

ALBERTA SECURITIES COMMISSION

IN THE MATTER OF the *Securities Act*  
(S.A. 1981, c.S-6.1, as amended) (the "Act")

- and -

IN THE MATTER OF Transfer of Registration Authority to  
The Alberta Stock Exchange and  
The Investment Dealers Association of Canada

ORDER

(Sections 177, 183, 185, and 186)

1. WHEREAS the Alberta Stock Exchange (the "ASE") and the Investment Dealers Association of Canada (the "IDA") have applied to the Board of the Alberta Securities Commission (the "Board") under section 186 of the Act to revoke an Order of the Alberta Securities Commission dated September 10, 1987, In the Matter Of Transfer of Registration Authority to The Alberta Stock Exchange and The Investment Dealers Association of Canada, as amended January 21, 1993, (the "Prior Order") and issue new orders under sections 177, 183, and 185 of the Act;
2. WHEREAS the Prior Order
  - 2.1 directed that the ASE and IDA be recognized as self-regulating bodies for the limited purpose of the registration of their members; and
  - 2.2 authorized and appointed the ASE and IDA to administer Part 5 of the Act and Part 5 of the Regulations passed under the Act (the "Regulation") with respect to their members upon terms and conditions as specified in the Prior Order.
3. WHEREAS the Chief of Securities Administration considers this Order to be in the public interest to so order;
4. WHEREAS the Board is satisfied that it would not be prejudicial to the public interest to grant this Order;
5. WHEREAS the Board has determined that the best way to structure the variance is to revoke the Prior Order and issue a new order with the changes.
6. IT IS ORDERED pursuant to section 186 of the Act that the Prior Order is revoked.
7. IT IS ORDERED pursuant to section 177 of the Act that the ASE and the IDA are recognized by the Board as self-regulating bodies for the limited purpose of the registration of their members.
8. IT IS ORDERED pursuant to section 183 of the Act and pursuant to section 185 of the Act that the ASE and Ida are authorized and appointed to administer Part 5 of the Act and

Part 5 of the Regulation with respect to their members upon the following terms and conditions:

**Interpretation**

- 8.1 In this Order, the following words have the following meanings:
  - 8.1.1 “Commission” means the Alberta Securities Commission;
  - 8.1.2 “Agency” means the Agency of the Alberta Securities Commission;
  - 8.1.3 “ASE/IDA” means the ASE with respect to its members and the IDA with respect to its members and not the ASE and the IDA jointly;
  - 8.1.4 “Board” means the Board of the Alberta Securities Commission;
  - 8.1.5 “Chief” means the Chief of Securities Administration;
  - 8.1.6 “Privacy Authority” means the Constitution, By-laws, Rules, Regulations, practices and procedures of the ASE and the IDA, respectively, all as amended from time to time;
  - 8.1.7 “Public Authority” means Part 5 of the Act, Part 5 of the Regulation, the Policies, Notices and Blanket Orders of the Commission, all as amended from time to time;
  - 8.1.8 “Registrar” means the Registrar of the Agency;
  - 8.1.9 “Registration Requirements” means the provisions of this Order, the Public Authority and the Private Authority, collectively.
- 8.2 All Schedules attached hereto are incorporated into and form part of this Order.
- 8.3 Wherever the singular or the masculine are used throughout this Order, the same shall be construed as meaning the plural or the feminine where the context so requires and vice versa.

**Exercise of Authority**

- 8.4 The ASE/IDA shall administer the registration of their members by applying the following provisions in the following order:
  - 8.4.1 the provisions of this Order; then
  - 8.4.2 the provisions of the Private Authority; then
  - 8.4.3 the provisions of the Public Authority.
- 8.5 Where there is a difference between the provisions of this Order and the provisions of the Private Authority or the Public Authority, the provisions of this Order shall prevail.

- 8.6 Where there is a difference between the provisions of the Private Authority and the provisions of the Public Authority, the provisions of the Private Authority shall prevail.
- 8.7 For the purpose of exercising the authority delegated by this Order, Part 5 of the Act and Part 5 of the Regulation shall be read by substituting the words “ASE/IDA” for the words “Commission”, “Chief” and “Registrar”.

**New Applications – Dealers, Underwriters and Advisers**

- 8.8 The ASE/IDA shall be responsible for the registration of their members in the categories of dealer, underwriter and adviser. Applicants for registration as such shall file with the ASE/IDA the following:
- 8.8.1 a copy of Form 3 under the Regulation;
  - 8.8.2 a copy of Uniform Application For Registration/Approval (“Form 1-U-85”) for each partner, director and officer of the applicant in the Province of Alberta;
  - 8.8.3 a copy of Form 1-U-85 for each salesman the applicant wishes to register in the Province of Alberta;
  - 8.8.4 a copy of the applicant’s latest audited Joint Regulatory Financial Questionnaire and Report;
  - 8.8.5 a copy of the applicant’s latest Monthly Financial Report;
  - 8.8.6 a letter from the applicant’s primary audit jurisdiction stating that it is a member in good standing;
  - 8.8.7 proof that the applicant is registered with Alberta Corporate Registry; and
  - 8.8.8 the appropriate fee.
- 8.9 The ASE/IDA shall review the application to ensure that it complies with the Registration Requirements. If the application does comply with the Registration Requirements, the ASE/IDA shall send written notice to the applicant:
- 8.9.1 granting registration;
  - 8.9.2 informing the applicant of any conditions attaching to its registration;
  - 8.9.3 indicating the date upon which the registration will expire;
  - 8.9.4 describing the registrant’s obligation to inform the ASE/IDA of any changes in the information contained in the application within 5 days thereof; and
  - 8.9.5 informing the registrant that it must renew its registration annually.

**New Applications – Salesmen, Partners, Directors and Officers**

- 8.10 The ASE/IDA shall be responsible for the registration of salesmen, partners, directors and officer who are associated with their members. Applicants for registration as such shall file with the ASE/IDA the following:
- 8.10.1 a copy of Form 1-U-85 for each salesman, partner, director or officer (in the event an applicant is currently registered in a province other than Alberta, the applicant may alternatively submit a copy of his most recent 1-U-85 together with a signed affidavit outlining any changes since the date of the 1-U-85)
  - 8.10.2 two black and white photos of the applicant, dated, signed and notarized;
  - 8.10.3 a copy of the notification from the Canadian Securities Institute that the required examinations have been successfully completed;
  - 8.10.4 a reference letter from the applicant's bank stating whether the applicant has maintained loans and accounts in good standing for the two years prior to the application;
  - 8.10.5 the waiver letter as required by paragraph 8.16 hereof;
  - 8.10.6 the appropriate fee; and
  - 8.10.7 any other documents which may be required as a result of answers to any questions in Form 1-U-85. These documents must be originals, certified copies or notarized copies, and must be signed by the applicant and the Commissioner of Oaths or Notary Public, as the case may require, before whom the application was sworn.
- 8.11 Upon receipt of the required information, the ASE/IDA shall:
- 8.11.1 review the information to ensure that it complies with the Registration requirements;
  - 8.11.2 if the information given is incomplete, send to the applicant a Deficiency Notice;
  - 8.11.3 prepare a Control Sheet;
  - 8.11.4 send to the Agency a Clearance Sheet;
  - 8.11.5 if a bankruptcy is disclosed in question 17 of Form 1-U-85, apply the provisions of Commission Policy 3.4.
- 8.12 When the ASE/IDA has completed its review of the application and has determined that the application complies with the Registration Requirements, it shall send written notice to the applicant:
- 8.12.1 granting registration, subject to the Agency completing a criminal record search of the applicant;

- 8.12.2 informing the applicant of any conditions attaching to his registration;
  - 8.12.3 informing the applicant he must advise the ASE/IDA of any subsequent changes to the information contained in the application within 5 days thereof; and
  - 8.12.4 informing the applicant that his registration must be renewed annually on the anniversary date of the member with whom the applicant is associated.
- 8.13 The ASE/IDA shall provide to the Calgary office of the Agency a Clearance Sheet for all applications for registration as a salesman, partner, director or officer immediately after receipt thereof. Upon the request of the Agency, the ASE/IDA shall also provide a copy of the complete application to the Agency.
- 8.14 Applications for registration as a salesman, partner, director and officer submitted to the ASE/IDA shall be subject to the conduct of a criminal record search of the applicant by the Agency.
- 8.15 The agency shall complete its criminal record search within 30 days of the Agency's receipt of the subject application.
- 8.16 The ASE/IDA may register an applicant prior to the Agency completing a criminal record search provided that such registration will be subject to and conditional upon the Agency completing the criminal record search. The ASE/IDA shall advise all applicants that their registration is subject to this condition and shall obtain from the applicant a written acknowledgement that this registration is conditional upon the Agency completing the criminal record search and that his registration may be immediately suspended by the ASE/IDA at the direction of the Agency before the applicant is given an opportunity for a hearing. The written acknowledgement shall be in the form of a waiver letter.
- 8.17 If the Agency's criminal record search discloses that the information contained in the registrant's application is incorrect or misleading:
- 8.17.1 The Chief may direct the ASE/IDA to immediately suspend the registrant;
  - 8.17.2 The Board may conduct a hearing to consider the registrant's suspension pursuant to the provisions of section 56 of the Act.
- 8.18 Commission Policy 3.5 shall apply to all applications for registration of non-residents.

**Amendments – Dealers, Underwriters and Advisers**

- 8.19 Every registered dealer, underwriter and adviser shall, not later than 5 days after the event, notify the ASE/IDA of the following:
- 8.19.1 any change in the name of the registrant;
  - 8.19.2 and change in the address for service in Alberta of the registrant;
  - 8.19.3 any change in the business address of the registrant;

- 8.19.4 any change in the directors or officers of the registrant and , if requested by the ASE/IDA, the reason for any resignation, dismissal, severance or termination of employment or office of such;
  - 8.19.5 the commencement and termination of employment of every registered salesman and, if required by the ASE/IDA, the reason for termination of employment;
  - 8.19.6 the opening or closing of any branch office in Alberta and, in the case of the opening of any branch office in Alberta, the name and address of the person in charge of the branch office;
  - 8.19.7 any change in the name or address of the person in charge of any branch office in Alberta; and
  - 8.19.8 any change which requires approval under the Private Authority.
- 8.20 Dealers, underwriters and advisers shall notify the ASE/IDA of the amendments described in paragraph 8.19 by filing Form 7 under the Regulation.

**Amendments – Salesmen, Partners, Directors and Officers**

- 8.21 Every registered salesman, partner, director and officer shall, within 5 days of the event, notify the ASE/IDA of the following:
- 8.21.1 any change in his residence address;
  - 8.21.2 any change in his business address;
  - 8.21.3 every commencement of his employment with a registered dealer;
  - 8.21.4 every termination of his employment with a registered dealer;
  - 8.21.5 any changes to the information contained in the registrant's Form 1-U-85; and
  - 8.21.6 any change which requires approval under the Private Authority.
- 8.22 Salesman, partners, directors and officers shall notify the ASE/IDA of the amendments described in paragraph 8.21. Where the amendment is for a transfer of registration or change of registration status and the ASE/IDA has completed its review and has determined that the application complies with the Registration Requirements, it shall send written notice to the applicant:
- 8.22.1 granting the transfer of registration;
  - 8.22.2 informing the applicant of any changes in the conditions attaching to his registration;
  - 8.22.3 informing the applicant he must advise the ASE/IDA of any subsequent changes to the information contained in the application within 5 days thereof; and

8.22.4 informing the applicant that his registration must be renewed annually on the anniversary date of the member with whom the applicant is associated.

**Renewal – Dealers, Underwriters and Advisors**

- 8.23 The registration of every dealer, underwriter and adviser shall expire on the date prescribed by the ASE/IDA (the “Expiry Date”)
- 8.24 Every application for renewal of registration as a dealer, underwriter or adviser shall be filed with the ASE/IDA not later than 7 days prior to the Expiry Date;
- 8.25 Applications for renewal of registration as a dealer, underwriter or adviser shall be submitted to the ASE/IDA in Form 5, under the Regulation (“Form 5”) and shall be accompanied by the appropriate fee;
- 8.26 The ASE/IDA shall review the Form 5 to ensure that it complies with the Registration Requirements. If the Form 5 does comply with the Registration Requirements, written notice shall be sent to the applicant granting registration for another year.

**Renewal – Salesman, Partners, Directors and Officers**

- 8.27 The registration of every salesman, partner, director and officer shall expire on the Expiry Date which applies to the firm whom they are associated;
- 8.28 Every application for renewal of registration as a salesman, partner, director or officer shall be filed with the ASE/IDA not later than 7 days prior to the Expiry Date;
- 8.29 Applications for renewal of registration as a salesman, partner, director or officer shall be submitted as an attachment to the dealer’s, underwriter’s or adviser’s renewal Form 5 and shall be accompanied by the appropriate fee;
- 8.30 The ASE/IDA shall review the attachments to the Form 5 to ensure that they comply with the Registration Requirements. If the attachments to the Form 5 do comply with the Registration Requirements, written notice shall be sent to the dealer, underwriter or adviser granting registration to the salesman, partners, directors, and officers for another year.

**Surrender – Dealers, Underwriters and Advisors**

- 8.31 A dealer, underwriter or adviser may apply to surrender voluntarily its registration only by submitting to the ASE/IDA the following:
  - 8.31.1 a letter from the registrant requesting that its registration be surrendered
  - 8.31.2 a letter from the registrant’s auditors stating that, based on the registrant’s accounting records, no Alberta client funds or securities are held by the registrant;

- 8.31.3 a letter from the registrant stating that they accept responsibility for all liabilities (outstanding, incurred, contingent or otherwise) of the registrant in the Province of Alberta; and
- 8.31.4 a letter from the audit jurisdiction which has primary responsibility for the firm stating they are a member in good standing.
- 8.32 The voluntary surrender of registration may be accepted by the ASE/IDA if they are satisfied that the registrant has
  - 8.32.1 discharged its financial obligations to its clients; and
  - 8.32.2 has not contravened the Registration Requirements.
- 8.33 The surrender of registration is not effective until accepted by the ASE/IDA. The ASE/IDA shall communicate their acceptance by written notice to the registrant.

**Surrender – Salesmen, Partners, Directors or Officers**

- 8.34 A salesman, partner, director or officer may apply to surrender voluntarily his registration only by filing with the ASE/IDA a Uniform Termination Notice;
- 8.35 The voluntary surrender of registration may be accepted by the ASE/IDA if they are satisfied that the registrant has:
  - 8.35.1 discharged his financial obligations to his clients; and
  - 8.35.2 has not contravened the Registration Requirements
- 8.36 The application for voluntary surrender is not effective until accepted by the ASE/IDA. The ASE/IDA shall communicate their acceptance by written notice.

**Termination – Salesmen, Partners, Directors or Officers**

- 8.37 If the office or employment of any salesman, partner, director or officer of a registered dealer, underwriter or adviser is terminated, the dealer, underwriter or adviser shall file a Uniform Termination Notice with the ASE/IDA. The termination of the employment of a salesman, partner, director or officer shall operate as a suspension of the registration of the salesman, partner, director or officer.
- 8.38 The termination of registration may be accepted by the ASE/IDA if they are satisfied that the registrant has:
  - 8.38.1 discharged his financial obligations to his clients; and
  - 8.38.2 not contravened the Registration Requirements.
- 8.39 The termination of registration of a salesman, partner, director or officer is not effective until accepted by the ASE/IDA. The ASE/IDA shall communicate their acceptance by written notice to the dealer, underwriter or adviser.

### **Failure to Renew Registration and Non-Acceptance of Voluntary Surrender**

8.40 If an ASE/IDA member registered in the category of dealer, underwriter or adviser:

8.40.1 fails to renew its registration or the registration of any salesman, partner, director or officer associated with that member or

8.40.2 surrenders its registration but the voluntary surrender is not accepted by the ASE/IDA

Then the ASE/IDA shall refer the matter to the Agency for consideration under sections 165 and 166 of the Act;

### **Complaints and Disciplinary Hearings**

8.41 All complaints concerning the conduct of any ASE/IDA member or any salesman, partner, director or officer associated therewith shall be investigated and resolved by the ASE/IDA in accordance with the provisions of the Private Authority.

### **Appeals**

8.42 Any person affected by the decision of the ASE/IDA made pursuant to the authority delegated by this Order or pursuant to the Private Authority has, after exercising all appeal procedures permitted by the Private Authority, the right to appeal that decision to the Board in accordance with the provisions of section 25 of the Act.

### **Fees**

8.43 Any fees charged by the ASE/IDA for any application pursuant to the Act for registration or renewal of registration as a dealer, underwriter, adviser, salesman, partner, director or officer or for any other exercise of the authority granted pursuant to this Order shall be in an amount determined by the ASE/IDA provided that the amount shall not be less than the amount prescribed by Schedule 1 to the Regulation.

8.44 For every application received by the ASE/IDA pursuant to the Act, the Agency shall be entitled to 1/3 of the amount prescribed by Schedule 1 to the Regulation, the ASE/IDA shall be entitled to the balance, and with respect to fees not prescribed by Schedule 1 to the Regulation the ASE/IDA shall be entitled to retain the entire fee.

### **Reporting and Review**

8.45 The ASE/IDA shall provide to the Agency a monthly report of its activities conducted pursuant to the authority delegated by this Order.

8.46 The ASE/IDA shall provide the Agency with access to its electronic data base.

**Amendment**

8.47 The Order may be varied or revoked in accordance with the provisions of section 186 of the Act.

**Retention of Authority**

8.48 Notwithstanding anything contained in this Order, the Board, the Chief and the Registrar shall retain the authority granted them under Part 5 of the Act and Part 5 of the Regulation with respect to ASE/IDA members in accordance with the provisions of section 183(4) of the Act.

8.49 To the extent that any exercise of authority by the Board, the Chief or a Registrar under the Act or the Regulation and any exercise of authority by the ASE/IDA pursuant to this Order should conflict, the Board's, the Chief's or the Registrar's authority shall prevail.

Dated at the City of Edmonton )  
in the Province of Alberta, )  
this 27<sup>th</sup> day of July, 1994. ) (original signed by) \_\_\_\_\_  
 ) W.L. Hess, Q.C., Chairman  
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 ) (original signed by) \_\_\_\_\_  
 ) Ian McConnan, Board Member