

**CSA Staff Notice 23-301****Joint Notice of the Staff of the Canadian Securities Administrators,  
Market Regulation Services Inc., Bourse de Montréal Inc., and  
the Investment Dealers Association****Electronic Audit Trails**

Under Part 11 of National Instrument 23-101 *Trading Rules* (NI 23-101), dealers must maintain certain records relating to orders and trades. As of December 31, 2003, these records must be maintained in electronic form. NI 23-101 also requires that the dealer transmit to a regulation services provider (RSP) the information as required by the RSP.<sup>1</sup>

Market Regulation Services Inc. (RS) is the RSP for the Toronto Stock Exchange, TSX Venture Exchange, and a number of alternative trading systems. RS administers the Universal Market Integrity Rules (UMIR). Section 10.11 of UMIR requires dealers to maintain certain information relating to orders and trades.<sup>2</sup>

Bourse de Montréal Inc. (Bourse) is, through its Regulatory Division, the RSP for its own market. The Regulatory Division administers the application of Rule 6 of the Bourse which concerns trading in the derivatives instruments listed on the Bourse, such as equity options and futures contracts and options. Article 6377 of Rule 6 requires approved participants of the Bourse to maintain certain information relating to orders entered and trades executed in the trading system of the Bourse.

Canadian Securities Administrators; Staff (CSA Staff), RS, the Investment Dealers Association (IDA), and the Bourse are working together to determine the implementation plan for the electronic audit trail and the transmission requirements. To this end, we will take the following steps:

1. RS and the Bourse will determine
  - what data should be transmitted to each of them for market regulation purposes,
  - by whom, and
  - the frequency of the transmission

---

<sup>1</sup> For the text of NI 23-101, please see Rules and Regulations section of OSC website: [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

<sup>2</sup> For the text, please see RS's website: [www.regulationservices.com](http://www.regulationservices.com)

2. A consultation committee will be established in April to determine if there is a need to establish any joint technology standards to facilitate the implementation of the electronic audit trail requirements.
3. A survey will be sent to all relevant market participants to determine their readiness to implement an electronic audit trail and their ability to transmit this data electronically. A report will be made by June 2003.
4. After the evaluation of the survey results, the CSA Staff, RS, the Bourse, and the IDA will issue an implementation plan. The implementation plan will deal with both the electronic audit trail and the electronic transmission of data.

The Mutual Fund Dealers Association of Canada will be issuing a separate notice relating to the requirements in NI 23-101.

## Questions

Please refer your questions to any of the following people:

Ian Kerr  
Legal Counsel  
Alberta Securities Commission  
Phone: (403) 297-4225  
E-mail: [ian.kerr@seccom.ab.ca](mailto:ian.kerr@seccom.ab.ca)

Veronica Armstrong  
Senior Policy Advisor, Legal and Market Initiatives  
British Columbia Securities Commission  
Phone: (604) 899-6738  
E-mail: [varmstrong@bcsc.bc.ca](mailto:varmstrong@bcsc.bc.ca)

Tracey Stern  
Senior Legal Counsel, Market Regulation  
Ontario Securities Commission  
Phone: (416) 593-8167  
E-Mail: [tstern@osc.gov.on.ca](mailto:tstern@osc.gov.on.ca)

Ann Leduc  
Chef du service de la réglementation  
Commission des valeurs mobilières du Québec  
Phone: (514) 940-2199 ext. 4572  
E-mail: [ann.Leduc@cvmq.com](mailto:ann.Leduc@cvmq.com)

Noelle Wood  
Senior Counsel  
Market Surveillance  
Market Regulation Services Inc.  
Phone: (416) 646-7275  
Fax: (416) 646-7265  
E-mail: [Noelle.Wood@regulationservices.com](mailto:Noelle.Wood@regulationservices.com)

Keith Rose  
Vice-President, Regulatory Policy  
Investment Dealers Association  
Phone: (416) 943-6907  
Fax: (416) 943-6760  
E-mail: [krose@ida.ca](mailto:krose@ida.ca)

Jacques Tanguay  
Vice-President, Regulatory Division  
Bourse de Montréal Inc.  
Phone: (514) 871-3518  
Fax: (514) 871-3567  
E-mail: [jtanguay@m-x.ca](mailto:jtanguay@m-x.ca)