

CMRA Regulation 21-501
Certain Capital Market Participants

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PART 1 DEFINITIONS

1. Definitions

In this Regulation,

“CUB security” means a share of a company, a right or warrant, but not an option, to purchase a share of a company, or any combination of a share of a company and a right or warrant, but not an option, to purchase a share of a company, but does not include

- (a) a security of a private issuer as defined in subsection 2.4(1) of NI 45-106;
- (b) a security that, under subsection 2.13(1), 2.20(1), 2.21(1), 2.34(2), 2.35(1), 2.36(2), 2.37(1) or 2.38(1) of NI 45-106, is exempt from the prospectus requirement;
- (c) a security that, under section 14 or 15 of CMRA Regulation 41-501 *Prospectus Requirements and Exemptions*, is exempt from the prospectus requirement; or
- (d) a security that is traded on a market place in Canada;

“CUB System” means the internet web-based system operated by Canadian Unlisted Board Inc., which is wholly-owned by TSX Venture Exchange Inc., for the reporting of over-the-counter trading; and

“NI 45-106” means National Instrument 45-106 *Prospectus Exemptions*.

PART 2 RECORD-KEEPING

2. Requirement to provide information to clients

If a client of a member or participant produces to a market place a written confirmation of a transaction on the market place, the market place must supply to the client

- (a) particulars of the time at which the transaction was recorded; and
- (b) verification or otherwise of the matters set out in the confirmation.

PART 3 RECOGNIZED ENTITIES

3. Bourse de Montréal Inc.

The Bourse de Montréal Inc. is an exchange recognized for the purposes of National Instrument 21-101 *Marketplace Operation*, National Instrument 23-101 *Trading Rules*, and National Instrument 23-103 *Electronic Trading and Direct Electronic Access to Marketplaces*.

4. Auditor of member

Auditor of member

- (1) Every recognized exchange and every recognized self-regulatory organization must cause each of its members to appoint an auditor.

Selection of auditor

- (2) The auditor of a member must be chosen from the panel of auditing firms selected under subsection (3).

Panel of auditors

- (3) Every recognized exchange and recognized self-regulatory organization must select a panel of auditing firms for their members.

Auditor

- (4) A person must not be appointed as an auditor under subsection (1) unless the person has practised as an auditor in the securities industry for five years or more.

Examination and report

- (5) The auditor of a member must make an examination, in accordance with generally accepted auditing standards, of the annual financial statements and regulatory filings of the member as called for by the by-laws, rules regulations, policies, procedures, interpretations or practices applicable to the member, and must report on the financial affairs of the member to the recognized exchange or recognized self-regulatory organization, as the case may be, in accordance with professional reporting standards.

5. Restriction on shareholdings of recognized exchange

Without the prior approval of the Authority, a person or combination of persons acting jointly or in concert must not beneficially own or exercise control or direction over, directly or indirectly, more than 10 per cent of any class or series of voting shares of a recognized exchange.

PART 4 OVER-THE-COUNTER TRADING

6. Trade reporting for CUB securities

- (1) Every purchase or sale in a CMR Jurisdiction of a CUB security made by a registered dealer, as principal or agent, must be reported to the CUB System, except a trade that is
 - (a) made through the facilities of a market place outside Canada, or is required to be reported to a market place or a self-regulatory organization outside Canada immediately following execution and
 - (i) the trade is monitored for compliance with applicable securities law, and

- (ii) information concerning the trade is provided to an information vendor or a person performing a similar function respecting public dissemination of data;
 - (b) a distribution by or on behalf of an issuer; or
 - (c) a trade made in reliance on an exemption set out in section 2.3, 2.7, 2.8, 2.10 or 2.15 of NI 45-106.
- (2) Every purchase or sale in a CUB security that is required to be reported under subsection (1) must be reported to the CUB System by the registered dealer, if any, through or by whom the sale is made.
- (3) Where the sale is not made by or through a registered dealer, the registered dealer by or through whom the purchase is made must report the trade.
- (4) The report must be made in accordance with the requirements of the CUB System.
- (5) Every registered dealer must pay the applicable CUB System fees.