

**1.1.5 Notice of Commission Approval –
Amendments to IDA By-laws 1.1 and 29**

**NOTICE OF COMMISSION APPROVAL – AMENDMENTS
TO IDA BY-LAWS 1.1 AND 29
REGARDING CONFLICTS OF INTEREST AND CLIENT
PRIORITY**

THE INVESTMENT DEALERS ASSOCIATION (IDA)

**AMENDMENTS TO IDA BY-LAWS 1.1 AND 29
REGARDING CONFLICTS OF
INTEREST AND CLIENT PRIORITY**

NOTICE OF COMMISSION APPROVAL

The Ontario Securities Commission (OSC) approved amendments to IDA By-laws 1.1 and 29 regarding conflicts of interest and client priority. In addition, the Alberta Securities Commission (ASC) approved and the British Columbia Securities Commission (BCSC) did not object to the amendments. The IDA is still awaiting approval from the autorite des marches financiers before implementing the amendments. The amendments address potential conflicts of interest when an IDA member recommends to clients securities of an issuer, or executes trades for clients in securities of an issuer, where the IDA member and related “pro group” hold equity and certain debt securities of the issuer, and the IDA member also provides services to the issuer as an adviser, agent, underwriter or member of a selling group in respect to the issuer’s private placement or public offering of securities of the same class. In addition, the amendments clarify that the client priority rule also applies to private placements. The amendments also provide that holdings of the “pro group” that were issued pursuant to a private placement that are subject to a statutory hold period cannot be qualified for resale by way of a prospectus unless an exemption applies.

The amendments were initially published for comment on July 2, 2004 at (2004) 27 OSCB 6229. Immaterial changes have been made to the amendments as a result of comments from the recognizing jurisdictions and the public. Among the changes are that the disclosure obligation ends when either of the conditions for the disclosure obligation (member has entered into an agreement with an issuer to act, and the pro group holdings exceed 10%) ceases to apply, and an additional requirement on members to establish and maintain policies and procedures to identify and manage conflicts. The amendments that were approved by the ASC and the OSC and non-objected to by the BCSC are included in Chapter 13 of this Bulletin, along with a summary of the comment received and response from the IDA. The amendments have been black-lined to indicate the changes from the previously published version.