

IIROC NOTICE

Rules Notice Notice of Approval / Implementation

IIROC Rules

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21-0172

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Amendments to Form 1 and corollary amendments to the IIROC Rules

Executive summary

The applicable securities regulatory authorities have approved the amendments to Form 1 and corollary amendments to the IIROC Rules¹ (collectively, the **Amendments**).

The Amendments were published for comment on June 10, 2021 in IIROC Notice [21-0103](#). The Amendments seek to improve the overall consistency of the IIROC requirements by providing greater clarity and conciseness of certain defined terms and incorporating plain language writing conventions within Form 1.

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



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1. Relevant background

On April 29th, 2021, we published the housekeeping amendments to Form 1² with the objective to make the language and structure of Form 1 more clear, concise, and organized. In addition to these housekeeping amendments, we also identified that material amendments were required to ensure the terms that are used in Form 1 and the IIROC Rules continue to be consistent.

In August 2019, we published a notice of approval / implementation which introduced new defined terms³ (i.e., “applicable exchange”, “applicable association” and “acceptable exchange”) to replace the term “recognized exchange”. These new defined terms, however, have inadvertently created inconsistencies with IIROC Rules regarding which securities listings are eligible and not eligible for margin or preferred margin treatment.

2. Summary of the Amendments

2.1 Amendments to Form 1

The Amendments help facilitate greater consistency in the margin treatment of listed securities and rule clarity overall by:

- eliminating use of the terms “applicable exchange” and “applicable association” given that the criteria listed in those terms are best suited within the definition of “regulated entity”,
- revising the definition of the term “acceptable exchange” to focus on matters that are most relevant to margin eligibility / preferred margin treatment,
- revising the description of “valuation” to differentiate IIROC’s “market value” definition from the IFRS “fair value” definition, and
- revising references to “applicable exchange” and “applicable association” where required.

2.2 Corollary amendments to the IIROC Rules

We also made the following corollary amendments to the IIROC Rules reflecting the changes described in section 2.1:

- use the defined term “acceptable exchange” exclusively when determining margin eligibility / margin treatment,
- use the generic term “exchange” where the requirement is intended to include stock exchanges generally, and

² IIROC Notice [21-0084](#)

³ IIROC Notice [19-0146](#)



- harmonized the terms “commodity futures exchange”, “applicable exchange” and “acceptable exchange” by replacing them with the more general term “futures exchange” where the IIROC requirements are related to an exchange that a futures contract or a futures contract option is listed.

Blacklines and clean copies of the Amendments to Form 1 and the IIROC Rules are provided in Attachments A, B, D and E, respectively.

3. Comment received

We received no public comments.

4. Non-material changes

We made the following non-material changes to the proposed amendments that were previously published in IIROC Notice 21-0103:

- for the definition of “acceptable exchange” in the general notes and definitions to Form 1, we included the words “if applicable” in the criterion for an exchange to maintain and enforce adequate listing requirements because not every exchange has listing requirements, and
- for the definition of “regulated entity” in the general notes and definitions to Form 1, we removed the use of the term “entity” when it applies to a regulator or a self-regulatory organization and revised the sentence referencing an equivalent regulator or self-regulatory organization to mean “IIROC”.

These revisions are shown blacklined to the proposed amendments published in IIROC Notice 21-0103 in Attachment C.

5. Implementation

The Amendments will be effective at the same time as the IIROC Rules (currently, December 31, 2021).

6. Attachments

[Attachment A](#) – Blackline comparison of the Amendments to amended Form 1 published in IIROC Notice 21-0084

[Attachment B](#) – Blackline comparison of corollary amendments to IIROC Rules

[Attachment C](#) – Blackline comparison of the non-material revisions to the proposed amendments published in IIROC Notice 21-0103

[Attachment D](#) – Clean copy of the general notes and definitions and the notes and instructions to Schedules 11 and 11A of Form 1

[Attachment E](#) – Clean copy of corollary amendments to IIROC Rules