

IIROC NOTICE

Rules Notice Request for Comment

IIROC Rules

Comments due by: January 18, 2021

Please distribute internally to:

Institutional
Legal and Compliance
Operations
Retail
Senior Management

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20-0238

November 19, 2020

Client Focused Reforms – Proposed Rule Amendments for Public Comment

Executive Summary

IIROC is amending its rules in the core areas of account appropriateness, know-your-client (**KYC**), suitability, conflicts of interest, and relationship disclosure information (**RDI**) and introducing new rules in the core areas of product due diligence and know-your-product (**KYP**) (collectively, the **Amendments**).¹ The Amendments are intended to make our requirements uniform in all material respects with the reforms to enhance the client-registrant relationship (**Client Focused Reforms** or **CFRs**) made to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) by the Canadian Securities Administrators (**CSA CFRs**)².

¹ We are amending Rules 3100 – *Business Conduct*, 3200 – *Client Accounts* and 3400 – *Suitability* and introducing a new Rule 3300 – *Product Due Diligence and Know-Your-Product*. We are also amending Dealer Member Rule 42 – *Conflicts of Interest*. All references in this Notice are to the IIROC Rules unless otherwise specified. See [Notice 19-0144](#) and [Notice 20-0079](#) for more information on the IIROC Rules.

² See CSA Notice entitled “Notice of Amendments to NI 31-103 and Companion Policy 31-103CP: Reforms to Enhance the Client-Registrant Relationships (Client Focused Reforms)”, dated October 3, 2019 (the **CSA CFRs**).



The objectives of the Amendments are to:

- better align the interests of Dealer Members (**Dealers**) and Registered Individuals³ with the interests of their clients,
- improve outcomes for clients, and
- make clearer to clients, the nature and the terms of their relationship with Dealers and Registered Individuals.

Types of Amendments

The Amendments include both public comment rule changes (the **IIROC CFRs Public Comment Amendments**) and housekeeping rule changes⁴ (the **IIROC CFRs Housekeeping Amendments**). We are publishing the IIROC CFRs Public Comment Amendments and the IIROC CFRs Housekeeping Amendments in two separate notices on the same day. The IIROC CFRs Public Comment Amendments are published in this Notice. The IIROC CFRs Housekeeping Amendments are published in Notice [20-0239](#).

The IIROC CFRs Public Comment Amendments

The IIROC CFRs Public Comment Amendments include four parts:

- 1) changes to our account appropriateness requirement for consistency with the IIROC CFRs Suitability Amendments and the CSA CFRs (the **IIROC CFRs Account Appropriateness Amendments**),
- 2) enhancements to our suitability requirement that incorporate uniform language to the CSA CFRs suitability requirements (the **IIROC CFRs Suitability Amendments**),
- 3) exemptions from the core regulatory obligations of account appropriateness, KYC, suitability determination, product due diligence and KYP for certain account types, client types or service arrangements (the **IIROC CFRs Exemptions**), and
- 4) changes of a consequential nature, such as updates to section references and language changes, to reflect, among other things, the IIROC CFRs Account Appropriateness Amendments, IIROC CFRs Suitability Amendments and IIROC CFRs Exemptions (the **Consequential Public Comment Amendments**).

We discuss the IIROC CFRs Public Comment Amendments in more detail in section 2 of this Notice.

Notice) and the CSA Relief Orders extending the effective dates of the CSA CFRs relating to conflicts of interest and relationship disclosure provisions, dated April 16, 2020.

³ In this Notice, the term “Registered Individual” refers collectively to individuals approved by IIROC as Registered Representatives, Portfolio Managers or Associate Portfolio Managers.

⁴ Under our Joint Rule Review Protocol with the CSA (**JRRP**), housekeeping rule changes are not published for comment, and are in effect immediately upon implementation. Housekeeping rule changes have no material impact on investors, issuers, members, registrants or the capital markets in any province or territory of Canada and, among others, are necessary to conform to applicable securities legislation.



The IIROC CFRs Housekeeping Amendments

The IIROC CFRs Housekeeping Amendments are necessary to conform our requirements to the corresponding CSA CFRs provisions that our Dealers are subject to under NI 31-103 (i.e. Dealers generally do not have an exemption in NI 31-103 from these provisions). The CSA CFRs provisions are material in nature and will apply to Dealers with or without the existence of equivalent IIROC rule provision. The IIROC CFRs Housekeeping Amendments are duplicative of the equivalent CSA rule provisions; they do not add further material requirements on our Dealers and for this reason have been classified as housekeeping. Dealers will want to evaluate the impact of the IIROC CFRs Housekeeping Amendments on their current practices (e.g., policies and procedures) to determine whether any changes are required to reflect such amendments.

The IIROC CFRs Housekeeping Amendments include two main parts:

- 1) changes to incorporate uniform language to the CSA CFRs, as appropriate, into the IIROC Rules (the **IIROC CFRs Core Housekeeping Amendments**) in the following areas:
 - training,
 - conflicts of interest,
 - KYC,
 - relationship disclosure,
 - pre-trade disclosure of changes
 - product due diligence and KYP,
 - misleading communications,
 - general requirements to maintain records, and
- 2) changes of a consequential nature, such as updates to section references and language changes, to reflect the IIROC CFRs Housekeeping Amendments (the **Consequential Housekeeping Amendments**)

As part of this initiative, we are also introducing a few additional housekeeping changes that seek to ensure consistent use of terminology in the IIROC Rules, add clarity to the provisions, improve drafting and are reasonably necessary to conform IIROC's Rules to applicable securities legislation, statutory or legal requirements (the **Other Housekeeping Amendments**). We believe that these changes have no material impact on investors, issuers, members, registrants or the capital markets in any province or territory of Canada.

We discuss the IIROC CFRs Housekeeping Amendments and Other Housekeeping Amendments in more detail in Notice [20-0239](#).



Proposed Guidance

In this Notice, we are also publishing for comment a proposed Product Due Diligence and Know-Your-Product guidance (**Proposed Product Due Diligence and KYP Guidance**). This guidance is intended to assist our Dealers understand and comply with the product due diligence and KYP amendments and will replace [Notice 09-0087 Best practices for product due diligence \(Notice 09-0087\)](#), once implemented.

In the meantime, IIROC is working on a second guidance, also in consultation with the CSA and MFDA on certain aspects of it, that will provide further clarity on the enhanced know-your-client and suitability requirements as a result of the Amendments.

How to Submit Comments

Please make your comments on the IIROC CFRs Public Comment Amendments and the Proposed Product Due Diligence and KYP Guidance in writing and deliver them by January 18, 2021 to:

Member Regulation Policy
Investment Industry Regulatory Organization of Canada
Suite 2000
121 King Street West
Toronto, Ontario M5H 3T9
e-mail: memberpolicymailbox@iiroc.ca

and to

Market Regulation
Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, Ontario M5H 3S8
e-mail: marketregulation@osc.gov.on.ca

Commentators should be aware that a copy of their comment letter will be made publicly available on the IIROC website at www.iiroc.ca.



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1. Background

1.1 Client Focused Reforms

The Client Focused Reforms reflect the concept that in the client-Dealer relationship, the client's interest comes first. Under the Amendments and in conjunction with existing IIROC rules, Dealers will be required to:

- address material conflicts of interest in the best interest of the client,
- put the client's interest first when making a suitability determination, and
- do more to clarify for clients, what they should expect from their registrants.

IIROC participated, along with the Mutual Fund Dealers Association of Canada (**MFDA**), in the development of the CSA CFRs with the CSA. Details of the consultation and rule development process undertaken by the CSA for the Client Focused Reforms are in the CSA CFRs Notice.

The IIROC CFRs Public Comment Amendments are summarized below.

2. IIROC CFRs Public Comment Amendments

In this section, we provide a summary of the IIROC CFRs Public Comment Amendments. While some of these changes are new requirements, others codify best practices set out in our existing guidance or provide exemptions consistent with our existing regulatory model. Where appropriate, we have also made some drafting changes to add consistency, clarity and uniformity to our rules. With the description of each change, we discuss what we anticipate the impact will be. Where we are codifying existing best practices carried on by many Dealers, we generally expect the impact to be limited.

2.1 Classification of the IIROC CFRs Public Comment Amendments

We are publishing the IIROC CFRs Public Comment Amendments for comment, as they do not fall within the housekeeping rule change classification in the JRRP.⁵ Under the JRRP, any rule changes not meeting the classification of a housekeeping rule, must be published for comment. We do not consider the IIROC CFRs Public Comment Amendments to be housekeeping rule changes because, unlike the IIROC CFRs Housekeeping Amendments, these amendments deal with requirements in NI 31-103 that Dealers are not subject to because of an exemption set out in NI 31-103⁶. Therefore, we expect the IIROC CFRs Public Comment Amendments will have a direct material impact on our Dealers.

2.2 IIROC CFR Amendments to Core Regulatory Obligations

2.2.1 IIROC CFRs Account appropriateness amendments (section 3211)

We propose changes to our account appropriateness requirement in section 3211 for greater consistency with the enhanced suitability determination obligation discussed in section 2.2.2 of this

⁵ The JRRP is set out in Appendix A of the Memorandum of Understanding Regarding Oversight of IIROC by the CSA.

⁶ See section 9.3 of NI 31-103.



Notice. More specifically, we propose requiring Dealers to put the person's interest first when conducting an account appropriateness determination.

We also propose some minor amendments to the terminology of the account appropriateness requirement for clarity and amending the applicable exemptions for greater consistency with the exemptions to other core regulatory obligations, as discussed in section 2.3 of this Notice.

2.2.2 IIROC CFRs Suitability Amendments – (sections 3402 through 3404)

We are proposing the IIROC CFRs Suitability Amendments for the following reasons:

- We agree with the enhancements made to the suitability determination obligation in the CSA CFRs, including the new core requirement that Dealers and Registered Individuals must put their clients' interests first when making a suitability determination, and we want to build these enhancements into our regulatory model. As such, as noted in the CSA CFRs Notice, we are amending our rules to be uniform with the CSA CFRs in all material respects; and
- To maintain the current exemption for Dealers from the NI 31-103 suitability requirements under section 9.3 of NI 31-103.

The focus of our request for comments on the IIROC CFRs Suitability Amendments is on how the enhancements made to the suitability determination obligation impact our regulatory model and not on the policy basis for the enhancements themselves.

The following is a summary of our proposed changes to our suitability requirements in Rule 3400.

(a) Suitability determination (subsection 3402(1))

To make our rules uniform with the CSA CFRs, we propose enhancing our suitability determination requirement. A new subsection is proposed which provides that, before a Dealer purchases, sells, withdraws, exchanges or transfers-out securities for a retail client's account, takes any other investment action for a retail client, or makes a recommendation or exercises discretion to take any such action, the Dealer must determine, on a reasonable basis, that:

- the action is suitable for the retail client, based on the following factors:
 - KYC information,
 - the Dealer's assessment and the Registered Individual's understanding of the security,
 - the impact of the action on the account, including its concentration and liquidity,
 - the actual and potential impact of costs on the client's returns, and
 - a reasonable range of alternatives available through the Dealer at the time the determination is made, and
- the action puts the retail client's interest first.

While Dealers are currently required to determine suitability based on a client's KYC information and the composition and risk of their account investment portfolio, they would now be required to assess suitability based on an expanded list of factors. Some of these factors, such as KYP, are contemplated in our existing guidance, while others are net new.



Dealers and Registered Individuals would also be required to enhance their suitability assessment with a determination that every investment action puts the client's interest first. We anticipate this change may have a significant impact on their existing practices.

(b) Triggering events (subsection 3402(2))

To make our rules uniform with the CSA CFRs, we propose enhancing our list of trigger events that require Dealers and Registered Individuals to review a retail client's account and the securities in the account to determine compliance with subsection 3402(1). Dealers and Registered Individuals will be required to conduct this review and take appropriate action, within a reasonable time, after any of the following:

- securities are received or delivered into the client's account by way of deposit or transfer-in,
- a Registered Individual is designated as responsible for the client's account,
- the Dealer or Registered Individual becomes aware of a change in a security in the account, or becomes aware of a change in the client's KYC information, that could result in a security or the account not satisfying the suitability determination criteria, or
- the Dealer or Registered Individual has undertaken a review of the client's KYC information.

We do not anticipate this change to have a significant impact on Dealer practices because the enhanced triggers are similar to our existing triggers, with the exception of the requirement to reassess suitability when there is a change in a security in the client's account. However, we view this last requirement as an extension of our existing KYP requirement.

(c) Account suitability determination (subsections 3402(3) and 3403(4))

The account appropriateness requirement set out in section 3211 applies to Dealers prior to opening an account for a person. For consistency with the enhanced suitability determination under the CSA CFRs, we are proposing a new suitability requirement that tracks the account appropriateness requirement after an account has been opened for a client. The new account suitability requirements is set out in subsection 3402(3) with respect to retail clients and subsection 3403(4) for institutional clients.

As discussed further in section 2.3 of this Notice, the exemptions available with respect to account suitability requirement mirror the exemptions to account appropriateness.

(d) Client-directed trades (subsection 3402(5))

To make our rule uniform with the CSA CFRs, we propose enhancing our current requirements for retail client-directed trades. In addition to the steps they currently take when addressing unsuitable retail client-directed trades, Dealers will now be required to recommend suitable alternatives to such clients.

2.3 IIROC CFRs exemptions from core regulatory obligations

In this section, we provide a summary of the IIROC CFRs Exemptions. We are proposing these exemptions in response to comments received on the CFRs, and to align the IIROC CFRs Public Comment Amendments and the IIROC CFRs Housekeeping Amendments with our existing regulatory framework.



Unlike other registrants, Dealers have a number of unique account types, client types and service arrangements. The proposed IIROC CFRs Exemptions discussed in this section provide exemptions to Dealers from certain core regulatory obligations to reflect these unique circumstances.

To assist with the understanding of the IIROC CFRs Exemptions, we have prepared a Core Regulatory Obligations Exemptions Chart (**Exemptions Chart**) which is set out in Appendix 5. The Exemptions Chart identifies our core regulatory obligations and indicates the applicability of each obligation in various scenarios based on (i) type of account, (ii) type of client, and (iii) service providers. For clarity, the IIROC CFRs Exemptions use consistent language and are presented based on the three scenarios described in the Exemptions Chart.

2.3.1 Know-your-client exemptions (section 3208)

The KYC requirements are set out in section 3202 and section 3209 and amendments are being implemented under the IIROC CFRs Housekeeping Amendments.⁷

We propose exemptions to the Dealer from certain provisions of the KYC requirement (clause 3202(1)(iii), which requires Dealers to collect specific KYC information and subsection 3209(4), which requires Dealers to review this KYC information at certain time intervals) (the **KYC Suitability Related Provisions**), on the basis that these provisions primarily relate to suitability. More specifically, we propose the following exemptions from the KYC Suitability Related Provisions:

- (i) *Type of account* – Order execution only (**OEO**) accounts and direct electronic access (**DEA**) accounts since these accounts are not subject to suitability.
- (ii) *Type of client* – Institutional clients,⁸ because the suitability determination is different for these clients.⁹
- (iii) *Service providers* – The KYC Suitability Related Provisions do not apply with respect to an account maintained at a Dealer who is a carrying broker for that account or who only provides trade execution, clearing, settlement or custody services, or a combination of these services, to another Dealer, portfolio manager, exempt market dealer or their respective clients, for that account, (**Service Provider Dealers**). The rationale behind this exemption is that, in each of these cases, each Service Provider Dealer is providing services to another registrant, or their clients, and the KYC requirement is the obligation of and is conducted by the other registrant (i.e., Dealer, portfolio manager or exempt market dealer).

Please refer to the Exemptions Chart for additional details on the applicability of, and exemptions to, the KYC requirement.

2.3.2 Account appropriateness exemptions (subsections 3211(2) and (3))

We propose the following exemptions from the account appropriateness requirement:

⁷ See section 2.2.3 of Notice [20-0239](#).

⁸ As defined in subsection 1201(2).

⁹ See IIROC Rules section 3403.



- (i) *Type of account* – The exemption from account appropriateness has not changed with respect to OEO accounts. With regards to these accounts, the Dealer remains exempt from clause 3211(1)(ii) of the account appropriateness requirement (that the scope of products, services and account relationships which the person would have access to within the account are appropriate for the person) but is subject to 3211(1)(i) (that it would be appropriate for the person to become a client of the Dealer). However, we have added DEA accounts as another type of account for which the Dealer is exempt similarly to OEO accounts on the basis that both types of accounts are exempt from suitability.
- (ii) *Type of (potential) client* – We have added a new exemption from the account appropriateness requirement in respect to certain categories of potential clients (i.e., where the potential client is a Dealer, regulated entity, exempt market dealer, portfolio manager, bank, trust company or insurance company) on the basis that, because of their sophistication and resources, these potential clients are able to make an account appropriateness determination for themselves.
- (iii) *Service providers* - We have amended the exemption with respect to Service Provider Dealers for consistency with the exemptions to other core regulatory obligations. Service Provider Dealers are exempt from account appropriateness on the basis that the account appropriateness requirement is the obligation of, and is conducted by, another registrant.

Please refer to the Exemptions Chart for additional details on the applicability of, and exemptions to, the account appropriateness requirement.

2.3.3 Product due diligence and know-your-product exemptions (section 3303)

(a) Product due diligence (subsection 3303(1))

The product due diligence requirement is set out in section 3301 and is being implemented under the IIROC CFRs Housekeeping Amendments.¹⁰

We propose to exempt Service Provider Dealers from the product due diligence requirement on the basis that the product due diligence requirement is the obligation of, and is conducted by, the other another registrant (i.e., Dealer, portfolio manager or exempt market dealer).

We do not propose to exempt Dealers who offer order execution only accounts (**OEO Dealers**) from the product due diligence requirement. OEO Dealers would be required to conduct product due diligence on all products that they make available on their product shelf. However, they may tailor their product due diligence process based on their business model. Please refer to section 1.1.3 of the Proposed Product Due Diligence and KYP Guidance for additional information.

(b) Know-your-product (subsection 3303(2))

The KYP requirement is set out in section 3302 and is being implemented under the IIROC CFRs Housekeeping Amendments.¹¹

¹⁰ See section 2.2.6 of Notice [20-0239](#).

¹¹ See section 2.2.6 of Notice [20-0239](#).



We propose the following exemptions from the KYP requirement:

- (i) *Type of account* – OEO accounts and DEA accounts on the basis that such accounts do not have Approved Persons who provide clients with advice.
- (ii) *Service providers* - Service Provider Dealers on the basis that the product due diligence requirement is the obligation of, and is conducted by, the other another registrant.

2.3.4 Suitability exemptions (section 3404)

The exemptions with respect to the suitability requirement are set out in section 3404 and are being implemented under the IIROC CFRs Public Comment Amendments.

(a) Account suitability exemptions (subsections 3404 (1), (2) and (4))

In this Notice, we use the term “account suitability” to refer to the new account suitability requirement discussed above in subsection 2.2.2(c) of this Notice. The account suitability requirement is set out in subsection 3402(3) with respect to retail clients and subsection 3403(4) for institutional clients.

The exemptions available for account suitability obligation track the account appropriateness requirement discussed in above in subsection 2.3.1 of this Notice and are set out in subsections 3404(1), (2) and (4).

(b) Portfolio suitability exemptions (subsections 3404(1) and (2))

In this Notice, we use the term “portfolio suitability requirement” to refer to all retail client suitability requirements set out in section 3402, other than the retail client account suitability requirement under subsection 3402(3).

We are proposing the following amendments to the exemptions from the portfolio suitability requirement:

- (i) *Type of Account* – OEO accounts and DEA accounts continue to receive an exemption from the portfolio suitability requirement.
- (ii) *Type of Client* – Specific exemptions with respect to institutional clients (or categories of institutional clients) are not required as the portfolio suitability requirement only applies with respect to retail clients.
- (iii) *Service providers* - Service Provider Dealers remain exempt from the portfolio suitability requirement on the basis that the portfolio suitability requirement is the obligation of, and is conducted by, the other another registrant.

(c) Institutional client suitability exemptions (subsection 3404(3))

Account suitability and related exemptions with respect to institutional clients are discussed in sections 2.2.2(c) and 2.3.4(a) of this Notice.

The rest of institutional client suitability requirements are set out in section 3403 and have generally not been impacted by the enhanced suitability determination under the CSA CFRs. However, we have updated the language used in the exemptions to the institutional suitability requirements for consistency with the language used in the IIROC CFRs Exemptions



Please refer to the Exemptions Chart for additional details on the applicability of, and exemptions to, the account suitability and portfolio suitability requirements.

2.5 Consequential Public Comment Amendments

We are proposing Consequential Public Comment Amendments to harmonize the IIROC Rules with the IIROC CFRs Public Comment Amendments, and make some clerical corrections in the IIROC Rules. While we do not anticipate most Consequential Public Comment Amendments will have significant impact on Dealer practices, the substantive changes that give rise to them may. For example, we propose to change the term “suitability” to “suitability determination” in a number of sections to reflect the enhanced suitability determination requirement. While we expect the enhanced suitability determination requirement (discussed in section 2.2 of this Notice) to have a significant impact Dealer practices, we do not expect the Consequential Public Comment Amendments arising out of changing the term “suitability” to “suitability determination” to have a further significant impact on Dealers.

We summarize all the Consequential Public Comment Amendments in Appendix 4, but some examples of these are set out below.

(a) Definitions – “advisory account”, “direct electronic access account”, “discretionary account”, “managed account” and “order execution only account” (subsection 1201(2))

In order to add consistency and clarity in the IIROC Rules, we propose adding a new definition of “direct electronic access account”, which substantially incorporates the existing language from the suitability exemption with respect to direct electronic access set out in subsection 3404(3).

We also propose adding the word “determination” next to the word “suitability” in each of these definitions for greater consistency with the language used in the IIROC CFRs Public Comment Amendments.

(b) Relationship disclosure (managed accounts) (subsection 3216(5))

We propose removing clause 3216(5)(iv) because this information will be addressed through the disclosure now required under paragraph 3216(5)(ii)(d)(III) which was implemented under the IIROC CFRs Housekeeping Amendments. Dealers may need to update their relationship disclosure document based on this change.

(c) Replacing “New Account Application” with “account application” for clarity (section 2216 and subsection 2303(4))

In section 2216 and subsection 2303(4), we propose a clerical change replacing the term “New Account Application” with the term “account application” to avoid confusion. The KYC information to be collected is set out specifically in Rule 3200 and not by reference to IIROC’s Form 2 (Form 2 is no longer applicable upon the implementation of the IIROC Rules). IIROC’s Form 2 is often referred to as the New Account Application Form and so the change to “account application” is proposed to avoid confusion.



3. Proposed Product Due Diligence and KYP Guidance

In this section, we provide a summary of the proposed guidance. The scope of this guidance is to assist our Dealers understand and comply with the Amendments.

We propose replacing our current guidance, Notice 09-0087, with revised guidance for the following reasons:

- 1) to provide our interpretation of the Amendments and conform our guidance to the CSA CFRs, in particular the updated NI 31-103 Companion Policy (the **CFRs Changes**), and
- 2) to make our guidance consistent with the IIROC Rules¹², which will be effective on December 31, 2021 (the **PLR Changes**).

We include the Proposed Product Due Diligence and KYP Guidance in Appendix 3. The changes to Notice 09-0087 were quite extensive, so we are not including a blackline comparing it to the proposed product due diligence and KYP guidance as it would not be meaningful.

3.1. CFRs Changes

In the proposed product due diligence and KYP guidance, we set out our views on how Dealers can tailor their processes for meeting their product due diligence and KYP obligations depending on a:

- security's type (including, for example, risk and complexity),
- the Dealer's business model,
- whether other Dealers or other registrants are also involved in a security's distribution to the client, and
- whether a security is transferred into a client's account.

We clarified that the product due diligence requirement applies to all securities¹³ on a Dealer's shelf, and not only to novel or complex securities.

3.2. PLR Changes

We made changes to update rule references to reflect the IIROC Rules.

4. Alternatives Considered

We did not consider any alternatives to the Amendments because our primary goal is to amend our rules and guidance to be uniform with the CSA CFRs in all material respects as discussed in the CSA CFRs Notice and in this Notice.

¹² For more information on the IIROC Rules, see Notice 19-0144.

¹³ We would expect Dealers to apply the Proposed Product Due Diligence and KYP Guidance to all investment products offered, and not just securities.



5. Regulatory Process

IIROC's Board of Directors (**Board**) determined the IIROC CFRs Public Comment Amendments to be in the public interest and on September 23rd, 2020 approved them for publication for public comment.

After considering the comments on the IIROC CFRs Public Comment Amendments received in response to this Notice together with any comments of the Recognizing Regulators, we may recommend changes to the IIROC CFRs Public Comment Amendments. If the comments received, and changes made to the IIROC CFRs Public Comment Amendments, are not of a material nature, the Board has authorized the President to approve the changes on behalf of IIROC and to seek approval of the IIROC CFRs Public Comment Amendments from the Recognizing Regulators. If the comments received, and changes made to the IIROC CFRs Public Comment Amendments are material, the IIROC CFRs Public Comment Amendments, as amended, will be submitted to the Board for approval for republication or implementation as applicable.

6. Implementation

We are providing for a phased implementation period, consistent with that of the corresponding CSA CFRs provisions.

Amendments relating to conflicts of interest (included as part of the IIROC CFR Housekeeping Amendments) will be introduced via proposed amendments to the current Dealer Member Rules and will be effective on June 30, 2021.

All other CFR Amendments (as set out in the IIROC CFR Housekeeping Amendments and the IIROC CFRs Public Comment Amendments) and the Proposed Product Due Diligence and KYP Guidance will be effective on December 31, 2021. Dealers will have to comply with the applicable IIROC CFRs Public Comment Amendments as of that date.

The CSA has established an implementation committee to provide guidance, respond to questions and otherwise assist registrants to operationalize the CSA CFRs. We are participating in that implementation committee to ensure consistency in implementing the IIROC CFRs Public Comment Amendments, which are uniform in all material respects with the corresponding CSA CFRs provisions.

7. Attachments

[Appendix 1](#) - Proposed Amendments to IIROC Rules (blacklined)

[Appendix 2](#) - Proposed Amendments to IIROC Rules (clean)

[Appendix 3](#) - Proposed Product Due Diligence and KYP Guidance

[Appendix 4](#) - Consequential Public Comment Amendments Summary Chart

[Appendix 5](#) - Core Regulatory Obligations Exemptions Chart