



Appendix B – Blackline of Proposed Amendments to UMIR and the IIROC Rules

Text of UMIR to Reflect the Proposed Amendments

Text of UMIR Marked to Reflect Adoption of the Proposed Amendments	Text of UMIR Following Adoption of the Proposed Amendments
1.1 Definitions In UMIR, unless the subject matter or context otherwise requires: ... “bundled order” means an order that includes a client order as well as a ~~non-client order Dealer Person Related order~~ or principal order, or both.	1.1 Definitions In UMIR, unless the subject matter or context otherwise requires: ... “bundled order” means an order that includes a client order as well as a Dealer Related Person order or principal order, or both.
...	...
“client order” means an order for the purchase or sale of a security received or originated by a Participant for the account of a client of the Participant or a client of an affiliated entity of the Participant, but does not include a principal order or a ~~non-client order Dealer Related Person order~~.	“client order” means an order for the purchase or sale of a security received or originated by a Participant for the account of a client of the Participant or a client of an affiliated entity of the Participant, but does not include a principal order or a Dealer Related Person order.
...	...
~~“non-client order” means an order for the purchase or sale of a security received or originated by a Participant for an account:~~ ~~(a) for a partner, director, officer or a person holding a similar position or acting in a similar capacity of the Participant or of a related entity of the Participant;~~ ~~(b) for an employee of the Participant or of a related entity of the Participant 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;~~ “Dealer Related Person account” means an account that is controlled or directed by: (a) <u>an employee or Approved Person of a Dealer Member,</u> (b) <u>an employee of an affiliate of a Dealer Member,</u> <u>or</u> (c) <u>an employee of a related entity of a Participant</u> <u>whose role or function would access to:</u>	“Dealer Related Person account” means an account that is controlled or directed by: an employee of: (a) an employee or Approved Person of a Dealer Member, (b) an employee of an affiliate of a Dealer Member, or (c) an employee of a related entity of a Participant whose role or function would have access to: (i) a material fact or material change with respect to an issuer that is in possession of the Dealer Member and that has not been generally disclosed and would reasonably be expected to affect the price of a security of that issuer, or (ii) trading-related information that is in possession of the Dealer Member that could reasonably be expected to affect interest in the purchase or sale of a security or the execution of a trade where the control or direction is exercised by the employee or Approved Person outside of his or her required role or function.



Text of UMIR Marked to Reflect Adoption of the Proposed Amendments	Text of UMIR Following Adoption of the Proposed Amendments
<u>(i) a material fact or material change with respect to an issuer that is in possession of the Dealer Member and that has not been generally disclosed and would reasonably be expected to affect the price of a security of that issuer, or</u> <u>(ii) trading-related information that is in possession of the Dealer Member that could reasonably be expected to affect interest in the purchase or sale of a security or the execution of a trade</u> <u>where the control or direction is exercised by the employee or Approved Person outside of his or her required role or function.</u>	
...	...
<u>“Dealer Related Person order” means an order for the purchase or sale of a security for a Dealer Related Person account.</u>	“Dealer Related Person order” means an order for the purchase or sale of a security for a Dealer Related Person account.
...	...
“short-marking exempt order” means an order for the purchase or sale of a security from an account that is: (a) an arbitrage account; (b) the account of a person with Marketplace Trading Obligations in respect of a security for which that person has obligations; (c) a client, ~~non-client~~ <u>Dealer Related Person</u> or principal account: (i) for which order generation and entry is fully-automated, and (ii) which, in the ordinary course, does not have, at the end of each trading day, more than a nominal position, whether short or long, in a particular security; (d) a principal account that has acquired during a trading day a position in a particular security in a transaction with a client that is unwound during the balance of the trading day such that, in the ordinary course, the account does not have, at the end of each trading day, more than a nominal	“short-marking exempt order” means an order for the purchase or sale of a security from an account that is: (a) an arbitrage account; (b) the account of a person with Marketplace Trading Obligations in respect of a security for which that person has obligations; (c) a client, Dealer Related Person or principal account: (i) for which order generation and entry is fully-automated, and (ii) which, in the ordinary course, does not have, at the end of each trading day, more than a nominal position, whether short or long, in a particular security; (d) a principal account that has acquired during a trading day a position in a particular security in a transaction with a client that is unwound during the balance of the trading day such that, in the ordinary course, the account does not have, at the end of each trading day, more than a nominal



Text of UMIR Marked to Reflect Adoption of the Proposed Amendments	Text of UMIR Following Adoption of the Proposed Amendments
position, whether short or long, in a particular security; or (e) a principal account for a Participant that has: (i) Marketplace Trading Obligations in respect of an exempt Exchange-traded Fund, or (ii) entered into an agreement for the continuous distribution of an Exempt Exchange-traded Fund; If the order is for the Exempt Exchange-traded Fund security or one of its underlying securities to hedge a pre-existing position in the Exempt Exchange-traded Fund security or one of its underlying securities and in the normal course, the account does not have, at the end of each trading day, more than a minimal exposed risk.	position, whether short or long, in a particular security; or (e) a principal account for a Participant that has: (i) Marketplace Trading Obligations in respect of an exempt Exchange-traded Fund, or (ii) entered into an agreement for the continuous distribution of an Exempt Exchange-traded Fund; If the order is for the Exempt Exchange-traded Fund security or one of its underlying securities to hedge a pre-existing position in the Exempt Exchange-traded Fund security or one of its underlying securities and in the normal course, the account does not have, at the end of each trading day, more than a minimal exposed risk.
...	...
PART 4 – FRONTRUNNING 4.1 Frontrunning (1) A Participant with knowledge of a client order that on entry could reasonably be expected to affect the market price of a security, shall not, prior to the entry of such client order, (a) enter a principal order or a ~~non-client order~~ Dealer Related Person order on a marketplace, foreign organized regulated market or other market, including any over-the-counter market, for the purchase or sale of the security or any related security; (b) solicit an order from any other person for the purchase or sale of the security or any related security; or (c) inform any other person, other than in the necessary course of business, of the client order. (2) A Participant does not contravene subsection (1) if: (a) no director, officer, partner, employee or agent of the Participant who made or participated in making the decision to enter a principal order or ~~non-client order~~ Dealer Related Person order or to solicit an order had actual knowledge of the client order;	PART 4 – FRONTRUNNING 4.1 Frontrunning (1) A Participant with knowledge of a client order that on entry could reasonably be expected to affect the market price of a security, shall not, prior to the entry of such client order, (a) enter a principal order or a Dealer Related Person order on a marketplace, foreign organized regulated market or other market, including any over-the-counter market, for the purchase or sale of the security or any related security; (b) solicit an order from any other person for the purchase or sale of the security or any related security; or (c) inform any other person, other than in the necessary course of business, of the client order. (2) A Participant does not contravene subsection (1) if: (a) no director, officer, partner, employee or agent of the Participant who made or participated in making the decision to enter a principal order or Dealer Related Person order or to solicit an order had actual knowledge of the client order; (b) an order is entered or trade made for the benefit of the client for whose account the order is to be made;



Text of UMIR Marked to Reflect Adoption of the Proposed Amendments	Text of UMIR Following Adoption of the Proposed Amendments
(b) an order is entered or trade made for the benefit of the client for whose account the order is to be made; (c) an order is solicited to facilitate the trade of the client order; (d) a principal order is entered to hedge a position that the Participant had assumed or agreed to assume before having actual knowledge of the client order provided the hedge is: (i) commensurate with the risk assumed by the Participant, and (ii) entered into in accordance with the ordinary practice of the Participant when assuming or agreeing to assume a position in the security; (e) a principal order is made to fulfil a legally binding obligation entered into by the Participant before having actual knowledge of the client order; or (f) the order is entered for an arbitrage account.	(c) an order is solicited to facilitate the trade of the client order; (d) a principal order is entered to hedge a position that the Participant had assumed or agreed to assume before having actual knowledge of the client order provided the hedge is: (i) commensurate with the risk assumed by the Participant, and (ii) entered into in accordance with the ordinary practice of the Participant when assuming or agreeing to assume a position in the security; (e) a principal order is made to fulfil a legally binding obligation entered into by the Participant before having actual knowledge of the client order; or (f) the order is entered for an arbitrage account.
POLICY 4.1 – FRONTRUNNING ... Part 2 – Specific Knowledge Required In order to constitute frontrunning contrary to Rule 4.1, the person must have specific knowledge concerning the client order that, on entry, could reasonably be expected to affect the market price of a security. A person with knowledge of such a client order must insure that the client order has been entered on a marketplace before that person can: • enter a principal order or ~~non-client order~~ Dealer Related Person order for the security or any related security; • solicit an order for the security or any related security; or • inform any other person about the client order, other than in the necessary of course of business. Trading based on non-specific pieces of market information, including rumours, does not constitute frontrunning.	POLICY 4.1 – FRONTRUNNING ... Part 2 – Specific Knowledge Required In order to constitute frontrunning contrary to Rule 4.1, the person must have specific knowledge concerning the client order that, on entry, could reasonably be expected to affect the market price of a security. A person with knowledge of such a client order must insure that the client order has been entered on a marketplace before that person can: • enter a principal order or Dealer Related Person order for the security or any related security; • solicit an order for the security or any related security; or • inform any other person about the client order, other than in the necessary of course of business. Trading based on non-specific pieces of market information, including rumours, does not constitute frontrunning.
...	...



Text of UMIR Marked to Reflect Adoption of the Proposed Amendments	Text of UMIR Following Adoption of the Proposed Amendments
5.3 Client Priority (1) A Participant shall not enter on a marketplace or an organized regulated market a principal order or a ~~non-client order~~ <u>Dealer Related Person order</u> of the Participant that, based on the information known or reasonably available to the person or persons originating or entering the principal order or ~~non-client order~~ <u>Dealer Related Person order</u>, the Participant knows or should have known will execute or have a reasonable likelihood of executing in priority to a client order received by the Participant prior to the entry of the principal order or ~~non-client order~~ <u>Dealer Related Person order</u> for the same security that is: (a) at the same price or a lower price than the client order in the case of a purchase or the same or a higher price than the client order in the case of a sale; and (b) on the same side of the market. (2) Despite subsection (1) but subject to Rule 4.1, a Participant is not required to give priority to a client order if: (a) the client specifically has consented to the Participant entering principal orders and ~~non-client orders~~ <u>Dealer Related Person orders</u> for the same security at the same price on the same side of the market on the same settlement terms; (b) the principal order or ~~non-client order~~ <u>Dealer Related Person order</u> is: (i) automatically generated by the trading system of a marketplace in respect of the Marketplace Trading Obligations of that marketplace, (ii) automatically generated by a system operated by the Participant or on behalf of the Participant based on pre-determined order and trading parameters established, programmed and enabled for trading prior to the receipt of the client order, (iii) for a managed account and the client order is for a managed account under the direction of the same person and in respect of which executions are allocated between the various managed accounts on an equitable basis in	5.3 Client Priority (1) A Participant shall not enter on a marketplace or an organized regulated market a principal order or a Dealer Related Person order of the Participant that, based on the information known or reasonably available to the person or persons originating or entering the principal order or Dealer Related Person order, the Participant knows or should have known will execute or have a reasonable likelihood of executing in priority to a client order received by the Participant prior to the entry of the principal order or Dealer Related Person order for the same security that is: (a) at the same price or a lower price than the client order in the case of a purchase or the same or a higher price than the client order in the case of a sale; and (b) on the same side of the market. (2) Despite subsection (1) but subject to Rule 4.1, a Participant is not required to give priority to a client order if: (a) the client specifically has consented to the Participant entering principal orders and Dealer Related Person orders for the same security at the same price on the same side of the market on the same settlement terms; (b) the principal order or Dealer Related Person order is: (i) automatically generated by the trading system of a marketplace in respect of the Marketplace Trading Obligations of that marketplace, (ii) automatically generated by a system operated by the Participant or on behalf of the Participant based on pre-determined order and trading parameters established, programmed and enabled for trading prior to the receipt of the client order, (iii) for a managed account and the client order is for a managed account under the direction of the same person and in respect of which executions are allocated between the various managed accounts on an equitable basis in



Text of UMIR Marked to Reflect Adoption of the Proposed Amendments	Text of UMIR Following Adoption of the Proposed Amendments
accordance with the established practices of the Participant, or (iv) a Basis Order; (c) the client order has been entered directly by the client of the Participant on a marketplace; (d) the principal order or ~~non-client order~~ <u>Dealer Related Person order</u> is executed pursuant to an allocation by the trading system of a marketplace and: (i) either: (A) the security which is the subject of the order trades on no marketplace other than that marketplace, (B) the principal order or ~~non-client order~~ <u>Dealer Related Person order</u> is a Call Market Order, an Opening Order, a Market-on-Close Order or a Volume-Weighted Average Price Order, (C) each of the client order and the principal order or ~~non-client order~~ <u>Dealer Related Person order</u> was entered on the same marketplace, (D) the client has instructed the Participant to enter the client order on a particular marketplace, or (E) the client has instructed the Participant to enter the client order in a manner that does not disclose the identifier of the Participant in a consolidated market display, (ii) the client order was entered by the Participant on that marketplace immediately upon receipt by the Participant, and (iii) if the client order was varied or changed by the Participant at any time after entry, the variation or change was on the specific instructions of the client; (e) either the client order or the principal order or ~~non-client order~~ <u>Dealer Related Person order</u> is a Special Terms Order and the client order would not have executed in the transaction or transactions involving the principal order or ~~non-client order~~ <u>Dealer Related Person order</u> due to	accordance with the established practices of the Participant, or (iv) a Basis Order; (c) the client order has been entered directly by the client of the Participant on a marketplace; (d) the principal order or Dealer Related Person order is executed pursuant to an allocation by the trading system of a marketplace and: (i) either: (A) the security which is the subject of the order trades on no marketplace other than that marketplace, (B) the principal order or Dealer Related Person order is a Call Market Order, an Opening Order, a Market-on-Close Order or a Volume-Weighted Average Price Order, (C) each of the client order and the principal order or Dealer Related Person order was entered on the same marketplace, (D) the client has instructed the Participant to enter the client order on a particular marketplace, or (E) the client has instructed the Participant to enter the client order in a manner that does not disclose the identifier of the Participant in a consolidated market display, (ii) the client order was entered by the Participant on that marketplace immediately upon receipt by the Participant, and (iii) if the client order was varied or changed by the Participant at any time after entry, the variation or change was on the specific instructions of the client; (e) either the client order or the principal order or Dealer Related Person order is a Special Terms Order and the client order would not have executed in the transaction or transactions involving the principal order or Dealer Related Person order due to the terms and conditions of at least one Special Terms Order; or



Text of UMIR Marked to Reflect Adoption of the Proposed Amendments	Text of UMIR Following Adoption of the Proposed Amendments
the terms and conditions of at least one Special Terms Order; or (f) a Market Integrity Official requires or permits the principal order or ~~non-client order~~ <u>Dealer Related Person order</u> to be executed in priority to a client order. (3) For the purposes of clause (2)(a), a client shall be deemed to have consented to the Participant entering principal orders and ~~non-client orders~~ <u>Dealer Related Person orders</u> for the same security at the same price on the same side of the market on the same conditions and settlement terms if the client order, in accordance with the specific instructions of the client, is to be executed in part at various times during the trading day or at various prices during the trading day.	(f) a Market Integrity Official requires or permits the principal order or Dealer Related Person order to be executed in priority to a client order. (3) For the purposes of clause (2)(a), a client shall be deemed to have consented to the Participant entering principal orders and Dealer Related Person orders for the same security at the same price on the same side of the market on the same conditions and settlement terms if the client order, in accordance with the specific instructions of the client, is to be executed in part at various times during the trading day or at various prices during the trading day.
POLICY 5.3 – CLIENT PRIORITY ... Part 2 – Prohibition on Intentional Trading Ahead A Participant can never intentionally trade ahead of a client order that is either a market order or tradeable limit order received prior to the entry of the principal order or ~~non-client order~~ <u>Dealer Related Person order</u> except in accordance with an exemption from the requirements of Rule 5.3(1), which exemptions include obtaining the specific consent of the client. Examples of "intentional trades" include, but are not limited to: - withholding a client order from entry on a marketplace (or removing an order already entered on a marketplace) to permit the entry of a competing principal or ~~non-client order~~ <u>Dealer Related Person order</u> ahead of the client order; - entering a client order on a relatively illiquid market (other than on the instructions of the client) and entering a principal or ~~non-client order~~ <u>Dealer Related Person order</u> on a more liquid marketplace where the principal or ~~non-client order~~ <u>Dealer Related Person order</u> is likely to obtain faster execution; - adding terms or conditions to a client order (other than on the instructions of the client) so that the client order ranks behind principal	POLICY 5.3 – CLIENT PRIORITY ... Part 2 – Prohibition on Intentional Trading Ahead A Participant can never intentionally trade ahead of a client order that is either a market order or tradeable limit order received prior to the entry of the principal order or Dealer Related Person order except in accordance with an exemption from the requirements of Rule 5.3(1), which exemptions include obtaining the specific consent of the client. Examples of "intentional trades" include, but are not limited to: - withholding a client order from entry on a marketplace (or removing an order already entered on a marketplace) to permit the entry of a competing principal or Dealer Related Person order ahead of the client order; - entering a client order on a relatively illiquid market (other than on the instructions of the client) and entering a principal or Dealer Related Person order on a more liquid marketplace where the principal or Dealer Related Person order is likely to obtain faster execution; - adding terms or conditions to a client order (other than on the instructions of the client) so that the client order ranks behind principal



Text of UMIR Marked to Reflect Adoption of the Proposed Amendments	Text of UMIR Following Adoption of the Proposed Amendments
<u>orders</u> or <u>non-client orders</u> <u>Dealer Related Person orders</u> at that price; • putting terms or conditions on a principal <u>order</u> or <u>non-client order</u> <u>Dealer Related Person order</u> for the purpose of differentiating the principal <u>order</u> or <u>non-client order</u> <u>Dealer Related Person order</u> from a client order that would otherwise have priority at that price; and • entering a principal order or <u>non-client order</u> <u>Dealer Related Person order</u> as an “anonymous order” (without the identifier of the Participant) which results in an execution in priority to a previously entered client order that discloses the identifier of the Participant.	orders or Dealer Related Person orders at that price; • putting terms or conditions on a principal order or Dealer Related Person order for the purpose of differentiating the principal order or Dealer Related Person order from a client order that would otherwise have priority at that price; and • entering a principal order or Dealer Related Person order as an “anonymous order” (without the identifier of the Participant) which results in an execution in priority to a previously entered client order that discloses the identifier of the Participant.
...	...
Part 4 – Client Consent A Participant does not have to provide priority to a client order if the client specifically consents to the Participant trading alongside or ahead of the client. The consent of the client must be specific to a particular order and details of the agreement with the client must be noted on the order ticket. A client cannot give a blanket form of consent to permit the Participant to trade alongside or ahead of any future orders the client may give the Participant. If the client order is part of a pre-arranged trade that is to be completed at a price below the best bid price or above the best ask price as indicated on a consolidated market display, the Participant will be under an obligation to ensure that “better-priced” orders on a protected marketplace are filled prior to the execution of the client order. Prior to executing the client order, the Participant must ensure that the client is aware of the better-priced orders and has consented to the Participant executing as against them in priority to the client order. The consent of the client must be noted on the order ticket. If the client has given the Participant an order that is to be executed at various times during a trading day (e.g. an “over-the-day” order) or at various prices (e.g. at various prices in order to approximate a	Part 4 – Client Consent A Participant does not have to provide priority to a client order if the client specifically consents to the Participant trading alongside or ahead of the client. The consent of the client must be specific to a particular order and details of the agreement with the client must be noted on the order ticket. A client cannot give a blanket form of consent to permit the Participant to trade alongside or ahead of any future orders the client may give the Participant. If the client order is part of a pre-arranged trade that is to be completed at a price below the best bid price or above the best ask price as indicated on a consolidated market display, the Participant will be under an obligation to ensure that “better-priced” orders on a protected marketplace are filled prior to the execution of the client order. Prior to executing the client order, the Participant must ensure that the client is aware of the better-priced orders and has consented to the Participant executing as against them in priority to the client order. The consent of the client must be noted on the order ticket. If the client has given the Participant an order that is to be executed at various times during a trading day (e.g. an “over-the-day” order) or at various prices (e.g. at various prices in order to approximate a



Text of UMIR Marked to Reflect Adoption of the Proposed Amendments	Text of UMIR Following Adoption of the Proposed Amendments
volume-weighted average price), the client is deemed to have consented to the entry of principal <u>orders</u> and ~~non-client orders~~ <u>Dealer Related Person orders</u> that may trade ahead of the balance of the client order. Unless the client has provided standing written instructions that all orders are to be executed at various times during the trading day or a various prices during the trading day, the client instructions should be treated as specific to a particular order and the details of the instructions by the client must be noted on the order ticket. However, if the un-entered portion of the client order would reasonably be expected to affect the market price of the security, the Participant may be precluded from entering principal <u>orders</u> or ~~non-client orders~~ <u>Dealer Related Person orders</u> as a result of the application of the frontrunning rule. In certain circumstances, a client may provide a conditional consent for the Participant to trade alongside or ahead of the client order. For example, a client may consent to a principal order of Participant sharing fills with the client order provided the client order is fully executed by the end of the trading day. If the client's order is not fully executed, the client may expect that the Participant "give up" its fills to the extent necessary to complete the client order. In this situation, the Participant should mark its orders as "principal" throughout the day. Any part of the execution which is given up to the client should not be re-crossed on a marketplace but should simply be journalled to the client (since the condition of the consent has not been met, the fills in question could be viewed as properly belonging to the client rather than the principal order). To the extent that a Participant "gives up" part of a fill of a principal order to a client based on the conditional consent, the Participant shall report the particulars of the "give up" to the Market Regulator not later than the opening of trading on marketplaces on the next trading day. The conditional consent of the client must be specific to a particular order. The details of the agreement with the client must be noted on the order ticket.	volume-weighted average price), the client is deemed to have consented to the entry of principal orders and Dealer Related Person orders that may trade ahead of the balance of the client order. Unless the client has provided standing written instructions that all orders are to be executed at various times during the trading day or a various prices during the trading day, the client instructions should be treated as specific to a particular order and the details of the instructions by the client must be noted on the order ticket. However, if the un-entered portion of the client order would reasonably be expected to affect the market price of the security, the Participant may be precluded from entering principal orders or Dealer Related Person orders as a result of the application of the frontrunning rule. In certain circumstances, a client may provide a conditional consent for the Participant to trade alongside or ahead of the client order. For example, a client may consent to a principal order of Participant sharing fills with the client order provided the client order is fully executed by the end of the trading day. If the client's order is not fully executed, the client may expect that the Participant "give up" its fills to the extent necessary to complete the client order. In this situation, the Participant should mark its orders as "principal" throughout the day. Any part of the execution which is given up to the client should not be re-crossed on a marketplace but should simply be journalled to the client (since the condition of the consent has not been met, the fills in question could be viewed as properly belonging to the client rather than the principal order). To the extent that a Participant "gives up" part of a fill of a principal order to a client based on the conditional consent, the Participant shall report the particulars of the "give up" to the Market Regulator not later than the opening of trading on marketplaces on the next trading day. The conditional consent of the client must be specific to a particular order. The details of the agreement with the client must be noted on the order ticket.



Text of UMIR Marked to Reflect Adoption of the Proposed Amendments	Text of UMIR Following Adoption of the Proposed Amendments
...	...
PART 6 – ORDER ENTRY AND EXPOSURE 6.1 Entry of Orders to a Marketplace ... (6) A Participant acting as agent shall not enter a client order or a ~~non-client order~~ <u>Dealer Related Person order</u> on a marketplace that would, if executed, be a short sale if the client or ~~non-client~~ <u>Dealer Related Person</u> has previously executed a sale of any listed security that became a failed trade in respect of which notice to the Market Regulator was required pursuant to Rule 7.10 unless: (a) the Participant has made arrangements for the borrowing of the securities necessary to settle any resulting trade prior to the entry of the order; or (b) the Participant is satisfied, after reasonable inquiry, that the reason for any prior failed trade was not as a result of any intentional or negligent act of the client or ~~non-client~~ <u>Dealer Related Person</u> .	PART 6 – ORDER ENTRY AND EXPOSURE 6.1 Entry of Orders to a Marketplace ... (6) A Participant acting as agent shall not enter a client order or a Dealer Related Person order on a marketplace that would, if executed, be a short sale if the client or Dealer Related Person has previously executed a sale of any listed security that became a failed trade in respect of which notice to the Market Regulator was required pursuant to Rule 7.10 unless: (a) the Participant has made arrangements for the borrowing of the securities necessary to settle any resulting trade prior to the entry of the order; or (b) the Participant is satisfied, after reasonable inquiry, that the reason for any prior failed trade was not as a result of any intentional or negligent act of the client or Dealer Related Person.
...	...
6.2 Designations and Identifiers (1) Each order entered on a marketplace shall contain: ... (b) a designation acceptable to the Market Regulator for the marketplace on which the order is entered, if the order is: ... (x) a ~~non-client order~~ <u>Dealer Related Person order</u> , ...	6.2 Designations and Identifiers (1) Each order entered on a marketplace shall contain: ... (b) a designation acceptable to the Market Regulator for the marketplace on which the order is entered, if the order is: ... (x) a Dealer Related Person order, ...
...	...
6.3 Exposure of Client Orders ... (2) If a Participant withholds a client order from entry on a marketplace based on market conditions in accordance with clause (1)(e), the Participant may enter the order in parts over a period of time or	6.3 Exposure of Client Orders ... (2) If a Participant withholds a client order from entry on a marketplace based on market conditions in accordance with clause (1)(e), the Participant may enter the order in parts over a period of time or



Text of UMIR Marked to Reflect Adoption of the Proposed Amendments	Text of UMIR Following Adoption of the Proposed Amendments
adjust the terms of the order prior to entry but the Participant must guarantee that the client receives: (a) a price at least as good as the price the client would have received if the client order had been executed on receipt by the Participant; and (b) if the Participant executes the client order against a principal order or ~~non-client order~~ <u>Dealer Related Person order</u>, a better price than the price the client would have received if the client order had been executed on receipt by the Participant.	adjust the terms of the order prior to entry but the Participant must guarantee that the client receives: (a) a price at least as good as the price the client would have received if the client order had been executed on receipt by the Participant; and (b) if the Participant executes the client order against a principal order or Dealer Related Person order, a better price than the price the client would have received if the client order had been executed on receipt by the Participant.
POLICY 6.3 – EXPOSURE OF CLIENT ORDERS Part 1 – Reviewing Small Orders for Market Impact Rule 6.3 requires a Participant to immediately enter client orders for the purchase or sale of 50 standard trading units or less on a marketplace. This requirement is subject to certain exceptions. The Participant may withhold the order based on a determination that market conditions were such that immediate entry of the order would not be in the best interests of the client. If the order is withheld the Participant must guarantee that the client receives a price at least as good as the price the client would have received had the client order been executed on receipt by the Participant. If the order is executed against a principal order or ~~non-client order~~ <u>Dealer Related Person order</u> the client must receive a better price.	POLICY 6.3 – EXPOSURE OF CLIENT ORDERS Part 1 – Reviewing Small Orders for Market Impact Rule 6.3 requires a Participant to immediately enter client orders for the purchase or sale of 50 standard trading units or less on a marketplace. This requirement is subject to certain exceptions. The Participant may withhold the order based on a determination that market conditions were such that immediate entry of the order would not be in the best interests of the client. If the order is withheld the Participant must guarantee that the client receives a price at least as good as the price the client would have received had the client order been executed on receipt by the Participant. If the order is executed against a principal order or Dealer Related Person order the client must receive a better price.
...	...
POLICY 7.1 – TRADING SUPERVISION OBLIGATIONS Part 4 – Specific Procedures Respecting Client Priority Each Participant must develop, implement and maintain a supervision system to ensure its trading does not violate Rule 5.3-. The purpose of the Participant’s compliance review is to ensure that inventory or ~~non-client orders~~ <u>Dealer Related Person orders</u> are not knowingly traded ahead of client orders. This would occur if a client order is withheld from entry into the market and a person with knowledge of that client order enters another order that will trade ahead of it. Doing so could take a trading opportunity away from the	POLICY 7.1 – TRADING SUPERVISION OBLIGATIONS Part 4 – Specific Procedures Respecting Client Priority Each Participant must develop, implement and maintain a supervision system to ensure its trading does not violate Rule 5.3. The purpose of the Participant’s compliance review is to ensure that inventory or Dealer Related Person orders are not knowingly traded ahead of client orders. This would occur if a client order is withheld from entry into the market and a person with knowledge of that client order enters another order that will trade ahead of it. Doing so could take a trading opportunity away from the client.



Text of UMIR Marked to Reflect Adoption of the Proposed Amendments	Text of UMIR Following Adoption of the Proposed Amendments
client. Withholding an order for normal review and order handling is allowed under Rule 5.3 and Dealer Member Rule 3300, as this is done to ensure that the client gets a good execution. To ensure that a supervision system is effective it must address potential problem situations where trading opportunities may be taken away from clients.	Withholding an order for normal review and order handling is allowed under Rule 5.3 and Dealer Member Rule 3300, as this is done to ensure that the client gets a good execution. To ensure that a supervision system is effective it must address potential problem situations where trading opportunities may be taken away from clients.
...	...
PART 8 – PRINCIPAL TRADING 8.1 Client-Principal Trading (1) A Participant that receives a client order for 50 standard trading units or less of a security with a value of \$100,000 or less may execute the client order against a principal order or <u>non-client order Dealer Related Person order</u> at a better price provided the Participant has taken reasonable steps to ensure that the price is the best available price for the client under prevailing market conditions. ... (3) Subsection (1) does not apply if the client order has been entered directly by the client of the Participant on a marketplace that does not require the disclosure of the identifier of the Participant in a consolidated market display and the director, officer, partner, employee or agent of the Participant who enters a principal order or a <u>non-client order Dealer Related Person order</u> does not have knowledge that the client order is from a client of the Participant until the execution of the client order.	PART 8 – PRINCIPAL TRADING 8.1 Client-Principal Trading (1) A Participant that receives a client order for 50 standard trading units or less of a security with a value of \$100,000 or less may execute the client order against a principal order or Dealer Related Person order at a better price provided the Participant has taken reasonable steps to ensure that the price is the best available price for the client under prevailing market conditions. ... (3) Subsection (1) does not apply if the client order has been entered directly by the client of the Participant on a marketplace that does not require the disclosure of the identifier of the Participant in a consolidated market display and the director, officer, partner, employee or agent of the Participant who enters a principal order or a Dealer Related Person order does not have knowledge that the client order is from a client of the Participant until the execution of the client order.
POLICY 8.1 – CLIENT PRINCIPAL TRADING ... Part 2 – Legal Aspects of the Client-Principal Relationship A Participant owes a fiduciary duty to its clients. This duty and investors’ trust in our Participants are fundamental to investor confidence in the integrity of the market. In the Market Regulator’s view, this relationship of trust arises where there is reliance by the client on the Participant’s expertise in securities matters. From the point of view of both the client and the Participant, the fiduciary responsibility exists regardless of the legal form of the transaction. In other words, an investor who relies on the expertise	POLICY 8.1 – CLIENT PRINCIPAL TRADING ... Part 2 – Legal Aspects of the Client-Principal Relationship A Participant owes a fiduciary duty to its clients. This duty and investors’ trust in our Participants are fundamental to investor confidence in the integrity of the market. In the Market Regulator’s view, this relationship of trust arises where there is reliance by the client on the Participant’s expertise in securities matters. From the point of view of both the client and the Participant, the fiduciary responsibility exists regardless of the legal form of the transaction. In other words, an investor who relies on the expertise



Text of UMIR Marked to Reflect Adoption of the Proposed Amendments	Text of UMIR Following Adoption of the Proposed Amendments
of a Participant expects the Participant to act in the investor's best interests regardless of whether the Participant is acting as agent or as principal. The legal framework underpinning client-principal trades was stated in the 1965 report of the Royal Commission on the Windfall Co. scandal: An agent must conduct himself so that the interest of the person in whose behalf he is acting is not brought into conflict with his personal interest. An agent may not make for himself any deal which could have been made for his client within the scope of the client's instructions; if he does, he is assumed to have been acting on his client's behalf and the client is entitled to the benefit of the transaction. An agent must disclose to the client any fact known to the agent which would be likely to operate on the client's judgment. An agent may not, in connection with his client's business, make a secret profit for himself. These restrictions flow from the recognition of the serious conflicts inseparable from the agency relationship, and from a corresponding recognition that every such conflict must be resolved in favour of the client. A principal trade may be subject to attack if it appears that the Participant did not act to the best advantage of its client even if the Participant complies with the technical requirements of the Rule. For example, if the principal account profited from the trade by unwinding the position again soon after the principal trade was made, or if the Registered Representative receives a higher commission than for agency transactions of a similar size involving similar securities, the Participant will find it more difficult to justify its actions. Participants should obtain their own legal advice as to the propriety of their client-principal trading practices. The following are considerations in any client-principal trade: Consent — At common law, the prior informed consent of the client must be obtained before the agent may act as principal. This is impractical in the context of trading securities on a marketplace, where at the time of receipt of the client's order the Participant will likely not know who will be on the other side. If the Participant, through the Registered	of a Participant expects the Participant to act in the investor's best interests regardless of whether the Participant is acting as agent or as principal. The legal framework underpinning client-principal trades was stated in the 1965 report of the Royal Commission on the Windfall Co. scandal: An agent must conduct himself so that the interest of the person in whose behalf he is acting is not brought into conflict with his personal interest. An agent may not make for himself any deal which could have been made for his client within the scope of the client's instructions; if he does, he is assumed to have been acting on his client's behalf and the client is entitled to the benefit of the transaction. An agent must disclose to the client any fact known to the agent which would be likely to operate on the client's judgment. An agent may not, in connection with his client's business, make a secret profit for himself. These restrictions flow from the recognition of the serious conflicts inseparable from the agency relationship, and from a corresponding recognition that every such conflict must be resolved in favour of the client. A principal trade may be subject to attack if it appears that the Participant did not act to the best advantage of its client even if the Participant complies with the technical requirements of the Rule. For example, if the principal account profited from the trade by unwinding the position again soon after the principal trade was made, or if the Registered Representative receives a higher commission than for agency transactions of a similar size involving similar securities, the Participant will find it more difficult to justify its actions. Participants should obtain their own legal advice as to the propriety of their client-principal trading practices. The following are considerations in any client-principal trade: Consent — At common law, the prior informed consent of the client must be obtained before the agent may act as principal. This is impractical in the context of trading securities on a marketplace, where at the time of receipt of the client's order the Participant will likely not know who will be on the other side. If the Participant, through the Registered



Text of UMIR Marked to Reflect Adoption of the Proposed Amendments	Text of UMIR Following Adoption of the Proposed Amendments
Representative or other employee knows that the firm or a ~~non-client-Dealer Related Person~~ of the firm will or probably will take the other side, the client's consent should be obtained. In particular, if the Registered Representative wishes to take the other side of the trade with their client, the client must be informed and consent to the trade in advance. Such consent must be specific to that trade and cannot be in a general consent to any future trades with the Registered Representative. As promptly as possible following the execution of a principal trade, the client should be advised that all or part of the securities taken or supplied were from an account in which the Participant or a ~~non-client-Dealer Related Person~~ of the Participant has an interest. This advice would form part of the usual discussion that occurs when a Registered Representative confirms to the client that the client's order has been filled. In addition, the written confirmation must disclose that the order has been filled in a principal transaction. ...	Representative or other employee knows that the firm or a Dealer Related Person of the firm will or probably will take the other side, the client's consent should be obtained. In particular, if the Registered Representative wishes to take the other side of the trade with their client, the client must be informed and consent to the trade in advance. Such consent must be specific to that trade and cannot be in a general consent to any future trades with the Registered Representative. As promptly as possible following the execution of a principal trade, the client should be advised that all or part of the securities taken or supplied were from an account in which the Participant or a Dealer Related Person of the Participant has an interest. This advice would form part of the usual discussion that occurs when a Registered Representative confirms to the client that the client's order has been filled. In addition, the written confirmation must disclose that the order has been filled in a principal transaction. ...
...	...
Part 3 - Factors in Determining "Best Available Price" The price of the principal transaction must also be justified by prevailing market conditions. Participants should consider such factors as: • prices and volumes of the last sale and previous trades; • direction of the market for the security; • posted size on the bid and offer; • the size of the spread; and • liquidity of the security. For example, if the market is \$10 bid and \$10.50 asked and a client wants to sell 1,000 shares, it would be inappropriate for a Participant to do a principal trade at \$10.05 if the security has been trading heavily at \$10.50 and there is strong bidding for the security at \$10 compared to the number of securities being offered at \$10.50. The condition of the market suggests that the client should be able to sell at a better price than \$10.05. Accordingly, the Participant as agent for the client should post an offer at \$10.45	Part 3 - Factors in Determining "Best Available Price" The price of the principal transaction must also be justified by prevailing market conditions. Participants should consider such factors as: • prices and volumes of the last sale and previous trades; • direction of the market for the security; • posted size on the bid and offer; • the size of the spread; and • liquidity of the security. For example, if the market is \$10 bid and \$10.50 asked and a client wants to sell 1,000 shares, it would be inappropriate for a Participant to do a principal trade at \$10.05 if the security has been trading heavily at \$10.50 and there is strong bidding for the security at \$10 compared to the number of securities being offered at \$10.50. The condition of the market suggests that the client should be able to sell at a better price than \$10.05. Accordingly, the Participant as agent for the client should post an offer at \$10.45



Text of UMIR Marked to Reflect Adoption of the Proposed Amendments	Text of UMIR Following Adoption of the Proposed Amendments
or even \$10.50, depending on the circumstances. The desire of the client to obtain a fill quickly is always a consideration. Of course, if a client expressly consents to a principal trade on a fully-informed basis, following the client’s instructions will be reasonable. In determining the “best available price”, Participants should consider the price and size of orders displayed on marketplaces other than protected marketplaces if such information is available or known to the Participant. Specifically, we expect an employee of a Participant to use all order price information that is available or known to that employee when determining the “best available price”. For example, an employee that has access to price information from both protected and unprotected marketplaces would be in compliance with the requirement to determine the “best available price” only if all price information from both protected and unprotected marketplaces was considered when executing a principal <u>order</u> or <u>non-client order Dealer Related Person order</u> with a client order. However, a Participant will be considered not to have complied with Rule 8.1 if an employee executes a principal <u>order</u> or <u>non-client order Dealer Related Person order</u> with a client order at a better price which is inferior to the price that would have been available to the client on a displayed marketplace that is not a protected marketplace and the employee executes, in whole or in part, with the order displayed on the marketplace that is not a protected marketplace.	or even \$10.50, depending on the circumstances. The desire of the client to obtain a fill quickly is always a consideration. Of course, if a client expressly consents to a principal trade on a fully-informed basis, following the client’s instructions will be reasonable. In determining the “best available price”, Participants should consider the price and size of orders displayed on marketplaces other than protected marketplaces if such information is available or known to the Participant. Specifically, we expect an employee of a Participant to use all order price information that is available or known to that employee when determining the “best available price”. For example, an employee that has access to price information from both protected and unprotected marketplaces would be in compliance with the requirement to determine the “best available price” only if all price information from both protected and unprotected marketplaces was considered when executing a principal order or Dealer Related Person order with a client order. However, a Participant will be considered not to have complied with Rule 8.1 if an employee executes a principal order or Dealer Related Person order with a client order at a better price which is inferior to the price that would have been available to the client on a displayed marketplace that is not a protected marketplace and the employee executes, in whole or in part, with the order displayed on the marketplace that is not a protected marketplace.
...	...
10.9 Power of Market Integrity Officials (1) A Market Integrity Official may, in governing trading in securities on the marketplace: ... (g.1) in respect of any trade of a principal order or <u>non-client order Dealer Related Person order</u> that has not complied with the requirements of Rule 5.3, require the Participant to satisfy the client order at the price and up to the volume of the	10.9 Power of Market Integrity Officials (1) A Market Integrity Official may, in governing trading in securities on the marketplace: ... (g.1) in respect of any trade of a principal order or Dealer Related Person order that has not complied with the requirements of Rule 5.3, require the Participant to satisfy the client order at the price and up to the volume of the trade



Text of UMIR Marked to Reflect Adoption of the Proposed Amendments	Text of UMIR Following Adoption of the Proposed Amendments
trade which failed to comply with the requirements of Rule 5.3 ~~i~~	which failed to comply with the requirements of Rule 5.3;
...	...
10.16 Gatekeeper Obligations of Directors, Officers and Employees of Participants and Access Persons (1) An officer, director, partner or employee of a Participant shall forthwith report to their supervisor or the compliance department of the Participant upon becoming aware of activity in a principal <u>account, ~~non-client-Dealer Related Person account~~</u> or client account of the Participant or a related entity that the officer, director, partner or employee believes may be a violation of: (a) Subsection (1) of Rule 2.1 respecting specific unacceptable activities; (b) Rule 2.2 respecting manipulative and deceptive activities; (c) Rule 2.3 respecting improper orders and trades; (d) Rule 4.1 respecting frontrunning; (e) Dealer Member Rule 3300 respecting best execution of client orders; (f) Rule 5.3 respecting client priority; (g) Rule 6.4 respecting trades to be on a marketplace; and (h) Any Requirement that has been designated by the Market Regulatory for the purposes of this subsection.	10.16 Gatekeeper Obligations of Directors, Officers and Employees of Participants and Access Persons (1) An officer, director, partner or employee of a Participant shall forthwith report to their supervisor or the compliance department of the Participant upon becoming aware of activity in a principal account, Dealer Related Person account or client account of the Participant or a related entity that the officer, director, partner or employee believes may be a violation of: (a) Subsection (1) of Rule 2.1 respecting specific unacceptable activities; (b) Rule 2.2 respecting manipulative and deceptive activities; (c) Rule 2.3 respecting improper orders and trades; (d) Rule 4.1 respecting frontrunning; (e) Dealer Member Rule 3300 respecting best execution of client orders; (f) Rule 5.3 respecting client priority; (g) Rule 6.4 respecting trades to be on a marketplace; and (h) Any Requirement that has been designated by the Market Regulatory for the purposes of this subsection.



Text of the IIROC Rules to Reflect the Proposed Amendments

Text of the IIROC Rules Marked to Reflect Adoption of the Proposed Amendments	Text of the IIROC Rules Following Adoption of the Proposed Amendments
1201(2) ~~“non-client accounts” or “non-client orders”~~ ~~Accounts or orders in which the <i>Dealer Member</i> or an <i>Approved Person</i> has a direct or indirect interest other than the commission charged.~~ <u>“Dealer Related Person account”</u> An account that is controlled or directed by: (a) <u>an employee or <i>Approved Person</i> of a <i>Dealer Member</i>,</u> (b) <u>an employee of an affiliate of a <i>Dealer Member</i>,</u> <u>or</u> (c) <u>an employee of a related entity of a <i>Participant</i></u> <u>whose role or function would have access to:</u> (i) <u>a material fact or material change with respect to an issuer that is in possession of the <i>Dealer Member</i> and that has not been generally disclosed and would reasonably be expected to affect the price of a security of that issuer,</u> <u>or</u> (ii) <u>trading-related information that is in possession of the <i>Dealer Member</i> that could reasonably be expected to affect interest in the purchase or sale of a security or the execution of a trade</u> <u>where the control or direction is exercised by the employee or <i>Approved Person</i> outside of his or her required role or function.</u>	1201(2) “Dealer Related Person account” An account that is controlled or directed by: (a) an <i>employee</i> or <i>Approved Person</i> of a <i>Dealer Member</i>, (b) an <i>employee</i> of an <i>affiliate</i> of a <i>Dealer Member</i>, - or (c) an <i>employee</i> of a <i>related entity</i> of a <i>Participant</i> whose role or function would access to: (i) a material fact or material change with respect to an issuer that is in possession of the <i>Dealer Member</i> and that has not been generally disclosed and would reasonably be expected to affect the price of a security of that issuer, - or (ii) trading-related information that is in possession of the <i>Dealer Member</i> that could reasonably be expected to affect interest in the purchase or sale of a security or the execution of a trade where the control or direction is exercised by the <i>employee</i> or <i>Approved Person</i> outside of his or her required role or function.
1201(2) <u>“Dealer Related Person order”</u> <u>An order for the purchase or sale of a security for a <i>Dealer Related Person account</i>.</u>	1201(2) “Dealer Related Person order” An order for the purchase or sale of a security for a <i>Dealer Related Person account</i>.
...	...
1201(2) <u>“Dealer Member account”</u> <u>Account in which a <i>Dealer Member</i> holds a direct or indirect interest other than the commission charged.</u>	1201(2) “Dealer Member account” Account in which a <i>Dealer Member</i> holds a direct or indirect interest other than the commission charged.
...	...



Text of the IIROC Rules Marked to Reflect Adoption of the Proposed Amendments	Text of the IIROC Rules Following Adoption of the Proposed Amendments
1201(2) <u>“Participant”</u> <u>The same meaning as set out in the Universal Market Integrity Rules, section 1.1.</u>	1201(2) “Participant” The same meaning as set out in the Universal Market Integrity Rules, section 1.1.
...	...
1201(2) <u>“related entity”</u> <u>The same meaning as set out in the Universal Market Integrity Rules, section 1.1.</u>	1201(2) “related entity” The same meaning as set out in the Universal Market Integrity Rules, section 1.1.
...	...
2410. Type 1 introducing broker/carrying broker arrangement – requirements ... (19) Reporting of <i>introducing broker</i> principal positions (i) The <i>introducing broker</i> must report all its principal positions carried by a <i>carrying broker</i> as inventory on its Form 1 and Monthly Financial Report. (ii) The <i>carrying broker</i> must report the balance of the ~~principal trading account~~ <u>Dealer Member account</u> the <i>introducing broker</i> has with the <i>carrying broker</i> on its Form 1 and Monthly Financial Report.	2410. Type 1 introducing broker/carrying broker arrangement – requirements ... (19) Reporting of introducing broker principal positions (i) The <i>introducing broker</i> must report all its principal positions carried by a <i>carrying broker</i> as inventory on its Form 1 and Monthly Financial Report. (ii) The <i>carrying broker</i> must report the balance of the <i>Dealer Member account</i> the <i>introducing broker</i> has with the <i>carrying broker</i> on its Form 1 and Monthly Financial Report.
...	...
2415. Type 2 introducing broker/carrying broker arrangement – requirements ... (19) Reporting of <i>introducing broker</i> principal positions (i) The <i>introducing broker</i> must report all its principal positions carried by a <i>carrying broker</i> as inventory on its Form 1 and Monthly Financial Report. (ii) The <i>carrying broker</i> must report the balance of the ~~principal trading account~~ <u>Dealer Member account</u> the <i>introducing broker</i> has with the <i>carrying broker</i> on its Form 1 and Monthly Financial Report.	2415. Type 2 introducing broker/carrying broker arrangement – requirements ... (19) Reporting of <i>introducing broker</i> principal positions (i) The <i>introducing broker</i> must report all its principal positions carried by a <i>carrying broker</i> as inventory on its Form 1 and Monthly Financial Report. (ii) The <i>carrying broker</i> must report the balance of the <i>Dealer Member account</i> the <i>introducing broker</i> has with the <i>carrying broker</i> on its Form 1 and Monthly Financial Report.
...	...



Text of the IIROC Rules Marked to Reflect Adoption of the Proposed Amendments	Text of the IIROC Rules Following Adoption of the Proposed Amendments
2420. Type 3 introducing broker/carrying broker arrangement – requirements ... (19) Reporting of <i>introducing broker</i> principal positions (i) The <i>introducing broker</i> must report all its principal positions carried by a <i>carrying broker</i> as inventory on its Form 1 and Monthly Financial Report. (ii) The <i>carrying broker</i> must report the balance of the ~~principal trading account~~ <i>Dealer Member account</i> the <i>introducing broker</i> has with the <i>carrying broker</i> on its Form 1 and Monthly Financial Report.	2420. Type 3 introducing broker/carrying broker arrangement – requirements ... (19) Reporting of <i>introducing broker</i> principal positions (i) The <i>introducing broker</i> must report all its principal positions carried by a <i>carrying broker</i> as inventory on its Form 1 and Monthly Financial Report. (ii) The <i>carrying broker</i> must report the balance of the <i>Dealer Member account</i> the <i>introducing broker</i> has with the <i>carrying broker</i> on its Form 1 and Monthly Financial Report.
...	...
2425. Type 4 introducing broker/carrying broker arrangement – requirements ... (19) Reporting of <i>introducing broker</i> principal positions (i) The <i>introducing broker</i> must report all its principal positions carried by a <i>carrying broker</i> as inventory on its Form 1 and Monthly Financial Report. (ii) The <i>carrying broker</i> must report the balance of the ~~principal trading account~~ <i>Dealer Member account</i> the <i>introducing broker</i> has with the <i>carrying broker</i> on its Form 1 and Monthly Financial Report.	2425. Type 4 introducing broker/carrying broker arrangement – requirements ... (19) Reporting of <i>introducing broker</i> principal positions (i) The <i>introducing broker</i> must report all its principal positions carried by a <i>carrying broker</i> as inventory on its Form 1 and Monthly Financial Report. (ii) The <i>carrying broker</i> must report the balance of the <i>Dealer Member account</i> the <i>introducing broker</i> has with the <i>carrying broker</i> on its Form 1 and Monthly Financial Report.
...	...
3214. Opening new client accounts ... (6) Before opening an account for an <i>employee</i> of another <i>Dealer Member</i>, the <i>Dealer Member</i> must: (i) obtain written approval from the other <i>Dealer Member</i>, and (ii) ~~must~~ designate the account as ~~non-client account~~ <i>a Dealer Related Person account if applicable</i>.	3214. Opening new client accounts ... (6) Before opening an account for an <i>employee</i> of another <i>Dealer Member</i>, the <i>Dealer Member</i> must: (i) obtain written approval from the other <i>Dealer Member</i>, and (ii) designate the account as <i>a Dealer Related Person account</i> if applicable.
...	...



Text of the IIROC Rules Marked to Reflect Adoption of the Proposed Amendments	Text of the IIROC Rules Following Adoption of the Proposed Amendments
3503. Client Priority ... (2) The <i>Dealer Member</i> must not give priority to ~~<i>Dealer Related Person orders or orders for Dealer Member accounts orders for an account in which the Dealer Member or an employee or Approved Person of the Dealer Member has a direct or indirect interest, other than an interest in the commission charged.</i>~~ (3) Where investment decisions are made centrally and applied across a number of <i>managed accounts</i>, subsections 3503(1) and 3503(2) do not apply to ~~<i>Dealer Related Person accounts</i>~~ that are ~~<i>the managed accounts of partners, Directors, officers, employees or Approved Persons of a Dealer Member who and</i>~~ participate in a <i>managed account</i> program on the same basis as client accounts.	3503. Client Priority ... (2) The <i>Dealer Member</i> must not give priority to <i>Dealer Related Person orders or orders for Dealer Member accounts.</i> (3) Where investment decisions are made centrally and applied across a number of <i>managed accounts</i>, subsections 3503(1) and 3503(2) do not apply to <i>Dealer Related Person accounts</i> that are <i>managed accounts</i> and participate in a <i>managed account</i> program on the same basis as client accounts.
...	...
3945. Daily and monthly trade supervision ... (4) The <i>Dealer Member</i> must specifically designate the following <i>retail client</i> accounts for supervision purposes: (i) ~~<i>non-client accounts Dealer Related Person accounts;</i>~~ (ii) <i>discretionary accounts;</i> (iii) <i>managed accounts;</i> (iv) registered accounts; and (v) restricted accounts.	3945. Daily and monthly trade supervision ... (4) The <i>Dealer Member</i> must specifically designate the following <i>retail client</i> accounts for supervision purposes: (i) <i>Dealer Related Person accounts;</i> (ii) <i>discretionary accounts;</i> (iii) <i>managed accounts;</i> (iv) registered accounts; and (v) restricted accounts.
...	...
3946. Additional supervisory responsibilities (1) In addition to transactional activity, the <i>Dealer Member's</i> policies and procedures must specifically address identifying, dealing with and informing the appropriate <i>Supervisors</i> of other client related matters, including: (i) client complaints, (ii) cash account violations, (iii) transfers of funds and securities between unrelated accounts or between	3946. Additional supervisory responsibilities (1) In addition to transactional activity, the <i>Dealer Member's</i> policies and procedures must specifically address identifying, dealing with and informing the appropriate <i>Supervisors</i> of other client related matters, including: (i) client complaints, (ii) cash account violations, (iii) transfers of funds and securities between unrelated accounts or between



Text of the IIROC Rules Marked to Reflect Adoption of the Proposed Amendments	Text of the IIROC Rules Following Adoption of the Proposed Amendments
~~non-client accounts~~ <i>Dealer Related Person accounts</i> and client accounts or deposits from ~~non-client accounts~~ <i>Dealer Related Person accounts</i> to client accounts, and (iv) trading while the account is under margined.	<i>Dealer Related Person accounts</i> and client accounts or deposits from <i>Dealer Related Person accounts</i> to client accounts, and (iv) trading while the account is under margined.
...	...
3950: Supervisory policies and procedures for institutional client accounts ... (2) In addition to meeting the <i>Dealer Member's</i> general supervisory obligations, including any relevant obligations relating to trading in securities, <i>debt securities, options, futures contracts and futures contract options</i>, the policies and procedures relating to the supervision of institutional client accounts must specifically address detecting improper or suspicious account activity including: (i) <i>manipulative and deceptive activities</i>, (ii) trading in securities on the <i>Dealer Member's</i> restricted list, (iii) front running by <i>Dealer Related Person accounts or Dealer Member accounts</i> ~~employee or proprietary accounts~~, (iv) trading in securities that have restrictions on their transfer, and (v) exceeding position or exercise limits on derivative products.	3950: Supervisory policies and procedures for institutional client accounts ... (2) In addition to meeting the <i>Dealer Member's</i> general supervisory obligations, including any relevant obligations relating to trading in securities, <i>debt securities, options, futures contracts and futures contract options</i>, the policies and procedures relating to the supervision of institutional client accounts must specifically address detecting improper or suspicious account activity including: (i) <i>manipulative and deceptive activities</i>, (ii) trading in securities on the <i>Dealer Member's</i> restricted list, (iii) front running by <i>Dealer Related Person accounts or Dealer Member accounts</i>, (iv) trading in securities that have restrictions on their transfer, and (v) exceeding position or exercise limits on derivative products.
...	...
4424: Clearing ... (6) A <i>Dealer Member</i> must not use a client account security position to settle a short <i>Dealer Related Person account or Dealer Member account</i> ~~"pre"~~ sales unless it has obtained written permission from, and provided appropriate collateral to, the client pursuant to: (i) a margin account agreement, or	4424: Clearing ... (6) A <i>Dealer Member</i> must not use a client account security position to settle a short <i>Dealer Related Person account or Dealer Member account</i> sales unless it has obtained written permission from, and provided appropriate collateral to, the client pursuant to: (i) a margin account agreement, or



Text of the IIROC Rules Marked to Reflect Adoption of the Proposed Amendments	Text of the IIROC Rules Following Adoption of the Proposed Amendments
(ii) a cash and security loan agreement, that has been executed in accordance with <i>IIROC requirements</i> .	(ii) a cash and security loan agreement, that has been executed in accordance with <i>IIROC requirements</i> .
...	...
4912: Risk management process ... (3) The risk management process has two parts: (i) An appropriate <i>Executive</i> must be knowledgeable of the nature and risks of all <i>derivative</i> products used in treasury, ~~<i>Dealer Member proprietary accounts</i>~~ , institutional and retail activities, and (ii) The <i>Dealer Member's</i> policies and procedures must clearly outline risk management guidance for <i>derivatives</i> activities.	4912: Risk management process ... (3) The risk management process has two parts: (i) An appropriate <i>Executive</i> must be knowledgeable of the nature and risks of all <i>derivative</i> products used in treasury, <i>Dealer Member accounts</i> , institutional and retail activities, and (ii) The <i>Dealer Member's</i> policies and procedures must clearly outline risk management guidance for <i>derivatives</i> activities.
...	...
5110: Margin requirements – purposes (1) The purposes of margin requirements are to: (i) ensure that the maximum leverage levels extended to clients through the execution of a transaction or a trading strategy are appropriate, and (ii) set base line market and credit risk requirements that a <i>Dealer Member</i> must adhere to when engaging in ~~<i>Dealer Member account proprietary</i>~~ trading or client account margin lending.	5110: Margin requirements – purposes (1) The purposes of margin requirements are to: (i) ensure that the maximum leverage levels extended to clients through the execution of a transaction or a trading strategy are appropriate, and (ii) set base line market and credit risk requirements that a <i>Dealer Member</i> must adhere to when engaging in <i>Dealer Member account</i> trading or client account margin lending.
...	...
7103. Policies and procedures ... (2) A <i>Dealer Member's</i> policies and procedures must specifically address the following items for the <i>debt securities</i> markets: (i) restrictions of, and <i>controls</i> over, trading in ~~<i>non-client accounts</i>~~ <i>Dealer Related Person accounts</i> ,	7103. Policies and procedures ... (2) A <i>Dealer Member's</i> policies and procedures must specifically address the following items for the <i>debt securities</i> markets: (i) restrictions of, and <i>controls</i> over, trading in <i>Dealer Related Person accounts</i> ,