



Appendix B – Text of Dealer Member Rule Amendments

The Dealer Member Rules are hereby amended as follows:

1. Dealer Member Rule 1300.1 is amended by:
 - (a) in subsection (p), repealing the text “Subject to Rules 1300.1(t) and 1300.1(u)”, and replacing it with the text “Subject to Rules 1300.1(t), and 1300.1(u) and 1300.1(v)”.
 - (b) in subsection (r), repealing the text “subject to Rules 1300.1(t) and 1300.1(u)”, and replacing it with the text “subject to Rules 1300.1(t), and 1300.1(u) and 1300.1(v)”.
 - (c) repealing and replacing the subtitle before subsection (t) with the following:

Exemptions from the suitability assessment requirements

- (d) in subsection (t), repealing the text “pursuant to Rule 1300.1(v)”, and replacing it with the text “pursuant to Rule 1300.1(w)”.
- (e) re-lettering existing subsection (v) as subsection (w).
- (f) adding new subsection (v) as follows:
 - (v) A Dealer Member is not required to comply with rules 1300.1(p), 1300.1(r) and 1300.1(s), when accepting or transmitting orders for a client who has been provided with direct electronic access within the meaning of National Instrument 23-103 *Electronic Trading and Direct Electronic Access to Marketplaces*, if the Dealer Member:
 - (i) Determines that the direct electronic access service offering is suitable for the client;
 - (ii) Does not provide recommendations to any Retail Customers who have been provided with direct electronic access; and



- (iii) Complies with the Universal Market Integrity Rule requirements applicable to the direct electronic access service offering and the requirements of NI 23-103 *Electronic Trading and Direct Electronic Access to Marketplaces*.

2. Dealer Member Rule 3200 is amended by:

- (a) repealing and replacing the title as follows:

RULE 3200
MINIMUM REQUIREMENTS FOR DEALER MEMBERS SEEKING
APPROVAL UNDER RULE 1300.1(T) TO OFFER AN ORDER-
EXECUTION ONLY SERVICE

- (b) repealing and replacing as follows the second paragraph of the Rule beginning with “In this Rule, “order execution service” means...”:

In this Rule, “order-execution only service” means the acceptance and execution of orders from customers for trades that the Dealer Member has not recommended and for which the Dealer Member takes no responsibility as to the appropriateness or suitability of orders accepted or account positions held.

- (c) adding the following paragraph after the second paragraph of the Rule:

In this Rule “automated order system” has the same meaning as defined in National Instrument 23-103 *Electronic Trading and Direct Electronic Access to Marketplaces*.



(d) repealing and replacing Part A.1. as follows:

A. Minimum requirements for Dealer Members offering solely an order-execution only service, either as the Dealer Member's only business or through a separate business unit of the Dealer Member

1. Business Structure and Compensation

- (a) The Dealer Member must operate either as a legal entity or a separate business unit which provides order-execution only services.
 - (b) The legal entity or separate business unit of the Dealer Member offering an order execution only service must not allow its order execution only service clients to:
 - (i) use their own automated order system to generate orders to be sent to the Dealer Member or send order to the Dealer Member on a pre-determined basis; or
 - (ii) manually send orders or generate orders to the Dealer Member that exceed the threshold on the number of orders as set by the Corporation from time to time.
 - (c) If operated as a separate business unit of the Dealer Member, the order-execution only service must have separate letterhead, accounts, registered representatives and investment representatives and account documentation.
 - (d) The registered representatives and investment representatives of the Dealer Member or separate business unit of the Dealer Member shall not be compensated on the basis of transactional revenues.
- (e) renumbering existing sections 2 through 5 in Part B as sections 3 through 6.
- (f) adding new section 2 to Part B as follows:



B. Minimum requirements for Dealer Members offering both an advisory and an order-execution only service

...

2. Business Structure

The Dealer Member offering both an advisory and an order execution only service must not allow its order execution only service clients to:

- (a) Use their own automated order system to generate orders to be sent to the Dealer Member or send orders to the Dealer Member on a pre-determined basis; or
- (b) Manually send orders or generate orders to the Dealer Member that exceed the threshold on the number of orders as set by the Corporation from time to time.