



THE MANITOBA
SECURITIES
COMMISSION

MSC Notice 2005-29

Notice of the Recognizing Regulators of Market Regulation Services Inc. (RS) Regarding the RS Proposed Amendments to the Universal Market Integrity Rules (UMIRs) Relating to Trade-Through Obligations

Today, the British Columbia Securities Commission, the Manitoba Securities Commission, the Ontario Securities Commission and the Autorité des marchés financiers (together with the Alberta Securities Commission, the Recognizing Regulators or we) are publishing RS's request for comments on their proposed amendments to the UMIRs regarding trade-through obligations. As the Recognizing Regulators are currently reviewing the issues related to trade-through obligations, the public comment process for the UMIR amendments will be amended slightly (see below).

On May 12, 2005, the Ontario Securities Commission, on behalf of the Recognizing Regulators, issued a press release describing the need for fairness and transparency regarding the trade-through issue. The press release stated that the debate regarding trade-through protection must include a discussion of all issues, including who should be subject to a trade-through rule and how it should be implemented. It is important to present and discuss all options, of which the RS proposal is one. As a result, and as noted in our press release, we intend to issue a discussion paper in the near future that will outline the issues that need to be considered and addressed before concluding whether new rules are necessary.

Also on May 12, 2005, RS issued a press release focussing on the fact that the change in market structure and the introduction of a new alternative trading system could impact retail investors. No evidence was presented by RS to the recognizing regulators to demonstrate there would be immediate harm to the market if the proposed amendments were not immediately implemented. We have asked RS to monitor the market and report back to us monthly on the trading patterns that emerge and whether they have noted anything they believe constitutes harm to the market.

The trade-through issue is important to all participants in the market and must be discussed in a transparent fashion so that all views are heard. As a result, the Recognizing Regulators are of the view that presenting one solution without discussing the alternatives may lead to inefficient regulation and we are of the view that the filing of this proposal by RS is premature. Any amendments to the Universal Market Integrity Rules will be considered by the Recognizing Regulators only after a full and transparent consultation on trade-through issues is conducted.

In the interests of transparency, we are publishing RS's proposal. Comments received in response to this proposal will be considered in the context of our review of the issues. Further, we encourage commenters to provide consolidated comments on both the RS proposal and our discussion paper to reduce duplication of effort. Consequently, we have extended the comment period for RS's proposal, set out as June 30, 2005 in the proposal, to coincide with the comment period in the Recognizing Regulators' discussion paper. We will specify a common deadline for

comments on both RS's proposal and the Recognizing Regulators' discussion paper in a notice accompanying the discussion paper.

June 3, 2005