

GUIDANCE NOTE 7200-1 DEBT MARKET REQUIREMENTS

Introduction

Rule 7200 describes the standards for trading by market participants in debt markets. This rule has been updated, from the previous IIROC Rule 2800, by the Corporation in consultation with the Bank of Canada to ensure the integrity and well functioning of the Canadian debt markets and thereby to encourage liquidity, efficiency and the maintenance of active trading and lending and promote public confidence in these markets.

The Corporation and the Provincial securities regulatory authorities (collectively the Canadian Securities Administrators (CSA)) also have rules and standards that apply to domestic secondary market trading carried out by Corporation member firms. Rule 7200 provides further amplification and, in some cases, broader application of these rules in relation to debt markets. Dealer Members that are Primary Dealers and/or Government Securities Distributors and that are eligible to bid in Government of Canada securities auctions are also subject to the Government of Canada's Terms of Participation in Auctions for Government Securities Distributors and must observe their administrative and reporting procedures.

Application

While Rule 7200 applies directly only to Corporation member firms and their related companies, which play an active and integral role in Canadian debt markets, this code of conduct should also guide the actions of all other market participants in these markets. Dealer Members should promote the standards established in this Rule to their affiliates, clients, and counterparties. In particular, market participants may be required to cooperate in reporting and making certain disclosures, and Dealer Members should conduct their business in a manner that will encourage these affiliates, clients and counterparties to comply with Rule 7200.

The Rule, together with applicable securities legislation, the auction rules and Terms of Participation for Government Securities Distributors, will ensure proper conduct of market participants during auctions of Government of Canada securities as well as in other primary and secondary debt markets. It will result in the close coordination between federal authorities, the CSA, Corporation member firms and the Corporation in the exchange of detailed market information and the enforcement of proper market conduct.

Regulatory sanctions

Members that do not comply with Corporation requirements could face sanctions from the Corporation and also from the Government of Canada, Department of Finance (Canada) and provincial securities regulatory authorities. In the case of Government of Canada securities, this could include the Bank of Canada suspending or removing eligible-bidder status for auctions of Government of Canada securities.

GUIDANCE NOTE 7300 -1
ORGANIZATIONS THAT PROVIDE DOMESTIC DEBT MARKET TRANSPARENCY

Introduction

Subsection 7305(6) of Rule 7300 requires that an IDBB be a member of a Corporation-recognized organization that provides market transparency for domestic-debt securities. This Guidance Note lists the organizations that the Corporation recognizes.

Recognized organizations providing market transparency for domestic-debt securities:

CanPX Corporation