

**Appendix 2 - Proposed Amendments Respecting Client Delivery Obligations  
(blacklined and clean)**

Text of Current Provisions Marked to Reflect Adoption of the Proposed IDPC Rules Amendments	Text of Provision Following Adoption of the Proposed IDPC Rules Amendments																		
<p><b>PART C – REASONABLE EXPECTATION TO SETTLE AND CLIENT DELIVERY OBLIGATIONS</b></p> <p><b>4780. Introduction</b></p> <p>(1) Part C of Rule 4700 sets out the requirements relating to a reasonable expectation to settle <u>and client delivery obligations</u> applicable to all <u>trades sales</u> in a <i>listed security</i> that are executed on a <i>Marketplace</i>.</p>	<p><b>PART C – REASONABLE EXPECTATION TO SETTLE AND CLIENT DELIVERY OBLIGATIONS</b></p> <p><b>4780. Introduction</b></p> <p>(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 <i>listed security</i> that are executed on a <i>Marketplace</i>.</p>																		
<p><b>4781. Definitions</b></p> <p>(1) The following terms have the meaning set out below when used in sections 4782 <u>and 4783</u>:</p> <table border="1" data-bbox="159 968 792 1787"> <tr> <td data-bbox="159 968 354 1094">“deemed to own”</td> <td data-bbox="354 968 792 1094">The same meaning as set out in the Universal Market Integrity Rules, section 1.1.</td> </tr> <tr> <td data-bbox="159 1094 354 1423">“intended settlement date”</td> <td data-bbox="354 1094 792 1423">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>.</td> </tr> <tr> <td data-bbox="159 1423 354 1549"><u>“listed security”</u></td> <td data-bbox="354 1423 792 1549"><u>The same meaning as set out in the Universal Market Integrity Rules, section 1.1.</u></td> </tr> <tr> <td data-bbox="159 1549 354 1675">“Participant”</td> <td data-bbox="354 1549 792 1675">The same meaning as set out in the Universal Market Integrity Rules, section 1.1.</td> </tr> <tr> <td data-bbox="159 1675 354 1787">“short sale”</td> <td data-bbox="354 1675 792 1787">The same meaning as set out in the Universal Market Integrity Rules, section 1.1.</td> </tr> </table>	“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> .	<u>“listed security”</u>	<u>The same meaning as set out in the Universal Market Integrity Rules, section 1.1.</u>	“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.	<p><b>4781. Definitions</b></p> <p>(2) The following terms have the meaning set out below when used in sections 4782 and 4783:</p> <table border="1" data-bbox="824 968 1458 1667"> <tr> <td data-bbox="824 968 1019 1094">“deemed to own”</td> <td data-bbox="1019 968 1458 1094">The same meaning as set out in the Universal Market Integrity Rules, section 1.1.</td> </tr> <tr> <td data-bbox="824 1094 1019 1423">“intended settlement date”</td> <td data-bbox="1019 1094 1458 1423">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>.</td> </tr> <tr> <td data-bbox="824 1423 1019 1549">“Participant”</td> <td data-bbox="1019 1423 1458 1549">The same meaning as set out in the Universal Market Integrity Rules, section 1.1.</td> </tr> <tr> <td data-bbox="824 1549 1019 1667">“short sale”</td> <td data-bbox="1019 1549 1458 1667">The same meaning as set out in the Universal Market Integrity Rules, section 1.1.</td> </tr> </table>	“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.
“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> .																		
<u>“listed security”</u>	<u>The same meaning as set out in the Universal Market Integrity Rules, section 1.1.</u>																		
“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.																		
“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.																		
...	...																		

Text of Current Provisions Marked to Reflect Adoption of the Proposed IDPC Rules Amendments	Text of Provision Following Adoption of the Proposed IDPC Rules Amendments
<p><b><u>4783 Client Delivery Obligations</u></b></p> <p>(1) <u>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.</u></p>	<p><b>4783 Client Delivery Obligations</b></p> <p>(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.</p>
<p>(2) <u>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.</u></p>	<p>(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.</p>
<p>(3) <u>Subsection 4783(2) does not apply to the short sale of a listed security by:</u></p> <p style="padding-left: 40px;">(i) <u>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:</u></p> <p style="padding-left: 80px;">(a) <u>as soon as all restrictions on delivery have been removed; and</u></p> <p style="padding-left: 80px;">(b) <u>by no later than thirty-five consecutive calendar days following the trade date.</u></p>	<p>(3) Subsection 4783(2) does not apply to the short sale of a listed security by:</p> <p style="padding-left: 40px;">(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:</p> <p style="padding-left: 80px;">(a) as soon as all restrictions on delivery have been removed; and</p> <p style="padding-left: 80px;">(b) by no later than thirty-five consecutive calendar days following the trade date.</p>