

# MEMORANDUM OF UNDERSTANDING



*The United States  
Securities and Exchange Commission*



*Alberta Securities Commission  
British Columbia Securities Commission  
Ontario Securities Commission  
Autorité des marchés financiers  
du Québec*

*Concerning Consultation, Cooperation  
and the Exchange of Information Related  
to the Supervision of Cross-Border Regulated Entities*

**MEMORANDUM OF UNDERSTANDING  
CONCERNING CONSULTATION, COOPERATION AND  
THE EXCHANGE OF INFORMATION  
RELATED TO THE SUPERVISION OF  
CROSS-BORDER REGULATED ENTITIES**

In view of the growing globalization of the world's financial markets and the increase in cross-border operations and activities of regulated entities, the US Securities and Exchange Commission (SEC), the Autorité des marchés financiers (AMF) and the Ontario Securities Commission (OSC) have reached this Memorandum of Understanding (MOU) regarding mutual assistance in the supervision and oversight of regulated entities that operate on a cross-border basis in the United States and Canada. The Authorities express, through this MOU, their willingness to cooperate with each other in the interest of fulfilling their respective regulatory mandates particularly in the areas of: investor protection; fostering the integrity of and maintaining confidence in capital markets; and reducing systemic risk.

**ARTICLE ONE: DEFINITIONS**

For purposes of this MOU:

1. "Authority" means:
  - a) the US Securities and Exchange Commission (SEC); or
  - b) The Autorité des marchés financiers (AMF), the Ontario Securities Commission (OSC), or any other Canadian securities regulatory authority which may become a party to the Memorandum of Understanding in the manner set out in Article 8 (individually a Canadian Authority, or collectively the Canadian Authorities).
2. "Requested Authority" means:
  - a) Where the Requesting Authority is the SEC, the Canadian Authority to which a request is made under this MOU; or
  - b) Where the Requesting Authority is a Canadian Authority, the SEC.
3. "Requesting Authority" means an Authority making a request under this MOU.
4. "Person" means a natural person, unincorporated association, partnership, trust, investment company or corporation.
5. "Regulated Entity" means a Person that is authorized, designated, recognized, qualified, or registered, and supervised or overseen by one of the Authorities, which may include but is not limited to exchanges and other trading venues; brokers or dealers; investment advisers; investment fund managers or investment companies; clearing agencies or houses, transfer agents; and credit rating agencies.

6. **“Cross-Border Regulated Entity”** means (a) a Regulated Entity of the SEC and any of the Canadian Authorities, (b) a Regulated Entity in one jurisdiction that has been exempted from authorization, designation, recognition, qualification or registration by an Authority in the other jurisdiction, (c) a Regulated Entity in one jurisdiction that is controlled by a Regulated Entity in the other jurisdiction, or (d) a Regulated Entity in one jurisdiction that is physically located in the other jurisdiction. For purposes of this MOU, references to jurisdiction will be determined as either the jurisdiction of the SEC or the jurisdiction of one of the Canadian Authorities.
7. **“On-Site Visit”** means any routine, sweep, or for-cause regulatory visit to or inspection of the Books and Records and premises of a Cross-Border Regulated Entity for the purposes of ongoing supervision and oversight.
8. **“Books and Records”** means documents, books, and records of, and other information about, a Regulated Entity.
9. **“Local Authority”** means the Authority in whose jurisdiction a Cross-Border Regulated Entity is physically located.
10. **“Emergency Situation”** means the occurrence of an event that could materially impair the financial or operational condition of a Cross-Border Regulated Entity.
11. **“Governmental Entity”** means:
  - a) The US Department of the Treasury or the US Board of Governors of the Federal Reserve System, if the Requesting Authority is the SEC; and
  - b) The Québec ministère des Finances, if the Requesting Authority is the AMF; and
  - c) The Ontario Ministry of Finance, if the Requesting Authority is the OSC.

**ARTICLE TWO: GENERAL PROVISIONS**

12. This MOU is a statement of intent to consult, cooperate and exchange information in connection with the supervision and oversight of Cross-Border Regulated Entities that operate within the jurisdictions of the SEC and one or more of the Canadian Authorities, in a manner consistent with, and permitted by, the laws and requirements that govern the Authorities. This MOU provides for consultation, cooperation and exchange of information related to the supervision and oversight of Cross-Border Regulated Entities between the SEC and each Canadian Authority individually. The Authorities anticipate that cooperation will be primarily achieved through ongoing, informal consultations, supplemented, when necessary, by more in-depth cooperation, including through mutual assistance in obtaining information from Regulated Entities. The provisions of this MOU are intended to support such informal communication as

well as to facilitate the written exchange of non-public information where necessary in accordance with applicable laws.

13. This MOU does not create any legally binding obligations, confer any rights, or supersede domestic laws. This MOU does not confer upon any Person the right or ability directly or indirectly to obtain, suppress, or exclude any information or to challenge the execution of a request for assistance under this MOU.
14. This MOU does not limit an Authority to taking solely those measures described herein in fulfillment of its supervisory functions. In particular, this MOU does not affect any right of any Authority to communicate with, conduct an On-Site Visit of (subject to the procedures described in Article Four), or obtain information or documents from, any Person subject to its jurisdiction that is located in the territory of another Authority.
15. This MOU complements, but does not alter the terms and conditions of the following existing arrangements concerning cooperation in securities matters: (i) the IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information, to which the Authorities are signatories, which covers information-sharing in the context of enforcement; and (ii) Memorandum of Understanding between the US Securities and Exchange Commission and Ontario Securities Commission, Commission des valeurs mobilières du Québec and British Columbia Securities Commission, dated 7 January 1988.
16. The Authorities will, within the framework of this MOU, provide each other with the fullest cooperation permissible under the law in relation to the supervision of Cross-Border Regulated Entities. Following consultation, cooperation may be denied:
  - a) Where the cooperation would require an Authority to act in a manner that would violate domestic law;
  - b) Where a request for assistance is not made in accordance with the terms of the MOU; or
  - c) On the grounds of the public interest.
17. To facilitate cooperation under this MOU, the Authorities hereby designate contact persons as set forth in Appendix A.

**ARTICLE THREE: SCOPE OF SUPERVISORY CONSULTATION, COOPERATION AND THE EXCHANGE OF INFORMATION**

18. **Consultation.** The Authorities recognize the importance of close communication concerning Cross-Border Regulated Entities, and intend to consult regularly at the staff level regarding: (i) general supervisory issues, including regulatory, oversight or

other related developments; (ii) issues relevant to the operations, activities, and regulation of Cross-Border Regulated Entities; and (iii) any other areas of mutual supervisory interest.

19. Cooperation will be most useful in, but is not limited to, the following circumstances where issues of common regulatory concern may arise:
  - a) The initial application with an Authority for authorization, designation, recognition, qualification, registration or exemption therefrom by a Regulated Entity that is authorized, designated, recognized, qualified or registered by an Authority in the other jurisdiction;
  - b) The ongoing supervision and oversight of a Cross-Border Regulated Entity; and
  - c) Regulatory or supervisory actions or approvals taken in relation to a Cross-Border Regulated Entity by an Authority that may impact the operations of the entity in jurisdiction of the other Authority.
  
20. **Advance Notification.** Each Authority will, where practicable and reasonable, seek to inform the other Authorities in advance of, or as soon as possible thereafter of:
  - a) Pending regulatory changes that may have a significant impact on the operations, activities, or reputation of a Cross-Border Regulated Entity;
  - b) Any material event of which the Authority is aware that could adversely and directly impact a Cross-Border Regulated Entity. Such events include known changes in the ownership, operating environment, operations, financial resources, management, or systems and control of a Cross-Border Regulated Entity; and
  - c) Enforcement or regulatory actions or sanctions, including the revocation, suspension or modification of relevant authorization, designation, recognition, qualification or registration or exemption therefrom, concerning or related to Cross-Border Regulated Entity.
  
21. **Exchange of Information.** To supplement informal consultations, upon written request, each Authority intends to provide the other Authorities with assistance in obtaining information, and interpreting such information, relevant to ensuring compliance with the laws and regulations of the Requesting Authority and that is not otherwise available to the Requesting Authority. The information covered by this paragraph includes, without limitation:
  - a) Information relevant to the financial and operational condition of a Cross-Border Regulated Entity, including, for example, reports of capital reserves, liquidity or other prudential measures, and internal control procedures;

- b) Relevant regulatory information and filings that a Cross-Border Regulated Entity is required to submit to an Authority including, for example, interim and annual financial statements and early warning notices; and
- c) Regulatory reports prepared by an Authority, including, for example, examination reports, findings, or information drawn from such reports regarding Cross-Border Regulated Entities.

**ARTICLE FOUR: ON-SITE VISITS**

22. Where necessary in order to fulfill its supervision and oversight responsibilities and to ensure compliance with its laws and regulations, an Authority seeking to examine a Cross-Border Regulated Entity located in the jurisdiction of the Local Authority will consult and work collaboratively with the Local Authority in conducting an On-Site Visit. The Authorities will comply with the following procedures before conducting an On-Site Visit:
- a) The Authority seeking to conduct an On-Site visit will provide advance notice to the Local Authority of its intent to conduct an On-Site Visit, by itself or by a third party commissioned by it, and will consult with the Local Authority on the intended timeframe and scope of the On-Site Visit.
  - b) The Local Authority will endeavor to share any relevant examination reports or compliance reviews it may have undertaken respecting the Cross-Border Regulated Entity with the Requesting Authority.
  - c) The Authorities intend to assist each other regarding On-Site Visits, including cooperation and consultation in reviewing, interpreting and analyzing the contents of public and non-public Books and Records; and obtaining information from directors and senior management of a Cross-Border Regulated Entity.
  - d) The Authorities will consult and, where desired, conduct joint inspections with a view to possibly leveraging resources in the oversight of a Cross-Border Regulated Entity.

**ARTICLE FIVE: EXECUTION OF REQUESTS FOR ASSISTANCE**

23. To the extent possible, a request for information pursuant to Article Three should be made in writing, and addressed to the relevant contact person identified in Appendix A. A request for information generally should specify the following:
- a) The information sought by the Requesting Authority;
  - b) A general description of the matter which is the subject of the request and the purpose for which the information is sought; and

c) The desired time period for reply and, where appropriate, the urgency thereof.

24. In an Emergency Situation, the Authorities will endeavor to notify each other of the Emergency Situation and communicate information to the other as would be appropriate in the particular circumstances, taking into account all relevant factors, including the status of efforts to address the Emergency Situation. During an Emergency Situation, requests for information may be made in any form, including orally, provided such communication is confirmed in writing as promptly as possible following such notification.

**ARTICLE SIX: PERMISSIBLE USES OF INFORMATION**

25. The Requesting Authority may use non-public information obtained under this MOU solely for the purpose of supervising Cross-Border Regulated Entities and seeking to ensure compliance with the laws or regulations of the Requesting Authority.
26. This MOU is intended to complement, but does not alter the terms and conditions of the existing arrangements between the Authorities concerning cooperation in securities matters, as set forth in Paragraph 15. The Authorities recognize that while information is not to be gathered under the auspices of this MOU for enforcement purposes, subsequently the Authorities may want to use the information for law enforcement. In cases where a Requesting Authority seeks to use information obtained under this MOU for enforcement purposes, including in conducting investigations or bringing administrative, civil or criminal proceedings, prior consent must be sought from the Requested Authority. Use will be subject to the terms and conditions of the arrangements referred to in Paragraph 15.

**ARTICLE SEVEN: CONFIDENTIALITY OF INFORMATION AND ONWARD SHARING**

27. Except for disclosures in accordance with the MOU, including permissible uses of information under Article Six, each Authority will keep confidential to the extent permitted by law information shared under this MOU, requests made under this MOU, the contents of such requests, and any other matters arising under this MOU.
28. To the extent possible, the Requesting Authority will notify the Requested Authority of any legally enforceable demand for non-public information furnished under this MOU. Prior to compliance with the demand, the Requesting Authority intends to assert all appropriate legal exemptions or privileges with respect to such information as may be available.
29. In certain circumstances, and as required by law, it may become necessary for the Requesting Authority to share information obtained under this MOU with other Governmental Entities in its jurisdiction. In these circumstances and to the extent permitted by law:

- a) The Requesting Authority will notify the Requested Authority.
  - b) Prior to passing on the information, the Requested Authority will receive adequate assurances concerning the Governmental Entity's use and confidential treatment of the information, including, as necessary, assurances that the information will not be shared with other parties without getting the prior consent of the Requested Authority.
30. Except as provided in paragraph 29, the Requesting Authority must obtain the prior written consent of the Requested Authority before disclosing non-public information received under this MOU to any non-signatory to this MOU. During an Emergency Situation, consent may be obtained in any form, including orally, provided such communication is confirmed in writing as promptly as possible following such notification. If consent is not obtained from the Requested Authority, the Requesting and Requested Authorities will consult to discuss the reasons for withholding approval of such use and the circumstances, if any, under which the intended use by the Requesting Authority might be allowed.
31. The Authorities intend that the sharing or disclosure of non-public information, including but not limited to deliberative and consultative materials, such as written analysis, opinions or recommendations relating to non-public information that is prepared by or on behalf of an Authority, pursuant to the terms of this MOU, will not constitute a waiver of privilege or confidentiality of such information.

**ARTICLE EIGHT: AMENDMENTS**

32. The Authorities will periodically review the functioning and effectiveness of the cooperation arrangements between the Authorities with a view, *inter alia*, to expanding or altering the scope or operation of this MOU should that be judged necessary. This MOU may be amended with the written consent of all of the Authorities.
33. Any Canadian Authority may become a party to this MOU by executing a counterpart hereof, together with the SEC and providing notice of such execution to the other Canadian Authorities which are signatories to this MOU.

**ARTICLE NINE: EXECUTION OF MOU**

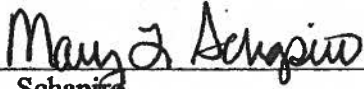
34. Cooperation in accordance with this MOU will become effective on the date this MOU is signed by the Authorities and, in the case of the OSC, on the date determined in accordance with applicable legislation.



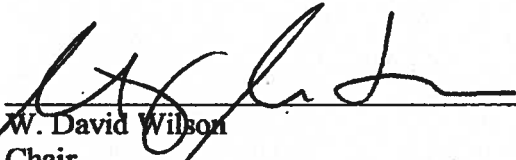
**ARTICLE TEN:           TERMINATION**

35.    **Cooperation in accordance with this MOU will continue until the expiration of 30 days after any Authority gives written notice to the other Authorities of its intention to terminate the MOU. If an Authority gives such notice, cooperation will continue with respect to all requests for assistance that were made under the MOU before the effective date of notification until the Requesting Authority terminates the matter for which assistance was requested. In the event of termination of this MOU, information obtained under this MOU will continue to be treated in a manner prescribed under Articles Six and Seven.**

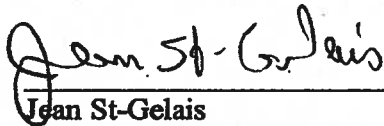
Signed in Montréal, Québec, this 10th day of June 2010.



Mary L. Schapiro  
Chairman  
For the United States Securities and Exchange Commission



W. David Wilson  
Chair  
For the Ontario Securities Commission



Jean St-Gelais  
President and Chief Executive Officer  
For the Autorité des marchés financiers du Québec

## ADDENDUM

Pursuant to this Addendum, in accordance with Article 8, paragraph 33, the Alberta Securities Commission and British Columbia Securities Commission hereby become parties to this MOU.

To reflect the addition of the Alberta Securities Commission and British Columbia Securities Commission as Authorities under this MOU, Article One, paragraph 11, shall include the following language:

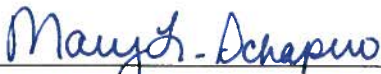
11. "Governmental Entity" means:

(a) – (b) no change.

(c) The Ontario Ministry of Finance, if the Requesting Authority is the OSC ; and

(d) The Ministry of Finance and Enterprise, if the Requesting Authority is the ASC; and

(e) The Ministry of Finance, if the Requesting Authority is the BCSC.

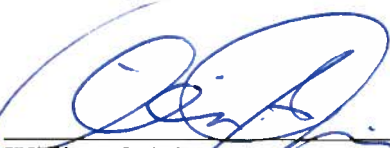


Mary L. Schapiro

Chairman

For the United States Securities and Exchange Commission

Date: *Sept. 7, 2011*



William S. Rice

Chair

For the Alberta Securities Commission

Date: *Sept 19, 2011*



Brenda M. Leong

Chair and Chief Executive Officer

For the British Columbia Securities Commission

Date: *Sept. 14, 2011*

Appendix A

**CONTACT OFFICERS**

**US Securities and Exchange Commission**  
100 F Street NE  
Washington, DC 20549  
USA

Attention:

Director, Office of International Affairs

Tel: (202) 551-6690  
Fax: (202) 772-9273

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**Ontario Securities Commission**  
20 Queen Street West  
19th Floor, Box 55  
Toronto, ON M5H 3S8

Attention:

Director, Office of Domestic and International Affairs

Tel: (416) 593-8084  
Fax: (416) 595-8942

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**Autorité des marchés financiers**  
800, Square Victoria, 22<sup>e</sup> étage  
C.P. 246, Tour de la Bourse  
Montréal (Québec) H4Z 1G3

Attention:

Corporate Secretary

Tel: (514) 395-0337 ext. 2517  
Fax: (514) 864-6381

Appendix A (continued)

**CONTACT OFFICERS**

**Alberta Securities Commission**

Suite 600, 250-5th Street SW  
Calgary, Alberta T2P OR4

Attention :

Director, Office of General Counsel

Tel : (403) 297-4698

Fax : (403) 355-4479

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**British Columbia Securities Commission**

P.O. Box 10142, Pacific Centre  
701 West Georgia  
Vancouver, BC V7Y 1L2

Attention :

Secretary to the Commission

Tel : (604) 899-6534

Fax : (604) 899-6506

Email : [commsec@bcsc.bc.ca](mailto:commsec@bcsc.bc.ca)