

# IIROC NOTICE

## **Rule Notice Notice of Approval/Implementation**

Dealer Member Rules

*Please distribute internally to:*

Legal and Compliance

Regulatory Accounting

Senior Management

*Contact:*

Keith Persaud

Senior Vice President, Finance and Administration

416 865 3022

[kpersaud@iiroc.ca](mailto:kpersaud@iiroc.ca)

**15-0196**

**September 3, 2015**

## **Requirement to Pay IIROC Membership Fees**

This Rules Notice provides notice of approval by the applicable securities regulatory authorities of amendments to IIROC Dealer Member Rule 8.7 (“Dealer Member Rule 8.7”) concerning the IIROC Dealer Regulation fees that are payable by a Dealer Member that resigns, is suspended, is terminated or surrenders its membership.

### **Objectives of the amendments**

The primary objective of the amendments is to promote a fair and equitable regulatory environment which recognizes that a Dealer Member’s share of fees should be based on its usage or consumption of IIROC’s regulatory services to the extent possible.



## **Summary of amendments**

The amendments will result in the repeal of Dealer Member Rule 8.7 and in turn, replace it with a requirement that will require a resigning, suspended, terminated and surrendering Dealer Member to make full payment of its annual fees for the entire fiscal year in which its resignation, suspension, termination or surrender becomes effective, subject to a reduction in the fee payable by resigning, suspended and terminated Dealer Members. There would be no reduction for a Dealer Member that surrenders its membership.

In the case of a resigning, suspended and terminated Dealer Member, it will only be required to pay membership fees until the end of the fiscal quarter in which all of the following conditions have been met:

- (a) the Dealer Member has transferred all customer accounts to another Dealer Member;
- (b) the Dealer Member has no remaining approved persons other than shareholders, the Ultimate Designate Person, the Chief Compliance Officer and the Chief Financial Officer; and
- (c) in the case of a resigning Dealer Member, the Dealer Member has provided written notice of its resignation to IIROC.

As part of the amendments being made to Dealer Member Rule 8.7, amendments to IIROC Dealer Member Rule 8.3A (“Dealer Member Rule 8.3A”) are also being made. Existing Dealer Member Rule 8.7 does not explicitly include surrendering Dealer Members. Rather, Dealer Member Rule 8.3A states that a surrender of membership shall be considered a resignation for the purposes of Dealer Member Rule 8.7. This language in Dealer Member Rule 8.3A is no longer necessary since the amendments explicitly capture surrendering Dealer Members.

A copy of the amendments to Dealer Member Rules 8.3A and 8.7 is included as Attachment A.

## **Response to public comments**

The amendments were published for comment with the issuance of IIROC Rules Notice 15-0085 on April 16, 2015. IIROC staff did not receive any comments, and other than minor wordsmithing changes to ensure the consistent use of language in Dealer Member Rule 8.7, no further revisions have been made to the amendments.

## **Implementation plan**

The amendments are effective immediately.

## **Attachment**

Attachment A – Dealer Member Rules 8.3A and 8.7

**ATTACHMENT A**  
**To IIROC Notice 15-0196**

**INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA**  
**AMENDMENTS TO DEALER MEMBER RULES 8.3A AND 8.7**

1. Dealer Member Rule 8.3A is repealed and replaced with the following:

“Notwithstanding the provisions of Rule 8.2 and 8.3, if two or more Dealer Members are amalgamated and continue as one Dealer Member (the "continuing Dealer Member"), the continuing Dealer Member may with the approval of the Board of Directors file (in lieu of the documents required by Rule 8.2(a) or (b)) an acknowledgement and undertaking by the continuing Dealer Member that such Dealer Member accepts responsibility for outstanding fees and all liabilities (outstanding, incurred, contingent or otherwise) of the two or more Dealer Members which are amalgamating and certifies that the continuing Dealer Member has sufficient liquid assets to meet all such liabilities (other than subordinated loans, if any). Unless otherwise determined by the Board of Directors, two or more Dealer Members which amalgamate and continue as one Dealer Member shall not be considered to be a new Dealer Member or a new entity which must re-apply for membership. Those Dealer Members not continuing due to amalgamation shall surrender their Membership in the Corporation as part of the amalgamation process.”
  
2. Dealer Member Rule 8.7 is repealed and replaced with the following:
  - “(a) A resigning, suspended, terminated or surrendering Dealer Member must make full payment of its annual membership fees for the entire fiscal year in which its resignation, suspension, termination or surrender becomes effective, subject to the exemption set out in subsection (b).
  
  - (b) A resigning, suspended or terminated Dealer Member may make payment of its membership fees until the end of the fiscal quarter in which the following conditions have been met:
    - i. the Dealer Member has transferred all customer accounts to another Dealer Member;

**ATTACHMENT A**  
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- ii. the Dealer Member has no remaining approved persons other than shareholders, the Ultimate Designated Person, the Chief Compliance Officer and the Chief Financial Officer; and
  
- iii. in the case of a resigning Dealer Member, the Dealer Member has provided written notice of its resignation to the Corporation.”