

BY-LAW NO. 1

being a General By-law of

[New SRO]

(hereinafter referred to as the “**Corporation**”)

TABLE OF CONTENTS

	Page
ARTICLE 1 INTERPRETATION.....	5
Section 1.1 Definitions.....	5
Section 1.2 Interpretation.....	8
Section 1.3 Meaning of Independence.....	8
ARTICLE 2 AFFAIRS OF THE CORPORATION.....	10
Section 2.1 Public Interest Mandate	10
Section 2.2 Seal.....	11
Section 2.3 Head Office.....	11
Section 2.4 Financial Year.....	12
Section 2.5 Execution of Instruments	12
Section 2.6 Banking Arrangements	12
Section 2.7 Voting Rights In Other Bodies Corporate	12
Section 2.8 Divisions	12
Section 2.9 Quebec Activities.....	13
ARTICLE 3 CONDITIONS OF MEMBERSHIP	13
Section 3.1 Entitlement.....	13
Section 3.2 Dealer Members.....	13
Section 3.3 Marketplace Members	13
Section 3.4 Fees	13
Section 3.5 Process for Approval for Membership of Dealer Members.....	14
Section 3.6 Acceptance of Membership for Marketplace Members.....	16
Section 3.7 Amalgamation of Members	17
Section 3.8 Dealer Member Resignation	17
Section 3.9 Dealer Member Removal.....	17
Section 3.10 Transferability, Reorganizations.....	17
Section 3.11 Ceasing to Carry on Business	17
Section 3.12 Ownership.....	18
ARTICLE 4 MEMBERS' MEETINGS.....	18
Section 4.1 Annual Meeting	18
Section 4.2 Special or General Meetings.....	18
Section 4.3 Quorum	18
Section 4.4 List of Members Entitled to Notice	18
Section 4.5 Notice.....	19
Section 4.6 Absentee Voting.....	19
Section 4.7 Votes	20
Section 4.8 Participation in Meetings by Telephonic or Electronic Means.....	20
Section 4.9 Chair, Secretary and Scrutineers.....	21
Section 4.10 Persons Entitled to be Present.....	21
Section 4.11 Show of Hands	21

TABLE OF CONTENTS
(continued)

	Page
Section 4.12	Ballots 21
Section 4.13	Adjournment 22
ARTICLE 5 BOARD OF DIRECTORS	22
Section 5.1	Number and Qualifications 22
Section 5.2	Director Representation 22
Section 5.3	Recommendation of Director Nominees for Election 22
Section 5.4	Election and Term 22
Section 5.5	Vacancies 23
Section 5.6	Filling Vacancies 24
Section 5.7	Remuneration of Directors..... 24
Section 5.8	Release of Claims 24
ARTICLE 6 POWERS OF DIRECTORS.....	24
Section 6.1	Administer Affairs 24
Section 6.2	Expenditures 25
Section 6.3	Borrowing Power 25
Section 6.4	Conflict of Interest 25
ARTICLE 7 DIRECTORS' MEETINGS.....	26
Section 7.1	Place of Meeting 26
Section 7.2	Calling of Meetings..... 26
Section 7.3	Notice of Meetings..... 26
Section 7.4	Adjourned Meeting 26
Section 7.5	Regular Meetings 27
Section 7.6	Chair of Meetings of the Board 27
Section 7.7	Voting Rights 27
Section 7.8	Participation in Meetings by Telephonic or Electronic Means..... 27
Section 7.9	Quorum 27
Section 7.10	Minutes of Meetings 28
ARTICLE 8 OFFICERS	28
Section 8.1	Appointment 28
Section 8.2	Chair and Vice-Chair of the Board 28
Section 8.3	President and Chief Executive Officer 28
Section 8.4	Vice-President..... 28
Section 8.5	Secretary 28
Section 8.6	Powers and Duties of Other Officers 29
Section 8.7	Variation of Powers and Duties 29
Section 8.8	Term of Office 29
Section 8.9	Terms of Employment and Remuneration 29
Section 8.10	Conflict of Interest 29

TABLE OF CONTENTS
(continued)

	Page
Section 8.11 Agents and Attorneys.....	29
ARTICLE 9 PROTECTION OF DIRECTORS AND OTHERS.....	29
Section 9.1 Limitation of Liability.....	29
Section 9.2 Indemnities to Directors and Others	30
Section 9.3 Insurance.....	30
ARTICLE 10 REGIONAL COUNCILS	31
Section 10.1 Designation of Regions.....	31
Section 10.2 Composition of Regional Councils.....	31
Section 10.3 Duties and Powers.....	31
Section 10.4 Meetings of Regional Members.....	31
ARTICLE 11 DISTRICT HEARING COMMITTEES.....	32
Section 11.1 Designation of Districts	32
Section 11.2 District Hearing Committees	32
ARTICLE 12 COMMITTEES AND ADVISORY BODIES	33
Section 12.1 Committees of the Board	33
Section 12.2 Governance Committee	33
Section 12.3 Finance, Audit and Risk Committee.....	33
Section 12.4 Human Resources and Pension Committee	33
Section 12.5 Appointments Committee	33
Section 12.6 Committee Meetings.....	34
Section 12.7 Advisory Bodies.....	34
Section 12.8 Procedure	34
ARTICLE 13 NOTICES	34
Section 13.1 Method of Giving Notices	34
Section 13.2 Undelivered Notices.....	35
Section 13.3 Omissions and Errors.....	35
Section 13.4 Waiver of Notice.....	35
ARTICLE 14 RULES AND OTHER INSTRUMENTS	35
Section 14.1 Power to Make, Amend or Repeal Rules.....	35
Section 14.2 Forms and Other Instruments.....	36
Section 14.3 Use of Restricted Fund.....	36
Section 14.4 Investor Protection Fund.....	36
Section 14.5 Notices, Guidelines, Etc.....	37
Section 14.6 Continuing Jurisdiction and Discipline and Enforcement under the Rules	37

TABLE OF CONTENTS
(continued)

	Page
Section 14.7 Exchange of Information, Agreements	37
ARTICLE 15 NO ACTIONS	37
Section 15.1 No Actions Against the Corporation.....	37
Section 15.2 No Liabilities Arising in Respect of Entities in which Corporation Holds an Interest	38
ARTICLE 16 USE OF NAME OR LOGO: LIABILITIES: CLAIMS	38
Section 16.1 Use of Name	38
Section 16.2 Liabilities	38
Section 16.3 Claims	38
ARTICLE 17 TRANSITION PERIODS FOR BY-LAWS AND RULES	39
Section 17.1 Transition Periods for By-laws and Rules	39
ARTICLE 18 AMENDMENT, REPEAL, ENACTMENT OF BY-LAWS.....	39
Section 18.1 By-laws	39
ARTICLE 19 PUBLIC ACCOUNTANT	40
Section 19.1 Public Accountant.....	40
ARTICLE 20 BOOKS AND RECORDS	40
Section 20.1 Books and Records	40

ARTICLE 1 INTERPRETATION

Section 1.1 Definitions

In this By-law, unless the context otherwise specifies or requires:

“**Act**” means the *Canada Not-for-profit Corporations Act*, S.C. 2009, c. C-23 and the regulations thereto, as from time to time amended and every statute that may be substituted therefor and, in the case of such substitution, any references in the By-laws to provisions of the Act shall be read as references to the substituted provisions therefor in the new statute or statutes.

“**affiliated entity**” has the meaning ascribed to it in subsection 1.3(1) of National Instrument 52-110 *Audit Committees*.

“**Amalgamation**” means the amalgamation of IIROC and the MFDA to form the Corporation pursuant to section 204 of the Act.

“**Articles**” means the articles of amalgamation of the Corporation and includes any articles of amendment.

“**Associate**”, where used to indicate a relationship with any person, means:

- (a) any company of which such person beneficially owns, directly or indirectly, voting securities carrying more than ten percent (10%) of the voting rights attached to all voting securities of the company for the time being outstanding;
- (b) a partner of that person;
- (c) any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity;
- (d) any relative of that person who resides in the same home as that person;
- (e) any person who resides in the same home as the person and to whom that person is married or with whom that person is living in a conjugal relationship outside of marriage; or
- (f) any relative of a person mentioned in clause (e) above, who has the same home as that person.

“**auditor**” of the Corporation means a public accountant, as defined in the Act, appointed for the Corporation.

“**By-laws**” means this By-law and any other by-law of the Corporation from time to time in force and effect.

“**Board**” means the Board of Directors of the Corporation.

“**Chair**” means the Independent Director elected by the Board to act as its chair.

“**control**” has the meaning ascribed to it in section 1.4 of National Instrument 45-106 *Prospectus Exemptions*.

“**Corporation**” means [New SRO] and, for the purposes of Section 1.3, includes either of its predecessors and any affiliated entity.

“**Dealer Member**” means a Member that is registered as an investment dealer or a mutual fund dealer in accordance with securities legislation.

“**Director**” means a member of the Board.

“**District**” means a geographic area in Canada designated as a district of the Corporation pursuant to Section 11.1.

“**District Hearing Committee**” means each of the hearing committees created in accordance with Article 11.

“**executive officer**” has the meaning ascribed to it in section 1.1 of National Instrument 52-110 *Audit Committees*.

“**Form**” means a form prescribed or provided for by the By-Laws or the Rules.

“**IIROC**” means the Investment Industry Regulatory Organization of Canada, a predecessor corporation to the Corporation.

“**immediate family member**” has the meaning ascribed to it in section 1.1 of National Instrument 52-110 *Audit Committees*.

“**Indemnified Party**” means each Protected Party and any other person who has undertaken or is about to undertake any liability on behalf of the Corporation, or any entity controlled by it, which the Corporation determines to indemnify in respect of such liability and their respective heirs, executors, administrators, and estates and effects, respectively.

“**Independent Director**” means a Director who is Independent within the meaning of Section 1.3.

“**Industry Agreement**” means the agreement dated ■, 2022 made between the Corporation and the IPF, as the same may be amended or replaced from time to time.

“**Information Processor Recognition Orders**” means the recognition order obtained from the Autorité des marchés financiers and the designation orders and undertakings governing the Corporation’s designation as information processor for government and corporate debt securities.

“**IPF**” means the ■.

“Marketplace” means:

- (a) a recognized exchange or a commodity futures exchange registered in a jurisdiction of Canada;
- (b) a recognized quotation and trade reporting system; or
- (c) a person or company not included in clause (a) or (b) above that facilitates the trading of securities or derivatives in a jurisdiction of Canada; and
 - (i) constitutes, maintains or provides a market or facility for bringing together buyers and sellers of securities or derivatives;
 - (ii) brings together the orders for securities or derivatives of multiple buyers and sellers; and
 - (iii) uses established non-discretionary methods under which the orders interact with each other, and the buyers and sellers entering the orders agree to the terms of a trade.

“Marketplace Member” means a Member that is a Marketplace.

“Member” means a person admitted to membership in the Corporation or who was a member of IIROC or the MFDA at the time of the Amalgamation, and who has not ceased, resigned or terminated membership in the Corporation in accordance with the provisions of Article 3.

“MFDA” means the Mutual Fund Dealers Association of Canada, a predecessor corporation to the Corporation.

“National Council” means the national council created in accordance with Article 10.

“Non-Independent Director” means a Director who is not an Independent Director.

“President” means the president and chief executive officer of the Corporation appointed in accordance with Section 8.3.

“Protected Party” means every current and former Director, officer, employee, committee member (whether a committee of the Board or other committee of the Corporation), and his or her heirs, executors, administrators, estate and effects or any other person acting on behalf of the Corporation.

“Recognition Orders” means the recognition orders for the Corporation issued and approved by each securities regulatory authority, recognizing the Corporation as a self-regulatory organization.

“Region” means a geographic area in Canada designated as a region of the Corporation pursuant to Section 10.1.

“Regional Council” means each of those councils created in accordance with Article 10.

“**Regulated Persons**” means persons who are or were formerly (i) Dealer Members, including members of the Corporation’s predecessors, (ii) members, users or subscribers of or to, or other entities that are allowed to trade directly on, Marketplaces for which the Corporation is the regulation services provider, (iii) the respective representatives as designated in the Rules of any of the foregoing, and (iv) other persons subject to the jurisdiction of the Corporation.

“**Restricted Fund**” means monetary sanctions received by the Corporation.

“**Rules**” means the Rules made pursuant to Section 14.1.

“**Significant Interest**” means in respect of any person the holding, directly or indirectly, of the securities of such person carrying in aggregate 10% or more of the voting rights attached to all of the person’s outstanding voting securities.

“**Vice-Chair**” means a Director elected by the Board to act as its vice-chair.

Section 1.2 Interpretation

- (1) Unless otherwise defined or interpreted in this By-law or the Rules, every term used in this By-law or the Rules that is:
 - (a) defined in subsection 1.1(3) of National Instrument 14-101 – *Definitions* has the meaning ascribed to it in that subsection; and
 - (b) defined or interpreted in National Instrument 21-101 - *Marketplace Operation* has the meaning ascribed to it in that National Instrument.
- (2) The provisions of this By-law and the Rules are subject to applicable laws. Subject to the By-laws and the Rules, any reference in this By-law or the Rules to a statute or a National Instrument refers to such statute or National Instrument and all rules and regulations made under it, as it may have been or may from time to time be amended or re-enacted.
- (3) In this By-law and the Rules and in all other By-laws hereafter passed and the Rules from time to time, unless the context otherwise requires, words importing the singular number or the masculine gender shall include the plural number or the feminine gender, as the case may be, and vice versa, and references to persons shall include, individuals, corporations, limited partnerships, general partnerships, joint ventures, associations, companies, trusts, societies or other entities, organizations and syndicates whether incorporated or not, trustees, executors, or other legal personal representatives, and any government or agency thereof. In the event of any dispute as to the meaning of the Articles, By-laws or Rules, the interpretation of the Board shall be final and conclusive.

Section 1.3 Meaning of Independence

- (1) The term “Independent Director” means a Director who has no direct or indirect material relationship with the Corporation or a Member.

- (2) For the purposes of subsection (1), a “material relationship” is a relationship which could be reasonably expected to interfere with the exercise of a Director’s independent judgment.
- (3) Despite subsection (1), the following individuals are considered to have a material relationship with the Corporation or a Member:
 - (a) an individual who is, or has been within the last three years, an employee or executive officer of the Corporation;
 - (b) an individual whose immediate family member is, or has been within the last three years, an executive officer or non-independent director of the Corporation;
 - (c) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the Corporation’s current executive officers serves or served at that same time on the entity’s compensation committee;
 - (d) an individual who received, or whose immediate family member who is employed as an executive officer of the Corporation received, more than \$75,000 in direct compensation from the Corporation during any 12 month period within the last three years;
 - (e) an individual who is, or has been within the last three years, a partner, director, officer, employee, or person acting in a similar capacity of:
 - (i) a Member,
 - (ii) an Associate of a Member, or
 - (iii) an affiliated entity of a Member, and
 - (f) an individual who is, or has been within the last three years, an Associate of a partner, director, officer, employee, or person acting in a similar capacity of a Member.
- (4) For the purposes of paragraph (3)(d), direct compensation does not include:
 - (a) remuneration for acting as a member of the Board or of any Board committee of the Corporation, and
 - (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Corporation if the compensation is not contingent in any way on continued service.
- (5) Despite subsection (3), an individual will ordinarily not be considered to have a material relationship with the Corporation solely because the individual or his or her immediate family member:

- (a) has previously acted as an interim chief executive officer of the Corporation, or
 - (b) acts, or has previously acted, as a chair or vice-chair of the Board or of any Board committee of the Corporation on a part-time basis.
- (6) If, despite the three-year cooling-off period described in sections 3(e) and (f), the nature or duration of an individual's relationship with a Member, its Associates, or its affiliated entities could be reasonably expected to interfere with the exercise of that individual's independent judgment, then a sufficiently longer cooling-off period from the Member, Associate, and affiliated entity is required for that individual to be considered an Independent Director.
- (7) Despite any determination made under sections (2) to (6), an individual is considered to have a material relationship with the Corporation if the individual:
- (a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation or any subsidiary entity of the Corporation, other than as remuneration for acting in his or her capacity as a member of the Board or any Board committee, or as a part-time chair or vice-chair of the Board or any Board committee; or
 - (b) is an affiliated entity of the Corporation or any of its subsidiary entities.
- (8) For the purposes of section (7), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by:
- (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
 - (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the Corporation or any subsidiary entity of the Corporation.
- (9) For the purposes of section (7), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Corporation if the compensation is not contingent in any way on continued service.

ARTICLE 2

AFFAIRS OF THE CORPORATION

Section 2.1 Public Interest Mandate

The Corporation shall act in the public interest by, without limitation:

- (a) protecting investors from unfair, improper, or fraudulent practices by its Members;
- (b) fostering fair and efficient capital markets and promoting market integrity;
- (c) fostering public confidence in capital markets;
- (d) facilitating investor education;
- (e) administering a fair, consistent and proportionate continuing education program for all Dealer Members and applicable Approved Persons;
- (f) accommodating innovation and ensuring flexibility and responsiveness to the future needs of the evolving capital markets, without compromising investor protection;
- (g) providing effective market surveillance;
- (h) fostering efficient and effective cooperation and coordination with each securities regulatory authority to ensure regulatory alignment;
- (i) facilitating access to advice and products for investors of different demographics;
- (j) recognizing and incorporating regional considerations and interests from across Canada;
- (k) facilitating meaningful consultation and input from all types of Members and ensuring that investor perspectives are factored into the development and implementation of regulatory policies;
- (l) administering robust, compliance, enforcement and complaint handling and resolution processes;
- (m) contributing to financial stability, under the direction of the securities regulatory authorities; and
- (n) administering effective governance and accountability to all stakeholders and preventing regulatory capture.

Section 2.2 Seal

The Corporation may adopt a seal by resolution of the Board.

Section 2.3 Head Office

Until changed in accordance with the Act, the head office of the Corporation shall be in the City of Toronto, in the Province of Ontario.

Section 2.4 Financial Year

Until changed by the Board, the financial year of the Corporation shall end on the last day of March in each year.

Section 2.5 Execution of Instruments

Transfers, assignments, contracts, obligations, certificates and other instruments may be signed on behalf of the Corporation by any two officers of the Corporation appointed in accordance with Article 8 of this By-law. In addition, the Board may from time to time direct the manner in which and the person or persons by whom any particular instrument or class of instruments may or shall be signed. Any signing officer may affix the corporate seal to any instrument requiring the same, but it is not necessary to bind the Corporation.

Section 2.6 Banking Arrangements

The banking arrangements of the Corporation including, without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be designated by or under the authority of the Board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the Board may from time to time prescribe or authorize.

Section 2.7 Voting Rights In Other Bodies Corporate

Any two officers of the Corporation appointed in accordance with Article 8 of this By-law may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments, certificates or other evidence shall be in favour of such person or persons as may be determined by the officers executing such proxies or arranging for the issuance of voting certificates or such other evidence of the right to exercise such voting rights. In addition, the Board may from time to time direct the manner in which and the person or persons by whom any particular voting rights or class of voting rights may or shall be exercised.

Section 2.8 Divisions

In addition to any other powers of the Board, the Board may, subject to the terms of the Recognition Orders and without further approval, cause the operations of the Corporation or any part thereof to be divided or segregated into one or more divisions upon such basis, including without limitation, character or type of operations, or geographical regions as the Board may consider appropriate in each case. From time to time the Board, or if authorized by the Board, the President, may authorize, upon such basis as may be considered appropriate in each case:

- (a) *Sub-Division and Consolidation:* The further division of the operations of any such division into sub-units and the consolidation of the operations of any such divisions and sub-units;

- (b) *Name*: The designation of any such division or sub-unit by, and the carrying on of the operations of any such division or sub-unit, under a name other than the name of the Corporation; provided that the Corporation shall set out its name in legible characters in all contracts, invoices, negotiable instruments and orders for goods or services issued or made by or on behalf of the Corporation; and
- (c) *Officers*: The appointment of officers for any such division or sub-unit, the determination of their powers and duties, and the removal of any such officer so appointed without prejudice to such officer's rights under any employment contract or in law, provided that any such officers shall not, as such, be officers of the Corporation, unless expressly designated as such in accordance with Article 8 of this By-law.

Section 2.9 Quebec Activities

The constating documents, By-laws and Rules of the Corporation will allow that the power to make decisions relating to the supervision of the Corporation's activities in Quebec will be exercised mainly by persons residing in Quebec.

ARTICLE 3 CONDITIONS OF MEMBERSHIP

Section 3.1 Entitlement

The Board shall, in its discretion, decide (and may delegate to a committee of the Board or an officer of the Corporation the authority to so decide) upon all issues pertaining to eligibility for membership in accordance with the By-laws and Rules of the Corporation. The Board may, by the affirmative vote of a majority of the Directors at a meeting of the Board and confirmed by the Members in accordance with Article 18, amend the By-law and Articles to add additional classes of Members and determine the rights and obligations pertaining to any added class. Initially there shall be two classes of Members, being (i) Marketplace Members; and (ii) Dealer Members.

Section 3.2 Dealer Members

Subject to the By-laws, the Articles, and the Act, Dealer Members shall be entitled to the rights and entitlements, and shall be subject to the obligations, attaching to all Members.

Section 3.3 Marketplace Members

Subject to the By-laws, the Articles, and the Act, Marketplace Members shall be entitled to the rights and entitlements, and shall be subject to the obligations, attaching to all Members.

Section 3.4 Fees

Membership and other fees and assessments may be established by the Board in the amounts and in accordance with the terms and conditions established by or under the authority of the Board. Fees shall be imposed on an equitable basis and, as a matter of best efforts, on a cost recovery basis to the extent practicable.

Section 3.5 Process for Approval for Membership of Dealer Members

- (1) An application for membership must be submitted to the Corporation in the form and executed in the manner prescribed by or under the authority of the Board, and shall be accompanied by such fees, information and documents as the Corporation may require.
- (2) Any firm shall be eligible to apply for membership as a Dealer Member if:
 - (a) It is formed under the laws of one of the provinces or territories of Canada and, where the firm is a corporation, it is incorporated under the laws of Canada or one of its provinces or territories;
 - (b) It carries on, or proposes to carry on, business in Canada as an investment dealer or mutual fund dealer, as applicable, and is registered or licensed in each jurisdiction in Canada where the nature of its business requires such registration or licensing, and is in compliance with such legislation and the requirements of any securities commission having jurisdiction over the applicant; and
 - (c) Its directors, officers, partners, investors and employees, and its holding companies, affiliated entities and related companies (if any), would comply with the By-laws and Rules of the Corporation that would apply to them if the applicant were a Dealer Member.
- (3) An application for membership shall be accompanied by a non-refundable application review deposit in an amount to be determined by the Board, to be credited towards the annual fee paid by the Member in the event that the application is approved by the Board. Where, for any reason that cannot reasonably be attributed to the Corporation or its staff, the application process (other than an application of an alternative trading system) has not been completed within six months from the date the application was accepted for review by the Corporation, the deposit shall be forfeited to the Corporation and the application shall be required to be resubmitted with a new nonrefundable application review deposit. For purposes of this Section, the application process shall be considered to be completed when Corporation staff recommends to the Board the approval or rejection thereof.
- (4) If in connection with the review or consideration of any application for membership, the Board is of the opinion that the nature of the applicant's business, its financial condition, the conduct of its business, the completeness of the application, the basis on which the application was made or any Corporation review in respect of the application in accordance with the By-laws and Rules of the Corporation has required, or can reasonably be expected to require, excessive attention, time and resources of the Corporation, the Board may require the applicant to reimburse the Corporation for some or all of its costs and expenses which are reasonably attributable to such excessive attention, time and resources or provide an undertaking or security in respect of such reimbursement. If an applicant is to be required to make such reimbursement of costs and expenses, the Corporation shall provide to the applicant a breakdown and explanation of such costs and expenses in sufficient detail to permit the applicant to understand the basis on which the costs and expenses were or are to be calculated.

- (5) The process for review and approval of the application for membership shall be determined by or under the authority of the Board, and the Corporation shall make a preliminary review of the same and either:
- (a) Where the application is incomplete, provide the applicant with a deficiency letter listing the items missing from or incomplete in the application, and, once Corporation staff have determined that the deficiencies have been addressed, perform a compliance review as referred to in Section 3.5(5)(b); or
 - (b) Where the application is complete, perform a compliance review and either:
 - (i) If such review discloses substantial compliance and willingness to comply with the requirements of the By-laws and Rules of the Corporation and approval of the application is considered to be in the public interest, forward a Corporation staff recommendation to approve the application to the Board for consideration along with the membership application; or
 - (ii) If such review discloses any substantial non-compliance or unwillingness to comply with the requirements of the By-laws and Rules of the Corporation, notify the applicant as to the nature of such non-compliance or unwillingness to comply and request that the application for membership be amended in accordance with the notification of the Corporation and refiled or be withdrawn. Once Corporation staff have determined that the necessary amendments have been made to the refiled application for membership, forward a Corporation staff recommendation to approve the application to the Board for consideration along with the membership application. If the applicant declines to amend or withdraw the application for membership, forward a Corporation staff recommendation to refuse the application to the Board for consideration along with the membership application and provide a copy of the recommendation to the applicant; or
 - (iii) If such review indicates that approval of the application is not in the public interest, notify the applicant as to the nature of the public interest concerns and request that the application for membership be withdrawn. If the applicant declines to withdraw the application for membership, forward a Corporation staff recommendation to refuse the application to the Board for consideration along with the membership application and provide a copy of the recommendation to the applicant.
- (6) The membership application approval process, as set out in the Corporation's By-laws and Rules established from time to time, shall commence once the Board receives:
- (a) The membership application from Corporation staff; and
 - (b) The Corporation staff recommendation to either approve or refuse the application pursuant to Section 3.5(5).

- (7) The Board shall, in its discretion and pursuant to the membership application approval process, as set out in the Corporation's By-laws and Rules established from time to time, decide (and may delegate to a committee of the Board or an officer of the Corporation the authority to so decide) upon all applications for membership. The applicant and Corporation staff shall have an opportunity to be heard in respect of any decision proposed to be made under this Section 3.5(7).
- (8) If the Board approves an application subject to terms and conditions as determined by or under the authority of the Board or refuses an application, the applicant shall be provided with a statement of the grounds upon which the Board has approved the application subject to terms and conditions or refused the application, and the particulars of those grounds.
- (9) The Board may as it considers appropriate vary or remove any such terms and conditions as may have been imposed on an applicant, if such terms and conditions are or are no longer, as the case may be, necessary to ensure that the Corporation's public interest mandate or the By-laws and Rules will be complied with by the applicant. In the event that the Board proposes to vary terms and conditions in a manner which would be more burdensome to the applicant, the provisions of Section 3.5(8) shall apply in the same manner as if the Board was exercising its powers thereunder in regard to the applicant.
- (10) If, pursuant to the provisions of Section 3.5(8), the Board approves an application subject to terms and conditions or refuses an application, the Board may order that the applicant may not apply for removal or variation of terms and conditions or reapply for approval, for such period as the Board provides.
- (11) Actions upon Approval of Application:
 - (a) If and when the application is approved by the Board, the Corporation shall compute the amount of the annual fee to be paid by the applicant.
 - (b) If and when the application has been approved by the Board, and the applicant has, if required to do so, been duly licensed or registered under applicable law of the province or provinces or territories in Canada in which the applicant carries on or proposes to carry on business, and upon payment of the balance of the entrance and annual fees, the applicant shall become and be a Dealer Member; and
 - (c) The Corporation shall keep a register of the names and business addresses of all Dealer Members and of their respective annual fees. The annual fees of Dealer Members shall not be made public by the Corporation.

Section 3.6 Acceptance of Membership for Marketplace Members

If a Marketplace has requested that the Corporation act as the regulation services provider for that Marketplace, the Marketplace shall be accepted as a Marketplace Member effective upon the execution of an agreement with the Marketplace that has been authorized by the Board, for the Corporation to be the regulation services provider to that Marketplace. A Marketplace shall cease to be a Marketplace Member upon the termination of the agreement for the Corporation to be the regulation services provider to the Marketplace.

Section 3.7 Amalgamation of Members

If two or more Members propose to amalgamate and continue as one Member, the continuing Member shall not be considered to be a new Member or be required to re-apply for membership, except as otherwise determined by the Board and provided that the continuing Member otherwise complies with the By-laws and Rules including the payment of Member fees, if applicable.

Section 3.8 Dealer Member Resignation

Subject to Section 14.6, a Dealer Member wishing to resign shall address a letter of resignation to the Board in the form and containing such information prescribed by the Board which resignation shall become effective when approved by the Board, in accordance with the Rules. A Dealer Member resigning from the Corporation shall make full payment of its annual fee, if applicable, for the financial year in which its resignation becomes effective.

Section 3.9 Dealer Member Removal

Unless a Dealer Member has voluntarily resigned, the Board may terminate the membership of such Dealer Member in accordance with the By-laws and Rules. On the termination or resignation of a Dealer Member, the rights of the Dealer Member shall be determined in accordance with the By-laws and the Rules. The Rules regarding the discipline of Members are incorporated by reference in this By-law.

Section 3.10 Transferability, Reorganizations

Membership is not transferable, unless approved by the Board. If the business or ownership of a Member is proposed to be reorganized or transferred, amalgamated or otherwise combined in whole or in part with another person (including another Member) in a manner which the Member or its business will cease to exist in, or will be substantially changed from, its then current form, or a change of control of the Member may occur, the Member (not less than 30 days prior to the proposed effective date of such event) shall give written notice to the Corporation. Upon receipt of such notice, the Corporation shall review the proposed transaction and may request from the Member, its auditors or any other person involved in the transaction, such information as it or the Board may consider necessary or desirable. The Corporation may either (a) approve the proposed transaction (which approval may be subject to terms and conditions) or (b) direct that the transaction not be completed if the Corporation determines in its sole discretion that the obligations of the Member to its clients cannot be satisfied or the By-laws and Rules will not be complied with by the Member or any continuing, new or reorganized entity, as the case may be.

Section 3.11 Ceasing to Carry on Business

If a Member has ceased to carry on business as any of an investment dealer, a mutual fund dealer or a Marketplace, as applicable, or its business has been acquired by a person which is not a Member of the Corporation, the Board may, unless the Member has voluntarily resigned in accordance with Section 3.8, terminate the Membership of the Member after the Member has been given the opportunity to be heard in accordance with the Rules. A former Member whose Membership has been terminated pursuant to the provisions of this Section 3.11

shall cease to be entitled to exercise any of the rights and privileges of Membership but shall remain liable to the Corporation for all amounts due to the Corporation from the former Member.

Section 3.12 Ownership

Without limiting the generality of Section 14.1, the Board may make and from time to time amend and repeal Rules regarding the ownership of equity interests in Members.

ARTICLE 4 MEMBERS' MEETINGS

Section 4.1 Annual Meeting

The annual meeting of the Members shall be held on a date to be determined by the Board, but in any case shall be held within six months after the end of the Corporation's fiscal year. Each annual meeting shall be held at the head office of the Corporation or at any other place in Canada as the Board may determine. At every annual meeting, in addition to any other business that may be transacted, the report of the Directors, the financial statements and the report of the auditors shall be presented and auditors shall be appointed for the ensuing year.

Section 4.2 Special or General Meetings

Members may consider and transact any business either special or general at any meeting of the Members. The Board, the Chair, Vice-Chair, the President, or a designated vice-president shall have power to call, at any time, a general meeting of the Members. The Board shall call a special general meeting of Members on written requisition of Members representing not less than five percent of the number of Members.

Section 4.3 Quorum

Unless otherwise provided by the Act, the Articles or any other By-law, twenty percent of Members shall constitute a quorum at any meeting of the Members provided such Members are present in person or represented by a duly appointed proxyholder. If a quorum is present at the opening of any meeting of Members, the Members present or represented by proxy may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting. If a quorum is not present at the opening of any meeting of Members, the Chair or the Members present or represented by proxy may adjourn the meeting to a fixed time and place but may not transact any other business.

Section 4.4 List of Members Entitled to Notice

For every meeting of Members, the Corporation shall prepare a list, in alphabetic order and arranged by class, of Members entitled to receive notice of and vote at the meeting. The Members listed shall be those registered at the close of business on the day immediately preceding the day on which notice of the meeting is given. The list shall be available for examination by any Member during usual business hours at the head office of the Corporation and at the meeting for which the list was prepared.

Section 4.5 Notice

Twenty-one days notice shall be given to each Member, each Director, and the auditor of the Corporation, of any annual or special general meeting of Members in the manner prescribed by the Rules and policies. Notice of any meeting where special business will be transacted shall contain sufficient information to permit the Member to form a reasoned judgement on the decision to be taken upon which the Member is entitled to vote. Notice of each meeting of Members must remind the Member entitled to vote that the Member has the right to vote by proxy, and must attach a form of proxy.

Section 4.6 Absentee Voting

(1) In addition to voting personally (or in the case of a Member who is a body corporate or association, by an individual authorized by a resolution of the Board or governing body of the body corporate or association to represent it at meetings of the Members of the Corporation), every Member entitled to vote at a meeting of Members shall have one vote, and may vote by any of the following means:

- (a) by a proxy, provided that a person appointed by proxy must be a director, officer or employee of a Member or of an affiliated entity of a Member or a director of the Corporation;
- (b) by using a mailed-in ballot in the form provided by the Corporation provided that the Corporation has a system that enables the votes to be gathered in a manner that permits their subsequent verification and permits the tallied votes to be presented to the Corporation without it being possible for the Corporation to identify how each Member voted; or
- (c) by means of a telephonic, electronic or other communication facility, if the facility enables the votes to be gathered in a manner that permits their subsequent verification and permits the tallied votes to be presented to the Corporation without it being possible for the Corporation to identify how each Member voted;

provided that a proxy, a mailed-in ballot, or any vote cast by means of a telephonic, electronic or other communication facility must be executed by the Member or the Member's attorney authorized in writing or, if the Member is a body corporate or association, by an officer or employee of a Member or of an affiliated entity of a Member.

(2) The Board may from time to time establish requirements regarding the lodging of proxies at some place or places other than the place at which a meeting or adjourned meeting of Members is to be held and for particulars of such proxies to be sent by facsimile or in writing before the meeting or adjourned meeting to the Corporation or any agent of the Corporation for the purpose of receiving such particulars and providing that proxies so lodged may be voted upon as though the proxies themselves were produced at the meeting or adjourned meeting and votes given in accordance with such requirements shall be valid and shall be counted. The chair of any meeting of Members may, subject to any requirements established as aforesaid, in the chair's discretion accept facsimile or written communication as to the authority of any person claiming to vote on behalf of and to

represent a Member notwithstanding that no proxy conferring such authority has been lodged with the Corporation, and any votes given in accordance with such facsimile or written communication accepted by the chair of the meeting shall be valid and shall be counted.

- (3) Voting by proxy, mailed-in ballot, or by means of a telephonic, electronic, or other communication facility shall comply with the procedures for collecting, counting, and reporting the results of any vote established by the Board from time to time. Such procedures are incorporated by reference in this By-law.

Section 4.7 Votes

The voting rights of the Members at any meeting of Members shall be as follows:

- (a) In the case of a vote for the election of Directors, each Member present at a meeting to elect such Directors shall have the right to exercise one vote;
- (b) In the case of a vote for the removal of a Director, each Member present at a meeting to consider the removal of the Director shall have the right to exercise one vote. A majority of the votes cast by the Members, voting together, present and carrying voting rights to remove a Director shall remove such Director from office;
- (c) In the case of a vote for the repeal, amendment or enactment of a By-law or to authorize an application for articles of amendment (including increasing the size of the Board or adding new classes of members) or to approve the sale or transfer of all or substantially all the Corporation's assets, or an amalgamation or plan of arrangement, each Member shall have the right to exercise one vote at a meeting at which such approval is required, and except as required by the Articles or the Act, every such question shall be decided by at least two-thirds of the votes cast on the question by the Members, voting together, present and carrying voting rights;
- (d) On all other questions or matters to be decided at a meeting, each Member present at a meeting shall have the right to exercise one vote. A majority of votes cast by all Members, voting together, present and carrying voting rights shall decide the question or matter.

Section 4.8 Participation in Meetings by Telephonic or Electronic Means

- (1) A Member may participate in a meeting of the Members by means of a telephonic, electronic or other communication facility that permits all persons participating in the meeting to communicate adequately with each other, if the Corporation makes available such a communication facility. A Member participating in such a meeting by such means is deemed to be present at the meeting.
- (2) If the Board or Members call a meeting of Members, the Board or Members, as the case may be, may determine that the meeting shall be held entirely by means of a telephonic, electronic, or other communication facility that permits all participants to communicate adequately with each other during the meeting.

- (3) At the outset of each meeting referred to in subsection (1) or (2) and whenever votes are required, the chair of the meeting shall establish the existence of a quorum and unless a majority of the Members present at such meeting otherwise require, adjourn the meeting to a predetermined date, time and place whenever not satisfied that the proceedings of the meeting may proceed with adequate security and confidentiality.

Section 4.9 Chair, Secretary and Scrutineers

The chair of any meeting of Members shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: Chair, Vice-Chair, or the President. If no such officer is present within fifteen minutes from the time fixed for holding the meeting, the persons present and entitled to vote on behalf of Members shall choose one of their number to be chair. If the secretary of the Corporation is absent, the chair shall appoint an individual who is authorized to vote on behalf of a Member to act as secretary of the meeting. If desired, one or more scrutineers, who need not be Members, may be appointed by a resolution or by the chair with the consent of the meeting.

Section 4.10 Persons Entitled to be Present

The only persons entitled to be present at a meeting of Members shall be those entitled to vote thereat, the Directors and auditor of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act, the Articles or By-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chair of the meeting or with the consent of the meeting.

Section 4.11 Show of Hands

Subject to the provisions of the Act, any question at a meeting of Members shall be decided by a show of hands or by such other form of consent appropriate to the communication facility used to collect votes, unless a ballot thereon is required or demanded in accordance with Section 4.12. Subject to the By-laws, upon a show of hands or the provision of another appropriate form of consent, every person who is present and entitled to vote on behalf of a Member shall have one vote. Whenever a vote by show of hands or otherwise shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chair of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the Members upon the said question.

Section 4.12 Ballots

On any question proposed for consideration at a meeting of Members, and whether or not a show of hands or another form of consent has been taken thereon, the chair or any person who is present and entitled to vote, whether as proxyholder or representative, on such questions at the meeting may demand a ballot. A ballot so required or demanded shall be taken in such manner as the chair shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled to that number of

votes provided by the By-laws and the result of the ballot so taken shall be the decision of the Members upon the said question.

Section 4.13 Adjournment

The chair at a meeting of Members may, with the consent of the meeting and subject to such conditions as the meeting may decide, adjourn the meeting from time to time and place to place. If a meeting of Members is adjourned for less than thirty days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting that is adjourned.

ARTICLE 5 BOARD OF DIRECTORS

Section 5.1 Number and Qualifications

Subject to the Articles, the Board shall be comprised of 15 Directors. A majority of the Directors shall be residents of Canada. Directors need not be Members.

Section 5.2 Director Representation

The Board shall be comprised of 15 Directors as follows:

- (a) Eight Independent Directors,
- (b) Six Non-Independent Directors, and
- (c) The President.

Section 5.3 Recommendation of Director Nominees for Election

- (1) Prior to each annual meeting of Members at which Directors are to be elected, the Governance Committee shall review and select for recommendation to the Board as nominees such number of qualified candidates for election as Non-Independent Directors and Independent Directors as are to be elected at the annual meeting. The Governance Committee will evaluate individual candidates based on their ability to contribute a range of knowledge, skills and experience and having regard for the required composition of the Board and the fact that the Board, as a whole, should be representative of the Corporation's various stakeholders.
- (2) Subject to the terms of the Recognition Orders, the Board shall nominate for election to the Board at the annual meeting the persons as determined in accordance with this Section 5.3.

Section 5.4 Election and Term

- (1) The term of each Independent Director and Non-Independent Director elected at a meeting of Members shall expire at the dissolution or adjournment of the second annual meeting of Members following the annual meeting of Members at which the Director was elected.

Notwithstanding the foregoing sentence, the Board of Directors shall be authorized pursuant to Section 5.3(2) to nominate for election by the Members a Director with a term that may expire before the second annual meeting of Members following such election.

- (2) With the exception of the President, a Director may be elected to serve four consecutive terms in office but shall not be eligible to be elected to serve a fifth consecutive term, which shall include any shorter term as may have been fixed by the Board of Directors in accordance with this By-law, but shall exclude any portion of a term in office in respect of a vacancy filled pursuant to Section 5.6. For purposes of determining the number of consecutive terms in office of an initial Director upon the Amalgamation who was re-elected at the first annual meeting of Members, his or her term in office prior to the first annual meeting of Members shall not be included. Those Directors elected at the first annual meeting of Members following the Amalgamation to serve for an initial one year term shall be limited to three additional consecutive terms in office.
- (3) Notwithstanding Section 5.4(2), a Director who was on the board of directors of either IIROC or the MFDA immediately prior to the Amalgamation shall not be elected to serve on the Board for a term that would result in such Director serving beyond the first annual meeting of Members held after the eight (8) year anniversary of such Director's election to the board of IIROC or the MFDA, as applicable.

Section 5.5 Vacancies

The office of Director shall be automatically vacated:

- (a) If a resolution to remove the Director has been approved by the Members in accordance with Section 4.7(b);
- (b) In the case of a Director who is President, if the Director ceases to be President;
- (c) In the case of an Independent Director, if the Director ceases to be qualified as an Independent Director;
- (d) If a Director shall have resigned the office by delivering a written resignation to the secretary of the Corporation;
- (e) If the Director is declared to be incapable by a court in Canada or in any other country;
- (f) If a majority of the Directors (excluding the Director in question) determine that the Director is no longer a fit and proper person;
- (g) If the Director becomes bankrupt; or
- (h) If the Director dies.

Section 5.6 Filling Vacancies

If a vacancy in the Board shall occur for any reason, the vacancy shall be filled (allowing a reasonable period of time for doing so) for the balance of the term or such shorter term as the Board shall determine pursuant to Section 5.4, of the Director that vacated the office by a resolution passed by the Board appointing a Director, provided that:

- (a) If the vacancy is caused by the departure of the President, the person to be appointed to the office of the President has been appointed by the Board;
- (b) If the vacancy is caused by the departure of an Independent Director or a Non-Independent Director, the person to be appointed has been identified and recommended by the Governance Committee and in the case of a vacancy of an Independent Director, the person recommended is qualified as an Independent Director, and
- (c) If the vacancy is caused by the failure to elect the required number of Directors, the Board may appoint a Director to fill the vacancy on the basis that the vacancy arose by reason of the departure of an Independent Director or Non-Independent Director and the provisions of Section 5.6(b) shall apply.

Section 5.7 Remuneration of Directors

The Board may determine from time to time such reasonable remuneration, if any, to be paid to the Independent Directors for serving as such and the Board may determine that such remuneration need not be the same for all Directors. Non-Independent Directors shall not receive remuneration for serving as such. Directors may be reimbursed for reasonable expenses incurred by a Director in the performance of the Director's duties.

Section 5.8 Release of Claims

When a Director ceases to hold office, the Corporation shall release a resigning or departing Director of all claims with respect to any matter or thing up to and including the resignation or departure in the capacity as a Director, except for any claims (other than to the extent the Director is indemnified by the Corporation pursuant to Section 9.2) which might arise out of the gross negligence or fraud of the resigning or departing Director.

ARTICLE 6 POWERS OF DIRECTORS

Section 6.1 Administer Affairs

The Board shall supervise the management of the affairs of the Corporation. Subject to the By-laws and the Act, the powers of the Board may be exercised by resolution passed at a meeting at which a quorum is present or by resolution in writing signed by all the Directors entitled to vote on that resolution at a meeting of the Board. If there is a vacancy on the Board, the remaining Directors may exercise all the powers of the Board so long as a quorum remains in office.

Section 6.2 Expenditures

The Board shall have power to authorize expenditures on behalf of the Corporation from time to time and may delegate by resolution to an officer or officers of the Corporation the right to employ and pay salaries to employees.

Section 6.3 Borrowing Power

- (1) The Board is hereby authorized, from time to time, without the authorization of the Members:
 - (a) To borrow money upon the credit of the Corporation;
 - (b) To limit or increase the amount to be borrowed;
 - (c) To issue or cause to be issued, bonds, debentures or other securities of the Corporation and to pledge or sell the same for such sums, upon such terms, covenants and conditions and at such prices as may be deemed expedient by the Board;
 - (d) To secure any such bond, debentures or other securities, or any other present or future borrowing or liability of the Corporation, by mortgage, hypothec, charge or pledge of all or any currently owned or subsequently acquired real and personal, movable and immovable, property of the Corporation, and the undertaking and rights of the Corporation; and
 - (e) Delegate to a committee of the Board, a Director or an officer or officers of the Corporation all or any of the powers conferred on the Board under this subsection to such extent and in such manner as the Board may determine at the time of such delegation.
- (2) The powers hereby conferred shall be deemed to be in supplement of and not in substitution for any powers to borrow money for the purposes of the Corporation possessed by its Directors or officers independently of this By-law.

Section 6.4 Conflict of Interest

- (1) A Director who is in any way directly or indirectly interested in a material contract or proposed material contract or a material transaction or proposed material transaction with the Corporation shall make the disclosure required by the Act and except as provided by the Act, no such Director shall vote on any resolution to approve any such contract or transaction. In supplement of and not by way of limitation upon any rights conferred upon Directors by the Act, it is declared that, subject to compliance with the Act, no Director shall be disqualified from any such office by, or vacate any such office by reason of, holding any office with the Corporation or with any corporation in which the Corporation shall be a shareholder or by reason of being otherwise in any way directly or indirectly interested or contracting with the Corporation as vendor, purchaser or otherwise or being concerned in any contract or arrangement made or proposed to be entered into with the

Corporation in which the Director is in any way directly or indirectly interested as vendor, purchaser or otherwise. Subject to compliance with the Act, no contract or arrangement or transaction entered into by or on behalf of the Corporation in which any Director shall be in any way directly or indirectly interested shall be void or voidable and no Director shall be liable to account to the Corporation or any of its Members or creditors for any profit realized by or from any such contract or arrangement or transaction by reason of any fiduciary relationship. Notwithstanding the foregoing prohibitions on voting by a Director, such Director may be present at and counted to determine the presence of a quorum at the relevant meeting of Directors.

- (2) A Director who is a party to, or who is a director, officer or employee of or has a material interest in any person who is a party to, a regulatory matter or regulatory investigation in which the Corporation is involved shall disclose the nature and extent of his or her interest at the time and in the manner required by subsection 6.4(1) for an interest in a contract or transaction. Such Director shall not vote on any such matter or investigation, and shall withdraw from the part of any meeting of the Board at which the matter or investigation is discussed or considered, if such matter or investigation is directed specifically at or otherwise directly relates to the Director or a person of which he or she is an employee, officer or director or in which he or she has a material interest.

ARTICLE 7 DIRECTORS' MEETINGS

Section 7.1 Place of Meeting

Meetings of the Board may be held at any place to be determined by the Board, inside of Canada.

Section 7.2 Calling of Meetings

Meetings of the Board shall be held from time to time at such time as the Board, the Chair, the President, or any two Directors may determine.

Section 7.3 Notice of Meetings

Forty-eight hours written notice of any meeting of the Board shall be given, other than by mail, to each Director. Notice by mail shall be sent at least fourteen days prior to the meeting. There shall be at least one meeting per calendar quarter of the Board. Any notice shall describe the matters to be addressed at the meeting. A meeting of the Board shall be held immediately following an annual meeting without notice, provided a quorum is present.

Section 7.4 Adjourned Meeting

Any meeting of directors may be adjourned from time to time by the chair of the meeting, with the consent of the meeting, to a fixed time and place. Notice of any adjourned meeting of directors is not required to be given if the time and place of the adjourned meeting is announced at the original meeting. Any adjourned meeting shall be duly constituted if held in accordance with the terms of the adjournment and a quorum is present thereat. The directors who formed a quorum at the

original meeting are not required to form the quorum at the adjourned meeting. If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment. Any business may be brought before or dealt with at any adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same.

Section 7.5 Regular Meetings

The Board may appoint a day or days in any month or months for regular meetings of the Board at a place and hour to be named. A copy of any resolution of the Board fixing the place and time of such regular meetings shall be sent to each Director forthwith after being passed, but no other notice shall be required for any such regular meeting except where the Act requires the purpose thereof or the business to be transacted thereat to be specified and except where non-routine business is to be discussed.

Section 7.6 Chair of Meetings of the Board

The chair of any meeting of the Board shall be the Chair, and if the Chair is not present at the meeting, the Vice-Chair. If the Chair and the Vice-Chair are not present, the Directors present shall choose one of their number to be chair.

Section 7.7 Voting Rights

Each Director is authorized to exercise one vote at all meetings of the Board, and except as required by the Act, every question shall be decided by a majority of the votes cast on the question and, in case of an equality of votes, the chair of the meeting shall not be entitled to a second or casting vote.

Section 7.8 Participation in Meetings by Telephonic or Electronic Means

- (1) A Director may participate in a meeting of the Board or of a committee of the Board by means of a telephonic, electronic, or other communication facility that permits all persons participating in the meeting to communicate adequately with each other, provided that each Director has consented in advance to meeting by such means, and a Director participating in such a meeting by such means is deemed to be present at the meeting.
- (2) At the outset of each meeting referred to in the foregoing subsection and whenever votes are required, the chair of the meeting shall establish the existence of a quorum and, unless a majority of the Directors present at such meeting otherwise require, adjourn the meeting to a predetermined date, time and place whenever not satisfied that the proceedings of the meeting may proceed with adequate security and confidentiality.

Section 7.9 Quorum

A majority of the Directors in office, including a majority of the Independent Directors in office from time to time, shall constitute a quorum for meetings of the Board. Any meeting of the Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the By-laws.

Section 7.10 Minutes of Meetings

The minutes of the Board shall not be available to the Members but shall be available to the Directors, each of whom shall receive a copy of such minutes.

ARTICLE 8 OFFICERS

Section 8.1 Appointment

The Board may annually or more often as may be required, appoint a Chair, a Vice-Chair, a President, one or more vice-presidents, a secretary and any such other officers as the Board may determine, including one or more assistants to any of the officers so appointed. The Board may specify the duties of and, in accordance with this By-law and subject to the provisions of the Act, delegate to such officers powers to manage the affairs of the Corporation. Except as otherwise provided in this By-law, officers need not be Directors, nor Members.

Section 8.2 Chair and Vice-Chair of the Board

The Board shall from time to time appoint a Chair of the Board who shall be an Independent Director and may appoint one or more Vice-Chairs of the Board who shall be Directors and may not be President. If appointed, the Board may assign to them any of the powers and duties that are by any provisions of a By-law assigned to the President, and they shall, subject to the provisions of the Act, have such other powers and duties as the Board may specify. During the absence or disability of the Chair, the Vice-Chair shall perform the duties and exercise the powers of Chair.

Section 8.3 President and Chief Executive Officer

The Board shall appoint a President, who shall also be appointed as the chief executive officer. The President shall have such powers and duties as the Board may specify.

Section 8.4 Vice-President

A vice-president shall have such powers and duties as the Board or the President may specify.

Section 8.5 Secretary

The secretary shall attend and be the secretary of all meetings of the Board (or arrange for another individual to so act), Members and committees of the Board and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings thereat; the secretary shall give or cause to be given, as and when instructed, all notices to Members, Directors, officers, auditors and members of committees of the Board; the secretary shall be the custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Corporation and of all books, papers, records, documents, and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose; and the secretary shall have such other powers and duties as the Board or the President may specify.

Section 8.6 Powers and Duties of Other Officers

The powers and duties of all other officers shall be such as the terms of their engagement call for or as the Board or the President may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the Board or the President otherwise directs.

Section 8.7 Variation of Powers and Duties

The Board may from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer.

Section 8.8 Term of Office

The Board, in its discretion, may remove any officer of the Corporation, without prejudice to such officer's rights under any employment contract. Otherwise, each officer appointed by the Board shall hold office until his or her successor is appointed, or until his or her earlier resignation.

Section 8.9 Terms of Employment and Remuneration

The terms of employment and the remuneration of an officer appointed by the Board shall be settled by the Board from time to time or by a committee of the Board appointed for that purpose.

Section 8.10 Conflict of Interest

Section 6.4 of this By-Law shall apply to an officer (i) with any interest in any material contract or proposed material contract or material transaction or proposed material transaction with the Corporation, or (ii) who is a party to, or who is a director, officer or employee of or has a material interest in any person who is a party to a regulatory matter or regulatory investigation in which the Corporation is involved, as if the officer were a Director.

Section 8.11 Agents and Attorneys

The Corporation, by or under the authority of the Board, shall have power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers of management, administration or otherwise (including the power to sub-delegate) as may be thought fit, subject to the provisions of the Act.

ARTICLE 9 PROTECTION OF DIRECTORS AND OTHERS

Section 9.1 Limitation of Liability

No Protected Party shall be liable for the acts, neglect or defaults of any other Protected Party, or for any other loss, damage or misfortune whatsoever which shall happen in the execution of the duties of his or her office or position or in relation thereto unless the same are occasioned by his or her own wilful neglect or default.

Section 9.2 Indemnities to Directors and Others

- (1) Each Indemnified Party shall, from time to time and at all times, be indemnified and saved harmless out of the funds of the Corporation, from and against:
 - (a) all costs, charges, fines, damages and penalties and expenses whatsoever that such Indemnified Party reasonably incurs, including an amount paid to settle an action or satisfy a judgment, in respect of any civil, criminal, administrative, investigative, or other proceeding which is threatened, brought, commenced or prosecuted against him or her, or in respect of any act, deed, matter or thing whatsoever, made, done or permitted by him or her, in or about the execution of the duties of his or her office or position or in respect of any such liability including those duties executed, whether in an official capacity or not, for or on behalf of or in relation to any body corporate or entity which he or she serves or served at the request of or on behalf of the Corporation or other entity; and
 - (b) all other costs, charges and expenses which he or she sustains or incurs in or about or in relation to the affairs thereof, including an amount representing the value of time any such Indemnified Party spent in relation thereto and any income or other taxes or assessments incurred in respect of the indemnification provided for in this By-law, until it is conclusively determined that such Indemnified Party shall no longer be entitled to such indemnification,

provided that the Indemnified Party:

- (c) acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the other entity for which the Indemnified Party acted as director or officer or in a similar capacity at the Corporation's request; and
 - (d) in the case of a criminal or administrative proceeding that is enforced by a monetary penalty, had reasonable grounds for believing that his/her conduct was lawful.
- (2) The Corporation shall also indemnify such persons in such other circumstances as the Act permits or requires. Nothing in this By-law shall limit the right of any person entitled to indemnity apart from the provisions of this By-law.

Section 9.3 Insurance

The Corporation shall purchase and maintain insurance for the benefit of any Indemnified Party against such liabilities and in such amounts as the Board may from time to time determine and are permitted by the Act.

ARTICLE 10 REGIONAL COUNCILS

Section 10.1 Designation of Regions

Subject to the terms of the Recognition Orders, the Board may establish a National Council, and the Board may designate any geographic area in Canada as a Region of the Corporation. Subject to the terms of the Recognition Orders, the Board may change or terminate any such designation. The original geographic areas of Canada have been designated as Regions of the Corporation as follows:

- (a) Atlantic Region, composed of the Provinces of New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador;
- (b) Quebec Region;
- (c) Ontario Region;
- (d) Manitoba Region, composed of the Province of Manitoba and the Territory of Nunavut;
- (e) Saskatchewan Region;
- (f) Alberta Region, composed of the Province of Alberta and the Northwest Territories; and
- (g) Pacific Region, composed of the Province of British Columbia and the Yukon Territory.

Section 10.2 Composition of Regional Councils

- (1) There shall be a Regional Council in each Region. Each Regional Council shall be composed of four to twenty members, as determined from time to time by the Regional Council, including a chair and vice-chair to be elected at the annual meeting of Dealer Members of the Region.
- (2) In addition to the members of the Regional Council elected at the annual meeting of Dealer Members of the Region, the Board may appoint one or more ex-officio members of a Regional Council.

Section 10.3 Duties and Powers

Each Regional Council shall have an advisory role with respect to regional issues, and provide regional perspectives on national issues.

Section 10.4 Meetings of Regional Members

The Dealer Members of each Region shall meet at least annually for the purpose of electing members of the Regional Council. A meeting of the Dealer Members of any Region may be called

by the Regional Council or by the Board and shall be held and conducted in accordance with the By-laws and Rules, and the procedures established by the Board from time to time. Notice of the time and place of any such meeting shall be given to the Dealer Members of the Region. Two Members of the Region entitled to vote, present personally or by a partner, director or officer shall be a quorum for any meeting of the Dealer Members of the Region. Unless otherwise determined by the Board, voting at any meeting of the Dealer Members of a Region may be carried out in the same manner as provided for voting at meetings of the Corporation. Instruments of proxy for such purpose shall be lodged with the Chair of the Regional Council not later than 10:00 a.m. of the day of the meeting or of any adjournment thereof.

ARTICLE 11 DISTRICT HEARING COMMITTEES

Section 11.1 Designation of Districts

Subject to the terms of the Recognition Orders, the Board may from time to time designate any geographic area in Canada as a District of the Corporation, and may change or terminate any such designation. The original geographic areas of Canada have been designated as Districts of the Corporation as follows:

- (a) Newfoundland and Labrador District;
- (b) Prince Edward Island District;
- (c) Nova Scotia District;
- (d) New Brunswick District;
- (e) Québec District;
- (f) Ontario District;
- (g) Manitoba District, composed of the Province of Manitoba and the Territory of Nunavut;
- (h) Saskatchewan District;
- (i) Alberta District, composed of the Province of Alberta and the Northwest Territories; and
- (j) Pacific District, composed of the Province of British Columbia and the Yukon Territory.

Section 11.2 District Hearing Committees

There shall be a hearing committee in each District. Each District Hearing Committee shall have the duties, shall operate in accordance with the procedures and shall exercise its powers as

set out in the Rules, including its powers with respect to the conduct of hearings. The appointment of the District Hearing Committees shall be made in accordance with the Rules.

ARTICLE 12 COMMITTEES AND ADVISORY BODIES

Section 12.1 Committees of the Board

The Board may from time to time in its discretion appoint from their number one or more committees of the Board with such powers as the Board may determine including, without limitation, the authority to exercise any of the powers of the Board and to act in all matters for and in the name of the Board under the By-laws and Rules, except in each case where By-laws or Rules specifically require an action by, or approval of, the Board. The members of any committee established by the Board shall be appointed annually at the first meeting of Directors following the annual meeting of Members at which Directors have been elected. Unless otherwise provided in this By-law, any Director shall be entitled to be appointed to any committee and a majority of the members of a committee present in person or by telephone shall constitute a quorum, provided that if Independent Directors must be members of the committee, the quorum must also include a majority of the Independent Directors who are members of the committee.

Section 12.2 Governance Committee

The Board shall establish a Governance Committee composed of at least five Directors, and may include the Chair. All of the members shall be Independent Directors. The chair of the Governance Committee shall be elected by the Board. The Governance Committee shall perform such duties as the Board may delegate or direct from time to time.

Section 12.3 Finance, Audit and Risk Committee

The Board shall establish a Finance, Audit and Risk Committee composed of at least five Directors of whom a majority shall be Independent Directors. The chair of the Finance, Audit and Risk Committee shall be an Independent Director elected by the Board. The Finance, Audit and Risk Committee shall review and report to the Board on the annual financial statements of the Corporation and shall perform such other duties as the Board may delegate or direct from time to time.

Section 12.4 Human Resources and Pension Committee

The Board shall establish a Human Resources and Pension Committee composed of at least five Directors of whom a majority shall be Independent Directors. The chair of the Human Resources and Pension Committee shall be an Independent Director elected by the Board. The Human Resources and Pension Committee shall perform such duties as the Board may delegate or direct from time to time.

Section 12.5 Appointments Committee

The Board shall establish an Appointments Committee which will be responsible for appointing members to the District Hearing Committees and such Appointments Committee shall

be composed of at least seven Directors (provided the Appointments Committee shall always be comprised of an uneven number of members), including the President, of whom a majority shall be Independent Directors. The chair of the Appointments Committee shall be an Independent Director elected by the Board. The Appointments Committee shall perform such other duties as the Board may delegate or direct from time to time.

Section 12.6 Committee Meetings

The Board may prescribe requirements and procedures not inconsistent with the Act and the By-laws relating to the calling of meetings of, and conduct or business by, committees of the Board. Subject to the By-laws and Rules and any resolution of the Board, meetings of any such committee shall be held at any time and place to be determined by the chair of the committee or its members provided that at least 48 hours' prior written notice of such meetings shall be given, other than by mail, to each member of the committee. Notice by mail shall be sent at least 14 days prior to the meeting.

Section 12.7 Advisory Bodies

The Board may from time to time appoint such advisory bodies as it may deem advisable, and may delegate such power of appointment to any Director, officer, committee or employee of the Corporation. Membership on such advisory bodies shall be determined by the Board from time to time and if the Board so decides, members of such advisory bodies may be persons other than Directors, Members or directors, officers or employees of a Member.

Section 12.8 Procedure

Unless otherwise determined by the Board, this By-law or the Rules, each committee and advisory body shall have power to regulate its procedure.

ARTICLE 13 NOTICES

Section 13.1 Method of Giving Notices

Any notice (which term includes any communication or document) to be given (which term includes sent, delivered, or served) pursuant to the Act, the regulations thereunder, the Articles, the By-laws or otherwise to a Member, Director, officer, auditor or member of a committee of the Board shall be sufficiently given if delivered personally to the person to whom it is to be given; or if delivered to the person's recorded address; or if mailed to the person at the person's recorded address by prepaid ordinary or air mail; or if sent to the person at the person's recorded address by any means of prepaid transmitted or recorded communication (including any form of electronic communication). A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box and deemed to have been received on the fifth day after mailing; and a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch. The secretary may change or cause to be changed the recorded address of any Member, Director, officer, auditor

or member of a committee of the Board in accordance with any information believed by the secretary to be reliable. The foregoing shall not be construed so as to limit the manner or effect of giving notice by any other means of communication otherwise permitted by law or as authorized by this By-law.

Section 13.2 Undelivered Notices

If any notice given to a Member pursuant to Section 13.1 is returned on three consecutive occasions because the Member cannot be found, the Corporation shall not be required to give any further notices to such Member until the Member informs the Corporation in writing of the Member's new address.

Section 13.3 Omissions and Errors

The accidental omission to give any notice to any Member, Director, officer, auditor or member of a committee of the Board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

Section 13.4 Waiver of Notice

Any Member, proxyholder, representative, other person entitled to attend a Members' Meeting, Director, officer, auditor or member of a committee of the Board may at any time waive any notice, or waive or abridge the time for any notice, required to be given to such person under any provision of the Act, the regulations thereunder, the Articles, the Bylaws or otherwise and such waiver or abridgement, whether given before or after the meeting or other event of which notice is required to be given, shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of the Board or of a committee of the Board which may be given in any manner.

ARTICLE 14 RULES AND OTHER INSTRUMENTS

Section 14.1 Power to Make, Amend or Repeal Rules

The Board may make and from time to time amend or repeal such Rules, policies and other instruments (collectively, "Rules") for the objects of the Corporation as a self-regulatory organization and a regulation services provider. All such Rules for the time being in force, unless expressly otherwise provided, shall be binding upon all Regulated Persons. For the purposes of the discipline of Members in accordance with the Rules, such Rules from time to time are incorporated by reference in this By-law. Rules made or amended may be designated with such style, name or title as approved by the Board. Rules shall be effective without Member approval or approval by any other person, except as expressly otherwise provided therein or pursuant to any applicable legislation, the Recognition Orders or the Information Processor Recognition Orders. Rules may represent the imposition of requirements in addition to or higher than those imposed under the applicable securities legislation.

Section 14.2 Forms and Other Instruments

Where pursuant to any By-Law or Rule, a Form or other instrument may be prescribed or adopted, any such Form or other instrument (including any instructions, directions or notes in such Forms) so prescribed or adopted shall have the same force and effect as the By-Law or Rule pursuant to which it is prescribed or adopted. Any reference in the By-laws or Rules to compliance with the By-laws or Rules shall be deemed to include a reference to any Forms and other instruments.

Section 14.3 Use of Restricted Fund

Permissible uses for the Restricted Fund will be subject to the terms of Recognition Orders.

Section 14.4 Investor Protection Fund

The Corporation is authorized to enter into and perform its obligations under such agreements or other arrangements with the IPF as may be, in the discretion of the Board, consistent with the objects of the Corporation including, without limitation, the Industry Agreement. The President, his or her staff or any other person designated by the Board shall be authorized to execute and deliver any such agreements, or make any such arrangements, and to do all acts and things as may be necessary to permit the Corporation to exercise its rights or perform its obligations thereunder.

In respect of the Industry Agreement or other agreements and arrangements entered into by the Corporation from time to time, each Dealer Member:

- (a) shall promptly pay to the IPF all regular and special assessments levied or prescribed by the IPF in respect of such Dealer Member;
- (b) shall provide to the IPF such information as is contemplated to be provided by a Dealer Member in connection with the assessment of the financial condition of Dealer Members or risk of loss to the IPF;
- (c) acknowledges and consents to the exchange between the Corporation and the IPF of information relating to Dealer Members, their partners, directors, officers, shareholders, employees and agents, customers or any other persons permitted by law in accordance with any information sharing agreements or arrangements made by them;
- (d) shall permit the IPF to conduct reviews of such Dealer Member or designated groups of Dealer Members as contemplated by the Industry Agreement or other arrangements and to fully cooperate with the IPF, and its staff and advisers, in connection with such reviews; and
- (e) shall comply with such actions as the IPF may direct the Corporation to take with respect to a Dealer Member, or with such actions as the IPF may take on behalf of the Corporation as authorized.

Section 14.5 Notices, Guidelines, Etc.

The Corporation may develop and issue to Regulated Persons such guidelines, notices, interpretations, procedures, practices and other communications relevant to the By-laws and Rules or the business and activities of a Regulated Person or any other person subject to the jurisdiction of the Corporation to supplement or assist in the interpretation, application of and compliance with the By-laws and Rules.

Section 14.6 Continuing Jurisdiction and Discipline and Enforcement under the Rules

- (1) Any Regulated Person, in accordance with the provision of any Rule, shall remain subject to the jurisdiction of the Corporation in respect of any action or matter that occurred while that person was subject to the By-laws and Rules, including any predecessor by-laws or rules of IIROC or the MFDA in effect at the time of such action or matter, for such period of time and under such additional conditions as may be provided in the Rules.
- (2) The Rules shall provide the practice and procedure to be followed by the Corporation in connection with the commencement and conduct of a disciplinary hearing and shall establish the penalties or remedies that may be imposed by the Corporation on a Regulated Person for failure to comply with any Rules.

Section 14.7 Exchange of Information, Agreements

- (1) The Corporation may provide assistance, including the collection and sharing of information (including information obtained by the Corporation pursuant to the By-Laws or Rules or otherwise in its possession) and other forms of assistance for the purpose of market surveillance, investigations, enforcement litigation, investor protection and compensation and for any other regulatory purpose to any exchange, self-regulatory organization, securities regulator, financial intelligence or law enforcement agency or authority, or investor protection or compensation fund, whether domestic or foreign.
- (2) The Corporation may enter into an agreement with any entity described in Section 14.7(1) to collect and exchange information (including information obtained by the Corporation pursuant to the By-Laws or Rules or otherwise in its possession) and to provide for any other forms of mutual assistance for the purpose of market surveillance, investigation, enforcement litigation, investor protection and compensation and for any other regulatory purpose.

ARTICLE 15 NO ACTIONS

Section 15.1 No Actions Against the Corporation

No Regulated Person (including in all cases a Member whose rights and privileges have been suspended or terminated and a Member who has been expelled from the Corporation or whose membership has been forfeited) shall be entitled, subject to the rights of appeal granted under the By-laws, Rules or applicable securities legislation, and further subject to any specific contractual rights that a Regulated Person may have in respect of a contract or other agreement to which the

Corporation is a party, to commence or carry on any action or other proceedings against the Corporation or against the Board, or any Indemnified Party, against the IPF, its Board, any of its committees or its officers, employees and agents, in respect of any penalty imposed or any act or omission done or omitted under the provisions of and in compliance with or intended compliance with the provisions of the Articles, By-laws or Rules and, in the case of the IPF, done or omitted under the provisions of and in compliance with or intended compliance with the provisions of its letters patent or articles, by-laws and policies, and in any case under any legislation or regulatory directives or agreements thereunder.

Section 15.2 No Liabilities Arising in Respect of Entities in which Corporation Holds an Interest

The Corporation shall not be liable to a Regulated Person (including in all cases a Member whose rights and privileges have been suspended or terminated and a member who has been expelled from the Corporation or whose membership has been forfeited) for any loss, damage, costs, expense, or other liability arising from any act or omission of any corporation or other entity in which the Corporation holds an equity or participating interest, including without limitation FundSERV Inc.

ARTICLE 16 USE OF NAME OR LOGO: LIABILITIES: CLAIMS

Section 16.1 Use of Name

No Member shall use the name or logo of the Corporation or its predecessors, including IIROC or the MFDA, on letterheads or in any circulars or other advertising or publicity matter, except to the extent and in such form as may be authorized by the Board. The Board may at its sole discretion require a Member to cease using the name or logo of the Corporation. Any use by a Member of the name or logo of the Corporation shall not have the effect of granting to the Member any proprietary interest in the Corporation's name or logo.

Section 16.2 Liabilities

No liability shall be incurred in the name of the Corporation by any Member, officer or committee without the authority of the Board.

Section 16.3 Claims

Whenever the membership of a Member ceases for any reason whatsoever, neither the former Member nor its heirs, executors, administrators, successors, assigns or other legal representatives, shall have any interest in or claim on or against the funds and property of the Corporation.

ARTICLE 17
TRANSITION PERIODS FOR BY-LAWS AND RULES

Section 17.1 Transition Periods for By-laws and Rules

The Board may suspend or modify the application of any By-law or Rule, or provision thereof, for such period of time as it may determine in its sole discretion in order to facilitate the orderly application of and compliance with such By-law or Rule to or by all or any number or class of Regulated Persons. Any suspension or modification may be made either before or after the relevant By-law or Rule has become effective, and notice of the suspension or modification shall be given promptly to all Regulated Persons and to the securities regulatory authority in any jurisdiction where such By-law or Rule would otherwise be in effect. No suspension or modification shall unreasonably discriminate between Members or other persons subject to the jurisdiction of the Corporation and no such modification shall impose on all or any of the Members or other persons subject to the jurisdiction of the Corporation a requirement that is more onerous or strict than the requirements of the By-law or Rule that is subject to the modification.

ARTICLE 18
AMENDMENT, REPEAL, ENACTMENT OF BY-LAWS

Section 18.1 By-laws

- (1) The Board may, by resolution, make, amend, or repeal any By-laws that regulate the activities or affairs of the Corporation and shall submit the By-law, amendment, or repeal to the Members at the next meeting of Members. The Members may, by resolution in accordance with Section 4.7(c), confirm, reject, or amend the By-law, amendment, or repeal. The By-law, amendment, or repeal shall only be effective from the date on which the Members confirm, reject, or amend the By-law, amendment, or repeal.
- (2) The right of Members to vote to confirm, reject or amend a By-law, or exercise other rights granted to Members under the Act, is subject to the authority, pursuant to applicable securities laws and the Recognition Orders, of the securities commissions and securities regulatory authorities to make any decisions relating to the By-laws of Corporation. In the event of an inconsistency between the By-laws and any direction provided by a securities commission or securities regulatory authority to the Corporation, the direction provided by the securities commission or securities regulatory authority will govern.
- (3) The By-law shall become effective at the effective time of the Amalgamation and at such time the By-laws of the predecessors of the Corporation shall be repealed. Such repeal shall not affect the previous operation of any By-law or affect the validity of any act done or right or privilege, obligation, or liability acquired or incurred under, or the validity of any contract or agreement made pursuant to any such By-law prior to its repeal. All directors, officers, and person acting under any By-law so repealed shall continue to act as if appointed under the provisions of this By-law and all resolutions of the Members and of the Board with continuing effect passed under any repealed By-law shall continue as good and valid except to the extent inconsistent with this By-law and until amended or repealed.

**ARTICLE 19
PUBLIC ACCOUNTANT**

Section 19.1 Public Accountant

The Members shall, at each annual meeting, appoint a public accountant to audit the accounts of the Corporation for report to the Members at the next annual meeting. The public accountant shall hold office until the next annual meeting provided that the Directors may fill any casual vacancy in the office of the public accountant. The Corporation's public accountant may not be a Director, officer or employee of the Corporation or of an affiliated Corporation or associated with that Director, officer or employee. The remuneration of the public accountant shall be fixed by the Board.

**ARTICLE 20
BOOKS AND RECORDS**

Section 20.1 Books and Records

The Board shall see that all necessary books and records of the Corporation required by the By-laws of the Corporation or by any applicable statute or law are regularly and properly kept, including maintaining the confidentiality of such books and records when applicable.