

THE SECURITIES ACT ) Order No. 4577  
SECTION 31.1 )  
)  
THE COMMODITY FUTURES ) September 24, 2004  
ACT )  
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 to the Commission on matters of mutual concern and interest.

(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.

**2. THAT** Commission Order 4496 dated June 30, 2004 is revoked.

**BY ORDER OF THE COMMISSION**

**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.

The IDA will:

**General**

1. ensure each and every member regulation function arising from or involving members in Manitoba is conducted in a fair, impartial 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, including investigations, in a timely manner.

2. provide the Commission with full access to any and all information in its possession that is requested by the Commission to conduct oversight of IDA operations. 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. file with the Commission any new rules, bylaws and regulations it proposes to make, any amendments proposed to existing rules, bylaws and regulations and notice of any rules, by-laws or regulations 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 will not implement a rule change if written notice is provided by the Commission that it objects to the rule change.

#### Registration and membership

5. operate a fair and efficient process for processing applications for membership with the IDA. IDA staff will co-operate with Commission staff to share information necessary to determine the outcome of any application for registration.

#### Complaints and Investigations

6. 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. provide a right of appeal to the Commission of an IDA hearing decision made in Manitoba, affecting a member in Manitoba or a client in Manitoba. 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. provide reports to the Commission in a form consistent, and no less comprehensive than, reports provided by the IDA to other Canadian Securities Regulatory Authorities.

10. provide a report to the Commission on an annual basis which 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. not change the role of the Manitoba District Council without prior written approval of Commission.