount of money and human capital.	One of the goals of the March 2018 Proposal is to align with the industry's move to a T+2 settlement cycle in Canada[6], which occurred approximately three years after the finalization of the rule for transaction reporting in DMR 2800C in October 2014[7]. Aligning reporting timelines with the shorter settlement cycle provides IIROC with an apportunity to detect and/or correct issues before settlement.

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[6]   IIROC Notice 16-0177 – Rules Notice - *Amendments to facilitate the investment industry's move to T+2 settlement* (July 28, 2016).

[7]   IIROC Notice 14-0250 – Rules Notice – Notice of Approval –*Transaction Reporting for Debt Securities* (October 30, 2014).

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