

ALBERTA SECURITIES COMMISSION
RECOGNITION ORDER
SELF-REGULATORY ORGANIZATION

Market Regulation Services Inc.

Background

1. On February 13, 2002 the Alberta Securities Commission (the Commission) recognized (the Recognition) Market Regulation Services Inc. (RS) as a self-regulatory organization pursuant to section 64 of the Securities Act (Alberta) (the Act).
2. RS is a regulation services provider under National Instrument 21-101 Marketplace Operation Rule and National Instrument 23-101 Trading Rules (together, the ATS Rules) and regulates its members and marketplace participants pursuant to the Universal Market Integrity Rules (UMIR).
3. RS and the Investment Dealers Association of Canada have combined (the Combination) their operations into the Investment Industry Regulatory Organization of Canada (IIROC), effective on June 1, 2008 (the Effective Date).
4. Subsequent to the Combination, for investigations and disciplinary actions, RS will continue to regulate and maintain its authority over persons and companies who are subject to its authority prior to the Effective Date (collectively, Persons) for conduct occurring prior to the Effective Date, for up to five years following the Effective Date.
5. RS and IIROC have entered into an agreement (the Agreement) under which RS has retained IIROC as its agent to perform investigation and enforcement functions on behalf of RS in respect of the conduct of Persons occurring prior to the Effective Date, and to provide all administrative services in connection with these functions and the continuation of RS.

Representations of RS

6. RS will, among other things:
 - (a) maintain its existence and recognition as necessary to ensure its continuing authority over Persons and their conduct occurring prior to the Effective Date;
 - (b) provide confirmation and further assurances to third parties, including tribunals and appeal bodies, of its continuing authority over Persons and their conduct occurring prior to the Effective Date;

- (c) subject to applicable law, provide to IIROC all relevant information in its possession that it receives from third parties in connection with the conduct of Persons occurring prior to the Effective Date;
- (d) to the extent required for the investigation of the conduct of Persons occurring prior to the Effective Date, request information from third parties under information-sharing arrangements to which RS is a party; and
- (e) perform all further acts and provide all further assurances necessary to maintain and confirm its continuing authority over Persons and their conduct occurring prior to the Effective Date.

IIROC's Responsibilities under the Agreement

7. Under the Agreement, IIROC will:
 - (a) carry out on RS's behalf all investigative and enforcement activities relating to the conduct of Persons occurring prior to the Effective Date;
 - (b) maintain sufficient personnel, technological and other resources to perform IIROC's obligations under the Agreement in a timely and diligent manner;
 - (c) comply with, or facilitate RS's compliance with, the terms of any information-sharing agreements under which RS receives information relating to the conduct of Persons occurring prior to the Effective Date; and
 - (d) provide all funding required for the performance of activities of RS relating to the conduct of Persons occurring prior to the Effective Date.
8. All hearing committees and hearing panels for the purposes of any proceedings on or after the Effective Date relating to the conduct of Persons will be constituted in accordance with IIROC Transition Rule No. 1 and Schedule C-1 *Hearing Committees and Hearing Panels Rule*.

Decision

9. Based on the representations of RS above, and considering that it would not be prejudicial to the public interest to do so, the Commission orders that the Recognition is varied so that it continues in respect only of the functions specified above and subject to the terms and conditions set out in Schedule A.
10. This order becomes effective on the Effective Date.

“original signed by”

Glenda A. Campbell, QC

“original signed by”

Stephen R. Murison

SCHEDULE A

TERMS AND CONDITIONS

1. CORPORATE GOVERNANCE

RS must have the same board of directors as IIROC.

2. CAPACITY TO PERFORM REGULATORY FUNCTIONS

- (a) RS must enter into the Agreement with IIROC under which IIROC must act as RS's agent to perform regulation services, including investigation and enforcement related to the conduct of persons subject to its authority occurring prior to the Effective Date and all administrative services in connection therewith and the continuance of RS.
- (b) Prior Commission approval is required for any changes to the Agreement.

3. INFORMATION SHARING

RS, or its agents, must share information and must otherwise co-operate with the Commission and Commission staff, other Canadian securities regulatory authorities, exchanges, other regulation services providers, other recognized self-regulatory organizations, clearing agencies, and investor protection or compensation funds.

4. ADDITIONAL INFORMATION & COMPLIANCE WITH OVERSIGHT

RS, or its agents, must provide the Commission any additional information the Commission may require from time to time.

5. USE OF FINES AND SETTLEMENTS

All fines collected by RS, or by IIROC on behalf of RS, and all payments made under settlement agreements entered into with RS, or with IIROC on behalf of RS, must be used in accordance with the terms and conditions set out in the IIROC recognition order with an effective date of June 1, 2008, as amended from time to time.