

IN THE MATTER OF THE SECURITIES ACT, S.A. 1981, c.S-6.1 AS AMENDED

- AND -

IN THE MATTER OF THE INVESTMENT DEALERS ASSOCIATION OF CANADA

RECOGNITION  
(Section 53.1)

UPON the application of the Investment Dealers Association of Canada (the "IDA") to the Alberta Securities Commission (the "Commission") for recognition of the IDA as a self-regulatory organization pursuant to subsection 53.1(1) of the *Securities Act*, S.A. 1981, c.S-6.1 (the "Act");

AND UPON the Commission having considered the application and the recommendations of staff of the Commission;

AND UPON the IDA having represented to the Commission that it is a person that represents registrants as defined in the Act and that it regulates the standards of practice and business conduct of its members;

AND UPON the IDA agreeing to be bound by the conditions contained in Appendix A which is attached to and forms a part of this Recognition;

AND UPON the IDA making the undertakings given in Appendix B which is attached to and forms a part of this Recognition;

AND UPON the Commission being satisfied that to do so would not be prejudicial to the public interest;

NOW THEREFORE the Commission, based upon the representations and undertakings, made and given by the IDA to the Commission, hereby recognizes the IDA as a self-regulatory organization pursuant to subsection 53.1(1) of the Act.

Dated at the City of CALGARY	)	
	)	
in the Province of ALBERTA	)	
	)	<u>(original signed by)</u>
this 23 day of November, 1999	)	Glenda A. Campbell
	)	
	)	
	)	<u>(original signed by)</u>
	)	Eric T. Spink

APPENDIX A  
CONDITIONS OF RECOGNITION

1. In Appendix A and Appendix B:
  - a. all terms that are defined in securities legislation or the IDA rules have the meaning given to them in securities legislation or IDA rules;
  - b. "IDA rules" means the Constitution, By-laws, Regulations, Policies and Forms of the IDA;
  - c. "jurisdiction" has the meaning given to it by National Instrument 14-101;
  - d. "securities legislation" has the meaning given to it by National Instrument 14-101; and
  - e. "securities regulatory authority" has the meaning given to it by National Instrument 14-101.
  
2. The IDA acknowledges that the following are conditions of this Recognition and that failure to satisfy these conditions may result in the revocation of this Recognition.
  - a. The IDA will maintain within the Province of Alberta a staff complement sufficient to ensure that all necessary investigations, disciplinary actions, and enforcement proceedings are conducted and concluded within a reasonable period of time following receipt of a complaint or other information that leads to the investigation, disciplinary action, or enforcement proceeding.
  - b. The IDA will maintain within the Province of Alberta a staff complement sufficient to ensure that all financial reviews and audits, and sales practices reviews and audits that the IDA is required to perform on its member firms operating in Alberta are performed in a timely and thorough manner.
  - c. The IDA will not alter, in any material way, its functions or objectives, without the consent of the Commission.
  - d. The IDA will enter into an agreement with the Commission providing for the ongoing oversight of the self-regulatory function of the IDA. The form and content of the agreement are to be approved by the Executive Director, and that approval will not be unreasonably withheld.

APPENDIX B  
UNDERTAKINGS OF THE  
INVESTMENT DEALERS ASSOCIATION OF CANADA

The IDA undertakes to the Commission that it will do the following:

1. Enforce compliance by its members, their staff, and their approved persons, with the IDA Rules and securities legislation as a matter of contract between the IDA and its members. These actions will be taken without prejudice to any action which may be pursued by the Commission. If the provisions of the IDA rules are inconsistent with securities legislation then the provisions of securities legislation shall govern to the extent of the inconsistency.

For greater certainty, where the IDA rules provide for higher standards than those contained in securities legislation, the Commission shall not interpret the provisions of the IDA rules as inconsistent with securities legislation unless the Commission has notified the IDA in writing that the Commission considers those provisions to be inconsistent with securities legislation.

2. Advise the Commission in writing immediately upon being notified by any securities regulatory authority that the IDA is not in compliance with one or more of the terms and conditions of recognition of the IDA in any jurisdiction or any of the undertakings given to a securities regulatory authority in connection with that recognition.
3. File with the Commission a set of the IDA rules that is complete and accurate as of the effective date of this Recognition. Thereafter the IDA shall file with the Commission any new rules it proposes to make, any amendments proposed to existing rules, and notice of any rules that it proposes to repeal. The IDA will not pass or implement the new rule, amendment, or repeal an existing rule until a period of 60 days have passed from the filing of the rule, amendment or repeal with the Commission. Further, upon receiving notice in writing from staff of the Commission that staff object to the rule, amendment, or repeal of an existing rule, the IDA shall not pass or implement the rule, amendment, or repeal of an existing rule until Commission staff have approved, in writing, the passage or implementation of the rule, amendment, or repeal of an existing rule.
4. Advise the public and media of any disciplinary or settlement hearing by way of a press release made not less than 10 days prior to the date of any the hearing, and, unless the Commission determines otherwise, the information contained in the press release shall be submitted to the Commission which may, at its discretion, publish the information in the Alberta Securities Commission Weekly Summary or in such other manner as the Commission determines to be appropriate. The information provided must include a statement of the nature of the conduct alleged to have been committed by the respondent, the name of the respondent, and, where applicable, the name of the member firm with which the respondent is or was registered.
5. Disclose by way of a press release the terms of any settlement agreement that is accepted at a settlement hearing. The information contained in the press release is to include the name of the party disciplined, the details of the nature of the conduct that led to the discipline, the name of the party disciplined, where applicable the name of the member firm with whom the disciplined party is or was registered, the terms of the settlement, details of discipline imposed, and any written decision or reasons. The press release must be made promptly following the approval of the settlement agreement and, unless otherwise determined by the Commission, the information contained in the press release shall be submitted to the Commission which may, at its discretion,

publish the information in the Alberta Securities Commission Weekly Summary or in such other manner as the Commission determines to be appropriate.

6. Disclose by way of a press release made promptly following the conclusion of any disciplinary action the details of the conduct that led to the discipline, the name of the party disciplined, where applicable the name of the member firm with whom the disciplined party is or was registered, the discipline imposed, and any written decision or reasons.
7. Ensure that IDA disciplinary and settlement hearings are open to the public except to the extent required for protection of confidential matters.
8. Notify the Commission on a monthly basis of all new investigations, operational reviews and similar matters undertaken by the IDA since the last report. The notification shall disclose the date the investigation, operational review, or similar matter undertaken by the IDA was commenced, identify the member and relevant staff member or approved person concerned and contain a summary of the alleged misconduct that led to the initiation of the investigation, operational review, or similar matter undertaken by the IDA . The report is to be in a form approved by the Executive Director.
9. Notify the Commission on a monthly basis of all investigations, operational reviews and similar matters that were concluded by the IDA since the last report. This notification shall include the date the investigation, operational review, or similar matter undertaken by the IDA was commenced, contain a summary of the alleged conduct that led to the initiation the investigation, operational review, or similar matter undertaken by the IDA, the name of the members or approved persons who were the subjects of the investigation, operational review, or similar matter undertaken by the IDA and a summary of the disposition of the investigation operational review, or similar matter undertaken by the IDA. The report is to be in a form approved by the Executive Director.
10. Upon receipt of a request from the staff of the Commission, advise the Commission staff of the status of any specific investigation.
11. Notify the Commission as soon as practicable, and in any event no less than 10 days following the decision, of any decision to proceed to disciplinary action against a member, a member's staff, or approved person. This notification shall include a copy of the investigation report and a copy of the formal allegations made against the respondent.
12. Keep a record of all complaints received, including anonymous and oral complaints, and provide the Commission on an annual basis, or upon request by the Commission, a summary, in a form approved by the Executive Director, of the complaints and disciplinary action that resulted from those complaints.
13. Identify to the Commission the IDA's staff complement that has responsibility for discharging its self-regulatory responsibilities in Alberta as of the effective date of this Recognition and notify the Commission in writing at least annually of any proposed or actual changes to that complement.

More particularly, but not so as to limit the generality of the foregoing, the IDA will identify to the Commission the IDA's staff complement that has specific responsibility for investigation of complaints arising from investors in Alberta. The IDA will also identify to the Commission the staff complement responsible for conducting enforcement or disciplinary proceedings arising out of the activities in Alberta of its member firms, their staff, and their approved persons.

14. Co-operate with the Commission in any review that the Commission undertakes, alone or in conjunction with Canadian Investor Protection Fund or other securities regulatory authorities, to examine the manner in which the IDA's self-regulatory function is exercised.
15. Make available to the Commission, upon request, any information in the possession of the IDA including information regarding securities trading and capital markets activities of its members, the self-regulatory function, and the operations and structure of the IDA;
16. Provide the Commission with an annual report, or as requested, with information regarding its affairs, financial or otherwise, as may be requested by the Commission. This annual report shall be in a form approved by the Executive Director.
17. The IDA shall provide its budget and audited financial statements to the Commission as soon as practicable after the budget and audited financial statements have been adopted by the IDA. In addition to the budget and audited financial statements the IDA shall provide specific disclosure of the portions of the budget and financial statements that relate to the IDA's activities in Alberta.
18. Self-assess the performance of its self-regulatory responsibilities in Alberta and provide a report at least annually to the Commission of that self-assessment. The report shall also advise the Commission of any changes or actions that the IDA proposes as a result of the assessment. In formulating its periodic assessments and reports, the IDA shall develop criteria and tests for measuring its accessibility, responsiveness, and effectiveness in meeting the needs of the public in Alberta and the IDA will ensure that the level of accessibility, responsiveness, and effectiveness is not inferior to that enjoyed by the public elsewhere in Canada.
19. Identify the activities carried out by the IDA that are primarily of a trade association or lobbying character and ensure that they are appropriately separated from the self-regulatory operations of the IDA and, to the extent practicable, ensure that the persons within the IDA that are responsible for the performance of the trade association and lobbying activities are not involved in the discharge of the IDA's self-regulatory functions. The Commission acknowledges that within the IDA's organizational hierarchy it is not practicable for the IDA to separate the trade association or lobbying functions from the self-regulatory functions for the positions of Directors and above in that hierarchy.
20. Without restricting any other reporting requirement, report to the Executive Director in a timely way on the status of complaints or referrals of complaints from residents of Alberta and file with the Executive Director a copy of a report on each investigation and any subsequent decision, order, or ruling made in respect of those complaints or referrals. This report is to be in a form approved by the Executive Director.
21. Provide the Commission with electronic access to the IDA's registrant database.
22. Provide the Commission with a monthly report on applications for registration received in Alberta in the month, completed in the month, and the total number of corporate and individual IDA registrants in Alberta at the end of the month.
23. Provide the Commission with copies of all written notices sent to IDA members.

Any notice or other information permitted or required to be given or provided to the Commission,

Commission staff, or the Executive Director pursuant to these undertakings may be sent by any lawful postal, courier or telecommunications service, including facsimile transmission or other electronic means, and shall be sent to the attention of the Executive Director at the Commission's Calgary office;

These undertakings are in addition to and do not derogate from any other responsibilities or duties imposed by law on the IDA.

Dated at Toronto, Ontario this 19th day of November, 1999

**Investment Dealers Association of Canada**

Per: (original signed by) \_\_\_\_\_  
Joseph J. Oliver