

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 CSA Staff Notice 23-318 Withdrawal of Proposed Amendments Regarding Best Execution Disclosure under National Instrument 23-101 Trading Rules



CSA Staff Notice 23-318

Withdrawal of Proposed Amendments Regarding Best Execution Disclosure Under National Instrument 23-101 Trading Rules

July 6, 2017

On May 15, 2014, the Canadian Securities Administrators (the **CSA**) proposed amendments to National Instrument 23-101 *Trading Rules* (**NI 23-101**) that would mandate specific dealer disclosure relating to best execution policies.¹ The proposed amendments would add requirements that dealers disclose to their clients in writing, among other things, the factors that the dealer considers for the purpose of complying with the best execution requirement in Part 4 of NI 23-101, a description of the dealer's order handling and routing practices and whether the dealer received payment or other compensation for routing orders.

The CSA notice accompanying the proposed amendments noted that the best execution requirements in NI 23-101 do not apply to dealers subject to similar requirements established by the Investment Industry Regulatory Organization of Canada (**IIROC**). At the time, IIROC had best execution rules in its Universal Market Integrity Rules (**UMIR**) that applied to dealers trading on marketplaces regulated by IIROC (**Participants**). The UMIR best execution rules did not apply to IIROC dealer members that were not Participants, and did not contain any requirements for Participants to make disclosures with respect to best execution policies.²

In 2015 and again in 2016, IIROC proposed amendments to its best execution rules, which were approved or non-objected to by its recognizing regulators on June 28, 2017.³ These amendments

- (i) transfer the best execution requirements from UMIR to the IIROC Dealer Member Rules, making them applicable to all IIROC dealer members; and
- (ii) impose requirements on dealer members to disclose to clients information concerning their best execution policies and procedures that are substantially similar to those proposed by the CSA.

In light of the IIROC amendments, the CSA is withdrawing the best execution disclosure rules proposed in 2014.

¹ Proposed new section 4.4 of NI 23-101. See (2014), 37 OSCB 4873.

² The CSA proposal anticipated that similar changes would be made to the IIROC rules. IIROC had a fair pricing rule for over-the-counter securities that applied to all members.

³ Available at www.osc.gov.on.ca.

Questions

Please refer your questions to any of the following:

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