

IIROC NOTICE

Rules Notice Notice of Approval

Dealer Member Rules

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Transaction Reporting for Debt Securities

Executive Summary

On October 29, 2014, the applicable securities regulatory authorities approved Dealer Member Rule 2800C – Transaction Reporting for Debt Securities (“Rule 2800C”)¹. This follows IIROC’s re-publication for comment of Proposed Requirements for Debt Securities Transaction Reporting (“Proposed Rule 2800C”)².

Rule 2800C sets out a framework under which Dealer Members are required to report debt securities transactions to IIROC through the Market Trade Reporting System 2.0 (“MTRS 2.0”).

¹ The text of Rule 2800C is attached as “Appendix A”.

² See IIROC Notice 14-0004 issued January 9, 2014. In response to comments received from the public and the Canadian Securities Administrators (the “CSA”), IIROC has made revisions to Proposed Rule 2800C which are summarized in section 4 of this Notice of Approval. A copy of black-line revisions to Proposed Rule 2800C together with IIROC’s responses to public comments is attached as “Appendix B”.



All over-the-counter (“OTC”) debt market transactions executed by a Dealer Member, including those executed on an Alternative Trading System (“ATS”) or through an Inter-Dealer Bond Broker (“IDBB”)³, must be reported to IIROC on a post-trade basis. Dealer Members are also responsible to report transactions of their affiliates that are Government Securities Distributors (“GSDs”) to IIROC. Transaction information reported under Rule 2800C will enable IIROC to undertake surveillance and oversight of OTC debt market trading. IIROC will also continue to publish aggregate debt trading statistics, consistent with its current practice.

At this time, IIROC will retain the ‘Customer LEI’ and Customer Account Identifier as optional fields (that is, these are not mandatory fields even when information is available). However, it is anticipated that the Bank of Canada and IIROC will re-visit this requirement within two years following the effective date of Phase 1 of Rule 2800C. Any proposal to make these fields mandatory would be subject to consultation with the industry. **A Dealer Member that chooses to report the Customer LEI in this optional field should, prior to reporting, ensure that its customer has authorized the Dealer Member to provide the Customer LEI to IIROC. A Dealer Member that is a GSD and chooses to report the Customer LEI in this optional field should, prior to reporting, ensure that its customer has authorized the Dealer Member to provide the Customer LEI to IIROC and Bank of Canada.**

Some Dealer Members may incur significant technology costs associated with the transition from reporting debt market activity to Bank of Canada’s Market Trade Reporting System (“MTRS”), to IIROC’s MTRS 2.0. IIROC is of the view that these costs are not disproportionate to the benefits that will be afforded to Dealer Members from improved efficiency of data collection and standardization of reporting; and to the market with robust oversight to strengthen the fairness and integrity of the debt market. The costs that IIROC will incur to operate and maintain MTRS 2.0, including technology, staff and other direct costs, will be allocated to Dealer Members on a cost-recovery basis. A cost-recovery fee model is currently under development in consultation with Dealer Member representatives and will be published for comment in late 2014.

Dealer Member responsibilities under Rule 2800C will be implemented in two phases. Phase 1 is effective on **November 1, 2015**. In Phase 1, a Dealer Member that, on or after the effective date of November 1, 2015:

- is a GSD and participant in MTRS must comply with Rule 2800C by reporting all of their transactions and the transactions of any affiliate that is a GSD, in Debt Securities (including all Repo transactions) denominated in Canadian dollars; or

³ IDBB is defined in Rule 2100 as an organization (whether or not incorporated) that provides information, trading and communications services in connection with trading in domestic debt securities among customers of the organization.



- has an affiliate that is a GSD and participant in MTRS, must comply with Rule 2800C by reporting the transactions of the affiliate, in Debt Securities (including all Repo transactions) denominated in Canadian dollars.

All other Debt Security transaction reporting by GSD and non-GSD Dealer Members will be implemented when Phase 2 comes into effect, which is expected to be on November 1, 2016.

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1. Background Information

IIROC notices requesting comments on Proposed Rule 2800C⁴ have summarized the history leading to Rule 2800C, outlined standards for debt market regulatory reporting in other jurisdictions and discussed IIROC's Debt Market Surveillance Project.

1.1 IIROC's MTRS 2.0

To date, standardized reporting of debt market activity in Canada has been provided to the Bank of Canada by GSDs⁵ in weekly aggregate statistical reports submitted through the MTRS. Weekly statistics have been required from GSDs in order for the GSDs to participate in Government of Canada securities auctions and these statistics have been used by Bank of Canada to produce quarterly reports as well as in the management of government securities auctions.

IIROC's system for reporting debt securities transactions, referred to as "MTRS 2.0", serves as the successor to the MTRS. Rule 2800C requires that all GSD OTC debt market transactions are reported to IIROC's MTRS 2.0. The data received will be shared by IIROC with the Bank of Canada, obviating the need for GSDs to submit weekly aggregate reports of the same transactions. IIROC will continue to publish aggregate debt trading statistics, consistent with its current practice.

1.2 MTRS 2.0 User Guide

In order to facilitate accurate transaction reporting by Dealer Members, IIROC has developed the MTRS 2.0 User Guide ("User Guide"), which contains technical and explanatory information such as message specification, file delivery protocol, data formats and reporting procedures.

IIROC has worked with Dealer Members to develop the User Guide. A draft was provided to operations and technology personnel of the Dealer Members for their review as part of the consultation process. IIROC intends to publish the final User Guide.

⁴ See IIROC Notice 14-0004, *supra*, and IIROC Notice 13-0058 *Proposed Requirements for Debt Securities Transaction Reporting* (February 20, 2013).

⁵ See the [Terms of Participation in Auctions for GSDs](#).



2. Regulatory Objectives

IIROC's priorities in conducting oversight of debt market trading are to strengthen the fairness and integrity of the debt markets, and to ensure compliance and prevent and/or address identified abuses in areas such as:

- best execution and fair pricing;
- front running (use of information to trade ahead of client bond trades or issuances);
- insider trading;
- manipulation of the price of a debt market instrument or class of instruments; and
- suitability of a specific instrument types (particularly with respect to retail customers).

The data elements that must be reported under Rule 2800C serve to facilitate IIROC's market surveillance and monitoring capabilities to meet these regulatory objectives.

3. IIROC Debt Market Reporting Requirements

Dealer Members are required to report transactions to IIROC on T+1 for all OTC transactions in Debt Securities (as defined in section 1.1 of Rule 2800C), including those executed on an ATS or through an IDBB. For transactions between two Dealer Members, both Dealer Members are required to submit a trade report. A Dealer Member is also responsible to report to IIROC transactions of its affiliates that are GSDs.

Dealer Members must report transaction information promptly, accurately and completely, including the data elements as specified in Rule 2800C. A third-party agent may be retained by the Dealer Member for the purpose of submitting transaction information; however, the Dealer Member remains responsible for timely, accurate and complete reporting in compliance with Rule 2800C.

At this time, IIROC will retain the 'Customer LEI' and Customer Account Identifier as optional fields (that is, these are not mandatory fields even when information is available). However, it is anticipated that Bank of Canada and IIROC will re-visit this requirement within two years following the effective date of Phase 1 of Rule 2800C. Any proposal to make these fields mandatory would be subject to consultation with the industry. While use of Legal Entity Identifiers ("LEIs") is not yet widespread in Canada, the global regulatory community is rapidly adopting this standard and its benefits will be realized through collective efforts. IIROC intends to undertake industry education programs as necessary to inform Dealer Members on the adoption of LEIs. **A Dealer Member that chooses to report the Customer LEI in this optional field should, prior to reporting, ensure that its customer has authorized the Dealer Member to provide the Customer LEI to IIROC. A Dealer Member that is a GSD and chooses to report the Customer LEI in this optional**



field should, prior to reporting, ensure that its customer has authorized the Dealer Member to provide the Customer LEI to IIROC and Bank Of Canada.

4. Summary of Changes to Proposed Rule 2800C

IIROC staff has considered all of the comments received in response to the republication of Proposed Rule 2800C. To address CSA and public comments received, Rule 2800C as approved varies from Proposed Rule 2800C as IIROC has made some minor revisions as follows:

- Provisions revised for clarity and/or consistency:
 - Section 1 definitions of “Authorized Agent”, “Debt Security” and “Repurchase Agreement” (Repo) are revised for greater clarity;
 - Subsection 2.1(b) is revised to clarify that exceptions to the general transaction reporting requirement must not be reported;
 - Subsection 2.1(b)(v) is added to confirm that a transaction must not be reported if the counterparty is Bank of Canada or Bank of Canada on behalf of the Government of Canada;
 - Subsection 2.1(b)(vi) is added to confirm that affiliates that are GSDs only for Government of Canada treasury bills must not report a transaction, other than a Repo transaction, in Debt Securities with an original term to maturity of greater than one year;
 - Subsections 2.2(a) and (b) are revised to clarify common reporting responsibilities including transactions between Dealer Members and non-clients or issuers;
 - Section 2.3 is revised to clarify that the Dealer Member is responsible for compliance with Rule 2800C if it uses an Authorized Agent;
 - Subsection 2.4(b) is revised to clarify a Dealer Member’s obligations respecting the Legal Entity Identifier (“LEI”) and to eliminate duplication of LEI data elements in section 2.4(c);
 - Subsection 2.4 (c) is revised to clarify that each transaction report must contain the data elements relevant to a bond or Repo transaction as applicable;
 - Subsection 2.4(c) contains a revised description of ‘Customer LEI’ to confirm that it is optional and only reportable for institutional customers;



- Subsection 2.4(c) contains a revised description of ‘Related Party Indicator’ to clarify the scope of the data element and to facilitate accurate reporting;
- Subsection 2.4(c) contains a revised description of ‘Counterparty Type’ to include the identification of non-client and issuer counterparties and facilitate accurate reporting;
- Subsection 2.4 (c) contains a revised description of ‘Counterparty Identifier’ for clarity and to remove the reference to Bank of Canada which is not applicable;
- Subsection 2.4(c) contains a revised description of ‘Non Resident Indicator’ to clarify that the data element is required for a non-resident counterparty;
- Subsection 2.4(c) contains a revised description of ‘Repo Collateral Security Type’ removing the phrase ‘(not general collateral)’ for clarity;
- Section 3(a) is revised to clarify that enrollment is required for a Dealer Member or an Authorized Agent that will submit transaction reports to MTRS 2.0; and
- Subsection 2.4(c) no longer contains the ‘Repo Indicator’ data element given comments received respecting limitations on Dealer Member systems.

5. Rule-making Process

IIROC issued two requests for comment on Proposed Rule 2800C before approval of final Rule 2800C. As part of the rule development process, IIROC staff consulted with a number of Dealer Member representatives, both individually and collectively, that represent the majority of debt market trading activity in Canada, as well as IIROC’s Fixed Income Committee, IIAC’s Repo and Debt Markets Committees and the Bank of Canada. The objectives of these consultations included addressing Dealer Members’ specific concerns, ensuring that Rule 2800C is reasonable in scope and operationally achievable, and to inform certain revisions to Proposed Rule 2800C. In general, most firms were supportive of the objectives of the project and also saw benefits to be derived for the industry.

6. Impacts

IIROC has consulted with Dealer Members that have confirmed that existing trade capture systems can be leveraged to create transaction files suitable for transmission to IIROC’s MTRS 2.0. Dealer Members also confirmed during industry consultation regarding the collection and reporting of required trade data, that the majority of data elements are available in existing sources generally but work would be required, in some cases, to merge data



elements from disparate systems. To facilitate reporting, Dealer Members may submit multiple files and/or report trades through an Authorized Agent.

Some Dealer Members may incur significant technology costs associated with the transition from MTRS to MTRS 2.0 for the purposes of Rule 2800C. IIROC is of the view that these costs are not disproportionate to the benefits that will be afforded to Dealer Members from the improved efficiency of data collection and standardization of reporting; and to the market with robust oversight to strengthen the fairness and integrity of the debt market. Rule 2800C does not therefore impose costs on, or restrict the activities of, market participants (including Dealer Members and non-Dealer Members) that are disproportionate to the benefits of the regulatory objectives sought to be realized.

The costs to IIROC associated with the ongoing operation and maintenance of MTRS 2.0, including technology, staff and other direct costs, will be allocated to Dealer Members on a cost-recovery basis. A cost-recovery fee model will be developed separately, based on extensive input from a committee IIROC has established of diverse Dealer Member representatives. IIROC intends to publish the proposed fee model for comment in late 2014.

7. Approval and Implementation Plan

7.1 Phases

Dealer Member responsibilities under Rule 2800C are to be phased in based on: (i) the Dealer Member's participation in the current MTRS; (ii) the types of Debt Securities traded; and (iii) the type of transaction, as follows.

Phase 1

Phase 1 is effective on November 1, 2015. In Phase 1, a Dealer Member that, on or after the effective date of November 1, 2015:

- is a GSD and participant in MTRS must comply with Rule 2800C by reporting all of their transactions and the transactions of any affiliate that is a GSD, in Debt Securities (including all Repo transactions) denominated in Canadian dollars; or
- has an affiliate that is a GSD and participant in MTRS, must comply with Rule 2800C by reporting the transactions of the affiliate, in Debt Securities (including all Repo transactions) denominated in Canadian dollars.

Phase 2

Phase 2 of the implementation of Rule 2800C is expected to become effective on November 1, 2016. In Phase 2, a Dealer Member that, on or after the effective date of Phase 2:



- is a GSD and participant in MTRS must comply with Rule 2800C by reporting all of their transactions and the transactions of any affiliate that is a GSD, in Debt Securities (including all Repo transactions), including transactions that are not denominated in Canadian dollars; or
- has an affiliate that is a GSD and participant in MTRS, must comply with Rule 2800C by reporting the transactions of the affiliate, in Debt Securities (including all Repo transactions) including transactions that are not denominated in Canadian dollars.

All other Dealer Members must comply with Rule 2800C with respect to all of their transactions in Debt Securities (excluding Repo transactions), including transactions that are not denominated in Canadian dollars.

7.2 Transition of MTRS

The MTRS and MTRS 2.0 systems will run in parallel for a period of time to ensure data integrity and pending development of new volume and statistics reports, following which Bank Of Canada and IIROC will sign off on MTRS 2.0 and de-commission MTRS. In addition, a new MTRS 2.0 trade classification manual will be developed.

8. Attachments

Appendix A – Rule 2800C – Transaction Reporting for Debt Securities

Appendix B – Black-line reflecting revisions to Proposed Rule and Response to Public Comments



Appendix A – Rule 2800C – Transaction Reporting for Debt Securities

Introduction

This Rule 2800C requires Dealer Members to report information about each of their transactions (and the transactions of any affiliate that is a Government Securities Distributor) in Debt Securities to the Corporation through a system maintained by the Corporation.

Purpose

The reported transaction data is used in the Corporation’s surveillance of the debt market to identify potential market abuses such as violations of the fair pricing requirements of Dealer Member Rule 3300, insider trading and market manipulation. It also supports the Corporation’s general inspection and enforcement activities, rulemaking, and other regulatory functions. The trade data received pursuant to this rule enables appropriate oversight to ensure the integrity of OTC debt market trading and strengthen standards of investor protection.

1. Definitions

For purposes of Rule 2800C, the terms below have the meanings noted.

- 1.1 “Debt Security” means any security that provides the holder with a legal right, in specified circumstances, to demand payment of the amount owing and includes a debtor-creditor relationship. The fact that a security was issued in another country or denominated in a foreign currency does not disqualify it from being a Debt Security. The term includes securities with short-term maturities or mandatory tender periods such as commercial paper and floating rate notes as well as traditional notes and bonds.
- 1.2 “Repurchase Agreement” or “Repo” means a transaction that involves the simultaneous sale and future repurchase, or simultaneous purchase and future sale (“Reverse Repo”), of any Debt Securities, including transactions arranged as buy sell-backs and sell buy-backs.
- 1.3 “MTRS 2.0” means the Debt Securities transaction reporting system operated by the Corporation. As used in this term, “MTRS” is an abbreviation of “Market Trade Reporting System”.
- 1.4 “Government Securities Distributor” or “GSD” means an entity that has been given notice of its status as such by the Bank of Canada and has access to bid at Government of Canada auctions.



- 1.5 “Legal Entity Identifier” or “LEI” means a unique identification code assigned to a counterparty in accordance with standards set by the Global Legal Entity Identifier System. If the Global Legal Entity Identifier System is unavailable to a reporting counterparty when a reporting obligation under this Rule arises, a substitute legal identifier must be used as identified by the Corporation.
- 1.6 “Global Legal Entity Identifier System” means the system for unique identification of parties to financial transactions developed by the Legal Entity Identifier System Regulatory Oversight Committee.
- 1.7 “Legal Entity Identifier System Regulatory Oversight Committee” means the international working group established by the Finance Ministers and the Central Bank Governors of the Group of Twenty nations and the Financial Stability Board, under the Charter of the Regulatory Oversight Committee for the Global Legal Entity Identifier System dated November 5, 2012.
- 1.8 “MTRS 2.0 Enrollment Form” means the form filed by a Dealer Member with the Corporation to supply contact and other information that may be needed by the Corporation in connection with the Dealer Member’s reporting of Debt Securities transactions. An MTRS 2.0 Enrollment Form must also be filed by any party seeking to act as an Authorized Agent for a Dealer Member in reporting transaction data to MTRS 2.0.
- 1.9 “Authorized Agent” means a Dealer Member or other business entity that has successfully enrolled with the Corporation under Part 3 of this Rule 2800C to submit Debt Securities transaction reports on behalf of Dealer Members.
- 1.10 “Special Condition Indicator” means a code used on a transaction report to indicate that the transaction has certain attributes. Among other uses, the Special Condition Indicator helps to identify transactions that may be priced differently than other transactions in the same issue (e.g., a primary market transaction subject to a fixed price offering agreement). Special Condition Indicators are also used to identify Repo transactions, transactions that involve parties related to the Dealer Member executing the transaction, and certain other conditions that may apply to a transaction and that are relevant to the regulatory and market surveillance purposes of Rule 2800C.
- 1.11 “Riskless Principal Trade” means a trade in a Debt Security that involves two offsetting orders (buy and sell) that are filled through transactions executed against a Dealer Member’s trading or other proprietary account, with the execution of one of the orders dependent upon the receipt or execution of the other. A riskless principal trade results in



two offsetting principal transactions on the Dealer Member's books, rather than one agency transaction. A Dealer Member typically performs a riskless principal trade to fill a client order with an offsetting transaction in the market or with another client.

1.12 "File Receipt" means an electronic acknowledgement that confirms the transaction reporting data file has been successfully transmitted.

2. Reporting Requirements

2.1 (a) General Transaction Reporting Requirement

Every Dealer Member must report each of its transactions in Debt Securities (including Repo transactions) and the transactions in Debt Securities (including Repo transactions) of any affiliate that is a GSD, to the Corporation within the timeframes and in the manner specified in this Rule 2800C, subject to the exceptions stated below in Section 2.1(b).

(b) Exceptions - the following must not be reported under section 2.1(a) of this Rule 2800C:

(i) Debt Securities Without Assigned ISIN or CUSIP Numbers

A transaction in Debt Securities that has no ISIN or CUSIP number assigned on the Date of Trade Execution. However, if that transaction is a new issue of a Debt Security, it shall be reported within the timeframe stated in Section 2.5 of this Rule 2800C if an ISIN or CUSIP number is assigned to the Debt Security by 6:00 p.m. Eastern Time on the business day following the date of sale of the new issue.

(ii) Transactions of Exchange-listed Debt Securities

A transaction in exchange-listed Debt Securities executed on a Marketplace that transmits to IIROC trade information required under National Instrument 23-101 – *Trading Rules*.

(iii) Internal Transactions

A transaction between two separate business units or profit centres within the reporting Dealer Member where there is no change in beneficial ownership.

(iv) Repo Transactions by Non-GSDs

A Repo transaction executed by a Dealer Member that is not a GSD.



(v) Transactions with the Bank of Canada

A transaction in which the Bank of Canada or the Bank of Canada on behalf of the Government of Canada is the counterparty.

(vi) Certain transactions by affiliates that are GSDs only for Government of Canada treasury bills

A transaction other than a Repo transaction executed by an affiliate that is a GSD only for Government of Canada treasury bills, in a Debt Security with an original term to maturity of greater than one year.

2.2 Reporting Responsibilities of Dealer Members

Reporting responsibilities in the most common situations are as follows:

- (a) In a transaction between a Dealer Member and a client or non-client the Dealer Member reports.
- (b) In a transaction between a Dealer Member and an Inter-Dealer Bond Broker or issuer, the Dealer Member reports.
- (c) In a transaction between a Dealer Member and an Alternative Trading System (ATS), where the ATS is the counterparty, the Dealer Member and the ATS must report. In a transaction between an ATS (where the ATS is the counterparty) and a client, the ATS reports.
- (d) In a transaction between two Dealer Members, each Dealer Member is responsible to report the transaction from its perspective. This responsibility includes the requirement for a Dealer Member to make a buy-side or sell-side transaction report, as appropriate, when it is a party to a transaction that results in the movement of securities between the accounts of an introducing broker and its clearing/carry broker.

2.3 A Dealer Member may use an Authorized Agent to submit transactions to MTRS 2.0. A Dealer Member utilizing an Authorized Agent for transaction reporting remains responsible for compliance with Rule 2800C.

2.4 Information Required on Transaction Reports

- (a) Each transaction report must contain accurate and complete information about the reported transaction.
- (b) A Dealer Member is required to obtain a Legal Entity Identifier and must comply with all applicable requirements imposed by the Global Legal Entity Identifier System.



- (c) Each transaction report must contain the following data elements relevant to a bond or Repo transaction as applicable:

No.	Data	Description
1.	SECURITY IDENTIFIER	The ISIN number or CUSIP number assigned to the securities in the transaction
2.	SECURITY IDENTIFIER TYPE	The type of identifier that was submitted, ISIN or CUSIP
3.	TRADE IDENTIFIER	Unique identifier assigned to the transaction by the reporting Dealer Member
4.	ORIGINAL TRADE IDENTIFIER	Included on trade cancellations or corrections
5.	TRANSACTION TYPE	Indicates whether the transaction is new, a cancellation, or a correction
6.	EXECUTION DATE	The calendar day the transaction was executed
7.	EXECUTION TIME	The time at which the transaction was executed, either as recorded by an electronic trading system or time of entry into a trade booking system
8.	SETTLEMENT DATE	The date the transaction is reported to settle
9.	TRADER IDENTIFIER	Assigned by reporting Dealer Member to identify the individual/desk responsible for the transaction
10.	REPORTING DEALER IDENTIFIER	The LEI of the reporting Dealer Member
11.	COUNTERPARTY TYPE	Indicates whether the counterparty was a Client, Non-client, a Dealer Member, a Dealer Member acting as an Alternative Trading System (ATS), an Inter-Dealer Bond Broker (IDBB), an Issuer or a Bank
12.	COUNTERPARTY IDENTIFIER	The LEI of the counterparty, when the counterparty is a Dealer Member, Bank, IDBB, or ATS. Bank trades are defined as trades with Schedule I Banks and Canadian offices of Schedule II Banks
13.	CUSTOMER	Indicates whether the client is retail or institutional. This



No.	Data	Description
	ACCOUNT TYPE	field must be populated if the counterparty type is 'Client'
14.	CUSTOMER LEI	The LEI assigned to the institutional client/customer, where available. Optional field
15.	CUSTOMER ACCOUNT IDENTIFIER	Identifier assigned by a reporting Dealer Member to uniquely identify the client/customer where the counterparty is 'Client' and no Customer LEI is available Optional field
16.	INTRODUCING/ CARRYING DEALER INDICATOR	Indicates whether the reporting Dealer Member acted in the capacity of an introducing or carrying broker
17.	ELECTRONIC EXECUTION INDICATOR	Indicates if the transaction was executed on or facilitated through an electronic trading venue
18.	TRADING VENUE IDENTIFIER	The LEI of the electronic trading venue
19.	SIDE	Indicates whether the reporting Dealer Member was a buyer or seller
20.	QUANTITY	Par value of securities
21.	PRICE	The price at which the transaction was executed, including any mark-ups and/or mark-downs and/or commission
22.	BENCHMARK SECURITY IDENTIFIER	The ISIN or CUSIP of the Bond used as pricing benchmark (if any)
23.	BENCHMARK SECURITY IDENTIFIER TYPE	The type of identifier that was submitted, ISIN or CUSIP
24.	YIELD	The yield as stated on the client confirmation (if any)
25.	COMMISSION	The commission or mark-up stated on confirmation (if any)
26.	CAPACITY	Indicates whether the Dealer Member acted as Principal or Agent ("Riskless Principal Trades" reported as Principal)
27.	PRIMARY MARKET	Special Condition Indicator to indicate that the transaction is being submitted by an underwriter of a new issue of Debt Securities and that, at the time of the transaction, the



No.	Data	Description
		securities were subject to a fixed price offering agreement. “Take-down” allocations from a syndicate manager to syndicate members are included in this designation as well as customer allocations by any member of the underwriting group subject to a fixed price offering agreement at the time of trade
28.	RELATED PARTY INDICATOR	Special Condition Indicator to indicate that the counterparty is an affiliate of the Dealer Member
29.	NON RESIDENT INDICATOR	Special Condition Indicator to indicate that the transaction is one with a non-resident counterparty
30.	FEE BASED ACCOUNT INDICATOR	Special Condition Indicator to indicate that the transaction is for a retail customer account paying non-transaction-based fees as partial or full remuneration for the Dealer Member’s transaction execution services

Elements Specific to Repo Transactions:

No.	Data	Description
31.	REPO AGREEMENT IDENTIFIER	Unique identifier assigned to the Repo transaction by the reporting Dealer Member.
32.	REPO TYPE	Indicates whether the transaction was conducted as part of a repo, a reverse repo, a sell/buy-back, or a buy/sellback
33.	REPO TERM	Indicates whether the Repo has fixed term or is an open term Repo
34.	REPO MATURITY DATE	The maturity date if the Repo has a term
35.	CURRENCY OF REPO	The currency denomination of the cash payment used for the initial purchase of the security in a Repo agreement
36.	REPO RATE	The Repo interest rate. If the interest rate is not a term of the contract, then it is the interest rate implied by the difference between the sale (purchase) price and its repurchase (resale) price
37.	REPO HAIRCUT	The Repo haircut. If the haircut is not a term of the contract, then it is the haircut implied by the disparity between the purchase price and the market value of the security at the time of initial purchase
38.	REPO	Indicates the type of identifier that was submitted, ISIN or



No.	Data	Description
	COLLATERAL SECURITY TYPE	CUSIP, or if the Repo is for general collateral, or if the Repo is for multiple securities
39.	REPO COLLATERAL SECURITY IDENTIFER	The ISIN or CUSIP number of the security underlying a Repo agreement at the beginning of the agreement if a single security is used as collateral
40.	CLEARING HOUSE	If the Repo was centrally cleared, the LEI identifier of the central clearing house

2.5 Reporting Timeframes

(a) Reporting Deadlines

A Dealer Member must ensure that a transaction report for which the Dealer Member is responsible is received by the Corporation in proper form and with complete and accurate information within the following timeframes:

- (i) For transactions in Debt Securities with ISIN or CUSIP Numbers assigned on the Date of Transaction Execution:
 - (A) if the date of transaction execution is a Business Day and the time of transaction execution is no later than 6:00 p.m. Eastern Time, the report must be made no later than 2:00 p.m. Eastern Time on the Business Day following the date of transaction execution;
 - (B) if the date of transaction execution is a Business Day and the time of transaction execution is after 6:00 p.m. Eastern Time, the report must be made no later than 2:00 p.m. Eastern Time on the second Business Day following the date of transaction execution; and
 - (C) for all other transactions, including those executed on a Saturday, Sunday, or any officially recognized Federal or Provincial statutory holiday on which the system is closed, the report must be made no later than 2:00 p.m. Eastern Time on the second Business Day following the Date of Transaction Execution;

provided, however, that:

- (ii) for transactions in new issue Debt Securities with no ISIN or CUSIP number assigned a transaction report required under Paragraph 2.1(b) of this Rule



must be made no later than 6:00 p.m. Eastern Time on the Business Day following the day that the ISIN or CUSIP number is assigned.

(b) Recordkeeping

Upon a successful submission and receipt by the Corporation of transaction reports, MTRS 2.0 provides the submitter with File Receipts.

File Receipts must be retained by the Dealer Member for seven years and be retrievable within a reasonable period of time. File receipts must be retained in a central, readily accessible place for a period of two years from the date of each file receipt.

3. Enrollment Requirements

(a) Initial Enrollment

A Dealer Member or Authorized Agent that will submit Debt Securities transaction reports to MTRS 2.0 must enroll in MTRS 2.0 and receive file submission credentials from the Corporation. Enrollment is accomplished by completing the MTRS 2.0 Enrollment Form with all required information, including technical and business contact points.

(b) Requirements for Continued Enrollment

Once enrolled, Dealer Members remain responsible to keep all information on the MTRS 2.0 Enrollment Form up to date.



Appendix B – Comments Received in Response to Rules Notice 14-0004 – Rules Notice – Request for Comments – Proposed Requirements for Debt Securities Transaction Reporting

On January 9, 2014, IIROC issued a notice requesting comments on proposed requirements for debt securities transaction reporting (“Proposed Rule 2800C”). IIROC received comments respecting Proposed Rule 2800C from:

The Canadian Advocacy Council for Canadian CFA Institute Societies (“CFA”)
 Scotia Capital Inc. (“Scotia”)
 Investment Industry Association of Canada (“IIAC”)
 Ontario Teachers’ Pension Plan (“OTPP”)
 Alternative Investment Management Association (“AIMA”)

A copy of the comment letters received in response to Proposed Rule 2800C is publicly available on the IIROC website at [Dealer Rules – Request for Comments](#). The following table presents a summary of the comments received respecting Proposed Rule 2800C together with IIROC’s responses to those comments. Column 1 of the table highlights the revisions to Proposed Rule 2800C made on the approval of the final requirements for debt securities transaction reporting (“Rule 2800C”).

Text of Rule 2800C (Changes from the Proposed Rule 2800C are Highlighted)	Commentator and Summary of Comment	IIROC Response to Commentator and Additional IIROC Commentary
<p>Rule 2800C - Transaction Reporting for Debt Securities</p> <p>Introduction</p> <p>This Rule 2800C requires Dealer Members to report information about each of their transactions (and the transactions of any affiliate that is a Government Securities Distributor) in Debt Securities to the Corporation through a system maintained by the Corporation.</p> <p>Purpose</p> <p>The reported transaction data is used in the Corporation’s surveillance of the debt market to identify potential market abuses such as violations of the fair pricing requirements of Dealer Member Rule 3300, insider trading and market manipulation. It also supports the Corporation’s general inspection and enforcement activities, rulemaking, and other regulatory functions. The</p>	<p>IIAC, Scotia, OTPP – Agree with the objective of effecting surveillance of the Over-the-Counter (OTC) debt market.</p> <p>CFA – Supports extensive reporting in order to build a robust debt transaction database.</p> <p>AIMA – Supports the policies underlying Proposed Rule 2800C.</p>	<p>IIROC acknowledges the comments.</p>



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trade data received pursuant to this rule enables appropriate oversight to ensure the integrity of OTC debt market trading and strengthen standards of investor protection.		
<p>1. Definitions</p> <p>For purposes of Rule 2800C, the terms below have the meanings noted.</p> <p>1.1 “Debt Security” means any security that provides the holder with a legal right, in specified circumstances, to demand payment of the amount owing and includes a debtor-creditor relationship. The fact that a security was issued in another country or denominated in a foreign currency does not disqualify it from being a Debt Security. The term includes securities with short-term maturities or mandatory tender periods such as commercial paper and floating rate notes as well as traditional notes and bonds. Derivative products that are not securities (e.g., futures contracts, interest rate swaps) are not Debt Securities.</p> <p>1.2 “Repurchase Agreement” or “Repo” means a transaction that involves the simultaneous sale and future repurchase, or simultaneous purchase and future sale (“Reverse Repo”), of any Debt Securities, including transactions arranged as buy sell-backs and sell buy-backs.</p> <p>1.3 “MTRS 2.0” means the Debt Securities transaction reporting system operated by the Corporation. As used in this term, “MTRS” is an abbreviation of “Market Trade Reporting System”.</p> <p>1.4 “Government Securities Distributor” or “GSD” means an entity that has been given notice of its status as such by the Bank of Canada and has access to bid at Government of Canada auctions.</p> <p>1.5 “Legal Entity Identifier” or “LEI” means a unique identification code assigned to a counterparty in accordance with standards set by the Global Legal Entity Identifier System. If the Global Legal Entity Identifier System is unavailable to a reporting counterparty when a reporting obligation under this Rule arises, a substitute legal identifier must be used as identified by the Corporation.</p> <p>1.6 “Global Legal Entity Identifier System” means the system for unique identification of parties to financial transactions developed</p>	<p>IIAC – Requests clarification on scope of the definition of “Debt Security” for reporting purposes, with respect to:</p> <ul style="list-style-type: none"> • Guaranteed Investment Certificates (GICs); • Principal Protected Notes (PPNs); and • bond forwards. <p>Suggests for clarity the last sentence of the definition be revised to read: “Derivative products are not Debt Securities”.</p>	<p>The definition of “Debt Security” has been revised to remove the reference to derivative products since clarification respecting investment products that fit in the definition will be provided in the MTRS 2.0 User Guide (“User Guide”) for uniformity of reporting. In particular, the User Guide will detail products that are not reportable as a Debt Security; such as a GIC which is not a ‘security’. Derivative products subject to reporting obligations under the rules or regulations of the securities regulatory authorities should not be reported as a Debt Security. The User Guide will also specify those products, such as bond forwards and PPNS, that may be reportable as a Debt Security only in certain circumstances.</p> <p>The definition of Authorized Agent has also been revised to use the term ‘enrollment’ rather than registration, to be consistent with the process described in section 3 of Rule 2800C.</p>



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<p>by the Legal Entity Identifier System Regulatory Oversight Committee.</p> <p>1.7 "Legal Entity Identifier System Regulatory Oversight Committee" means the international working group established by the Finance Ministers and the Central Bank Governors of the Group of Twenty nations and the Financial Stability Board, under the Charter of the Regulatory Oversight Committee for the Global Legal Entity Identifier System dated November 5, 2012.</p> <p>1.8 "MTRS 2.0 Enrollment Form" means the form filed by a Dealer Member with the Corporation to supply contact and other information that may be needed by the Corporation in connection with the Dealer Member's reporting of Debt Securities transactions. An MTRS 2.0 Enrollment Form must also be filed by any party seeking to act as an Authorized Agent for a Dealer Member in reporting transaction data to MTRS 2.0.</p> <p>1.9 "Authorized Agent" means a Dealer Member or other business entity that has successfully registered enrolled with the Corporation under Part 3 of this Rule 2800C to submit Debt Securities transaction reports on behalf of Dealer Members.</p> <p>1.10 "Special Condition Indicator" means a code used on a transaction report to indicate that the transaction has certain attributes. Among other uses, the Special Condition Indicator helps to identify transactions that may be priced differently than other transactions in the same issue (e.g., a primary market transaction subject to a fixed price offering agreement). Special Condition Indicators are also used to identify Repo transactions, transactions that involve parties related to the Dealer Member executing the transaction, and certain other conditions that may apply to a transaction and that are relevant to the regulatory and market surveillance purposes of Rule 2800C.</p> <p>1.11 "Riskless Principal Trade" means a trade in a Debt Security that involves two offsetting orders (buy and sell) that are filled through transactions executed against a Dealer Member's trading or other proprietary account, with the execution of one of the orders dependent upon the receipt or execution of the other. A riskless principal trade results in two offsetting principal transactions on</p>		



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<p>the Dealer Member’s books, rather than one agency transaction. A Dealer Member typically performs a riskless principal trade to fill a client order with an offsetting transaction in the market or with another client.</p> <p>1.12 “File Receipt” means an electronic acknowledgement that confirms the transaction reporting data file has been successfully transmitted.</p>		
<p>2. Reporting Requirements</p> <p>2.1 (a) General Transaction Reporting Requirement</p> <p>Every Dealer Member must report each of its transactions in Debt Securities (including Repo transactions) and the transactions in Debt Securities (including Repo transactions) of any affiliate that is a GSD, to the Corporation within the timeframes and in the manner specified in this Rule 2800C, subject to the exceptions stated below in Section 2.1(b).</p>	<p>IIAC, Scotia – Concerned that due to confidentiality concerns, institutional clients may choose to conduct their Repo transactions using market participants (foreign dealers and shadow banks) not bound to report under the Rule, thereby disadvantaging IIROC Dealer Members.</p> <p>Scotia – Requiring Repo specific reporting data which does not apply to shadow banks may be uncompetitive and is premature pending international standards to be set by the FSB in late 2014.</p>	<p>Repo data collection under Rule 2800C serves to enhance oversight of the Canadian OTC debt market. IIROC expects that implementation of Rule 2800C will therefore increase investor confidence to the advantage of Dealer Members.</p> <p>The collection of data on securities-financing transactions is part of a global effort of the G20 nations. The policy framework already set by the Financial Stability Board (FSB) in its report “Strengthening Oversight and Regulation of Shadow Banking” (August, 2013) is broad and includes final recommendations for the collection of such data by a range of entities. The FSB report has already recommended that more granular data be collected on repo exposures among large international financial institutions with high urgency and that trade-level (flow) data and regular snapshots of outstanding balances (position/stock data) for repo markets should be collected.</p>
<p>(b) Exceptions - the following must not be reported under section 2.1(a) of this Rule 2800C:</p> <p>(i) Debt Securities Without Assigned ISIN or CUSIP Numbers</p> <p>A transaction in Debt Securities that has no ISIN or CUSIP number assigned on the Date of Trade Execution. is exempt from the transaction reporting requirement in Section 2.1(a) of this Rule 2800C; provided, H however, if that a transaction is is a new issue of a Debt Security, it shall be reported within the timeframe stated in Section 2.5 of this Rule 2800C if an ISIN or CUSIP number is assigned to the Debt Security by 6:00 p.m. Eastern Time on the business day following the date of sale of</p>	<p>IIAC, Scotia – To achieve uniform reporting of transactions independent of corporate structures, requests clarification of “Internal Transactions” exception regarding:</p> <ul style="list-style-type: none"> • how beneficial ownership is determined; • reportable types of transactions between a Dealer Member and an affiliate bank; and • any exclusions. 	<p>The Internal Transaction exception acknowledges that there is no change of beneficial ownership in the case of transactions between business units/profit centres (not customers) of the same Dealer Member and specifically excludes these transactions from the reporting requirement under s. 2.1(a) of Rule 2800C.</p> <p>Every transaction between a Dealer Member and a third-party, including an affiliate bank, is reportable under Rule 2800C.</p> <p>This exception clause has been modified in structure, to advise at the outset of the clause that these exceptions must not be reported. Similar wording that was contained in each</p>



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<p>the new issue.</p> <p>(ii) Transactions of Exchange-listed Debt Securities</p> <p>A transaction in exchange-listed Debt Securities executed on a Marketplace that transmits to IIROC trade information required under National Instrument 23-101 – Trading Rules is exempt from the transaction reporting requirement in Section 2.1(a) of this Rule 2800C.</p> <p>(iii) Internal Transactions</p> <p>A transaction between two separate business units or profit centres within the reporting Dealer Member where there is no change in beneficial ownership is exempt from the transaction reporting requirement in Section 2.1(a) of this Rule 2800C.</p> <p>(iv) Repo Transactions by Non-GSDs</p> <p>A Repo transaction executed by a Dealer Member that is not a GSD is exempt from the transaction reporting requirement in Section 2.1(a) of this Rule 2800C.</p> <p>(v) Transactions with the Bank of Canada</p> <p>A transaction in which the Bank of Canada or the Bank of Canada on behalf of the Government of Canada is the counterparty.</p> <p>(vi) Certain transactions by affiliates that are GSDs only for T-Bills</p> <p>A transaction other than a repo transaction executed by an affiliate that is a GSD only for Treasury Bills, in a Debt Security with an original term to maturity of greater than one year.</p>		<p>subsection of 2.1(b) has been deleted.</p> <p>For clarification, a new subsection 2.1(b)(v) has been added to confirm that a transaction in which the Bank of Canada (itself or on behalf of the Government of Canada) is the counterparty, should not be reported.</p> <p>For clarification, new subsection 2.1(b)(vi) has been added to confirm that affiliates that are GSDs only for Government of Canada treasury bills must not report transactions, other than Repo transactions, in Debt Securities with an original term to maturity of greater than one year.</p>
<p>2.2 Reporting Responsibilities of Dealer Members</p> <p>Reporting responsibilities in the most common situations are as follows:</p> <p>(a) In a transaction between a Dealer Member and a client or non-client the Dealer Member reports.</p>		<p>Sections 2.2(a) and (b) were revised to clarify common reporting responsibilities including transactions between Dealer Members and non-clients or issuers.</p>



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<p>(b) In a transaction between a Dealer Member and an Inter-Dealer Bond Broker or issuer, the Dealer Member reports.</p> <p>(c) In a transaction between a Dealer Member and an Alternative Trading System (ATS), where the ATS is the counterparty, the Dealer Member and the ATS must report. In a transaction between an ATS (where the ATS is the counterparty) and a client, the ATS reports.</p> <p>(d) In a transaction between two Dealer Members, each Dealer Member is responsible to report the transaction from its perspective. This responsibility includes the requirement for a Dealer Member to make a buy-side or sell-side transaction report, as appropriate, when it is a party to a transaction that results in the movement of securities between the accounts of an introducing broker and its clearing/carry broker.</p>		
<p>2.3 A Dealer Member may use an Authorized Agent to submit transactions to MTRS 2.0. A Dealer Member utilizing an Authorized Agent for transaction reporting remains responsible for compliance with Rule 2800C and is responsible for the Authorized Agent's actions retained on its behalf as well as any failure by the Authorized Agent to act as required under the Rule.</p>		<p>Section 2.3 has been revised to clarify the that the Authorized Agent is not governed by Rule 2800C; rather the Dealer Member is responsible for the Authorized Agent and compliance with the Rule.</p>
<p>2.4 Information Required on Transaction Reports</p> <p>(a) Each transaction report must contain accurate and complete information about the reported transaction.</p> <p>(b) The A Dealer Member is required to obtain a Legal Entity Identifier reporting the transaction and must:</p> <p>(i) include in every report the Legal Entity Identifier of each counterparty to the transaction; and</p> <p>(ii) comply with all applicable requirements imposed by the Global Legal Entity Identifier System.</p> <p>(c) Each transaction report must contain the following data elements about the relevant to a bond or Repo transaction as</p>		<p>Section 2.4(b) was revised to clarify the Dealer Member's obligations respecting its Legal Entity Identifier ("LEI") and to eliminate duplication of the LEI data elements in section 2.4(c).</p> <p>Subsection 2.4(c) was also revised to clarify that data elements are reportable as applicable to the bond or Repo transaction. The User Guide will identify the full data set applicable to both bond and Repo transactions.</p>



Text of Rule 2800C (Changes from the Proposed Rule 2800C are Highlighted)	Commentator and Summary of Comment	IIROC Response to Commentator and Additional IIROC Commentary
applicable:		
1. Data: SECURITY IDENTIFIER Description: The ISIN number or CUSIP number assigned to the securities in the transaction		
2. Data: SECURITY IDENTIFIER TYPE Description: The type of identifier that was submitted, ISIN or CUSIP		
3. Data: TRADE IDENTIFIER Description: Unique identifier assigned to the transaction by the reporting Dealer Member	IIAC – Due to wide range of formats used by Dealer Members, should not limit the number of characters that can be input in the data field or use of alphanumeric identifiers.	This is an open form field; however a date convention will be required to assist in the management of cancels and corrections. The User Guide will provide data format details.
4. Data: ORIGINAL TRADE IDENTIFIER Description: Included on trade cancelations or corrections	IIAC – Notes challenges for some trading systems to link a cancelled trade with a new trade. Suggests that this data element be reportable only if this information is readily available in a Dealer Member’s system. Also requests confirmation that intra-day cancels and amends would not need to be reported.	Intra-day corrections do not need to be reported; each dealer can clean up their file as many times as they like prior to submission on T + 1 at 2 pm. The data element is required as it is essential to calculating correct volume statistics and for conducting market surveillance.
5. Data: TRANSACTION TYPE Description: Indicates whether the transaction is new, a cancelation, or a correction		
6. Data: EXECUTION DATE Description: The calendar day the transaction was executed		
7. Data: EXECUTION TIME Description: The time at which the transaction was executed, either as recorded by an electronic trading system or time of entry into a trade booking system	IIAC – Agrees with approach. Asks that IIROC ensure a system for reconciling local times is in place to make trading activity comparable. Requests additional guidance for reporting execution time for primary issues.	Please refer to section 2.5 of Rule 2800C which employs Eastern Time as the convention for trade reporting. Execution time for primary issues is the time of entry into the trade booking system.



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8. Data: SETTLEMENT DATE Description: The date the transaction is reported to settle		
9. Data: TRADER IDENTIFIER Description: Assigned by reporting Dealer Member to identify the individual/desk responsible for the transaction	IIAC – Description should be expanded to also permit the reporting of the high-level book through which the dealer is conducting the transaction.	This is an open text field and it is acceptable to fill it with desk/book-level details. Dealers Members should note, however, that greater detail is preferable to obviate the need to provide additional details on an ad hoc or manual basis to comply with requests from IIROC.
10. Data: REPORTING DEALER IDENTIFIER Description: The LEI of the reporting Dealer Member		
11. Data: COUNTERPARTY TYPE Description: Indicates whether the counterparty was a Client, Non-client , a Dealer Member, a Dealer Member acting as an Alternative Trading System (ATS), an Inter-Dealer Bond Broker (IDBB), an Issuer or a Bank	Scotia – IIROC should consider using Counterparty Type (acceptable counterparty, regulated entity and other) as an alternative to Customer LEI for Repo transactions.	Customer LEI is no longer a mandatory field. The description of the data element has been revised to include non-clients, to assist market surveillance monitor for client priority, and issuers in order to facilitate accurate reporting.
12. Data: COUNTERPARTY IDENTIFIER Description: The LEI of the counterparty when the counterparty is; # a Dealer Member, Bank, IDBB, or ATS. Bank trades are defined as trades with Schedule I Banks; and Canadian offices of Schedule II Banks and the Bank of Canada		The data element description was revised for clarity and removes Bank of Canada which is not applicable.
13. Data: CUSTOMER ACCOUNT TYPE Description: Indicates whether the client is retail or institutional. This field must be populated if the counterparty type is 'Client'		
14. Data: CUSTOMER LEI Description: The LEI assigned to the institutional client/customer, where available. Optional field	IIAC, Scotia – Request clarification of meaning of “where available” and confirmation that this would apply in the case of a Dealer Member that received the LEI directly from the customer. Also request clarification that customer LEI is not applicable for retail debt transactions.	The description has been amended to clarify that the Customer LEI is only applicable to institutional clients and that it is an optional field. Customer LEI is not required for Retail Customers.
15. Data: CUSTOMER ACCOUNT IDENTIFIER	OTPP – Questions the necessity for Customer	If this optional field is assigned by the Dealer Member, this



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<p>Description: Identifier assigned by a reporting Dealer Member to uniquely identify the client/customer where the counterparty is 'Client' and no Customer LEI is available. Optional field</p>	<p>Account Identifier. Requests clarification on the information to be included in the Customer Account Identifier field. See also Question 1 below.</p>	<p>field will enhance IIROC's ability to effectively conduct market surveillance using a unique identifier. Suspicious or manipulative activity such as wash trading may be more successfully detected, and the incidence of 'false positive' alerts may be reduced, decreasing the associated burden on Dealer Members' staff to provide customer information in response to a regulatory inquiry. The Customer Account Identifier is not attributable to a specific customer without additional data under the control of the Dealer Member.</p>
<p>16. Data: INTRODUCING/CARRYING DEALER INDICATOR Description: Indicates whether the reporting Dealer Member acted in the capacity of an introducing or carrying broker</p>	<p>IIAC – Asks for guidance on the reporting responsibilities of the introducing broker and carrying/executing broker under section 2.2(a) and (d) of Proposed Rule 2800C.</p>	<p>Clarification will be provided in the User Guide message specifications.</p>
<p>17. Data: ELECTRONIC EXECUTION INDICATOR Description: Indicates if the transaction was executed on or facilitated through an electronic trading venue</p>	<p>IIAC, Scotia – Definition of electronic trading venue is needed and should clarify whether any distinction needs to be made between electronic trading venues that were a party to the transaction or not.</p>	<p>The User Guide will advise on reporting trades executed on the telephone and 'given up' to a trading venue for settlement and will also identify electronic trading venues and IDBBs.</p>
<p>18. Data: TRADING VENUE IDENTIFIER Description: The LEI of the electronic trading venue</p>	<p>IIAC – name and description of the identifier should be harmonized with OSC Rule 91-507 <i>Trade Repositories and Derivatives Data Reporting</i> ("OR 91-507") which reads: 'LEI of the electronic trading venue or, if not available, the name of the electronic trading venue where the transaction was executed'.</p>	<p>IIROC's description of the data element is harmonized with the data field description for 'Electronic trading venue identifier' in OR 91-507 as amended effective September 9, 2014.</p>
<p>19. Data: SIDE Description: Indicates whether the reporting Dealer Member was a buyer or seller</p>		
<p>20. Data: QUANTITY Description: Par value of securities</p>		
<p>21. Data: PRICE Description: The price at which the transaction was executed, including any mark-ups and/or mark-downs and/or commission</p>		



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22. Data: BENCHMARK SECURITY IDENTIFIER Description: The ISIN or CUSIP of the Bond used as pricing benchmark (if any)	CFA – Supports reporting of pricing benchmark used. IIAC – Requests confirmation that debt securities priced on a spread basis do not require a Benchmark Security Identifier.	A Benchmark Security Identifier is required for any transaction priced off another bond.
23. Data: BENCHMARK SECURITY IDENTIFIER TYPE Description: The type of identifier that was submitted, ISIN or CUSIP		
24. Data: YIELD Description: The yield as stated on the client confirmation (if any)	IIAC - Should only mandate the yield as stated on client confirmation (if any) for ‘buy’ transactions. Consider allowing yield information on ‘sell’ transactions to be made optional.	Under Rule 3300 – Fair Pricing of Over-the-Counter Securities, yield on the client confirmation is only mandated for buy transactions, it is optional for sell transactions.
25. Data: COMMISSION Description: The commission or mark-up stated on confirmation (if any)	CFA – Should be required as it is an element of pricing and important to factor in evaluation of “fair pricing”.	The majority of debt transactions are traded as principal with commission and mark-up included in the final price which will be considered for fair pricing. Unless the trade is executed in an agency capacity, it is difficult to isolate the commission.
26. Data: CAPACITY Description: Indicates whether the Dealer Member acted as Principal or Agent (“Riskless Principal Trades” reported as Principal)		
27. Data: PRIMARY MARKET Description: Special Condition Indicator to indicate that the transaction is being submitted by an underwriter of a new issue of Debt Securities and that, at the time of the transaction, the securities were subject to a fixed price offering agreement. “Take-down” allocations from a syndicate manager to syndicate members are included in this designation as well as customer allocations by any member of the underwriting group subject to a fixed price offering agreement at the time of trade		
28. Data: RELATED PARTY INDICATOR	IIAC – The scope of this data element exceeds that	The description has been revised to capture only transactions



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<p>Description: Special Condition Indicator to indicate that the transaction counterparty is with an affiliate of the Dealer Member or with a person or entity that is related to the Dealer Member by being a principal, employee or family member of a principal or employee of the Dealer Member</p>	<p>associated with “non-client account” defined in IIROC Rules as it includes family members of principals and employees. Requests limiting reporting to non-client (Pro) accounts.</p>	<p>with affiliates of Dealer Members. Only non-clients have been included in the ‘Counterparty Type’ data element to facilitate accurate reporting and assist market surveillance with monitoring for client priority.</p>
<p>29. Data: NON RESIDENT INDICATOR Description: Special Condition Indicator to indicate that the transaction is one with a non-resident individual/institutional client counterparty</p>		<p>Description of ‘Non Resident Indicator’ was revised for clarity, to include any counterparty.</p>
<p>30. Data: FEE BASED ACCOUNT INDICATOR Description: Special Condition Indicator to indicate that the transaction is for a retail customer account paying non-transaction-based fees as partial or full remuneration for the Dealer Member’s transaction execution services</p>		
<p>31. Data: REPO INDICATOR Description: Special Condition Indicator for whether the transaction was made as part of a collateralized loan arrangement such as a Repo</p>	<p>IIAC, Scotia – Rewording of description is required if the intention is to identify Repo transactions rather than capture a relationship between a fixed income transaction done in the cash market with a Repo transaction (which current dealer systems or practices are not designed to capture). The identifier should be removed if the latter is required.</p>	<p>IIROC acknowledges the comment and has removed the Repo Indicator data element from Rule 2800C.</p>
<p>Elements Specific to Repo Transactions:</p>		
<p>32. 31. Data: REPO AGREEMENT IDENTIFIER Description: Unique identifier assigned to the Repo transaction by the reporting Dealer Member.</p>		
<p>33. 32. Data: REPO TYPE Description: Indicates whether the transaction was conducted as part of a repo, a reverse repo, a sell/buy-back, or a buy/sellback</p>		
<p>34. 33. Data: REPO TERM Description: Indicates whether the Repo has fixed term or is an open term Repo</p>		



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<p>35- 34. Data: REPO MATURITY DATE</p> <p>Description: The maturity date if the Repo has a term</p>		
<p>36- 35. Data: CURRENCY OF REPO</p> <p>Description: The currency denomination of the cash payment used for the initial purchase of the security in a Repo agreement</p>		
<p>37- 36. Data: REPO RATE</p> <p>Description: The Repo interest rate. If the interest rate is not a term of the contract, then it is the interest rate implied by the difference between the sale (purchase) price and its repurchase (resale) price</p>	<p>Scotia – Unclear how this assists the goal of surveillance. Further clarification is required since every rate may differ with each agreement, customer and timeframe.</p>	<p>The collection of the Repo rate and haircut will assist the Bank of Canada with systemic risk monitoring (as previously described in IIROC Notice 14-0004), as these are measures of the quality of funding conditions and the level and location of counterparty credit risk. The FSB’s policy framework for addressing shadow banking risks in securities lending and repos as set out in “Strengthening Oversight and Regulation of Shadow Banking” issued August, 2013, recommends data on Repo Rate and Haircut to inform financial stability monitoring (see Annex 5).</p> <p>The Repo Rate is specific to the individual repo agreement and will differ by customer and timeframe.</p>
<p>38- 37. Data: REPO HAIRCUT</p> <p>Description: The Repo haircut. If the haircut is not a term of the contract, then it is the haircut implied by the disparity between the purchase price and the market value of the security at the time of initial purchase</p>	<p>Scotia – Unclear how this assists the goal of surveillance. Further clarification is required since every rate may differ with each agreement, customer and timeframe.</p>	<p>See answer above.</p>
<p>39- 38. Data: REPO COLLATERAL SECURITY TYPE</p> <p>Description: Indicates the type of identifier that was submitted, ISIN or CUSIP, or if the Repo is for general collateral, or if the Repo is for multiple securities (but not general collateral)</p>	<p>IIAC – Requests clarification respecting whether the intention for this data element is to differentiate between “General Collateral” (“GC”) and “non-GC” transactions.</p>	<p>The description was revised to remove the phrase ‘(but not general collateral)’ for clarity. This data element is to be used to determine how often single security, multiple security and GC are used in Canada.</p>
<p>40- 39. Data: REPO COLLATERAL SECURITY IDENTIFER</p> <p>Description: The ISIN or CUSIP number of the security underlying a Repo agreement at the beginning of the agreement if a single security is used as collateral</p>		



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<p>4+ 40. Data: CLEARING HOUSE</p> <p>Description: If the Repo was centrally cleared, the LEI identifier of the central clearing house</p>		
<p>2.5 Reporting Timeframes</p> <p>(a) Reporting Deadlines</p> <p>A Dealer Member must ensure that a transaction report for which the Dealer Member is responsible is received by the Corporation in proper form and with complete and accurate information within the following timeframes:</p> <p>(i) For transactions in Debt Securities with ISIN or CUSIP Numbers assigned on the Date of Transaction Execution:</p> <p>(A) if the date of transaction execution is a Business Day and the time of transaction execution is no later than 6:00 p.m. Eastern Time, the report must be made no later than 2:00 p.m. Eastern Time on the Business Day following the date of transaction execution;</p> <p>(B) if the date of transaction execution is a Business Day and the time of transaction execution is after 6:00 p.m. Eastern Time, the report must be made no later than 2:00 p.m. Eastern Time on the second Business Day following the date of transaction execution; and</p> <p>(C) for all other transactions, including those executed on a Saturday, Sunday, or any officially recognized Federal or Provincial statutory holiday on which the system is closed, the report must be made no later than 2:00 p.m. Eastern Time on the second Business Day following the Date of Transaction Execution;</p> <p>provided, however, that:</p> <p>(ii) for transactions in new issue Debt Securities with no ISIN or CUSIP number assigned a transaction report required under Paragraph 2.1(b) of this Rule must be made no later than 6:00</p>	<p>IIAC, Scotia – Queries expectations respecting reporting obligations on Provincial holidays when the ‘system’ is not closed but Dealer Member offices may be closed.</p>	<p>Dealer Members do not have a reporting obligation on a Provincial statutory holiday, rather the requirement is to report on a Business Day.</p>



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<p>p.m. Eastern Time on the Business Day following the day that the ISIN or CUSIP number is assigned.</p> <p>(b) Recordkeeping</p> <p>Upon a successful submission and receipt by the Corporation of transaction reports, MTRS 2.0 provides the submitter with File Receipts.</p> <p>File Receipts must be retained by the Dealer Member for seven years and be retrievable within a reasonable period of time. File receipts must be retained in a central, readily accessible place for a period of two years from the date of each file receipt.</p>		
<p>3. Enrollment Requirements</p> <p>(a) Initial Enrollment</p> <p>A Dealer Member or Authorized Agent that will Prior to submitting Debt Securities transaction reports to MTRS 2.0, a Dealer Member (and its Authorized Agent, if an Authorized Agent is used for submitting transaction reports) must enroll in MTRS 2.0 and receive file submission credentials from the Corporation. Enrollment is accomplished by completing the MTRS 2.0 Enrollment Form with all required information, including technical and business contact points.</p> <p>(b) Requirements for Continued Enrollment</p> <p>Once enrolled, Dealer Members remain responsible to keep all information on the MTRS 2.0 Enrollment Form up to date.</p>		<p>Section 3(a) was revised to clarify that only those Dealer Members or Authorized Agents that will submit Debt Securities transaction reports need to enroll in MTRS 2.0.</p>
<p>Questions:</p> <p>Comments are sought on all aspects of the Proposed Rule, and specifically on the following questions:</p> <p>(1) We have proposed that the Customer Account Identifier is an optional data element. Provision of client identifiers would assist IIROC in identifying suspicious or manipulative activity such as wash trading, as well as reduce the incidence of “false positive” alerts and the</p>	<p>IIAC, Scotia – Support for optional CAI given newness of debt reporting regime.</p> <p>Scotia – Would support use of CAI in place of LEI.</p> <p>OTPP – Opposed to reporting CAI data element, even if voluntary. OTC Debt Security trade reports should exclude CAI given risk of breach of the data system intentionally or by error which may</p>	<p>IIROC acknowledges the comments and will retain the Customer Account Identifier as an optional field. If this optional field is assigned by the Dealer Member, this field will enhance IIROC’s ability to effectively conduct market surveillance using a unique identifier. Suspicious or manipulative activity such as wash trading may be more successfully detected, and the incidence of ‘false positive’ alerts may be reduced, decreasing the associated burden on Dealer Members’ staff to provide customer information in</p>



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<p>associated burden on Dealer Members’ staff to provide client information in response to a regulatory inquiry. In light of the benefits of receiving this information, should IIROC consider making this a mandatory data element?</p>	<p>compromise the anonymity of the trading entity and its strategies.</p>	<p>response to a regulatory inquiry. The Customer Account Identifier is not attributable to a specific customer without additional data under the control of the Dealer Member.</p>
<p>(2) Since the last publication for comment of this proposal, and in consultation with the Bank of Canada, we have determined that a “Customer LEI” should be provided in cases where a Legal Entity Identifier is available. Is it feasible for dealers to provide, as a mandatory data element, this information for those customers that have an LEI? If not, what are the obstacles to providing the data?</p>	<p>IIAC – Believes familiarity with global LEI framework is still low among Dealer Members and that challenges may be encountered with the ability to obtain and provide counterparty/customer LEIs as well as building and maintaining a system for recording those LEIs. IIROC should expect queries from Dealer Members pertaining to LEIs and develop a plan to address them.</p> <p>Scotia – Recommends Customer Account Identifier in the alternative to LEI to lessen concerns over identification of specific customers while meeting the surveillance objective.</p> <p>Uncertain of end usage and effectiveness of LEI. Use of LEIs in Canada has been limited to those participating in OTC derivative markets in the US and EU. Those not bound by US or EU laws may resist obtaining LEI status and reporting to a regulatory regime with no jurisdiction over them. Details concerning end use of this data may inform and allay concerns of participants not familiar with LEI.</p>	<p>At this time, IIROC will retain the ‘Customer LEI’ and Customer Account Identifier as optional fields (not mandatory when available). However, it is anticipated that Bank of Canada and IIROC will re-visit this requirement within two years following the effective date of Phase 1 of Rule 2800C. Any proposal to make these fields mandatory would be subject to consultation with the industry. While use of LEIs is not yet widespread in Canada, the global regulatory community is rapidly adopting this standard and its benefits will be realized through collective efforts. IIROC intends to undertake industry education programs as necessary to inform Dealer Members on the adoption of LEIs.</p> <p>While use of LEIs is not yet widespread in Canada, the global regulatory community is rapidly adopting this standard and its benefits will be realized through collective efforts. Regulatory authorities such as the European Banking Authority have mandated the use of LEIs in their capital requirement directive and we expect that other jurisdictions will follow their lead.</p>
<p>(3) Are the debt securities, transactions and data elements to be reported under the rule appropriate given the objectives of this initiative?</p>	<p>CFA – Supports the inclusion of the data elements in the Proposed Rule however Dealer Members should be required to provide additional elements such as spread, credit rating, optionality and liquidity which will lessen burden on IIROC.</p>	<p>IIROC acknowledges the comment. IIROC has however determined to proceed in a manner that lessens regulatory burden on Dealer Members by supplementing the data elements with reference data obtained by a service provider where appropriate.</p>



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	<p>IIAC, Scotia – Clarification of some of the data elements required as well as how some of the proposed data elements are appropriate for meeting the objectives of Proposed Rule. (See above for specific issues listed beside the table of individual data elements).</p> <p>IIAC –Should revisit the Repo reporting when the international standards are finalized. As an interim measure, the Proposed Rule could be revised to require only the following data elements pertaining to Repo:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Repo Agreement Identifier (#32) <input type="checkbox"/> Repo Type (#33) <input type="checkbox"/> Repo Term (#34) <input type="checkbox"/> Repo Maturity Date (#35) <input type="checkbox"/> Currency of Repo (#36) <input type="checkbox"/> Repo Collateral Security Type (#39) <input type="checkbox"/> Repo Collateral Security Identifier (#40) <input type="checkbox"/> Clearing House (#41) 	<p>This data will primarily be used by the Bank of Canada to monitor activity and potential stability risks in the core funding market.</p> <p>See also answers to comments on reporting requirements and specific data elements above.</p>
<p>General Comments</p> <p>Public Transparency</p>	<p>CFA – Supports public transparency of transaction data (bid/ask prices and volume), but acknowledges further industry consultation would be required.</p> <p>IIAC, Scotia – Any future transparency initiative requires further industry consultation. Requests assurance that information reported will not be used for public transparency nor presumed available for alternative future uses.</p>	<p>IIROC’s debt market transaction reporting initiative does not include publication of data regarding individual transactions. It is limited in scope to the objectives of regulatory transparency and surveillance of the OTC debt market. Only aggregate debt trading statistics consistent with current reporting by IIROC will be published. Any future initiative to increase public transparency would require extensive industry and stakeholder consultation.</p> <p>National Instrument 21-101 specifies the pre-trade and post-trade information transparency requirements for government and corporate debt securities. Public consultation would be required to expand information transparency beyond current requirements. All data collected will be used for regulatory purposes in order to</p>



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Confidentiality	<p>OTPP, AIMA – Concerned about security of stored confidential client information. Rule is silent on the measures to be taken by IIROC to ensure the security of the data collected (including by a third party), stored and shared. The Proposed Rule should include the standards of governance and security for IIROC and any third party delegate, including the obligations to protect confidential information (confidentiality covenant), guidance on managing conflicts of interest, and to avoid inclusion of data fields in trade reports or data storage that could breach confidentiality of the trading entity.</p> <p>Also concerned about threat to confidentiality and security of the OTC Debt Security trading data communicated to the Bank of Canada, federal and provincial Finance departments/ministries and other governmental agencies that may be subject to freedom of information requests ("FOI"). All recipients of such data should be required to expressly assure its confidentiality as protection against mandatory disclosure pursuant to FOIs.</p>	<p>conduct surveillance and oversee debt market trading.</p> <p>As previously addressed at Appendix C to IIROC Notice 14-004, access to systems and data will be governed by IIROC data security user access policies. Dealer Members are responsible and accountable for all functions that they outsource to a third-party service provider (such as an Authorized Agent) - see IIROC Rules Notice 14-0012 – Guidance- <i>Outsourcing Arrangements</i> (January 13, 2014) and section 11.1 of National Instrument 31-103 <i>Registration Requirements, Exemptions and Ongoing Registrant Obligations</i> under which a registered firm must establish, maintain and apply policies and procedures that establish a system of controls and supervision sufficient to manage the risks associated with its business in accordance with prudent business practices.</p> <p>IIROC acknowledges the concern expressed regarding FOI requests. IIROC understands that the Bank of Canada and the Department of Finance (Canada) intend to maintain the confidentiality of any non-public information they receive from IIROC and will not disclose such non-public information unless required by law. IIROC's expectation is that information that IIROC may provide to other governmental agencies (including securities regulatory authorities) will also be treated in the same manner.</p>
User Guide	<p>IIAC - MTRS 2.0 User Guide will be an important industry resource to help Dealer Members understand their reporting requirements. It essential that the MTRS 2.0 User Guide also provide some practical direction to the Dealer Members' business units on how various Debt Security transactions or relationships need to be treated for the purpose of MTRS reporting and aggregation of market statistics.</p>	<p>The User Guide is focused on ensuring that eligible transactions are reported correctly and in a timely manner. The User Guide will be distributed prior to the effective date of Rule 2800C. It will provide the technical standards and specific requirements for reporting trade data to IIROC and clarify the data formats for each data element described in the Rule.</p> <p>IIROC will further consult with the provinces, the Bank of Canada and GSDs to gain consensus on any enhancements to the current MTRS volume and statistics reporting . In addition, a new MTRS 2.0 trade classification manual will be</p>



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		developed.
Timeframe for Implementation	<p>IIAC, Scotia - IIROC's implementation timelines are aggressive. Dealer Members will have to undertake significant technical development to centralize the required data to meet the reporting requirements. Requests flexibility in phase 1 and 2 implementation or delay of Rule publication until guidelines have been released and considered by Dealer Members.</p>	<p>Based on feedback IIROC has received through extensive consultation with stakeholders who have confirmed that existing trade capture systems can be leveraged to create transaction files suitable for transmission to IIROC, and given the importance of this regulatory initiative, the implementation timeframes outlined in Rule 2800C are reasonable in IIROC's view and will be maintained.</p>
Reconciliation of volume reporting	<p>Scotia - Recommends that IIROC provide Dealer Members with their own volume reports to allow for validation prior to any dissemination to issuers.</p>	<p>IIROC acknowledges the comment. To the extent that there is consensus within the MTRS working group, IIROC can provide this information in advance of dissemination to authorized recipients.</p>