

IIROC NOTICE

**Rules Notice
Guidance Note**

UMIR

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Guidance on Marketplace Disclosure for Trade Confirmations

Executive Summary

Effective October 15, 2012, the following disclosure language is acceptable to IIROC for trade confirmations for securities the trading of which is subject to UMIR:

“Traded on one or more marketplaces or markets, details available upon request.”

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1. Background

IIROC has proposed an amendment to Dealer Member Rule 200.1(h) concerning the provision of marketplace disclosure on trade confirmations to require that trade confirmations make disclosure of the “marketplace or marketplaces on which a trade is executed, or that the trade confirmation include marketplace disclosure language acceptable to the Corporation”.¹ IIROC expects the proposed amendments to be approved by the applicable securities regulatory authorities on or before October 15, 2012.

In anticipation of the approval of the proposed amendments, IIROC is proposing to replace, effective October 15, 2012, previous guidance under UMIR related to marketplace disclosure on trade confirmations.² The effective date of October 15, 2012 will coincide with the implementation date of amendments to UMIR regarding:

- Regulation of Short Sales and Failed Trades; and
- Dark Liquidity.³

2. Acceptable Marketplace Disclosure

Effective October 15, 2012, the following disclosure language is acceptable to IIROC for securities the trading of which is subject to UMIR:

“Traded on one or more marketplaces or markets, details available upon request.”

The term “marketplace” is defined in UMIR as an exchange, quotation and trade reporting system or alternative trading system in Canada. The term “market” is not defined in UMIR but includes a “foreign organized regulated market” on which a trade in a security subject to UMIR may be executed.

This acceptable language may be used on trade confirmations in circumstances when an order is executed on:

- a single marketplace in Canada;
- multiple marketplaces in Canada;

¹ IIROC Notice 10-0097 – Rules Notice - Request for Comments- Dealer Member Rules – *Trade Confirmation and Matching Requirements* (April 9, 2010). Prior to the approval of the proposed amendments, Dealer Member Rule 200.1(h) requires that trade confirmations disclose “the stock exchange or commodity futures exchange” upon which a trade took place.

² Market Integrity Notice 2005-031 – Guidance – *Disclosure of Marketplaces on Trade Tickets and Confirmations* (September 16, 2005) and Question 3 of Market Integrity Notice 2006-020 – Guidance – *Compliance Requirements for Trading on Multiple Marketplaces* (October 3, 2006).

³ See IIROC Notice 12-0158 - Rules Notice – Notice of Implementation – UMIR – *Changes to Implementation Date for Provisions Respecting Regulation of Short Sales and Failed Trades and for Provisions Respecting Dark Liquidity* (May 8, 2012).



- a foreign organized regulated market (which includes markets in the United States); or
- any combination of one or more marketplace and foreign organized regulated markets.

If an order has been executed in whole or in part on a foreign organized regulated market, IIROC expects that the disclosure will include the quantity of securities traded on the foreign organized regulated market together with the applicable foreign exchange rate for any currency conversion. In all cases, Participants using this disclosure language are to continue identifying the marketplaces or markets of execution at no cost to clients making request for such details.

3. Audit Trail Requirements

Notwithstanding any general marketplace disclosure on the trade confirmation, Rule 10.11 of UMIR requires a Participant to comply with the audit trail requirements set out under Part 11 of National Instrument 23-101 *Trading Rules*, which includes recording the marketplace identifier following transmission of an order to a marketplace, and recording the marketplace identifier for the marketplace on which an order is executed.⁴ In particular, a Participant must maintain appropriate records which would allow the Participant to provide details of the execution of any order to the client upon request.⁵

4. Impact on Existing Guidance

This Guidance repeals and replaces, effective as of October 15, 2012, the guidance set out in:

- ***Market Integrity Notice 2005-031 – Guidance – Disclosure of Marketplaces on Trade Tickets and Confirmations (September 16, 2005); and***
- ***Market Integrity Notice 2006-020 – Guidance – Compliance Requirements for Trading on Multiple Marketplaces – Question 3 (October 3, 2006).***

⁴ See reference in subsections 11.2(2) and 11.2(4) of National Instrument 23-101.

⁵ Part 3 of Policy 7.1 of UMIR requires a Participant to have appropriate policies and procedures to ensure compliance with the requirements under UMIR (including Rule 10.11).