



Citation: 2020 BCSECCOM 342

Designation Order

Investment Industry Regulatory Organization of Canada – Information Processor for Debt Securities for the purposes of National Instrument 21-101 *Marketplace Operation*

Section 187(1)(c.1)(iii) of the *Securities Act*, R.S.B.C.1996, c.418

Background

1. Part 8 of National Instrument 21-101 *Marketplace Operation* (NI 21-101) requires persons to provide accurate and timely information regarding trades in corporate debt securities and government debt securities, as each of those terms are defined in NI 21-101 (together Debt Securities) executed by or through the person, to an information processor, as required by the information processor.
2. In British Columbia, only a designated information processor is considered an information processor for the purposes of NI 21-101.
3. The Investment Industry Regulatory Organization of Canada (IIROC) has submitted an application requesting that the Commission designate IIROC as an information processor for Debt Securities for the purposes of NI 21-101.
4. IIROC has represented to the Commission that:
 - (a) it has the necessary systems in place to collect and disseminate information regarding trades in Debt Securities;
 - (b) it has sufficient financial and human resources to comply with the requirements applicable to an information processor to collect and disseminate consolidated information regarding trades in Debt Securities;
 - (c) it will make available comprehensive information regarding trades in Debt Securities to all market participants at no cost;
 - (d) it has an appropriate governance structure and conflicts of interest policies and procedures in place;
 - (e) there are no legal restrictions, including restrictions under tax legislation, on it acting as an information processor.

**Interpretation**

5. Terms defined in the *Securities Act* (British Columbia) or in NI 21-101 have the same meaning if used in this decision, unless otherwise defined.

Order

6. The Commission designates IIROC, under section 187(1)(c.1)(iii) of the Act, as an information processor for Debt Securities for the purposes of NI 21-101, on the terms and conditions set out in Schedule A to this order.

Effective date

7. This order comes into effect on August 31, 2020.

August 26, 2020

Brenda M. Leong
Chair



Schedule A

Terms and Conditions

DEFINITIONS AND INTERPRETATION

1. In this schedule:

“Bank” means a bank listed in Schedule I, II or III of the *Bank Act* (Canada);

“Data Contributor” means,

- (a) a marketplace
- (b) an inter-dealer bond broker,
- (c) an IIROC Dealer Member that reports trades in Debt Securities to IIROC under IIROC Dealer Member Rule 2800C, or
- (d) a Bank;

“Form F5” means Form 21-101F5 – Information Statement - Information Processor;

“IP” means information processor as defined in section 1.1 of NI 21-101;

“Trade Information” means the pre-trade and post-trade information relating to Debt Securities that a Data Contributor must report to a designated information processor under NI 21-101 in accordance with the standards established by IIROC.

PUBLIC INTEREST RESPONSIBILITIES

2. IIROC must:

- (a) conduct its business and operations as a designated IP for Debt Securities in a manner that is consistent with the public interest.
- (b) provide a written report to the Commission, as required by the Commission, describing how, as the designated IP for Debt Securities, it is meeting its regulatory and public interest functions.



CHANGES TO FORM F5

3. IIROC must not implement a significant change to the information in a Form F5 without the prior approval of the Commission.

RESOURCES

4. IIROC must maintain sufficient financial resources to ensure its ability to conduct its operations as a designated IP.

5. IIROC must ensure that sufficient human resources are available and appropriately trained to enable IIROC to properly perform its functions as a designated IP, including monitoring the timeliness and accuracy of information concerning Debt Securities reported to and disseminated by IIROC.

TRADE INFORMATION

6. IIROC must implement and publish on its website standards relating to

- (a) the Trade Information that Data Contributors are required to report to IIROC as a designated IP,
- (b) when the Data Contributors are required to report Trade Information to IIROC as a designated IP, and
- (c) the format of the Trade Information that Data Contributors are required to report under paragraph (a).

7. The standards referred to in paragraph 6 must require that Data Contributors report Trade Information no later than 10:00 p.m. on the same business day when the trades were executed and in accordance with the IIROC standards, including standards described in its Form F5.

RISK MANAGEMENT

8. IIROC must implement policies and procedures to manage risk relating to its business and operations as a designated IP, including any risks that could affect IIROC's ability to carry out its responsibilities under the *Securities Act* as a recognized self regulatory body.

MATERIAL CONTRACTS

9. IIROC must file with Commission all material contracts related to its business and operations as a designated IP.



FAIR AND REASONABLE ACCESS TO IIROC SYSTEMS

10. IIROC must ensure that persons that are Data Contributors or that may become Data Contributors are given access to IIROC's systems relating to its operations as a designated IP on fair and reasonable terms.

DATA REPORTED TO AND DISSEMINATED BY IIROC

11. IIROC must not implement any requirements that will result in an obligation for any person that is not a Data Contributor to provide IIROC or any other person with information relating to Debt Securities.

12. IIROC must implement policies, procedures and systems to monitor the timeliness and accuracy of information received by and disseminated by IIROC, as a designated IP.

13. IIROC must implement policies and procedures to resolve any issues related to the timeliness or accuracy of information received by or disseminated by IIROC as a designated IP on a timely basis.

14. Within 45 days from the end of each quarter, IIROC must provide the Commission a report on the timeliness and integrity of the information reported to and disseminated by IIROC, as a designated IP, during that quarter.

15. The report required under paragraph 14 must highlight significant issues about the timeliness and integrity of the information reported to and disseminated by IIROC, as a designated IP and describe the proposed steps for resolution. These reports will include significant data integrity issues identified in any field examinations of Data Contributors conducted by IIROC.

DISSEMINATION OF INFORMATION

16. IIROC must implement and publish on its website standards relating to dissemination of information relating to orders and trades of Debt Securities, including, if applicable

- (a) publication delays for information relating to Debt Securities or specific classes of Debt Securities, and
- (b) volume caps for information relating to specific classes of Debt Securities.

17. IIROC must not implement a significant change to the standards published under section 16 without the prior approval of the Commission.

18. On request by the Commission, IIROC must



- (a) review the adequacy of any delay in the publication of information relating to Debt Securities standards implemented by IIROC, and
- (b) review the adequacy of volume caps for information relating to specific classes of Debt Securities.

19. IIROC must, within a reasonable period upon the receipt of a request and no later than 30 days following the completion of the review, file with the Commission the results of a review conducted under paragraph 18 and any recommendations for changes to IIROC standards resulting from that review.

FEES, FEE STRUCTURE AND REVENUE SHARING

20. IIROC must publish on its website a schedule of fees or other charges that IIROC, or a third party acting as an agent on behalf of IIROC, will or may charge in relation to the services it provides as the IP for Debt Securities, including fees or charges relating to

- (a) reporting Trade Information,
- (b) the receipt of information relating to orders and trades of Debt Securities disseminated by IIROC.

NOTICE

21. IIROC must provide the Commission with at least one year's notice should it determine not to continue to act as the IP for Debt Securities.