

IIROC NOTICE

Rules Notice
Notice of Approval/Implementation
IIROC Rules

Implementation date: December 31, 2021

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21-0190

October 14, 2021

IIROC Rules, Form 1 and Guidance

Executive Summary

In preparation for the implementation of the IIROC Rules, IIROC is issuing notice of the following:

- Publication for implementation of housekeeping rule changes to the IIROC Rules, approved by the Board of Directors, on September 22, 2021 (the Housekeeping Rule Changes), [Attachment 1 \(clean\)](#); [Attachment 2 \(blackline\)](#)
- Publication of an updated version of the IIROC Rules that incorporates all rule changes published for implementation as of the date of this notice, including the Housekeeping Rule Changes, [Attachment 3](#)
- Publication of a table of concordance between the current Dealer Member Rules and the IIROC Rules, [Attachment 4](#)
- Publication of an updated version of the IIROC Form 1 that incorporates all changes published for implementation as of the date of this notice. [Attachment 5](#)



- Publication of updated guidance notes relating to the IIROC Rules, [Attachment 6](#)
- Publication of a table of concordance between the current and updated guidance notes, [Attachment 7](#)

The IIROC Rules, Form 1 and related guidance will be effective on December 31, 2021.

1. Background

On August 22, 2019, we announced that the IIROC Rules and Form 1 would be implemented on June 1, 2020.¹

In response to the COVID-19 pandemic, on April 16, 2020 we postponed the implementation of the IIROC Rules and Form 1 to December 31, 2021.²

Since the publication for implementation in 2019, several changes to the IIROC Rules and Form 1 were approved by the Board of Directors such as amendments relating to transaction reporting, cybersecurity incident reporting, continuing education, client-focused reforms and bulk account movement exemptions.

We have also reviewed our existing guidance in the context of the IIROC Rules and Form 1 and identified areas where there was a need to update existing guidance or issue new guidance.

2. IIROC Rules

2.1 Housekeeping Rule Changes

We have made changes of an editorial nature to the IIROC Rules. They consist of:

- Changing the reference from “National Hearing Coordinator” to “National Hearing Officer” throughout the IIROC Rules to reflect this internal administrative designation change,
- Removing the reference to “section 3602” in the definition of *sales literature* given the term *trading strategy* is now defined in subsection 1201(2),
- Inserting the current Continuing Education Rules within Rule 2700 by updating the numbering,
- Adding a reference to “Part D – Client identifiers” in subsection 3101(2) to be consistent with the IIROC rules format,

¹ IIROC Notice 19-0144.

² IIROC Notice 20-0079.



- Correcting other non-material textual mistakes (e.g. subsection 3250(2), clause 3279(2)(i), subsection 3901(1), sub-clause 5224(1)(i)(a), sub-clause 5224(1)(i)(b) and sub-clause 5781(1)(i)(c).

Clean and blackline copies of the Housekeeping Rule Changes are included as [Attachment 1](#) and [Attachment 2](#) respectively.

2.2 IIROC Rules update

We have updated the IIROC Rules to incorporate all rule changes published for implementation as of the date of this notice, these include:

- Amendments to transaction reporting for debt securities, Notice 19-0052,
- Amendments respecting client identifiers for reportable debt transactions, Notice 19-0179,
- Amendments respecting mandatory reporting of cybersecurity incidents, Notice 19-0194,
- Amendments regarding free credit cash segregated in trust for clients, Notice 19-0212,
- Continuing education rule amendments, Notice 19-0220,
- Trade confirmation suppression housekeeping amendments, Notice 20-0129,
- Client focused reforms – Housekeeping rule amendments, Notice 20-0239,
- Amendments regarding securities concentration test and designated rating organizations, Notice 21-0028,
- Amendments regarding exemptions for bulk account movements, Notice 21-0078,
- Housekeeping amendments related to IIROC Notices 19-0071 and 19-0101, Notice 21-0124,
- Amendments to swap counterparty margin requirements, Notice 21-0129,
- Client focused reforms – Public comment rule amendments, Notice 21- 0148
- Vulnerable investors housekeeping amendments, Notice 21-0159
- Amendments to Form 1 and corollary amendments to the IIROC Rules, Notice 21-0172
- The Housekeeping Rule Changes published under this notice

The updated IIROC Rules are included as [Attachment 3](#). To facilitate the transition from the Dealer Member Rules to the IIROC Rules we have included as [Attachment 4](#) a table of concordance that indicates corresponding provisions between the current Dealer Member Rules and the IIROC Rules, when applicable.



3. Form 1

Form 1 is a special purpose report prescribed by IIROC for reporting a Dealer Member's financial statements and regulatory capital position. Dealer Members must submit to IIROC a subset of Form 1 statements and schedules on a monthly basis and a complete audited Form 1 on an annual basis.

On April 29, 2021, we published housekeeping amendments to Form 1³ with the objective to make the language and structure of Form 1 more clear, concise and organize. These housekeeping amendments included the addition of approved amendments that were implemented following the last publication of the 2019 revised Form 1. 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.

On September 30, 2021, we published a notice of implementation on these material amendments to help facilitate greater consistency in the margin treatment of listed securities and to provide rule clarity of certain defined terms.

An updated version of Form 1 that incorporates all changes published for implementation as of the date of this notice is included as [Attachment 5](#).

4. Guidance

We have reviewed our existing guidance to ensure it was consistent with the IIROC Rules and responsive to the needs of the industry and the public. Accordingly, we:

- updated the content of current guidance to reflect the IIROC Rules,
- issued new guidance,
- identified guidance that will be updated in the future, and
- archived guidance that is out of date or redundant.

Attached are the following:

- a list of the updated and new guidance, including links to the IIROC webpage where they are published, [Attachment 6](#)
- a table of concordance reflecting the updated and new guidance, guidance under review and guidance being replaced. [Attachment 7](#)

³ IIROC Notice 21-0084



4.1 Updated guidance

On January 13, 2020, we published five updated guidance notes to reflect substantive revisions such as rewriting content in plain language, incorporating content which was moved from Dealer Member Rules into guidance, and new registration requirements.⁴

In this notice we are publishing all additional guidance notes that have been revised to make minor content adjustments and update rule references for consistency with the IIROC Rules.⁵

Each updated guidance note contains a standard section that identifies the prior guidance note(s) being replaced. Additionally, the table of concordance lists the updated guidance notes and the current guidance notes being replaced. In some instances, we have shaded in grey certain sections of updated guidance to identify content affected by separate projects that we will update in the future.

4.2 New guidance

This notice also includes 2 new guidance notes that were recently published to assist Dealer Members in understanding their obligations under the IIROC Rules and clarify certain issues identified in the course of publishing the IIROC Rules. These new guidance notes include:

GN-1500-21-001 – Managing significant areas of risk, and

GN-2200-21-001 – Reporting of material changes to business activities.

4.3 Guidance under review

We identified 14 guidance notes issued under the Dealer Member Rules that are being updated as part of separate projects or are otherwise under consideration as part of a future project. Until such time as the guidance notes in this category have been formally updated and replaced, readers should be aware that rule references will be to the Dealer Member Rules and some content may be inconsistent with the IIROC Rules.

5. Transitional provisions

5.1 Existing exemptions from the Dealer Member Rules

Any exemption in effect prior to the IIROC Rules becoming effective shall remain in effect subject to any condition included in the exemption and provided the applicable rule on which the exemption is based on continues in the IIROC Rules in materially the same form.⁶

We encourage Dealer Members who have not already done so to review their exemption(s) and:

⁴ These guidance notes were published under Notice 20-0007 as “Group 1 Guidance”.

⁵ These guidance notes were previously referred to as “Group 2 and Group 3” guidance notes in previous publications.

⁶ Subsection 1105(2) of the IIROC Rules.



- consider whether they are still currently relying on the exemption(s);
- consider whether they will still need the exemption once the IIROC Rules are implemented;
- speak with us about their exemption(s) and any possible next steps.

5.2 Existing disciplinary actions

Any ongoing disciplinary proceedings will continue under the relevant rules in effect when the incident occurred. New proceedings that begin on or after the implementation of the IIROC Rules will be governed by the rules in effect at the time of the incident.

6. Implementation

The Board of Directors has approved the repeal of the Dealer Member Rules, which include the currently effective versions of Form 1 and Form 2, the repeal of the Consolidated Enforcement, Examination and Approval Rules, and the repeal of the Continuing Education Rules immediately upon implementation of the IIROC Rules and Form 1 on December 31, 2021. The guidance notes will be effective at the same time as the IIROC Rules and Form 1.

7. Attachments

[Attachment 1](#) – Housekeeping Rule Changes (clean)

[Attachment 2](#) – Housekeeping Rule Changes (blackline)

[Attachment 3](#) – Updated version of the IIROC Rules

[Attachment 4](#) – IIROC Rules table of concordance

[Attachment 5](#) – Updated version of Form 1

[Attachment 6](#) – List of the updated and new guidance notes

[Attachment 7](#) – Guidance notes table of concordance