



## ATTACHMENT A

### INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA RULE 800.49 – BROKER-TO-BROKER NON-EXCHANGE TRADE MATCHING PROPOSED AMENDMENTS

1. Rule 800.49 is amended by deleting it in its entirety and replacing it with the following:

#### **“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.



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**(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:

		<b>Action of other Dealer Member</b>					
		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
<b>Action of Dealer Member</b>	Enter trade at or before 6 p.m.	- <i>Dealer Member</i> compliant trade - <i>Other Dealer Member</i> compliant trade	- <i>Dealer Member</i> compliant trade - <i>Other Dealer Member</i> compliant trade	- <i>Dealer Member</i> compliant trade - <i>Other Dealer Member</i> non-compliant trade	- <i>Dealer Member</i> don't know or DK trade - <i>Other Dealer Member</i> don't know or DK trade	- <i>Dealer Member</i> don't know or DK trade - <i>Other Dealer Member</i> non-compliant trade	- <i>Dealer Member</i> compliant trade - <i>Other Dealer Member</i> non-compliant trade
	Enter trade after 6 p.m.	- <i>Dealer Member</i> non-compliant trade - <i>Other Dealer Member</i> compliant trade		- <i>Dealer Member</i> non-compliant trade - <i>Other Dealer Member</i> non-compliant trade		- <i>Dealer Member</i> non-compliant trade - <i>Other Dealer Member</i> don't know or DK trade	- <i>Dealer Member</i> non-compliant trade - <i>Other Dealer Member</i> non-compliant trade



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### (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.
<b>Action of Dealer Member</b>	Accept at or before 6 p.m.	<ul style="list-style-type: none"> <li>- Dealer Member compliant trade</li> <li>- Other Dealer Member compliant trade</li> </ul>	
	Accept after 6 p.m.	<ul style="list-style-type: none"> <li>- Dealer Member non-compliant trade</li> <li>- Other Dealer Member compliant trade</li> </ul>	<ul style="list-style-type: none"> <li>- Dealer Member non-compliant trade</li> <li>- Other Dealer Member non-compliant trade</li> </ul>
	Reject at or before 6 p.m.	<ul style="list-style-type: none"> <li>- Dealer Member don't know or DK trade</li> <li>- Other Dealer Member don't know or DK trade</li> </ul>	
	Reject after 6 p.m.	<ul style="list-style-type: none"> <li>- Dealer Member non-compliant trade</li> <li>- Other Dealer Member don't know or DK trade</li> </ul>	<ul style="list-style-type: none"> <li>- Dealer Member don't know or DK trade</li> <li>- Other Dealer Member non-compliant trade</li> </ul>
	No action	<ul style="list-style-type: none"> <li>- Dealer Member non-compliant trade</li> <li>- Other Dealer Member compliant trade</li> </ul>	<ul style="list-style-type: none"> <li>- Dealer Member non-compliant trade</li> <li>- Other Dealer Member non-compliant trade</li> </ul>



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### (6) **Determination of monthly compliant trade percentage**

The monthly compliant trade percentage for a *Dealer Member* is determined by dividing the sum of month'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 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 compliant trade percentage is less than 90% in any month 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 first substandard report will be grounds for the *Corporation* to pursue disciplinary action."