

THE SECURITIES ACT)	Order No. 4496
SECTION 31.1)	
)	
THE COMMODITY FUTURES ACT)	June 30, 2004
SECTION 14)	

THE INVESTMENT DEALERS ASSOCIATION OF CANADA

WHEREAS:

(A) Application has been made by the Investment Dealers Association of Canada (IDA) to The Manitoba Securities Commission (the "Commission") for an order pursuant to subsection 31.1 of *The Securities Act* R.S.M. 1988, c.S50 (as amended) and subsection 14 *The Commodity Futures Act* S.M. 1996, c.73 (as amended) requesting recognition of the IDA as a self-regulatory organization regulating the standards and business conduct of its members.

(B) Membership in the IDA is required for a firm to be registered as an Investment Dealer under *The Securities Act*.

(C) Dealers registered in the category of Futures Commission Merchant under *The Commodity Futures Act* are members of the IDA.

(D) The IDA has represented to the Commission that:

1. The mandate of the IDA is to protect investors and enhance the efficiency and competitiveness of the Canadian capital markets.

2. The IDA carries out the following member regulation functions:

- a. approval of its members;
- b. regulatory policy
- c. financial compliance
- d. sales compliance
- e. enforcement, and
- f. hearings.

3. The Manitoba District Council of the IDA has a role in fulfilling the mandate of the association through member regulation functions such as the review and approval of membership applications from Manitoba, conduct of hearings, education of members, investor education initiatives and providing advice

(E) The Commission is of the opinion that it would not be prejudicial to the public interest to grant the order requested.

IT IS ORDERED:

1. THAT pursuant to subsection 31.1(1) of *The Securities Act* and subsection 14 *The Commodity Futures Act*, the Commission recognizes the member regulation functions of the IDA as a self-regulatory organization, subject to the terms and conditions attached as schedule "A" to this order. This order is limited to member regulation functions and does not constitute approval by the commission of actions taken by the IDA while conducting industry relations and representation functions.

BY ORDER OF THE COMMISSION

"Douglas R. Brown"
Director

Schedule "A" to Investment Dealers Association of Canada recognition order
Terms and conditions

This order is limited to recognition of the member regulation functions of the IDA as set out in the order and does not constitute approval of the commission of any positions taken by the IDA while conducting industry relations and representation functions.

General

1. The IDA will ensure each and every member regulation function arising from or involving members in Manitoba is conducted in a fair and efficient manner. This includes, but is not limited to ensuring the IDA has sufficient staff and systems in place to conduct each member regulation function.
2. To ensure effective oversight of the operations of the IDA by the commission, the IDA will provide the commission with full access to any and all information in its possession that is requested by the commission. The IDA will take whatever steps are necessary to ensure the ability of the commission to access any information requested is not impaired in any way.
3. Make available to the commission, upon request, any information in possession of the IDA including information regarding securities trading and capital markets activities of its members, the member regulation function, and without limitation, the operations and structure of the IDA.

Rule changes

4. The IDA will file with the commission any new rules it proposes to make, any amendments proposed to existing rules, and notice of any rules it proposes to repeal (described in this order as a "rule change"). Unless the commission has consented to an earlier date, the IDA will not implement a rule change until a period of 60 days has passed from the date of filing with the commission. The IDA shall not implement a rule change if written notice is provided by the commission that it objects to the rule change.

Registration and membership

5. To facilitate a fair and efficient process for processing applications for membership with the IDA and applications for registration made to the commission, IDA staff and commission staff will cooperate to share information necessary to determine the outcome of any application for registration.

Complaints and Investigations

6. IDA will provide full access and reporting to the commission on all complaints and investigations arising from matters connected to Manitoba. Without limiting this undertaking, this includes providing monthly reports to the commission describing complaints received and investigations undertaken by the IDA.

Disciplinary proceedings & appeals

7. Ensure that all aspects of IDA hearing process (including both disciplinary and settlement proceedings) are open and transparent to the public, except to the extent required for protection of confidential matters.

8. Permit a right of appeal of an IDA hearing decision made in Manitoba, affecting a member in Manitoba or a client in Manitoba to the commission. The IDA agrees to cooperate fully with the commission to facilitate the conduct of an appeal of an IDA decision made to the commission.

Ongoing Reporting Requirements

9. All reports provided by the IDA to the commission are to be in a form consistent, and no less comprehensive than, reports provided by the IDA to other Canadian Securities Regulatory Authorities.

10. Reports to be provided by the IDA to the commission on an annual basis will include an annual report of all IDA activities under this order, annual audited financial statements of the IDA and an IDA self-assessment of member regulation activities.

Manitoba District Council

11. No change to the role of the Manitoba District Council will be made without prior written approval of commission.