

COR # 02/034

## **Exemption from Recognition**

### **The Toronto Stock Exchange Inc.**

#### **Section 33(1) of the *Securities Act*, RSBC 1996, c. 418**

The Toronto Stock Exchange Inc. (TSE) applied for an exemption from recognition as an exchange under section 33(1) of the Act.

The TSE made the following representations to the Commission:

1. The TSE is carrying on business in British Columbia.
2. The Ontario Securities Commission (OSC) has recognized the TSE as a stock exchange under section 21 of the *Securities Act* (Ontario).
3. The TSE is subject to the regulatory oversight of the OSC.
4. The TSE is aware that
  - (a) the Commission has entered into a Memorandum of Understanding (MOU) about the continued oversight of the Canadian exchanges, including the TSE, under which the OSC will act as the lead regulator for the TSE, and
  - (b) the MOU or a similar agreement will continue to apply to the regulatory oversight of the TSE.
5. Under the terms of the MOU, the OSC is the lead regulator of the TSE and is responsible for conducting an oversight program of the TSE to ensure that the TSE meets appropriate standards for market operation and regulation.
6. The TSE and the OSC have adopted a protocol for the approval of changes to the TSE's rules and regulations, under which the TSE provides to the OSC copies of all proposed changes to its by-laws, rules, policies and other regulatory instruments (regulatory instruments). The TSE expects that this protocol or a similar protocol will continue to apply to the approval of changes to the TSE's rules and regulations.

7. Under the terms of the MOU, the OSC acknowledges that the TSE will provide the Commission with
  - (a) copies of all proposed regulatory instruments at the same time the TSE files them with the OSC, and
  - (b) copies of all final regulatory instruments approved by the OSC.
8. The TSE agreed to the terms and conditions set out in this order.

Based on the application and the representations and undertakings of the TSE, the Commission is satisfied that exempting the TSE from recognition as an exchange under the Act would not be prejudicial to the public interest.

The Commission exempts the TSE from recognition as an exchange under section 33(1) of the Act subject to the following terms and conditions:

1. The TSE continues to be recognized as an exchange or a stock exchange by the OSC under the *Securities Act* (Ontario).
2. The OSC continues to be the lead regulator of the TSE under the MOU or an amended or similar agreement and the TSE continues to be subject to the oversight program established by the OSC from time to time.
3. Neither the Commission nor the OSC has terminated the MOU or any amended or similar agreement.
4. The TSE concurrently provides to the Commission copies of all proposed regulatory instruments that it files with the OSC, and all final regulatory instruments approved by the OSC.
5. The TSE provides the Commission, when requested by the Commission through the OSC, any information about the marketplace participants, the shareholders and the market operations of the TSE, including, but not limited to, shareholder and participating organization lists, products, trading information and disciplinary decisions.

The Commission will consider that the TSE is complying with conditions 4 and 5 unless it provides the TSE with written notice of non-compliance and the TSE fails to provide the documents or information within 10 business days of receipt of the notice.

March 26, 2002

Douglas M. Hyndman  
Chair