

**IN THE MATTER OF THE SECURITIES ACT,  
R.S.N.S. 1989, CHAPTER 418, AS AMENDED**

**- AND -**

**IN THE MATTER OF  
THE INVESTMENT DEALERS ASSOCIATION OF CANADA**

**RECOGNITION  
(Section 30)**

**UPON** the application of the Investment Dealers Association of Canada (the "IDA") to the Nova Scotia Securities Commission (the "Commission") for recognition of the IDA as a self-regulatory organization pursuant to subsection 30(1) of the Securities Act, R.S.N.S. 1989, Chapter 418, as amended (the "Act");

**AND UPON** the Commission having considered the application and the recommendation of staff of the Commission;

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

**AND UPON** the IDA having made the undertakings and understandings attached hereto as Schedule "A";

**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, undertakings and understandings made and given by the IDA to the Commission, hereby recognizes the IDA as a self-regulatory organization pursuant to subsection 30(1) of the Act.

**DATED** at Halifax, Nova Scotia this 2nd day of September, 1998.

**NOVA SCOTIA SECURITIES COMMISSION**

**"Robert B. MacLellan"**

Robert B. MacLellan, Chair

**"Daniel F. Gallivan"**

Daniel F. Gallivan Q.C., Vice-Chair

**"Kiki Kachafanas"**

Kiki Kachafanas, Commission Member

**SCHEDULE "A"**  
**UNDERTAKINGS AND UNDERSTANDINGS**

1. In these undertakings and understandings:

- (a) "Act" means the Securities Act, R.S.N.S. 1989, Chapter 418, as amended;
- (b) "approved person" means any person, other than a member, approved, recognized or subject to the jurisdiction of the IDA for any purpose of the rules;
- (c) "Commission" means the Nova Scotia Securities Commission;
- (d) "CIPF" means the Canadian Investor Protection Fund;
- (e) "Director" has the same meaning as in the Act;
- (f) "effective date" means the date of the Commission order recognizing the IDA as a self-regulatory organization pursuant to Section 30 of the Act or such other date as may be specified in the order;
- (g) "IDA" means the Investment Dealers Association of Canada, an unincorporated association of members, or, where the context requires, its Nova Scotia District Council;
- (h) "member" means a member of the IDA;  
  
"record", in the context of a hearing and review by the Commission pursuant to Subsection 30(5) of the Act, has the same meaning contained in the Commission's *General Rules of Practice and Procedure* with respect to a hearing and review of a decision, order, or ruling of the IDA or, if those rules do not specify those documents which constitute the record with respect to such a hearing and review, then it means those documents which constitute the record with respect to a hearing and review of a decision of the Director with necessary modifications and subject to any special directions which may be given by the Commission.
- (j) "regulations" has the same meaning as in the Act, and for greater certainty includes rules of the Commission made pursuant to the Act,  
  
"rules" means the IDA's constitution, by-laws, regulations, policies, forms, guidelines and other instruments intended to bind members or approved persons or both,  
  
"securities regulatory authority" means a public body or official authorized by law to administer securities legislation in any jurisdiction in Canada.

2. The IDA undertakes to the Commission that it shall:

- (a) enforce as a matter of contract compliance by members and approved persons with the rules, without prejudice to any action by the Commission pursuant to the Act, the regulations or published policies of the Commission, and except to the extent that the rules are inconsistent with the Act, the regulations or the policies of the Commission;
- (b) notify the Commission in writing immediately upon being notified by any securities regulatory authority that it is not in compliance with any of the material terms and conditions of recognition of the IDA in any jurisdiction or any of the material undertakings given to a securities regulatory authority in connection with that recognition;
- (c) file with the Commission a complete set of rules as at the effective date and thereafter notify the Commission in writing of any application to another securities regulatory authority with respect to making, amending or repealing a rule or rules and shall file with the Commission the rules as made, amended or repealed from time to time;
- (d) provide the Commission, and where applicable the public and the media, with all of the information it is required to provide to the Ontario Securities Commission, the public and the media, respectively, pursuant to the Terms and Conditions of the Recognition by the Ontario Securities Commission dated October 27, 1995, as it applies to or is relevant to the IDA, its members or the public in Nova Scotia;
- (e) identify to the Commission its staff complement with responsibility for discharging any of its self-regulatory responsibilities in Nova Scotia as of the effective date and notify the Commission in writing at least annually of any proposed or actual changes to such complement;
- (f) co-operate with the Commission in any review that the Commission undertakes, alone or in conjunction with CIPF or other securities regulatory authority, to examine the way that the self-regulatory function of the IDA is exercised;
- (g) make available to the Commission upon request any information in the possession of the IDA including in respect of securities trading and capital markets activities, the self-regulatory function and the operations and structure of the IDA;
- (h) self-assess the performance of its self-regulatory responsibilities in Nova Scotia and provide a report at least annually to the Commission assessing its performance and advising the Commission of any proposed changes or actions resulting therefrom. 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 Nova Scotia at a level that is not inferior to that enjoyed by the public elsewhere in Canada;

- (i) identify those activities that are primarily of a trade association or lobbying character and ensure that these are appropriately structurally separated from the self-regulatory operations of the IDA and, to the extent practicable, involve separate persons within the IDA;
- (j) introduce a toll-free service for residents of Nova Scotia within three months of the effective date;
- (k) notify in writing any person or company that is entitled to a hearing and review pursuant to Subsection 30(5) of the Act of such entitlement and of the procedures prescribed by the Commission in its *General Rules of Practice and Procedure* for initiating a hearing and review from a decision, order or ruling of the IDA or in lieu thereof from a decision of the Director and file at the same time a copy of the notice with the Commission; and

without restricting any other reporting requirement, report to the Director in a timely way on the status of complaints or referrals of complaints from residents of Nova Scotia and to file with the Director a copy of each investigation report and any subsequent decision, order or ruling made in respect of any such complaint received by the IDA either directly or by referral.

3. The IDA understands that:

for greater certainty, where the rules provide for higher standards than those contained in the Act, regulations and policies of the Commission, the rules shall not be construed by the Commission as being inconsistent with the Act, regulations and published policies of the Commission unless the Commission has declared such to be the case in writing to the IDA;

- (b) the undertakings set out herein are in addition to and shall not derogate from any of its responsibilities as required by law;

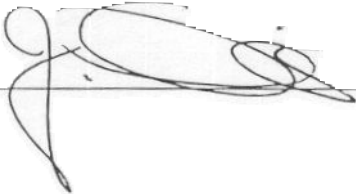
in any proceeding pursuant to subsection 30(5) of the Act, the Commission's *General Rules of Practice and Procedure* shall apply to the proceeding subject to any directions that the Commission may give to the IDA and any person or company exercising a right of hearing and review in the proceeding; and

any notice or other information permitted or required to be given or provided to the Commission or Director pursuant to these undertakings and understandings

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 Director at the Commission's head office.

DATED at Toronto, Ontario this <sup>30</sup> 27 day of <sup>Sept</sup> 1998.

**INVESTMENT DEALERS ASSOCIATION OF CANADA**

By  \_\_\_\_\_

