

Conditions of Registration
Investment Dealers that Trade in the U.S. Over-the-Counter Markets

The following conditions apply to each registered investment dealer with an office in British Columbia that has not filed an undertaking in Form A.

Interpretation

1. For the purposes of these conditions,

“OTC issuer” means an issuer that has

- (a) a class of OTC-quoted securities, other than American Depository Receipts; and
 - (b) no class of securities listed or quoted on the TSX-Venture Exchange, The Toronto Stock Exchange, the Canadian Trading and Quotation System Inc., the New York Stock Exchange, the American Stock Exchange, or the NASDAQ Stock Market,
- and

“OTC-quoted securities” means a class of securities that has been assigned a ticker symbol on the OTC Bulletin Board or the Pink Sheets.

Risk management

2. You must effectively manage the risks of trading securities of OTC issuers through your supervision and compliance systems.

Monitoring, recordkeeping and reporting

3. You must

- (a) record quarterly the total agency commissions earned by you, and each of your salespersons, through your offices in British Columbia, from trading securities of OTC issuers;
- (b) calculate and record quarterly, for you and each of your salespersons in British Columbia, the proportion of commissions recorded under condition 3(a) to total agency commissions earned trading all equity securities through your offices in British Columbia;
- (c) record quarterly every deposit of securities of an OTC issuer into an account for which the beneficial owner, or an individual who gives trading instructions, is an insider, control person, or founder of the OTC issuer, or an individual who conducts or causes to be conducted investor relations activities relating to the OTC issuer;

- (d) record quarterly the total number of deposits of securities of OTC issuers you refuse under condition 8; and
- (e) within 30 days of the end of each calendar quarter, report in Form B to the British Columbia Securities Commission the information recorded under conditions 3(a), (b), and (d).

Establishing beneficial ownership

- 4. You must not accept an order to sell securities of an OTC issuer deposited in an account at your firm until you make the inquiries necessary for you to form a reasonable belief that you know the identity of the beneficial owner of those securities. If the person you believe to be the beneficial owner of the securities is not an individual, you must make the inquiries necessary for you to form a reasonable belief that you know the identity of every individual who controls the beneficial owner.
- 5. You must take reasonable steps to determine, for every person you identify under condition 4,
 - (a) whether the person is an insider, control person, or founder of the OTC issuer, or an individual who conducts or causes to be conducted investor relations activities relating to the OTC issuer; and
 - (b) if so, how the beneficial owner acquired the securities.

Responsibility of designated person

- 6. You must designate a director or officer of your firm to manage and enforce these conditions.
- 7. Your designated person must, in writing, approve the policies and procedures you adopt to comply with these conditions, and confirm that those policies and procedures will ensure compliance with these conditions.
- 8. You must not accept a deposit of securities of an OTC issuer through the physical deposit of share certificates until your designated person approves the deposit.

Expiry

- 9. These conditions expire on December 31, 2011.

Form A

Undertaking

**[Firm name]
(the “firm”)**

Securities Act, RSBC 1996, c. 418

1. The firm undertakes to the British Columbia Securities Commission not to trade, for its own account or the account of any other person, securities of an OTC issuer until December 31, 2011.
2. Despite paragraph 1, the firm may make an isolated trade in securities of an OTC issuer if
 - (a) the trade is on behalf of a client who does not trade in securities of OTC issuers, either generally or occasionally, as part of his or her investing activities, and
 - (b) the firm records the relevant details of all trades made under this paragraph.
3. The Firm may withdraw this undertaking by notifying the Director, Capital Markets Regulation Division, British Columbia Securities Commission, of its intention to do so 10 days before making any trades that would be contrary to this undertaking.

(Date)

[Firm name]

(Name of Signing Authority – partner, director or officer)

Form B

Investment Dealer Trading in OTC Issuer Securities

1. Date of reporting period: _____ to _____
2. Name of the dealer: _____
3. Total commissions earned by the dealer from trading OTC issuer securities through offices in British Columbia: _____
4. Total commissions earned by the dealer from trading other equity securities through offices in British Columbia: _____
5. Proportion of commissions earned by the dealer from trading OTC issuer securities relative to total commissions earned trading other equity securities: _____ %

6. Total commissions earned by each salesperson from trading OTC issuer securities:

Salesperson: _____	Commission: _____
Salesperson: _____	Commission: _____
Salesperson: _____	Commission: _____
Salesperson: _____	Commission: _____
Salesperson: _____	Commission: _____
Salesperson: _____	Commission: _____

(attach additional pages as necessary)

7. Total commissions earned by each salesperson from trading other equity securities:

Salesperson: _____	Commission: _____
Salesperson: _____	Commission: _____
Salesperson: _____	Commission: _____
Salesperson: _____	Commission: _____
Salesperson: _____	Commission: _____
Salesperson: _____	Commission: _____

(attach additional pages as necessary)

8. Proportion of commissions earned by each salesperson from trading OTC issuer securities relative to total commissions earned trading other equity securities:

Salesperson: _____ %

Salesperson: _____ %

Salesperson: _____ %

Salesperson: _____ %

Salesperson: _____ %

Salesperson: _____ %

(attach additional pages as necessary)

9. Total number of deposits of OTC issuer securities refused under section 8 of the conditions: _____

Provide detailed information for each attempted deposit including date, issuer, client and reason for refusal:

(attach additional pages as necessary)

Dated and Signed:

Partner, director or officer

Send this form to:

Manager, Registration and Compliance, Capital Markets Regulation
British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC V7Y 1L2
Fax: (604) 899-6506