

IIROC NOTICE

Rules Notice
Notice of Approval/Implementation
Dealer Member Rules [IIROC Rules]

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21-0078

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Amendments to Dealer Member Rules and IIROC Rules regarding Exemptions for Bulk Account Movements

Executive Summary

The Canadian Securities Administrators have approved amendments to the Dealer Member Rules (**DMRs**) and corresponding amendments for the IIROC Dealer Member Plain Language Rule Book (**IIROC Rules**¹ and together with the DMRs, the **Rules**) setting out the authority of IIROC Staff² (**Staff**) to grant exemptive relief to Dealer Members (**Dealers**) from certain client account documentation requirements (the **Amendments**).

IIROC is also publishing guidance outlining the exemptions procedure for granting exemptive relief under the Amendments (the **Guidance**).

¹ See [Notice 19-0144](#) and [Notice 20-0079](#) for more information on the IIROC Rules.

² This is IIROC senior staff authorized by IIROC's Board of Directors to issue exemptions for bulk account movements, in compliance with the Amendments.



The Amendments and the Guidance will be effective as indicated in section 5 of this notice.

1. Background

On October 8, 2020, we published [Notice 20-0203](#) requesting comments on the proposal to set out in our Rules the authority of Staff to grant exemptive relief to Dealers from the applicable timelines in the Re-papering Requirements³ for bulk account movements, without having to seek approval from IIROC's Board of Directors.

Bulk account movements are movements of multiple client accounts as a result of a change in the parties responsible for the account that do not require the prior approval or authorization of their clients.⁴ Many account movements are time-sensitive and the Amendments enable Staff to grant necessary exemptive relief from the Re-papering Requirements in a timely manner, while ensuring that doing so would not be prejudicial to the interest of clients, the public or Dealers.

We anticipate that the Amendments will have an overall positive impact on clients, Dealers, and other stakeholders.

2. Comments received

In Notice 20-0203 we solicited public comments on two matters:

- the Amendments, and
- the question whether we should expand the scope of the proposed exemption to include relief from the requirement to re-paper an account in instances where the previous Dealer's documentation can be relied upon (**Expanded Exemptive Relief**)

We received two comments letters in response.⁵ The commenters offered the perspective of a Dealer with an institutional custody business and a Dealer with multiple business lines.

Both commenters welcomed the public consultation and expressed support for the proposed Amendments. One commenter agreed with our assessment that, in the context of bulk account movements, an exemption provision combined with the flexibility of imposing fact specific terms and conditions offers the most appropriate policy solution. According to the commenter, the alternative of

³ See Notice 20-0203 for a discussion of the Re-Papering Requirements.

⁴ See Notice 20-0203 for a more detailed discussion of the bulk account movements and how they differ from the account transfers.

⁵ We received [comment letters](#) from Credential Qtrade Securities Inc. and Fidelity Clearing Canada ULC. Copies of these comment letters are publicly available on IIROC's website (www.iiroc.ca).



proposing a prescriptive rule would not be feasible, given that it is not possible for us to consider all Dealer-specific facts and circumstances.

Commenters also expressed support for the Expanded Exemptive Relief. They consider this an opportunity for reducing unnecessary administrative burden and increasing efficiency.

We appreciate the feedback received from the commenters on both matters. At this time we are pursuing the implementation of the Amendments only. We decided to pursue the matter of Expanded Exemptive Relief separately, given the level of the impact analysis required.

3. The Amendments

We determined no changes to the Amendments were needed following the public comment process.

The Amendments introduce new bulk account movement exemption provisions into:

- DMR 2300, under a new section 2300.12, and
- IIROC Rule 4800, under a new Part B.2, section 4866.

Together with the Amendments, we are also making minor, consequential revisions, such as structural and conforming language changes, to DMR 2300 and IIROC Rule 4800, as indicated in Notice 20-0203.

Once the Amendments are effective, Staff can grant exemptive relief for bulk account movements on the basis of DMR 2300.12 [IIROC Rule, section 4866] and provided that Staff is satisfied that doing so would not be prejudicial to the interest of clients, the public or Dealers. Also, pursuant to DMR 2300.12, [IIROC Rule, section 4866] Staff can impose any terms and conditions on the exemptive relief it considers necessary.

We include blackline and clean copies of the Amendments, including the consequential revisions, in Appendices 1 to 4, respectively.

4. The Guidance

In Notice 20-0203, we stated our intention to publish guidance detailing the procedure for granting exemptive relief under the Amendments. Concurrent with this Notice, we are publishing Guidance Note 21-0079, *Exemption Procedure for Bulk Account Movements*. The Guidance incorporates our existing internal practices.

5. Implementation

The Amendments to the DMR and the Guidance are effective immediately.



The Amendments to IIROC Rule 4800 will be effective at the same time as the IIROC Rules, on December 31, 2021.

6. Appendices

[Appendix 1](#) - Clean copy of Amendments to the Dealer Member Rules

[Appendix 2](#) - Blackline copy of the Amendments to the Dealer Member Rules

[Appendix 3](#) - Clean copy of Amendments to the IIROC Rules

[Appendix 4](#) - Blackline copy of the Amendments to the IIROC Rules