

13.1.3 IIROC Rules Notice – Notice of Approval – UMIR – Provisions Respecting Trading During Certain Securities Transactions

**IIROC NOTICE
RULES NOTICE
NOTICE OF APPROVAL – UMIR**

[OSC Web Editor's Correction Note dated 2010-01-08: The text of IIROC Rules Notice: Notice of Approval - UMIR - Provisions Respecting Trading During Certain Securities Transactions, 33 OSCB 341. Text "10-306" should have appeared as "10-0006"]

10-306

January 8, 2010

PROVISIONS RESPECTING TRADING DURING CERTAIN SECURITIES TRANSACTIONS

Summary

This IIROC Rules Notice provides notice of the approval, effective January 8, 2010, by the applicable securities regulatory authorities (the "Recognizing Regulators") of amendments to the Universal Market Integrity Rules ("UMIR") respecting trading during certain securities transactions ("Amendments"). In particular, the Amendments:

- peg the price restriction on purchases of a restricted security to the "best independent bid price" at the time of the entry of the order rather than the "last independent sale price" immediately prior to the execution of the order;
- provide that any mutual fund listed on an exchange that meets certain conditions would be an "Exempt Exchange-traded Fund" unless otherwise designated by a Market Regulator;
- make consequential amendments to the definition of "restricted private placement" as a result of changes to applicable securities legislation;
- clarify the definitions of "dealer-restricted person" and "restricted period";
- clarify that the orders to be taken into account in determining "best ask price" and "best bid price" are limited to orders on marketplaces then open for trading; and
- make a number of editorial amendments including: repealing the definition of "last independent sale price"; changing references from "Exchange-traded Fund" to "Exempt Exchange-traded Fund"; and clarifying the definition of "connected security".

Background to the Amendments

UMIR Provisions Prior to the Amendments

Rule 7.7 governs the activities of dealers, issuers and others in connection with a distribution of securities, securities exchange take-over bid, issuer bid or amalgamation, arrangement, capital reorganization or similar transaction. Rule 7.7 prescribes acceptable activities and otherwise restricts trading activities to preclude manipulative conduct by persons with an interest in the outcome of the distribution of securities or other transactions.¹

The following is a summary of the provisions of Rule 7.7 in effect prior to the Amendments. Rule 7.7 imposes prohibitions or restrictions on a "dealer-restricted person" trading in certain securities during a "restricted period". A dealer-restricted person is defined as including a Participant that has been retained as:

- an underwriter in a prospectus distribution or restricted private placement;
- an agent, but not as an underwriter, in a restricted private placement that involves the distribution of more than 10% of the issued and outstanding shares and the Participant is entitled to sell more than 25% of the distribution;
- a dealer-manager, manager, soliciting dealer or adviser in respect of a securities exchange takeover bid or issuer bid if a security is offered as consideration; or

¹ For more details on the provisions of UMIR prior to the approval of the Amendments, reference should be made to Market Integrity Notice 2005-007 - *Notice of Amendment Approval – Amendments Respecting Trading During Certain Securities Transactions* (March 4, 2005).

- a soliciting dealer or adviser in respect of the approval of an amalgamation, arrangement, capital reorganization or similar transaction.

In addition, a number of persons connected to the Participant will be considered to be a dealer-restricted person including:

- a related entity of the Participant (but not including various separate or distinct departments or divisions for which there are adequate policies and procedures to prevent the flow of information);
- a dealer, a partner, director, officer, or employee of the Participant or a related entity of the Participant; and
- a person acting jointly or in concert with the Participant or one of the connected persons.

A restricted security is defined as:

- an offered security, which includes a listed or quoted security:
 - that is the subject of a prospectus distribution or restricted private placement,
 - offered in a securities exchange take-over bid or an issuer bid, and
 - issuable pursuant to an amalgamation, arrangement, capital reorganization or similar transaction; or
- a connected security, which includes a listed or quoted security:
 - into which the offered security is immediately convertible, exchangeable or exercisable,
 - that, by the terms of the offered security, may significantly determine the value of the offered security,
 - into which the offered security is exercisable, if the offered security is a special warrant, and
 - that is an equity security of the issuer of the offered security.

During the restricted period (which, in the case of a prospectus distribution or restricted private placement, generally commences two days prior to the determination of pricing and ends on the completion of the selling process and, in the case of a take-over bid, issuer bid, amalgamation, arrangement, capital reorganization or similar transaction, commences on the date of the dissemination of the circular or similar document and ends on the termination of the bid or transaction or the approval of the transaction), a dealer-restricted person is not permitted to bid for or purchase a restricted security or attempt to “induce or cause any person to purchase a restricted security”. A number of exemptions apply including the ability to bid or purchase a restricted security:

- in the case of an offered security, at a price which does not exceed the lesser of:
 - the price at which the offered security will be issued if that price has been determined, and
 - the last independent sale price at the time of the entry of the order to purchase;
- in the case of a connected security, at a price which does not exceed the lesser of:
 - the last independent sale price at the commencement of the restricted period, and
 - the last independent sale price at the time of the entry of the order to purchase;
- that is a “highly-liquid security”² or an “Exchange-traded Fund”³; and

² A “highly-liquid security” is defined in UMIR as a listed security or quoted security that:

- has traded, in total, on one or more marketplaces as reported on a consolidated market display during a 60-day period ending not earlier than 10 days prior to the commencement of the restricted period:
 - an average of at least 100 times per trading day, and
 - with an average trading value of at least \$1,000,000 per trading day; or
- is subject to Reg. M and is considered to be an “actively-traded security” under that regulation.

³ See “Definition of an “Exempt Exchange-traded Fund”” on pages 8 and 9 for details.

- that is an unsolicited client order or a client order that was solicited prior to the commencement of the restricted period.

Exemptions are also provided for trades that are:

- basket trades (at least 10 securities with restricted securities comprising not more than 20% of the value of the transaction);
- Program Trades (undertaken in conjunction with a trade in a derivative in accordance with marketplace rules);
- rebalancing of portfolios based on index changes;
- arbitrage activities for inter-listed securities;
- activities pursuant to market maker obligations in accordance with marketplace rules; and
- activities undertaken by derivatives market makers.

Where permitted by applicable securities legislation, a dealer-restricted person may “attempt to induce or cause a person to purchase a restricted security” by:

- soliciting subscriptions for the prospectus distribution or restricted private placement or soliciting tenders to a take-over bid or issuer bid; and
- publishing or disseminating information, opinions or recommendations on any other restricted security if similar information opinions or recommendations are included on other issuers or if the security of the issuer is a “highly-liquid security”.

Subject to certain limited exemptions, a dealer-restricted person may not bid for or purchase a restricted security during the applicable restricted period on behalf of an “issuer-restricted person” (which includes the issuer, a selling securityholder, an affiliated entity, an associated entity, an insider, an account over which any of these persons exercises direction or control, and any person acting jointly or in concert with any of these other persons).

OSC Rule 48-501 and Regulation M

Effective May 9, 2005, OSC Rule 48-501 became effective and paragraph 26 of OSC Policy 5.1 and OSC Policy 62-601 were rescinded. The provisions of Rule 7.7 of UMIR paralleled the provisions of OSC Rule 48-501 subject to a number of differences in language, structure and scope that reflect:

- the use of different defined terms and drafting protocols;
- the application of the UMIR provisions in all jurisdictions in which IIROC is recognized as a self-regulatory entity as compared to the application of OSC Rule 48-501 in Ontario only;
- the application of the UMIR provisions to listed securities and quoted securities as compared to the application of OSC Rule 48-501 to all securities the trading of which are subject to transparency requirements under the Marketplace Operation Instrument (including any foreign exchange-traded security that may also trade on an alternative trading system); and
- the application of the UMIR provisions to Participants and Access Persons as compared to the application of OSC Rule 48-501 to all persons, including issuers and dealers.

It should be noted that clause 3.1(i) of OSC Rule 48-501 allows a dealer to rely on exemptions contained in UMIR. In particular, Rule 7.7 of UMIR allows a dealer-restricted person to bid for or purchase a restricted security as part of:

- a basket trade;
- a Program Trade;
- rebalancing of portfolios based on index changes;
- arbitrage activities for inter-listed securities;

- activities pursuant to Market Maker Obligations; and
- activities undertaken by derivatives market makers.

With the approval of the Amendments, the provisions of UMIR differ from those of OSC Rule 48-501. However, there are no substantive differences between Rule 7.7 of UMIR and OSC Rule 48-501 other than as a result of the four factors outlined above. Generally speaking, most of the changes introduced by the Amendments are clarifications on the application of the existing provisions. As such, UMIR and OSC Rule 48-501 will be applied in a consistent manner. OSC Rule 48-501 will continue to tie its restrictions on purchases by a dealer-restricted person to the “last independent sale price” rather than to the “best independent bid price” as provided for under the Amendments. However, it should be noted that clause 3.1(i) of OSC Rule 48-501 allows a dealer to rely on exemptions contained in UMIR (which would include the exemption provided for purchases using reference to the “best independent bid price” that is provided as a result of the adoption of the Amendments).

One of the stated objectives of both IROC and the OSC is to harmonize the provisions in UMIR governing the activities of Participants involved in various securities transactions in the capacity of underwriter, agent, soliciting dealer or adviser to the extent possible with OSC Rule 48-501 and the provisions applicable in the United States under Regulation M (“Reg. M”) of the *Securities Exchange Act of 1934* (United States). On December 9, 2004, the Securities and Exchange Commission (“SEC”) published for comment proposed amendments to Reg. M.⁴ On August 6, 2007, the SEC published approved amendments to Rule 105 of Reg. M that prevent a person from effecting a short sale during a limited time period, shortly before pricing, and then purchasing, including entering into a contract of sale for, such security in a securities offering.⁵ The Amendments do not incorporate any of the provisions suggested in 2004 for the amendment of Reg. M or the change to Rule 105 adopted in August of 2007. In addition, the Amendments do not address the matters which were covered by specific questions in the Request for Comments related to:

- changing the definition of a “highly-liquid security” to increase the number and value of trades in order to qualify;
- harmonization with certain provisions of Reg M;
- adding specific provisions related to prohibitions and restrictions on distribution “at-the-market” or “non-fixed price”;
- providing additional exemptions when acting on behalf of an issuer-restricted person.⁶

Any amendments which IROC may propose at a future date on these matters will be coordinated with proposed amendments by the OSC to OSC Rule 48-501.

Summary of the Amendments

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

Price Restrictions

“Best Independent Bid Price” at Time of Order Entry

Rule 7.7 of UMIR imposes prohibitions or restrictions on a Participant who is a “dealer-restricted person” trading in certain securities during a “restricted period” including a prohibition of bidding for or purchasing a restricted security. One exemption from this prohibition permits bids or purchases at a price that is not above the “last independent sale price” of the security. The term “last independent sale price” is defined as including “the last sale price of a trade, other than a trade that a dealer-restricted person knows or ought reasonably to know has been executed by or on behalf of a person that is a dealer-restricted person”.

IROC recognizes that there are practical difficulties for a Participant or Access Person to monitor affected orders to ensure compliance with the requirements of Rule 7.7. If trade information from all marketplaces is not available in a timely manner in a

⁴ SEC Release No. 33-8511, December 9, 2004. The more significant aspects of the proposed amendments to Reg. M would:

- amend the definition of restricted period for an initial public offering and to specifically adopt the administrative interpretation of the SEC in the context of a merger, acquisition or exchange offer;
- update the dollar value thresholds, including for an “actively-traded security”, to take into account inflation since the adoption of Reg. M; and
- require disclosure of syndicate covering transactions and prohibit the use penalty bids when stabilization is undertaken.

⁵ SEC Release No. 34-56206, August 6, 2007.

⁶ For details on the matters covered by the specific questions, refer to Market Integrity Notice 2008-005 – *Request for Comments – Provisions Respecting Trading During Certain Securities Transactions* (March 21, 2008), pp. 17 to 24.

form that can be readily incorporated into the working of the trading system of a marketplace or the systems of a Participant, the systems can not accurately restrict purchases by a dealer-restricted person that would comply with Rule 7.7. The policy rationale for the price restrictions on a Participant involved in a distribution of securities (by means of a prospectus offering, private placement, take-over bid, issuer bid, amalgamation, arrangement or similar transaction) are aimed at removing the influence of the Participant in maintaining the price of the securities subject to the distribution at a price above a level that the market would otherwise determine. IIROC believes that the policy objectives underpinning the price restrictions on purchases during market stabilization and market balancing can be achieved by replacing the “last sale” price test with a restriction that the order can not be entered at a price above the best “independent” bid price at the time of order entry (and that any subsequent variation of the order can not increase the price of the order to a price that is more than the best “independent” bid price at the time of the variation of the order).

If the price of the order at the time of entry or variation is in line with the prevailing market there is no obvious attempt on the part of a dealer-restricted person to further increase the market price to a level that would not otherwise exist. In the view of IIROC, the elimination of tests based on the “last sale price” will assist Participants to manage affected orders and would facilitate the operation of systems that can enforce the price restrictions imposed by the rules. In order to comply with the “best price” obligations imposed by Rule 5.2, a Participant must be aware of the prevailing market as displayed in the consolidated market display at the time of the entry of the order that includes order information from each “protected marketplace”.⁷ Currently, each of Alpha, Chi-X, CNSX (including Pure Trading), Omega, TSX and TSXV qualify as a “protected marketplace”.

If a dealer-restricted person is entering an order in a “pre-open” facility of a marketplace, IIROC is of the view that the price limitation on the order will be the best independent bid price on any protected marketplace that is then open for trading. If no protected marketplace is open for trading or if there is no “independent” bid, the price limitation on the order will be the best independent bid price at the time of closing of trading on the last protected marketplace or marketplaces open for trading on the immediately preceding trading day.

Clarification of Price Restrictions in Certain Securities Transactions

In *Market Integrity Notice 2005-013 – Effective Date of Amendments Respecting Trading During Certain Securities Transactions* (May 2, 2005), additional guidance was provided on the interpretation of the price restrictions. In particular, the guidance confirmed that if an “offered security” was to be issued pursuant to:

- *a securities exchange take-over bid;*
- *an issuer bid; or*
- *an amalgamation, arrangement, capital reorganization or similar transaction,*

a dealer-restricted person may bid or purchase the offered security in connection with market stabilization or market balancing activities at a price which does not exceed the lesser of:

- the last independent sale price at the commencement of the restricted period; and
- the last independent sale price at the time of the entry on a marketplace of the order to purchase.

The Amendments incorporate this advice directly into Rule 7.7 with the appropriate modifications to refer to the “best independent bid price” rather than the “last independent sale price”.

Definition of “best independent bid price”

The Amendments define the “best independent bid price” as the best bid price, other than for an order that a dealer-restricted person knows or ought reasonably to know has been entered by or on behalf of a person that is a dealer-restricted person or an issuer-restricted person.

⁷ Under UMIR a “protected marketplace” means a marketplaces that:

- disseminate order data in real-time and electronically through the information processor or one or more information vendors;
- permit dealers to have access to trading in the capacity as agent;
- provide fully-automated electronic order entry; and
- provide fully-automated order matching and trade execution.

Definition of “Exempt Exchange-traded Fund”

Prior to the Amendments, UMIR defined an “Exchange-traded Fund” as a mutual fund:

- the units of which are:
 - a listed security or a quoted security, and
 - in continuous distribution in accordance with applicable securities legislation; and
- designated by the Market Regulator.

A security which qualified as an “Exchange-traded Fund” was exempt from the price restrictions imposed on Participants involved in certain securities transactions during a “restricted period” for the purposes of Rule 7.7 of UMIR. To date, IIROC has designated a total of 77 securities traded on the TSX as an “Exchange-traded Fund”⁸. Each of the securities designated by IIROC as an “Exchange-traded Fund” has also been designated by the OSC to be an “exchange-traded fund” for the purposes of OSC Rule 48-501.

The Amendments replace references to “Exchange-traded Fund” with “Exempt Exchange-traded Fund”. In addition, the Amendments replace the requirement that a mutual fund be designated by the Market Regulator prior to qualifying as an “Exempt Exchange-traded Fund” with a provision that any mutual fund the units of which are a listed or quoted security in continuous distribution in accordance with applicable securities legislation would qualify unless the Market Regulator had designated the mutual fund to be a security excluded from the definition of an “Exempt Exchange-traded Fund”. Each of the securities which have designated to date by IIROC as an “Exchange-traded Fund” will qualify as an “Exempt Exchange-traded Fund”.

The Amendments set out guidance in the Policy respecting the factors that may be considered by the Market Regulator in determining to exclude a mutual fund from the definition. In particular, a mutual fund may be designated if the Market Regulator determines that the trading price of units of the fund may be susceptible to manipulation due to a particular feature of the mutual fund. Factors which the Market Regulator would take into account in making a designation to exclude a particular mutual fund would be:

- the lack of liquidity or public float of the security (or the underlying securities which comprise the portfolio of the mutual fund);
- the absence of the ability to redeem units at any time for a “basket” of the underlying securities in addition to cash;
- the absence of the ability to exchange a “basket” of the underlying securities at any time for units of the fund;
- the fact that the fund does not frequently make a net asset valuation calculation publicly available; and
- the fact that there are no derivatives based on units of the fund, the underlying index or the underlying securities listed on a marketplace.

None of these additional five factors would be determinative in and of itself and each security would be evaluated on its own merits.

Definition and Interpretation of “Restricted Period”

Previously, the definition of the “restricted period” provided that the restricted period commenced two trading days prior to the day the offering price of the offered security was determined. The Amendments clarify that this aspect of the definition applies if the securities are to be issued at a fixed price as part of a non-continuous distribution. The Amendments also clarify that, if the offering price is determined by a formula involving trading activity in the offered security or a connected security on one or more marketplaces for a period of time, the restricted period commences two days prior to the first trading day included for the purposes of the formula. The Amendments provide that the restricted period will commence two trading days prior to the issuance of the offered security, if the securities are issued as part of:

⁸ See IIROC Notice 09-0035 - Rules Notice – Guidance Note – UMIR – *Designation of Additional Exchange-traded Funds* (February 3, 2009). A current list of the securities which have been designated by IIROC as an “Exchange-traded Fund” (“ETF List”) is available on the IIROC website (at www.iroc.ca) and may be accessed through the “Quick Links” on the homepage.

- a continuous distribution;
- a distribution at a non-fixed price permitted by National Instrument 44-101 – *Short Form Prospectus Distributions*; or
- an at-the-market distribution for the purposes of National Instrument 44-102 – *Shelf Distributions*.

The Amendments confirm that in both of these cases, the “restricted period” may commence later if the Participant enters into an agreement or reaches an understanding to participate in the prospectus distribution or restricted private placement of securities, whether or not the terms and conditions of such participation have been agreed upon less than two trading days prior to the determination of the offering price or the issuance of the offered security.

The Amendments also clarify the interpretation of “restricted period” and confirm that stabilization arrangement shall be considered to have terminated on the date that is the earlier of the date:

- in the case of a syndicate of underwriters or agents, the lead underwriter or agent determines, in accordance with the syndication agreement, that the syndication agreement has been terminated such that any purchase or sale of a restricted security by a Participant after the time of termination is not subject to the stabilization arrangements or otherwise made jointly for the Participants that were party to the stabilization arrangements, or
- the offered securities, exclusive of any securities that may be issued pursuant to the exercise of an option granted to a dealer-restricted person to cover over-allotment of securities in the distribution, are issued and all statutory rights of withdrawal in connection with such issuance have expired.

By providing that the “restricted period” ends if the offered securities, exclusive of any securities that may be issued pursuant to the exercise of an option granted to a dealer-restricted person to cover over-allotment of securities in the distribution, are issued and all statutory rights of withdrawal in connection with such issuance have expired, the interpretation will permit a Participant that has been involved in a prospectus distribution or a restricted private placement and holds a green shoe option to cover over-allotments to be free from the prohibitions and restrictions under Rule 7.7. Since the issuance of the offered securities has been completed and all statutory rights of withdrawal have expired, the dealer-restricted person no longer has the same incentive to maintain the market price of the offered security. If the Participant has a short position in the offered securities as a result of over-allotments, the Participant would be able to purchase securities in the open market or exercise the green shoe option. (The Amendments revised the initial proposal by deleting reference to the expiry of “rights of rescission” since including rights of rescission may have had the effect of making the restricted period unduly long. The Amendments also revised the initial proposal by moving the provisions regarding the green shoe option from the definition to the interpretation of the term “restricted period”.)

Definition of “Restricted Private Placement”

The Amendments clarify the types of private placements that may become subject to the restrictions and prohibitions under Rule 7.7 as a result of changes in applicable securities legislation subsequent to May 9, 2005, the date the current provisions of Rule 7.7 became effective. Under the Amendments, a “restricted private placement” includes a distribution made pursuant to:

- section 2.3, 2.9 or 2.10 of National Instrument 45-106 – *Prospectus and Registration Exemptions*; or
- section 2.1 of Ontario Securities Commission Rule 45-501 – *Ontario Prospectus and Registration Exemptions* or similar provisions of applicable securities legislation.

In addition, the Amendments are applicable to a distribution only if the number of securities to be distributed constitutes more than 10% of the issued and outstanding securities of the class subject to the distribution. This limiting condition was, prior to the Amendments, in the definition of a “dealer-restricted person” and the Amendments move the condition to the definition of “restricted private placement” to simplify the interpretation of the concept.

Interpretation of “Best Ask Price” and “Best Bid Price”

The Amendments clarify that in determining the “best ask price” or the “best bid price” reference is only made to orders contained in a consolidated market display for a marketplace that is then open for trading and in respect of which trading in the particular security on that marketplace has not been:

- halted, suspended or delayed for regulatory purposes in accordance with Rule 9.1; or
- halted, suspended or delayed in accordance with a Marketplace Rule or a requirement of the marketplace.

This clarification in the interpretation of the “best ask price” and “best bid price” will directly affect the determination of “best independent ask price” and “best independent bid price”. This interpretation is consistent with guidance provided by IIROC in connection with the determination of the orders to which a “best price” obligation is owed under Rule 5.2 of UMIR. As a practical matter, this interpretation of “best ask price” and “best bid price” will result in a dealer-restricted person being unable to enter a bid (or an offer if sell orders also restricted) in the “pre-open” facility of a marketplace unless the security is able to be traded on another marketplace that is then open for trading.

Consequential and Editorial Amendments

The Amendments include a number of provisions which are consequential or of an editorial nature including:

- the repeal of the definition of “last independent sale price” as a consequence of the changes in the price restrictions imposed on dealer-restricted persons during the restricted period;
- the deletion from the definition of “dealer-restricted person” of the concept of acting as agent in a private placement constituting more than 10% of the issued and outstanding securities of the class that is subject to the distribution as a consequence of the changes in the definition of “restricted private placement” to specifically include this limitation; and
- editorial changes to:
 - standardize the use of the phrase “foreign organized regulated market” when otherwise referring to foreign markets on which trades may be executed, and
 - clarify the definition of “connected security” by indicating that a security which meets any one of the components of the definition will be considered a “connected security”.

Summary of the Impact of the Amendments

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

- move the time for determining compliance with the price restrictions on market stabilization and market balancing activities to the time of order entry on a marketplace rather than time of execution;
- relieve a Participant from restrictions and prohibitions under Rule 7.7 if the Participant holds a green shoe option and all other offered securities have been issued and all statutory rights of withdrawal in connection with such issuance have expired;
- confirm that price restrictions apply under Rule 7.7 if the price at which the offered security will be issued in a prospectus distribution or restricted private placement has not been determined or if the offered security will be issued pursuant to a securities exchange take-over bid, an issuer bid or an amalgamation, arrangement, capital reorganization or similar transaction; and
- clarify that the restricted period will commence two trading days prior to the issuance of the offered security, if the securities are issued as part of:
 - a continuous distribution,
 - a distribution at a non-fixed price permitted by National Instrument 44-101 – *Short Form Prospectus Distributions*, or
 - an at-the-market distribution for the purposes of National Instrument 44-102 – *Shelf Distributions*.

Implementation Plan

The Amendments are effective as of January 8, 2010, the date of the approval of the Amendments by the Recognizing Regulators. With the exception of the amendment to clause (a) of subsection (4) of Rule 7.7, the Amendments are implemented on the effective date.

Presently, neither marketplaces nor Participants are in a position to system-enforce compliance with the price restrictions on a dealer-restricted person based on the last sale price at the time of execution. However, the Amendments would change one of the essential components of the price restrictions on purchases by a dealer-restricted person during a restricted period from the last independent sale price of a security at the time of the execution of the order to the best independent bid price at the time of

the entry of the order. Participants may therefore chose to system-enforce market stabilization price restrictions at the time of order entry. In order to provide Participants and service providers with an opportunity to make changes to their programming to accommodate the introduction of this change, implementation of the changes to clause (a) of subsection (4) of Rule 7.7 related to price restrictions is deferred until May 8, 2010, being 120 days following the date of approval of the Amendments by the Recognizing Regulators.

Appendices

- Appendix "A" sets out the text of the Amendments to the Rules and Policies respecting trading during certain securities transactions; 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 2008-005 - *Request for Comments – Provisions Respecting Trading During Certain Securities Transactions* (March 21, 2008). Appendix "B" also sets out the response of IIROC to the comments received and provides additional commentary on the Amendments. Appendix "B" also contains the text of the relevant provisions of the Rules and Policies as they read following the adoption of the Amendments. The revisions made to the Stabilization Proposal as a result of these comments are highlighted in column 1. The revisions generally are consequential or editorial in nature.

Appendix "A"

Provisions Respecting Trading During Certain Securities Transactions

The Universal Market Integrity Rules are hereby amended as follows:

1. Rule 1.1 is amended by:
 - (a) deleting the word "and" at the end of clause (c) of the definition of "connected security" and substituting "or";
 - (b) inserting the following definition of "best independent bid price":

"best independent bid price" means the best bid price, other than for an order that a dealer-restricted person knows or ought reasonably to know has been entered by or on behalf of a person that is a dealer-restricted person or an issuer-restricted person.
 - (c) deleting subclause (ii) of clause (a) of the definition of "dealer-restricted person" and substituting the following:
 - (ii) is participating, as agent but not as an underwriter, in a restricted private placement of securities and the Participant has been allotted or is otherwise entitled to sell more than 25% of the securities to be issued under the restricted private placement,
 - (d) deleting the definition of "Exchange-traded Fund" and inserting the following definition of "Exempt Exchange-traded Fund":

"Exempt Exchange-traded Fund" means a mutual fund for the purposes the purposes of applicable securities legislation, the units of which:

 - (a) are a listed security or a quoted security; and
 - (b) are in continuous distribution in accordance with applicable securities legislation

but does not include a mutual fund that has been designated by the Market Regulator to be excluded from this definition.
 - (e) deleting the definition of "last independent sale price"; and
 - (f) deleting clause (a) of the definition of "restricted period" and substituting the following:
 - (a) in connection with a prospectus distribution or a restricted private placement of any offered security, commencing two trading days prior to:
 - (i) the day the offering price of the offered security is determined, if the securities are to be issued at a fixed price as part of a non-continuous distribution, or
 - (ii) the issuance of the offered security, if the securities are issued as part of:
 - (A) a continuous distribution,
 - (B) a distribution at a non-fixed price permitted by National Instrument 44-101 – *Short Form Prospectus Distributions*, or
 - (C) an at-the-market distribution for the purposes of National Instrument 44-102 – *Shelf Distributions*,

and ending on the date the selling process has ended and all stabilization arrangements relating to the offered security are terminated provided that, if the person is a dealer-restricted person, the period shall commence on the date the Participant enters into an agreement or reaches an understanding to participate in the prospectus distribution or restricted private placement of securities, whether or not the terms and conditions of such participation have been agreed upon if that date is later than that determined for the purposes of clause (i) or (ii);

- (g) deleting the definition of “restricted private placement” and substituting the following:

“**restricted private placement**” means a distribution of securities made pursuant to:

- (a) section 2.3, 2.9 or 2.10 of National Instrument 45-106 – *Prospectus and Registration Exemptions*; or
- (b) section 2.1 of Ontario Securities Commission Rule 45-501 – *Ontario Prospectus and Registration Exemptions* or similar provisions of applicable securities legislation,

and the number of securities to be distributed constitutes more than 10% of the issued and outstanding securities of the class subject to the distribution.

2. Subsection (6) of Rule 1.2 is amended by:

- (a) deleting the word “and” at the end of clause (a);
- (b) deleting clause (b) and substituting the following:
- (b) stabilization arrangements shall be considered to have terminated on the date that is the earlier of when:
- (i) in the case of a syndicate of underwriters or agents, the lead underwriter or agent determines, in accordance with the syndication agreement, that the syndication agreement has been terminated such that any purchase or sale of a restricted security by a Participant after the time of termination is not subject to the stabilization arrangements or otherwise made jointly for the Participants that were party to the stabilization arrangements, or
- (ii) the offered securities, exclusive of any securities that may be issued pursuant to the exercise of an option granted to a dealer-restricted person to cover over-allotment of securities in the distribution, are issued and all statutory rights of withdrawal in connection with such issuance have expired; and
- (c) inserting the following as clause (c):
- (c) if the offering price is determined by a formula involving trading activity in the offered security or a connected security on one or more marketplaces for a period of time, the offering price shall be considered to be determined on the first trading day included in the calculation for the purposes of the formula.

3. Rule 1.2 is amended by adding the following as subsection (8):

- (8) For the purposes of determining the “best ask price” or the “best bid price” at any particular time reference is made to orders contained in a consolidated market display for a marketplace that is then open for trading and in respect of which trading in the particular security on that marketplace has not been:
- (a) halted, suspended or delayed for regulatory purposes in accordance with Rule 9.1; or
- (b) halted, suspended or delayed in accordance with a Marketplace Rule or a requirement of the marketplace.

4. Rule 3.1 is amended by inserting in clause (g) of subsection (2) the word “Exempt” prior to the word “Exchange-traded”.

5. Rule 7.7 is amended by:

- (a) deleting the phrase “the lesser of” in clause (a) of subsection (4);
- (b) deleting subclause (i) of clause (a) of subsection (4) and substituting the following:
- (i) in the case of an offered security, the least of:

- (A) the price at which the offered security will be issued in a prospectus distribution or restricted private placement, if that price has been determined,
 - (B) the best independent bid price at the commencement of the restricted period if the price at which the offered security will be issued in a prospectus distribution or restricted private placement has not been determined or if the offered security will be issued pursuant to a securities exchange take-over bid, an issuer bid or an amalgamation, arrangement, capital reorganization or similar transaction, and
 - (C) the best independent bid price at the time of the entry on a marketplace of the order to purchase,
- (c) inserting in subclause (ii) of clause (a) of subsection (4) the phrase “, the lesser of” after the word “security”;
 - (d) deleting in paragraph (A) of subclause (ii) of clause (a) of subsection (4) the phrase “last independent sale price” and substituting “best independent bid price”;
 - (e) deleting in paragraph (B) of subclause (ii) of clause (a) of subsection (4) the phrase “last independent sale price” and substituting “best independent bid price”;
 - (f) inserting in subclause (ii) of clause (b) of subsection (4) the word “Exempt” prior to the word “Exchange-traded”; and
 - (g) deleting in subclause (i) of clause (c) of subsection (7) the phrase “market” and substituting “marketplace or foreign organized regulated market”.

The Policies to the Universal Market Integrity Rules are hereby amended as follows:

1. Part 2 of Policy 1.1 is deleted and the following substituted:

Part 2 – Definition of “Exempt Exchange-traded Fund”

An “Exempt Exchange-traded Fund” is defined, in part, as a mutual fund for the purposes of applicable securities legislation, the units of which are a listed security or a quoted security and are in continuous distribution in accordance with applicable securities legislation. The definition excludes a mutual fund that has been designated by the Market Regulator to be excluded from the definition.

As guidance, a mutual fund may be designated by the Market Regulator if it is determined that the trading price of units of the fund may be susceptible to manipulation due to a particular feature of the mutual fund. Factors which the Market Regulator would take into account in making a designation to exclude a particular mutual fund would be:

- the lack of liquidity or public float of the security (or the underlying securities which comprise the portfolio of the mutual fund);
- the absence of the ability to redeem units at any time for a “basket” of the underlying securities in addition to cash;
- the absence of the ability to exchange a “basket” of the underlying securities at any time for units of the fund;
- the fact that the fund does not frequently make a net asset value calculation publicly available; and
- the fact that there are no derivatives based on units of the fund, the underlying index or the underlying securities are listed on a marketplace.

None of these additional five factors is determinative in and of itself and each security will be evaluated on its own merits.

Appendix "B"

**Comments Received in Response to
Market Integrity Notice 2008-005 – Request for Comments -**

Provisions Respecting Trading During Certain Securities Transactions

On March 21, 2008, Market Regulation Services Inc. ("RS") issued Market Integrity Notice 2008-005 requesting comments on proposed amendments to UMIR respecting trading during certain securities transactions ("Stabilization 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 Stabilization Proposal from:

BMO Financial Group ("BMO")

RBC Dominion Securities Inc. ("RBC")

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

The following table presents a summary of the comments received on the Stabilization Proposal together with the response of IIROC to those comments. Column 1 of the table highlights the revisions to the Stabilization Proposal made by IIROC in response to these comments and the comments of the Recognizing Regulators.

Text of Provisions Following Adoption of Amendments (Changes from the Stabilization Proposal Highlighted)	Commentator and Summary of Comment	IIROC Response to Comment and Additional IIROC Commentary
<p>1.1 Definitions</p> <p>"best independent bid price" means the best bid price, other than for an order that a dealer-restricted person knows or ought reasonably to know has been entered by or on behalf of a person that is a dealer-restricted person or an issuer-restricted person.</p>		
<p>"connected security" means, in respect of an offered security:</p> <p>(a) a listed security or quoted security into which the offered security is immediately convertible, exchangeable or exercisable unless the price at which the offered security is convertible, exchangeable or exercisable is greater than 110% of the best ask price of the listed security or quoted security at the commencement of the restricted period;</p> <p>(b) a listed security or quoted security of the issuer of the offered security or another issuer that, according to the terms of the offered security, may significantly determine the value of the offered security;</p> <p>(c) if the offered security is a special warrant, a listed security or quoted security which would be issued on the exercise of the special warrant; or</p> <p>(d) if the offered security is an equity security, any other equity security of the issuer that is a listed security or quoted security.</p>		

Text of Provisions Following Adoption of Amendments (Changes from the Stabilization Proposal Highlighted)	Commentator and Summary of Comment	IIROC Response to Comment and Additional IIROC Commentary
<p>"dealer-restricted person" means, in respect of a particular offered security:</p> <p>(a) a Participant that:</p> <p>...</p> <p>(ii) is participating, as agent but not as an underwriter, in a restricted private placement of securities and the Participant has been allotted or is otherwise entitled to sell more than 25% of the securities to be issued under the restricted private placement,</p> <p>...</p>		
<p>"Exempt Exchange-traded Fund" means a mutual fund for the purposes of applicable securities legislation, the units of which:</p> <p>(a) are a listed security or a quoted security; and</p> <p>(b) are in continuous distribution in accordance with applicable securities legislation</p> <p>but does not include a mutual fund that has been designated by the Market Regulator to be excluded from this definition.</p>		
<p>"restricted period" means, for a dealer-restricted person or an issuer-restricted person, the period:</p> <p>(a) in connection with a prospectus distribution or a restricted private placement of any offered security, commencing two trading days prior to:</p> <p>(i) the day the offering price of the offered security is determined, if the securities are to be issued at a fixed price as part of a non-continuous distribution, or</p> <p>(ii) the issuance of the offered security, if the securities are issued as part of:</p> <p>(A) a continuous distribution,</p> <p>(B) a distribution at a non-fixed price permitted by National Instrument 44-101 – Short Form Prospectus Distributions, or</p> <p>(C) an at-the-market distribution for the purposes of National Instrument 44-102 – Shelf Distributions,</p> <p><u>and ending on the date the selling process has ended and all stabilization arrangements relating to the offered security are terminated</u> provided that, if the person is a dealer-</p>	<p>RBC – Extension of the restricted period until the expiry of the "rights of rescission" would make the period unduly long. Suggests that consideration be given to following more closely the structure of Reg M under which restrictions commence on pricing and apply for a fixed number of days.</p>	<p>IIROC has adopted the suggested change with respect to the deletion of reference to "rights of rescission". Given differences in liquidity between US and Canadian markets, IIROC believes that it is prudent for restrictions to begin prior to pricing to avoid undue influence on the establishment of the price. IIROC also believes that the restrictions should continue until subscribers can not withdraw from their subscription under the prospectus offering.</p> <p>IIROC has made a further revision which moves the proposed provision dealing with outstanding options under a greenshoe arrangement from the definition of "restricted period" in Rule 1.1 to the interpretation of "restricted period" in Rule 1.2.</p>

Text of Provisions Following Adoption of Amendments (Changes from the Stabilization Proposal Highlighted)	Commentator and Summary of Comment	IIROC Response to Comment and Additional IIROC Commentary
<p>restricted person, the period shall commence on the date the Participant enters into an agreement or reaches an understanding to participate in the prospectus distribution or restricted private placement of securities, whether or not the terms and conditions of such participation have been agreed upon if that date is later than that determined for the purposes of clause (i) or (ii);</p> <p>and ending on the date that is the earlier of the date:</p> <p>(iii) the selling process has ended and all stabilization arrangements relating to the offered security are terminated, and</p> <p>(iv) the offered securities, exclusive of any securities that may be issued pursuant to the exercise of an option granted to a dealer restricted person to cover over-allotment of securities in the distribution, are issued and all statutory rights of withdrawal or rights of rescission in connection with such issuance have expired;</p> <p>(b) in connection with a securities exchange take-over bid or issuer bid, commencing on the date of dissemination of the securities exchange take-over bid circular or issuer bid circular or similar document and ending with the termination of the period during which securities may be deposited under such bid, including any extension thereof, or the withdrawal of the bid; and</p> <p>(c) in connection with an amalgamation, arrangement, capital reorganization or similar transaction, commencing on the date of dissemination of the information circular for such transaction and ending on the date for approval of the transaction by the securityholders that will receive the offered security or the termination of the transaction by the issuer or issuers.</p>		
<p>“restricted private placement” means a distribution of securities made pursuant to:</p> <p>(a) section 2.3, 2.9 or 2.10 of National Instrument 45-106 – <i>Prospectus and Registration Exemptions</i>; or</p> <p>(b) section 2.1 of Ontario Securities Commission Rule 45-501 – <i>Ontario Prospectus and Registration Exemptions</i> or similar provisions of applicable securities legislation,</p> <p>and the number of securities to be distributed constitutes more than 10% of the issued and</p>		

Text of Provisions Following Adoption of Amendments (Changes from the Stabilization Proposal Highlighted)	Commentator and Summary of Comment	IIROC Response to Comment and Additional IIROC Commentary
<p>outstanding securities of the class subject to the distribution.</p>		
<p>1.2 Interpretation</p> <p>(6) For the purposes of the definition of “restricted period”:</p> <p>(a) the selling process shall be considered to end:</p> <p>(i) in the case of a prospectus distribution, if a receipt has been issued for the final prospectus by the applicable securities regulatory authority and the Participant has allocated all of its portion of the securities to be distributed under the prospectus and all selling efforts have ceased, and</p> <p>(ii) in the case of a restricted private placement, the Participant has allocated all of its portion of the securities to be distributed under the offering;</p> <p>(b) stabilization arrangements shall be considered to have terminated <u>on the date that is the earlier of when:</u></p> <p>(i) <u>in the case of a syndicate of underwriters or agents when, in accordance with the syndication agreement, the lead underwriter or agent determines that the syndication agreement has been terminated such that any purchase or sale of a restricted security by a Participant after the time of termination is not subject to the stabilization arrangements or otherwise made jointly for the Participants that were party to the stabilization arrangements, or</u></p> <p>(ii) <u>the offered securities, exclusive of any securities that may be issued pursuant to the exercise of an option granted to a dealer-restricted person to cover over-allotment of securities in the distribution, are issued and all statutory rights of withdrawal in connection with such issuance have expired; and</u></p> <p>(c) if the offering price is determined by a formula involving trading activity in the offered security or a connected security on one or more marketplaces for a period of time, the offering price shall be considered to be determined on the first trading day included in the calculation for the purposes of the formula.</p>		<p>The revision moves the proposed provision dealing with outstanding options under a green shoe arrangement from the definition of “restricted period” in Rule 1.1 to the interpretation of “restricted period” in Rule 1.2.</p>

Text of Provisions Following Adoption of Amendments (Changes from the Stabilization Proposal Highlighted)	Commentator and Summary of Comment	IIROC Response to Comment and Additional IIROC Commentary
<p>(8) For the purposes of determining the “best ask price” or the “best bid price at any particular time reference is made to orders contained in a consolidated market display for a marketplace that is then open for trading and in respect of which trading in the particular security on that marketplace has not been:</p> <p>(a) halted, suspended or delayed for regulatory purposes in accordance with Rule 9.1; or</p> <p>(b) halted, suspended or delayed in accordance with a Marketplace Rule or a requirement of the marketplace.</p>		
<p>3.1 Restrictions on Short Selling</p> <p>(2) A short sale of a security may be made on a marketplace at a price below the last sale price if the sale is:</p> <p>...</p> <p>(g) a trade in an <u>Exempt</u> Exchange-traded Fund; or</p> <p>...</p>		<p>Consideration of the proposal by IIROC to repeal price restrictions on short sales has been deferred. See IIROC Notice 08-0143 – Rules Notice – Notice of Approval – UMIR – <i>Provisions Respecting Short Sales and Failed Trades</i> (October 15, 2008). As a result, a consequential change to Rule 3.1 is required to recognize the adoption of the definition of an “Exempt Exchange-traded Fund”.</p>
<p>7.7 Trading During Certain Securities Transactions</p> <p>(4) Exemptions – Subsection (1) does not apply to a dealer-restricted person in connection with:</p> <p>(a) market stabilization or market balancing activities where the bid for or purchase of a restricted security is for the purpose of maintaining a fair and orderly market in the offered security by reducing the price volatility of or addressing imbalances in buying and selling interests for the restricted security provided that the bid or purchase is at a price which does not exceed the lesser of:</p> <p>(i) in the case of an offered security, <u>the lesser of:</u></p> <p>(A) the price at which the offered security will be issued in a prospectus distribution or restricted private placement, if that price has been determined,</p> <p>(B) the best independent bid price at the commencement of the restricted</p>		<p>The revision corrects a drafting error in the Stabilization Proposal.</p>

Text of Provisions Following Adoption of Amendments (Changes from the Stabilization Proposal Highlighted)	Commentator and Summary of Comment	IIROC Response to Comment and Additional IIROC Commentary
<p>period if the price at which the offered security will be issued in a prospectus distribution or restricted private placement has not been determined or if the offered security will be issued pursuant to a securities exchange take-over bid, an issuer bid or an amalgamation, arrangement, capital reorganization or similar transaction, and</p> <p>(C) the best independent bid price at the time of the entry on a marketplace of the order to purchase,</p> <p>(ii) in the case of a connected security, <u>the lesser of:</u></p> <p>(A) the best independent bid price at the commencement of the restricted period, and</p> <p>(B) the best independent bid price at the time of the entry on a marketplace of the order to purchase,</p> <p>provided that if the restricted security has not previously traded on a marketplace, the price also does not exceed the price of the last trade of the security executed on a foreign organized regulated market other than a trade that the dealer-restricted person knows or ought reasonably to know has been entered by or on behalf of a person that is a dealer-restricted person or an issuer-restricted person;</p> <p>(b) a restricted security that is:</p> <p>(i) a highly-liquid security,</p> <p>(ii) a unit of an Exempt Exchange-traded Fund, or</p> <p>(iii) a connected security of a security referred to in subclause (i) or (ii);</p> <p>...</p>		
<p>(7) Transactions by Person with Market Maker Obligations – Despite subsection (1), a dealer-restricted person with Market Maker Obligations for a restricted security may, for their market making trading account:</p> <p>...</p> <p>(c) bid for or purchase a restricted security:</p>		

Text of Provisions Following Adoption of Amendments (Changes from the Stabilization Proposal Highlighted)	Commentator and Summary of Comment	IIROC Response to Comment and Additional IIROC Commentary
<p>(l) that is traded on another marketplace or foreign organized regulated market for the purpose of matching a higher-priced bid posted on such marketplace or foreign organized regulated market,</p> <p>...</p>		
<p>Policy 1.1 Definitions</p> <p>Part 2 – Definition of “Exempt Exchange-traded Fund”</p> <p>An “Exchange-traded Fund” is defined, in part, as a mutual fund for the purposes the purposes of applicable securities legislation, the units of which are a listed security or a quoted security and are in continuous distribution in accordance with applicable securities legislation. The definition excludes a mutual fund that has been designated by the Market Regulator to be excluded from the definition.</p> <p>As guidance, a mutual fund may be designated by the Market Regulator if the Market Regulator determines that the trading price of units of the fund may be susceptible to manipulation due to a particular feature of the mutual fund. Factors which the Market Regulator would take into account in making a designation to exclude a particular mutual fund would be:</p> <ul style="list-style-type: none"> • the lack of liquidity or public float of the security (or the underlying securities which comprise the portfolio of the mutual fund); • the absence of the ability to redeem units at any time for a “basket” of the underlying securities in addition to cash; • the absence of the ability to exchange a “basket” of the underlying securities at any time for units of the fund; • the fact that the fund does not frequently make a net asset value calculation publicly available; and • the fact that there are no derivatives based on units of the fund, the underlying index or the underlying securities listed on a marketplace. <p>None of these additional five factors is determinative in and of itself and each security will be evaluated on its own merits.</p>		<p>The revision corrects a drafting error in the Stabilization Proposal.</p>

Text of Provisions Following Adoption of Amendments (Changes from the Stabilization Proposal Highlighted)	Commentator and Summary of Comment	IIROC Response to Comment and Additional IIROC Commentary
<p>Specific Matters on Which Comment is Requested</p> <p>Definition of “Highly-Liquid Security”</p> <p>1. <i>Should the list of “highly-liquid securities” be updated less frequently than each trading day? If so, what would be the appropriate frequency (e.g. weekly, monthly or quarterly)?</i></p>	<p>BMO – List of qualified securities should continue to be updated daily.</p>	<p>IIROC does not propose a change to the calculation period at this time. However, if the concept is adopted for use in providing exemptions from price restrictions on short sales there may be a more pressing need to consider the appropriate calculation period. See Market Integrity Notice 2007-017 – <i>Request for Comments – Provisions Respecting Short Sales and Failed Trades</i> (September 7, 2007).</p>
<p>Harmonization with Requirements in the United States</p> <p>2. <i>Would there be any specific costs or benefits associated with UMIR adopting additional provisions comparable to those in the United States related to market stabilization activities?</i></p>	<p>BMO – Does not see any “compelling benefit” in implementing requirements comparable to proposed amendments to Reg. M.</p>	<p>IIROC is not proposing any amendments to correspond with the current proposals to amend Reg. M.</p>
<p>3. <i>Would there be any specific benefit in adjusting for inflation the \$1,000,000 threshold for average daily trading value under the definition of “highly-liquid security”?</i></p>	<p>BMO – Does not see any benefit in adjusting the current threshold.</p>	<p>IIROC is not proposing any adjustment in the dollar amount of the threshold to qualify as a highly-liquid security.</p>
<p>Prohibitions and Restrictions on Distributions “At-the-Market” or “Non-Fixed Price”</p> <p>4. <i>Should RS consider amending UMIR at this time to deal with dealer-restricted persons bidding for or purchasing restricted securities during a restricted period for an “at-the-market” distribution and a “non-fixed price” offering or should any amendments be deferred until there has been more experience with such offerings?</i></p>	<p>BMO – Believes that amendments should be deferred until these types of distributions become more commonplace.</p>	<p>IIROC will monitor “at-the-market” and “non-fixed price” offerings and any proposals to amend the UMIR requirements will be made in conjunction with proposals to amend OSC Rule 48-501.</p>
<p>5. <i>If amendments should be considered at this time, are the possible provisions set out in Appendix “C” appropriate?</i></p>		
<p>Additional Exemptions When Acting on Behalf of an Issuer-Restricted Person</p> <p>6. <i>Should RS consider providing similar exemptions to permit a dealer-restricted person to act as agent on a bid or purchase by an issuer-restricted person for these types of orders?</i></p>	<p>BMO – Believes that similar exemptions should apply when acting on behalf of an issuer-restricted person.</p>	<p>IIROC is not proposing the amendments at this time. Any proposals to amend the UMIR requirements regarding acting on behalf of an issuer-restricted person will be made in conjunction with proposals to amend OSC Rule 48-501 that may be initiated by the OSC.</p>

Text of Provisions Following Adoption of Amendments (Changes from the Stabilization Proposal Highlighted)	Commentator and Summary of Comment	IIROC Response to Comment and Additional IIROC Commentary
<p>7. <i>Should RS consider providing additional exemptions to permit a dealer-restricted person to act as agent for certain insiders of the issuer of a restricted security? If so, what approach to providing such exemption would be preferable?</i></p>	<p>BMO – Supports an exemption tied to exemption from insider reporting requirements. Agrees that the exemption should not apply to purchases under a normal course issuer bid.</p>	<p>IIROC is not proposing any amendment at this time. Any proposal to amend the UMIR requirement to provide such exemptions will be made in conjunction with proposals to amend OSC Rule 48-501 that may be initiated by the OSC.</p>