

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 existing rule)**

**800.49. ~~Acceptable broker~~ Broker-to-broker non-exchange trade matching
utility**

(1) Trade matching requirement

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

- (i) Enter the trade into an ~~Acceptable Trade Matching Utility or accept~~ acceptable
trade matching utility or
- (ii) Accept or reject any trade entered into an ~~Acceptable Trade Matching~~
~~Utility~~ acceptable trade matching utility by another *Dealer Member* ~~[within one~~
~~hour of executing the trade.]~~

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

(2) Definition of non-exchange trade

For ~~purposes of this Rule 800.49, an "Acceptable Trade Matching Utility" shall~~
~~be the Broker-To-Broker Trade Matching Utility developed as part of the CDSX~~
~~development or any similar system approved by the Board of Directors of the~~
~~Corporation."~~ 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 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.

(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:

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

(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:

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

(6) Determination of quarterly compliant trade percentage

The quarterly compliant trade percentage for a *Dealer Member* is determined by dividing the sum of 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 quarter by the *Dealer Member* with other *Dealer Members*.

A *Dealer Member* must promptly report to the *Corporation* when their quarterly compliant trade percentage is less than 90% in any 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 the next quarter after the first sub-standard report will be grounds for the *Corporation* to pursue disciplinary action.