

**MEMORANDUM OF AGREEMENT REGARDING
THE COOPERATIVE CAPITAL MARKETS REGULATORY SYSTEM**

BETWEEN:

The Government of British Columbia, represented by its Minister of Finance;

- AND -

The Government of Ontario, represented by its Minister of Finance;

- AND -

The Government of Saskatchewan, represented by its Minister of Justice and Attorney General;

- AND -

The Government of New Brunswick, represented by its Minister of Justice;

- AND -

The Government of Canada, represented by the Minister of Finance of Canada;

- AND -

All other provincial and territorial governments that may enter into this Memorandum of Agreement by way of accession pursuant to section 11 of this Memorandum of Agreement;

collectively, the “**Participating Jurisdictions**” and each, a “**Participating Jurisdiction**”.

1. CONTEXT

- (a) This Memorandum of Agreement (“**MOA**”) reflects the strong commitment of the Participating Jurisdictions to implement a cooperative capital markets regulatory system (the “**Cooperative System**”). The purpose of the Cooperative System will be to regulate capital markets in a manner that will:
- (i) foster more efficient and globally competitive capital markets in Canada and facilitate the raising of capital from investors across Canada and internationally through more integrated markets governed by innovative, responsive and flexible regulation on the basis of common standards reflected in cooperatively-developed regulations consistently applied;
 - (ii) provide increased protection for investors through a combination of more consistent and active compliance activities, more effective enforcement against

misconduct and improved coordination with police and prosecution authorities both within and outside Canada;

- (iii) strengthen Canada’s capacity to identify and manage systemic risk on a national basis; and
 - (iv) enable Canada, through the single voice of a new cooperative capital markets regulator, to play a more empowered and influential role in international capital market regulatory initiatives.
- (b) The Cooperative System will preserve the elements of the current system that work well, including the capacity to weigh and consider local perspectives, and will achieve needed reforms.

2. DEFINITIONS, JURISDICTION AND INTERPRETATION

2.1 Definitions

In this MOA, the following terms have the following meanings:

- (a) “**Board of Directors**” has the meaning set out in section 3(a)(iii);
- (b) “**CMRA**” has the meaning set out in section 3(a)(iii);
- (c) “**CMRA Charter Documentation**” has the meaning set out in section 3(a)(iii);
- (d) “**Cooperative System**” has the meaning set out in section 1(a);
- (e) “**Cooperative System Legislation**” has the meaning set out in section 3(b);
- (f) “**Council of Ministers**” has the meaning set out in section 3(a)(iv);
- (g) “**Executive Committee**” has the meaning set out in section 9.2(c);
- (h) “**Federal Capital Markets Stability Act**” has the meaning set out in section 3(a)(ii);
- (i) “**Initial Regulations**” has the meaning set out in section 8.2;
- (j) “**Major Capital Markets Jurisdiction**” means each provincial or territorial Participating Jurisdiction that represents at least 10 percent of the national gross domestic product derived from financial services (i.e., British Columbia and Ontario initially and Alberta and Quebec if they choose to participate in the Cooperative System);
- (k) “**MOA**” has the meaning set out in section 1(a);
- (l) “**Participating Jurisdiction**” and “**Participating Jurisdictions**” have the meanings set out in the Recitals to this MOA;
- (m) “**Provincial Capital Markets Act**” has the meaning set out in section 3(a)(i);

- (n) “**Regulatory Division**” has the meaning set out in section 9.1(a);
- (o) “**Regulatory Policy Forum**” has the meaning set out in section 9.1(c); and
- (p) “**Tribunal**” has the meaning set out in section 3(a)(iii).

2.2 Jurisdiction

In entering into this MOA and participating in the Cooperative System, each of the Participating Jurisdictions is addressing matters within its constitutional jurisdiction and is neither surrendering nor impairing any of its jurisdiction, with respect to which it remains sovereign.

2.3 Interpretation

If there is an inconsistency between a provision of this MOA and a provision of the Cooperative System Legislation, then the provision of the Cooperative System Legislation will govern.

3. PRINCIPAL COMPONENTS OF THE COOPERATIVE SYSTEM

- (a) The Participating Jurisdictions agree that the principal components of the Cooperative System are as follows:
 - (i) ***Uniform provincial and territorial legislation:*** a uniform act of each provincial and territorial Participating Jurisdiction addressing all matters of provincial or territorial jurisdiction in the regulation of capital markets (the “**Provincial Capital Markets Act**”), substantially in the form of the consultation draft attached as Appendix “A” to this MOA and subject to legislative approval;
 - (ii) ***Complementary federal legislation:*** complementary federal legislation applying throughout Canada that addresses criminal matters and matters relating to systemic risk in national capital markets and national data collection (the “**Federal Capital Markets Stability Act**”), substantially in the form of the consultation draft attached as Appendix “B” to this MOA and subject to legislative approval;
 - (iii) ***Regulator:*** a single operationally independent capital markets regulatory authority (the “**CMRA**”), with an expert board of directors (the “**Board of Directors**”), a regulatory division and an adjudicative tribunal (the “**Tribunal**”), that administers the Provincial Capital Markets Act and the Federal Capital Markets Stability Act and a single set of regulations under authority delegated by the Participating Jurisdictions, that has responsibility for regulatory, enforcement and adjudicative functions, that has the authority to identify and manage systemic risk and that will represent Canada internationally in matters of capital markets regulation, all as specified in legislation, subject to legislative approval, and other constating charter documents to be agreed to by the Participating Jurisdictions (the “**CMRA Charter Documentation**”);

- (iv) ***Council of Ministers:*** a council comprising the Ministers responsible for capital markets regulation in each provincial and territorial Participating Jurisdiction and the Minister of Finance of Canada (the “**Council of Ministers**”) that oversees the CMRA, that is accountable to the Participating Jurisdictions for the exercise of the CMRA’s regulatory powers and to which the Board of Directors is accountable for the exercise of its regulatory powers;
 - (v) ***Offices:*** regulatory offices in every province that is a Participating Jurisdiction providing the same range of services that are currently provided in those offices; and
 - (vi) ***Fees:*** a single, simplified fee structure designed to allow the self-funding of the CMRA that does not impose unnecessary or disproportionate costs on market participants.
- (b) The Provincial Capital Markets Act, the Federal Capital Markets Stability Act and the CMRA Charter Documentation are collectively referred to as the “**Cooperative System Legislation**” in this MOA.

4. COUNCIL OF MINISTERS

The Participating Jurisdictions agree to the following:

4.1 Co-Chairs of the Council of Ministers

The co-chairs responsible for the administration of the Council of Ministers will be the Minister of Finance of Canada and, on a two year rotational basis, the responsible Minister from each Major Capital Markets Jurisdiction.

4.2 Responsibilities of the Council of Ministers

The Council of Ministers will be responsible for:

- (a) appointing the members of the Board of Directors and the Tribunal;
- (b) providing oversight on policy for capital markets regulation and receiving and considering required reports from the Board of Directors;
- (c) proposing amendments to the Cooperative System Legislation;
- (d) approving regulations made by the Board of Directors; and
- (e) requesting the Board of Directors to consider making a regulation on a specific matter, subject to the consultation and approval processes that apply to the making of regulations.

5. COUNCIL OF MINISTERS DECISION MAKING PROCESS

The Participating Jurisdictions agree to the following:

5.1 Voting on the Appointments of Board of Directors and Tribunal Members and an Interface with Non-Participating Jurisdictions

An appointment of a member of the Board of Directors or of the Tribunal or a vote regarding an interface mechanism with non-Participating Jurisdictions must be approved by:

- (a) at least 50 per cent of all members of the Council of Ministers;
- (b) the member of the Council of Ministers from each Major Capital Markets Jurisdiction; and
- (c) the Minister of Finance of Canada.

5.2 Voting on a Regulation made by the Board of Directors

- (a) A regulation made by the Board of Directors subsequent to the Initial Regulations will be put before the Council of Ministers before it comes into force. Unless the Council of Ministers has asked that the Board of Directors reconsider the regulation or the Council of Ministers has decided to reject the regulation within a specified period, the regulation will be considered to have been approved by the Council of Ministers.
- (b) The Council of Ministers must request that the Board of Directors reconsider a regulation before the Council of Ministers makes a decision to reject the regulation.
- (c) A request by the Council of Ministers to the Board of Directors to reconsider a regulation must be approved by:
 - (i) at least 50 per cent of all members of the Council of Ministers; and
 - (ii) any one of the members of the Council of Ministers from the Major Capital Markets Jurisdictions and from Canada taken together.
- (d) A decision to reject a regulation that has been reconsidered by the Board of Directors at the request of the Council of Ministers and once again put before the Council of Ministers before it comes into force must be approved by:
 - (i) at least 50 per cent of all members of the Council of Ministers; and
 - (ii) a majority of the members of the Council of Ministers from the Major Capital Markets Jurisdictions and from Canada taken together.

5.3 Voting on a Request to CMRA to consult on and consider making a Regulation

A request by the Council of Ministers to the Board of Directors to consult on and consider making a regulation under the Provincial Capital Markets Act or the Federal Capital Markets Stability Act must be approved by:

- (a) at least 50 per cent of all members of the Council of Ministers; and

- (b) any one of the members of the Council of Ministers from the Major Capital Markets Jurisdictions and from Canada taken together.

5.4 Specific Economic Development Initiatives

The Minister from a provincial or territorial Participating Jurisdiction may request the Board of Directors of the CMRA to consult on and consider making a regulation to accommodate provincial or territorial government programs that relate to specific economic development initiatives within his or her provincial or territorial Participating Jurisdiction subject to the consultation and approval processes that apply to the making of regulations. The Board of Directors shall approve the request provided that the proposed regulation will not, in the opinion of the Board of Directors, adversely affect the fundamental principles of the CMRA, affect market participants or investors in other jurisdictions or involve other matters of national importance. If the costs of administering that regulation are material, the CMRA may require reimbursement from the provincial or territorial Participating Jurisdiction.

A regulation made under this section by the Board of Directors of the CMRA will require the approval of the Minister from the provincial or territorial Participating Jurisdiction to which the regulation relates before it comes into force.

5.5 Voting on a Proposal to amend Provincial Legislation

A proposal to amend the Provincial Capital Markets Act must be approved by:

- (a) at least 50 per cent of all members of the Council of Ministers; and
- (b) the members of the Council of Ministers from each Major Capital Markets Jurisdiction.

5.6 Consultation on Proposal to amend Federal Legislation

The Minister of Finance of Canada will consult with the other members of the Council of Ministers prior to any federal proposal to amend the Federal Capital Markets Stability Act.

5.7 Fundamental Changes

A decision to approve any of the following matters during the three-year period after the date on which the CMRA commences operations will require the unanimous approval of the Council of Ministers. Thereafter, a decision to approve any of the following matters will require the approval by (A) at least two-thirds of all members of the Council of Ministers; (B) the members of the Council of Ministers from each Major Capital Markets Jurisdiction; and (C) the Minister of Finance of Canada:

- (a) an amendment to this MOA and any subsequent agreements relating hereto;
- (b) the accession by any provincial or territorial jurisdiction to this MOA or the Cooperative System;
- (c) a fundamental change to the governance or operational structure of the CMRA; and

- (d) any relocation of geographic-specific elements and functions addressed in this MOA.

6. NOMINATING COMMITTEES

The Participating Jurisdictions agree to the following:

6.1 Establishment and Composition of Nominating Committees

The Council of Ministers must appoint a nominating committee to recommend candidates for appointment to the Board of Directors and the Tribunal on the following basis:

- (a) The nominating committee for the initial Board of Directors and Tribunal will be composed of one member selected by each of the Ministers from a Major Capital Market Jurisdiction, the Minister of Finance of Canada, the Minister representing Saskatchewan and the Minister representing New Brunswick.
- (b) After the initial Board of Directors and Tribunal are established, the nominating committee (for the Board of Directors and the Tribunal) will be composed of: a) one member selected by each of the Ministers from a Major Capital Markets Jurisdiction and the Minister of Finance of Canada and either: an equal number of members selected by the Board of Directors from among its members in the case of the board nominee process; or an equal number of members selected by the Tribunal in the case of the Tribunal nominee process; and b) one member selected by the provincial and territorial Participating Jurisdictions that are not Major Capital Markets Jurisdictions; or, if there are more than five provincial and territorial Participating Jurisdictions that are not Major Capital Markets Jurisdictions, two members selected by those provincial and territorial Participating Jurisdictions with the members selected being representative of the two regions comprised of the provincial and territorial Participating Jurisdictions that are not Major Capital Markets Jurisdictions.

6.2 Independence and Qualifications

The members of a nominating committee must be independent of the governments represented by the Council of Ministers and possess appropriate qualifications and capital markets-related experience.

7. BOARD OF DIRECTORS OF CMRA

The Participating Jurisdictions agree to the following:

7.1 Composition and Meetings of the Board of Directors

The Board of Directors will be composed of at least nine (or five during the transition period) and no more than 12 directors, all of whom must be independent. As a group, the Board of Directors will possess the requisite capital markets expertise, including international capital and venture market expertise, and will be broadly representative of the regions of Canada. The Board of Directors will meet at the executive head office of the CMRA and other larger offices of the CMRA on a regular basis.

7.2 Responsibilities of the Board of Directors

The Board of Directors will be responsible for:

- (a) supervising the management of the business and affairs of the CMRA, other than matters related to the Tribunal's adjudicative functions;
- (b) overseeing organization design decisions for the CMRA consistent with the principles set out in this MOA;
- (c) appointing the chief regulator and approving the deputy chief regulators proposed by the chief regulator based on a merit-based search by the chief regulator;
- (d) exercising the CMRA's power to make regulations under the Provincial Capital Markets Act and the Federal Capital Markets Stability Act;
- (e) setting the policy priorities and strategy of the CMRA; and
- (f) overseeing the chief regulator as Canada's lead regulatory voice on domestic and international capital market issues and affairs.

7.3 Appointment of the Board of Directors

Each director will be appointed by the Council of Ministers, on the recommendation of a nominating committee to hold office for a fixed term, which can be renewed. In making a recommendation, the nominating committee must select nominees pursuant to a merit-based search and evaluation process in accordance with the highest standards of corporate governance.

7.4 Chair of the Board of Directors

The Board of Directors will recommend a chair from among its members for confirmation by the Council of Ministers.

8. COOPERATIVE SYSTEM LEGISLATION

8.1 Provincial Capital Markets Act

The provincial Participating Jurisdictions confirm that they have approved in principle the English language version of the Provincial Capital Markets Act (subject to such changes as may be agreed to) and will seek legislative approval.

8.2 Initial Regulations

The Participating Jurisdictions agree that, as a condition subsequent to this MOA, the initial regulations (the "**Initial Regulations**") under the Cooperative System Legislation will be approved. In developing the Initial Regulations, the Participating Jurisdictions agree to the following:

- (a) the Initial Regulations will be drafted taking into consideration the economic and regional interests of each Participating Jurisdiction;
- (b) the Initial Regulations will reflect the needs of the various participants in those capital markets within a common securities framework; and
- (c) the Initial Regulations will be published in each Participating Jurisdiction for comment.

8.3 Federal Legislation

The Participating Jurisdictions confirm that they have approved in principle the Federal Capital Markets Stability Act (subject to such changes as may be agreed to) and that the Government of Canada will seek enactment by Parliament.

8.4 CMRA Charter Documentation

The Participating Jurisdictions agree that, as a condition subsequent to this MOA, each Participating Jurisdiction will approve the CMRA Charter Documentation, and seek legislative enactment to the extent necessary.

9. PRINCIPAL COMPONENTS OF CMRA

9.1 Principal Components of CMRA

The Participating Jurisdictions agree that the CMRA will have:

- (a) a regulatory division (the “**Regulatory Division**”) encompassing the policy, regulatory operations, advisory services and enforcement functions of the CMRA and led by the chief regulator administering common standards;
- (b) an adjudicative division consisting of the independent Tribunal led by the chief adjudicator;
- (c) a regulatory policy forum (the “**Regulatory Policy Forum**”) for consultation on policy issues, which will include all members of the Executive Committee, all members of the Tribunal and such other participants as may be appropriate, and which forum will serve to facilitate discussion among the regulators and adjudicators of the CMRA on significant policy issues; and
- (d) if every province joins the Cooperative System, a regulatory office in each of Vancouver, Calgary, Regina, Winnipeg, Toronto, Montreal, Saint John, Halifax, Charlottetown, and St. John’s. Notwithstanding section 5.7, the regulatory office in a provincial Participating Jurisdiction will be relocated only with the consent of the responsible Minister of that provincial Participating Jurisdiction.

9.2 Regulatory Division of CMRA

The Participating Jurisdictions agree that:

- (a) **Chief Regulator** –The chief regulator of the CMRA will serve as the chief executive officer of the Regulatory Division responsible for the management of its business and operations, will be accountable to the Board of Directors and will be based in the executive head office of the CMRA. The responsibilities of the chief regulator will include recommending the deputy chief regulators to the Board of Directors for approval.
- (b) **Deputy Chief Regulators** – The Regulatory Division will have: a deputy chief regulator based in each of the Vancouver and Toronto regulatory offices (and in the regulatory office of any other Major Capital Markets Jurisdiction participating in the Cooperative System); a deputy chief regulator representing Saskatchewan, Manitoba, Northwest Territories, Nunavut and Yukon to the extent they are Participating Jurisdictions; and a deputy chief regulator representing New Brunswick, Newfoundland and Labrador, Nova Scotia and Prince Edward Island to the extent they are Participating Jurisdictions. The initial deputy chief regulator representing Saskatchewan, Manitoba, Northwest Territories, Nunavut and Yukon to the extent they are Participating Jurisdictions will be located in the regulatory office in Saskatchewan for a period of five years after the date on which the CMRA commences operations. The initial deputy chief regulator representing New Brunswick, Newfoundland and Labrador, Nova Scotia and Prince Edward Island will be located in the regulatory office in New Brunswick for a period of five years after the date on which the CMRA commences operations. If not provided for in this Agreement, the location of a regional deputy chief regulator will be proposed by the chief regulator and approved by the Board of Directors. Regional deputy chief regulators will be expected to travel regularly among the regulatory offices in their assigned regions and will be responsible for understanding, and ensuring the CMRA is aware of the needs and interests of the jurisdictions for which they are responsible, commensurate with their capital markets activities. Each deputy chief regulator will be accountable to the chief regulator, will be invited to attend board meetings when appropriate and will be responsible for:
- (i) overseeing the operations and staff of their office, or of the offices in their region, as the case may be, and exercising delegated statutory authority within common standards;
 - (ii) participating in the Executive Committee and Regulatory Policy Forum of the CMRA, contributing to policy development and providing insights into the needs, interests and perspectives of the local regulatory offices, investors, market participants and other stakeholders in their region; and
 - (iii) representing the Regulatory Division in their region.
- (c) **Executive Committee** – The Regulatory Division of the CMRA will have an executive committee (the “**Executive Committee**”) that will include the chief regulator and the deputy chief regulators. The Executive Committee will be expected to meet regularly and serve as the primary executive decision-making body for the Regulatory Division of the CMRA. Its responsibilities will include:

- (i) providing input to the chief regulator in the discharge of his or her responsibilities; and
 - (ii) providing a forum for the integration of regional and functional perspectives.
- (d) ***Role of executive head office and nationally integrated executive management team*** – The CMRA will have an effective executive head office located in Toronto and a nationally integrated executive management team. The executive head office will house the chief regulator and a sufficient number of the executive management team and executive corporate staff of the Regulatory Division to permit the executive head office, as part of the integrated executive management team with the deputy chief regulators and executive management and executive corporate staff based in Vancouver and in other Major Capital Markets Jurisdictions, to provide the necessary leadership, direction and coordination for the Regulatory Division to deliver effective and responsive capital markets regulation and to position the CMRA as a global regulatory leader exerting commensurate international influence.

The Parties agree that there shall be no appointment of any additional deputy chief regulator representing non-Major Capital Markets Jurisdictions or regions.

9.3 Office Structure

Organizational design of the CMRA will be guided by the following principles, which will be applied by the Board of Directors:

- (i) Every regulatory office should have staff, expertise and resources that are commensurate with the capital markets activity, and regulatory and enforcement demands of the Participating Jurisdiction.
- (ii) Each regulatory office should continue to provide the range of services provided as of the date of this MOA with local decision making authority within common standards and the employment of current staff in that office will continue.
- (iii) Each regulatory office should be managed by a director, who should coordinate the delivery of regulatory functions to enable timely and effective responses to the needs of local market participants and investors. The director should ensure that the deputy chief regulator responsible for the province or region is aware of local interests in the development and application of policy.
- (iv) Management and staff in each regulatory office should be empowered to make day-to-day decisions on regulatory matters, guided by common interpretations and common standards.
- (v) Management and staff from all offices should communicate actively to exchange information about best practices and to consult, and bring specialized skills and knowledge to bear, on novel issues.

- (vi) Regional and market sector perspectives should be weighed and considered in major policy and operational decisions by including regionally-based staff in developing policy approaches and operating priorities and processes.
- (vii) The CMRA should foster an environment that helps recruit and retain in all offices talented and qualified staff who will embrace the vision for the organization and work to fulfil its mandate.
- (viii) The CMRA should promote a culture of innovation that values ideas and perspectives from all offices and from other sources (including investors, market participants and other stakeholders) that contribute to delivering better and more cost-effective regulation.

This office structure is intended to leverage the expertise in capital markets regulation available across Canada to enhance efficiencies and reduce costs, while remaining responsive to local needs. The provincial regulatory offices will deliver consistent regulation in accordance with common standards in a way that is responsive to the interests of Canada's investors, regions and market sectors.

9.4 Tribunal

The Participating Jurisdictions agree that:

- (a) ***Composition of the Tribunal*** –The Tribunal will have sufficient members to conduct hearings (both in the English and French languages) across Canada, all of whom will be independent. As a whole, the Tribunal will possess the requisite capital markets and adjudicative expertise.
- (b) ***Appointment of Adjudicators*** – All appointments to the Tribunal by the Council of Ministers will be on the recommendation of the nominating committee. The nominees will be selected by the nominating committee pursuant to a merit-based search and evaluation process in accordance with the highest standards of corporate governance. The Tribunal will consist of full-time and part-time members who are independent.
- (c) ***Chief Adjudicator***– The Council of Ministers will designate one of the full-time members of the Tribunal to be the chief adjudicator. The chief adjudicator will be responsible for supervising and directing matters related to the performance by the Tribunal of its functions, including the allocation of work among members and the assignment of members to sit and to preside at the Tribunal's hearings.
- (d) ***Staff of the Tribunal*** – In the exercise of its responsibilities, the Tribunal will be supported by a secretary, counsel and other staff dedicated to the Tribunal and its functions.

9.5 Compliance with Provincial and Territorial Official Languages Legislation

The operations of the CMRA in a provincial or territorial Participating Jurisdiction will be carried out in compliance with any official languages legislation of that provincial or territorial Participating Jurisdiction.

10. TRANSITION AND IMPLEMENTATION

10.1 Agreement

The Participating Jurisdictions agree to:

- (a) establish the Cooperative System on the basis set out in this MOA;
- (b) use their best efforts to cause their respective legislatures to enact or approve the Cooperative System Legislation; and
- (c) enter into all agreements and take all actions necessary to give effect to this MOA including an agreement for the integration of a capital markets regulatory body or function of a provincial Participating Jurisdiction with an integrated financial regulatory/consumer protection authority or within a government department or ministry that will contemplate:
 - (i) a services agreement for the interim provision of services (which will include the full secondment to the CMRA of authority or government employees involved in capital markets regulation) on a cost-recovery basis by the integrated financial regulatory/consumer protection authority or government department or ministry in the provincial Participating Jurisdiction to the CMRA to assist in administering the Cooperative System Legislation and delivering capital markets regulatory services within common standards in the provincial Participating Jurisdiction for a period of three years commencing on the operational launch date of the CMRA. Employees of an integrated financial regulatory/consumer protection authority or government department or ministry who are seconded to the CMRA and are delivering on behalf of the CMRA capital markets regulatory services pursuant to the services agreement shall be identified as working on behalf of the CMRA, shall work in premises identified with the CMRA and shall be under the sole control and direction of the CMRA on all matters relating to capital markets regulation under, and the interpretation and application of, the Cooperative System Legislation and shall be fully accountable to the CMRA with respect to all such activities. The CMRA may audit costs and monitor service levels for all services provided pursuant to the services agreement; and
 - (ii) an agreement being reached no later than one year prior to the expiry date of the services agreement setting forth the terms of the staged transfer and/or assignment of all employees, assets and contracts of the integrated financial regulatory/consumer protection authority or government department or ministry involved in or relating to capital markets regulation in the provincial Participating Jurisdiction to the CMRA on the basis of certain stipulated benchmarks to be

agreed to with all such transfers and/or assignments being completed by the expiry date of the services agreement.

10.2 Oversight of Implementation

The Ministers representing each Participating Jurisdiction (or their designees) have formed a committee to oversee the transition and implementation of the Cooperative System (the “**Committee**”). The Committee has established and is supervising an implementation team (the “**Implementation Team**”), which is dealing with the day-to-day transition and implementation of the Cooperative System including the planning, execution and completion on a timely basis of all the implementation milestones set forth in section 10.3 of this MOA (the “**Implementation Milestones**”). Each Major Capital Markets Jurisdiction and Canada has selected one member for the Implementation Team. The Implementation Team reports to the Committee on the status of its efforts to satisfy the Implementation Milestones. The Implementation Team will work collaboratively with all Participating Jurisdictions.

10.3 Implementation Milestones

The Participating Jurisdictions agree that the implementation of the Cooperative System will occur in several phases and agree to use their best efforts to achieve the Implementation Milestones on the following timeline:

- (a) on or before December 19, 2014, the publication of the draft Initial Regulations for public comment;
- (b) on or before June 30, 2015, the enactment of the Provincial Capital Markets Act by each provincial and territorial Participating Jurisdiction, the enactment of the Federal Capital Markets Stability Act by Parliament.

Based on this timeline, the Participating Jurisdictions expect the CMRA to be operational in the fall of 2015.

10.4 Funding of Transition by Canada

The Government of Canada will:

- (a) lend funds to the CMRA to cover its deficiency in funding during the transition period up to the date that the Cooperative System is in operation;
- (b) reimburse, upon written request, each provincial and territorial Participating Jurisdiction for the services of its employees who are seconded by mutual agreement to the new implementation organization to assist the Implementation Team, over the 24 months following signing of the Agreement in Principle to Move Towards a Cooperative Capital Markets Regulatory System dated September 19, 2013 for purposes of the implementation of the Cooperative System up to a certain limit to be established by the Government of Canada; and

- (c) make payments to Participating Jurisdictions that will lose net revenue as a result of the transition to the Cooperative System on a transparent basis.

10.5 Interface with Non-Participating Jurisdictions

The Participating Jurisdictions agree that the CMRA will use its best efforts to negotiate and implement an interface mechanism with each jurisdiction that is not a Participating Jurisdiction such that the Cooperative System contemplated by this MOA is, effectively, of national application.

11. ACCESSION TO THIS MOA

- (a) The Participating Jurisdictions agree that they will use their best efforts and work together to secure the agreement of the government of each non-Participating Jurisdiction of Canada to participate in the Cooperative System on the basis of the terms of this MOA.
- (b) Following the approval contemplated by section 5.7(b), any non-Participating Jurisdiction may become a Participating Jurisdiction by providing to all Participating Jurisdictions a separate completed signature page to this MOA, which upon delivery shall be deemed to be a counterpart for all purposes of this MOA.

12. DISPUTE RESOLUTION

Any disputes regarding the interpretation of this MOA will be resolved by consultation among the Participating Jurisdictions.

13. WITHDRAWAL FROM THIS MOA

A Participating Jurisdiction may withdraw from the Cooperative System by providing at least six months' written notice to the other Participating Jurisdictions. A Minister of a Participating Jurisdiction that has provided written notice to any other Participating Jurisdiction of its intention to withdraw from the Cooperative System will no longer be entitled to vote as a member of the Council of Ministers.

The CMRA shall use all reasonable efforts to facilitate an expeditious withdrawal and the transfer and/or assignment of employees, assets and contracts relating to capital markets regulation in a withdrawing Participating Jurisdiction as of the effective withdrawal date.

By signing this MOA, in counterparts, the Ministers representing the Participating Jurisdictions indicate their agreement to it and their acknowledgment that this MOA constitutes the entire agreement between them with respect to its subject matter (superseding all prior and current agreements and understandings including the Amended Agreement in Principle to Move Towards a Cooperative Capital Markets Regulatory System dated July 9, 2014 but excluding the transition funding agreements dated July 9, 2014 between each of the Governments of Saskatchewan and New Brunswick, on the one hand, and the Government of Canada, on the other hand) and is the only agreement or understanding entered into by each of the Participating Jurisdictions with respect to the subject matter of this MOA. Each counterpart shall be deemed to be an original and such counterparts together shall constitute one and the same instrument deemed to be dated as of the latest date on which a counterpart is signed (notwithstanding the earlier execution of the remaining counterparts).

“Michael de Jong”

Her Majesty the Queen in right of British Columbia
as represented by the Minister of Finance of the
Province of British Columbia, Michael de Jong

August 26, 2014

“Charles Sousa”

Her Majesty the Queen in right of Ontario as
represented by the Minister of Finance of the
Province of Ontario, Charles Sousa

August 26, 2014

“Gordon Wyant”

Her Majesty the Queen in right of Saskatchewan
as represented by the Minister of Justice and
Attorney General of the Province
of Saskatchewan, Gordon Wyant

August 26, 2014

“Troy Lifford”

Her Majesty the Queen in right of the Province of
New Brunswick as represented by the Minister of Justice
of the Province of New Brunswick, Troy Lifford

August 20, 2014

“Joe Oliver”

Her Majesty the Queen in right of Canada
as represented by the Minister of Finance
of Canada, Joe Oliver

August 28, 2014