

subsection 24(2) of the *Securities Act* (British Columbia) (the "BC Act") pursuant to COR #99/323 (together, the "Recognition Orders").

3. CDNX presently maintains offices in Calgary, Vancouver and Toronto.

Regulatory Oversight of CDNX

4. CDNX is subject to joint regulatory oversight by both the ASC and the BCSC.

5. CDNX is advised that the MSC, ASC and BCSC have entered into a memorandum of understanding ("MOU") respecting the continued oversight of CDNX by the ASC and BCSC. Under the terms of the MOU, the ASC and BCSC will continue to be responsible for conducting the regulatory oversight of CDNX and for conducting an oversight program of CDNX for the purpose of ensuring that CDNX meets appropriate standards of market operation and regulation.

6. CDNX provides any proposed changes to its bylaws, rules, policies, and other regulatory instruments to the ASC and BCSC for review and approval in accordance with the procedures established by the ASC and BCSC from time to time. CDNX will concurrently provide the Commission with copies of all by-laws, rules, policies and other regulatory instruments that it files for review and approval with the ASC and BCSC. Copies of all final by-laws, rules, policies and other regulatory instruments will also be provided to the Commission.

Corporate Governance

7. CDNX governance structure provides for:

(a) fair and meaningful representation having regard to the nature and structure of CDNX;

(b) appropriate representation on CDNX's Board and its Board Committees of persons independent of CDNX Member-Shareholders; and

(c) appropriate qualification, remuneration and conflict of interest provisions and limitation of liability and indemnification protections for directors, officers and employees of CDNX generally.

8. CDNX has established written standards for granting access to trading through the trading facilities of CDNX.

9. CDNX has established written standards that are designed to ensure that CDNX does not unreasonably prohibit or limit access by a person or company to services offered by it.

10. CDNX keeps records of:

(a) each grant of access including, for each Member-Shareholder and Participating Organization, the reasons for granting such access; and

(b) each denial or limitation of access, including the reasons for denying or limiting access to any applicant.

11. Any and all fees imposed by CDNX on its Member-Shareholders and Participating Organizations are presently allocated on an equitable basis. Fees do not have the effect of creating barriers to access and are balanced with the criteria that CDNX must have sufficient revenues to satisfy its responsibilities.

12. The process established by CDNX for setting fees is fair and appropriate.

Public Interest Rules and Policies

13. CDNX has established by-laws, rules, regulations, policies, procedures and practices and other similar instruments that:

(a) are not contrary to the public interest; and

(b) are designed, with respect to Member-Shareholders and Participating Organizations, to:

(i) ensure compliance with applicable securities legislation;

(ii) prevent fraudulent and manipulative acts and practices;

(iii) promote just and equitable principles of trade; and

(iv) foster co-operation and coordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in, securities.

14. CDNX does not:

(a) permit unreasonable discrimination between customers, issuers, shareholders, and Member-Shareholders or Participating Organizations; or

(b) impose any burden on competition that is not necessary or appropriate in furtherance of applicable securities legislation.

Market Regulation by CDNX:

15. Effective December 31, 1999, CDNX transferred all of its member regulation functions to the Investment Dealers Association of Canada. CDNX continues to perform market regulation functions.

16. CDNX has enacted and adopted by-laws, rules, regulations or other similar instruments that are designed to ensure that its respective Member-Shareholders and Participating Organizations shall be appropriately disciplined for violations of securities legislation and the by-laws, rules, regulations, policies, procedures, practices and other similar instruments of CDNX.

Financial Statements

17. CDNX prepares annual audited financial statements, in accordance with Canadian Generally Accepted Accounting Principles and covered by a report prepared by an independent auditor.

18. CDNX provides the ASC and the BCSC with copies of the statements referred to in clause 18.

System Security, Capacity and Sustainability

19. CDNX has represented to the ASC and BCSC in connection with its Recognition Orders that it will:

- (a) monitor, or on an annual and ad-hoc basis, current trading system capacities and project future trading system capacity requirements;
- (b) conduct, whenever material changes are made or certain trading conditions occur, capacity stress tests of the trading and downstream systems to determine the ability of those systems to process transactions in an accurate, timely and efficient manner;
- (c) review and, if needed, improve, on an annual and ad hoc basis, the development and testing methodologies of the trading and downstream systems;
- (d) review, whenever material changes are made or circumstances warrant, the vulnerability of the trading and downstream systems and data centre computer operations to internal and external threats, including physical hazards, and natural disasters.
- (e) on an annual and ad-hoc basis, test and update, if necessary, CDNX's business continuity plan;
- (f) on an annual and ad-hoc basis, perform an independent review, in accordance with established audit procedures and standards, of its controls for ensuring that it is in compliance with clauses (a) through (e) above, and conduct a review by senior management of a report containing the recommendations and conclusions of the independent review; and
- (g) promptly notify the ASC and the BCSC of material systems failures and changes.

(H) The Commission is of the opinion that it would not be prejudicial to the public interest to grant the order requested.

IT IS ORDERED:

1. THAT, pursuant to subsection 20(1) of the Act, CDNX is exempt from subsection 139(1) of the Act provided that:

(a) CDNX continues to be recognized as an exchange by the ASC and the BCSC;

(b) CDNX continues to be subject to such joint regulatory oversight as may be established and prescribed by the ASC and BCSC from time to time;

(c) the MOU referred to in clause (G)5 above has not been terminated;

(d) CDNX concurrently provides to the Commission copies of all by-laws, rules, policies and other regulatory instruments that it files for review and approval with the ASC and BCSC. CDNX also provides to the Commission copies of all final by-laws, rules, policies and other regulatory instruments; and

(e) CDNX provides to the Commission, where requested by the Commission through the ASC and the BCSC, any information in the possession of CDNX relating to members, shareholders and the market operations of CDNX, including, but not limited to, shareholder and participating organization lists, products, trading information and disciplinary decisions.

2. THAT CDNX is deemed to be in compliance with 1(d) and (e) above unless CDNX has been provided with written notice of non-compliance and has failed to provide the documents or information within 10 business days of receipt of such written notice.

3. THAT this order shall be effective on November 24, 2000 at 4:30 pm Central Standard Time.

BY ORDER OF THE COMMISSION

Director - Legal