

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

DEALER MEMBER RULE 800.49 - BROKER-TO-BROKER NON-EXCHANGE TRADE MATCHING

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

800.49. Broker-to-broker non-exchange trade matching

(1) Trade matching requirement

For each non-exchange trade, involving a *CDS eligible security* that is executed by a *Dealer Member* with another *Dealer Member*, each *Dealer Member* must:

- (i) Enter the trade into an *acceptable trade matching utility* or
- (ii) Accept or reject any trade entered into an *acceptable trade matching utility* by another *Dealer Member*.

at or before 6 p.m. (Toronto time) on the day the trade was executed.

(2) Definition of non-exchange trade

For the purposes of this Rule a non-exchange trade is defined as any trade in a *CDS eligible security* (excluding new issue trades and repurchase and reverse repurchase transactions) between two *Dealer Members*, which has not been submitted to the CDS continuous net settlement service, ~~CDSX~~, by a recognized exchange. The dealer to dealer portion of a jitney trade that is executed between two *Dealer Members* that is not reported by a recognized exchange is a non-exchange trade.

(3) List of acceptable trade matching utilities

The Corporation maintains a list of *acceptable trade matching utilities* that is published from time to time.

Attachment D
To Rules Notice 13-0231

(4) Trade classification where a Dealer Member enters a trade into the matching utility

If a *Dealer Member* enters a trade into an *acceptable trade matching utility* under clause 800.49(1)(i), the trade is considered for each dealer trade counterparty to be a *compliant trade*, a *don't know trade* or a *non-compliant trade* according to the following table:

		Action of other Dealer Member					
		Enter trade at or before 6 p.m.	Accept trade at or before 6 p.m.	Enter or accept trade after 6 p.m.	Reject trade at or before 6 p.m.	Reject trade after 6 p.m.	No action
Action of Dealer Member	Enter trade at or before 6 p.m.	- Dealer Member compliant trade - Other Dealer Member compliant trade	- Dealer Member compliant trade - Other Dealer Member compliant trade	- Dealer Member compliant trade - Other Dealer Member non-compliant trade	- Dealer Member don't know or DK trade - Other Dealer Member don't know or DK trade	- Dealer Member don't know or DK trade - Other Dealer Member non-compliant trade	- Dealer Member compliant trade - Other Dealer Member non-compliant trade
	Enter trade after 6 p.m.	- Dealer Member non-compliant trade - Other Dealer Member compliant trade		- Dealer Member non-compliant trade - Other Dealer Member non-compliant trade		- Dealer Member non-compliant trade - Other Dealer Member don't know or DK trade	- Dealer Member non-compliant trade - Other Dealer Member non-compliant trade

(5) Trade classification where a Dealer Member does not enter a trade into the matching utility

If a Dealer Member accepts or rejects a trade entered into an *acceptable trade matching utility* by another *Dealer Member* under clause 800.49(1)(ii) or takes no action on a trade entered into an *acceptable trade matching utility* by another *Dealer Member*, the trade is considered for each dealer trade counterparty to be a *compliant trade*, a *don't know trade* or a *non-compliant trade* according to the following table:

		Action of other Dealer Member	
		Enter trade at or before 6 p.m.	Enter trade after 6 p.m.
Action of Dealer Member	Accept at or before 6 p.m.	- <i>Dealer Member</i> compliant trade - Other <i>Dealer Member</i> compliant trade	
	Accept after 6 p.m.	- <i>Dealer Member</i> non-compliant trade - Other <i>Dealer Member</i> compliant trade	- <i>Dealer Member</i> non-compliant trade - Other <i>Dealer Member</i> non-compliant trade
	Reject at or before 6 p.m.	- <i>Dealer Member</i> don't know or DK trade - Other <i>Dealer Member</i> don't know or DK trade	
	Reject after 6 p.m.	- <i>Dealer Member</i> non-compliant trade - Other <i>Dealer Member</i> don't know or DK trade	- <i>Dealer Member</i> don't know or DK trade - Other <i>Dealer Member</i> non-compliant trade
	No action	- <i>Dealer Member</i> non-compliant trade - Other <i>Dealer Member</i> compliant trade	- <i>Dealer Member</i> non-compliant trade - Other <i>Dealer Member</i> non-compliant trade

(6) **Determination of ~~monthly~~quarterly compliant trade percentage**

The ~~monthly~~quarterly compliant trade percentage for a *Dealer Member* is determined by dividing the sum of ~~month~~quarter's compliant trades (which does not include "don't know" trades) by the total number of non-exchange trades that are executed during the ~~month~~quarter by the *Dealer Member* with other *Dealer Members*.

~~For months ending prior to or on June 30, 2012, a Dealer Member must promptly report to the Corporation when this monthly compliant trade percentage is less than 85% in any month and must include in this report its action plan to improve its percentage. Failure to increase the compliant trade percentage to 85% or more within 3 months of the first sub-standard report will be grounds for the Corporation to pursue disciplinary action.~~
~~Beginning on or after July 1, 2012, a *Dealer Member* must promptly report to the Corporation~~ when their ~~monthly~~quarterly compliant trade percentage is less than 90% in any ~~month~~quarter and must include in this report its action plan to improve its percentage. Failure to increase the compliant trade percentage to 90% or more within ~~3 months of the next quarter after~~ the first ~~substandard~~sub-standard report will be grounds for the *Corporation* to pursue disciplinary action.