

IIROC NOTICE

Rules Notice

Request for Comments

UMIR / Dealer Member Rules

Comments Due By: September 26, 2018

Please distribute internally to:

Institutional
Legal and Compliance
Senior Management
Trading Desk
Retail

Contact:

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18-0122
June 28, 2018

Publication of Proposed Provisions Respecting Client Identifiers

Executive Summary

IIROC is publishing for comment proposed amendments (**Proposed Amendments**) to the Universal Market Integrity Rules (**UMIR**) and the Dealer Member Rules (**DMR**) that would require Dealer Members to report client identifiers to IIROC.

We originally published proposed amendments relating to Client Identifiers on May 17, 2017 (**Initial Proposal**) to solicit feedback from the industry and received eight comment letters. Appendix F provides a summary of the public comments received and our responses. In our Initial Proposal, we committed to revising the Initial Proposal and publishing for another comment period.

If approved, the Proposed Amendments would require client identifiers and/or certain designations on:

- each order for an equity security that is sent to a marketplace
- each reportable trade in a debt security.

Where a client identifier is required, Dealer Members would need to provide:

- a legal entity identifier (**LEI**) or



- an account number.

In order to enhance our surveillance capacity, the Proposed Amendments would also require a unique identifier for each client of a foreign dealer equivalent whose orders are both:

- entered through direct electronic access or under a routing arrangement, and
- automatically generated by the client on a predetermined basis.

In this case, the Participant would need to provide:

- the LEI of the foreign dealer equivalent as the client identifier
- a unique identifier for each client of the foreign dealer equivalent whose orders meet the criteria.

Entity	Information to be included as part of the order in equity securities
Participant	Participant number
Routing arrangement client that is a foreign dealer equivalent	LEI of foreign dealer equivalent
Client of foreign dealer equivalent whose orders are automatically generated on a predetermined basis	Unique identifier (does not have to take the form of LEI, account number, or name)

Impacts

IIROC acknowledges that the impacts of the Proposed Amendments on Dealer Members, marketplaces, investors and vendors may be significant. We expect these impacts would include:

- development to back office systems to accommodate the use of LEIs where necessary
- systems development to include client identifiers, unique identifiers, and/or certain designations on all orders for an equity security sent to a marketplace
- systems development to include client identifiers on all reportable debt transactions
- Dealer Members using a common encryption method
- marketplace systems changes to pass-through encrypted LEIs
- clients obtaining LEIs when necessary
- Dealer Members obtaining accurate LEIs from clients.



As part of the comment process, we request specific comments on the following aspects of the Proposed Amendments:

- the implementation impacts
- the potential costs
- the timelines for each of the three proposed implementation phases
- any alternative approaches to consider that may reduce impacts.

The text of the Proposed Amendments is set out in Appendix A and a blackline of the changes is set out in Appendices B, C, D and E. If approved, the Proposed Amendments would be effective on the following days after publication of the Notice of Approval:

- Phase 1 – no less than 90 days
- Phase 2 – no less than 180 days
- Phase 3 – to be determined following the implementation of Phases 1 and 2.

The Dealer Member Rules are undergoing a plain language rewrite (**PLR**).¹ Clean and black-lined copies of the Proposed Amendments to the current Dealer Member Rules (**DMR**) are provided in Appendix C. Clean and blacklined copies of the proposed PLR sections are provided as Appendix D.

If the Proposed Amendments are approved and implemented **prior** to the implementation of PLR, the changes to the DMR as outlined in Appendices A and C will come into effect.

If the Proposed Amendments are approved and implemented **after** the implementation of the PLR, the changes to the plain language version of the DMR as outlined in Appendices A and D will come into effect.

How to Submit Comments

We request comments on all aspects of the Proposed Amendments, including any matter that they do not specifically address. Comments on the Proposed Amendments should be in writing and delivered by September 26, 2018 to:

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

¹ See IIROC Notice [18-0014](#) – Rules Notice – DMR - Request for Comments – *Re-publication of Proposed IIROC Dealer Member Rules Language Rule Book* (January 18, 2018).



A copy should also be provided to the CSA by forwarding a copy 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. A summary of the comments contained in each submission will also be included in a future IIROC Notice.



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1. Discussion of Proposed Amendments

We committed in the Initial Proposal to revising and publishing the proposal for an additional comment period. We also struck an industry working group composed of representatives from Dealer Members, vendors, marketplaces and the CSA (**Working Group**). We have been working with this group since July 2017 to gain their feedback and discuss how best to revise our Initial Proposal. We have included a summary of the working group discussion in section 6 of this Notice.

2. Initial proposal

We initially proposed the following requirements in May 2017:

- Client identifiers would be required for:
 - each order in equity securities that is sent to a marketplace
 - each reportable trade in a debt security.
- Client identifiers would take the form of:
 - an LEI for clients eligible to obtain an LEI
 - an account number for clients not eligible to obtain an LEI.
- Additional requirements for orders in equity securities:
 - New designations for orders sent using:
 - direct electronic access
 - a routing arrangement
 - an order-execution only service.
 - Clients of a foreign dealer equivalent that automatically generate orders on a predetermined basis must be flagged with a unique identifier.

3. Proposed Amendments

Based on the comments we received and the additional consultation with our Working Group, we have revised the Initial Proposal as outlined below.

3.1 Method of Reporting

In order to leverage off of existing systems, we would:

- require client identifiers, where applicable, as part of the order information for equity securities that is sent to the marketplace. The marketplaces would pass through the information to IROC using the FIX Market Regulatory Feed (**FIX MRF**). If the Proposed



Amendments are approved, we would decide which FIX fields or tags would be used to support the new identifiers and designations, taking into account any feedback from stakeholders.

- change certain data elements from being optional to mandatory fields as part of the post-trade reporting in debt securities. Dealer Members would report transactions in debt securities directly to IIROC using MTRS 2.0.

3.2 Who would need to use an LEI

We have revised the proposal to reduce the scope of clients that would need to use an LEI as the client identifier:

	Who would use an LEI	Who would use an account number
Debt securities	<ul style="list-style-type: none">• institutional customers	<ul style="list-style-type: none">• retail customers
Equity securities	<ul style="list-style-type: none">• clients supervised under DMR 2700• direct electronic access clients• routing arrangement clients• orders sent on behalf of certain eligible order-execution only clients as currently defined under DMR 3200(A)(5) and DMR 3200(B)(6) (identified OEO clients)² that are eligible for an LEI.	<ul style="list-style-type: none">• clients not supervised under DMR 2700• direct electronic access clients that are not eligible for an LEI• identified order execution only clients that are not eligible for an LEI

² Order-execution only clients that meet the following criteria must currently be assigned a client identifier ([DMR 3200\(A\)\(5\) and DMR 3200\(B\)\(6\)](#)):

- (a) trading activity on Marketplaces for which IIROC is the regulation services provider exceeds a daily average of 500 orders per trading day in any calendar month,
- (b) not an individual and is registered as a dealer or adviser in accordance with applicable securities legislation, or
- (c) not an individual and is in the business of trading securities in a foreign jurisdiction in a manner analogous to a dealer or adviser.



Debt securities

For transaction reporting in debt securities:

- institutional customers³ would be identified with an LEI
- retail customers⁴ would be identified with an account number.

The data elements for the Customer LEI and the Customer Account Identifier are currently optional under DMR 2800C *Transaction Reporting for Debt Securities*.⁵ The Proposed Amendments would change the reporting of these data elements to mandatory.

Equity securities

For orders and trades in equity securities, we would require an LEI for:

- orders originated from accounts that are supervised under DMR 2700
- orders sent using direct electronic access (**DEA**)
- orders entered under a routing arrangement (**RA**)
- orders sent on behalf of eligible identified OEO clients.

All other client orders in equity securities would use an account number.

Orders originated from accounts that are supervised under DMR 2700

We are proposing that the requirement to use an LEI be generally limited to clients whose accounts are handled through a Dealer Member's institutional trading business where the trading activity is supervised under DMR 2700 *Minimum Standards for Institutional Customer Account Opening, Operation and Supervision* and not DMR 2500 *Minimum Standards for Retail Customer Account Supervision*. We have used this difference in supervision to delineate "institutional" from "retail" lines of business.

The purpose of basing the LEI requirement on the method of supervision of the account rather than on the definition of an "institutional customer" is to minimize the impact on Dealer Members. This approach would eliminate the need for Dealer Members to identify clients on their retail networks who meet the definition of institutional client (e.g. family trusts that meet the monetary threshold).

Orders originating from accounts that are not supervised under DMR 2700 would generally use an account number as the client identifier.

³ An "institutional customer" is defined under DMR 1.1 to mean:

- (1) an Acceptable Counterparty (as defined in Form 1);
- (2) an Acceptable Institution (as defined in Form 1);
- (3) a Regulated Entity (as defined in Form 1);
- (4) a Registrant (other than an individual registrant) under securities legislation; or
- (5) a non-individual with total securities under administration or management exceeding \$10 million.

⁴ A "retail customer" is defined under DMR 1.1 to mean a customer of a Dealer Member that is not an institutional customer.

⁵ See subsection 2.4(c) of DMR 2800C.



LEIs for DEA, RA and identified OEO clients

The use of LEIs for DEA, RA and identified OEO clients would replace the current practice of Dealer Members reporting the TraderIDs or account numbers with the corresponding client names to IIROC on a regular basis. Dealer Members currently attach TraderIDs for DEA and RA clients, or account numbers for identified OEO clients, on each order sent to a marketplace, and separately report those identifiers with the corresponding client names to IIROC. Since the LEI database is publicly searchable, Dealer Members would no longer need to report the corresponding client names to IIROC.

A DEA client or identified OEO client who is ineligible for an LEI would use an account number as the client identifier. Dealer Members would continue to report the client name associated with the account number to IIROC.

LEI Renewals

For debt transaction reporting, reporting Dealer Members would continue to use an LEI under Item 14 of subsection 2.4(c) of DMR 2800C. Reporting Dealer Members would need to annually renew their LEIs to ensure that their registration status does not lapse.

For both debt and equity securities, Dealer Members would not need to ensure that client LEIs are annually renewed. One of the fundamental principles of the LEI code is its uniqueness: once it is assigned to a legal entity, it can never be re-assigned to another entity.⁶ Since the main purpose in requiring LEIs is to identify the client, we are focusing on whether LEIs are obtained and attached on the order where applicable, rather than whether its registration status has lapsed. However, we may revisit this requirement if we find that accurate Level 2 information⁷, which is provided with renewed LEIs, would be useful for regulatory purposes.

3.4 Separate designations for DEA, RA and identified OEO clients

The introduction of separate designations for DEA, RA and OEO clients would increase the level of transparency in our regulatory data. While DEA and RA clients are currently identified using TraderIDs, there is no ability to differentiate between DEA or RA clients in real-time. The new DEA and RA designations would allow IIROC staff to determine in real-time whether a client is accessing the marketplace using DEA or a routing arrangement. Similarly, the new OEO designation would flag all OEO clients in real-time.

The DEA, RA and OEO designations would be part of IIROC's private regulatory data and would not be publicly visible.

⁶ The [LEI Regulatory Oversight Committee](#) provides the two fundamental principles of the LEI code as follows:

- *Uniqueness: an LEI is assigned to a unique entity. Once assigned to an entity, and even if this entity has for instance ceased to exist, a code should never be assigned to another entity.*
- *Exclusivity: a legal entity that has obtained an LEI cannot obtain another one. Entities may port the maintenance of their LEI from one operator to another. The LEI remains unchanged in the process.*

⁷ Level 2 data refers to the relationship records which indicate the direct and ultimate parents of a legal entity. (See GLEIF on [Level 2 Data: Relationship Record \(RR\) CDF Format](#)).



3.5 Using an LEI for applicable clients

Where an LEI is required, Dealer Members must initially verify that the LEI reported by the client is accurate. Dealer Members can use the publicly accessible [LEI database](#) to verify whether the client is reporting the correct LEI. We would expect that Dealer Members conduct this check when first receiving the LEI from their client. Once the initial check for accuracy has been completed, Dealer Members would not need to check the status of the LEI at the time of every order entry or amendment.

Clients that do not have an LEI can apply for one from a Local Operating Unit (**LOU**) of the Global Legal Entity Identifier Foundation (**GLEIF**).⁸ GLEIF provides a list of LOUs that are authorized to issue LEIs in Canada.⁹ While LOUs operate on a cost-recovery basis¹⁰, their fees may differ depending on their operations. GLEIF has also introduced registration agents to help legal entities in the application process for LEIs.¹¹

3.6 Where an LEI is required but the client has not yet obtained one

Where an LEI is required but a client has not yet obtained one, the Dealer Member can continue to trade for the client using an account number as the identifier in the interim. However, Dealer Members should take reasonable steps to ensure that the client obtains an LEI, which may include applying for an LEI on the client's behalf. This is consistent with MiFID II requirements, where ESMA allowed a six-month period for investment firms to continue to trade for clients without LEIs, as long as the investment firm obtained the necessary documentation from the client to apply for the LEI on its behalf.¹²

3.7 Bulk orders

Equity securities

Dealer Members would not need to include a client identifier on an order sent to a marketplace that is bundled for more than one account type (i.e. CL, NC, IN) or grouped together for more

⁸ <https://www.gleif.org/en/about-lei/how-to-get-an-lei-find-lei-issuing-organizations>

⁹ At the time of writing, there are seven LOUs that are authorized to issue LEIs in Canada, including [Business Entity Data B.V. \(GMEI Utility a service of BED B.V.\)](#) and [Bloomberg Finance LP](#). For the full list, please see <https://www.gleif.org/en/about-lei/how-to-get-an-lei-find-lei-issuing-organizations>

¹⁰ See [GLEIF Master Agreement](#) at p18.

¹¹ GLEIF explains that the Registration Agent may assist entities by performing the following:

- Publish information on its website to help a legal entity apply for an LEI with an LEI issuing organization.
- Manage communications with the legal entity.
- Process or receive secure payment for the issuance or renewal of an LEI.
- Provide data collection or aggregation services from the relevant authoritative sources. (Reference data provided by the legal entity wishing to obtain an LEI is validated with a local authoritative source – a national Business Register, for example – prior to issuing an LEI compliant with the LEI standard.)
- Validate the legal entity reference data provided by a legal entity that wishes to obtain an LEI.

(See <https://www.gleif.org/en/about-lei/get-an-lei-find-lei-issuing-organizations/registration-agents>)

¹² [ESMA Statement for Smooth Implementation of LEI](#) dated December 20, 2017.



than one client. Rather than a client identifier, the Dealer Member would use one of the following markers:

- the bundled order marker (**BU**) for orders that contain a combination of inventory, non-client, and/or client account types. The BU marker is an existing designation that was implemented in September 2017.¹³

or

- the “multiple client” order marker (**MC**) for orders that contain only the client account type, but are sent on behalf of more than one client. We would introduce the “multiple client” designation as part of the Proposed Amendments.

The MC designation would be used for orders that are grouped together for unrelated clients that do not have a common parent LEI. For example, if a Dealer Member receives an order from a fund company that would be allocated to multiple funds post-execution, we would expect the Dealer Member to report the LEI of the fund company, rather than use the MC marker.

Dealer Members would not need to report allocations for bulk orders on a post-trade basis for executions from BU or MC orders. However, Dealer Members must keep allocation records including LEI information as part of the audit trail and record keeping requirements for seven years.¹⁴ Dealer Members must also make these records available upon IIROC’s request.

We would monitor the use of the BU and MC markers after implementation. If we find that the use of the either marker impacts our ability to effectively supervise trading, we would revisit the requirement to provide post-trade allocations.

Debt securities

Dealer Members are currently not required to report client allocations of bulk trades that occur after the trade reporting deadline, as long as there is no change to the information in any data element in section 2.4(c) of DMR 2800C other than the Client LEI or the Client Account Identifier.¹⁵ This would not change under the Proposed Amendments.

3.8 Reporting obligation of non-executing Dealer Members

Equity securities

The Proposed Amendments impose reporting obligations on both non-executing and executing Dealer Members. A non-executing Dealer Member would need to provide a client identifier for its client as part of the order information it sends to its executing Dealer Member. For grouped

¹³ See IIROC Notice [17-0039](#) – Rules Notice – UMIR – *Amendments Respecting Designations and Identifiers* (February 16, 2017).

¹⁴ See subsection 11.2(1)(l) of NI 23-101, DMR 200.2(a)(i)(c) and DMR 200.2(k)(ii) and (iv) and UMIR 10.11.

¹⁵ See subsection 6.1 on Allocations in [IIROC Debt Securities Transaction Reporting – MTRS 2.0 User Guide](#)



or bundled orders originating from a non-executing dealer member, the BU or MC would be required.

Executing Participants would also need to include the identifiers of their direct and immediate clients on orders sent to a marketplace, regardless of whether the reported entity is the ultimate end-client. For example, where the client of a Dealer Member is a foreign dealer equivalent, the foreign dealer equivalent would be identified by an LEI but its end-client(s) would not be identified on the order.

Debt securities

Dealer Members currently identify whether they are an introducing or carrying broker in transaction reporting for debt securities under subsection 2.4(c) of DMR 2800C. This would not change under the Proposed Amendments.

3.9 Unique identifier for clients of a foreign dealer equivalent that automatically generate orders on a predetermined basis

Under the Proposed Amendments, a Participant would need to use a unique identifier for clients of a foreign dealer equivalent that automatically generate orders on a predetermined basis. This identifier would not need to take the form of an LEI, account number or client name, however it does need to be unique to the client. The Participant or client of the Participant can generate the identifier, which could take the form of an alphanumeric code that is unique within the foreign dealer equivalent or Participant. The purpose of the unique identifier is to allow IIROC to segregate the client specific automated/algorithmic trading.

This proposed requirement would apply to the direct client of the foreign dealer equivalent. The Participant would not need to determine the ultimate end-client of an order where there may be multiple layers of clients involved.

As with other regulatory markers such as insider or significant shareholder, the Participant may rely on what is reported by its client. While the Participant would need to document this process as part of its records under audit trail requirements and UMIR 7.1, there is no additional requirement for Dealer Members to independently verify what is being reported to them by the foreign dealer equivalent.

The unique identifier would be part of IIROC's private regulatory data that is not publicly disclosed.

3.91 Missing or Incorrect Client Identifiers

Equity securities

Dealer Members (both executing and non-executing) would need to file correction reports using the Regulatory Marker Correction System (**RMCS**) to rectify errors or omissions for the following:



- client identifiers (LEI or account number)
- unique identifiers for clients of a foreign dealer equivalent that automatically generate orders on a predetermined basis
- DEA, RA and OEO designations
- bundled order and multiple client order designations.

Correction reports would only be required when an order in equity securities has been executed (fully or partially) on a marketplace, and would not be required for unfilled orders. If the Proposed Amendments are approved, we would update the guidance on RMCS to reflect these changes.

Debt securities

For debt securities, Dealer Members currently file correction reports for all data elements in section 2.4(c) of DMR 2800C using MTRS 2.0.¹⁶ This would extend to client identifiers once they become mandatory fields under the Proposed Amendments. If the Proposed Amendments are approved, we would update the MTRS 2.0 User Guide to reflect these changes.

For both equity and debt securities, Dealer Members must submit correction reports within a reasonable time upon becoming aware of the error or omission.

3.10 Supervisory Requirements under UMIR and DMR

If the Proposed Amendments are approved, Dealer Members would need to include the use of designations and identifiers as part of the supervisory obligations of the:

- Participant under UMIR 7.1
- Dealer Member under DMR 38.1.

Dealer Members must update their policies and procedures to document a process to:

- obtain an LEI from the client where applicable
- verify that the LEI reported is accurate.

Dealer Members would continue to monitor OEO clients on a monthly basis¹⁷ to determine whether any client fits the criteria under DMR 3200 of an identified OEO client.

4. Confidentiality of Client Information

4.1 Data in Transit

To ensure the confidentiality of client information for data in transit, IIROC would:

¹⁶ See subsection 5.2 on Trade Cancellations and Trade Corrections in [IIROC Debt Securities Transaction Reporting – MTRS 2.0 User Guide](#)

¹⁷ See IIROC Notice [14-0264](#) – Rules Notice – Guidance Note – *Guidance Respecting Order Execution Services as a Form of Third-Party Electronic Access to Marketplaces* (November 13, 2014).



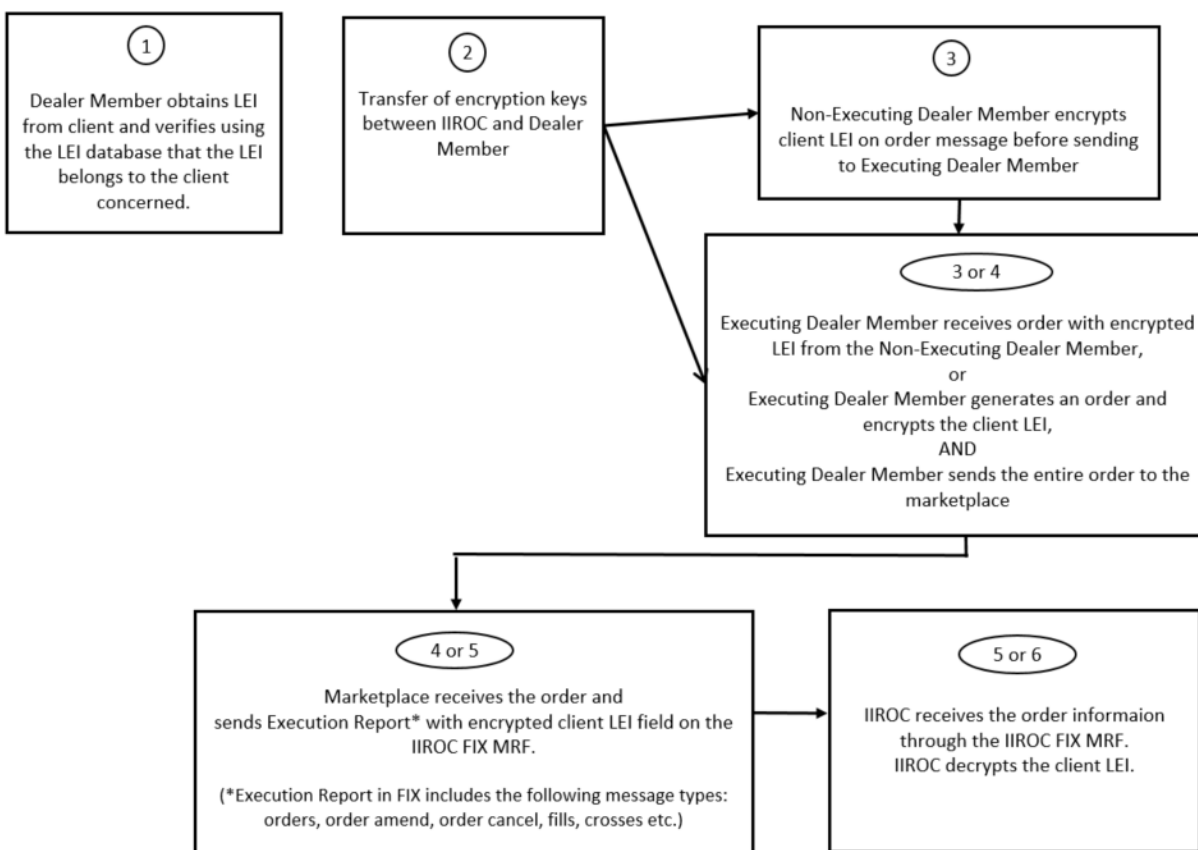
- accommodate the use of encrypted client LEIs for orders in equity securities to ensure that the LEI is only visible to the regulator and not the marketplaces
- continue to use the Secure File Transfer Protocol (**SFTP**) for transaction reporting in debt securities, where the information is reported directly to IIROC through each Dealer Member's reporting gateway.

Using encryption for LEI information for equity orders

To protect client confidentiality, Dealer Members may encrypt the LEI so that it is not visible to a marketplace. While we would support the use of encryption for client LEIs, encryption would not be mandated by IIROC. Dealer Members would be able to send the client LEI without encryption if they choose to do so. IIROC would specify the encryption method and level as part of the implementation plan, taking into account any feedback from industry stakeholders or the public.

Account numbers would not be encrypted, as account numbers would be specific to each Dealer Member and the corresponding client identity would not be readily available.

The following diagram provides a general description of the encryption process for LEIs:





4.2 Data at Rest

Data handling and storage at IIROC

- IIROC employs layered protective controls to secure data at rest.
- IIROC assigns data owners for accountability and they authorize access to staff where a business reason has been identified.
- IIROC has an incident response policy in place which we would follow in the event of an incident. IIROC also has performed a number of preparation activities including agreements with external legal counsel, forensics experts, and a cyber security insurer. IIROC will also follow its business continuity plans as necessary.
- Data relating to surveillance and equity are stored for seven years. Specific data required for violation investigations or legal holds would be subject to longer retention periods.

Data handling and storage at the CSA

- The CSA is seeking to implement a Canadian capital marketplace activity data repository and analytics system – referred to as the Market Analysis Platform (**MAP**) project - that will facilitate the efficient identification and analysis of Canadian capital market misconduct and improve insight into the Canadian capital markets and market structure.¹⁸
- Certain CSA staff and the CSA IT Systems Office (**CSA ITSO**) with defined authentication and authorization will have access to this data set. The CSA ITSO is responsible for the management and operations of the CSA national information technology and management systems on behalf of CSA members.
- Vendor database offers encryption using TLS/SSL protocols for data in transit. Data encryption at rest will be discussed with Vendor as part of the MAP project.
- Data breach response program will be developed in parallel to the MAP project.
- Data will be online for seven years and then archived offline.

Other Use of Data

Under limited circumstances, IIROC may provide access to data to external non-regulatory participants, such as academic researchers. In the past, IIROC has provided access to a limited subset of the dataset of messages received from the marketplaces for a specific period of time, with masked market-, broker-, and user attribution to protect confidentiality.¹⁹ In addition to these data elements, client identifiers (LEIs and account numbers) would also be removed or

¹⁸ Investment Executive, [CSA looking to develop new system for analyzing market data](#) (February 13, 2017); Autorite des marches financiers, [AMF seeks advanced Market Analysis Platform](#) (May 15, 2013); [CSA Report on Achievements for 2013-2016](#) at p9 and [CSA Business Plan for 2016-2019](#) at p7.

¹⁹ For example, see IIROC Notice [15-0060](#) - *IIROC Study of High Frequency Trading – Phase III – Publication of Further Academic Paper* (March 6, 2015).



masked as part of any data set that may be made available to external non-regulatory participants (i.e. not part of the CSA or Bank of Canada).

5. Other Jurisdictions

Other jurisdictions also require client identifiers in the trading of securities. This is largely driven by the desire to enhance transparency in order to improve the risk management, surveillance and investigatory capabilities of regulators.

5.1 Current Use of LEIs for Derivative Trading in Canada

Client identifiers are currently required in various requirements pertaining to derivatives trading in Canada. In Ontario, OSC Rule 91-507 *Trade Repositories and Derivatives Data Reporting* requires eligible counterparties participating in transactions reportable under the rule to obtain, maintain and renew an LEI.²⁰ If a counterparty is not eligible to receive an LEI, it must be identified with an alternate identifier. Similar requirements are included in Multilateral Instrument 96-101 *Trade Repositories and Derivatives Data Reporting*,²¹ Regulation 91-507 respecting *Trade Repositories and Derivatives Data Report*²² in Québec and Manitoba Securities Commission Rule 91-507 *Trade Repositories and Derivatives Data Reporting*.²³

5.2 European Union

MiFID II came into effect on January 3, 2018. The purpose of MiFID II is to “ensure fairer, safer, and more efficient markets and facilitate greater transparency for all participants.”²⁴ Transaction reporting is one the MIFID II requirements.

What needs to be reported

Under MiFID II, investment firms²⁵ must report the purchase or sale of financial instruments to the regulator on a T+1 basis.²⁶ Financial instruments include those admitted to trading on a trading venue, regardless of whether the transaction was actually executed on the trading

²⁰ See section 28 of OSC Rule 91-507 *Trade Repositories and Derivatives Data Reporting*.

²¹ See section 28 of Multilateral Instrument 96-101.

²² See section 28 of Regulation 91-507 *Trade Repositories and Derivatives Data Reporting*.

²³ See section 28 of Manitoba Securities Commission Rule 91-507.

²⁴ <https://www.esma.europa.eu/policy-rules/mifid-ii-and-mifir>

²⁵ MiFID II transaction reporting applies to investment firms when providing investment services and/or performing investment activities. (Article 1(2) and Article 26(1) of [Regulation \(EU\) No 600/2014](#)) ESMA publishes a [database](#) of investment firms in the European Union.

²⁶ Article 26(1) of [Regulation \(EU\) No 600/2014](#) provides:

*Investment firms which execute transactions in financial instruments shall report complete and accurate details of such transactions to the competent authority as quickly as possible, and **no later than the close of the following working day.*** [emphasis added]



venue.²⁷ Regulators, such as the competent authorities²⁸ and ESMA²⁹, would have access to the reported data.

Type of Client Identifier used

Investment firms must use LEIs in their transaction reporting to identify clients that are eligible to obtain an LEI.³⁰ When using an LEI, the investment firm must verify that the client's LEI is in the LEI database, and is accurate.³¹ For clients who are natural persons ineligible to obtain an LEI, investment firms must use a national identifier, which may be a combination of the individual's first and last name, birthdate, passport number and/or identity code etc., depending on the country of nationality.³²

Report who decided how to invest and how to execute

In addition to the client identity, investment firms must specify the person making the investment decision if it is different from the account holder.³³ If the investment firm has discretionary authority over the client account, the person or algorithm responsible for the investment decision must be identified.³⁴ In addition to the investment decision, the investment firm must also specify who executed, or decided how to execute, the transaction (including whether an algorithm was involved).³⁵

²⁷ Article 26(2) of [Regulation \(EU\) No 600/2014](#)

A "trading venue" under MiFID II includes a regulated market (RM) or a multilateral trading facility (MTF). (MiFID II Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 at paragraph 14.) ESMA maintains a [register](#) of RMs and MTFs. Examples of RMs include the London Stock Exchange or BATS Europe.

²⁸ See Note 26 on the obligation to report to competent authorities. ESMA publishes a [list](#) of competent authorities for each member state. For example, the competent authority in the UK would be the Financial Conduct Authority (FCA).

²⁹ Article 26(1) of [Regulation \(EU\) No 600/2014](#) provides in part:

The competent authorities shall make available to ESMA, upon request, any information reported in accordance with this Article.

³⁰ Article 26(6) of [Regulation \(EU\) No 600/2014](#)

³¹ Article 13(3) of [Commission Delegated Regulation 2017/590](#) provides:

The investment firm shall ensure that the length and construction of the code are compliant with the ISO 17442 standard and that the code is included in the Global LEI database maintained by the Central Operating Unit appointed by the the Legal Entity Identifier Regulatory Oversight Committee and pertains to the client concerned.

³² Article 6 and Annex II of [Commission Delegated Regulation 2017/590](#)

³³ Article 7(2) of [Commission Delegated Regulation 2017/590](#)

³⁴ Article 8 of [Commission Delegated Regulation 2017/590](#)

³⁵ Article 9 of [Commission Delegated Regulation 2017/590](#)



How to handle bulk orders and allocation reporting

Investment firms must flag bulk orders when using an aggregation account.³⁶ Investment firms must also report the identity of each client that received a subsequent allocation.³⁷

How to handle situations where the client does not have an LEI but wants to trade

ESMA has delayed the implementation of the “no LEI no trade”³⁸ requirement under MiFID II for six months from January 3, 2018.³⁹ During this period, investment firms could continue to trade for clients that do not have an LEI, as long as they immediately applied for an LEI on the client’s behalf and submitted the LEI when reporting the transaction.

Corrections

Investment firms must notify the regulator of any errors or omissions in their transaction reports.⁴⁰ Investment firms must also have arrangements in place to:

- detect errors and omissions in their transaction reporting, and notify the regulator if they become aware of such an error or omission⁴¹

³⁶ Fields 7 (Buyer identification code) and 16 (Seller identification code) in Table I of Annex I of [Commission Delegated Regulation 2017/590](#) provides:

‘INTC’ shall be used to designate an aggregate client account within the investment firm in order to report a transfer into or out of that account with an associated allocation to the individual client(s) out of or into that account respectively.

³⁷ Article 4 of [Commission Delegated Regulation \(EU\) 2017/590](#) provides:

Where the order is aggregated for several clients, information referred to in paragraph 2 shall be transmitted for each client.

Paragraph 2(d) of Article 4 of 2017/590 requires:

(d) the designation and details of the client of the transmitting firm for the purposes of the order

³⁸ Article 13(2) of [Commission Delegated Regulation 2017/590](#) provides:

An investment firm shall not provide a service triggering the obligation to submit a transaction report for a transaction entered into on behalf of a client who is eligible for the legal entity identifier code, prior to obtaining the legal entity identifier code from that client.

³⁹ [ESMA statement to support the smooth implementation of the LEI requirements](#)

⁴⁰ Article 26(7) of [Regulation \(EU\) No 600/2014](#) provides in part:

Where there are errors or omissions in the transaction reports, the ARM, investment firm or trading venue reporting the transaction shall correct the information and submit a corrected report to the competent authority.

⁴¹ Articles 15(1)(d) and (2) of [Commission Delegated Regulation 2017/590](#) provides:

1. The methods and arrangements by which transaction reports are generated and submitted by trading venues and investment firms shall include:

(d) mechanisms for identifying errors and omissions within transaction reports;

2. Where the trading venue or investment firm becomes aware of any error or omission within a transaction report submitted to a competent authority, any failure to submit a transaction report including any failure to resubmit a rejected transaction report for transactions that are reportable, or of the reporting of a transaction for which there is no obligation to report, it shall promptly notify the relevant competent authority of this fact.



- ensure their transaction reports are complete and accurate, including regular testing of their procedures.⁴²

5.3 United States

In 2012, the U.S. Securities and Exchange Commission (**SEC**) adopted Rule 613 under the Securities Exchange Act of 1934 that required the creation of a national market system plan to govern the creation, implementation and maintenance of a consolidated audit trail (**CAT**).⁴³ In November 2016, the SEC approved the Consolidated Audit Trail National Market System Plan (**CAT NMS Plan**).

What needs to be reported

Under SEC Rule 613(c), each member of a national securities exchange or national securities association (**Industry Member**⁴⁴) must record and report data to the Central Repository on a T+1 basis.⁴⁵ The reported data includes order and trade information in NMS securities⁴⁶, even if

⁴² Articles 15(3) and (4) of [Commission Delegated Regulation 2017/590](#) provides:

3. Investment firms shall have arrangements in place to ensure that their transaction reports are complete and accurate. Those arrangements shall include testing of their reporting process and regular reconciliation of their front-office trading records against data samples provided to them by their competent authorities to that effect.

4. Where competent authorities do not provide data samples, investment firms shall reconcile their front-office trading records against the information contained in the transaction reports that they have submitted to the competent authorities, or in the transaction reports that ARMs or trading venues have submitted on their behalf. The reconciliation shall include checking the timeliness of the report, the accuracy and completeness of the individual data fields and their compliance with the standards and formats specified in Table 2 of Annex I.

⁴³ Consolidated Audit Trail (Adopting Release No. [34-67457](#); July 18, 2012).

⁴⁴ See definition of “Industry Member” in section 1.1 of [CAT NMS Plan](#).

A securities exchange is one that is registered with the SEC under s. 6 of the Securities Exchange Act of 1934. The SEC publishes a [list](#) of the national securities exchanges.

A National Securities Association is an association of broker-dealers registered with the SEC under s. 15A of the Securities Exchange Act of 1934.

⁴⁵ [17 C.F.R. § 242.613\(c\)](#)

Section 6.4(b) of Appendix C of the [CAT NMS Plan](#) provides that broker dealers must:

- record the information contemporaneously with the event
- report by 8:00 am ET on the trading day following the day of the recording.

⁴⁶ An “NMS Security” is defined in Rule 600(b)(46) (17 CFR 242.600(b)(46)) as “any security or class of securities for which transaction reports are collected, processed, and made available pursuant to an effective transaction reporting plan, or an effective national market system plan for reporting transactions in listed options.” NMS securities include exchange-listed equity securities. (See <https://www.sec.gov/divisions/marketreg/large-trader-faqs.htm>)



the order was sent to a foreign market for execution.⁴⁷ A reportable event includes the receipt, modification, cancellation, routing and execution of an order.⁴⁸

Type of Client Identifier used

Industry Members must report the Customer Identifying Information (**CIS**) and the Firm Designated ID for each account to the Central Repository.⁴⁹ CIS includes:⁵⁰

- individuals: name, address, date of birth, individual tax payer identification number or social security number, and individual's role in the account (e.g. primary holder, joint holder, etc.)
- legal entities: name, address, and Employer Identification Number or LEI or other comparable common entity identifier. If the entity already has an LEI, then it must be submitted for identification. However LEIs are not required if the entity has not obtained one.

Once the CIS has been submitted to the Central Repository, Industry Members can assign a unique identifier to a customer (**Firm Designated ID**) and use the Firm Designated ID to report the receipt and origination of an order. Industry Members can change the Firm Designated ID as long as they submit updates to the Central Repository regarding newly established or revised Firm Designated IDs and associated reportable customer information. With this information, the Plan Processor would be able to link order and trade activity for each customer across all broker-dealers.⁵¹ Certain regulatory staff at the SEC and FINRA would be able to access the

⁴⁷ [CAT NMS Plan Interpretive FAQ's](#) provides at Q7:

*The origination or receipt of an order involving any security that meets the definition of an NMS security pursuant to SEC Rule 600 must be reported to the CAT, **regardless of where the order is ultimately executed.** If the order is sent to a foreign market for execution, the CAT Reporter is required to report the relevant Reportable Events for the order (e.g., origination or receipt of the order and the routing of the order to the foreign market).* [emphasis added]

The CAT reporting requirement for foreign securities is consistent with FINRA's OATS reporting requirements for foreign securities. For example, [FINRA OATS for all NMS Stocks FAQ](#) provides at Q6:

6. If an NMS stock is also listed on a foreign exchange, are orders routed to and executed on a foreign exchange required to be reported to OATS?

Yes. Just as with NASDAQ listed securities, orders involving any security that meets the definition of an NMS stock pursuant to SEC Rule 600 must be reported to OATS, regardless of where the order is ultimately executed.

⁴⁸ [17 C.F.R. § 242.613\(j\)\(9\)](#)

⁴⁹ Section 6.4(d)(ii)(C) of the [CAT NMS Plan](#).

⁵⁰ Section 1.1 of [CAT NMS Plan](#) provides a definition of "Customer Identifying Information".

⁵¹ See paragraph 1(a)(iii) of Section A in Appendix C of [CAT NMS Plan – The Consolidated Audit Trail](#):

Within the Central Repository, each Customer would be uniquely identified by identifiers or a combination of identifiers such as TIN/SSN, date of birth, and, as applicable, LEI and LTID. The Plan Processor would be required to use these unique identifiers to map orders to specific customers across all broker-dealers. Broker-dealers would therefore be required to report only Firm Designated ID information on each new order submitted to the Central Repository rather than the "Customer-ID" as set forth in SEC Rule 613(c)(7), and the



reported transactions with the customer information, which is subject to higher security and confidentiality standards as CIS is considered Personally Identifiable Information (PII).⁵²

Who provided trading instructions

Industry Members must report the person authorized to give trading instructions to the broker-dealer, if it is different from the account holder.⁵³ While there is no need to report whether algorithms were used as part of an order's special handling instructions, this information must be provided to regulators upon request.⁵⁴

Plan Processor would associate specific customers and their Customer-IDs with individual order events based on the reported Firm Designated ID.

See also Appendix D of CAT NMS Plan at p35, which requires regulators (Participants and SEC) to “be able to use the unique CAT-Customer-ID to track orders from any Customer or group of Customers, regardless of what brokerage account was used to enter the order.”

⁵² See definition of “PII” in section 1.1 of [CAT NMS Plan](#). Measures to protect PII include (See s. 4(b) of Section A in Appendix C of [CAT NMS Plan – The Consolidated Audit Trail](#)):

- Storing PII separately from order and transaction data.
- Multi-factor authentication for access to PII data.
- PII would not be available in general query tools, reports or bulk extraction. There would be a separate workflow granting access to PII only when required by regulatory staff. Each Participant (as listed in Exhibit A of the CAT NMS Plan) must annually review whether regulatory staff with PII access have the appropriate level of access for their role (See also s. 4.1.6 of Appendix D of [CAT NMS Plan – The Consolidated Audit Trail](#)).
- There must be a full audit trail of all PII data access.

⁵³ [17 C.F.R. § 242.613\(j\)\(3\)\(ii\)](#)

See also Consolidated Audit Trail (Adopting Release No. [34-67457](#); July 18, 2012) at p140:

The Commission also believes that it is important to capture the person that has authority to give trading instructions to a broker-dealer for an account, if different from the account holder, because such person likely will be of interest in a review or investigation of activity in such account. Thus, the Commission is modifying the proposed Rule to clarify its intent that under Rule 613 the NMS plan also must capture, in the definition of customer, “[a]ny person from whom the broker-dealer is authorized to accept trading instructions, if different from the account holder(s).” Knowing the identity of the person who is authorized to give the broker-dealer trading instructions for an account, whether the account holder or an adviser or other third party, is a vital component in the investigative process. Further, when investigating violations of the federal securities laws, it is important to promptly identify all potentially relevant parties who may have made trading or investment decisions, which could include both the person authorized to give the broker-dealer trading instructions for such account and the account holder.

⁵⁴ Consolidated Audit Trail (Adopting Release No. [34-67457](#); July 18, 2012) at p116-117:

... the Commission considered the comments received regarding whether an individual algorithm should be reported and identified as part of an order's special handling instructions, and has determined not to adopt that requirement in recognition that algorithms change frequently and therefore it may be difficult to determine when and if new algorithm identifiers are necessary ... The Commission acknowledges that by not requiring that algorithms be recorded and reported to the central repository, the consolidated audit trail may not contain an audit trail data element that might prove useful to regulatory authorities. The Commission, however, believes that, should regulatory authorities need such information, regulators can submit a request for this information and obtain the information about whether the order was the result of an algorithm readily from the broker-dealer that handled the order.



How to handle bulk orders and allocation reporting

For bulk orders, Industry Members must report the Firm Designated ID used for the trade execution, as well as file an Allocation Report to specify allocations to any subaccounts.⁵⁵

Corrections

Industry Members must file corrections for each reportable event (which includes both orders and trades) sent to the Central Repository by T+3.⁵⁶ A maximum error rate of 5% has been set for data reported to the Central Repository, which will be periodically reviewed by the Operating Committee.⁵⁷

6. Consultation with the Working Group

IIROC struck a Working Group to solicit feedback on our Initial Proposal. The Working Group is composed of 27 members who represent a cross-section of industry stakeholders including a range of Dealer Members (such as bank-owned dealers, regional dealers, independent dealers, a dealer that is a full-service provider for retail accounts, dealers providing order-execution only services, etc.), an institutional client, a depository and clearing provider, third-party vendors, exchanges, an alternative trading system, and CSA members. We held nine meetings from July 2017 to April 2018. We thank the Working Group for their invaluable contributions in helping us revise the Initial Proposal.

The following is an overview of the themes discussed and some of the main takeaways.

Method of Reporting

Members considered the following methods to report client identifiers to IIROC in equity securities:

⁵⁵ Definition of “Reportable Event” under s. 1.1 of [CAT NMS Plan](#) provides:

*“Reportable Event” includes, but is not limited to, the original receipt or origination, modification, cancellation, routing, execution (in whole or in part) and **allocation of an order**, and receipt of a routed order.* [emphasis added]

See also subsection 6.4(d)(ii)(A)(1) and definition of “Allocation Report” in section 1.1 of [CAT NMS Plan](#). An Allocation Report must specify the Firm Designated ID for any account(s) to which executed shares are allocated, but does not have to be linked to a specific order or execution. This is due to feedback from the industry, leading Participants to propose using an Allocation Report, rather than creating an identifier to link an executed order to the allocation process, which would have required broker-dealers re-engineer their front, middle, and back office systems and incur significant costs. (See paragraph 7(b)(iv)(B) of Section B in Appendix C of [CAT NMS Plan](#).)

⁵⁶ [17 C.F.R. § 242.613\(e\)\(6\)](#)

Definition of “Reportable Event” under s. 1.1 of [CAT NMS Plan](#) provides:

“Reportable Event” includes, but is not limited to, the original receipt or origination, modification, cancellation, routing, execution (in whole or in part) and allocation of an order, and receipt of a routed order.

Industry Members must file corrections by 8am ET on T+3, and regulators would have access to corrected data by T+5. (Appendix C of [CAT NMS Plan](#) at p9.)

⁵⁷ See [17 C.F.R. § 242.613\(e\)\(6\)](#); section 6.5(d) of [CAT NMS Plan](#) and s. 3(d) of Section A in Appendix C thereof.



- single stream using either:
 - real-time reporting of client identifiers on the order that is sent to the marketplace, or
 - post-trade reporting using a separate facility that would need to be developed by IIROC and Dealer Members
- dual stream using both real-time reporting of client identifiers on the order that is sent to the marketplace, as well as post-trade reporting of trade allocations, or some other hybrid solution.

Most Members were of the view that even though post-trade reporting would address some confidentiality concerns as the information would not pass through the marketplace, it should not be required because post-trade reporting would:

- exponentially expand efforts and resources by Dealer Members, to develop and submit allocation reports that could be traced back to the real-time order and trade data
- be challenging for Dealer Members that do not custody client assets.

One Member indicated that real-time reporting would have less impact for self-directed orders (such as DEA, RA or OEO clients), but could be challenging for traders on a cash equities desk who would need to manually input the client identifier in a fast-moving environment.

Who is required to use an LEI

All eligible clients

Some Members were of the view that requiring all eligible clients use LEIs would increase the ability to track a larger subset of clients across platforms, assets and Dealer Members. However other Members felt that this requirement would be overly broad and capture a large portion of retail clients that meet the definition of an institutional client that currently do not have LEIs and may rarely trade.

Institutional clients use LEIs and retail clients use account numbers

Most Members indicated that institutional clients likely already use LEIs in the trading of other assets, such as fixed income or OTC derivatives. Since the technology at many Dealer Members already segregate along retail and institutional clients, requiring LEIs for retail clients would require linkages of systems that are not linked today.

Threshold approach

Some Members were of the view that a threshold approach should be based on trading frequency or volume, rather than the financial ability of the client. Most Members agreed that a threshold approach would be too complicated for Dealer Members to implement.



Alternatives to LEIs

Account numbers for all clients

Some Members indicated that while using account numbers would not raise privacy concerns and would avoid the expense of using LEIs, there are limits to the usefulness of using account numbers as client identifiers as there is no ability to track the same client across different Dealer Members.

Large Trader IDs

One Member suggested a solution similar to the Large Trader IDs in the U.S., however, other Members indicated that this is part of the account onboarding and settlement mechanism in the U.S., rather than attached to each order that is sent to a trading venue.

LEI Renewals

Several Members raised concerns about requiring annual renewals, as they would need to find a process to validate LEIs every year. Some Members suggested putting the responsibility for renewals on the client rather than the Dealer Member.

Foreign Dealer Equivalents

Unique Identifiers for Clients of a Foreign Dealer Equivalent that use Algos

Members raised concerns that executing Participants may not have the ability to verify what is being reported by the foreign dealer equivalent. Some Members were of the view that this requirement may discourage foreign clients from accessing Canadian marketplaces. One Member indicated that this information should be obtained via joint arrangements between securities regulators, rather than from Participants in Canada.

Not extending the client identifier requirement to clients of foreign dealer equivalents

Some Members were of the view that the lack of a requirement for client identifiers (in the form of an account number or LEI) for clients of foreign dealers would mean less transparency into end-clients. Many executing Participants take their order flow from their U.S. affiliate, where no end-client identification would be required. Some Members indicated that this may also negatively impact the competitiveness of Canadian dealers, as they would be required to disclose their client identities whereas foreign dealers would not.

Client confidentiality

Data in Transit

Most Members were of the view that client identifiers should not be visible to marketplaces. One Member indicated that where an executing Participant receives an order from a non-executing Dealer Member, the executing Participant should not be able to see the client identifier.



One Member suggested that each Dealer Member create a mapping list for their clients' LEIs. Rather than attaching the LEI on the order, the Dealer Member would include the mapped value on the order and encrypt that value, before sending the order to the marketplace.

Another Member raised a concern that some Dealer Members may have difficulty managing latency issues posed by encryption.

Data at Rest

One Member asked for clarification of data handling and storage policies at the regulator, including whether data would be encrypted, the period of storage, and which regulatory staff would have access to the client identifiers.

7. Benefits of using Client Identifiers

7.1 Benefits to IIROC

The Proposed Amendments would make it significantly easier for IIROC to carry out its public interest mandate. We do not currently receive client identity information for each order and trade executed on a marketplace or reported pursuant to Rule 2800C. This information would enhance IIROC's ability to perform a range of regulatory functions, including conducting:

- surveillance and investigations more efficiently
- data analyses for regulatory purposes in a more accurate and timely manner.

Trade analysis initially involves mapping out client identities and linking them to each order and trade on a marketplace, which can be time-consuming and inefficient. Currently, we compile data from different sources of information (trade tickets and blotters, trade reports, allocation reports etc.) in order to link client identities to each event on the marketplace. Depending on the length of the period of review, the liquidity of the security, and the number of clients under review, we may have to send multiple information requests to Dealer Members to validate client order activity. This results in delays in reconciling information into a usable form.

We believe the Proposed Amendments would increase IIROC's efficiency in linking client identities to marketplace activity, as well as reduce the number and size of information requests we send to Dealer Members.

The use of LEIs may also enhance cross-asset surveillance for trading in listed equities as well as OTC fixed income securities. The LEI reference database has Level 1 information and may soon incorporate Level 2 reference data.⁵⁸ Level 1 reference data includes "business card" information, such as the entity's legal name and address.⁵⁹ Level 2 reference data would

⁵⁸ LEI ROC. [Collecting data on direct and ultimate parents of legal entities in the Global LEI System – Phase 1](#). March 10, 2016.

⁵⁹ The Legal Entity Identifier Regulatory Oversight Committee indicates that the reference data currently associated in the database with each entity includes:



include information regarding the entity's corporate hierarchy and affiliations.⁶⁰ Access to Level 2 information would increase our visibility into the entity's relationships as part of its corporate structure and allow us to more quickly link entities to immediate and ultimate parents, subsidiaries, or affiliates. This added transparency would enhance IIROC's ability to monitor potential market abuses. While we would not require Dealer Members to ensure that client LEIs are being annually renewed, clients may opt to renew their LEIs pursuant to regulations applicable to trading in other assets and/or jurisdictions.

Requiring the use of LEIs would help ensure accuracy and consistency in order information across all marketplaces and in reported debt securities transactions. A current limitation with the regulatory data is that multiple identifiers may be used for the same client. For example, there may be multiple Trader IDs for the same DEA or RA client either at the same Dealer Member or across multiple Dealer Members. Using LEIs would allow IIROC to aggregate information from all accounts held by the same client across different platforms and Dealer Members for surveillance and regulatory purposes.

Requiring the use of account numbers would benefit both IIROC and the CSA in terms of:

- reducing the time and effort needed in matching orders received on the FIX MRF (especially unfilled orders) to individual clients. The availability of account numbers on orders would allow us to match orders to a specific client. Currently we trace individual orders to specific clients by using a combination of broker, time, buy or sell side, price, volume, and/or other criteria.
- improving the overall insight into a specific account's trading behavior, thus reducing ad-hoc requests to Dealer Members.
- improving the granularity and accuracy of analyses in large scale studies by Analytics or investigations by Enforcement.

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- official name of the legal entity
 - address of the headquarters of the legal entity
 - address of legal formation
 - date of the first LEI assignment
 - date of last update of the LEI
 - date of expiry, if applicable
 - for entities with a date of expiry, the reason for the expiry should be recorded, and if applicable, the LEI of the entity that acquired the expired entity
 - official business registry where the foundation of the legal entity is mandated to be recorded on formation of the entity, where applicable
 - reference in the official business registry to the registered entity, where applicable.
- LEI ROC. [Progress Report by the Legal Entity Identifier Regulatory Oversight Committee. The Global LEI System and regulatory uses of the LEI](#). November 5, 2015.

⁶⁰ GLEIF expects that Level 2 data for the complete LEI population will be available in the course of the first half of 2018. (<https://www.gleif.org/en/lei-data/access-and-use-lei-data/level-2-data-who-owns-whom>)



7.2 Benefits to Other Regulators

The CSA and the Bank of Canada also support the Proposed Amendments because the changes would:

- help both the CSA and the Bank of Canada carry out their public interest mandates
- be consistent with global proposals, such as the Financial Stability Board recommendations endorsed by the G20 in 2012.⁶¹

7.3 Benefits to Dealer Members

The use of LEIs may help Dealer Members:

- manage their internal risk, by enabling the cross-asset consolidation of counterparty data.
- create efficiencies by reducing the time, cost and complexity in consolidating and verifying data. Currently, a single entity may be identified by different names and codes, across different databases, business lines, asset groups and/or platforms. Using LEIs to aggregate the accounts of the same entity may provide a more holistic picture of client holdings across different databases and/or platforms.
- conduct customer due diligence, especially in terms of Know Your Client requirements and background searches at the client onboarding stage.

The efficiencies gained by using LEIs may result in savings for the Dealer Member. For example, when looking at the use of LEIs in the capital markets, GLEIF and McKinsey & Company estimate that “... *approximately one-third of the industry’s operating costs of \$5 billion is spent on activities such as client onboarding, client trade reconciliations, trade allocations to clients, and verification of client reference data. All such activities could be simplified if LEI use were more broadly adopted throughout the lifecycle of the client relationship ... introducing the LEI into capital market onboarding and securities trade processing could reduce annual trade processing and onboarding costs by 10 percent.*”⁶²

⁶¹ Item 44 of the [G20 Leaders Declaration](#) at the 2012 Los Cabos Summit provides:

“We endorse the FSB recommendations regarding the framework for development of a global legal entity identifier (LEI) system for parties to financial transactions, with a global governance framework representing the public interest. The LEI system will be launched by March 2013 and we ask the FSB to report on implementation progress by the November 2012 Finance Ministers 8 and Central Bank Governors’ meeting. We encourage global adoption of the LEI to support authorities and market participants in identifying and managing financial risks.”

⁶² GLEIF and McKinsey & Company, [The Legal Entity Identifier: The Value of the Unique Counterparty ID](#) (October 2017) at page 14.



We also expect that more granular client-level data would reduce the size and frequency of regulatory requests and could help Dealer Members process the data requests that they do receive more efficiently.

The use of LEIs, together with DEA and RA designations, would also eliminate the need to:

- obtain TraderIDs for each DEA or RA client
- report added or deleted UserIDs for DEA and RA clients to IIROC.

8. Technological Implications and Implementation Plan

IIROC acknowledges there would be significant effort required by Dealer Members, marketplaces, and investors to achieve compliance with the Proposed Amendments. We would consider these impacts when determining the appropriate implementation periods for the proposed three phases. IIROC believes the effort required in the implementation is proportionate to the regulatory benefit of increased market integrity and investor protection through enhanced oversight and supervision capabilities. The Proposed Amendments are consistent with other global initiatives regarding the transparency of client identities in the trading of securities.

We are proposing a three-phase implementation plan as follows:

Phase 1: Debt securities

- LEIs for institutional clients and account numbers for retail clients.
- Require corrections for missing or erroneous client identifiers for trades only (not orders).

Phase 2: Equity securities

- Require LEIs to identify the following clients:
 - DEA clients that are eligible to obtain an LEI and RA clients
 - identified OEO clients that are eligible to obtain an LEI.
- Require account numbers to identify the following clients:
 - clients not supervised as institutional clients at the Dealer Member
 - identified OEO clients that are ineligible to obtain an LEI, along with their names to be reported to IIROC
 - DEA clients that are ineligible to obtain an LEI, along with their names to be reported to IIROC.
- Introduce the following designations:
 - DEA, RA and OEO designations
 - MC designation
 - unique identifiers for the algorithmic trading by clients of a foreign dealer equivalent.



- Require corrections for missing or erroneous client identifiers for trades only (not orders).

Phase 3: Equity securities

- Require LEIs to identify all other clients supervised as an institutional client at the Dealer Member.

As part of the comment process, we are specifically asking for comments from stakeholders regarding:

- implementation impacts and costs for the three phases
- implementation timelines for each phase.

These comments are important to develop a full understanding of the impacts, which will assist in determining the implementation process.

9. Financial and Operational Impact on IIROC

The Proposed Amendments would affect surveillance and operations at IIROC. Specifically, IIROC would need to:

- make changes to receive the new identifiers and designations on the FIX MRF
- make changes to accommodate decryption in our Surveillance systems
- make changes to accommodate the Client LEI and Client Account Identifier as mandatory data fields on MTRS 2.0
- modify alert and report specifications and parameters to accommodate the additional information received from client identifiers, unique identifiers and new designations
- modify RMCS and MTRS 2.0 to allow Dealer Members to file corrections in client identifiers, unique identifiers and new designations
- modify Trading Conduct Compliance's review module(s).

10. Significant Impacts on Stakeholders

The Proposed Amendments would affect Dealer Members and marketplaces and may vary based on the implementation. Possible impacts on Dealer Members include:

- systems development to accommodate the use of:
 - client identifiers (in the form of LEIs or account numbers)
 - unique client identifiers for certain end-clients of foreign dealer equivalent clients
 - DEA, RA, OEO and MC designations.



- systems development to encrypt LEIs for its direct client orders where applicable.
- systems development to accommodate the use of an encrypted client LEI where the order originated from a non-executing Dealer Member.
- updating their account documentation to accommodate the use of an LEI or unique identifier where required.
- updating their policies and procedures to:
 - obtain LEIs from certain clients
 - verify that an LEI belongs to the client concerned
 - obtain unique identifiers from foreign dealer equivalents
 - test for the accurate use of a client identifier, unique identifier or designation
 - submit corrections to IIROC through RMCS or MTRS 2.0 in the event of an incorrect client identifier, unique identifier, or designation.

Possible impacts on marketplaces include:

- systems development to accommodate the pass-through of encrypted client LEIs.

11. Impacts on Investors

The Proposed Amendments may affect investors in that certain investors may be required to apply for LEIs in order to trade on a marketplace or in debt securities.

Impacts on investors required to obtain LEIs would include:

- Payment of fees. There is an initial application fee to obtain an LEI.
- Providing appropriate documentation to LOUs as part of the application process.

Investors that are required to use LEIs but have not yet obtained one would still be able to trade by using an account number in the interim. (Please see section 3.91 of this Notice on Missing and Incorrect Client Identifiers.)

12. Questions

While we request comment on all aspects of the Proposed Amendments, we specifically request comment on the following questions:

- a. Does focusing the LEI requirement on accounts that are supervised as institutional clients in DMR 2700 have a consistent application across all Dealer Members? Our intent is to include those clients that carried on a trading platform that is considered “institutional”.



- b. Are there any other impacts of the Proposed Amendments on Dealer Members, marketplaces or investors that we have not identified above?
- c. Please provide comments that relate to the efforts, cost and time needed to implement the Proposed Amendments.
- d. Please provide comments that relate to the timelines needed for each of the three phases of implementation.
- e. Please provide comments on any other potential approach that you believe would achieve the same regulatory benefits with less impact on stakeholders.
- f. Would the use of encryption for client LEIs address client confidentiality concerns when trading on a marketplace? What methods or levels of encryption should be supported by IIROC? Are there other methods that would better ensure confidentiality of client information?
- g. Should encryption of client LEIs be optional or mandatory?
- h. Should IIROC support encryption for other information in orders for equity securities, such as account numbers, or the use of DEA, RA and OEO designations? Would treating this information as private data be sufficient? If treated as private data, this information would not be publicly disclosed but would be visible to marketplaces.
- i. What FIX tags or fields should be used for the new identifiers and designations?

13. Policy Development Process

13.1 Regulatory Purpose

The Proposed Amendments would:

- establish and maintain rules that are necessary or appropriate to govern and regulate all aspects of IIROC's functions and responsibilities as a self-regulatory entity
- assist in detecting and reviewing potential fraudulent and manipulative acts and practices
- promote the protection of investors.

13.2 Regulatory Process

The Board of Directors of IIROC (**Board**) has determined the Proposed Amendments to be in the public interest and on May 24, 2018 approved them for public comment.

The Market Rules Advisory Committee (**MRAC**) considered this matter as proposed in concept by IIROC staff. MRAC is an advisory committee comprised of representatives of each of the



marketplaces for which IIROC acts as a regulation services provider, Dealer Members, institutional investors and subscribers, and the legal and compliance community.⁶³

After considering the comments on the Proposed Amendments received in response to this Request for Comments together with any comments of the CSA, IIROC may recommend that revisions be made to the applicable proposed amendments. If the revisions and comments received are not material, the Board has authorized the President to approve the revisions on behalf of IIROC and the proposed amendments as revised will be subject to approval by the CSA. If the revisions or comments are material, the Proposed Amendments including any revisions will be submitted to the Board for approval for re-publication or implementation, as applicable.

14. Appendices

Appendix A – Text of UMIR, DMR and PLR Proposed Amendments

Appendix B – Blackline of UMIR Proposed Amendments

Appendix C – Blackline of DMR Proposed Amendments

Appendix D – Blackline of PLR Proposed Amendments

Appendix E – Blackline of UMIR Proposed Amendments following the adoption of of PLR

Appendix F – Comments Received in Response to IIROC Notice 17-0109 and IIROC Responses

⁶³ Consideration by MRAC should not be construed as approval or endorsement of the Proposed Amendments. Members of MRAC are expected to provide their personal advice on topics and that advice may not represent the views of their respective organizations as expressed during the public comment process.



Appendix A – Proposed UMIR, DMR and PLR Amendments

If the Proposed Amendments are implemented before the adoption of PLR, the Universal Market Integrity Rules are hereby amended as follows:

1. Section 1.1 is amended by:

- a. adding the following definition of “identified order execution only client”:

“identified order execution only client” means a client using an order execution only service:

- (a) whose trading activity on marketplaces for which the Market Regulator is the regulation services provider exceeds a daily average of 500 orders per trading day in any calendar month,
- (b) that is not an individual and is registered as a dealer or adviser in accordance with applicable securities legislation, or
- (c) that is not an individual and is in the business of trading securities in a foreign jurisdiction in a manner analogous to a dealer or adviser.

- b. adding the following definition of “LEI”:

“Legal Entity Identifier” means a unique identification code assigned to a counterparty in accordance with standards set by the Global Legal Entity Identifier System.

- c. adding the following definition of “multiple client order”:

“multiple client order” means an order that includes orders from more than one client, but does not include a principal order or a non-client order.

2. Paragraph 6.2(1)(a) is amended by:

- a. deleting subparagraphs (iv), (v) and (vi)
- b. adding the following after subparagraph (iii):

“(iv) the client for or on behalf of whom the order is entered:

1. in the form of a Legal Entity Identifier for:

- A. orders entered using direct electronic access
- B. orders entered using a routing arrangement
- C. an identified order execution only client that is eligible to receive a Legal Entity Identifier
- D. orders originated from accounts that are supervised under DMR 2700



2. in the form of an account number for all other client orders not included under UMIR 6.2(1)(a)(iv)(1)

(v) the client of a foreign dealer equivalent for or on behalf of whom the order is entered under a routing arrangement, where such client order is automatically generated on a predetermined basis by that client, and in the form and manner acceptable to the Market Regulator; and”

3. Paragraph 6.2(1)(b) is amended by:

- a. deleting “or” at the end of subparagraph (xv)
- b. replacing the numbering of subparagraph (xvi) with “(xix)”
- c. adding the following after subparagraph (xv):

“(xvi) for the account of a client where the order is sent using direct electronic access,

(xvii) for the account of a client where the order is sent under a routing arrangement,

(xviii) for the account of an order execution only client,”

- d. deleting “or” at the end of subparagraph (xix)
- e. replacing the numbering of subparagraph (xvii) with “(xx)”
- f. deleting “.” at the end of subparagraph (xx)
- g. adding “, or” at the end of subparagraph (xx)
- h. adding the following after subparagraph (xx):

“(xxi) a multiple client order.”

4. Paragraph 6.2(6)(b) is amended by:

- a. replacing “(xvii)” with “(xxi)”



The Dealer Member Rules are hereby amended as follows:

1. Section 1.5 of Rule 2800C is amended by:

a. deleting the following:

“If the Global Legal Entity Identifier System is unavailable to a reporting counterparty when a reporting obligation under this Rule arises, a substitute legal identifier must be used as identified by the Corporation.”

2. Row 14 in subsection 2.4(c) of Rule 2800C is amended by:

a. replacing “assigned to” with “of”

b. replacing “institutional client/customer” with “Institutional Customer”

c. deleting “, where available. Optional field”

d. adding “.” after “customer”.

3. Row 15 in subsection 2.4(c) of Rule 2800C is amended by:

a. replacing “Identifier assigned by a reporting Dealer Member to uniquely identify the client/customer.” with “The account number of the Retail Customer.”

b. deleting “where the counterparty is ‘Client’ and no Customer LEI is available. Optional field”.

4. Rule 2800C is amended by:

a. adding the following paragraph after section 2.5:

“2.6 LEI renewal

The reporting Dealer Member must ensure that the registration status of its LEI has not lapsed.”

b. adding the following paragraph after section 2.6:

“2.7 Allocations

The Dealer Member must report allocations of executions that occur before the transaction reporting deadline in section 2.5 of this Rule.”



5. Rule 3200 is amended by:

- a. adding the following paragraphs after “In this Rule “automated order system” has the same meaning as defined in National Instrument 23-103 *Electronic Trading and Direct Electronic Access to Marketplaces*.”:

“In this Rule, a “bundled order” means an order that includes a client order as well as a non-client order or principal order, or both.”

“In this Rule, a “Legal Entity Identifier” means a unique identification code assigned to a counterparty in accordance with standards set by the Global Legal Entity Identifier System.”

“In this Rule, a “multiple client order” means an order that includes orders from more than one client, but does not include a principal order or a non-client order.”

6. Rule A.5(a) of 3200 is amended by:

- a. adding “order-execution only” before “client that trades”
- b. replacing “(a)” with “(i)”
- c. replacing “(b)” with “(ii)”
- d. replacing “(c)” with “(iii)”

7. Rule A.5(b) of 3200 is amended by:

- a. replacing “(b)” with “(c)”

8. Rule A.5(c) of 3200 is amended by:

- a. replacing “(c)” with “(e)”

9. Rule A.5 of 3200 is amended by:

- a. adding the following paragraph after (a):

“(b) The client identifier required in Rule A.5(a) must be in the form of a Legal Entity Identifier for eligible clients, otherwise an account number.”

10. Rule A.5(c) of 3200 is amended by:



- a. adding “If an account number is used as the client identifier under Rule A.5(b),” before “The Dealer Member must provide”
- b. replacing “The” with “the”
- c. replacing “each client identifier assigned pursuant to Rule A.5(a)” with “the account number”.

11. Rule A.5 of 3200 is amended by:

- a. adding the following paragraph after paragraph A.5(c):

“(d) For order-execution only clients that are not defined under Rule A.5(a)(i)-(iii), the Dealer Member must use an account number as the client identifier.”

12. Rule A.5(e) of 3200 is amended by:

- a. replacing “must be assigned pursuant to Rule A.5(a) contain the client identifier assigned to that client” with “contains:”

- b. adding the following paragraphs after “contains:”

“(i) for clients defined under Rule A.5(a):

(A) the client identifier required under Rule A.5(b), and

(B) a designation in the form and manner acceptable to the Corporation

or

(C) a designation to indicate the order is a bundled order or a multiple client order

(ii) for clients not defined under Rule A.5(a):

(A) the client identifier required under Rule A.5(d), or

(B) a designation to indicate the order is a bundled order or a multiple client order.”

13. Rule B.6(a) of 3200 is amended by:

- a. replacing “(a)” with “(i)”
- b. replacing “(b)” with “(ii)”
- c. replacing “(c)” with “(iii)”

14. Rule B.6(b) of 3200 is amended by:



- a. replacing “(b)” with “(c)”

15. Rule B.6(c) of 3200 is amended by:

- a. replacing “(c)” with “(e)”

16. Rule B.6 of 3200 is amended by:

- a. adding the following paragraph after (a):

“(b) The client identifier required in Rule B.6(a) must be in the form of a Legal Entity Identifier for eligible clients, otherwise an account number.”

17. Rule B.6(c) of 3200 is amended by:

- a. adding “If an account number is used as the client identifier under Rule A.5(b),” before “The Dealer Member must provide”
- b. replacing “The” with “the”
- c. replacing “each client identifier assigned pursuant to Rule B.6(a)” with “the account number”.

18. Rule B.6 of 3200 is amended by:

- a. adding the following paragraph after paragraph B.6(c):

“(d) For order-execution only clients that are not defined under Rule B.6(a)(i)-(iii), the Dealer Member must use an account number as the client identifier.”

19. Rule B.6(e) of 3200 is amended by:

- a. replacing “by or on behalf of a client for whom a client identifier must be assigned pursuant to Rule B.6(a) contain the client identifier assigned to that client.” with “contains:”
- b. adding the following paragraphs after “contains:”
 - “(i) for clients defined under Rule B.6(a):
 - (A) the client identifier required under Rule B.6(b), and
 - (B) a designation in the form and manner acceptable to the Corporation
 - or



(C) a designation to indicate the order is a bundled order or a multiple client order

(ii) for clients not defined under Rule B.6(a):

(A) the client identifier required under Rule B.6(d), or

(B) a designation to indicate the order is a bundled order or a multiple client order.”

20. Adding the following after Rule 3500:

“RULE 3600 Identifying clients of a Non-Executing Dealer Member

(1) Definitions

For purpose of Rule 3600, the terms below have the following meaning:

“Bundled order” means an order that includes a client order as well as a non-client order or proprietary order, or both.

“Legal Entity Identifier” means a unique identification code assigned to a counterparty in accordance with standards set by the Global Legal Entity Identifier System.

“Multiple client order” means an order that includes orders from more than one client, but does not include a proprietary order or a non-client order.

(2) Where a non-executing Dealer Member sends an order to an executing Dealer Member for execution on a Marketplace, the non-executing Dealer Member must include:

(i) an identifier for the client for or on behalf of whom the order is entered, in the form of:

(a) a Legal Entity Identifier for an order that originated from an account that is supervised under DMR 2700

(b) an account number for all other client orders not included under 3600(2)(i)(a).

(3) Where a non-executing Dealer Member groups together orders from more than one client and/or account type for execution on a Marketplace:

(i) 3600(2)(i) does not apply, and

(ii) the non-executing Dealer Member must provide to the executing Dealer Member that the client order is part of:

(a) a bundled order, or

(b) a multiple client order.”



The PLR sections are hereby amended as follows:

1. Rule 1201(2) is amended by:

a. adding the following definition of “bundled order”:

“An order that includes a client order as well as:

- (i) a *non-client order*, or
 - (ii) orders in which a *related entity* of the *Dealer Member* has a direct or indirect interest other than the commission charged, or
 - (iii) an order for an account
 - (A) for a partner, *Director*, *officer* or a person holding a similar position or acting in a similar capacity of the *Dealer Member* or related entity of the *Dealer Member*,
 - (B) for an employee of the *Dealer Member* or of a related entity of the *Dealer Member* who holds approval from an Exchange or a self-regulatory entity, or
 - (C) which is considered to be an employee account or a non-client account by a self-regulatory entity, but does not include a principal account, or
- (i), (ii) and (iii).”

b. adding the following definition of “Legal Entity Identifier”:

“A unique identification code assigned to a counterparty in accordance with standards set by the Global Legal Entity Identifier System.”

c. adding the following definition of “multiple client order”:

“An order that includes orders from more than one client, but does not include:

- (a) a *non-client order*, or
- (b) an order in which a *related entity* of the *Dealer Member* has a direct or indirect interest other than the commission charged, or
- (c) an order for an account
 - (A) for a partner, *Director*, *officer* or a person holding a similar position or acting in a similar capacity of the *Dealer Member* or related entity of the *Dealer Member*,
 - (B) for an employee of the *Dealer Member* or of a related entity of the *Dealer Member* who holds approval from an Exchange or a self-regulatory entity, or
 - (C) which is considered to be an employee account or a non-client account by a self-regulatory entity, but does not include a principal account.”

d. adding the following definition of “related entity”:

“In respect of a particular *person*, means:



- (a) an affiliated entity of the particular *person* which carries on business in Canada and is registered as a dealer or adviser in accordance with applicable *securities laws*; and
- (b) a *person* who has been designated by IIROC under UMIR 10.4(3) as a person who acts in conjunction with the particular *person*.”

2. Adding the following Rule 3206 after Rule 3205:

“3206. Identifying clients of a Non-Executing Dealer Member

(1) Where a non-executing *Dealer Member* sends an order to an executing *Dealer Member* for execution on a *Marketplace*, the non-executing *Dealer Member* must include:

(i) an identifier for the client for or on behalf of whom the order is entered, in the form of:

(a) a *Legal Entity Identifier* for an order that originated from an account supervised under 3960-3961

(b) an account number for all other client orders not included under 3206(1)(i)(a).

(2) Where a non-executing *Dealer Member* groups together orders from more than one client and/or account type for execution on a *Marketplace*:

(i) 3206(1) does not apply, and

(ii) the non-executing *Dealer Member* must provide to the executing *Dealer Member* that the client order is part of:

(a) a *bundled order*, or

(b) a *multiple client order*.”

3. Rule 3241 is amended as follows:

a. changing the numbering of subsection (5) to (6)

b. changing the numbering of subsection (6) to (8)

c. adding a new paragraph (5) after subsection (4):

“(5) The client identifier required in 3241(4) must be in the form of a *Legal Entity Identifier* for eligible clients, otherwise an account number.”

4. Subsection (6) of Rule 3241 is amended as follows:

a. adding “If an account number is used as the client identifier under 3241(5),” before “The *Dealer Member* must”

b. replacing “The” with “the”



- c. replacing “each client identifier assigned pursuant to subsection 3241(4)” with “the account number”
5. Adding a new subsection (7) after subsection (6) of Rule 3241 as follows:

“(7) For clients using an *order execution only account* that are not defined under 3241(4), the *Dealer Member* must use an account number as the client identifier.”
6. Subsection (8) of Rule 3241 is amended as follows:
 - a. deleting “by or on behalf of a client for whom a client identifier must be assigned pursuant to subsection 3241(4)”
 - b. adding “:” after “contains”
 - c. deleting “the client identifier”
 - d. adding the following paragraphs after “contains:”:

“(i) for clients defined under 3241(4):
(A) the client identifier required under 3241(5), and
(B) a designation in the form and manner acceptable to *IIROC*
or
(C) a designation to indicate the order is a *bundled order* or a *multiple client order*.

(ii) for clients not defined under 3241(4):
(A) the client identifier required under 3241(6), or
(B) a designation to indicate the order is a *bundled order* or a *multiple client order*.”
7. Subsection 7202(1) is amended by:
 - a. deleting the definition of “Global Legal Entity Identifier System” in paragraph (iv)
 - b. replacing the numbering of paragraph (v) with (iv)
 - c. replacing the number of paragraph (vi) with (v)
 - d. deleting the definition of “Legal Entity Identifier” in paragraph (vii)
 - e. replacing the numbering of paragraph (ix) with (vi)
 - f. replacing the numbering of paragraph (x) with (vii)



- g. replacing the numbering of paragraph (xi) with (viii)
 - h. replacing the numbering of paragraph (xii) with (ix)
8. Row 14 of subsection 7203(6) is amended by:
- a. replacing “*LEI*” with “*Legal Entity Identifier*”
 - b. replacing “assigned to” with “of”
 - c. replacing “.” with “, where available. Optional field”
9. Row 15 of subsection 7203(6) is amended by:
- a. replacing “Identifier assigned by a reporting *Dealer Member* to uniquely identify the client where the counterparty is ‘client’ and no client *LEI* is available. Optional field” with “The account number of the *retail client*.”
10. Adding the following subsection (7) after subsection 7203(6):
- “(7) The reporting *Dealer Member* must ensure that the registration status of its *Legal Entity Identifier* has not lapsed.”
11. Adding the following subsection (8) after subsection 7203(7):
- “(8) The *Dealer Member* must report allocations of executions that occur before the transaction reporting deadline in 7204.”



If the Proposed Amendments are implemented after the adoption of PLR, the Universal Market Integrity Rules are hereby amended as follows:

1. Section 1.1 is amended by:

a. adding the following definition of “identified order execution only client”:

“identified order execution only client” means a client using an order execution only service:

- (a) whose trading activity on marketplaces for which the Market Regulator is the regulation services provider exceeds a daily average of 500 orders per trading day in any calendar month,
- (b) that is not an individual and is registered as a dealer or adviser in accordance with applicable securities legislation, or
- (c) that is not an individual and is in the business of trading securities in a foreign jurisdiction in a manner analogous to a dealer or adviser.

b. adding the following definition of “LEI”:

“Legal Entity Identifier” means a unique identification code assigned to a counterparty in accordance with standards set by the Global Legal Entity Identifier System.

c. adding the following definition of “multiple client order”:

“multiple client order” means an order that includes orders from more than one client, but does not include a principal order or a non-client order.

2. Paragraph 6.2(1)(a) is amended by:

a. deleting subparagraphs (iv), (v) and (vi)

b. adding the following after subparagraph (iii):

“(iv) the client for or on behalf of whom the order is entered:

5. in the form of a Legal Entity Identifier for:

- A. orders entered using direct electronic access
- B. orders entered using a routing arrangement
- C. an identified order execution only client that is eligible to receive an LEI
- D. orders originated from accounts that are supervised under IIROC Rule 3960-3961



6. in the form of an account number for all other client orders not included under UMIR 6.2(1)(a)(iv)(1)

(v) the client of a foreign dealer equivalent for or on behalf of whom the order is entered under a routing arrangement, where such client order is automatically generated on a predetermined basis by that client, and in the form and manner acceptable to the Market Regulator; and”

7. Paragraph 6.2(1)(b) is amended by:

- a. deleting “or” at the end of subparagraph (xv)
- b. replacing the numbering of subparagraph (xvi) with “(xix)”
- c. adding the following after subparagraph (xv):

“(xvi) for the account of a client where the order is sent using direct electronic access,

(xvii) for the account of a client where the order is sent under a routing arrangement,

(xviii) for the account of an order execution only client,”

- d. deleting “or” at the end of subparagraph (xix)
- e. replacing the numbering of subparagraph (xvii) with “(xx)”
- f. deleting “.” at the end of subparagraph (xx)
- g. adding “, or” at the end of subparagraph (xx)
- h. adding the following after subparagraph (xx):

“(xxi) a multiple client order.”

8. Paragraph 6.2(6)(b) is amended by:

- a. replacing “(xvii)” with “(xxi)”



Appendix B – Text of UMIR to Reflect Proposed Amendments Respecting Client Identifiers

Text of UMIR Marked to Reflect Adoption of the Amendments	Text of UMIR Following Adoption of the Amendments
<p>1.1 Definitions</p> <p>...</p> <p><u>“identified order execution only client” means a client using an order execution only service:</u></p> <p><u>(a) whose trading activity on marketplaces for which the Market Regulator is the regulation services provider exceeds a daily average of 500 orders per trading day in any calendar month,</u></p> <p><u>(b) that is not an individual and is registered as a dealer or adviser in accordance with applicable securities legislation, or</u></p> <p><u>(c) that is not an individual and is in the business of trading securities in a foreign jurisdiction in a manner analogous to a dealer or adviser.</u></p> <p>...</p>	<p>1.1 Definitions</p> <p>...</p> <p>“identified order execution only client” means a client using an order execution only service:</p> <p>(a) whose trading activity on marketplaces for which the Market Regulator is the regulation services provider exceeds a daily average of 500 orders per trading day in any calendar month,</p> <p>(b) that is not an individual and is registered as a dealer or adviser in accordance with applicable securities legislation, or</p> <p>(c) that is not an individual and is in the business of trading securities in a foreign jurisdiction in a manner analogous to a dealer or adviser.</p> <p>...</p>
<p>...</p> <p><u>“Legal Entity Identifier” means a unique identification code assigned to a counterparty in accordance with standards set by the Global Legal Entity Identifier System.</u></p> <p>...</p>	<p>...</p> <p>“Legal Entity Identifier” means a unique identification code assigned to a counterparty in accordance with standards set by the Global Legal Entity Identifier System.</p> <p>...</p>
<p>...</p> <p><u>“multiple client order” means an order that includes orders from more than one client, but does not include a principal order or a non-client order.</u></p> <p>...</p>	<p>...</p> <p>“multiple client order” means an order that includes orders from more than one client, but does not include a principal order or a non-client order.</p> <p>...</p>
<p>...</p>	<p>...</p>
<p>6.2 Designations and Identifiers</p> <p>(1) Each order entered on a marketplace shall contain:</p> <p>(a) the identifier of:</p> <p>(i) the Participant or Access Person entering the order as assigned to the Participant or Access Person in accordance with Rule 10.15,</p> <p>(ii) the marketplace on which the order is entered as assigned to the marketplace in accordance with Rule 10.15,</p> <p>(iii) the Participant for or on behalf of whom the order is entered, if the order is a jitney order,</p>	<p>6.2 Designations and Identifiers</p> <p>(1) Each order entered on a marketplace shall contain:</p> <p>(a) the identifier of:</p> <p>(i) the Participant or Access Person entering the order as assigned to the Participant or Access Person in accordance with Rule 10.15,</p> <p>(ii) the marketplace on which the order is entered as assigned to the marketplace in accordance with Rule 10.15,</p> <p>(iii) the Participant for or on behalf of whom the order is entered, if the order is a jitney order,</p>



Text of UMIR Marked to Reflect Adoption of the Amendments	Text of UMIR Following Adoption of the Amendments
<p>(iv) the client for or on behalf of whom the order is entered where the order originates from a Dealer Member that provides order execution services and the order requires a client identifier pursuant to Dealer Member Rule 3200;</p> <p>(v) the client for or on behalf of whom the order is entered under direct electronic access, and</p> <p>(vi) the investment dealer or foreign dealer equivalent for or on behalf of whom the order is entered under a routing arrangement; and</p> <p>(iv) the client for or on behalf of whom the order is entered:</p> <ol style="list-style-type: none"> 1. <u>in the form of a Legal Entity Identifier for:</u> <ol style="list-style-type: none"> A. <u>orders entered using direct electronic access</u> B. <u>orders entered using a routing arrangement</u> C. <u>an identified order execution only client that is eligible to receive a Legal Entity Identifier</u> D. <u>orders originated from accounts that are supervised under DMR 2700</u> 2. <u>in the form of an account number for all other client orders not included under UMIR 6.2(1)(a)(iv)(1)</u> <p><u>(v) the client of a foreign dealer equivalent for or on behalf of whom the order is entered under a routing arrangement, where such client order is automatically generated on a predetermined basis by that client, and in the form and manner acceptable to the Market Regulator; and</u></p>	<p>(iv) the client for or on behalf of whom the order is entered:</p> <ol style="list-style-type: none"> 1. in the form of a Legal Entity Identifier for: <ol style="list-style-type: none"> A. orders entered using direct electronic access B. orders entered using a routing arrangement C. an identified order execution only client that is eligible to receive a Legal Entity Identifier D. orders originated from accounts that are supervised under DMR 2700 2. in the form of an account number for all other client orders not included under UMIR 6.2(1)(a)(iv)(1) <p>(v) the client of a foreign dealer equivalent for or on behalf of whom the order is entered under a routing arrangement, where such client order is automatically generated on a predetermined basis by that client, and in the form and manner acceptable to the Market Regulator; and</p>
<p>(b) a designation acceptable to the Market Regulator for the marketplace on which the order is entered, if the order is:</p> <p>...</p> <p>(xv) for the account of a person who is a significant shareholder of the issuer of the security which is the subject of the order, or</p>	<p>(b) a designation acceptable to the Market Regulator for the marketplace on which the order is entered, if the order is:</p> <p>...</p> <p>(xv) for the account of a person who is a significant shareholder of the issuer of the security which is the subject of the order,</p>



Text of UMIR Marked to Reflect Adoption of the Amendments	Text of UMIR Following Adoption of the Amendments
<p><u>(xvi) for the account of a client where the order is sent using direct electronic access,</u> <u>(xvii) for the account of a client where the order is sent under a routing arrangement,</u> <u>(xviii) for the account of an order execution only client,</u> (xvi) (xix) of a type for which the Market Regulator may from time to time require a specific or particular designation, or (xvii) (xx) a bundled order, or <u>(xxi) a multiple client order.</u></p>	<p>(xvi) for the account of a client where the order is sent using direct electronic access, (xvii) for the account of a client where the order is sent under a routing arrangement, (xviii) for the account of an order execution only client, (xix) of a type for which the Market Regulator may from time to time require a specific or particular designation, (xx) a bundled order, or (xxi) a multiple client order.</p>
<p>(c) <u>Where a designation is required under 6.2(1)(b)(xx) or (xxi), the Participant does not need to include an identifier on the order under 6.2(1)(a)(iv).</u></p>	<p>(c) Where a designation is required under 6.2(1)(b)(xx) or (xxi), the Participant does not need to include an identifier on the order under 6.2(1)(a)(iv).</p>
<p>...</p> <p>(6) Unless otherwise permitted or directed by the Market Regulator, a marketplace shall:</p> <p>(a) disclose for display in a consolidated market display any designation attached to an order that is required by sub-clause (i) to (vii.1) inclusive of clause (1)(b), but for a bypass order that is not part of a designated trade, and</p> <p>(b) not disclose for display in a consolidated market display any designation attached to an order that is required by sub-clause (viii) to (xvii) (xxi) inclusive of clause (1)(b).</p>	<p>...</p> <p>(6) Unless otherwise permitted or directed by the Market Regulator, a marketplace shall:</p> <p>(a) disclose for display in a consolidated market display any designation attached to an order that is required by sub-clause (i) to (vii.1) inclusive of clause (1)(b), but for a bypass order that is not part of a designated trade, and</p> <p>(b) not disclose for display in a consolidated market display any designation attached to an order that is required by sub-clause (viii) to (xxi) inclusive of clause (1)(b).</p>
<p>...</p>	<p>...</p>



Appendix C – Text of DMR to Reflect Proposed Amendments Respecting Client Identifiers

Text of DMR Marked to Reflect Adoption of the Amendments	Text of DMR Following Adoption of the Amendments																								
<p>RULE 2800C TRANSACTION REPORTING FOR DEBT SECURITIES ... 1. Definitions For purposes of Rule 2800C, the terms below have the meanings noted. ... 1.5 “Legal Entity Identifier” or “LEI” means a unique identification code assigned to a counterparty in accordance with standards set by the Global Legal Entity Identifier System. <u>If the Global Legal Entity Identifier System is unavailable to a reporting counterparty when a reporting obligation under this Rule arises, a substitute legal identifier must be used as identified by the Corporation.</u> ...</p>	<p>RULE 2800C TRANSACTION REPORTING FOR DEBT SECURITIES ... 1. Definitions For purposes of Rule 2800C, the terms below have the meanings noted. ... 1.5 “Legal Entity Identifier” or “LEI” means a unique identification code assigned to a counterparty in accordance with standards set by the Global Legal Entity Identifier System. ...</p>																								
<p>2.4 Information Required on Transaction Reports ... (c) Each transaction report must contain the following data elements relevant to a bond or Repo transaction as applicable:</p> <table><tr><th>No.</th><th>Data</th><th>Description</th></tr><tr><td>...</td><td>...</td><td>...</td></tr><tr><td>14.</td><td>CUSTOMER LEI</td><td>The LEI <u>assigned to of the Institutional client/cCustomer, where available. Optional field</u></td></tr><tr><td>15.</td><td>CUSTOMER ACCOUNT IDENTIFIER</td><td><u>Identifier assigned by a reporting Dealer Member to uniquely identify the client/customer The account number of the Retail Customer where the counterparty is ‘Client’ and no Customer LEI is available. Optional field</u></td></tr></table> <p>...</p>	No.	Data	Description	14.	CUSTOMER LEI	The LEI <u>assigned to of the Institutional client/cCustomer, where available. Optional field</u>	15.	CUSTOMER ACCOUNT IDENTIFIER	<u>Identifier assigned by a reporting Dealer Member to uniquely identify the client/customer The account number of the Retail Customer where the counterparty is ‘Client’ and no Customer LEI is available. Optional field</u>	<p>2.4 Information Required on Transaction Reports ... (c) Each transaction report must contain the following data elements relevant to a bond or Repo transaction as applicable:</p> <table><tr><th>No.</th><th>Data</th><th>Description</th></tr><tr><td>...</td><td>...</td><td>...</td></tr><tr><td>14.</td><td>CUSTOMER LEI</td><td>The LEI of the Institutional Customer.</td></tr><tr><td>15.</td><td>CUSTOMER ACCOUNT IDENTIFIER</td><td>The account number of the Retail Customer.</td></tr></table> <p>...</p>	No.	Data	Description	14.	CUSTOMER LEI	The LEI of the Institutional Customer.	15.	CUSTOMER ACCOUNT IDENTIFIER	The account number of the Retail Customer.
No.	Data	Description																							
...																							
14.	CUSTOMER LEI	The LEI <u>assigned to of the Institutional client/cCustomer, where available. Optional field</u>																							
15.	CUSTOMER ACCOUNT IDENTIFIER	<u>Identifier assigned by a reporting Dealer Member to uniquely identify the client/customer The account number of the Retail Customer where the counterparty is ‘Client’ and no Customer LEI is available. Optional field</u>																							
No.	Data	Description																							
...																							
14.	CUSTOMER LEI	The LEI of the Institutional Customer.																							
15.	CUSTOMER ACCOUNT IDENTIFIER	The account number of the Retail Customer.																							
<p><u>2.6 LEI renewal</u> <u>The reporting Dealer Member must ensure that the registration status of its LEI has not lapsed.</u></p>	<p>2.6 LEI renewal The reporting Dealer Member must ensure that the registration status of its LEI has not lapsed.</p>																								



Text of DMR Marked to Reflect Adoption of the Amendments	Text of DMR Following Adoption of the Amendments
<p><u>2.7 Allocations</u></p> <p><u>The Dealer Member must report allocations of executions that occur before the transaction reporting deadline in section 2.5 of this Rule.</u></p>	<p>2.7 Allocations</p> <p>The Dealer Member must report allocations of executions that occur before the transaction reporting deadline in section 2.5 of this Rule.</p>



Text of DMR Marked to Reflect Adoption of the Amendments	Text of DMR Following Adoption of the Amendments
<p>RULE 3200 MINIMUM REQUIREMENTS FOR DEALER MEMBERS SEEKING APPROVAL UNDER RULE 1300.1(T) TO OFFER AN ORDER-EXECUTION ONLY SERVICE</p> <p>The following Rule sets forth the documentary, procedural and systems requirements for Dealer Members to receive approval to accept orders from a customer without a suitability determination where no recommendation was provided by the Dealer Member.</p> <p>In this Rule, “order-execution only service” means the acceptance and execution of orders from customers for trades that the Dealer Member has not recommended and for which the Dealer Member takes no responsibility as to the appropriateness or suitability of orders accepted or account positions held.</p> <p>In this Rule “automated order system” has the same meaning as defined in National Instrument 23-103 <i>Electronic Trading and Direct Electronic Access to Marketplaces</i>.</p> <p><u>In this Rule, a “bundled order” means an order that includes a client order as well as a non-client order or principal order, or both.</u></p> <p><u>In this Rule, a “Legal Entity Identifier” means a unique identification code assigned to a counterparty in accordance with standards set by the Global Legal Entity Identifier System.</u></p> <p><u>In this Rule, a “multiple client order” means an order that includes orders from more than one client, but does not include a principal order or a non-client order.</u></p> <p>A. Minimum requirements for Dealer Members offering solely an order-execution only service, either as the Dealer Member’s only business or through a separate business unit of the Dealer Member</p> <p>...</p> <p>4. Supervision</p> <p>...</p> <p>5. Identification of Certain Clients</p>	<p>RULE 3200 MINIMUM REQUIREMENTS FOR DEALER MEMBERS SEEKING APPROVAL UNDER RULE 1300.1(T) TO OFFER AN ORDER-EXECUTION ONLY SERVICE</p> <p>The following Rule sets forth the documentary, procedural and systems requirements for Dealer Members to receive approval to accept orders from a customer without a suitability determination where no recommendation was provided by the Dealer Member.</p> <p>In this Rule, “order-execution only service” means the acceptance and execution of orders from customers for trades that the Dealer Member has not recommended and for which the Dealer Member takes no responsibility as to the appropriateness or suitability of orders accepted or account positions held.</p> <p>In this Rule “automated order system” has the same meaning as defined in National Instrument 23-103 <i>Electronic Trading and Direct Electronic Access to Marketplaces</i>.</p> <p>In this Rule, a “bundled order” means an order that includes a client order as well as a non-client order or principal order, or both.</p> <p>In this Rule, a “Legal Entity Identifier” means a unique identification code assigned to a counterparty in accordance with standards set by the Global Legal Entity Identifier System.</p> <p>In this Rule, a “multiple client order” means an order that includes orders from more than one client, but does not include a principal order or a non-client order.</p> <p>A. Minimum requirements for Dealer Members offering solely an order-execution only service, either as the Dealer Member’s only business or through a separate business unit of the Dealer Member</p> <p>...</p> <p>4. Supervision</p> <p>...</p> <p>5. Identification of Certain Clients</p>



Text of DMR Marked to Reflect Adoption of the Amendments	Text of DMR Following Adoption of the Amendments
<p>(a) The Dealer Member must ensure that a client identifier is assigned to each <u>order-execution only</u> client that trades on a Marketplace for which the Corporation is the regulation services provider:</p> <p>(a) (i) whose trading activity on Marketplaces for which the Corporation is the regulation services provider exceeds a daily average of 500 orders per trading day in any calendar month,</p> <p>(b) (ii) that is not an individual and is registered as a dealer or adviser in accordance with applicable securities legislation, or</p> <p>(c) (iii) that is not an individual and is in the business of trading securities in a foreign jurisdiction in a manner analogous to a dealer or adviser.</p> <p><u>(b) The client identifier required in Rule A.5(a) must be in the form of a Legal Entity Identifier for eligible clients, otherwise an account number.</u></p> <p>(b) (c) If an account number is used as the client identifier under Rule A.5(b), the Dealer Member must provide each client identifier assigned the account number pursuant to Rule A.5(a) and the name of the corresponding client to the Corporation.</p> <p><u>(d) For order-execution only clients that are not defined under Rule A.5(a)(i)-(iii), the Dealer Member must use an account number as the client identifier.</u></p> <p>(c) (e) The Dealer Member must ensure that each order entered on a Marketplace for which the Corporation is the regulation services provider must be assigned pursuant to Rule A.5(a) contain the client identifier assigned to that client contains:</p> <p><u>(i) the client identifier required under Rule A.5(b) where applicable, and</u></p> <p><u>(ii) a designation in the form and manner acceptable to the Corporation</u></p> <p><u>or</u></p> <p><u>(iii) a designation to indicate the order is a bundled order or a multiple client order.</u></p>	<p>(a) The Dealer Member must ensure that a client identifier is assigned to each order-execution only client that trades on a Marketplace for which the Corporation is the regulation services provider:</p> <p>(i) whose trading activity on Marketplaces for which the Corporation is the regulation services provider exceeds a daily average of 500 orders per trading day in any calendar month,</p> <p>(ii) that is not an individual and is registered as a dealer or adviser in accordance with applicable securities legislation, or</p> <p>(iii) that is not an individual and is in the business of trading securities in a foreign jurisdiction in a manner analogous to a dealer or adviser.</p> <p>(b) The client identifier required in Rule A.5(a) must be in the form of a Legal Entity Identifier for eligible clients, otherwise an account number.</p> <p>(c) If an account number is used as the client identifier under Rule A.5(b), the Dealer Member must provide the account number and the name of the corresponding client to the Corporation.</p> <p>(d) For order-execution only clients that are not defined under Rule A.5(a)(i)-(iii), the Dealer Member must use an account number as the client identifier.</p> <p>(e) The Dealer Member must ensure that each order entered on a Marketplace for which the Corporation is the regulation services provider contains:</p> <p>(i) the client identifier required under Rule A.5(b) where applicable, and</p> <p>(ii) a designation in the form and manner acceptable to the Corporation</p> <p>or</p> <p>(iii) a designation to indicate the order is a bundled order or a multiple client order</p>



Text of DMR Marked to Reflect Adoption of the Amendments	Text of DMR Following Adoption of the Amendments
<p>B. Minimum requirements for Dealer Members offering both an advisory and an order-execution only service</p> <p>...</p> <p>5. Supervision</p> <p>...</p> <p>6. Identification of Certain Clients</p> <p>(a) The Dealer Member must ensure that a client identifier is assigned to each order-execution only service client that trades on a Marketplace for which the Corporation is the regulation services provider:</p> <p>(a) (i) whose trading activity on Marketplaces for which the Corporation is the regulation services provider exceeds a daily average of 500 orders per trading day in any calendar month, (b) (ii) that is not an individual and is registered as a dealer or adviser in accordance with applicable securities legislation, or (c) (iii) that is not an individual and is in the business of trading securities in a foreign jurisdiction in a manner analogous to a dealer or adviser.</p> <p><u>(b) The client identifier required in Rule B.6(a) must be in the form of a Legal Entity Identifier for eligible clients, otherwise an account number.</u></p> <p>(b) (c) <u>If an account number is used as the client identifier under Rule B.6(b), the Dealer Member must provide each client identifier assigned the account number pursuant to Rule B.6(a) and the name of the corresponding client to the Corporation.</u></p> <p><u>(d) For order-execution only clients that are not defined under Rule B.6(a)(i)-(iii), the Dealer Member must use an account number as the client identifier.</u></p> <p>(c) (e) <u>The Dealer Member must ensure that each order entered on a Marketplace for which the Corporation is the regulation services provider by or on behalf of a client for whom a client identifier must be assigned pursuant to Rule B.6(a) contain the client identifier assigned to that client, contains:</u></p>	<p>B. Minimum requirements for Dealer Members offering both an advisory and an order-execution only service</p> <p>...</p> <p>5. Supervision</p> <p>...</p> <p>6. Identification of Certain Clients</p> <p>(a) The Dealer Member must ensure that a client identifier is assigned to each order-execution only service client that trades on a Marketplace for which the Corporation is the regulation services provider:</p> <p>(i) whose trading activity on Marketplaces for which the Corporation is the regulation services provider exceeds a daily average of 500 orders per trading day in any calendar month, (ii) that is not an individual and is registered as a dealer or adviser in accordance with applicable securities legislation, or (iii) that is not an individual and is in the business of trading securities in a foreign jurisdiction in a manner analogous to a dealer or adviser.</p> <p>(b) The client identifier required in Rule B.6(a) must be in the form of an Legal Entity Identifier for eligible clients, otherwise an account number.</p> <p>(c) If an account number is used as the client identifier under Rule B.6(b), the Dealer Member must provide the account number and the name of the corresponding client to the Corporation.</p> <p>(d) For order-execution only clients that are not defined under Rule B.6(a)(i)-(iii), the Dealer Member must use an account number as the client identifier.</p> <p>(e) The Dealer Member must ensure that each order entered on a Marketplace for which the Corporation is the regulation services provider contains:</p> <p>(i) the client identifier required under Rule B.6(b), and</p> <p>(ii) a designation in the form and manner acceptable to the Corporation</p> <p>or</p>



Text of DMR Marked to Reflect Adoption of the Amendments	Text of DMR Following Adoption of the Amendments
<p><u>(i) the client identifier required under Rule B.6(b), and</u></p> <p><u>(ii) a designation in the form and manner acceptable to the Corporation</u></p> <p><u>or</u></p> <p><u>(iii) a designation to indicate the order is a bundled order or a multiple client order</u></p>	<p>(iii) a designation to indicate the order is a bundled order or a multiple client order.</p>
<p><u>RULE 3600 Identifying clients of a Non-Executing Dealer Member</u></p> <p><u>(1) Definitions</u> <u>For purpose of Rule 3600, the terms below have the following meaning:</u></p> <p><u>“Bundled order” means an order that includes a client order as well as a non-client order or principal order, or both.</u></p> <p><u>“Legal Entity Identifier” means a unique identification code assigned to a counterparty in accordance with standards set by the Global Legal Entity Identifier System.</u></p> <p><u>“Multiple client order” means an order that includes orders from more than one client, but does not include a principal order or a non-client order.</u></p> <p><u>(2) Where a non-executing Dealer Member sends an order in equity securities to an executing Dealer Member for execution on a Marketplace, the non-executing Dealer Member must include:</u></p> <p><u>(i) an identifier for the client for or on behalf of whom the order is entered, in the form of:</u></p> <p><u>(a) Legal Entity Identifier for an order that originated from an account that is supervised under DMR 2700</u></p> <p><u>(b) an account number for all other client orders not included under 3600(2)(i)(a).</u></p> <p><u>(3) Where a non-executing Dealer Member groups together orders in equity securities from more than</u></p>	<p><u>RULE 3600 Identifying clients of a Non-Executing Dealer Member</u></p> <p>(1) Definitions For purpose of Rule 3600, the terms below have the following meaning:</p> <p>“Bundled order” means an order that includes a client order as well as a non-client order or principal order, or both.</p> <p>“Legal Entity Identifier” means a unique identification code assigned to a counterparty in accordance with standards set by the Global Legal Entity Identifier System.</p> <p>“Multiple client order” means an order that includes orders from more than one client, but does not include a principal order or a non-client order.</p> <p>(2) Where a non-executing Dealer Member sends an order in equity securities to an executing Dealer Member for execution on a Marketplace, the non-executing Dealer Member must include:</p> <p>(i) an identifier for the client for or on behalf of whom the order is entered, in the form of:</p> <p>(a) Legal Entity Identifier for an order that originated from an account that is supervised under DMR 2700</p> <p>(b) an account number for all other client orders not included under 3600(2)(i)(a).</p> <p>(3) Where a non-executing Dealer Member groups together orders in equity securities from more than one client and/or account type for execution on a</p>



Text of DMR Marked to Reflect Adoption of the Amendments	Text of DMR Following Adoption of the Amendments
<u>one client and/or account type for execution on a Marketplace:</u> <u>(i) 3600(2)(i) does not apply, and</u> <u>(ii) the non-executing Dealer Member must provide to the executing Dealer Member that the client order is part of:</u> <u>(a) a bundled order, or</u> <u>(b) a multiple client order.</u>	Marketplace: (i) 3600(2)(i) does not apply, and (ii) the non-executing Dealer Member must provide to the executing Dealer Member that the client order is part of: (a) a bundled order, or (b) a multiple client order.



Appendix D – Text of PLR to Reflect Proposed Amendments Respecting Client Identifiers

Text of PLR Marked to Reflect Adoption of the Amendments		Text of PLR Following Adoption of the Amendments	
1201. Definitions		1201. Definitions	
...		...	
(2) The following terms have the meanings set out when used in the <i>IIROC requirements</i> :		(2) The following terms have the meanings set out when used in the <i>IIROC requirements</i> :	
...		...	
<u>"bundled order"</u>	<u>An order that includes a client order as well as:</u> <u>(i) a non-client order, or</u> <u>(ii) orders in which a related entity of the Dealer Member has a direct or indirect interest other than the commission charged, or</u> <u>(iii) an order for an account</u> <u>(A) for a partner, Director, officer or a person holding a similar position or acting in a similar capacity of the Dealer Member or related entity of the Dealer Member,</u> <u>(B) for an employee of the Dealer Member or of a related entity of the Dealer Member who holds approval from an Exchange or a self-regulatory entity, or</u> <u>(C) which is considered to be an employee account or a non-client account by a self-regulatory entity, but does not include a principal account, or</u> <u>(i), (ii) and (iii).</u>	<u>"bundled order"</u>	An order that includes a client order as well as: (i) a <i>non-client order</i> , or (ii) orders in which a <i>related entity</i> of the <i>Dealer Member</i> has a direct or indirect interest other than the commission charged, or (iii) an order for an account (A) for a partner, <i>Director, officer</i> or a person holding a similar position or acting in a similar capacity of the <i>Dealer Member</i> or related entity of the <i>Dealer Member</i> , (B) for an employee of the <i>Dealer Member</i> or of a related entity of the <i>Dealer Member</i> who holds approval from an Exchange or a self-regulatory entity, or (C) which is considered to be an employee account or a non-client account by a self-regulatory entity, but does not include a principal account, or (i), (ii) and (iii).
...
<u>"Legal Entity Identifier"</u>	<u>A unique identification code assigned to a counterparty in accordance with standards set by the Global Legal Entity Identifier System.</u>	<u>"Legal Entity Identifier"</u>	A unique identification code assigned to a counterparty in accordance with standards set by the Global Legal Entity Identifier System.
...
<u>"multiple client order"</u>	<u>An order that includes orders from more than one client, but does not include:</u>	<u>"multiple client order"</u>	An order that includes orders from more than one client, but does not include:



Text of PLR Marked to Reflect Adoption of the Amendments		Text of PLR Following Adoption of the Amendments	
	<p><u>(a) a non-client order, or</u> <u>(b) an order in which a related entity of the Dealer Member has a direct or indirect interest other than the commission charged, or</u> <u>(c) an order for an account</u> <u>(A) for a partner, Director, officer or a person holding a similar position or acting in a similar capacity of the Dealer Member or related entity of the Dealer Member,</u> <u>(B) for an employee of the Dealer Member or of a related entity of the Dealer Member who holds approval from an Exchange or a self-regulatory entity, or</u> <u>(C) which is considered to be an employee account or a non-client account by a self-regulatory entity, but does not include a principal account.</u></p>		<p>(a) a non-client order, or (b) an order in which a related entity of the Dealer Member has a direct or indirect interest other than the commission charged, or (c) an order for an account (A) for a partner, Director, officer or a person holding a similar position or acting in a similar capacity of the Dealer Member or related entity of the Dealer Member, (B) for an employee of the Dealer Member or of a related entity of the Dealer Member who holds approval from an Exchange or a self-regulatory entity, or (C) which is considered to be an employee account or a non-client account by a self-regulatory entity, but does not include a principal account.</p>
...
<u>"related entity"</u>	<p>In respect of a particular <i>person</i>, means: <u>(a) an affiliated entity of the particular person which carries on business in Canada and is registered as a dealer or adviser in accordance with applicable securities laws; and</u> <u>(b) a person who has been designated by IIROC under UMIR 10.4(3) as a person who acts in conjunction with the particular person.</u></p>	<u>"related entity"</u>	<p>In respect of a particular <i>person</i>, means: (a) an affiliated entity of the particular <i>person</i> which carries on business in Canada and is registered as a dealer or adviser in accordance with applicable securities laws; and (b) a <i>person</i> who has been designated by IIROC under UMIR 10.4(3) as a <i>person</i> who acts in conjunction with the particular <i>person</i>.</p>
...
<u>3206. Identifying clients of a Non-Executing Dealer Member</u>		3206. Identifying clients of a Non-Executing Dealer Member	



Text of PLR Marked to Reflect Adoption of the Amendments	Text of PLR Following Adoption of the Amendments
<p><u>(1) Where a non-executing Dealer Member sends an order in equity securities to an executing Dealer Member for execution on a Marketplace, the non-executing Dealer Member must include:</u></p> <p><u>(i) an identifier for the client for or on behalf of whom the order is entered, in the form of:</u></p> <p><u>(a) a Legal Entity Identifier for an order that originated from an account supervised under 3960-3961</u></p> <p><u>(b) an account number for all other client orders not included under 3206(1)(i)(a).</u></p> <p><u>(2) Where a non-executing Dealer Member groups together orders from more than one client and/or account type for execution on a Marketplace:</u></p> <p><u>(i) 3206(1) does not apply, and</u></p> <p><u>(ii) the non-executing Dealer Member must provide to the executing Dealer Member that the client order is part of:</u></p> <p><u>(a) a bundled order, or</u></p> <p><u>(b) a multiple client order.</u></p>	<p>(1) Where a non-executing <i>Dealer Member</i> sends an order in equity securities to an executing <i>Dealer Member</i> for execution on a <i>Marketplace</i>, the non-executing <i>Dealer Member</i> must include:</p> <p>(i) an identifier for the client for or on behalf of whom the order is entered, in the form of:</p> <p>(a) a <i>Legal Entity Identifier</i> for an order that originated from an account supervised under 3960-3961</p> <p>(b) an account number for all other client orders not included under 3206(1)(i)(a).</p> <p>(2) Where a non-executing <i>Dealer Member</i> groups together orders from more than one client and/or account type for execution on a <i>Marketplace</i>:</p> <p>(i) 3206(1) does not apply, and</p> <p>(ii) the non-executing <i>Dealer Member</i> must provide to the executing <i>Dealer Member</i> that the client order is part of:</p> <p>(a) a <i>bundled order</i>, or</p> <p>(b) a <i>multiple client order</i>.</p>
...	...
<p>3241. Order execution only account services</p> <p>...</p> <p>(4) The <i>Dealer Member</i> must ensure that a client identifier is assigned to each client that trades on a <i>Marketplace</i> for which <i>IIROC</i> is the regulation services provider:</p> <p>(i) whose trading activity on <i>Marketplaces</i> for which <i>IIROC</i> is the regulation services provider exceeds a daily average of 500 orders per trading day in any calendar month,</p> <p>(ii) that is not an <i>individual</i> and is registered as a dealer or adviser in accordance with <i>securities laws</i>, or</p> <p>(iii) that is not an <i>individual</i> and is in the business of trading securities in a foreign jurisdiction in a manner analogous to a dealer or adviser.</p> <p><u>(5) The client identifier required in 3241(4) must be in the form of a Legal Entity Identifier for eligible clients, otherwise an account number.</u></p> <p><u>(5) (6) If an account number is used as the client identifier under 3241(5), the Dealer Member must</u></p>	<p>3241. Order execution only account services</p> <p>...</p> <p>(4) The <i>Dealer Member</i> must ensure that a client identifier is assigned to each client that trades on a <i>Marketplace</i> for which <i>IIROC</i> is the regulation services provider:</p> <p>(i) whose trading activity on <i>Marketplaces</i> for which <i>IIROC</i> is the regulation services provider exceeds a daily average of 500 orders per trading day in any calendar month,</p> <p>(ii) that is not an <i>individual</i> and is registered as a dealer or adviser in accordance with <i>securities laws</i>, or</p> <p>(iii) that is not an <i>individual</i> and is in the business of trading securities in a foreign jurisdiction in a manner analogous to a dealer or adviser.</p> <p>(5) The client identifier required in 3241(4) must be in the form of a <i>Legal Entity Identifier</i> for eligible clients, otherwise an account number.</p> <p>(6) If an account number is used as the client identifier under 3241(5), the <i>Dealer Member</i> must provide the</p>



Text of PLR Marked to Reflect Adoption of the Amendments	Text of PLR Following Adoption of the Amendments
<p>provide each client identifier assigned pursuant to subsection 3241(4) <u>the account number</u> and the name of the corresponding client to <i>IIROC</i>.</p> <p>(7) For clients using an order execution only account that are not defined under 3241(4), the Dealer Member must use an account number as the client identifier.</p> <p>(6)-(8) The <i>Dealer Member</i> must ensure that each order in equity securities entered on a <i>Marketplace</i> for which <i>IIROC</i> is the regulation services provider by or on behalf of a client for whom a client identifier must be assigned pursuant to subsection 3241(4) contains:</p> <p style="padding-left: 40px;"> (i) the client identifier assigned to that client required under 3241(5), and (ii) a designation in the form and manner acceptable to IIROC or (iii) a designation to indicate the order is a bundled order or a multiple client order. </p>	<p>account number and the name of the corresponding client to <i>IIROC</i>.</p> <p>(7) For clients using an <i>order execution only account</i> that are not defined under 3241(4), the <i>Dealer Member</i> must use an account number as the client identifier.</p> <p>(8) The <i>Dealer Member</i> must ensure that each order in equity securities entered on a <i>Marketplace</i> for which <i>IIROC</i> is the regulation services provider contains:</p> <p style="padding-left: 40px;"> (i) the client identifier required under 3241(5), and (ii) a designation in the form and manner acceptable to <i>IIROC</i> or (iii) a designation to indicate the order is a <i>bundled order</i> or a <i>multiple client order</i>. </p>
...	...
<p>RULE 7200 TRANSACTION REPORTING FOR DEBT SECURITIES</p> <p>...</p> <p>7202. Definitions</p> <p>(1) The following items have the meaning set out below when used in Rule 7200:</p> <p>...</p> <p>(iii) “file receipt” means an electronic acknowledgement that confirms the transaction reporting data file has been successfully transmitted.</p> <p>(iv) “Global Legal Entity Identifier System” means the system for unique identification of parties to financial transactions developed by the Legal Entity Identifier System Regulatory Oversight Committee.</p> <p>(v)-(iv) (v) “Government Securities Distributor” means an entity that has been given notice of its status as such by the Bank of Canada and has access to bid at Government of Canada auctions.</p> <p>(vi)-(v) (v) “ISIN” means International Securities Identification Number.</p>	<p>RULE 7200 TRANSACTION REPORTING FOR DEBT SECURITIES</p> <p>...</p> <p>7202. Definitions</p> <p>(1) The following items have the meaning set out below when used in Rule 7200:</p> <p>...</p> <p>(iii) “file receipt” means an electronic acknowledgement that confirms the transaction reporting data file has been successfully transmitted.</p> <p>(iv) “Government Securities Distributor” means an entity that has been given notice of its status as such by the Bank of Canada and has access to bid at Government of Canada auctions.</p> <p>(v) “ISIN” means International Securities Identification Number.</p> <p>(vi) “MTRS 2.0” means the Market Trade Reporting System operated by <i>IIROC</i> for reporting <i>debt securities</i> transactions.</p> <p>(vii) “MTRS 2.0 Enrollment Form” means the form filed by a <i>Dealer Member</i> with <i>IIROC</i> to supply</p>



Text of PLR Marked to Reflect Adoption of the Amendments	Text of PLR Following Adoption of the Amendments
<p>(vii) “Legal Entity Identifier” or “LEI” means a unique identification code assigned to a counterparty in accordance with standards set by the Global Legal Entity Identifier System. If the Global Legal Entity Identifier System is unavailable to a reporting counterparty when a reporting obligation under Rule 7200 arises, a substitute legal identifier must be used as identified by IIROC.</p> <p>(viii) “Legal Entity Identifier System Regulatory Oversight Committee” means the international working group established by the Finance Ministers and the Central Bank Governors of the Group of Twenty nations and the Financial Stability Board, under the Charter of the Regulatory Oversight Committee for the Global Legal Entity Identifier System dated November 5, 2012.</p> <p>(ix) (vi) “MTRS 2.0” means the Market Trade Reporting System operated by IIROC for reporting <i>debt securities</i> transactions.</p> <p>(x) (vii) “MTRS 2.0 Enrollment Form” means the form filed by a <i>Dealer Member</i> with IIROC to supply contact and other information that may be needed by IIROC in connection with the <i>Dealer Member’s</i> reporting of <i>debt securities</i> transactions. An MTRS 2.0 Enrollment Form must also be filed by any party seeking to act as an <i>authorized agent</i> for a <i>Dealer Member</i> in reporting transaction data to <i>MTRS 2.0</i>.</p> <p>(xi) (viii) “riskless principal trade” means a trade in a <i>debt security</i> that involves two offsetting orders (buy and sell) that are filled through transactions executed against a <i>Dealer Member’s</i> trading or other proprietary account, with the execution of one of the orders dependent upon the receipt or execution of the other. A riskless principal trade results in two offsetting principal transactions on the <i>Dealer Member’s</i> books, rather than one agency transaction. A <i>Dealer Member</i> typically performs a riskless principal trade to fill a client order with an offsetting transaction in the market or with another client.</p> <p>(xii) (ix) “special condition indicator” means a code used on a transaction report to indicate that the transaction has certain attributes. Among other uses, the special condition indicator helps to identify transactions that may be priced differently than other transactions in the same issue (for</p>	<p>contact and other information that may be needed by IIROC in connection with the <i>Dealer Member’s</i> reporting of <i>debt securities</i> transactions. An MTRS 2.0 Enrollment Form must also be filed by any party seeking to act as an <i>authorized agent</i> for a <i>Dealer Member</i> in reporting transaction data to <i>MTRS 2.0</i>.</p> <p>(viii) “riskless principal trade” means a trade in a <i>debt security</i> that involves two offsetting orders (buy and sell) that are filled through transactions executed against a <i>Dealer Member’s</i> trading or other proprietary account, with the execution of one of the orders dependent upon the receipt or execution of the other. A riskless principal trade results in two offsetting principal transactions on the <i>Dealer Member’s</i> books, rather than one agency transaction. A <i>Dealer Member</i> typically performs a riskless principal trade to fill a client order with an offsetting transaction in the market or with another client.</p> <p>(ix) “special condition indicator” means a code used on a transaction report to indicate that the transaction has certain attributes. Among other uses, the special condition indicator helps to identify transactions that may be priced differently than other transactions in the same issue (for instance, a primary market transaction subject to a fixed price offering agreement). Special condition indicators are also used to identify <i>repurchase agreement</i> transactions, transactions that involve parties related to the <i>Dealer Member</i> executing the transaction, and certain other conditions that may apply to a transaction and that are relevant to the regulatory and market surveillance purposes of Rule 7200.</p>



Text of PLR Marked to Reflect Adoption of the Amendments	Text of PLR Following Adoption of the Amendments																														
instance, a primary market transaction subject to a fixed price offering agreement). Special condition indicators are also used to identify <i>repurchase agreement</i> transactions, transactions that involve parties related to the <i>Dealer Member</i> executing the transaction, and certain other conditions that may apply to a transaction and that are relevant to the regulatory and market surveillance purposes of Rule 7200.																															
...	...																														
7203. Reporting requirements ... (6) Transaction reports made under subsection 7203(1) must accurately and completely reflect the reported transaction and must contain the following data elements relevant to a bond or <i>repurchase agreement</i> transaction, as applicable:	7203. Reporting requirements ... (6) Transaction reports made under subsection 7203(1) must accurately and completely reflect the reported transaction and must contain the following data elements relevant to a bond or <i>repurchase agreement</i> transaction, as applicable:																														
<table><tr><th>No.</th><th>Data</th><th>Description</th></tr><tr><td>...</td><td>...</td><td>...</td></tr><tr><td>14.</td><td>CLIENT LEI</td><td>The LEI assigned to Legal Entity Identifier of the institutional client, where available. Optional field</td></tr><tr><td>15.</td><td>CLIENT ACCOUNT IDENTIFIER</td><td>Identifier assigned by a reporting Dealer Member to uniquely identify the client where the counterparty is ‘client’ and no client LEI is available. Optional field The account number of the retail client.</td></tr><tr><td>...</td><td>...</td><td>...</td></tr></table>	No.	Data	Description	14.	CLIENT LEI	The LEI assigned to Legal Entity Identifier of the institutional client, where available. Optional field	15.	CLIENT ACCOUNT IDENTIFIER	Identifier assigned by a reporting Dealer Member to uniquely identify the client where the counterparty is ‘client’ and no client LEI is available. Optional field The account number of the retail client.	<table><tr><th>No.</th><th>Data</th><th>Description</th></tr><tr><td>...</td><td>...</td><td>...</td></tr><tr><td>14.</td><td>CLIENT LEI</td><td>The <i>Legal Entity Identifier</i> of the <i>institutional client</i>.</td></tr><tr><td>15.</td><td>CLIENT ACCOUNT IDENTIFIER</td><td>The account number of the <i>retail client</i>.</td></tr><tr><td>...</td><td>...</td><td>...</td></tr></table>	No.	Data	Description	14.	CLIENT LEI	The <i>Legal Entity Identifier</i> of the <i>institutional client</i> .	15.	CLIENT ACCOUNT IDENTIFIER	The account number of the <i>retail client</i>
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(7) The reporting Dealer Member must ensure that the registration status of its Legal Entity Identifier has not lapsed.	(7) The reporting Dealer Member must ensure that the registration status of its Legal Entity Identifier has not lapsed.																														
(8) The Dealer Member must report allocations of executions that occur before the transaction reporting deadline in 7204.	(8) The Dealer Member must report allocations of executions that occur before the transaction reporting deadline in 7204.																														



Appendix E – Text of UMIR to Reflect Proposed Amendments Respecting Client Identifiers after the adoption of PLR

Text of UMIR Marked to Reflect Adoption of the Amendments	Text of UMIR Following Adoption of the Amendments
<p>1.1 Definitions</p> <p>...</p> <p><u>“identified order execution only client” means a client using an order execution only service:</u></p> <p><u>(a) whose trading activity on marketplaces for which the Market Regulator is the regulation services provider exceeds a daily average of 500 orders per trading day in any calendar month,</u></p> <p><u>(b) that is not an individual and is registered as a dealer or adviser in accordance with applicable securities legislation, or</u></p> <p><u>(c) that is not an individual and is in the business of trading securities in a foreign jurisdiction in a manner analogous to a dealer or adviser.</u></p> <p>...</p>	<p>1.1 Definitions</p> <p>...</p> <p>“identified order execution only client” means a client using an order execution only service:</p> <p>(a) whose trading activity on marketplaces for which the Market Regulator is the regulation services provider exceeds a daily average of 500 orders per trading day in any calendar month,</p> <p>(b) that is not an individual and is registered as a dealer or adviser in accordance with applicable securities legislation, or</p> <p>(c) that is not an individual and is in the business of trading securities in a foreign jurisdiction in a manner analogous to a dealer or adviser.</p> <p>...</p>
<p>...</p> <p><u>“Legal Entity Identifier” means a unique identification code assigned to a counterparty in accordance with standards set by the Global Legal Entity Identifier System.</u></p> <p>...</p>	<p>...</p> <p>“Legal Entity Identifier” means a unique identification code assigned to a counterparty in accordance with standards set by the Global Legal Entity Identifier System.</p> <p>...</p>
<p>...</p> <p><u>“multiple client order” means an order that includes orders from more than one client, but does not include a principal order or a non-client order.</u></p> <p>...</p>	<p>...</p> <p>“multiple client order” means an order that includes orders from more than one client, but does not include a principal order or a non-client order.</p> <p>...</p>
<p>...</p>	<p>...</p>
<p>6.2 Designations and Identifiers</p> <p>(1) Each order entered on a marketplace shall contain:</p> <p>(a) the identifier of:</p> <p>(i) the Participant or Access Person entering the order as assigned to the Participant or Access Person in accordance with Rule 10.15,</p> <p>(ii) the marketplace on which the order is entered as assigned to the marketplace in accordance with Rule 10.15,</p>	<p>6.2 Designations and Identifiers</p> <p>(1) Each order entered on a marketplace shall contain:</p> <p>(a) the identifier of:</p> <p>(i) the Participant or Access Person entering the order as assigned to the Participant or Access Person in accordance with Rule 10.15,</p> <p>(ii) the marketplace on which the order is entered as assigned to the marketplace in accordance with Rule 10.15,</p>



Text of UMIR Marked to Reflect Adoption of the Amendments	Text of UMIR Following Adoption of the Amendments
<p>(iii) the Participant for or on behalf of whom the order is entered, if the order is a jitney order,</p> <p>(iv) the client for or on behalf of whom the order is entered where the order originates from a Dealer Member that provides order execution services and the order requires a client identifier pursuant to Dealer Member Rule 3200;</p> <p>(v) the client for or on behalf of whom the order is entered under direct electronic access, and</p> <p>(vi) the investment dealer or foreign dealer equivalent for or on behalf of whom the order is entered under a routing arrangement; and</p> <p>(iv) the client for or on behalf of whom the order is entered:</p> <ol style="list-style-type: none"> 1. in the form of a Legal Entity Identifier for: <ol style="list-style-type: none"> A. orders entered using direct electronic access B. orders entered using a routing arrangement C. an identified order execution only client that is eligible to receive a Legal Entity Identifier D. orders originated from accounts supervised under IIROC Rule 3960-3961 2. in the form of an account number for all other client orders not included under UMIR 6.2(1)(a)(iv)(1) <p>(v) the client of a foreign dealer equivalent for or on behalf of whom the order is entered under a routing arrangement, where such client order is automatically generated on a predetermined basis by that client, and in the form and manner acceptable to the Market Regulator; and</p>	<p>(iii) the Participant for or on behalf of whom the order is entered, if the order is a jitney order,</p> <p>(iv) the client for or on behalf of whom the order is entered:</p> <ol style="list-style-type: none"> 1. in the form of a Legal Entity Identifier for: <ol style="list-style-type: none"> A. orders entered using direct electronic access B. orders entered using a routing arrangement C. an identified order execution only client that is eligible to receive a Legal Entity Identifier D. orders originated from accounts supervised under IIROC Rule 3960-3961 2. in the form of an account number for all other client orders not included under UMIR 6.2(1)(a)(iv)(1) <p>(v) the client of a foreign dealer equivalent for or on behalf of whom the order is entered under a routing arrangement, where such client order is automatically generated on a predetermined basis by that client, and in the form and manner acceptable to the Market Regulator; and</p>



Text of UMIR Marked to Reflect Adoption of the Amendments	Text of UMIR Following Adoption of the Amendments
<p>(b) a designation acceptable to the Market Regulator for the marketplace on which the order is entered, if the order is:</p> <p>...</p> <p>(xv) for the account of a person who is a significant shareholder of the issuer of the security which is the subject of the order, or <u>(xvi) for the account of a client where the order is sent using direct electronic access, (xvii) for the account of a client where the order is sent under a routing arrangement, (xviii) for the account of an identified order execution only client, (xvi) (xix) of a type for which the Market Regulator may from time to time require a specific or particular designation, or (xviii) (xx) a bundled order, or (xxi) a multiple client order.</u></p>	<p>(b) a designation acceptable to the Market Regulator for the marketplace on which the order is entered, if the order is:</p> <p>...</p> <p>(xv) for the account of a person who is a significant shareholder of the issuer of the security which is the subject of the order, (xvi) for the account of a client where the order is sent using direct electronic access, (xvii) for the account of a client where the order is sent under a routing arrangement, (xviii) for the account of an identified order execution only client, (xix) of a type for which the Market Regulator may from time to time require a specific or particular designation, (xx) a bundled order, or (xxi) a multiple client order.</p>
<p>(c) <u>Where a designation is required under 6.2(1)(b)(xx) or (xxi), the Participant does not need to provide an identifier on the order under 6.2(1)(a)(iv).</u></p>	<p>(c) Where a designation is required under 6.2(1)(b)(xx) or (xxi), the Participant does not need to provide an identifier on the order under 6.2(1)(a)(iv).</p>
<p>...</p> <p>(6) Unless otherwise permitted or directed by the Market Regulator, a marketplace shall:</p> <p>(a) disclose for display in a consolidated market display any designation attached to an order that is required by sub-clause (i) to (vii.1) inclusive of clause (1)(b), but for a bypass order that is not part of a designated trade, and</p> <p>(b) not disclose for display in a consolidated market display any designation attached to an order that is required by sub-clause (viii) to (xviii) (xxi) inclusive of clause (1)(b).</p>	<p>...</p> <p>(6) Unless otherwise permitted or directed by the Market Regulator, a marketplace shall:</p> <p>(a) disclose for display in a consolidated market display any designation attached to an order that is required by sub-clause (i) to (vii.1) inclusive of clause (1)(b), but for a bypass order that is not part of a designated trade, and</p> <p>(b) not disclose for display in a consolidated market display any designation attached to an order that is required by sub-clause (viii) to (xxi) inclusive of clause (1)(b).</p>
...	...



**Appendix F - Comments Received in Response to IIROC Notice 17-0109 –
Rules Notice - Request For Comments – UMIR – *Publication of Proposed Provisions Respecting Client Identifiers***

On May 17, 2017, IIROC issued Notice [17-0109](#) requesting comments on Proposed Provisions Respecting Client Identifiers (**Initial Proposal**). IIROC received comments on the Initial Proposal from:

BlackRock Asset Management Canada Limited (**BlackRock**)

GMP Securities LP (**GMP Securities**)

Investment Industry Association of Canada (**IIAC**)

Leede Jones Gable Inc. (**Leede Jones Gable**)

National Bank Financial Inc. – Capital Markets (**NBF CM**)

National Bank Financial Inc. – National Bank Independent Network, National Bank Direct Brokerage, National Bank Financial Wealth Management (**National**)

RBC Capital Markets (**RBC**)

Scotiabank (**Scotiabank**)

Copies of these comments are publicly available on IIROC's website (www.iiroc.ca). The following table summarizes these comments and our responses:

Summary of Comments	IIROC Response and Additional IIROC Commentary
Supports Initiative and/or proposal	
Four commenters generally supported this proposal and/or the initiative to use LEIs for certain clients. (BlackRock, RBC, IIAC, Leede Jones Gable)	We acknowledge the comment.



Summary of Comments	IIROC Response and Additional IIROC Commentary
Opposes proposal	
<p>Two commenters opposed the proposal due to possible unintended consequences, risks and costs. (Scotiabank, NBF CM)</p> <p>Scotiabank is of the view that that the dangers of the proposal outweigh its potential benefits. It believes that current mechanisms are sufficient and reasonable to detect potential market integrity violations and manipulative trading, such as:</p> <ul style="list-style-type: none"> • Participant's gatekeeper responsibilities • direct monitoring by IIROC • Direct Electronic Access (DEA) UserIDs. 	<p>We acknowledge the comments. We have made changes to reduce the scope of the proposal, particularly the use of LEIs. We are of the view that this will help to reduce the risks and costs of the proposal.</p> <p>IIROC, the Canadian Securities Administrators (CSA) and the Bank of Canada (BofC) have recognized the need for client identifiers to supplement the current mechanism. The requirement for client identifiers is also in line with other jurisdictions outside of Canada including the United States (US) and the European Union (EU).</p>
Supports IIROC's consultative approach to proposal	
<p>Three commenters supported IIROC's consultative approach on this proposal. (RBC, Scotiabank, National)</p>	<p>We acknowledge the comment.</p>
Who is required to get an LEI	
<p>Four commenters recommended only institutional clients be required to obtain LEIs, as many already have LEIs and use them for regulatory reporting. As well these commenters recommended eligible retail clients not be required to obtain LEIs because:</p> <ul style="list-style-type: none"> • most retail clients currently do not have, and would not want to get, LEIs • determining LEI eligibility for certain retail clients would be challenging for the Dealer Member, especially for retail clients acting in a business capacity • the cost of obtaining and renewing LEIs would be an issue for retail clients. <p>(IIAC, GMP Securities, NBF CM, National)</p>	<p>We have revised the proposal to reduce the scope of clients that would need to use an LEI:</p> <ol style="list-style-type: none"> 1) Debt securities <ul style="list-style-type: none"> • Institutional clients would report an LEI. • Retail clients would report an account number. 2) Equity securities <ul style="list-style-type: none"> • The following clients would use an LEI: <ul style="list-style-type: none"> ○ Clients supervised under DMR 2700. ○ DEA and RA clients.



Summary of Comments	IIROC Response and Additional IIROC Commentary
<p>Leede Jones Gable recommended that retail clients that do not use an order execution only service should not be required to provide LEIs or account numbers, as the benefit of this requirement is not evident.</p> <p>NBF CM agreed that the proposed requirement for "all eligible clients" to obtain LEIs is too broad, but believes mandating LEIs only for institutional clients would result in an incomplete picture and not add much more to what IIROC currently has, since:</p> <ul style="list-style-type: none"> nearly half of the volume from institutional desks would be unattributed, as that is handled and routed in a bundled format with no client attached until the end-of-day allocation phase DEA and market making flow are already tagged with Stamp IDs. 	<ul style="list-style-type: none"> Certain order-execution only clients as currently defined under DMR 3200(A)(5) and DMR 3200(B)(6) (identified order execution only clients).⁶⁴ <ul style="list-style-type: none"> All other clients trading in equity securities would report an account number. <p>These changes are intended to lessen the impacts on Dealer Members in the following ways:</p> <ul style="list-style-type: none"> Determining LEI eligibility: Dealer Members would only need to focus on the type of platform, business line or operating unit, where clients are being supervised as institutional clients, rather than on the eligibility of each client. These platforms, business lines or operating units can only carry institutional clients, which are eligible to receive LEIs. LEI application: Many institutional clients may already have an LEI for trading other assets (e.g. OTC derivatives) and/or in other jurisdictions (e.g. EU). Cost: LEI application fees may be considered nominal for most institutional clients. <p>While we acknowledge that the revised proposal would provide less regulatory transparency than the original proposal, we still believe that the revised proposal would add significant regulatory benefit, particularly in terms of enhanced real-time surveillance capacity and client activity that takes place through multiple Participants. A full list of benefits is found in section 7.1 of the Notice.</p>
<p>Some members of the IIAC recommended using a threshold approach (based on trade frequency and/or volume) to determine LEI requirement, while other members of the IIAC opposed such an approach as it would be too difficult for Dealer Members to implement.</p>	<p>We agree that a threshold approach would be challenging for Dealer Members to implement and for IIROC to monitor.</p>

⁶⁴ Certain order-execution only clients that meet the following criteria must currently provide a client identifier ([DMR 3200\(A\)\(5\)](#) and [DMR 3200\(B\)\(6\)](#)):

- (a) whose trading activity on Marketplaces for which IIROC is the regulation services provider exceeds a daily average of 500 orders per trading day in any calendar month,
- (b) that is not an individual and is registered as a dealer or adviser in accordance with applicable securities legislation, or
- (c) that is not an individual and is in the business of trading securities in a foreign jurisdiction in a manner analogous to a dealer or adviser.



Summary of Comments	IIROC Response and Additional IIROC Commentary
Benefit of using account numbers for clients not required to obtain an LEI	
<p>Four commenters questioned the benefit of providing account numbers. They believe the costs may outweigh the benefits due to the lack of cross-dealer visibility. For accounts with more than one holder, some commenters were of the view that there would be no way to guarantee how the identity of those account numbers would be determined on the order. (IIAC, GMP Securities, Leede Jones Gable, National)</p>	<p>Use of account numbers would benefit IIROC and the CSA in terms of:</p> <ul style="list-style-type: none"> • Reducing the time and effort in matching orders received on the FIX MRF (especially unfilled orders) to individual clients using trade tickets, blotters, electronic audit trail or other reports from Dealer Members. The availability of account numbers on orders would allow us to match orders to a client by linking the account number to the client. Currently we trace individual orders to specific clients by using a combination of broker, time, buy or sell side, price, volume, and/or other criteria. • Improving the outlook on market manipulation by a single account and the overall insight into an account's trading behavior, thus reducing ad-hoc requests to Dealers. For example, a suspicious trade prior to a news event may not appear suspicious when considering trade history by same account. • Improving the granularity and accuracy of analyses in large scale studies by Analytics or investigations by Enforcement.
Handling accounts without client identifiers	
<p>IIAC asked for clarification on how Dealer Members should handle accounts that have not obtained the required LEI and whether they would still be allowed to enter orders on a marketplace. Examples of such situations include:</p> <ul style="list-style-type: none"> • clients that disagree with a dealer's assessment of the need to obtain LEIs, or refuse to obtain an LEI • dealers that need to make liquidating sales to reduce a client's position for accounts with a missing or lapsed LEI. 	<p><u>Equity securities</u></p> <p>We have revised the proposal to clarify that for clients that are required to use an LEI but have not yet obtained one, Dealer Members can trade for them using an account number in the interim. However, Dealer Members must take reasonable steps to ensure the client obtains an LEI, which may include applying for an LEI on the client's behalf.</p> <p>Questions around LEI eligibility should be directed to the Local Operating Unit of GLEIF.⁶⁵</p> <p>If a client already has an LEI, Dealer Members are not required to ensure that a client's LEI has not lapsed at the time of each order entry or amendment, as long as the Dealer Member has confirmed that the LEI belongs to the client concerned.</p>

⁶⁵ GLEIF provides a [list](#) of Local Operating Units that are accredited and qualified to validate LEI registrations within Canada.



Summary of Comments	IIROC Response and Additional IIROC Commentary
	<p>Where no LEI or account number has been included on the order <u>and</u> the order has been executed on the marketplace, the Dealer Member must send the client identifier as a correction through the IIROC Regulatory Marker Correction System (RMCS).</p> <p><u>Debt securities</u></p> <p>Transaction reporting is done on a post-trade basis, so the lack of a client identifier would not prevent the execution of a trade. However, Dealer Members should take reasonable steps to ensure that a client identifier is included on the report submitted to IIROC. Dealer Members must correct missing or erroneous client identifiers using MTRS 2.0.</p>
LEI renewals	
<p>Due to the large number of impacted clients, IIAC recommended that the responsibility for ensuring LEI renewals should be shared with the client, regulators, and Local Operation Units of the LEI system.</p>	<p>The Proposed Amendments would not require Dealer Members to ensure that client LEIs are being renewed on an annual basis. One of the fundamental principles of the LEI code is its uniqueness: once it is assigned to a legal entity, it can never be re-assigned to another entity.⁶⁶ Since our main purpose in requiring LEIs is to identify the client, we are focusing on whether LEIs are obtained and attached on the order, rather than whether its registration status has lapsed. However, we may require LEIs to be kept current at a later date, as a lapsed LEI may contain inaccurate or missing Level 2 information⁶⁷, which could be useful for IIROC staff when conducting reviews or investigations.</p>

- ⁶⁶ The [LEI Regulatory Oversight Committee](#) provides the two fundamental principles of the LEI code as follows:
- *Uniqueness: an LEI is assigned to a unique entity. Once assigned to an entity, and even if this entity has for instance ceased to exist, a code should never be assigned to another entity.*
 - *Exclusivity: a legal entity that has obtained an LEI cannot obtain another one. Entities may port the maintenance of their LEI from one operator to another. The LEI remains unchanged in the process.*
- ⁶⁷ Level 2 data refers to the relationship records which indicate the direct and ultimate parents of a legal entity. (See GLEIF on [Level 2 Data: Relationship Record \(RR\) CDF Format](#)).



Summary of Comments	IIROC Response and Additional IIROC Commentary
	While LEI renewal is not required for clients, reporting Dealer Members for debt transaction under DMR 2800C would need to annually renew their LEIs to ensure their registration status does not lapse.
How to handle bulk trades	
<p>Some commenters indicated that client identifiers would not be available in real-time for bulk trades. (GMP Securities, RBC, IIAC)</p> <p>IIAC suggested the use of a bulk account as the client identifier in real-time reporting. RBC recommended using an LEI for a "combined order state" for orders grouped together.</p>	<p><u>Equity securities:</u></p> <p>We have revised the proposal to not require client identifiers for orders that are bundled or grouped together for more than one account type and/or client. Rather than attaching a client identifier to bulk orders, Dealer Members would use one of the following markers:</p> <ul style="list-style-type: none"> • Bundled orders containing a combination of inventory, non-client and/or client account types must be marked with the bundled order (BU) designation. • Orders containing only client orders but have more than one client must be marked with the Multiple Client (MC) designation. <p>According to the LEI Regulatory Oversight Committee, only legal entities are eligible for LEI and each legal entity may only have one LEI.⁶⁸ We would not be able to introduce separate LEIs for bulk orders.</p>
<p>BlackRock asked for the ability to report allocations for bulk trades on a post-trade basis.</p> <p>National indicated that requiring the reporting of post-trade allocations would greatly add to the cost and complexity of the proposal. Two commenters questioned the need to report beneficiary client allocations when the investment decision was made by an investment advisor or portfolio manager. (National and IIAC)</p>	<p><u>Equity securities:</u></p> <p>We would not require Dealer Members to report allocations for bundled or multiple client orders on a real-time or post-trade basis.</p> <p>We would monitor the use of the BU and MC markers after implementation. If we find that the use of either marker impacts our ability to effectively supervise trading, we would revisit the requirement to provide post-trade allocations.</p> <p><u>Debt securities:</u></p>

⁶⁸ See Note 66 on the fundamental principles of the LEI code.



Summary of Comments	IIROC Response and Additional IIROC Commentary
	<p>Dealer Members are currently not required to report client allocations that occur after the trade reporting deadline.⁶⁹ This would not change under the Proposed Amendments.</p>
<p>NBF CM questioned the benefit of the proposal if post-trade allocation reporting would not be required, as that would result in an incomplete picture and not add more than what is currently available with DEA identifiers.</p>	<p><u>Equity securities:</u></p> <p>We acknowledge that the use of BU and MC markers for bulk orders may limit the usefulness of data that we receive in real-time. While we would not require post-trade allocation reporting for bulk orders at this time, Dealer Members must keep allocation records as part of audit trail and record keeping requirements for seven years.⁷⁰ If we find that the real-time data lacks the full regulatory value after implementation, we may consider whether other solutions, including post-trade allocation reporting, would be necessary.</p>
Regulatory arbitrage between Canadian and non-Canadian dealers	
<p>Scotiabank expressed concern that the proposal results in regulatory arbitrage between Canadian and non-Canadian dealers.</p>	<p>A foreign dealer would not be able to bypass a Participant to reach a marketplace in Canada. Clients routing through a foreign dealer must still send the order to a Dealer Member as the executing Participant. Participants providing routing arrangements must comply with UMIR 7.13.</p>
<p>Scotiabank believes the proposal creates an incentive for clients to trade through a foreign dealer rather than directly with a Canadian dealer in order to anonymize their trading. Scotiabank believes there is a risk of disadvantaging Canadian asset managers, who provide the information, against global counterparts who do not. This disparity in treatment could discourage clients from participating in Canadian markets for fear of their information being captured and used maliciously in the future.</p>	<p>We would consider Dealer Members that intentionally route client orders through a foreign dealer equivalent before reaching a Canadian marketplace for the purpose of withholding client identifiers to violate just and equitable principles of trade under IIROC Rule 1402 <i>Standards of Conduct</i>.</p> <p>Clients routing through a foreign dealer may not be able to anonymize their trading due to regulations in other jurisdictions:</p>

⁶⁹ See Subsection 6.1 Allocations in [IIROC Debt Securities Transaction Reporting – MTRS 2.0 User Guide](#)

⁷⁰ See subsection 11.2(1)(l) of NI 23-101, DMR 200.2(a)(i)(c) and DMR 200.2(k)(ii) and (iv) and UMIR 10.11.



Summary of Comments	IIROC Response and Additional IIROC Commentary
	<ul style="list-style-type: none"> • Clients that trade through a US dealer must report their identity under the Consolidated Audit Trail (CAT). Under CAT, Industry Members⁷¹ must report order and trade information⁷² in NMS securities⁷³, even if the order was sent to a foreign market for execution.⁷⁴ • Clients that trade through a European dealer would need to report their identity under MiFID II. Investment firms⁷⁵ must report the purchase or sale of financial instruments⁷⁶, which includes those admitted to trading on a trading venue,

⁷¹ An “Industry Member” is defined to be a member of a national securities exchange or of a national securities association. (See [17 C.F.R. § 242.613\(c\)](#) and definition of “Industry Member” in section 1.1 of [CAT NMS Plan](#).)

⁷² [17 C.F.R. § 242.613\(c\)](#)

⁷³ “NMS Security” is defined in Rule 600(b)(46) (17 CFR 242.600(b)(46)) as “any security or class of securities for which transaction reports are collected, processed, and made available pursuant to an effective transaction reporting plan, or an effective national market system plan for reporting transactions in listed options.”

“NMS Security” includes exchange-listed equity securities. (<https://www.sec.gov/divisions/marketreg/large-trader-faqs.htm>)

⁷⁴ [CAT NMS Plan Interpretive FAQ's](#) provides at Q7:

*The origination or receipt of an order involving any security that meets the definition of an NMS security pursuant to SEC Rule 600 must be reported to the CAT, **regardless of where the order is ultimately executed**. If the order is sent to a foreign market for execution, the CAT Reporter is required to report the relevant Reportable Events for the order (e.g., origination or receipt of the order and the routing of the order to the foreign market).*
[emphasis added]

The CAT reporting requirement for foreign securities is consistent with FINRA’s OATS reporting requirements for foreign securities. For example, [FINRA OATS for all NMS Stocks FAQ](#) provides at Q6:

*6. If an NMS stock is also listed on a foreign exchange, are orders routed to and executed on a foreign exchange required to be reported to OATS?
Yes. Just as with NASDAQ listed securities, orders involving any security that meets the definition of an NMS stock pursuant to SEC Rule 600 must be reported to OATS, regardless of where the order is ultimately executed.*

⁷⁵ MiFID II transaction reporting applies to investment firms when providing investment services and/or performing investment activities. (Article 1(2) and Article 26(1) of [Regulation \(EU\) No 600/2014](#)) ESMA publishes a [database](#) of investment firms in the European Union.

⁷⁶ Article 26(1) of [Regulation \(EU\) No 600/2014](#) provides:

Investment firms which execute transactions in financial instruments shall report complete and accurate details of such transactions to the competent authority as quickly as possible, and no later than the close of the following working day.



Summary of Comments	IIROC Response and Additional IIROC Commentary
	regardless of whether the transaction was actually executed on the trading venue. ⁷⁷
Unique identifiers for clients of foreign dealer equivalents that use an algorithm to generate orders	
IIAC indicated that it would be difficult to identify the ultimate end-client at the time of order entry given that several layers of participants may be involved.	<p>For the client identifier requirement, Dealer Members (whether executing or non-executing) would only need to identify their direct and immediate client.</p> <p>For the unique identifier requirement for a client of a foreign dealer equivalent that automatically generates an order on a predetermined basis, the Executing Participant would need to ask the foreign dealer equivalent if their direct client is using an algorithm to generate an order. If so, a unique identifier must be applied to those orders and trades, but would not need to take the form of an LEI or account number or name and would not extend beyond the foreign dealer equivalent's direct client.</p>
Information security - concerns about data breaches	
Two commenters expressed concern that the proposal introduces risks related to data breaches. They were of the view that adding LEIs to order messages would greatly increase the benefit of cracking IIROC's security regime. The dataset would contain highly confidential information, and a security breach could lead to a significant erosion of confidence in Canadian capital markets. A breach would also provide the opportunity to reverse engineer strategies and expose client trading patterns and positions. In addition to concerns about data breaches from outside malicious activity, there could also be potential misuse by regulatory staff. (Scotiabank, NBF CM)	<p>Through the course of undertaking regulatory and business activities, IIROC already stores confidential information and has implemented a number of protective and detective controls to secure data in transit and at rest. IIROC is overseen by the CSA which requires an independent audit of our equity and debt systems annually; security is included in the scope of the audit. In addition, IIROC performs a number of independent security assessments and audits throughout the year to proactively manage risks.</p> <p>All IIROC staff undergo background checks upon hire. Under our Employee Trading Policy, employees are required to disclose their trading activities to our internal compliance officer for monitoring on an on-going basis. In addition, staff that have</p>

⁷⁷ Article 26(2) of [Regulation \(EU\) No 600/2014](#) provides in part: “(t)he obligation shall apply to transactions in financial instruments referred to in points (a) to (c) **irrespective of whether or not such transactions are carried out on the trading venue**”. [emphasis added]

A “trading venue” under MiFID II includes a regulated market (RM) or a multilateral trading facility (MTF). (MiFID II - Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 at Paragraph 14.) ESMA maintains a [register](#) of RMs and MTFs. Examples of RMs include the London Stock Exchange or BATS Europe.



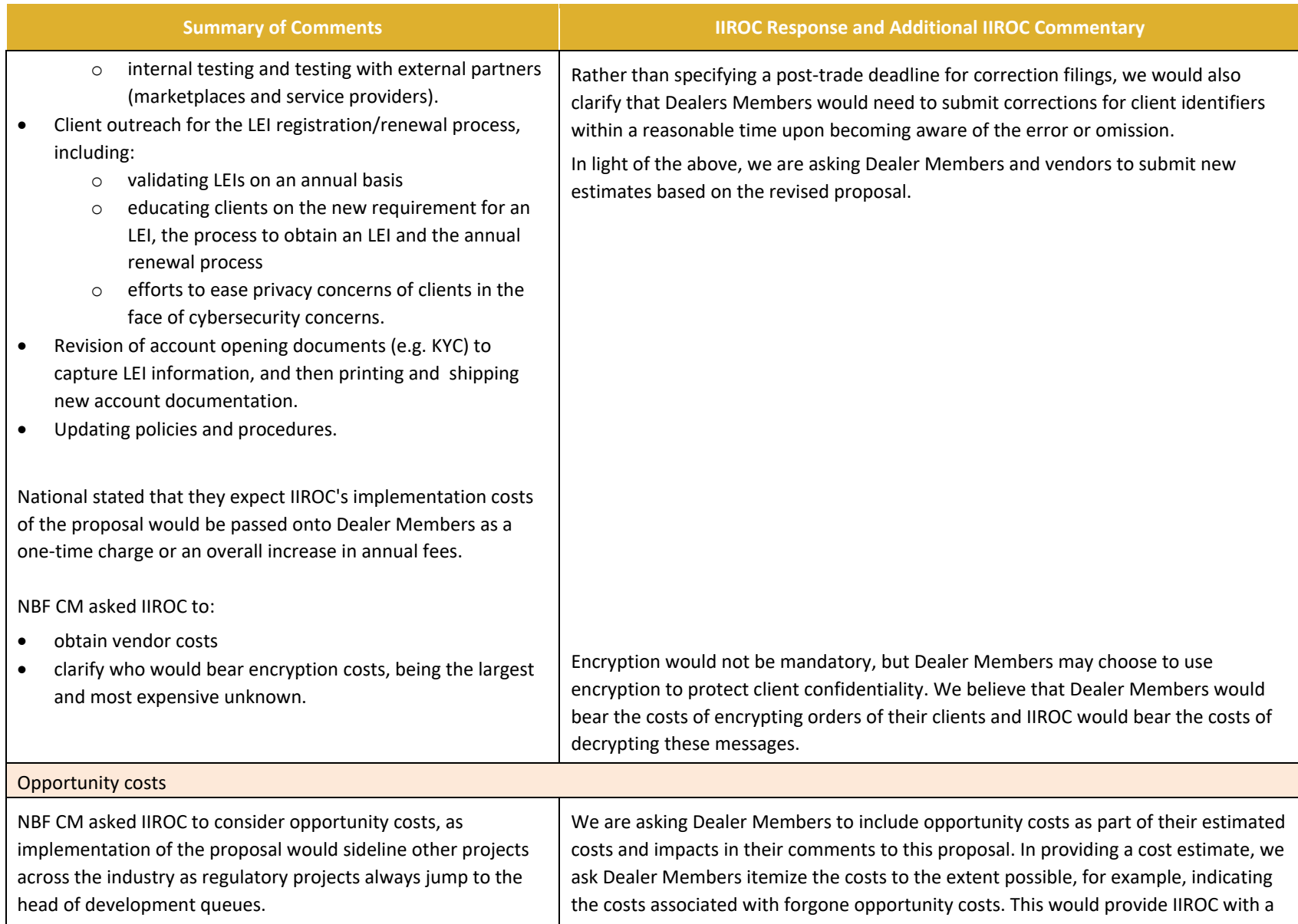
Summary of Comments	IIROC Response and Additional IIROC Commentary
	access to confidential surveillance data must request pre-approval of all trades by our internal compliance officer and/or by assigned staff in designated departments.
Data handling and storage at the regulator	
<p>IIAC asked IIROC to provide details on its policies on data storage and handling, including:</p> <ul style="list-style-type: none"> • who would have access to the data • how the data will be stored (including whether it will be stored in an encrypted or unencrypted state) • what IIROC would do in the event of a data breach • how long will IIROC keep the data on its servers. <p>Other regulators with access to this data, such as the CSA and Bank of Canada, were also requested to provide these details.</p>	<p>IIROC response:</p> <ul style="list-style-type: none"> • IIROC assigns data owners for accountability and they will authorize staff to have access to data where a business reason has been identified. • IIROC employs layered protective controls to secure data at rest. • IIROC has an incident response policy in place which we would follow in the event of an incident. IIROC also has performed a number of preparation activities including agreements with external legal counsel, forensics experts, and cyber security insurer. IIROC will also follow its business continuity plans where necessary. • Data relating to surveillance and equity are stored for seven years. Specific data required for violation investigations or legal holds would be subject to longer retention periods. <p>CSA response:</p> <ul style="list-style-type: none"> • Designated Jurisdiction staff and CSA ITSO with defined authentication and authorization will have access to this data set. • Vendor database offers encryption using TLS/SSL protocols for data in transit. Data encryption at rest will be discussed with Vendor as part of the MAP project. • Data breach response program will be developed in parallel to the MAP project • Data will be online for seven years and then archived offline.
Confidentiality – threat of information leakage	
IIAC asked for confirmation that client identifiers would not be visible to marketplaces.	While we would not require Dealer Members to use encryption to protect client identifiers, we would accommodate the use of encryption in order to protect client confidentiality from marketplaces. It is up to the Dealer Member to make use of this method. Client identifiers would be private regulatory data that is not available on public feeds.



Summary of Comments	IIROC Response and Additional IIROC Commentary
Three commenters recommended that IIROC staff only see client identifiers on an as-needed basis and upon regulatory request to the Dealer Member. (IIAC, Scotiabank, NBF CM)	We would require the ability for relevant IIROC staff to see client identifiers in real-time in order to enhance our surveillance, investigative and analytical capabilities, which are IIROC's major regulatory functions. See also above section on "Data handling and storage at the regulator" in this comment summary.
Methods of ensuring confidentiality	
NBF CM suggested the use of a blind key or mapping the LEI onto another value and send the coded LEI on order messages, rather than attach the actual LEI to the order to protect the confidentiality of the client.	To protect client confidentiality, we would accommodate Dealer Members using an encrypted LEI when sending the order to the marketplace, which would prevent: <ul style="list-style-type: none"> - executing Dealer Members from seeing client LEIs when receiving an order from a non-executing Dealer Member - marketplaces and third party vendors from seeing client LEIs when receiving an order from an executing Dealer Member.
Privacy concerns	
Leede Jones Gable inquired whether Dealer Members would need to disclose to, or seek permission/acknowledgement from, clients regarding the sending of client identifiers to IIROC.	We do not believe that the Proposed Amendments would introduce new privacy concerns because: <ul style="list-style-type: none"> • IIROC currently has access to account numbers through the normal course of business. Account numbers by themselves are not considered personal information. • LEIs, which are given to non-individual entities, would not be considered personal information.
Responsibilities between executing and non-executing dealers	
Two commenters requested a clear outline of the responsibilities between executing and non-executing dealers. (IIAC, National) IIAC indicated that new documentation and systems modifications may be needed in order to exchange client	Both executing and non-executing Dealer Members would need to report client identifiers on the order that is sent to a marketplace, unless the order is bundled or grouped for more than one account type and/or client. See section 3.8 of the Notice for additional clarification on the reporting obligations on an executing and non-executing Dealer Member in certain scenarios.



Summary of Comments	IIROC Response and Additional IIROC Commentary
<p>identities between introducing and carrying brokers. If a look-through to the end-client of the originating dealer is required, dealers would need to develop procedures and mechanisms to collect this information.</p> <p>National acknowledged that it is usual practice for the non-executing dealer to provide all required client information to the executing dealer, and requested a clear articulation of this requirement in the proposal.</p>	
How will IIROC use the data	
<p>IIAC asked for specifics on how IIROC will use client identifiers.</p>	<p>Please see section 7.1 of the Notice and “Benefit of using account numbers for clients not required to obtain an LEI” of this comment summary.</p>
Implementation Costs	
<p>Two commenters estimated that implementation would cost \$1-5 million, not including vendor costs (National and NBF CM).</p> <p>IIAC and National recommended IIROC consider the following when determining implementation costs:</p> <ul style="list-style-type: none"> • Systems enhancements such as: <ul style="list-style-type: none"> ○ updating client management systems to include LEIs as part of a client's profile ○ maintaining a firm-wide database of LEI information ○ modifying order entry systems to capture client identifiers and encrypt them 	<p>Given that the Proposed Amendments significantly reduce the scope of the requirements in the Initial Proposal, we would expect a decrease in estimated costs and impacts on Dealer Members and vendors.</p> <p>The Proposed Amendments would reduce the number of clients that would need to use an LEI. We would also clarify that there would be <u>no</u> requirement to:</p> <ul style="list-style-type: none"> • ensure clients renew their LEIs on an annual basis • report client identifiers in real-time for bulk orders • report post-trade allocations for bulk trades in equity securities • file corrections for errors or omissions regarding client identifiers for unfilled orders.





Summary of Comments	IIROC Response and Additional IIROC Commentary
	greater understanding of the impacts of the proposal, including how to make further changes if necessary.
Implementation approach	
<p>In terms of using a phased-in approach:</p> <ul style="list-style-type: none"> • NBC CM asked for a highly phased-in approach. • IIAC asked for institutional clients to obtain LEIs in the first phase, and then revisit using account numbers for retail clients at a later date. 	<p>We are proposing a 3-phase implementation plan as follows:</p> <ol style="list-style-type: none"> 1) Debt securities <ul style="list-style-type: none"> • LEIs for institutional clients and account numbers for retail clients. • Require corrections for missing or erroneous client identifiers for trades only (not orders). 2) Equity securities <ul style="list-style-type: none"> • Require LEIs to identify the following clients: <ul style="list-style-type: none"> ○ RA clients and DEA clients eligible to obtain an LEI ○ identified OEO clients that are eligible to obtain an LEI. • Require account numbers to identify the following clients: <ul style="list-style-type: none"> ○ clients not supervised as institutional clients at the Dealer Member ○ identified OEO clients that are ineligible to obtain an LEI, along with their names to be reported to IIROC ○ DEA clients that are ineligible to obtain an LEI, along with their names to be reported to IIROC. • Introduce the following designations: <ul style="list-style-type: none"> ○ DEA, RA and OEO designations ○ MC designation ○ unique identifiers for the algorithmic trading by clients of a foreign dealer equivalent. • Require corrections for missing or erroneous client identifiers for trades only (not orders). 3) Equity securities <ul style="list-style-type: none"> • Require LEIs to identify all other clients supervised as an institutional client at the Dealer Member.



Summary of Comments	IIROC Response and Additional IIROC Commentary
Implementation period	
<p>National asked for a two-year implementation period.</p> <p>IIAC indicated that it may take one year to collaborate with print vendors to revise documentation and use up existing print documentation.</p>	<p>We are asking for feedback regarding the appropriate timelines for each phase of our implementation plan.</p>
Other	
<p>IIAC requested that IIROC discuss its proposal with the Montreal Exchange (MX) as the MX is also considering a similar requirement.</p>	<p>We have discussed our proposal with representatives from the MX, who also sit on the Working Group.</p>
<p>National requested workshops on Client Identifiers similar to those held for Best Execution.</p>	<p>If the proposal is approved by the IIROC Board and the CSA, we would hold workshops on Client Identifiers for Dealer Members and other industry members.</p>