



MEMBER REGULATION



# notice

ATTENTION:  
Ultimate Designated Persons  
Chief Financial Officers  
Chief Compliance Officer

Please distribute internally to:  
Senior Management

*Contact:*

Larry Boyce  
Vice-President, Sales Compliance & Registration  
416-943-6903  
[lboyce@ida.ca](mailto:lboyce@ida.ca)

**MR0527**

April 1, 2008

## **Transition to Investment Industry Regulatory Organization of Canada Inc.**

The Association and Market Regulation Services Inc. (RS) will soon be completing the merger of their regulatory operations in Investment Industry Regulatory Organization of Canada Inc. (IIROC). This notice describes the important step in the merger process of how current IDA members will become Dealer Members of IIROC. It also explains the retention of jurisdiction over Approved Persons through the merger.

### **Membership in IIROC**

Current Association Members will be subject to an abbreviated IIROC Membership application process intended to ensure IIROC jurisdiction over its Dealer Members. Early in April, the IDA will send each Member, both electronically and in hard copy, an abbreviated application form. The electronic versions will be sent to each of the Chief Executive Officer, Chief Compliance Officer and Chief Financial Officer.

Members are asked to return a completed application within 15 calendar days of receipt. The completed applications will be submitted to the Board of Directors of IIROC for acceptance.

It is important for each Member to submit an application because registration under the laws of certain provinces requires a Member to be a member of a recognized self-regulatory organization. After the merger IIROC will be the only self regulatory organization in Canada recognized for this purpose.

Some new Member applications are currently in process. If an application is likely to be accepted prior to the merger date, the new Member will be asked to sign the abbreviated application for Membership in IIROC.

If it appears unlikely that the application will be accepted before the merger date, IDA Staff will ask the applicant to confirm in writing that it wishes to apply to IIROC for Membership using the application materials already filed with the Association.

### **Approved Persons**

As part of the National Registration Database (NRD) application process, all Approved Persons submit to the jurisdiction of any self-regulatory organization that their Member sponsor joins. Therefore Approved Persons will automatically be subject to IIROC's jurisdiction as of the date of the merger, when their Member sponsors become Members of IIROC.

In order to ensure that Approved Persons understand the automatic nature of this jurisdiction change, the Association will be sending to all Approved Persons of Members who have applied to become IIROC Members an explanatory letter outlining the basis of IIROC's jurisdiction over them. These explanatory letters will be sent to the home address of each Approved Person as shown on the NRD.

Included with the explanatory letter will be a notice regarding a planned Web-based enquiry system through which the public will be able to obtain background information about Approved Persons. The notice and system will be described in a later Member Regulation Notice.

### **Continuation of the IDA after the Merger**

The merger with RS takes the form of a transfer of all IDA personnel, assets and liabilities to IIROC. Continued jurisdiction over Members and Approved Persons is established through the processes described above. IIROC's jurisdiction over Members and Approved Persons will cover activities under IDA jurisdiction prior to the combination.

However, the IDA will also remain in existence to initiate or complete investigatory and enforcement proceedings relating to the conduct of Members or Approved Persons prior to the effective date of the merger.

The IDA will be wound up when the Board is satisfied that all disciplinary matters requiring its continued existence have been dealt with.