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For distribution to relevant parties within your firm

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By-Laws and Regulations IDA Fees for IDA Members under the Prime Audit Jurisdiction of the Bourse de Montréal

Until recently, no Canadian SRO billed its Members separately for regulatory services. When the Bourse de Montréal (Bourse) became a for profit organization in 2000, it re-evaluated its fee structure and concluded that the exchange operations should not support member regulation. At that time, a member regulation fee for Members under the prime audit jurisdiction of the Bourse was instituted. There are currently five IDA Members that are under the primary audit jurisdiction of the Bourse. While the Bourse has primary responsibility for the regulation of these Members, the IDA still incurs member regulation costs related to these firms.

These firms could reduce their fees payable to the Bourse by electing to be under the prime audit jurisdiction of the IDA, but have chosen to remain under the prime audit jurisdiction of the Bourse. The IDA does not believe that fee structures should be a significant determining factor in decisions by Members relating to primary audit jurisdiction.

Accordingly, the Board of Directors has approved a reduction in fees for these firms as follows:

Starting with the final billing for fiscal 2004, these Members' fees will be reduced by 50% of the excess of their current fees over their Total Association Costs, with the following provisos:

- If the Member's Total Association Costs are greater than or equal to their current fees, they will not be entitled to a fee reduction.
- No Member should have their fees reduced by more than the regulatory fees paid to the Bourse
- The Board will review such reduction annually.

The IDA believes that this action will provide appropriate relief for these firms while continuing the IDA policy of not separating the fees charged for regulation.

Kenneth A. Nason
Association Secretary