

Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.1 SROs

13.1.1 IIROC – OSC Staff Notice of Request for Comment – Proposed amendments to Dealer Member Rules 100 and 1200 and to the Form 1 relating to the client free credit cash usage limit, client free credit segregation requirements, and securities concentration test

OSC STAFF NOTICE OF REQUEST FOR COMMENT

THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)

THE CLIENT FREE CREDIT CASH USAGE LIMIT, CLIENT FREE CREDIT SEGREGATION REQUIREMENT, AND SECURITIES CONCENTRATION TEST

AMENDMENTS TO DEALER MEMBER RULE 100 and 1200 and to the FORM 1

On November 26, 2014, the Board of Directors (the Board) of the Investment Industry Regulatory Organization of Canada (IIROC) approved the publication for comment of proposed amendments to the Dealer Member Rules 100 and 1200 and to the Form 1 relating to the client free credit cash usage limit, client free credit segregation requirements, and securities concentration test (collectively, “the Proposed Amendments”). The primary objective of the proposed amendments is to strengthen the prudential framework for IIROC Dealer Members for ensuring the safeguarding of and timely client access to client assets. The proposed amendments seek to appropriately restrict a Dealer Member’s ability to use client free credit cash balances in the conduct of its business, by reducing the allowable usage ratio to a more appropriate ratio of client free credits to liquid capital (i.e. early warning reserve (EWR)). The proposed amendments also serve to prevent any undue concentration of the investment of client free credit cash balances and Dealer Member capital in securities of a single issuer by expanding the types of securities that will be subject to the securities concentration test.

A copy of the IIROC Notice including the amended documents was also published on our website at <http://www.osc.gov.on.ca>. The comment period ends on April 17, 2015.