



Saskatchewan
Financial Services
Commission
Securities Division

**GENERAL RULING/ORDER 11-911
RECOGNITION OF THE INVESTMENT INDUSTRY REGULATORY
ORGANIZATION OF CANADA**

IN THE MATTER OF *THE SECURITIES ACT, 1988*

AND

IN THE MATTER OF
THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

RECOGNITION ORDER

(Section 21 of the Act)

The Investment Dealers Association of Canada (the IDA) has been recognized by the Alberta Securities Commission, British Columbia Securities Commission, Manitoba Securities Commission, Nova Scotia Securities Commission, Ontario Securities Commission, Saskatchewan Financial Services Commission, the Financial Services Regulation Division, Department of Government Services, Consumer & Commercial Affairs Branch (Newfoundland and Labrador) and the Autorité des marchés financiers (Québec), and has applied to the New Brunswick Securities Commission for recognition (together with the Securities Office, Consumer, Corporate and Insurance Services Division, Office of the Attorney General (Prince Edward Island), the Recognizing Regulators) as a self-regulatory organization or self-regulatory body pursuant to applicable legislation.

Market Regulation Services Inc. (RS) has been recognized by the Autorité des marchés financiers (Québec) and the Alberta Securities Commission, British Columbia Securities Commission, Manitoba Securities Commission and Ontario Securities Commission as a self-regulatory organization or self-regulatory body pursuant to applicable securities legislation.

The IDA and RS have agreed to combine their operations into IIROC.

IIROC will, among other things:

- a. regulate investment dealers, including alternative trading systems (ATSs) and futures commission merchants (Dealer Members);
- b. if retained by an ATS pursuant to National Instrument 23-101 *Trading Rules*, regulate the ATS as a Marketplace Member (defined below) and the subscribers of the ATS;
- c. establish, administer and monitor its rules, policies and other similar instruments (Rules);
- d. enforce compliance with its Rules by Dealer Members and others subject to its jurisdiction;
- e. provide services to exchanges and quotation and trade reporting systems (QTRSs) (together with ATSs, Marketplace Members) that choose to retain it as a regulation services provider, as that term is defined under National Instrument 21-101 *Marketplace Operation*;
- f. if retained by an exchange or QTRS, administer, monitor and/or enforce rules pursuant to a regulation services agreement between IIROC and that exchange or QTRS (RSA);
- g. conduct certain functions delegated to it by Recognizing Regulators, including registration functions; and
- h. perform investigation and enforcement functions on behalf of the IDA and RS for as long as each of the IDA and RS continues to be recognized by the Commission as a self-regulatory organization or a self-regulatory body.

On April 30, 2008, the Board of IIROC adopted the rules and policies of RS and the regulatory By-laws, Regulations, Forms and Policies of the IDA that were in force and effect at that time, subject to incidental conforming changes made to ensure consistency, and the Hearing Committees and Hearing Panels Rule as the Rules.

On April 30, 2008, the Board of IIROC adopted the market integrity notices issued by RS and all regulatory notices, bulletins, directives and guidance provided by the IDA that were in effect at that time.

IIROC has applied to the Saskatchewan Financial Services Commission (Commission) and the other Recognizing Regulators for recognition as a self-regulatory organization pursuant to subsection 21(2) of the Act.

Based on the application filed on behalf of IIROC with the Recognizing Regulators with such changes as have been agreed to by the Recognizing Regulators, which includes the Rules, and subject to the representations and undertakings made by IIROC, the Commission is satisfied that recognizing IIROC will not be prejudicial to the public interest.

The Commission recognizes IROC as a self-regulatory organization pursuant to subsection 21(2) of the Act on the terms and conditions set out in the appendix to this recognition order and the applicable provisions of the Memorandum of Understanding between the Recognizing Regulators, as amended from time to time (MOU).

Dated this 20th day of May, 2008, effective June 1, 2008.



Dave Wild, Chair

APPENDIX A

TERMS AND CONDITIONS

1. Recognition Criteria

IIROC must continue to meet the criteria attached at Schedule 1.

2. Notice and/or Approval of Changes

- a. IIROC must promptly file in writing with Commission staff any material change to the information set out in the application letter dated December 21, 2007.
- b. Prior Commission approval is required for any changes to the following:
 - (i) the corporate governance structure of IIROC, as reflected in IIROC's By-law No. 1 (By-law No. 1);
 - (ii) letters patent of IIROC, and any supplementary letters patent; and
 - (iii) the assignment, transfer, delegation or sub-contracting of the performance of all or a substantial part of its regulatory functions or responsibilities as a self-regulatory organization.
- c. Prior Commission approval is required for material changes to the following:
 - (i) the fee model;
 - (ii) the functions IIROC performs;
 - (iii) IIROC's organizational structure;
 - (iv) the activities, responsibilities, and authority of the District Councils; and
 - (v) the Regulation Services Agreement between IIROC and any Marketplace Member.
- d. IIROC must not, without providing the Commission at least twelve months prior written notice and complying with any terms and conditions the Commission may impose in the public interest, complete any transaction that would result in IIROC:
 - (i) ceasing to perform its services;
 - (ii) discontinuing, suspending or winding-up all or a significant portion of its

operations; or

- (iii) disposing of all or substantially all of its assets.
- e. IIROC will:
 - (i) provide the Commission with three months prior written notice of any intended material change to its agreement with an information technology service provider regarding its critical technology systems; and
 - (ii) not terminate its agreement with an information technology service provider providing critical technology systems without providing the Commission prior written notice and complying with any terms and conditions the Commission may impose in the public interest.
- f. IIROC will comply with the process for filing and obtaining Commission approval for by-laws, Rules and any amendments to by-laws or Rules as outlined in Appendix A of the MOU, as amended from time to time.
- g. IIROC must advise the Commission in writing immediately upon being notified by any of the Recognizing Regulators that IIROC is not in compliance with one or more of the terms and conditions of recognition of IIROC in any jurisdiction or with the reporting requirements set out in the MOU.

3. Governance

- a. IIROC must:
 - (i) ensure that at least 50% of its board of directors (Board), other than the President of IIROC, are independent directors as defined in By-law No. 1;
 - (ii) ensure that one of the directors represents an exchange or ATS that is not affiliated with a marketplace
 - (A) that retains IIROC, and
 - (B) has at least a 40% Market Share as defined in By-law No. 1 (Market Share); and
 - (iii) review the corporate governance structure, including the composition of the Board,
 - (A) within two years after the date of recognition and periodically thereafter, or

(B) at the request of the Commission,

to ensure that there is a proper balance between, and effective representation of, the public interest and the interests of marketplaces, dealers and other entities desiring access to the services provided by IIROC.

- b. IIROC must report to Commission staff in writing the results of the corporate governance review referred to in subparagraph (a)(iii) upon completion.
- c. The Code of Business Ethics and Conduct and the written policy about managing potential conflicts of interests of members of IIROC's Board must be filed with the Recognizing Regulators within one year after the date of this Recognition Order.

4. Fees

- a. IIROC must develop an integrated fee model and submit it for approval with the Commission within two years of the date of the recognition order.
- b. IIROC must report in writing on a quarterly basis for the first two years of operations on the status of the development of the fee model.

5. Due Process

Subject to applicable law and the Rules and by-laws of IIROC, before rendering a decision that affects the rights of a person or company in relation to membership, registration or enforcement matters, IIROC must provide that person or company an opportunity to be heard.

6. Financial Viability

- a. IIROC must operate on a not-for-profit basis.
- b. IIROC will immediately report to Commission staff if it cannot meet its expected expenses for the next quarter. In addition, IIROC must provide Commission staff with an action plan detailing the steps to be taken to remedy its financial condition.

7. Integration of Functions

- a. IIROC must report in writing within six months of the date of the recognition order its plan and timelines for the integration of functions relating to policy, surveillance, compliance, investigations, enforcement and membership.

- b. IIROC must report in writing on a quarterly basis for the first two years of operations on the status of the integration of its functions.

8. Performance of Regulatory Functions

- a. IIROC must set Rules governing its members and others subject to its jurisdiction.
- b. IIROC must administer and monitor compliance with the Rules and securities laws by members and others subject to its jurisdiction and enforce compliance with the Rules by Dealer Members, including ATs, and others subject to its jurisdiction. In addition, IIROC will provide notice to the Commission of any violations of securities legislation of which it becomes aware.
- c. If retained by an exchange or QTRS, IIROC must administer, monitor and/or enforce rules pursuant to an RSA.
- d. IIROC must, subject to applicable legislation, collect, use and disclose personal information only to the extent reasonably necessary to carry out its regulatory activities and mandate.
- e. IIROC must ensure that it is accessible for contact by the public for purposes relating to the performance of its functions as a self-regulatory organization/body.
- f. IIROC must publish concurrently in English and French each document issued to the public at large or generally to any class of members and must provide the document to Commission staff immediately upon publication.
- g. IIROC must adopt policies and procedures designed to ensure that confidential information about its operations or those of any Dealer Member, Marketplace Member or marketplace participant is maintained in confidence and not shared inappropriately with other persons, and must use all reasonable efforts to comply with these policies and procedures.

9. Use of Fines and Settlements

All fines collected by IIROC and all payments made under settlement agreements entered into with IIROC may be used only as follows:

- a. as approved by the Corporate Governance Committee,
 - (i) for the development of systems or other non-recurring capital expenditures that are necessary to address emerging regulatory issues resulting from changing market conditions and are directly related to protecting investors and the integrity of the capital markets;

- (ii) for the education of securities market participants and members of the public about or research into investing, financial matters or the operation or regulation of securities markets;
 - (iii) to contribute to a non-profit, tax-exempt organization, the purposes of which include protection of investors, or those described in paragraph (a)(ii); or
- b. for reasonable costs associated with the administration of IIROC's hearing panels.

10. Disciplinary Matters

- a. Subject to paragraph (b), IIROC must
- (i) promptly notify the Commission, the public and the news media of:
 - (A) the specifics relating to each disciplinary or settlement hearing once the hearing date is set, and
 - (B) the terms of each settlement and the disposition of each disciplinary action once the terms or disposition is determined; and
 - (ii) ensure that disciplinary and settlement hearings are open to the public and news media.
- b. Despite paragraph (a), IIROC may, on its own initiative or on request, order a closed-door hearing or prohibit the publication or release of information or documents if it determines that it is required for the protection of confidential matters. IIROC must establish written criteria for making a determination of confidentiality.

11. Capacity and Integrity of Systems

- a. IIROC must
- (i) ensure that each of IIROC's critical systems, including its technology systems, has
 - (A) appropriate internal controls to ensure integrity and security of information; and
 - (B) has reasonable and sufficient capacity, and backup to enable IIROC to properly carry on its business; and

- (ii) have controls to manage the risks associated with its operations, including an annual review of its contingency and business continuity plans.
- b. IIROC must promptly report to the Commission:
 - (i) any material failures in the controls described in paragraphs (a)(i) and (ii) above; and
 - (ii) any outage in IIROC's critical technology systems or backup systems, and provide a description of the actions taken or to be taken to rectify the situation.
- c. IIROC will on a reasonably frequent basis, and in any event, at least annually:
 - (i) make reasonable current and future capacity estimates for its critical systems;
 - (ii) conduct capacity stress tests to determine the ability of its critical systems to perform its regulation functions in an accurate, timely and efficient manner;
 - (iii) review and keep current the development and testing methodology of those systems; and
 - (iv) review the vulnerability of those systems to internal and external threats including physical hazards and natural disasters.
- d. IIROC must cause to be performed an independent review, in accordance with established audit procedures and standards, of its controls for ensuring that it is in compliance with paragraph (c) above, and conduct a review by its Board of the report containing the recommendations and conclusions of the independent review. This term and condition will not apply if:
 - (i) the information technology provider retained by IIROC is required, either by law or otherwise, to conduct an annual independent review; and
 - (ii) IIROC's Board obtains and reviews annually a copy of the independent review report of its information technology provider to ensure that it has controls in place to address the matters outlined in paragraph (c) above.
- e. Upon completion of the Board review, IIROC must provide the Commission with a copy of the report prepared under paragraph (d).
- f. IIROC shall periodically benchmark surveillance systems and services provided

by its information technology providers against comparable systems and services available from other third party technology providers and provide the Commissions with a report summarizing the process undertaken and the conclusions reached.

12. Ongoing Reporting Requirements

- a. IIROC must provide the Commission with all information required in Schedule 2 of this Recognition Order.
- b. IIROC must provide Commission staff within 30 days of the commencement of each fiscal year with a copy of its financial budget for that year, together with the underlying assumptions, that has been approved by its Board.
- c. IIROC must file annual audited financial statements with Commission staff, accompanied by the report of an independent auditor, within 90 days after the end of each fiscal year.
- d. IIROC must file with Commission staff quarterly financial statements for each of the first three financial quarters within 60 days after the end of each financial quarter.
- e. IIROC must file its annual report with Commission staff upon completion.
- f. IIROC must annually self-assess IIROC's performance of its regulatory responsibilities and report thereon to the Board and the Commission staff, together with any recommendations for improvements. The annual self-assessment must contain information as specified by Commission staff from time to time and include the following information:
 - (i) an assessment of how IIROC is meeting its regulatory mandate, including an assessment against the recognition criteria and the terms and conditions of the Recognition Order;
 - (ii) an assessment against its strategic plan;
 - (iii) a description of trends seen as a result of compliance reviews conducted and complaints received and IIROC's plan to deal with any issues;
 - (iv) whether IIROC is meeting its benchmarks and if not, why not; and
 - (v) a description and update on significant projects undertaken by IIROC.

IIROC must file the self-assessment with the Commission within 90 days of its fiscal year-end.

- g. IIROC must give the Commission staff notice as soon as practicable of new directors.
- h. IIROC must provide to the Commission, in addition to the information specifically required in this Recognition Order and the MOU, any information the Commission may reasonably require from time to time.

SCHEDULE 1

CRITERIA FOR RECOGNITION

1. Governance

- a. The governance structure and arrangements must ensure:
 - (i) effective oversight of the entity;
 - (ii) fair, meaningful and diverse representation on the governing body (Board) and any committees of the Board, including a reasonable proportion of independent directors;
 - (iii) a proper balance among the interests of the different persons or companies subject to regulation by IIROC; and
 - (iv) each director or officer is a fit and proper person.

2. Public Interest

IIROC must regulate to serve the public interest in protecting investors and market integrity. It must articulate and ensure it meets a clear public interest mandate for its regulatory functions.

3. Conflicts of interest

IIROC must effectively identify and manage conflicts of interest.

4. Fees

- a. All fees imposed by IIROC must be equitably allocated. Fees must not have the effect of creating unreasonable barriers to access.
- b. The process for setting fees must be fair and transparent.
- c. IIROC must operate on a cost-recovery basis.

5. Access

- a. IIROC must have reasonable written criteria that permit all persons or companies that satisfy the criteria to access IIROC's regulatory services.
- b. The access criteria and the process for obtaining access should be fair and transparent.

6. Financial Viability

IIROC must have sufficient financial resources for the proper performance of its functions and to meet its responsibilities.

7. Capacity to Perform Regulatory Functions

- a. IIROC must maintain its capacity to effectively and efficiently perform its regulatory functions, which include governing the conduct of persons or companies subject to its regulation and monitoring and enforcing applicable requirements.
- b. IIROC must maintain in each jurisdiction where it has an office
 - (i) sufficient financial, technological, human and other resources; and
 - (ii) appropriate organizational structures and adequate technological systems to efficiently, effectively and in a timely manner perform its regulatory functions and responsibilities.

8. Capacity and Integrity of Systems

IIROC must maintain controls to ensure capacity, integrity requirements and security of its technology systems.

9. Rules

- a. IIROC must establish and maintain Rules that:
 - (i) are necessary or appropriate to govern and regulate all aspects of its functions and responsibilities as a self-regulatory entity;
 - (ii) are designed to:
 - (A) ensure compliance with securities laws,
 - (B) prevent fraudulent and manipulative acts and practices,
 - (C) promote just and equitable principles of trade and the duty to act fairly, honestly and in good faith,
 - (D) foster cooperation and coordination with entities engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in, securities,

- (E) foster fair, equitable and ethical business standards and practices,
 - (F) promote the protection of investors, and
 - (G) provide for appropriate discipline of those whose conduct it regulates;
- (iii) do not impose any burden or constraint on competition or innovation that is not necessary or appropriate in furtherance of IIROC's regulatory objectives;
 - (iv) do not impose costs or restrictions on the activities of market participants that are disproportionate to the goals of the regulatory objectives sought to be realized; and
 - (v) are not contrary to the public interest.

10. Disciplinary Matters

The process for discipline must be fair and transparent.

11. Information Sharing and Regulatory Cooperation

To assist other regulatory authorities in regulatory matters, IIROC must share information and cooperate with:

- (a) the Commission and any other securities regulatory authority, whether domestic or foreign;
- (b) exchanges;
- (c) self-regulatory organizations;
- (d) clearing agencies;
- (e) financial intelligence or law enforcement agencies or authorities; and
- (f) investor protection or compensation funds, whether domestic or foreign.

This assistance includes the collection and sharing of information and other forms of assistance for the purpose of market surveillance, investigations, enforcement litigation, investor protection and compensation and for any other regulatory purpose and is subject to applicable laws related to information sharing and protection of personal information.

12. Other Criteria – Québec

Constituting documents, by-laws and operating rules of IIROC should allow that the power to make decisions relating to the supervision of its activities in Québec will be exercised mainly by persons residing in Québec.

SCHEDULE 2

REPORTING REQUIREMENTS

IIROC will provide the information and reports outlined in this Schedule to the Recognizing Regulators of all jurisdictions in which a Member that is the subject of a report or notification is registered, unless otherwise specified.

1. General

- a. Prompt notice of any material violations of securities legislation of which IIROC becomes aware in the ordinary course operation of its business.
- b. Prompt notice of actual or apparent misconduct or non-compliance by Members and their Approved Persons or Participants and others where investors, clients, creditors, Members, the Canadian Investor Protection Fund (CIPF) or IIROC may reasonably be expected to suffer serious damage as a consequence thereof, including but not limited to:
 - (i) where the solvency of a Member is at risk,
 - (ii) where fraud is present, or
 - (iii) where serious deficiencies in supervision or internal controls exist.

IIROC will include the party's name, the misconduct or deficiency, and its proposed response to ensure that the situations are resolved.

2. Financial Compliance

- a. Prompt notification of situations that would reasonably be expected to raise concerns about a Member's continued viability, including but not limited to, capital deficiency and any condition which, in the opinion of IIROC, could give rise to payments being made out of CIPF, including any condition which, alone or together with other conditions, could, if appropriate corrective action is not taken, reasonably be expected to:
 - (i) inhibit the Member from promptly completing securities transactions, promptly segregating clients' securities as required or promptly discharging its responsibilities to clients, other Members or creditors,
 - (ii) result in material financial loss to the Member and its clients, or
 - (iii) result in material misstatement of the Member's financial statements.

IIROC will include the Member's name, the circumstances that gave rise to the

situation, and its proposed response to ensure the identified situations are resolved.

- b. Prompt notice following the taking of any action with respect to a Member in financial difficulty, including a description of the circumstances of the failure or the cause of the financial difficulty, and a summary of the actions taken.
- c. At the beginning of each calendar year, an examination plan summarizing the scheduled financial compliance examinations for the upcoming year, set out on a quarterly basis and by IIROC office. The examination plan should explain the selection method used in determining the Members that are subject to an examination.
- d. On a quarterly basis, notification of any material changes to Financial Compliance's processes or scope of its work, including material changes to its risk assessment model. Such notification may be provided verbally at the quarterly conference calls of staff of IIROC and the Recognizing Regulators.

3. Business Conduct Compliance

- a. At the beginning of each calendar year, an examination plan summarizing the scheduled business conduct compliance examinations for the upcoming year, set out on a quarterly basis. The examination plan should explain the selection method used in determining the Member's office(s) that are subject to an examination and the resources that will be dedicated to reviews of branch offices. The examination plan should also include for head office examinations the name of the Dealer Member and the address, and for branch office examinations that IIROC reasonably expects to complete the name of the Dealer Member and the address.
- b. On a quarterly basis, a comparison of IIROC's Dealer Member business conduct compliance examination results to the examination plan by IIROC office. This comparison will include an explanation of any variances of actual results compared to the examination plan, and an action plan to ensure that the variances are resolved.
- c. On a quarterly basis, a progress report on all examinations that were in progress as of or started since the last report by each IIROC office. This report will include:
 - (i) the name of the Dealer Member,
 - (ii) whether the examination involved a head office or branch,
 - (iii) the start and expected completion dates of the field work,
 - (iv) the status of the examination,
 - (v) whether a report has been issued and, if so, the issue date,
 - (vi) a summary of the material deficiencies noted during the examination,

- (vii) identification of any repeated deficiencies, and
 - (viii) the follow up actions planned by IIROC to ensure that the identified problems will be resolved.
- d. On a quarterly basis, notification of any material changes to Business Conduct Compliance's processes or scope of its work, including material changes to its risk assessment model. Such notification may be provided verbally at the quarterly conference calls of staff of IIROC and the Recognizing Regulators.

4. Trade Desk Review

- a. At the beginning of each calendar year, a plan summarizing the scheduled trade desk reviews for the upcoming year, set out on a quarterly basis, including the name of the Dealer Member. The plan should explain the selection method used in determining the Members that are subject to a trade desk review.
- b. On a quarterly basis, a comparison of IIROC's trade desk review results to the plan by IIROC office. This comparison will include an explanation of any variances of actual results compared to the plan, and an action plan to ensure that the variances are resolved.
- c. On a quarterly basis, a progress report on all trade desk reviews that were in progress as of or started since the last report by each IIROC office. This report will include:
 - (i) the name of the Dealer Member,
 - (ii) the start and expected completion dates of the field work,
 - (iii) the status of the review,
 - (iv) whether a report has been issued and, if so, the issue date,
 - (v) a summary of the material deficiencies noted during the review,
 - (vi) identification of any repeated deficiencies, and
 - (vii) the follow up actions planned by IIROC to ensure that the identified problems will be resolved.
- d. On a quarterly basis, notification of any material changes to trade desk review processes or scope. Such notification may be provided orally at the quarterly conference calls of staff of IIROC and the Recognizing Regulators.

5. Membership

- a. Immediate notice of the admission of a new Member. In each case, IIROC will include the Member's name and any terms and conditions that are imposed on the Member.
- b. Immediate notice of Members whose membership will be suspended or terminated. In each case, IIROC will include:
 - (i) The Member's name, and
 - (ii) The reasons for the proposed suspension or termination.
- c. Immediate notice of receipt from a Member its intention to resign.
- d. The notice required by this section may be provided by IIROC issuing a public notice containing the information, provided that such public notice will be issued immediately after the decision is made for admission, suspension and termination of membership and immediately after receipt of a notice of intention to resign, as the case maybe.

6. Registration

- a. A quarterly report summarizing any terms and conditions imposed on Approved Persons, containing:
 - (i) the name of the Dealer Member and Approved Person on whom the terms and conditions were imposed,
 - (ii) the date terms and conditions were imposed,
 - (iii) the terms and conditions, and
 - (iv) a description of the reasons for the decision to impose terms and conditions.
- b. A quarterly report summarizing all exemptions granted to individuals for proficiency requirements and full-time employment requirements under IIROC Rules and applicable securities legislation, and the reasons for granting the exemptions. This report should not include non-discretionary exemptions set out in IIROC Rules that were previously approved by the Recognizing Regulators.

7. Marketplace Regulation Exemptions

A quarterly report summarizing all exemptions granted during the period to marketplace participants pursuant to IIROC's Marketplace Regulation Rules, containing the information set out below:

- a. the name of the marketplace participant,
- b. type of exemption,
- c. date of the exemption, and
- d. a description of IIROC staff's reason for the decision to approve the exemption.

8. Investigations and Enforcement

a. Ad Hoc Reporting

- (i) Information concerning all investigations which led to disciplinary or settlement proceedings, to be sent promptly after the disposition of the disciplinary or settlement proceedings and containing the following information:

- (A) any discipline imposed,
- (B) the terms of any settlement proposal accepted, and
- (C) any written decisions and reasons;

b. Monthly Reporting

- (i) A summary of all new investigations by IIROC offices, which will:
 - (A) indicate the date an investigation started,
 - (B) indicate whether the investigation concerns primarily Member Regulation matters, Marketplace Regulation matters or has significant elements of both,
 - (C) include name of the complainant for complaints that resulted in investigations,
 - (D) indicate whether the file was referred by another department of IIROC and the name of the department,
 - (E) identify:
 - a. for Member Regulation cases, the Dealer Member and relevant Approved Person(s), or
 - b. for Marketplace Regulation cases, the marketplace participant,

- (F) summarize the misconduct alleged, and highlight any securities act violations of which IIROC becomes aware in the course of the investigation, and
 - (G) identify the name(s) of IIROC staff assigned to the investigation.
- (ii) A summary of all closed investigations which did not lead to disciplinary or settlement proceedings by IIROC offices, which will:
- (A) indicate the dates an investigation was started and closed,
 - (B) include detailed information concerning the investigation,
 - (C) identify:
 - a. for Member Regulation cases, the Dealer Member and relevant Approved Person(s), or
 - b. for Marketplace Regulation cases, the marketplace participant, and
 - (D) include a copy of the final investigation report and recommendations.
- c. *Quarterly Reporting*
- (i) A quarterly report summarizing client complaints based upon ComSet data, including:
- (A) a graphical report setting out the number of open client complaints and the relative age of the client complaints as of each quarter and on an annual basis, and
 - (B) the relative age of closed client complaints, closed in the quarter and on an annualized basis.
- (ii) Summary statistics by IIROC offices regarding the current caseload for each of complaints, investigations and prosecutions, separated between Member and Marketplace Regulation cases and within Marketplace Regulation cases, separately for each exchange, quotation and trade reporting system and alternative trading system, including:
- (A) the number of files outstanding at the beginning and at the end of the period, by operating department,

- (B) the number of new files opened during the period, by operating department,
 - (C) the number of files transferred between sections during the period, by operating department, and
 - (D) the number of files referred and closed during the period.
- (iii) An ageing report by IIROC offices as at quarter end for files that remain open at the end of the quarter, which identifies the length of time a file has been open in each operating department.

d. Annual Reporting

- (i) A summary of all complaints and the disposition thereof, together with an analysis of any emerging problems or trends;
- (ii) A summary of all investigations and the disposition thereof, together with an analysis of any emerging problems or trends;
- (iii) A summary of all prosecutions and the disposition thereof, together with an analysis of any emerging problems or trends;
- (iv) an analysis of market surveillance files that includes a discussion of any emerging problems or trends;
- (v) enforcement-related policy changes;
- (vi) enforcement-related functional and administrative changes; and
- (vii) ongoing initiatives which are enforcement-related, but not case specific.

Memorandum of Understanding Regarding Oversight of Investment Industry Regulatory Organization of Canada Among:

**British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Newfoundland and Labrador, Securities Division, Department of Government Services and
Lands
Nova Scotia Securities Commission
New Brunswick Securities Commission**

(each a Recognizing Regulator, collectively Parties)

The Parties agree as follows:

1. Underlying Principles

a. Recognition

Investment Industry Regulatory Organization of Canada (IIROC) is recognized as a self-regulatory organization under applicable legislation by each of the Recognizing Regulators and is a regulation services provider pursuant to National Instrument 23-101 *Trading Rules*.

b. Oversight Program

To ensure effective oversight of IIROC's performance of its self-regulatory activities and regulation services, the Parties to this Memorandum of Understanding (MOU) have developed an oversight program (the Oversight Program) which includes:

- (i) reviewing information filed by IIROC, as set out in section 4;
- (ii) reviewing and approving new and amended rules, policies and other similar instruments (Rules) and by-laws of IIROC, as set out in Appendix "A"; and
- (iii) performing periodic reviews of IIROC's self-regulatory activities and regulation services.

The purpose of the Oversight Program is to ensure that IIROC is acting in accordance with its public interest mandate, specifically by complying with its terms and conditions of recognition.

c. *Previous Memoranda of Understanding*

This MOU supersedes the letter agreement dated June 5, 2001 between the Investment Dealers Association of Canada (IDA) and the recognizing regulators of the IDA regarding the coordination of oversight of the IDA by the Canadian Securities Administrators and the Memorandum of Understanding Regarding Oversight of Market Regulation Services Inc. (RS) dated May 1, 2002 among the recognizing regulators of RS.

2. Definitions

“Approved Person” has the meaning attributed to that term in IIROC’s Rules, as amended from time to time.

“Member” has the meaning attributed to that term in IIROC’s By-law No. 1, as amended from time to time.

“Principal Regulator” means the Recognizing Regulator that is designated as such from time to time by consensus of all the Recognizing Regulators.

3. General Provisions

a. *Oversight Committee*

An oversight committee will be established (the Oversight Committee) which will act as a forum and venue for the discussion of issues, concerns and proposals related to the oversight of IIROC.

The Oversight Committee will include staff representatives from each of the Recognizing Regulators.

The Oversight Committee will provide to the CSA Chairs an annual written report that will include a summary of all oversight activities during the previous period.

b. *Staff Contact*

The Principal Regulator will provide IIROC with key staff contacts in each jurisdiction for the purposes of matters arising under this MOU or relating to oversight in general.

c. *Status Meetings*

The Principal Regulator will organize quarterly conference calls and an annual in-person meeting of the Oversight Committee and IIROC staff. The purpose is to discuss matters relating to the oversight of IIROC, issues relating to the regulation

of IIROC's Members and other matters that are of interest to the Recognizing Regulators and IIROC. The Principal Regulator is also responsible for taking minutes of these calls and in-person meetings.

4. Review of Information Filed

Any comments of the staff of the Recognizing Regulators on information filed by IIROC will be sent to the Principal Regulator. The Principal Regulator will request that IIROC respond to comments raised by the Recognizing Regulators and forward any response to the Recognizing Regulators.

5. Review of By-laws and Rules

The Recognizing Regulators have developed a Joint Rule Review Protocol (the Protocol) for coordinating the review and approval of IIROC by-laws and Rules, as sets out in Appendix "A".

6. Oversight Reviews

a. Coordination of Oversight Reviews

- (i) The Recognizing Regulators will use their best efforts to carry out reviews of IIROC offices at least once every three years. A Recognizing Regulator may choose to participate in the review of an IIROC office depending on the functions carried out in that office, or may choose to rely on another Recognizing Regulator for the review of an IIROC office. In cases where a Recognizing Regulator chooses not to review the IIROC office in its jurisdiction, the other Recognizing Regulators may conduct a review of that IIROC office. Those Recognizing Regulators who participate in a review are considered to be "Reviewing Regulators" for the purpose of oversight reviews.
- (ii) The Reviewing Regulators agree to coordinate their reviews of IIROC's offices by conducting their reviews at the same time and evaluating IIROC using a uniform review program and uniform performance benchmarks.
- (iii) The Principal Regulator will develop a review program in consultation with the Reviewing Regulators.
- (iv) For each IIROC office, a Reviewing Regulator will be designated as the Responsible Regulator who has overall responsibility for the review of that office. In particular, the Responsible Regulator will ensure that the review is appropriately staffed, will draft the review report for that office taking into account findings and comments of the Reviewing Regulators of that office, and will report on the status and results of the review of that office.

- (v) The Principal Regulator will also arrange periodic conference calls of the Reviewing Regulators during the course of a review, the purpose of which is to discuss the findings at different IIROC offices and to ensure consistent recommendations for similar findings.

b. Review of Draft Reports and Issuance of Final Reports and Follow-Up Plans

At the conclusion of a review, staff of the Principal Regulator and the Reviewing Regulators will use their best efforts to follow the procedures set out below, taking into account language translation needs, when applicable:

- (i) Each Responsible Regulator will provide to all Reviewing Regulators a draft report on the results of the review of its IIROC office. The Reviewing Regulators will agree in advance on the date on which the draft reports should be completed.
- (ii) The Principal Regulator will review the draft reports for consistency of findings and recommendations and provide any needed comments to the Responsible Regulators within 10 business days of receipt of all the draft reports.
- (iii) The Responsible Regulators will review the comments and make appropriate revisions to their reports, taking into consideration comments from the relevant Reviewing Regulators, and forward their revised draft reports to the Principal Regulator within 10 business days of receipt of the Principal Regulator's comments.
- (iv) Within 10 business days of receipt of all the revised draft reports, the Principal Regulator will forward the draft reports on each office to IIROC for it to confirm factual accuracy.
- (v) IIROC will review the draft reports for factual accuracy and respond to all the Reviewing Regulators with comments within 15 business days of receipt of the draft reports.
- (vi) The Responsible Regulators will consider IIROC's comments and revise their reports as necessary, and will forward a copy of their final reports to the Principal Regulator within 20 business days of receiving IIROC's comments.
- (vii) The Principal Regulator will combine the final reports on each IIROC office into a consolidated report and prepare an executive summary to the consolidated report. The Principal Regulator will forward the consolidated report to the Reviewing Regulators for their review within 20 business days of receipt of all the final reports.

- (viii) The Reviewing Regulators will provide to the Principal Regulator any comments on the consolidated report within 10 business days of receipt of the consolidated report.
- (ix) The Principal Regulator will review the comments, make any appropriate changes to the consolidated report, and forward the consolidated report to IIROC for a formal response with copies to the Reviewing Regulators, within 10 business days of receipt of the Reviewing Regulators' comments.
- (x) IIROC will use its best efforts to respond to the consolidated report within 20 business days of receipt of the report. A copy of its response will be sent to all the Reviewing Regulators.
- (xi) The Responsible Regulator will review IIROC's response, develop a follow-up plan for the applicable IIROC office, and forward its follow-up plan to the Principal Regulator, within 20 business days of receipt of IIROC's response.
- (xii) The Principal Regulator will provide the final consolidated report, together with IIROC's response and the follow-up plan for each IIROC office, to the CSA Chairs and IIROC once each Reviewing Regulator has obtained the necessary internal approval.

c. Interim Reviews

Although the Principal Regulator will co-ordinate periodic reviews as described above, each Recognizing Regulator retains the ability to perform a review of IIROC to deal with significant and/or local issues that require immediate attention and that would be best dealt with through a review of an IIROC office. The Recognizing Regulator desiring to perform an interim review of IIROC will provide prior notice of the interim review to the Oversight Committee.

7. Appendix

Appendix "A" to this MOU is an integral part of this MOU.

8. Amendments to and Withdrawal from this MOU

This MOU may be amended from time to time as mutually agreed upon by the Recognizing Regulators. Any amendments must be in writing and approved by the duly authorized representatives of each Recognizing Regulator.

Each Recognizing Regulator can, at any time, withdraw from this MOU on at least 90 days written notice to the Principal Regulator and to each Recognizing Regulator.

9. Effective Date

This MOU comes into effect on June 1, 2008 in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia and Saskatchewan, and on September 1, 2008 in Ontario. In Quebec, this MOU comes into effect on the date it is signed by the AMF and by the Minister responsible for Canadian Intergovernmental Affairs or by a person authorized by the Minister.

British Columbia Securities Commission

Alberta Securities Commission

Per:

Per:

Title:

Title:

Saskatchewan Financial Services Commission

Manitoba Securities Commission

Per:



Per:

Title:

Chair

Title:

Ontario Securities Commission

Autorité des marchés financiers

Per:

Per:

Title:

Title:

Minister Responsible for Canadian Intergovernmental Affairs

Newfoundland and Labrador, Securities Division, Department of Government Services and Land

Per:

Per:

Title:

Title:

Nova Scotia Securities Commission

Per:

Title:

New Brunswick Securities Commission

Per:

Title:

APPENDIX A

JOINT RULE REVIEW PROTOCOL FOR IIROC

1. Scope and Purpose

- a. “Rules” includes any new rule or amendment to a rule, policy or other similar instrument.
- b. Any new or amended by-law will follow the process for rule review and approval set out in this Protocol.
- c. The Recognizing Regulators have entered into this Protocol to establish uniform procedures for their review and approval of Rules proposed by IIROC.

2. Classification of Rules

a. *Classification of Rules by IIROC*

IIROC will classify each proposed Rule as a “Housekeeping” Rule or a “Public Comment” Rule and will provide notice of classification in the materials filed with each Recognizing Regulator.

b. *Criteria for Classification of Rules*

- (i) A “Housekeeping” Rule is a proposed Rule that has no material impact on investors, issuers, members, registrants or the capital markets in any province or territory of Canada and that:
 - (A) corrects spelling, punctuation, typographical or grammatical mistakes or inaccurate cross-referencing;
 - (B) makes stylistic or formatting changes to headings or paragraph numbers;
 - (C) makes other necessary changes of an editorial nature (such as standardization of terminology);
 - (D) establishes or changes a due, fee or other charge imposed by IIROC pursuant to a Rule or fee model that has been previously approved by the Recognizing Regulators;
 - (E) changes the routine internal processes, practice, or administration of IIROC; or

(F) is reasonably necessary to conform IIROC's Rules to applicable securities legislation, statutory or legal requirements; and

(ii) A "Public Comment" Rule is any proposed Rule that is not a Housekeeping Rule.

c. Disagreements Regarding Classification

(i) If staff of a Recognizing Regulator believe that a proposed Rule is incorrectly classified as a Housekeeping Rule, they will, within 10 days of the date of filing by IIROC, inform staff of the Principal Regulator of their intention to disagree with the classification, with an analysis of their reasons for disagreeing with the classification. Within 5 days of receiving a notice of disagreement from staff of one of the Recognizing Regulators, staff of the Principal Regulator will arrange a conference call among staff of the Recognizing Regulators to discuss the disagreement with the classification. If the disagreement still exists after the conference call, staff of the Principal Regulator will promptly notify IIROC.

(ii) If a notice of disagreement is sent to IIROC under paragraph 2(c)(I), IIROC will reclassify the proposed Rule as a Public Comment Rule.

3. Required Materials

a. IIROC will file the information required under this section concurrently in both English and French, accompanied with a translation certificate, with the applicable Recognizing Regulators.

b. IIROC will file the following information with each Housekeeping Rule:

(i) a cover letter that indicates the classification of the Rule and the rationale for the classification;

(ii) the text of the proposed Rule, and, where applicable, a blacklined version of the Rule indicating changes to an existing rule; and

(iii) a notice for publication that contains the following:

(A) a brief description of the Rule,

(B) the reasons for the Housekeeping classification,

(C) the date that the Rule was approved by the IIROC Board and the Board Resolution, and

(D) the anticipated effective date of the Rule.

- c. IIROC will file the following information with each Public Comment Rule:
- (i) a cover letter that indicates the classification of the Rule, how IIROC has taken the public interest into account when developing the Rule and why the Rule is in the public interest;
 - (ii) the text of the proposed Rule, and, where applicable, a blacklined version of the Rule indicating changes to an existing rule; and
 - (iii) a notice of publication including:
 - (A) a concise statement, together with supporting analysis, of the nature, purpose and effect of the proposed Rule;
 - (B) the possible effects of the proposed Rule on market structure, Members, non-Members, competition and the costs of compliance;
 - (C) a description of the Rule and the Rule-making process, including a description of the context in which the proposed Rule was developed, the date that the Rule was approved by the IIROC Board and the Board Resolution, the process followed, the issues considered, the consultation process undertaken and alternative approaches considered and the reasons for rejecting those alternatives;
 - (D) where the proposed Rule requires technological systems changes to be made by IIROC, Members or other market participants, a description of the implications of the proposed Rule and, where possible, a discussion of material implementation issues and plans;
 - (E) where relevant, a reference to other jurisdictions including an indication as to whether another regulator in Canada, the United States or another jurisdiction has a comparable rule or has made or is contemplating making a comparable rule and, if applicable, a comparison of the proposed Rule to the rule of the other jurisdiction;
 - (F) the anticipated date on which IIROC proposes that the proposed Rule be effective;
 - (G) a statement that the IIROC Board has determined that the proposed Rule is not contrary to the public interest; and
 - (H) a request for public comment together with details on how to submit comments with the comment period deadline, and a

statement that IIROC would make available to the public all comments received during the comment period.

4. Review Criteria

Without limiting the discretion of the Recognizing Regulators, the Recognizing Regulators agree that the following are factors that should be considered by the Recognizing Regulators in reviewing IIROC Rule proposals:

- a. whether IIROC followed its established internal governance practices in approving the proposed Rule;
- b. whether IIROC followed the requirements of this Protocol and has provided sufficient analysis of the nature, purpose and effect of a proposed Rule;
- c. whether IIROC has considered consequential amendments; and
- d. whether the proposed Rule conflicts with applicable laws or the terms and conditions of a Recognizing Regulator's recognition order.

5. Rule Review and Approval Process – Housekeeping Rules

- a. IIROC will file each proposed Housekeeping Rule and the materials described in subsection 3(b) of this Protocol with each Recognizing Regulator.
- b. Upon receipt of IIROC's notice of publication, staff of the Principal Regulator will immediately send confirmation of receipt of the proposed Housekeeping Rule to IIROC, with copies to the other Recognizing Regulators.
- c. If none of the Recognizing Regulators objects to the classification of the proposed Rule as a Housekeeping Rule within the time limit set out in paragraph 2(c)(I), the proposed Rule will be deemed to be approved and will be effective on the date designated by IIROC in its filing.

6. Rule Review and Approval Process – Public Comment Rules

- a. IIROC will file each proposed Public Comment Rule and the materials described in subsection 3(c) of this Protocol with each Recognizing Regulator.
- b. Upon receipt of IIROC's notice of publication, staff of the Principal Regulator will immediately send confirmation of receipt of the proposed Public Comment Rule to IIROC, with copies to the other Recognizing Regulators.
- c. As soon as practicable and in any event within 14 days of receipt of IIROC's notice of publication, the Principal Regulator will, and the other Recognizing Regulators may, publish for a 30-day comment period (commencing on the date

the proposed Public Comment Rule appears in the bulletin or on the website of the Principal Regulator) in its bulletin or on its website the text of the proposed Public Comment Rule and the notice of publication filed by IIROC. The Principal Regulator and the other Recognizing Regulators that publish the Rule will coordinate the publication date.

- d. During the 30-day comment period, staff of each of the Recognizing Regulators will provide significant comments to staff of the Principal Regulator in writing, with copies to the other Recognizing Regulators. If staff of the Principal Regulator do not receive any such comments within the 30-day period, the other Recognizing Regulators will be deemed to not have any comments.
- e. Promptly following the 30-day comment period, IIROC will confirm with staff of the Principal Regulator whether any public comments were received and, if so, IIROC will forward the public comments to each of the Recognizing Regulators.
- f. If comments from staff of the Recognizing Regulators and the public comments do not raise any significant issues, staff of the Recognizing Regulators will proceed immediately to the approval of the proposed Rule following the steps outlined in subparagraphs (j)-(n) below.
- g. If comments from staff of the Recognizing Regulators or the public comments received raise significant issues, staff of the Principal Regulator will send IIROC written notice, within 7 days of the end of the 30-day comment period, that the Public Comment Rule will be subject to a full review as set out in subparagraph 6(h) below.
- h. For a full review of a Public Comment Rule, the Recognizing Regulators will use best efforts to adhere to the following process:
 - (i) Staff of the Principal Regulator will prepare and deliver to staff of the other Recognizing Regulators, within 7 days of receiving from IIROC confirmation that no public comments were received or a summary of public comments and IIROC's response to the public comments, a draft comment letter that incorporates the comments raised by staff of the Recognizing Regulators;
 - (ii) within 7 days of receipt, staff of each of the Recognizing Regulators will provide comments on the draft comment letter prepared by staff of the Principal Regulator, with copies to the other Recognizing Regulators; if staff of the Principal Regulator does not receive any comments within the 7-day period, the other Recognizing Regulators will be deemed not to have any comments;
 - (iii) Staff of the Principal Regulator will consolidate all comments received, and may identify different views from staff of the Recognizing Regulators;

in the event that comments received conflict, staff of the Recognizing Regulators will try to reach an agreement to deal with the conflict; if the conflict cannot be resolved, the Principal Regulator will use its best efforts to arrange, within 14 days of becoming aware of the conflict, for the Chair or another senior executive of each of the Recognizing Regulators to discuss the issues and attempt to establish a consensus;

- (iv) within 3 days of the other Recognizing Regulators' response (or deemed response) or of the resolution of conflicts by the Chairs or senior executives of the Recognizing Regulators, staff of the Principal Regulator will send the comment letter to IIROC, with a copy to each of the other Recognizing Regulators;
 - (v) within 14 days of receipt, IIROC will respond in writing to the comment letter sent by staff of the Principal Regulator, with a copy to staff of each of the other Recognizing Regulators; and
 - (vi) each of the other Recognizing Regulators will provide material comments to the Principal Regulator in writing within 10 days of IIROC's response, and the Principal Regulator will provide its comments to the other Recognizing Regulators within the same period; if the Principal Regulator does not receive any comments within the 10-day period, the other Recognizing Regulators will be deemed not to have any comments.
- i. IIROC and the Recognizing Regulators will discuss and attempt to resolve the concerns raised by any of the Recognizing Regulators within 30 days of receiving comments from staff of the other Recognizing Regulators regarding IIROC's response referred to in subparagraph 6(h)(V), but if the concerns are not resolved to the satisfaction of all Recognizing Regulators, review of the proposed Rule will be escalated to be discussed among the Chairs or other senior executives of the Recognizing Regulators as described below:
- (i) the Principal Regulator will use its best efforts to schedule a meeting of the chairs or other senior executives of the Recognizing Regulators within 14 days of the end of the 30-day period noted in paragraph 6(i) above; and
 - (ii) the chairs or other senior executives of the Recognizing Regulators will discuss the issues and attempt to establish a consensus among the Recognizing Regulators. If, after the consultations, the Chairs or other senior executives of the Recognizing Regulators are unable to agree on the appropriate outcome for the proposed Rule, IIROC will not be able to adopt the Rule.

- j. Staff of the Principal Regulator will prepare documentation for approval of the proposed Rule by the Principal Regulator within 14 days of resolving comments under paragraph 6(i).
- k. After a proposed rule is approved by the Principal Regulator, staff of the Principal Regulator will promptly circulate to the other Recognizing Regulators the documentation.
- l. Staff of the other Recognizing Regulators will seek the necessary approval within 30 days of receipt of the documentation from the Principal Regulator, or such later time as is mutually agreed by staff of the Recognizing Regulators.
- m. Staff of each Recognizing Regulator will inform staff of the Principal Regulator in writing of the decision concerning the proposed Rule immediately following the decision.
- n. Staff of the Principal Regulator will communicate in writing the approval of a proposed Rule to IIROC promptly upon receipt of notification from all of the other Recognizing Regulators of their decision.

7. Immediate Implementation

- a. If IIROC reasonably believes that there is an urgent need to implement a proposed Rule because of a substantial risk of material harm to investors, Members, marketplace participants or the Canadian Investor Protection Fund, IIROC may make the proposed Rule effective immediately upon approval by IIROC's Board, provided that:
 - (i) IIROC provides each Recognizing Regulator with written notice of its intention to rely upon this procedure at least 10 days before the proposed Rule is considered for approval by IIROC's Board; and
 - (ii) IIROC's written notice includes:
 - (A) the date on which IIROC intends the proposed Rule to be effective, and
 - (B) an analysis in support of the need for immediate implementation of the proposed Rule.
- b. If a Recognizing Regulator does not agree that immediate implementation is necessary, that Recognizing Regulator will, within 5 days after IIROC provides notice to the Principal Regulator, advise the Principal Regulator in writing that it disagrees and provide the reasons for its disagreement, with copies to the other Recognizing Regulators. Staff of the Principal Regulator will promptly notify IIROC of the disagreement.

- c. IIROC and the Recognizing Regulators will discuss and attempt to resolve the concerns raised by the Recognizing Regulators on a timely basis, but if the concerns are not resolved to the satisfaction of all Recognizing Regulators, the proposed Rule cannot be immediately implemented.
- d. If no notice is received by IIROC by the end of the tenth day following the day on which IIROC provided the notification to the Principal Regulator, the Recognizing Regulators will be deemed to have approved the immediate implementation of the proposed Rule.
- e. Proposed Rules approved (or deemed to have been approved) for immediate implementation will be effective on the later of:
 - (i) the date on which each Recognizing Regulator has approved (or is deemed to have approved) the immediate implementation; and
 - (ii) the date designated by IIROC in its written notice to the Principal Regulator.
- f. A Rule that is implemented immediately will be published (if it is a Public Comment Rule), reviewed, and approved in accordance with this Protocol.
- g. Where the Recognizing Regulators subsequently disapprove a Rule that was implemented immediately, IIROC will promptly repeal the Rule.

8. Effective Date of Rules

- a. Public Comment Rules (other than Rules implemented under Section 7 (Immediate Implementation) of this Protocol) will be effective on the later of:
 - (i) the date of publication of notice of approval, and
 - (ii) the date designated by IIROC under paragraph 3(c)(III)(6) of this Protocol.
- b. Housekeeping Rules will be effective on the date designated by IIROC under paragraph 3(b)(III)(3) of this Protocol.

9. Revisions and Republication

- a. If, subsequent to its publication for comment, IIROC revises a Public Comment Rule in a manner that results in a material change in the proposed Rule's substance and/or effect, the Principal Regulator will, in consultation with IIROC and staff of the other Recognizing Regulators determine whether or not the revised Rule should be published for an additional 30-day comment period.

- b. If a Public Comment Rule is republished under subsection (a), the request for comments will include a blacklined version marked to the original published version, the date of Board approval (if different from the original published version), IIROC's summary of comments submitted and responses in respect of the previous request for comments, together with an explanation of the revisions to the proposed Rule and the supporting rationale for the revisions.

10. Publication of Notice of Approval

- a. The Principal Regulator will prepare a notice of approval of each Public Comment Rule and publish the notice, together with the summary of the proposed Rule prepared by IIROC and IIROC's summary of comments submitted and responses, if applicable, and will coordinate with staff of the other Recognizing Regulators.
- b. For any Housekeeping Rule, the Principal Regulator will publish the text of the proposed Rule and the notice for publication referred to in subparagraph 3(b)(III).
- c. Recognizing Regulators other than the Principal Regulator may publish any notice of approval.

11. Review of Protocol

IIROC and staff of the Recognizing Regulators will, once every three years, conduct a joint review of the operation of this Protocol in order to identify issues that have arisen since the last review relating to compliance with this Protocol, the continuing appropriateness of the timelines and other requirements set out in this Protocol, and necessary or desirable amendments to this Protocol to address identified issues.

12. Waiving or Varying of the Rule Review Protocol

- a. IIROC may file a written request with the Principal Regulator, with copies to the other Recognizing Regulators, to waive or vary any part of this Protocol.
- b. Within 7 days of receipt of IIROC's request, a Recognizing Regulator who objects to the granting of the waiver or variation will notify the Principal Regulator of its objection, together with its reason(s) for the objection. If the Principal Regulator does not receive any notices of objection, the other Recognizing Regulators are deemed to not object to the waiver or variation.
- c. The Principal Regulator will provide to IIROC on the eighth day of receipt of IIROC's request either:
 - (i) written notice that a Recognizing Regulator objects to granting the waiver or variation; or

- (ii) written notice that the waiver or variation has been granted by the Principal Regulator on behalf of all the Recognizing Regulators.
- d. A waiver or variation may be specific or general and may be made for a time or for all time as mutually agreed by staff of the Recognizing Regulators.



Saskatchewan
Financial Services
Commission
Securities Division

GENERAL RULING/ORDER 11-902
RECOGNITION OF THE INVESTMENT DEALERS ASSOCIATION OF CANADA

IN THE MATTER OF *THE SECURITIES ACT, 1988*

AND

IN THE MATTER OF
THE INVESTMENT DEALERS ASSOCIATION OF CANADA

VARIATION AND RESTATEMENT OF RECOGNITION ORDER

(Section 21 and 158 of the Act)

The Saskatchewan Securities Commission (the Securities Commission) issued an order on July 17, 2008 recognizing the Investment Dealers Association of Canada (IDA) as a self-regulatory organization pursuant to section 21 of the Act (Previous Order);

Effective February 1, 2008 all of the powers and duties of the Securities Commission were assigned to the Saskatchewan Financial Services Commission (the "SFSC")

Effective June 1, 2008, the IDA will combine its operations (the Combination) with Market Regulation Services Inc. (RS) to become the Investment Industry Regulatory Organization of Canada (IIROC);

IIROC will be a self-regulatory organization recognized by the British Columbia Securities Commission, the Alberta Securities Commission, the Saskatchewan Financial Services Commission, the Manitoba Securities Commission, the Ontario Securities Commission, the Autorité des marchés financiers, Newfoundland and Labrador, Securities Division, Department of Government Services and Lands, Nova Scotia Securities Commission and the New Brunswick Securities Commission and the Securities Office, Consumer, Corporate and Insurance Securities Division, Office of Attorney General (Prince Edward Island);

The IDA has applied to the SFSC to vary and restate the Previous Order in order to reflect that, subsequent to the Combination, the IDA will continue to operate as a self-regulatory organization for a period of time to perform limited complaint handling, investigation and enforcement functions;

The SFSC has determined that it is not prejudicial to the public interest to issue an order that varies and restates the Previous Order to reflect the more limited functions of the IDA subsequent to the Combination;

It is ordered, pursuant to subsection 158(3) of the Act, that the Previous Order be varied and restated as follows, without prejudice to the effectiveness of any lawful exercise of authority under the Previous Order prior to the date of this variation and restatement:

IN THE MATTER OF *THE SECURITIES ACT, 1988* (the Act)

AND

**IN THE MATTER OF
THE INVESTMENT DEALERS ASSOCIATION OF CANADA**

**RECOGNITION ORDER
(Section 21)**

On July 17, 2000, the Securities Commission recognized the Investment Dealers Association of Canada (IDA) as a self-regulatory organization;

The IDA and Market Regulation Services Inc. have combined (the Combination) their operations into the Investment Industry Regulatory Organization of Canada (IIROC), to be effective on June 1, 2008 (the Effective Date);

Subsequent to the Combination, for complaint handling, investigations and disciplinary actions, the IDA will continue to regulate and maintain its authority over persons subject to its authority prior to the Effective Date (collectively, Persons) for conduct occurring prior to the Effective Date, for up to five years following the Effective Date.

The IDA and IIROC have entered into an agreement (the Agreement) where the IDA has retained IIROC as its agent to perform complaint handling, investigation and enforcement functions on behalf of the IDA for the conduct of Persons occurring prior to the Effective Date, and to provide all administrative services in connection with these functions and the continuance of the IDA.

On April 22, 2008 the board of directors of the IDA adopted amendments to its by-law (IDA By-law Amendments) to reflect the fact that the governance and administration of the IDA in its continued form will be by a board of directors that will be the same as the board of directors of IIROC and to make other consequential amendments following from the creation of IIROC.

The IDA has made the following representations:

1. The IDA will, among other things:

- (i) maintain its existence and recognition as necessary to ensure its continuing authority over Persons and their conduct occurring prior to the Effective Date;
 - (ii) provide confirmation and further assurances to third parties, including tribunals and appeal bodies, of its continuing authority over Persons and their conduct occurring prior to the Effective Date;
 - (iii) subject to applicable law, provide to IIROC all relevant information in its possession that it receives from third parties in connection with the conduct of Persons occurring prior to the Effective Date;
 - (iv) to the extent required for the handling of complaints regarding or the investigation of the conduct of Persons occurring prior to the Effective Date, request information from third parties under information-sharing arrangements to which the IDA is a party; and
 - (v) perform all further acts and provide all further assurances necessary to maintain and confirm its continuing authority over Persons and their conduct occurring prior to the Effective Date.
2. Under the Agreement, IIROC will, among other things:
- (i) carry out on the IDA's behalf all complaint handling, investigative and enforcement activities relating to the conduct of Persons occurring prior to the Effective Date;
 - (ii) maintain sufficient personnel, technological and other resources to perform IIROC's obligations under the Agreement in a timely and diligent manner;
 - (iii) comply with, or facilitate the IDA's compliance with, the terms of any information-sharing agreements where the IDA receives information relating to the conduct of Persons occurring prior to the Effective Date; and
 - (iv) provide all funding required for the performance of activities of the IDA relating to the conduct of Persons occurring prior to the Effective Date.
3. All hearing committees and hearing panels for the purposes of any proceedings by the IDA will be constituted in accordance with IIROC Transition Rule No. 1 and Schedule C-1 *Hearing Committees and Hearing Panels Rule*.

Based on the representations and application, including the IDA By-law Amendments, made by the IDA to the SFSC, the SFSC is satisfied that continuing to recognize the IDA would not be prejudicial to the public interest;

The SFSC hereby amends the IDA's recognition as a self-regulatory organization so that the recognition pursuant to section 21 continues with respect to the IDA, subject to the terms and conditions set out in Schedule A.

Dated July 17, 2000, as amended on May 20, 2008, effective June 1, 2008.

Saskatchewan Financial Services Commission

A handwritten signature in black ink, appearing to read "Dave Wild", written over a horizontal line.

Dave Wild
Chair

SCHEDULE A

TERMS AND CONDITIONS

1. CORPORATE GOVERNANCE

The IDA must have the same board of directors as IIROC.

2. CAPACITY TO PERFORM REGULATORY FUNCTIONS

- (a) The IDA must enter into the Agreement with IIROC under which IIROC must act as the IDA's agent to perform regulation services, including complaint handling, investigation and enforcement related to the conduct of persons subject to its authority occurring prior to the Effective Date and all administrative services in connection therewith and the continuance of the IDA.
- (b) Prior Commission approval is required for any changes to the Agreement.

3. INFORMATION SHARING

The IDA or its agents must share information and must otherwise co-operate with the Commission and its staff, other Canadian securities regulatory authorities, exchanges, other regulation services providers, other recognized self-regulatory organizations, clearing agencies, and investor protection or compensation funds.

4. ADDITIONAL INFORMATION & COMPLIANCE WITH OVERSIGHT

The IDA or its agents must provide the Commission any additional information the Commission may require from time to time.

5. USE OF FINES AND SETTLEMENTS

All fines collected by the IDA, or by IIROC on behalf of the IDA, and all payments made under settlement agreements entered into with the IDA, or with IIROC on behalf of the IDA, must be used in accordance with the terms and conditions set out in the IIROC recognition order effective June 1, 2008, as amended from time to time.

Protocole d'entente sur la surveillance de l'Organisme canadien de réglementation du commerce des valeurs mobilières entre

**la British Columbia Securities Commission
l'Alberta Securities Commission
la Saskatchewan Financial Services Commission
la Commission des valeurs mobilières du Manitoba
la Commission des valeurs mobilières de l'Ontario
l'Autorité des marchés financiers
la Securities Division du Department of Government Services and Lands
de Terre-Neuve-et-Labrador
la Nova Scotia Securities Commission
la Commission des valeurs mobilières du Nouveau-Brunswick**

(individuellement, une « autorité de reconnaissance » et collectivement, les « parties »)

Les parties conviennent de ce qui suit :

1. Principes fondamentaux

a. Reconnaissance

L'Organisme canadien de réglementation du commerce des valeurs mobilières (« OCRCVM ») est reconnu à titre d'organisme d'autoréglementation en vertu des lois applicables par chacune des autorités de reconnaissance et est fournisseur de services de réglementation en vertu du *Règlement 23-101 sur les règles de négociation*.

b. Programme de surveillance

Pour assurer une surveillance efficace de l'exercice, par l'OCRCVM, de ses activités d'autoréglementation et de la prestation de ses services de réglementation, les parties au présent protocole d'entente (le « protocole d'entente ») ont élaboré un programme de surveillance (le « programme de surveillance ») qui comprend ce qui suit :

- i. l'examen de l'information déposée par l'OCRCVM, tel que prévu à la section 4;
- ii. l'examen et l'approbation des projets ou des modifications de règles, de politiques, d'autres textes similaires (les « règles ») et du règlement intérieur de l'OCRCVM, tel que prévu à l'Annexe A;
- iii. l'inspection périodique des activités d'autoréglementation exercées par l'OCRCVM ainsi que des services de réglementation fournis par celui-ci.

Le programme de surveillance vise à garantir que l'OCRCVM exerce ses fonctions conformément à son mandat d'intérêt public, notamment en respectant les conditions de sa reconnaissance.

c. Protocoles d'ententes antérieurs

Le présent protocole d'entente remplace la lettre d'entente du 5 juin 2001 entre l'Association canadienne des courtiers en valeurs mobilières (« ACCOVAM ») et les autorités de reconnaissance de l'ACCOVAM, relative à la coordination de la surveillance de l'ACCOVAM par les Autorités canadiennes en valeurs mobilières, et le protocole d'entente sur la surveillance de Services de réglementation du marché inc. (« RS ») intervenu le 1^{er} mai 2002 entre les autorités de reconnaissance de RS.

2. Définitions

« autorité principale » s'entend de l'autorité de reconnaissance qui est désignée à ce titre par consensus des autorités de reconnaissance.

« membre » a le sens qui est attribué à ce terme dans le règlement n° 1 de l'OCRCVM, ainsi que ses modifications.

« personne autorisée » a le sens qui est attribué à ce terme dans les règles de l'OCRCVM, ainsi que ses modifications.

3. Dispositions générales

a. Comité de surveillance

Un comité de surveillance (le « comité de surveillance ») est mis sur pied. Il sert de tribune pour traiter les questions soulevées par la surveillance de l'OCRCVM et les propositions formulées à cet égard.

Le comité de surveillance comprend des représentants de chacune des autorités de reconnaissance.

Le comité de surveillance remet aux présidents des Autorités canadiennes en valeurs mobilières un rapport écrit annuel comprenant un résumé de toutes les activités de surveillance exercées durant l'année écoulée.

b. Personnes-ressources

L'autorité principale fournit à l'OCRCVM une liste des principales personnes-ressources de chaque territoire à qui l'OCRCVM peut adresser les questions soulevées par le présent protocole d'entente ou liées à la surveillance en général.

c. Réunions sur l'état d'avancement

L'autorité principale organise des conférences téléphoniques trimestrielles et une réunion annuelle du comité de surveillance et du personnel de l'OCRCVM, qui permettent de traiter des questions liées à la surveillance de l'OCRCVM et à la

réglementation de ses membres ainsi que d'autres questions présentant un intérêt pour les autorités de reconnaissance et l'OCRCVM. De plus, l'autorité principale est chargée de rédiger le procès-verbal des conférences et des réunions.

4. Examen de l'information déposée

Toute observation du personnel des autorités de reconnaissance au sujet de l'information déposée par l'OCRCVM est envoyée à l'autorité principale. Celle-ci demande à l'OCRCVM de répondre aux observations formulées par les autorités de reconnaissance, à qui elle transmet la réponse de l'OCRCVM.

5. Examen du règlement intérieur et des règles

Les autorités de reconnaissance ont élaboré un protocole d'examen conjoint des règles (le « protocole d'examen ») régissant la coordination de l'examen et de l'approbation du règlement intérieur et des règles de l'OCRCVM, tel que prévu à l'annexe A.

6. Inspections

a. Coordination des inspections

- i. Dans la mesure du possible, les autorités de reconnaissance procèdent à l'inspection des bureaux de l'OCRCVM au moins tous les trois ans. Une autorité de reconnaissance peut choisir de participer à l'inspection d'un bureau de l'OCRCVM selon les fonctions qui y sont exercées ou de s'en remettre à cette fin à une autre autorité de reconnaissance. Lorsqu'une autorité de reconnaissance choisit de ne pas participer à l'inspection du bureau de l'OCRCVM qui est situé sur son territoire, les autres autorités de reconnaissance peuvent s'en charger. Les autorités de reconnaissance qui participent à l'inspection sont considérées comme des « autorités inspectrices » pour les besoins de l'inspection.
- ii. Les autorités inspectrices conviennent de coordonner leur inspection des bureaux de l'OCRCVM en procédant simultanément à leur inspection et en utilisant un programme d'inspection uniforme ainsi que les mêmes critères d'évaluation du rendement.
- iii. L'autorité principale élabore un programme d'inspection en consultation avec les autorités inspectrices.
- iv. À l'égard de chaque bureau de l'OCRCVM, une autorité inspectrice est désignée à titre d'autorité responsable pour assumer la responsabilité globale de l'inspection du bureau. En particulier, elle veille à ce que le personnel nécessaire soit affecté à l'inspection, rédige le rapport d'inspection du bureau en tenant compte des constatations et des observations des autorités inspectrices qui participent à l'inspection de ce bureau et rend compte de l'état d'avancement et des résultats de cette inspection.
- v. En outre, au cours d'une inspection, l'autorité principale organise des conférences téléphoniques périodiques des autorités inspectrices afin de discuter des constatations qui se dégagent dans divers bureaux de

l'OCRCVM et de veiller à ce que des constatations similaires donnent lieu à des recommandations cohérentes.

b. Étude des rapports préliminaires et publication des rapports finaux et des plans de suivi

À la conclusion d'une inspection, le personnel de l'autorité principale et des autorités inspectrices suit dans la mesure du possible la procédure exposée ci-après, compte tenu des délais de traduction, le cas échéant :

- i. Chaque autorité responsable fournit à chacune des autorités inspectrices un rapport préliminaire sur les résultats de l'inspection du bureau de l'OCRCVM dont elle est responsable. Les autorités inspectrices conviennent au préalable de la date de remise des rapports préliminaires.
- ii. L'autorité principale étudie les rapports préliminaires afin d'assurer la cohérence des constatations et des recommandations et, au besoin, de formuler des observations aux autorités responsables dans les 10 jours ouvrables de la réception de tous les rapports préliminaires.
- iii. Les autorités responsables prennent connaissance des observations et apportent à leurs rapports les modifications appropriées, compte tenu des observations faites par les autorités inspectrices compétentes, puis elles transmettent leurs rapports préliminaires révisés à l'autorité principale dans les 10 jours ouvrables de la réception des observations de celle-ci.
- iv. Dans les 10 jours ouvrables de la réception de tous les rapports préliminaires révisés, l'autorité principale envoie les rapports préliminaires sur chaque bureau à l'OCRCVM pour qu'il confirme l'exactitude des faits y figurant.
- v. L'OCRCVM étudie les rapports préliminaires pour vérifier l'exactitude des faits y figurant et envoie ses observations à chacune des autorités inspectrices dans les 15 jours ouvrables de la réception des rapports préliminaires.
- vi. Les autorités responsables prennent connaissance des observations de l'OCRCVM et révisent leurs rapports au besoin, puis elles transmettent une copie de leurs rapports finaux à l'autorité principale dans les 20 jours ouvrables de la réception des observations de l'OCRCVM.
- vii. L'autorité principale réunit les rapports finaux sur chaque bureau de l'OCRCVM en un rapport global, et elle établit un résumé. L'autorité principale transmet le rapport global aux autorités inspectrices aux fins d'étude dans les 20 jours ouvrables de la réception de tous les rapports finaux.
- viii. Les autorités inspectrices soumettent toute observation sur le rapport global à l'autorité principale dans les 10 jours ouvrables de la réception de celui-ci.
- ix. L'autorité principale prend connaissance des observations et apporte les modifications appropriées au rapport global. Dans les 10 jours ouvrables de

la réception des observations des autorités inspectrices, elle fait parvenir le rapport global à l'OCRCVM pour réponse officielle et des copies de celui-ci aux autorités inspectrices.

- x. Dans la mesure du possible, l'OCRCVM répond au rapport global dans les 20 jours ouvrables de sa réception. Une copie de sa réponse est envoyée à toutes les autorités inspectrices.
- xi. L'autorité responsable prend connaissance de la réponse de l'OCRCVM, élabore un plan de suivi pour le bureau visé de l'OCRCVM et le transmet à l'autorité principale dans les 20 jours ouvrables de la réception de la réponse de l'OCRCVM.
- xii. L'autorité principale remet le rapport global final, accompagné de la réponse de l'OCRCVM et du plan de suivi pour chaque bureau de l'OCRCVM, aux présidents des ACVM et à l'OCRCVM après que chaque autorité inspectrice a obtenu l'approbation interne requise.

c. Inspection intermédiaire

Même si l'autorité principale coordonne l'inspection périodique dont il est fait état ci-dessus, chaque autorité de reconnaissance conserve le pouvoir d'effectuer une inspection de l'OCRCVM pour résoudre des questions importantes ou des questions propres à un territoire, ou les deux, qui exigent une attention immédiate et qu'il convient mieux de régler au moyen de l'inspection d'un bureau donné de l'OCRCVM. L'autorité de reconnaissance qui désire effectuer une inspection intermédiaire de l'OCRCVM donne un préavis en ce sens au comité de surveillance.

7. Annexe

L'Annexe A fait partie intégrante du présent protocole d'entente.

8. Modification et retrait du protocole d'entente

Le protocole d'entente peut être modifié par l'accord unanime des autorités de reconnaissance. À cet effet, la modification doit être consignée par écrit et approuvée par les représentants dûment autorisés de chaque autorité de reconnaissance.

Chaque autorité de reconnaissance peut, en tout temps, se retirer du protocole d'entente au moyen d'un avis écrit expédié à l'autorité principale et à chaque autorité de reconnaissance au moins quatre-vingt-dix (90) jours avant la date prévue de son retrait.

9. Date d'entrée en vigueur

Le présent protocole d'entente entre en vigueur le 1^{er} juin 2008 en Alberta, en Colombie-Britannique, au Manitoba, au Nouveau-Brunswick, à Terre-Neuve-et-Labrador, en Nouvelle-Écosse et en Saskatchewan, et le 1^{er} septembre 2008 en Ontario. Au Québec, le présent protocole d'entente entre en vigueur à la date à laquelle il est signé par l'Autorité des marchés financiers et par le ministre responsable des Affaires intergouvernementales canadiennes ou son représentant.

British Columbia Securities Commission

Alberta Securities Commission

Par: _____

Par : _____

Titre: _____

Titre: _____

Saskatchewan Financial Services
Commission

Commission des valeurs mobilières du
Manitoba

Par: _____

Par : _____

Titre: _____

Titre: _____

Commission des valeurs mobilières de
l'Ontario

Autorité des marchés financiers

Par: _____

Par : _____

Titre: _____

Titre: _____

Ministre responsable des Affaires
intergouvernementales canadiennes

Securities Division du Department of
Government Services and Lands
de Terre-Neuve-et-Labrador

Par: _____

Par : _____

Titre: _____

Titre: _____

Nova Scotia Securities Commission

Commission des valeurs mobilières du
Nouveau-Brunswick

Par: _____

Par : _____

Titre: _____

Titre: _____

ANNEXE A

PROTOCOLE D'EXAMEN CONJOINT DES RÈGLES APPLICABLE À L'OCRCVM

1. Portée et objet

- a. Le terme « règles » comprend toute nouvelle règle, toute nouvelle politique et tout autre nouveau texte similaire, ou toute modification à ceux-ci.
- b. Le processus d'examen et d'approbation des règles présenté dans le présent protocole s'applique à toute nouvelle disposition du règlement intérieur et à toute modification à celui-ci.
- c. Les autorités de reconnaissance ont conclu le présent protocole afin d'établir des procédures uniformes d'examen et d'approbation des règles proposées par l'OCRCVM.

2. Classification des règles

a. Classification des règles par l'OCRCVM

L'OCRCVM détermine si chaque projet de règle est d'ordre administratif ou d'intérêt public et indique cette qualification dans les documents déposés auprès de chacune des autorités de reconnaissance.

b. Critères de classification des règles

- I. Une règle d'ordre administratif est un projet de règle qui n'a pas d'incidence importante sur les investisseurs, les émetteurs, les membres, les personnes inscrites ou les marchés des capitaux de toute province ou de tout territoire du Canada et qui :
 1. corrige des erreurs orthographiques, typographiques ou grammaticales, des erreurs de ponctuation ou des renvois erronés;
 2. modifie l'apparence ou la mise en forme des en-têtes ou de la numérotation des paragraphes;
 3. apporte d'autres modifications nécessaires à la forme uniquement (par exemple, l'uniformisation de la terminologie);
 4. établit ou modifie des droits ou des frais imposés par l'OCRCVM en vertu d'une règle ou d'un barème de droits ayant été déjà approuvé par les autorités de reconnaissance;
 5. modifie les processus ou les pratiques internes courants ou l'administration de l'OCRCVM;
 6. ou est raisonnablement nécessaire pour rendre les règles de l'OCRCVM conformes à la législation en valeurs mobilières applicable ainsi qu'aux obligations prévues par la législation;

- II. Une règle d'intérêt public est un projet de règle qui n'est pas une règle d'ordre administratif.

c. Désaccords sur la classification

- I. Si le personnel d'une autorité de reconnaissance estime qu'un projet de règle est incorrectement qualifié de règle d'ordre administratif, il en informe le personnel de l'autorité principale, dans les 10 jours du dépôt de la règle par l'OCRCVM, et lui fournit une analyse des motifs pour lesquels il entend rejeter la classification. Dans les 5 jours de la réception d'un avis de désaccord du personnel d'une autorité de reconnaissance, le personnel de l'autorité principale organise une conférence téléphonique avec le personnel des autorités de reconnaissance afin de discuter de ce désaccord sur la classification. Si le désaccord persiste après la conférence téléphonique, le personnel de l'autorité principale en informe rapidement l'OCRCVM.
- II. Si l'autorité principale envoie un avis de désaccord à l'OCRCVM conformément à l'alinéa 2c)(I), l'OCRCVM qualifie le projet de règle d'intérêt public.

3. Documents exigés

- a. L'OCRCVM dépose les renseignements exigés conformément au présent article en français et en anglais simultanément, accompagnés d'une attestation de traduction, auprès des autorités de reconnaissance concernées.
- b. L'OCRCVM dépose les renseignements suivants avec chaque règle d'ordre administratif :
 - I. une lettre d'accompagnement qui présente la classification de la règle et les raisons de cette classification;
 - II. le texte du projet de règle et, s'il y a lieu, une version soulignée de la règle indiquant les changements apportés à une règle existante;
 - III. un avis de publication comprenant les renseignements suivants :
 1. une courte description de la règle,
 2. les raisons de la classification à titre de règle d'ordre administratif,
 3. la date d'approbation de la règle par le conseil d'administration de l'OCRCVM et la résolution du conseil,
 4. la date d'entrée en vigueur prévue de la règle.
- c. L'OCRCVM dépose les renseignements suivants avec chaque règle d'intérêt public :
 - I. une lettre d'accompagnement qui présente la classification de la règle, la manière dont l'OCRCVM a tenu compte de l'intérêt public en élaborant la règle et les raisons pour lesquelles elle est d'intérêt public;

- ii. le texte du projet de règle et, s'il y a lieu, une version soulignée de la règle montrant les changements par rapport à une règle existante;
- iii. un avis de publication comprenant les renseignements suivants :
 1. une mention concise, accompagnée d'une analyse à l'appui, de la nature, de l'objet et des effets du projet de règle;
 2. les effets possibles du projet de règle sur la structure des marchés, les membres, les non-membres, la concurrence et le coût de la conformité;
 3. une description de la règle et du processus d'établissement de la règle, y compris une description du contexte dans lequel la règle a été élaborée, une mention de la date à laquelle le conseil d'administration de l'OCRCVM a approuvé la règle et la résolution adoptée par le conseil, de la procédure suivie, des questions abordées, du processus de consultation entrepris et des solutions de rechange envisagées et rejetées ainsi que des motifs du rejet de ces dernières;
 4. si le projet de règle oblige l'OCRCVM, les membres ou les autres participants du marché à apporter des modifications à leurs systèmes informatiques, une description de l'incidence du projet de règle et, si possible, un exposé des questions et des plans importants de mise en vigueur;
 5. si cela est pertinent, la mention d'autres territoires, y compris la mention du fait, s'il y a lieu, qu'une autre autorité de réglementation du Canada, des États-Unis ou d'un autre territoire a établi une règle équivalente, a une règle équivalente ou projette d'établir une règle équivalente et, le cas échéant, une comparaison entre le projet de règle de l'OCRCVM et la règle de l'autre territoire;
 6. la date d'entrée en vigueur prévue du projet de règle proposée par l'OCRCVM;
 7. une déclaration selon laquelle le conseil d'administration de l'OCRCVM estime que le projet de règle n'est pas contraire à l'intérêt public;
 8. un avis de consultation publique accompagné d'instructions concernant la transmission des observations et la date limite de la période de consultation, ainsi qu'une déclaration selon laquelle l'OCRCVM publiera toutes les observations reçues durant la période de consultation.

4. Critères d'examen

Sans que soit limité leur pouvoir discrétionnaire, les autorités de reconnaissance conviennent qu'elles doivent tenir compte des facteurs suivants dans l'examen des projets de règle de l'OCRCVM :

- a. le fait que l'OCRCVM a suivi ou non ses pratiques de gouvernance internes établies dans l'approbation du projet de règle;
- b. le fait que l'OCRCVM a rempli ou non les exigences du présent protocole et qu'il a fourni ou non une analyse suffisante de la nature, de l'objet et des effets du projet de règle;
- c. le fait que l'OCRCVM a tenu compte ou non des modifications législatives corrélatives;
- d. le fait que le projet de règle entre en conflit ou non avec la législation applicable ou avec les conditions de la décision de reconnaissance d'une autorité de reconnaissance.

5. Procédure d'examen et d'approbation des règles – Règles d'ordre administratif

- a. L'OCRCVM dépose chaque projet de règle d'ordre administratif ainsi que les documents visés au paragraphe 3b) du présent protocole auprès de chaque autorité de reconnaissance.
- b. Dès réception de l'avis de publication de l'OCRCVM, le personnel de l'autorité principale envoie un accusé de réception du projet de règle d'ordre administratif à l'OCRCVM, avec copie conforme aux autres autorités de reconnaissance.
- c. Si aucune des autorités de reconnaissance ne conteste la qualification du projet de règle à titre de règle d'ordre administratif dans le délai visé à l'alinéa 2c)(1), le projet de règle est réputé approuvé et entre en vigueur à la date indiquée par l'OCRCVM dans les documents déposés.

6. Procédure d'examen et d'approbation des règles – Règles d'intérêt public

- a. L'OCRCVM dépose chaque projet de règle d'intérêt public ainsi que les documents visés au paragraphe 3c) du présent protocole auprès de chaque autorité de reconnaissance.
- b. Dès réception de l'avis de publication de l'OCRCVM, le personnel de l'autorité principale envoie un accusé de réception du projet de règle d'intérêt public à l'OCRCVM, avec copie conforme aux autres autorités de reconnaissance.
- c. Dès que possible et au plus tard 14 jours après la réception de l'avis de publication de l'OCRCVM, l'autorité principale publie dans son bulletin ou sur son site Web le projet de règle d'intérêt public et l'avis de publication déposés par l'OCRCVM, pour une période de consultation de 30 jours commençant à la parution du projet dans le bulletin ou sur le site Web, les autres autorités de reconnaissance pouvant publier

ces documents de la même manière. L'autorité principale fixe la date de publication en concertation avec les autres autorités de reconnaissance qui publient la règle.

- d. Durant la période de consultation, le personnel de chacune des autorités de reconnaissance adresse par écrit ses observations importantes au personnel de l'autorité principale, avec copie conforme aux autres autorités de reconnaissance. Si le personnel de l'autorité principale ne reçoit aucune observation dans ce délai, les autres autorités de reconnaissance sont réputées n'avoir aucune observation à faire.
- e. Sans délai après la période de consultation de 30 jours, l'OCRCVM signale au personnel de l'autorité principale si il a reçu ou non des observations du public et, le cas échéant, les transmet à chacune des autorités de reconnaissance.
- f. Si les observations du personnel des autorités de reconnaissance et du public ne soulèvent pas de problèmes importants, les autorités de reconnaissance enclenchent immédiatement la procédure d'approbation prévue aux paragraphes j) à n) ci-dessous.
- g. Si les observations du personnel des autorités de reconnaissance ou du public soulèvent des problèmes importants, le personnel de l'autorité principale envoie à l'OCRCVM un avis écrit, dans les sept jours suivant la fin de la période de consultation, signalant que la règle d'intérêt public sera soumise à l'examen complet expliqué au paragraphe 6h) ci-après.
- h. Si un examen complet d'une règle d'intérêt public est nécessaire, les autorités de reconnaissance appliquent dans la mesure du possible la procédure qui suit :
 - I. dans les sept jours de la réception de la confirmation de l'OCRCVM selon laquelle aucune observation du public n'a été reçue ou d'un résumé des observations reçues du public et de la réponse de l'OCRCVM à ces observations, le personnel de l'autorité principale établit et remet au personnel des autres autorités de reconnaissance un projet de lettre d'observations comprenant les observations soulevées par le personnel des autorités de reconnaissance;
 - II. dans les sept jours de la réception, le personnel de chacune des autorités de reconnaissance soumet ses observations sur le projet de lettre d'observations établie par le personnel de l'autorité principale, avec copie conforme aux autres autorités de reconnaissance; si le personnel de l'autorité principale ne reçoit aucune observation dans ce délai, les autres autorités de reconnaissance sont réputées n'avoir aucune observation à faire;
 - III. le personnel de l'autorité principale réunit toutes les observations reçues, en signalant éventuellement les divers points de vue des autorités de reconnaissance; s'il y a conflit entre les observations, les membres du personnel des autorités de reconnaissance tentent de s'entendre pour le résoudre; s'il est impossible de résoudre le conflit, l'autorité principale organise, dans la mesure du possible et dans les 14 jours du moment où elle apprend qu'il y a conflit, une réunion des présidents ou d'autres membres de la haute direction de chacune des autorités de reconnaissance pour discuter des problèmes et tenter de parvenir à un consensus;

- IV. dans les trois jours de la réponse réelle ou réputée des autres autorités de reconnaissance ou de la résolution des conflits par les présidents ou les membres de la haute direction des autorités de reconnaissance, le personnel de l'autorité principale envoie la lettre d'observations à l'OCRCVM, avec copie conforme aux autres autorités de reconnaissance;
- V. dans les 14 jours de la réception, l'OCRCVM répond par écrit à la lettre d'observations envoyée par l'autorité principale, avec copie conforme au personnel des autres autorités de reconnaissance;
- VI. dans les 10 jours de la réponse de l'OCRCVM, chacune des autres autorités de reconnaissance adresse ses observations importantes par écrit à l'autorité principale, et celle-ci transmet ses propres observations aux autres autorités de reconnaissance dans le même délai; si l'autorité principale ne reçoit aucune observation dans ce délai, les autres autorités de reconnaissance sont réputées n'avoir aucune observation à faire.
 - i. L'OCRCVM et les autorités de reconnaissance discutent des difficultés soulevées par les autorités de reconnaissance et tentent de les résoudre dans les 30 jours de la réception des observations du personnel des autres autorités de reconnaissance concernant la réponse de l'OCRCVM visée à l'alinéa 6h)(V). Si les difficultés ne sont pas réglées à la satisfaction de toutes les autorités de reconnaissance, l'examen du projet de règle fait l'objet d'une discussion entre les présidents ou d'autres membres de la haute direction des autorités de reconnaissance de la manière décrite ci-après :
 - I. l'autorité principale organise une réunion des présidents ou d'autres membres de la haute direction des autorités de reconnaissance dans la mesure du possible dans les 14 jours de la fin de la période de 30 jours visée au paragraphe 6i);
 - II. les présidents ou les autres membres de la haute direction des autorités de reconnaissance discutent des problèmes que soulève le projet de règle et tentent de parvenir à un consensus; si, après consultation, les présidents ou les autres membres de la haute direction ne s'entendent pas sur une solution, l'OCRCVM ne peut pas établir la règle.
 - j. Le personnel de l'autorité principale établit les documents de décision aux fins d'approbation du projet de règle par l'autorité principale dans les 14 jours du moment où les conflits sont résolus conformément au paragraphe 6i).
 - k. Dès qu'un projet de règle est approuvé par l'autorité principale, le personnel de l'autorité principale remet le document aux autres autorités de reconnaissance.
 - l. Les autres autorités de reconnaissance tentent d'obtenir les approbations nécessaires dans les 30 jours de la réception des documents de l'autorité principale ou dans tout autre délai plus long convenu entre les autorités de reconnaissance.
 - m. Dès qu'une décision a été prise concernant le projet de règle, le personnel de chaque autorité de reconnaissance en informe le personnel de l'autorité principale par écrit.

- n. Le personnel de l'autorité principale avise par écrit l'OCRCVM de l'approbation d'un projet de règle dès réception de l'avis de décision de toutes les autres autorités de reconnaissance.

7. Mise en vigueur immédiate

- a. L'OCRCVM peut mettre le projet de règle en vigueur dès approbation de son conseil d'administration si il a des motifs raisonnables de croire qu'il répond à un besoin urgent en raison de l'existence d'un risque important de préjudice grave pour les investisseurs, les membres, les participants au marché ou le Fonds canadien de protection des épargnants, et aux conditions suivantes :
 - I. L'OCRCVM avise par écrit chaque autorité de reconnaissance de son intention de faire appel à cette procédure au moins 10 jours avant que son conseil n'examine le projet de règle en vue de son approbation;
 - II. l'avis écrit de l'OCRCVM comprend :
 - 1. la date à laquelle l'OCRCVM entend mettre en vigueur le projet de règle,
 - 2. une analyse justifiant la mise en vigueur immédiate du projet de règle.
- b. Si une autorité de reconnaissance juge que la mise en vigueur immédiate n'est pas nécessaire, elle en avise l'autorité principale par écrit, dans les cinq jours suivant la remise de l'avis de l'OCRCVM à l'autorité principale, en indiquant les motifs de son désaccord, avec copie conforme aux autres autorités de reconnaissance. Le personnel de l'autorité principale informe sans délai l'OCRCVM de l'existence du désaccord.
- c. L'OCRCVM et les autorités de reconnaissance discutent sans tarder des difficultés soulevées par les autorités de reconnaissance et tentent de les résoudre rapidement. Si les difficultés ne sont pas réglées à la satisfaction de toutes les autorités de reconnaissance, le projet de règle ne peut pas être mis en vigueur immédiatement.
- d. Si l'OCRCVM n'a pas reçu d'avis dans les 10 jours suivant le jour où il a remis son avis à l'autorité principale, les autorités de reconnaissance sont réputées être d'accord avec la mise en vigueur immédiate du projet de règle.
- e. Les projets de règle réellement ou réputés approuvés avec mise en vigueur immédiate entrent en vigueur à la plus éloignée des dates suivantes :
 - I. la date à laquelle chaque autorité de reconnaissance approuve (ou est réputée avoir approuvé) la mise en vigueur immédiate;
 - II. la date indiquée par l'OCRCVM dans son avis écrit à l'autorité principale.
- f. Même si elle est mise en vigueur immédiatement, la règle d'intérêt public est publiée aux fins de consultation, examinée et approuvée conformément au présent protocole.

- g. Si les autorités de reconnaissance décident de ne pas approuver la règle, l'OCRCVM l'abroge sans délai.

8. Date d'entrée en vigueur des règles

- a. Les règles d'intérêt public (à l'exception des règles mises en vigueur conformément à l'article 7, Mise en vigueur immédiate, du présent protocole) entrent en vigueur à la plus éloignée des dates suivantes :
 - I. la date de publication de l'avis d'approbation,
 - II. la date fixée par l'OCRCVM conformément au sous-alinéa 3c)(III)6) du présent protocole.
- b. Les règles d'ordre administratif entrent en vigueur à la date fixée par l'OCRCVM conformément au sous-alinéa 3b)(III)3) du présent protocole.

9. Révisions et republication

- a. Lorsque l'OCRCVM révisé une règle d'intérêt public après que celle-ci a été publiée aux fins de consultation et que les modifications en changent de manière importante le fond ou l'effet, ou les deux, l'autorité principale détermine, de concert avec l'OCRCVM et le personnel des autres autorités de reconnaissance, s'il convient de publier la version révisée pour une deuxième période de consultation de 30 jours.
- b. Lorsqu'une règle d'intérêt public est republiée conformément au paragraphe a), l'avis comprend une version soulignée montrant les modifications par rapport à la première version publiée, la date de l'approbation par le conseil d'administration (si elle diffère de celle de la première version publiée), le résumé, établi par l'OCRCVM, des observations reçues et des réponses données à l'occasion de la consultation précédente, ainsi qu'une explication des modifications apportées au projet de règle et des motifs à l'appui de ces modifications.

10. Publication de l'avis d'approbation

- a. L'autorité principale établit un avis d'approbation pour chaque règle d'intérêt public et le publie, accompagné d'un résumé du projet de règle établi par l'OCRCVM et d'un résumé, également établi par l'OCRCVM, des observations reçues et des réponses données, s'il y a lieu, en concertation avec le personnel des autres autorités de reconnaissance.
- b. L'autorité principale publie le texte des projets de règle d'ordre administratif accompagné de l'avis de publication dont il est question à l'alinéa 3b)(iii).
- c. Les autres autorités de reconnaissance peuvent publier un avis d'approbation.

11. Examen du protocole

L'OCRCVM et le personnel des autorités de reconnaissance examinent conjointement tous les trois ans l'application du présent protocole afin de dégager les problèmes d'observation du protocole survenus depuis le dernier examen, d'évaluer l'applicabilité des échéanciers et

des autres exigences prévus par le protocole et de déterminer quelles modifications il est nécessaire ou souhaitable d'apporter au protocole afin de régler les problèmes qui ont été cernés.

12. Renonciation ou modification du protocole d'examen des règles

- a. L'OCRCVM peut présenter une demande écrite à l'autorité principale, avec copie conforme aux autres autorités de reconnaissance, pour que l'autorité principale renonce à appliquer ou modifie toute partie du présent protocole.
- b. Dans les sept jours de la réception de la demande de l'OCRCVM, l'autorité de reconnaissance qui conteste la demande de renonciation ou de modification avise l'autorité principale de son opposition et en fournit les motifs. Si l'autorité principale ne reçoit pas d'avis d'opposition, les autres autorités de reconnaissance sont réputées ne pas contester la demande de renonciation ou de modification.
- c. Le huitième jour suivant la réception de la demande de l'OCRCVM, l'autorité principale fournit à l'OCRCVM :
 - I. soit un avis écrit indiquant qu'une autorité de reconnaissance conteste la demande de renonciation ou de modification;
 - II. soit un avis écrit indiquant que l'autorité principale a accordé la renonciation ou la modification au nom de toutes les autorités de reconnaissance.
- d. La renonciation ou la modification peut être d'ordre particulier ou général et peut être valide une seule fois ou en tout temps, comme en conviennent les autorités de reconnaissance.