

Appendix 1 – Proposed IDPC Rules Amendments Respecting Client Delivery Obligations (clean)

PART C – REASONABLE EXPECTATION TO SETTLE AND CLIENT DELIVERY OBLIGATIONS

4780. Introduction

(1) Part C of Rule 4700 sets out the requirements relating to a reasonable expectation to settle and client delivery obligations applicable to all sales in a *listed security* that are executed on a *Marketplace*.

4781. Definitions

(1) The following terms have the meaning set out below when used in sections 4782 and 4783:

“deemed to own”	The same meaning as set out in the Universal Market Integrity Rules, section 1.1.
“intended settlement date”	The <i>business day</i> on which the delivery of <i>securities</i> and payment of money is required to be made to permit the settlement of the trade through the facilities of a <i>recognized clearing agency</i> on the date expected when the trade was executed on a <i>Marketplace</i> .
“Participant”	The same meaning as set out in the Universal Market Integrity Rules, section 1.1.
“short sale”	The same meaning as set out in the Universal Market Integrity Rules, section 1.1.

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4783 Client Delivery Obligations

- (1) A *Dealer Member* that acts as agent for a client in the sale of a *listed security* on a *Marketplace* and the security is neither held by or under the control of the *Dealer Member*, must establish, maintain and apply written policies and procedures reasonably designed to detect and address any failure to deliver such *security* in the number and form required to permit settlement of the trade by the *intended settlement date*.
- (2) Where the trade in subsection 4783(1) is a *short sale*, the *Dealer Member* must commence action to address the failure to deliver by the client by no later than five business days following the *intended settlement date*.
- (3) Subsection 4783(2) does not apply to the *short sale* of a *listed security* by:
- (i) a person that is *deemed to own* the *security*, provided that the *Dealer Member* delivers the security in such number and form as to permit the settlement of the trade:
 - (a) as soon as all restrictions on delivery have been removed; and
 - (b) by no later than thirty-five consecutive calendar days following the trade date.