

**13.1.3 Universal Market Integrity Rules (UMIR) 10.15 Relating to Provisions Respecting the Assignment of Identifiers and Symbols**

**PROVISIONS RESPECTING THE ASSIGNMENT OF IDENTIFIERS AND SYMBOLS**

**Summary**

This IROC Rules Notice provides notice of the approval, effective June 26, 2009, by the applicable securities regulatory authorities (the "Recognizing Regulators") of amendments to the Universal Market Integrity Rules ("UMIR") respecting the assignment of identifiers and symbols ("Amendments"). In particular, the Amendments provide that each marketplace may assign:

- a unique identifier for each Participant granted access to that marketplace; and
- a unique symbol to each security listed or quoted on the marketplace or, in the case of a foreign exchange-traded security, traded on a marketplace.

A marketplace is not able to assign an identifier or symbol that is:

- different from the identifier or symbol previously assigned to the marketplace, Participant or security if such previously assigned identifier or symbol will continue to be used in respect of that marketplace, Participant or security;
- the same as an identifier or symbol assigned to another marketplace, Participant or security if such previously assigned identifier or symbol will continue to be used in respect of that other marketplace, Participant or security;
- not in compliance with the provisions of any agreement between regulation services providers and marketplaces made in accordance with section 7.5 of National Instrument 23-101 ("Trading Rules"); or
- in a form or of a type that is not generally supported by the systems of market participants.

**Background to the Amendments**

Section 11.11 of the Trading Rules requires each dealer upon the receipt or origination of an order to record specific information regarding the order including the symbol of the security involved. The Trading Rules require the recording of the identifier of the marketplace on which the order was entered or the identifier of any dealer to which the order was transmitted. Similarly, upon execution of the order, the Trading Rules require the recording of the identifier of the marketplace on which the order was executed or the identifier of the dealer that executed the order. Rule 6.2 of UMIR requires each order entered on a marketplace to contain the identifier of:

- the Participant or Access Person entering the order;
- the marketplace on which the order is entered; and
- the Participant on whose behalf the order is entered, if the order is a jitney order.

Rule 10.11 of UMIR requires that information regarding each order and trade (including information required to be recorded pursuant to Section 11.11 of the Trading Rules) shall be transmitted by a Participant to regulation services provider at such time and in such form as may be requested by the applicable regulation services provider. To be effective, the audit trail requirements under both the Trading Rules and UMIR contemplated that there would be unique identifiers and symbols.

In accordance with Rule 10.15 of UMIR prior to the Amendments, each Participant and marketplace was assigned a unique identifier, and each security was assigned a unique symbol for trading purposes. Unless otherwise provided pursuant to an agreement made in accordance with section 7.5 of the Trading Rules between each marketplace and/or its regulation services provider, the Toronto Stock Exchange ("TSX") assigned each identifier of a Participant or marketplace and each symbol for a security trading on a marketplace after consultation with each Exchange and a recognized quotation and trade reporting system ("QTRS"). The previous UMIR provision regarding the assignment of identifiers and symbols treated such assignment as an administrative function. However, the provision did provide a power to one marketplace (the TSX) which was not otherwise available to other marketplaces. In this situation, it was possible that a marketplace would not be able to "differentiate" its stock list by adopting its own system of symbols even when the stock list may only trade on that one marketplace.

Securities which were listed on the TSX Venture Exchange (“TSXV”) that increased in market capitalization and trading activity were historically expected to “graduate” to the TSX and not to become inter-listed between the two exchanges. CNSX (previously “CNQ”) was formed with the intention of trading “junior” securities which were not otherwise listed on other exchanges. In order to differentiate its securities, CNSX adopted a four-character trading symbol for each of its securities, though it has subsequently moved to a three-character trading symbol in October of 2008. Since 2005, there has generally been an average of two to three securities at any point in time that were inter-listed between the Exchanges and until CNSX changed its trading symbols, the securities were traded on each marketplace under different symbols. As of the date of the approval of the Amendments, there is no security which trades on marketplaces using different symbols.

Between June of 2005 and the launch of continuous auction trading on the Pure Trading facility of CNSX in October of 2007, the majority of trade-throughs involved securities which traded on marketplaces under different symbols. The use of different symbols for the trading of the same security imposes on service providers, Participants, Access Persons and/or marketplaces the administrative burden of maintaining a “concordance” to properly identify trading information on a particular security from the various marketplaces. The maintenance of a concordance introduces an opportunity for error that would not otherwise exist if a particular security traded using the same unique symbol. Similarly, the need for a concordance introduces a further step in the processing of an order by an order router or service provider (thereby resulting in a minute, but otherwise unnecessary, delay in order handling).

Under the Marketplace Operation Instrument, an ATS may, if it so chooses, trade “foreign exchange-traded securities”, that is securities listed on an exchange outside of Canada but not otherwise listed or quoted in Canada on an Exchange or QTRS. It was possible prior to the Amendments that, if an ATS commenced trading of a foreign exchange-traded security, the symbol used in the foreign market and on the ATS could conflict with the symbol used for a listed security or quoted security already traded on a marketplace.

## **Summary of the Amendments**

The following is a summary of the principal components of the Amendments:

### ***Assignment of Marketplace Identifiers***

Under the Amendments, IIROC would assign a unique identifier to a marketplace for trading purposes upon being retained as the regulation services provider for the marketplace. The assigned identifier would be the one which each Participant would be expected to record as part of the audit trail requirements for each order in accordance with the requirements of Rule 10.14.

### ***Assignment of Participant and Access Person Identifiers***

Under the Amendments, a marketplace, upon granting access to the trading system of the marketplace to a Participant, would assign a unique identifier to the Participant for trading purposes.

### ***Assignment of Symbols to Securities***

Under the Amendments, a unique symbol for trading purposes would be assigned to each security by:

- an Exchange upon listing of a security;
- a QTRS upon quoting of a security; and
- a marketplace upon commencement of trading of a foreign exchange-traded security.

### ***Limitations on Assignment of Identifiers and Symbols***

Under the Amendments, neither the Market Regulator in assigning an identifier to a marketplace nor a marketplace in assigning an identifier or symbol for a Participant or security would be able to assign an identifier or symbol that is:

- different from the identifier or symbol previously assigned to the marketplace, Participant or security if such previously assigned identifier or symbol will continue to be used in respect of that marketplace, Participant or security;
- the same as an identifier or symbol previously assigned to another marketplace, Participant or security if such previously assigned identifier or symbol will continue to be used in respect of that other marketplace, Participant or security;

- not in compliance with the provisions of any agreement made in accordance with section 7.5 of the Trading Rules for the co-ordination and monitoring and enforcement between regulation services providers, Exchanges and QTRSSs; or
- in a form or of a type that is not generally supported by the systems of market participants.

Currently, as IIROC is the regulation services provider for each Exchange and ATS trading equity securities, there is no agreement as contemplated by section 7.5 of the Trading Rules between regulation services providers and marketplaces.

The term “market participant” is defined by applicable securities legislation to include, among others, each marketplace, Participant and other registrant, clearing agency, self-regulatory organization and transfer agent. In this way, any form or type of identifier which a specific marketplace proposes to adopt must be consistent with or supported by the systems of the various entities involved in the trading, clearing and settlement of securities transactions.

### **Summary of the Impact of the Amendments**

The most significant impacts of the adoption of the Amendments are:

- to provide each marketplace with the ability to assign identifiers and symbols; and
- to ensure that each identifier and symbol assigned is:
  - used consistently across all marketplaces,
  - not duplicative of any identifier or symbol already in use.

As a result of the approval of the Amendments, each marketplace that wants to commence the trading of a security that is already traded on another marketplace will have to be able to trade the security using the symbol for the security employed on the other marketplace.

### **Appendices**

- Appendix “A” sets out the text of the Amendments to the Rules and Policies respecting the assignment of identifiers and symbols; and
- Appendix “B” sets out a summary of the comment letters received in response to the Request for Comments on the proposed amendments as set out in Market Integrity Notice 2008-004 - *Request for Comments – Provisions Respecting the Assignment of Identifiers and Symbols* (March 14, 2008). Appendix “B” also sets out the response of IIROC to the comments received and provides additional commentary on the Amendments. The Amendments as approved by the Recognizing Regulators did not make any revisions to the text published in the Request for Comments. Appendix “B” also contains the text of the relevant provisions of the Rules and Policies as they read following the adoption of the Amendments.

**Appendix "A"**

**Provisions Respecting the Assignment of Identifiers and Symbols**

The Universal Market Integrity Rules are hereby amended as follows:

1. Rule 10.15 is deleted and the following substituted:

**10.15 Assignment of Identifiers and Symbols**

- (1) The Market Regulator, upon being retained as the regulation services provider for a marketplace, shall assign a unique identifier to the marketplace for trading purposes.
- (2) A marketplace, upon granting access to the trading system of the marketplace to a Participant, shall assign a unique identifier to the Participant for trading purposes.
- (3) An Exchange upon listing of a security, a QTRS upon quoting of a security and a marketplace upon commencement of trading of a foreign exchange-traded security shall assign a unique symbol for trading purposes.
- (4) The Market Regulator in assigning an identifier pursuant to subsection (1) or an Exchange, QTRS or marketplace in assigning an identifier or symbol pursuant to subsection (2) or (3) shall not assign an identifier or symbol that is:
  - (a) different from the identifier or symbol previously assigned to the marketplace, Participant or security if such previously assigned identifier or symbol will continue to be used in respect of that marketplace, Participant or security;
  - (b) the same as an identifier or symbol assigned to another marketplace, Participant or security if such previously assigned identifier or symbol will continue to be used in respect of that other marketplace, Participant or security;
  - (c) not in compliance with the provisions of any agreement made in accordance with section 7.5 of the Trading Rules for the co-ordination and monitoring and enforcement between each regulation services provider, Exchange and QTRS; or
  - (d) in a form or of a type that is not generally supported by the systems of market participants as defined for the purposes of applicable securities legislation.

**Appendix "B"**

**Comments Received in Response to  
Market Integrity Notice 2008-004 – Request for Comments -  
Provisions Respecting the Assignment of Identifiers and Symbols**

On March 14, 2008, Market Regulation Services Inc. ("RS") issued Market Integrity Notice 2008-004 requesting comments on proposed amendments to UMIR respecting the assignment of identifiers and symbols ("Symbol Proposal"). Effective June 1, 2008, RS merged with the Investment Dealers Association of Canada to form the Investment Industry Regulatory Organization of Canada ("IIROC"). References to "IIROC" include RS prior to June 1, 2008. IIROC received comments on the Symbol Proposal from:

Alpha Trading Systems ("Alpha")  
BMO Financial Group ("BMO")  
Canadian Security Traders Association, Inc. ("CSTA")  
Canadian Trading and Quotation System Inc. ("CNQ")

A copy of each comment letter submitted in response to the Symbol Proposal is publicly available on the website of IIROC ([www.iroc.ca](http://www.iroc.ca) under the heading "Policy" and sub-heading "Market Proposals/Comments").

The following table presents a summary of the comments received on the Symbol Proposal together with the response of IIROC to those comments. As a result of the comments, no revisions were made to the text of the Symbol Proposal upon the approval of the Amendments.

<b>Text of Provisions of Following Adoption of Amendments</b>	<b>Commentator and Summary of Comment</b>	<b>IIROC Response to Comment and Additional IIROC Commentary</b>
<b>10.15 Assignment of Identifiers and Symbols</b>  (1) The Market Regulator, upon being retained as the regulation services provider for a marketplace, shall assign a unique identifier to the marketplace for trading purposes.  (2) A marketplace, upon granting access to the trading system of the marketplace to a Participant, shall assign a unique identifier to the Participant for trading purposes.  (3) An Exchange upon listing of a security, a QTRS upon quoting of a security and a marketplace upon commencement of trading of a foreign exchange-traded security shall assign a unique symbol for trading purposes.  (4) The Market Regulator in assigning an identifier pursuant to subsection (1) or an Exchange, QTRS or marketplace in assigning an identifier or symbol pursuant to subsection (2) or (3) shall not assign an identifier or symbol that is:  (a) different from the identifier or symbol previously assigned to the marketplace, Participant or	<b>Alpha</b> – Uncoordinated use of symbols and identifiers will impose an administrative burden on market participants but also increase the likelihood of errors and compliance risks. Suggests that the assignment of symbols be done by an independent third party (IIROC or its successor) and that a unique trading identifier be assigned to Access Persons. The registry of symbols and identifiers would be publicly available without restriction.  <b>BMO</b> – Generally supports the proposal. Concerns expressed about an ATS choosing to trade a foreign exchange-traded security that has been assigned a symbol in the foreign jurisdiction which is the same as a Canadian issuer. Suggests an independent third party be charged with the responsibility of assigning symbols (preferably the CSA with the requirements being included in the Marketplace Operation Instrument).	As discussed in the Market Integrity Notice, the approval of IIROC (or other regulatory body) would result in the administrative burden being borne by IIROC. Coordinated action by the marketplaces that can assign symbols and identifiers represented, in the opinion of IIROC, the most cost efficient alternative. IIROC had concluded that unique identifiers for Access Persons were not required at this point as IIROC is able to monitor the trading activity.  Securities inter-listed between an Exchange in Canada and a foreign exchange presently may trade under different symbols in each jurisdiction. Investors and dealers are aware of this fact. However, historically, the various exchanges in Canada coordinated the use of symbols. The Amendments formalize the effect of such arrangements by ensuring that each marketplace (and not just exchanges) employed the same symbol for the same security.  IIROC acknowledges that, if the Marketplace Operation Instrument provided a mechanism to regulate the use of symbols, the current and proposed provisions in UMIR on the assignment of identifiers and symbols would not be necessary.

Text of Provisions of Following Adoption of Amendments	Commentator and Summary of Comment	IIROC Response to Comment and Additional IIROC Commentary
<p>security if such previously assigned identifier or symbol will continue to be used in respect of that marketplace, Participant or security;</p> <p>(b) the same as an identifier or symbol assigned to another marketplace, Participant or security if such previously assigned identifier or symbol will continue to be used in respect of that other marketplace, Participant or security;</p> <p>(c) not in compliance with the provisions of any agreement made in accordance with section 7.5 of the Trading Rules for the co-ordination and monitoring and enforcement between each regulation services provider, Exchange and QTRS; or</p> <p>(d) in a form or of a type that is not generally supported by the systems of market participants as defined for the purposes of applicable securities legislation.</p>	<p><b>CNQ</b> – Recommends a national symbol database to be maintained by IIROC with an agreed protocol for the reservation and assignment of symbols. The costs of such a system should be recovered on a “listing-proportional basis” from the marketplaces performing a listing function.</p> <p><b>CSTA</b> – Supports the assignment by IIROC of identifiers for each marketplace. Believes IIROC should also assign identifiers for Participants and symbols. Would support a one-year trial period.</p>	<p>IIROC believes that those marketplaces which have the capacity or need to assign symbols should coordinate this function among themselves. Such agreements and coordination are contemplated by the Marketplace Operation Instrument. The Amendments provide a framework that ensures “unique” symbols and identifiers even in the event that marketplaces can not agree on a co-ordination mechanism.</p> <p>See response to CNQ comments above.</p>
<p><b>Specific Matters on Which Comment is Requested</b></p> <p><b>Requirements for Securities Trading under Different Symbols at the Time of Approval of the Amendments</b></p> <p>1. Should the symbol which marketplaces are required to use be the symbol that had been assigned by:</p> <p>(a) the first marketplace to list, quote or trade the security and which continues to list, quote or trade that security;</p> <p>(b) the marketplace that is the “principal market” for that security at the time of the approval of the Amendments; or</p> <p>(c) some other procedure (please describe the suggested procedure)?</p>	<p><b>CNQ</b> – Suggests that, in the event of any inter-listing by TSXV of a CNQ-listed security, the TSXV use 3 of the 4 consecutive letters included in the CNQ symbol. The assumption by IIROC of responsibility for processing symbol reservations would facilitate the adoption by CNQ of a 3-character system for its listings.</p>	<p>IIROC believes that the primary responsibility for co-ordination should rest with the “listing” marketplaces. Unless the marketplaces have resolved the matter before the amendments come into effect IIROC would propose that marketplaces be required to use the symbol that had been assigned by the first marketplace to list, quote or trade the security and which continues to list, quote or trade that security. As at the date of the approval of the Amendments, no security is being traded on any Canadian marketplace under different symbols.</p>