

APPENDIX A

JOINT RULE PROTOCOL FOR MARKET REGULATION SERVICES INC.

BETWEEN:

ALBERTA SECURITIES COMMISSION (the “ASC”)

-and-

BRITISH COLUMBIA SECURITIES COMMISSION (the “BCSC”)

-and-

COMMISSION DES VALEURS MOBILIERES DU QUEBEC (the “CVMQ”)

-and-

MANITOBA SECURITIES COMMISSION (the “MSC”)

-and-

ONTARIO SECURITIES COMMISSION (the “OSC”)

(also referred to collectively as the “Commissions”)

The parties agree as follows:

1. Underlying Principles

- 1.1 The Commissions agree to adopt uniform procedures to coordinate the review and approval of each new or amended rule, policy and other similar instrument (a “Rule”) proposed by Market Regulation Services Inc. (“RS Inc.”) in order to streamline the review and approval process.
- 1.2 The Commissions agree that the OSC is the principal regulator (the “Principal Regulator”) responsible for coordinating the rule review and approval process.

2. Materials to be Filed

- 2.1 RS Inc. shall file with each Commission on the same day the following information:
 - 2.1.1 the proposed Rule;

- 2.1.2 a notice of publication including:
 - 2.1.2.1 a description of the proposed Rule and its impact;
 - 2.1.2.2 a concise statement, together with supporting analysis, of the nature, purpose and effect of the Rule;
 - 2.1.2.3 the possible effects of the Rule on marketplaces, marketplace participants, competition and the costs of compliance;
 - 2.1.2.4 a description of the rule-making process, including a description of the context in which the proposed Rule was developed, the process followed, the issues considered, the consultation process undertaken, the alternative approaches considered and the reasons for rejecting the alternatives;
 - 2.1.2.5 where the proposed Rule requires technological systems changes to be made by RS Inc., marketplaces or marketplace participants, RS Inc. shall provide a description of the implications of the Rule and, where possible, an implementation plan, including a description of how the Rule will be implemented and the timing of the implementation; and
 - 2.1.2.6 a reference to other jurisdictions including an indication as to whether another regulator in Canada, the United States or another jurisdiction has a comparable rule or has made or is contemplating making a comparable rule and, if applicable, a comparison of the proposed Rule to the rule of the other jurisdiction.
- 2.2 RS Inc. may file a Rule for approval on its own behalf and on behalf of any exchange and quotation and trade reporting system that has contracted with it for regulation services. In submitting a Rule to each Commission, RS Inc. shall clearly state on whose behalf it is submitting the Rule for review and approval. Any approval by the Commissions of a Rule submitted by RS Inc. shall be given to RS Inc. and the exchanges and quotation and trade reporting systems on whose behalf RS Inc. filed the Rule.

3. Review Process

- 3.1 The Principal Regulator shall immediately send confirmation of receipt of the Rule to RS Inc., with copies to the other Commissions.
- 3.2 As soon as practicable and in any event within 14 days, the Principal Regulator shall, and the other Commissions may, publish for a 30 day comment period in its bulletin or on its website the notice filed by RS Inc., and the proposed Rule. The 30 day period shall commence on the date the proposed Rule appears in the bulletin or on the website of the Principal Regulator.

- 3.3 During the 30 day comment period, each of the Commissions shall provide material comments to the Principal Regulator in writing, with copies to the other Commissions. If no comments are received within the 30 day period, the Principal Regulator shall assume that the other Commissions do not have any comments.
- 3.4 If the Principal Regulator and the other Commissions do not have any comments and the Principal Regulator has verified that no public comments were received, the Principal Regulator shall advise RS Inc. and proceed to have the proposed Rule approved in accordance with section 4.
- 3.5 The Principal Regulator shall prepare and deliver to the other Commissions, within seven days of the end of the comment period, a draft comment letter to RS Inc. that incorporates the comments raised by the Commissions. If the Principal Regulator and the other Commissions do not have any comments, the Principal Regulator shall send a confirmation of that fact to the other Commissions.
- 3.6 Within seven days of receipt, each of the Commissions shall provide comments on the draft comment letter prepared by the Principal Regulator. If the Principal Regulator does not receive any comments during that period, the other Commissions will be deemed not to have any comments.
- 3.7 The Principal Regulator shall forward the comment letter to RS Inc. within three days of the other Commissions' response period under section 3.6, with a copy to each of the other Commissions.
- 3.8 Within 14 days of receipt, RS Inc. shall respond in writing to the comment letter sent by the Principal Regulator and include in its response a summary of public comments received. RS Inc. shall send a copy of its response to the Principal Regulator and the other Commissions.
- 3.9 Each of the other Commissions shall provide material comments to the Principal Regulator in writing within seven days of RS Inc.'s response with copies to the other Commissions. The Principal Regulator shall provide its comments to the other Commissions within the same period. If no comments are received within the seven day period by the Principal Regulator, the other Commissions are deemed to have no comments.
- 3.10 The Principal Regulator shall use its best efforts to resolve any issues that are significant on a timely basis in consultation with the other Commissions as needed. The Principal Regulator will notify the other Commissions of the resolution of outstanding issues.
- 3.11 If amendments to the Rule are necessary as a result of comments received, the Principal Regulator shall have discretion to determine whether the Rule should be re-published for comment.

4. Approval Process

- 4.1 Staff of the Principal Regulator shall present documentation for approval of the Rule by the Principal Regulator within 10 days of the later of: receiving confirmation from RS Inc. of no public comments or resolving comments raised under section 3.10.
- 4.2 Staff of the Principal Regulator shall circulate to the other Commissions the documentation approved by the Principal Regulator.
- 4.3 Staff of the other Commissions shall obtain the necessary approval within 10 days of receipt of the documentation from the Principal Regulator. In the event that approval cannot be obtained by a particular Commission within 10 days, that Commission will inform the Principal Regulator and the other Commissions. The Principal Regulator will notify RS Inc.
- 4.4 Each Commission shall inform the Principal Regulator in writing of the decision concerning the proposed Rule immediately following the decision.
- 4.5 The Principal Regulator shall communicate in writing the approval of the proposed Rule to RS Inc. within three days of receipt of notification from all of the other Commissions of their decision.
- 4.6 In the event that there is disagreement between Commissions concerning the approval of a Rule, the Principal Regulator shall arrange, within 14 days of becoming aware of the disagreement, for the Chair of each of the Commissions to discuss the issues and attempt to establish a consensus between the Commissions. If, after the consultations, the Chairs of each of the Commissions are unable to agree on the appropriate outcome for the proposed Rule, RS Inc. will not be able to adopt the Rule.
- 4.7 The Principal Regulator shall prepare and publish in its bulletin or website a notice of approval of a Rule within seven days of delivery of the notification to RS Inc. of the approval. The notice shall be forwarded to the other Commissions and shall contain a short summary of the Rule, RS Inc.'s summary of public comments received and responses, if applicable, and a copy of a revised Rule if changes were made to the version published for public comment. The other Commissions may publish the notice in their bulletin or on their website.
- 4.8 A Rule shall be effective as of the date of the notification of approval by the Principal Regulator to RS Inc. or on a date determined by RS Inc., whichever is later.

5. Immediate Implementation of Rules

- 5.1 If RS Inc. reasonably believes that there is an urgent need to implement a Rule because of a substantial risk of material harm to marketplaces or marketplace participants, RS Inc. may make a Rule effective immediately upon approval by RS Inc.'s board of directors provided that RS Inc.:

- 5.1.1 provides each Commission with written notice of the urgent need to implement the Rule at least seven business days before the Rule is approved by RS Inc.'s board of directors; and
 - 5.1.2 includes in the notice referenced in subsection 5.1.1 an analysis in support of the need for immediate implementation of the Rule.
- 5.2 If a Commission does not agree that immediate implementation is necessary, that Commission shall, within two business days after receiving RS Inc.'s notification, advise the Principal Regulator in writing that it disagrees and provides the reasons for its disagreement, with copies to the other Commissions. The Principal Regulator shall advise the other Commissions in writing if it disagrees within the same period. If no notice is received by RS Inc. within five business days of the Commissions receiving RS Inc.'s notification, RS Inc. shall assume that the Commissions agree with its assessment.
- 5.3 A Rule that is implemented immediately shall be published, reviewed, and approved in accordance with the review and approval procedures set out in sections 3 and 4. Where the Commissions subsequently disapprove a Rule that was implemented immediately, RS Inc. shall repeal the Rule and inform the marketplaces that it regulates.

6. Waiver

- 6.1 The Commissions, through the Principal Regulator, may waive any part of this agreement upon RS Inc. filing a written request with each Commission. The Principal Regulator shall consult with the other Commissions and each Commission will advise the Principal Regulator within seven days if it agrees to grant the waiver. The waiver must be granted in writing by the Principal Regulator, with copies to the other Commissions.
- 6.2 The terms, conditions and procedures of this rule protocol may be varied or waived by mutual agreement of the parties. A waiver or variation may be specific or general and may be made for a time or for all time as mutually agreed by the parties.

7. Effective Date

- 7.1 This protocol comes into effect on May 1, 2002 in Alberta, British Columbia, Ontario and Manitoba. In Québec, this protocol comes into effect on the date the CVMQ executes the protocol.

Alberta Securities Commission

Ontario Securities Commission

Per: _____

Per: _____

Title: _____

Title: _____

British Columbia Securities Commission

Manitoba Securities Commission

Per: _____

Per: _____

Title: _____

Title: _____

Commission des valeurs mobilières du Québec

Per: _____

Title: _____