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**BY EMAIL**

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and

**Market Regulation**

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Dear Sirs/Mesdames:

**Re: Proposed Provisions Respecting Order Execution Only Service Eligibility and Adviser Identifiers – (the “Proposed Provisions”)**

The Canadian Advocacy Council<sup>1</sup> for Canadian CFA Institute<sup>2</sup> Societies (the CAC) appreciates the opportunity to comment on the Proposed Provisions. We believe the provisions are forward-thinking regarding the potential risks of electronic trading.

We are supportive of the intended purpose of the proposed amendments, namely, the Dealer Member Rules would prohibit a dealer from providing order execution only services (OES) to another registered dealer (or a person exempt from registration). We understand the purpose of the proposal is to ensure registered dealers use an appropriate channel to access marketplaces and cannot access them when conducting dealing activity without being subject to the full set of IIROC rules. It is also intended to avoid a regulatory arbitrage opportunity as channels such as direct electronic access (DEA) and routing arrangements (RAs) are not available to registered dealers. It is important that registered dealers be subject to all of IIROC’s rules and not access channels that allow them to avoid suitability obligations.

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<sup>1</sup>The CAC represents more than 15,000 Canadian members of CFA Institute and its 12 Member Societies across Canada. The CAC membership includes portfolio managers, analysts and other investment professionals in Canada who review regulatory, legislative, and standard setting developments affecting investors, investment professionals, and the capital markets in Canada. See the CAC's website at <http://www.cfasociety.org/cac>. Our Code of Ethics and Standards of Professional Conduct can be found at <http://www.cfainstitute.org/ethics/codes/ethics/Pages/index.aspx>.

<sup>2</sup> CFA Institute is the global association of investment professionals that sets the standard for professional excellence and credentials. The organization is a champion of ethical behavior in investment markets and a respected source of knowledge in the global financial community. Our aim is to create an environment where investors’ interests come first, markets function at their best, and economies grow. There are more than 154,000 CFA charterholders worldwide in 165+ countries and regions. CFA Institute has eight offices worldwide and there are 151 local member societies. For more information, visit [www.cfainstitute.org](http://www.cfainstitute.org) or follow us on Twitter at @CFAInstitute and on Facebook.com/CFA Institute.

We also support the proposed amendment that would require order execution only dealers to assign identifiers to certain entities, including persons registered or exempt from registration as an adviser or a foreign adviser equivalent that has been granted trading authority over an OES account, as this information would assist IROC in its surveillance over advisers and better address the risks of electronic trading.

### **Concluding Remarks**

We thank you for the opportunity to provide these comments. We would be happy to address any questions you may have and appreciate the time you are taking to consider our points of view. Please feel free to contact us at [cac@cfacanada.org](mailto:cac@cfacanada.org) on this or any other issue in future.

*(Signed) The Canadian Advocacy Council for  
Canadian CFA Institute Societies*

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