

THE SECURITIES ACT
Sections 19(5), 20(1), 148(1)

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Order No. 3387
June 20, 2001

Ameritrade, Inc.

WHEREAS:

(A) On June 18, 2001, The Manitoba Securities Commission (the "Commission") issued a Notice of Hearing (the "Notice") giving notice of its intention to hold a hearing (the "Hearing") to consider:

1. whether or not it is in the public interest to order, pursuant to subsection 148(1) of The Securities Act (the "Act"), that all trading in securities by Ameritrade, Inc., ("Ameritrade") shall cease;
2. whether or not it is in the public interest to order, pursuant to subsection 19(5) of the Act, that:
 - (a) subsections 19(1) and 19(3) of the Act do not, with respect to such of the trades referred to in those sections, apply to Ameritrade;
 - (b) subsection 19(2) of the Act does not, with respect to such of the securities referred to in that section, apply to Respondent;
3. such further and other matters and the making of such further and other orders as the Commission may deem appropriate.

(B) Staff of the British Columbia Securities Commission and Ameritrade, with the consent and agreement of Staff of the Commission, entered into a Settlement Agreement (a copy of which is attached as Schedule "A") dated June 18, 2001 (the "Settlement Agreement"), which proposed settlement of the proceedings initiated by the Notice, subject to the approval of the Commission;

(C) Ameritrade has consented to the issuance of this Order and has waived its respective rights to a full hearing;

(D) The Commission has reviewed the Settlement Agreement and is of the opinion that it is in the public interest to make this Order.

IT IS ORDERED:

1. THAT, pursuant to section 19(5) of the Act, the Settlement Agreement, Schedule "A", be and the same is hereby approved.

2. THAT, pursuant to section 20(1) of the Act, Ameritrade or any relevant affiliate of Ameritrade will be exempted from the registration requirements set out in section 6 of the Act, in respect of existing clients only, until September 30, 2001, upon condition that Ameritrade, or an affiliate of Ameritrade, becomes registered as required by the Act, prior to the expiry of the exemption.

BY ORDER OF THE COMMISSION

Director, Legal and Enforcement

**IN THE MATTER OF THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA,
ONTARIO, QUEBEC, NOVA SCOTIA, NEW BRUNSWICK,
NEWFOUNDLAND, AND YUKON**

AND

IN THE MATTER OF AMERITRADE, INC.

Settlement Agreement

1. In this Settlement Agreement, capitalized terms not otherwise defined shall have meanings ascribed to them in National Instrument 14-101 ("NI14-101"). The Staffs (the "Staffs" and individually, the "Staff") of the Securities Regulatory Authorities (collectively, the "Authorities" and individually, an "Authority") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, New Brunswick, Newfoundland, and Yukon (the "Jurisdictions") and Ameritrade, Inc. or any relevant affiliate of Ameritrade, Inc. (singly or collectively "Ameritrade") wish to enter into an agreement to settle certain issues outstanding between the Jurisdictions and Ameritrade.

2. The staff of the British Columbia Securities Commission has acted throughout on behalf of the Staffs of each Authority with their knowledge and approval.

3. The Staffs of the Authorities agree to recommend the terms set out in this Settlement Agreement for approval pursuant to the required procedure in each jurisdiction.

Agreed Statement of Facts

4. Ameritrade acknowledges the following facts as correct:

4.1 Ameritrade is a company incorporated in Nebraska. It operates a web-based internet securities trading service from its offices in the city of Omaha, in Nebraska, one of the United States of America, and is not registered to trade in any of the Jurisdictions.

4.2 Ameritrade's web site has been available over the internet since at least January 1, 1999, (the "Relevant Period"), and it permits residents in the Jurisdictions to log on to the web site and to then open accounts (the "Account" or "Accounts") with Ameritrade to trade securities over the internet. Ameritrade took instructions from residents in the Jurisdictions and provided trade execution services to these clients.

4.3 Ameritrade agrees that it has executed orders in the Jurisdictions during the Relevant Period without being registered to do so in the Jurisdictions, since at least January, 1999. The Securities Legislation requires a securities firm trading in a jurisdiction with residents of that jurisdiction to be registered as a dealer in that jurisdiction.

4.4 Ameritrade did not turn its attention to the fact that executing orders for Canadian residents in the Jurisdictions in US securities on US markets would be construed as trading in the Jurisdictions. Ameritrade voluntarily agreed to seek registration in the Jurisdictions after communications with the Authorities leading to this Agreement.

Mitigating Factors

5. The Staffs of the Authorities are not aware of any complaints made by Ameritrade's customers resident in the Jurisdictions concerning the Accounts or their trading in the Accounts.

6. Ameritrade represents that it stopped opening Accounts in May, 2000, as a result of regulatory inquiries, and it continues to preclude the opening of Accounts by residents in the Jurisdictions pending resolution of this matter.

Undertaking

7. Ameritrade undertakes and agrees as follows:

7.1 Ameritrade undertakes forthwith to seek registration under the Securities Legislation in the Jurisdictions to trade in the Jurisdictions.

7.2 Ameritrade agrees to pay to the Jurisdictions, upon execution of this Settlement Agreement, the sum of eight hundred thousand dollars Canadian (CDN \$800,000.00), which will be made payable to the British Columbia Securities Commission on behalf of the Jurisdictions.

7.3 Ameritrade will comply with the Securities Legislation in the Jurisdictions after it is registered in the Jurisdictions or any of them, and will comply before it is registered with its gatekeeper and know your client obligations.

7.4 Ameritrade will continue assiduously to seek registration in the Jurisdictions, or in those Jurisdictions in which it has clients. Provided Ameritrade has

assiduously been seeking registration in the Jurisdictions in which it has clients, then those Jurisdictions will consider favourably a request from Ameritrade to extend the exemption referred to in this Settlement Agreement until the registration process is complete.

7.5 During the term of any registration exemption, Ameritrade will provide information and will cooperate fully with each Jurisdiction in which application for registration has been made, in a manner equivalent to that required of a registrant in the Jurisdiction.

Order

8. Ameritrade consents to an order in the form attached as Schedule "A" to this Settlement Agreement by the Jurisdictions that:

8.1 Ameritrade will be granted an exemption until September 30, 2001, from the registration requirements of the Jurisdictions or any of them, in respect of its existing clients only, to permit it to become registered as required under the Securities Legislation.

Waiver

9. Upon approval of the Settlement Agreement by the Authorities, Ameritrade waives any right it may have, under the Securities Legislation of the Jurisdictions, to a hearing, hearing and review, judicial review or appeal related to, in connection with, or incidental to this agreement.

Staff Commitment

10. If this Settlement Agreement is approved by an Authority, Staff of that Authority will not initiate any complaint to the Authority or request the Authority to hold a hearing or issue any order or take any other proceeding in respect of any conduct or alleged conduct of Ameritrade or any of its affiliates or subsidiaries, their officers, directors, employees or agents, in relation to the facts set out in this Settlement Agreement.

Procedure for Approval of Settlement

11. If this Settlement Agreement is required to be approved by a public hearing before an Authority, then Staff of each Authority agrees that this Agreement will constitute the entirety of the evidence to be submitted respecting this matter.

12. If this Settlement Agreement is approved by the Authority, whether through hearing or otherwise, the parties to this Settlement Agreement will not make any statement that is inconsistent with this Settlement Agreement.

13. If this Settlement Agreement is not approved by the Authority or an order substantially equivalent to the form attached as Schedule "A" is not made by the Authority, then:

13.1 this Settlement Agreement including all discussions and negotiations leading up to its presentation at a hearing or to the Authority, and all negotiations between Staff and counsel for Ameritrade concerning the matter of the terms of settlement proposed for Ameritrade, shall be without prejudice to Staff and to Ameritrade. Staff and Ameritrade will be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing unaffected by this agreement or the settlement negotiations;

13.2 the terms of this Settlement Agreement will not be referred to in any subsequent proceeding, or disclosed to any person, except with the written consent of Staff and Ameritrade or as may be required by law; and

13.3 Ameritrade agrees that it will not, in any proceeding, refer to or rely upon this Settlement Agreement or the negotiation or process of approval of this agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

Disclosure of Settlement Agreement

14. Counsel for Staff or for Ameritrade may refer to any part or all of the Settlement Agreement in the course of any hearing convened to consider this Settlement Agreement before any Authorities. Otherwise, the Settlement Agreement and its terms will be treated as confidential by all parties to the Settlement Agreement until approved by the Authorities, and, forever, if, for any reason whatsoever, this Settlement Agreement is not approved by the Authorities.

15. Any obligation as to confidentiality shall terminate upon approval of this Settlement Agreement by the Authorities.

Execution of Settlement Agreement

16. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement and a facsimile copy of any signature shall be as effective as an original signature.

SIGNED at Omaha, Nebraska, on June 16, 2001.

"J. Peter Ricketts"
Authorized Signatory for Ameritrade

"Nancy L. McCabe")
Witness Signature)
)
Nancy L. McCabe)
Witness Name (please print))
)
4211 s. 102nd Street)
)

Omaha, NE 68127)
Address)
)
)
Executive Assistant)
Occupation)

SIGNED at Vancouver, British Columbia, on June 18th, 2001.

"S. Wilson"
Steve Wilson
Executive Director
British Columbia Securities Commission

SIGNED at Toronto, Ontario, on June 14, 2001.

"M.J. Watson"
Michael Watson
Director, Enforcement
Ontario Securities Commission

SIGNED at Calgary, Alberta, on June 15, 2001.

"Wayne Alford"
Wayne Alford
Director, Enforcement
Alberta Securities Commission

SIGNED at Montreal, Québec, on June 15, 2001.

"Jean Lorrain"
Jean Lorrain
Direction de la Conformité et de l'application
Commission des valeurs mobilières du Québec

SIGNED at Halifax, Nova Scotia, on June 14, 2001.

"N. Pittas"
Nicholas A. Pittas
Director of Securities
Nova Scotia Securities Commission