

## CSA Staff Notice 23-318

### *Withdrawal of Proposed Amendments Regarding Best Execution Disclosure Under National Instrument 23-101 Trading Rules*

**July 6, 2017**

On May 15, 2014, the Canadian Securities Administrators (the **CSA**) proposed amendments to National Instrument 23-101 *Trading Rules* (**NI 23-101**) that would mandate specific dealer disclosure relating to best execution policies.<sup>1</sup> The proposed amendments would add requirements that dealers disclose to their clients in writing, among other things, the factors that the dealer considers for the purpose of complying with the best execution requirement in Part 4 of NI 23-101, a description of the dealer's order handling and routing practices and whether the dealer received payment or other compensation for routing orders.

The CSA notice accompanying the proposed amendments noted that the best execution requirements in NI 23-101 do not apply to dealers subject to similar requirements established by the Investment Industry Regulatory Organization of Canada (**IIROC**). At the time, IIROOC had best execution rules in its Universal Market Integrity Rules (**UMIR**) that applied to dealers trading on marketplaces regulated by IIROOC (**Participants**). The UMIR best execution rules did not apply to IIROOC dealer members that were not Participants, and did not contain any requirements for Participants to make disclosures with respect to best execution policies.<sup>2</sup>

In 2015 and again in 2016, IIROOC proposed amendments to its best execution rules, which were approved or non-objected to by its recognizing regulators on June 28, 2017.<sup>3</sup> These amendments

- (i) transfer the best execution requirements from UMIR to the IIROOC Dealer Member Rules, making them applicable to all IIROOC dealer members; and
- (ii) impose requirements on dealer members to disclose to clients information concerning their best execution policies and procedures that are substantially similar to those proposed by the CSA.

In light of the IIROOC amendments, the CSA is withdrawing the best execution disclosure rules proposed in 2014.

<sup>1</sup> Proposed new section 4.4 of NI 23-101. *See* (2014), 37 OSCB 4873

<sup>2</sup> The CSA proposal anticipated that similar changes would be made to the IIROOC rules. IIROOC had a fair pricing rule for over-the-counter securities that applied to all members.

<sup>3</sup> Available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

## Questions

Please refer your questions to any of the following:

Tracey Stern  
Manager, Market Regulation  
Ontario Securities Commission  
tstern@osc.gov.on.ca

Kent Bailey  
Trading Specialist, Market Regulation  
Ontario Securities Commission  
kbailey@osc.gov.on.ca

Timothy Baikie  
Senior Legal Counsel, Market Regulation  
Ontario Securities Commission  
tbaikie@osc.gov.on.ca

Serge Boisvert  
Senior Policy Advisor  
Direction des bourses et des OAR  
Autorité des marchés financiers  
serge.boisvert@lautorite.qc.ca

Roland Geiling  
Derivatives Product Analyst  
Direction des bourses et des OAR  
Autorité des marchés financiers  
roland.geiling@lautorite.qc.ca

Sasha Cekerevac  
Regulatory Analyst, Market Regulation  
Alberta Securities Commission  
sasha.cekerevac@asc.ca

Bruce Sinclair  
Securities Market Specialist  
British Columbia Securities Commission  
bsinclair@besc.bc.ca