

MEMBER REGULATION



INVESTMENT DEALERS
ASSOCIATION OF CANADA

notice



ASSOCIATION CANADIENNE DES
COURTIERS EN VALEURS MOBILIÈRES

Contact:

H.D'Souza: (416) 943-5786 – hdsouza@ida.ca

MR0187

December 23, 2002

ATTENTION:

Ultimate Designated Persons
Chief Financial Officers
Panel Auditors

Distribute internally to:

- Corporate Finance
- Credit
- Institutional
- Internal Audit
- Legal & Compliance
- Operations
- Registration
- Regulatory Accounting
- Research
- Retail
- Senior Management
- Trading desk
- Training

Policy 8 and ComSet Reporting Requirements

Policy 8 has been in force since October 15, 2002. Please refer to Member Regulation Notice #0162, dated September 19, 2002.

Part III of the Member Regulation Notice #0162 states, "All Members are required to comply with Policy 8 and ComSet as of October 15, 2002". Please note that the period allowed for firms and individuals to become accustomed to the rule and to initiate reporting procedures is coming to a close. As of January 1, 2003, failure to comply with Policy 8 will result in a referral to the IDA's Enforcement Department for investigation. Where there is sufficient evidence to proceed, such an investigation may result in a formal disciplinary hearing. This may expose individuals and the firm to the full range of sanctions authorized pursuant to By-law 20.

The IDA recognizes that reporting may vary from firm to firm depending upon the scope, size and type of business. Reports are monitored on a daily basis and non-reporting is easily detected. In addition, Sales Compliance will conduct a review of Policy 8 compliance during the ordinary course of member examinations. IDA staff remains committed to assisting firms with respect to Policy 8 and entering information on ComSet. If you have questions in regard to, either Policy 8 or the use of ComSet, please direct your calls to:

Hazel D'Souza (416) 943-5786
ComSet Analyst, Enforcement

ComSet is the web-based tool that is used by the IDA in its risk-based approach to compliance and enforcement. The information reported on ComSet is used to assist the IDA in fulfilling its regulatory role by identifying areas for compliance review, matters which should be investigated, industry trends, and regional issues. ComSet also permits regulatory oversight to ensure Member Firms are dealing effectively with Policy 8 matters. ComSet is ultimately expected to promote higher standards of business conduct, ensure a culture of compliance within member firms and ultimately, to encourage greater confidence in the capital markets.

TORONTO Suite 1600, 121 King Street West, Toronto, Ontario M5H 3T9 Telephone: (416) 364-6133 Fax: (416) 364-0753
CALGARY Suite 2300, 355 Fourth Avenue S.W., Calgary, Alberta T2P 0J1 Telephone: (403) 262-6393 Fax: (403) 265-4603
HALIFAX Suite 1620, TD Centre, 1791 Barrington Street, Halifax, Nova Scotia B3J 3K9 Telephone: (902) 423-8800 Fax: (902) 423-0629
MONTRÉAL Suite 2802, 1 Place Ville Marie, Montréal, Québec, H3B 4R4 Téléphone: (514) 878-2854 Télécopieur: (514) 878-3860
VANCOUVER Suite 1325, P.O. Box 11614, 650 West Georgia Street, Vancouver, B.C. V6B 4N9 Telephone: (604) 683-6222 Fax: (604) 683-3491

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