

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

DEALER MEMBER RULE 200.1(h) - TRADE CONFIRMATION REQUIREMENTS

**(Black-lined text of the amended rule showing the cumulative Revised Amendments
made to the Original Amendments)**

- (h) Copies of confirmations of all purchases and sales of securities and of all trades in commodity futures contracts and commodity futures contract options and copies of notices of all other debits and credits of money, securities, property, proceeds of loans and other items for the account of customers. Such written confirmations are required to be sent promptly to customers and shall set forth at least the day and the marketplace or marketplaces upon which the trade took place, or marketplace disclosure language acceptable to the *Corporation*; the commission, if any, charged in respect of the trade; the fee or other charge, if any, levied by any securities regulatory authority in connection with the trade; the name of the salesman, if any, in the transaction; the name of the dealer, if any, used by the *Dealer Member* as its agent to effect the trade; and,

In the case of a trade in securities:

- (1) The quantity and description of the security,
- (2) The consideration,
- (3) Whether or not the person or company registered for trading acted as principal or agent,
- (4) If acting as agent in a trade upon a stock exchange the name of the person or company from or to or through whom the security was bought or sold,

In the case of trades in commodity futures contracts:

- (5) The commodity and quantity bought or sold,
- (6) The price at which the contract was entered into,
- (7) The delivery month and year,

In the case of trades in commodity futures contract options:

- (8) The type and number of commodity futures contract options,
- (9) The premium,
- (10) The delivery month and year of the commodity futures contract that is the subject of the commodity futures contract option,
- (11) The declaration date,
- (12) The striking price;

And in the case of trades in mortgage-backed securities and subject to the proviso below:

- (13) The original principal amount of the trade,
- (14) The description of the security (including interest rate and maturity date),
- (15) The remaining principal amount (RPA) factor,
- (16) The purchase/sale price per \$100 of original principal amount,
- (17) The accrued interest,
- (18) The total settlement amount,
- (19) The settlement date,

Provided that in the case of trades entered into from the third clearing day before month end to the fourth clearing day of the following month, inclusive, a preliminary confirmation shall be issued showing the trade date and the information in clauses (13), (14), (16) and (19) and indicating that the information in clauses (15), (17) and (18) cannot yet be determined and that a final confirmation will be issued as soon as such information is available. After the remaining principal amount factor for the security is available from the central payor and transfer agent, a final confirmation shall be issued including all of the information required above;

And in the case of stripped coupons and residual debt instruments:

- (20) The yield thereon calculated on a semi-annual basis in a manner consistent with the yield calculation for the debt instrument which has been stripped,
- (21) The yield thereon calculated on an annual basis in a manner consistent with the yield calculation for other debt securities which are commonly regarded as being competitive in the market with such coupons or residuals such as guaranteed investment certificates, bank deposit receipts and other indebtedness for which the term and interest rate is fixed.

And in the case of all other debt instruments, other than stripped coupons and residual debt instruments:

- (22) The yield to maturity calculated in a manner consistent with market conventions for the security traded. Where the debt security is subject to call prior to maturity through any means, a notation of "callable" shall be included; and for debt securities carrying a variable coupon rate, the following notation must be included: "The coupon rate may vary."

And in the case of all over-the-counter traded securities, including contracts for difference and foreign exchange contracts, but excluding primary market transactions and over-the-counter derivatives with non-standardized contract terms that are customized to the needs of a particular client and for which there is no secondary market, where the amount of the mark-up or mark-down and other service charges applied by the Dealer Member has not been disclosed on the confirmation sent to retail clients, a statement as follows:

(23) "The investment dealer's remuneration on this transaction has been added to the price in the case of a purchase or deducted from the price in the case of a sale."

Each such confirmation shall, in respect of transactions involving securities of the *Dealer Member* or a related issuer of the *Dealer Member*, or in the course of a distribution to the public, securities of a connected issuer of the *Dealer Member*, state that the securities are securities of the *Dealer Member*, a related issuer of the *Dealer Member* or a connected issuer of the *Dealer Member*, as the case may be. For the purposes of this paragraph, the terms "related issuer" and "connected issuer" shall have the same meaning as ascribed to them in the Regulation made under the Securities Act (Ontario).

In the case of a *Dealer Member* controlled by or affiliated with a financial institution, the relationship between the *Dealer Member* and the financial institution shall be disclosed on each confirmation slip in connection with a trade in securities of a mutual fund sponsored by the financial institution or a corporation controlled by or affiliated with the financial institution.

The *Corporation's* policies with respect to electronic delivery of documents are set out in the applicable guideline.

Notwithstanding the provisions of this Rule 200.1(h), a *Dealer Member* shall not be required to provide a confirmation to a client in respect of a trade in a managed account, provided that:

- (i) Prior to the trade, the client has consented in writing to waive the trade confirmation requirement;
- (ii) The client may terminate a waiver by notice in writing. The termination notice shall be effective upon receipt of the written notice by the *Dealer Member*, for trades following the date of receipt;
- (iii) The provision of a confirmation is not required under any applicable securities law, regulation or policy of the jurisdiction in which the client resides or the *Dealer Member* has obtained an exemption from any such law, regulation or policy by the responsible securities regulatory authority; and
- (iv)
 - (a) where a person other than the *Dealer Member* manages the account
 - (A) a trade confirmation has been sent to the manager of the account, and
 - (B) the *Dealer Member* complies with the requirements of Rule 200.1(c); or
 - (b) where the *Dealer Member* manages the account:
 - (A) the account is not charged any commissions or fees based on the volume or value of transactions in the account;

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- (B) the *Dealer Member* sends to the client a monthly statement that is in compliance with Rule 200.1(c) and contains all of the information required to be contained in a confirmation under this Rule 200.1(h) except:
- (1) the day and the ~~stock exchange or commodity futures exchange~~marketplace or marketplaces upon which the trade took place, or marketplace disclosure language acceptable to the Corporation;
 - (2) the fee or other charge, if any, levied by any securities regulatory authority in connection with the trade;
 - (3) the name of the salesman, if any, in the transaction;
 - (4) the name of the dealer, if any, used by the *Dealer Member* as its agent to effect the trade; and,
 - (5) if acting as agent in a trade upon a stock exchange the name of the person or company from or to or through whom the security was bought or sold,
- (C) the *Dealer Member* maintains the information not required to be in the monthly statement pursuant to paragraph (B) and discloses to the client on the monthly statement that such information will be provided to the client on request.

Exemption:

For delivery against payment (DAP) and receipt against payment (RAP) trade accounts, a *Dealer Member* is not required to send a trade confirmation if:

- (i) the trade is either subject to or matched in accordance with broker-to-broker or institutional trade matching requirements under *the Corporation's* Rules or securities legislation;
- (ii) the *Dealer Member* maintains an electronic audit trail of the trade under *the Corporation's* Rules or securities legislation;
- (iii) prior to the trade, the client has agreed in writing to waive receipt of trade confirmations from the *Dealer Member*;
- (iv) the client is either:
 - (a) another *Dealer Member* who is reporting or affirming trade details through an *acceptable trade matching utility* in accordance with Rule 800.49; or
 - (b) ~~a DAP/RAP account customer other than a Dealer Member~~an Institutional Customer who is matching DAP/RAP account trades (either directly or through a custodian) in accordance with National Instrument 24-101- Institutional Trade Matching and Settlement;

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- (v) the *Dealer Member* ~~has~~and the client have real-time access to, and can download into their own system from the *acceptable trade matching utility's* or the matching service utility's system, trade details that are similar to the prescribed information under Rule 200.1(h); and
- (vi) the *Dealer Member* ~~is in compliance with the trade matching requirements~~has not filed a report as required under Rule 800.49(6) informing the *Corporation's Rules or* ~~that it has not met the quarterly compliant trade percentage or has not filed a trade matching exception report as required under~~ securities legislation relevant to the trade, for a minimum of three consecutive quarters.

A client may terminate their trade confirmation waiver, referred to in Rule 200.1(h)~~(2)~~ under part (iii) of the exemption, by providing a written notice confirming this fact to the *Dealer Member*. The termination notice takes effect upon the *Dealer Member's* receipt of the notice.