

ALBERTA SECURITIES COMMISSION

DESIGNATION ORDER

Citation: Re Designation of Canadian Investment Regulatory Organization as an Information Processor for Unlisted Debt Securities, 2023 ABASC 74 Date: 20230601

Background

1. Part 8 of National Instrument 21-101 *Marketplace Operation* (**NI 21-101**) requires persons or companies to provide to an information processor (**IP**) 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 **Unlisted Debt Securities**) executed by or through the person or company, as required by the IP.
2. Canadian Investment Regulatory Organization, under its previous name New Self-Regulatory Organization of Canada (formerly Investment Industry Regulatory Organization of Canada), (the **Applicant**) filed an application dated May 1, 2023 (the **Application**), with the Alberta Securities Commission (the **Commission**) requesting an order pursuant to section 67.5(1) of the *Securities Act* (Alberta) (the **Act**) designating the Applicant as an IP for Unlisted Debt Securities.
3. The Applicant is currently an IP for Unlisted Debt Securities and the Canadian Securities Administrators (the **CSA**) determined it is not contrary to the public interest for the Applicant to act as IP for Unlisted Debt Securities in accordance with NI 21-101.

Interpretation

4. Terms defined in the Act, National Instrument 14-101 *Definitions* or NI 21-101 have the same meaning in this order unless otherwise defined herein.

Representations

5. The Applicant has represented to the Commission that the Applicant:
 - (a) is currently an IP for Unlisted Debt Securities and is in compliance with Alberta securities laws and the undertakings provided in a letter to the CSA dated August 5, 2020;
 - (b) has the necessary systems to collect and disseminate information concerning trades in Unlisted Debt Securities;
 - (c) currently disseminates information regarding trades in Unlisted Debt Securities in a manner approved by the CSA;
 - (d) has sufficient financial and human resources to comply with the requirements applicable to an IP in NI 21-101 to collect and disseminate consolidated information regarding trades in Unlisted Debt Securities, including those set out in Appendix A to this order;

- (e) makes, and for so long as the Applicant operates an IP will continue to make, available comprehensive information regarding trades in Unlisted Debt Securities to all market participants, including investors, at no cost; and
- (f) has an appropriate governance structure and policies and procedures in place to address conflicts of interest.

Order

Based on the above representations, the Commission, being satisfied that it would not be prejudicial to the public interest to do so under section 67.5(1) of the Act, designates the Applicant as an IP for Unlisted Debt Securities provided that, and for so long as, the Applicant continues to comply with the terms and conditions set out in Appendix A to this order.

For the Commission:

"original signed by"

Stan Magidson
Chair & Chief Executive Officer

"original signed by"

Tom Cotter
Vice-Chair

APPENDIX A
Terms and Conditions Applicable to the Applicant as an Information Processor for
Unlisted Debt Securities

This Appendix forms a part of the Designation Order.

Definitions and Interpretation

"Act" means the *Securities Act* (Alberta), as amended from time to time.

"Bank" means a bank listed in Schedule I, II or III of the *Bank Act* (Canada).

"CIRO" means Canadian Investment Regulatory Organization.

"CIRO IP" means CIRO acting in its capacity as an IP.

"Commission" means the Alberta Securities Commission.

"Data Contributor" means a CIRO Dealer Member that reports trades in debt securities to CIRO under CIRO Investment Dealer and Partially Consolidated Rule 7200, and a Bank.

"Designation Order" means the designation order issued by the Commission under section 67.5(1) of the Act, to which this Appendix A is appended.

"Form F5" means Form 21-101F5 *Initial Operation Report for Information Processor* under NI 21-101.

"IP" means an information processor as defined in section 1.1 of NI 21-101.

"NI 21-101" means National Instrument 21-101 *Marketplace Operation*.

"Unlisted Debt Security" means an unlisted debt security as defined in section 1.1 of NI 21-101.

Public Interest Responsibilities

1. CIRO IP must conduct the business and operations of the designated IP for Unlisted Debt Securities in a manner that is consistent with the public interest.
2. CIRO IP must provide a written report to the Commission, as required by the Commission, describing how, as the designated IP for Unlisted Debt Securities, it is meeting its regulatory and public interest functions.

Changes to Form F5

3. As required by section 14.2 of NI 21-101, CIRO IP must file with the Commission amendments to the information provided in Form F5. CIRO IP must not implement a significant change to the information in the Form F5 without the prior approval of the Commission.

4. CIRO IP must file with Commission staff all material contracts related to the IP services.

Resources

5. CIRO IP must maintain sufficient financial resources to ensure its ability to conduct its operations.
6. CIRO IP must ensure that sufficient human resources are available and appropriately trained to enable CIRO IP to properly perform its functions, including monitoring the timeliness and accuracy of data concerning Unlisted Debt Securities reported to CIRO and displayed by CIRO IP.

Provision of Trade Information

7. CIRO IP must receive information from Data Contributors regarding trades executed by or through the Data Contributors no later than 10:00 p.m. on the same business day the trades were executed and in accordance with its Form F5.

Fair and Reasonable Terms

8. CIRO IP must ensure that all persons and companies are given access to CIRO IP on fair and reasonable terms.

Fees, Fee Structure and Revenue Sharing

9. CIRO IP must make available, on its website, the fee schedule for the dissemination of Unlisted Debt Securities.
10. CIRO IP must make available, on its website, any payment arrangements with Data Contributors.

Data Reported to and Disseminated by CIRO IP

11. CIRO IP staff must monitor the timeliness and accuracy of information received by and disseminated by the IP on an ongoing basis and take adequate measures to resolve any data integrity issues on a timely basis.
12. Within 45 days from the end of each quarter, CIRO must provide Commission Staff quarterly reports on the timeliness and integrity of the information reported to and disseminated by CIRO IP, highlighting significant issues and proposed steps for resolution. These reports must include significant data integrity issues identified in the field examinations of Data Contributors conducted by CIRO.

Review of the Dissemination Model

13. On request by the Commission, CIRO IP must
 - (a) review the continuing adequacy of the publication delay for the Unlisted Debt Securities trade data made available by CIRO IP (T+1 5:00 pm ET), and
 - (b) review the continuing adequacy of the volume caps applied to trade data in Unlisted Debt Securities by CIRO IP.

14. No later than 30 days following completion of the review, CIRO IP must file with the Commission the results of the review and any recommendations for changes to the publication delay or the volume caps.