

1.1.3 Proposed IDA By-law No. 39, Principal and Agent - Notice of Commission Approval

**PROPOSED IDA BY-LAW NO. 39,
PRINCIPAL AND AGENT**

NOTICE OF COMMISSION APPROVAL

The Ontario Securities Commission ("OSC") has approved proposed By-law No. 39 of the IDA, Principal and Agent ("Proposed By-law"), subject to two conditions. In addition, the Saskatchewan Securities Commission ("SSC") approved, the Alberta Securities Commission ("ASC") did not disapprove and the British Columbia Securities Commission ("BCSC") did not object to the Proposed By-law subject to the same conditions. The Proposed By-law will allow IDA members and their salespersons to be in a principal and agent relationship that is not of an employer/employee nature but that has the same legal and functional effect for the purposes of client protection. The following are the conditions of approval, disapproval and non-objection:

1. The Proposed By-law will become effective only after the Universal Market Integrity Rules have been amended to ensure all requirements that are currently applicable to salespersons who are employees will also apply to salespersons who are non-employee agents; and
2. The IDA will monitor any compliance issues arising from the principal/agent relationship and report to staff of the ASC, the BCSC, the OSC and the SSC, one year after the effective date of the Proposed By-law, the nature and the frequency of any compliance issues.

A copy and description of the Proposed By-law were published on November 9, 2001 at (2001) 24 OSCB 6810. No comments were received. The version of the Proposed By-law published was revised to clarify the requirements on IDA members and their salespersons who would like to enter into non-employer/employee principal/agent relationships. A blacklined version of the final Proposed By-law that was approved by the OSC and the SSC, non-disapproved by the ASC and non-objected to by the BCSC is published in Chapter 13 of this Bulletin, which highlights changes to the version that was published on November 9, 2001.