

## Chapter 13

# SRO Notices and Disciplinary Proceedings

### 13.1.1 TSX Inc. Notice - Filing of Housekeeping Amendments to the Rules of the Toronto Stock Exchange Relating to the Adoption of Universal Market Integrity Rules

#### TSX INC. NOTICE

#### FILING OF HOUSEKEEPING AMENDMENTS TO THE RULES OF THE TORONTO STOCK EXCHANGE ("EXCHANGE") RELATING TO THE ADOPTION OF UNIVERSAL MARKET INTEGRITY RULES ("UMIR")

##### Introduction

In November 2001, TSX Inc. ("TSX") adopted certain housekeeping amendments to the provisions in the Rules of the Toronto Stock Exchange, including its Policies, (the "Rules") relating to the adoption of UMIR (the "Amendments"), to be effective on the date determined by TSX that Market Regulation Services Inc. ("RS") was to commence to be the regulation service provider for TSX. That date was subsequently determined to be April 1, 2002. All Participating Organizations received prior notice on March 7, 2002 of the Amendments and their intended effective date. The Amendments were adopted by the TSX and now have been filed with and approved by Ontario Securities Commission ("OSC") in accordance with the terms of the Protocol for Commission Oversight of Toronto Stock Exchange Rule Proposals dated October 23, 1997.

##### Substance

The Amendments delete or vary the provisions of the Rules where the subject matter is covered by UMIR.

##### Non-Public Interest Rule

The Amendments are not considered to be a "public-interest" rule amendment. The Amendments are administrative in nature, as they merely reflect the adoption of UMIR, which were approved by the OSC and other applicable provincial securities commissions. The Amendments do not impact any Rules that are specific to the Exchange.

##### Amendments

The amendments to the Rules of the Exchange are provided in Appendix "A". The amendments to the related Policies of the Exchange are provided in Appendix "B".

##### Effective Date

The Amendments became effective April 1, 2002.

#### APPENDIX "A"

#### TEXT OF AMENDMENTS TO THE RULES OF THE TORONTO STOCK EXCHANGE ON THE ADOPTION OF THE UNIVERSAL MARKET INTEGRITY RULES

#### THE RULES OF THE TORONTO STOCK EXCHANGE

The Rules of The Toronto Stock Exchange are hereby amended as follows:

1. Rule 1-101(1) is amended by adding the following as clause (e):
  - (e) defined or interpreted in UMIR has the meaning ascribed to it in that document.
2. Rule 1-101(2) is amended by deleting the following definitions:
  - (a) "client order";
  - (b) "non-Canadian account";
  - (c) "non-client order";
  - (d) "principal account";
  - (e) "short sale"; and
  - (f) "trades on a when issued basis".
3. Rule 1-101 is amended by deleting the definition of "Market Surveillance Official" and substituting the following:

**"Market Surveillance Official"** means:

  - (a) a Market Integrity Official where the administration of any Rule or Policy is undertaken by RS on behalf of the Exchange; and
  - (b) an employee of the Exchange designated by the Exchange to perform such functions and exercise such power.
4. Rule 1-101 is amended by adding the following definitions:

**"RS"** means Market Regulations Services Inc.

“UMIR” means the Universal Market Integrity Rules as adopted by RS and approved by the applicable securities regulatory authorities and in effect from time to time.

5. The following Rules are repealed:

- (a) Rule 2-401;
- (b) Rule 2-402(2) and (3);
- (c) Rule 2-404;
- (d) Rule 2-701;
- (e) Rule 3-103(4) and (5);
- (f) Rule 3-203;
- (g) Rule 3-208;
- (h) Rule 4-101;
- (i) Rule 4-102;
- (j) Rule 4-201;
- (k) Rule 4-202;
- (l) Rule 4-203;
- (m) Rule 4-204;
- (n) Rule 4-205;
- (o) Rule 4-206;
- (p) Rule 4-207;
- (q) Rule 4-301;
- (r) Rule 4-302;
- (s) Rule 4-303;
- (t) Rule 4-304;
- (u) Rule 4-306;
- (v) Rule 4-402;
- (w) Rule 4-501;
- (x) Rule 4-502;
- (y) Rule 5-106; and
- (z) Rule 5-107.

6. (1) Part 7 of the Rules is repealed.

(2) Despite subsection (1), any disciplinary hearing commenced:

- (a) by a Notice of Hearing and Particulars prior to the date that RS commences to be the regulation service provider for the Exchange shall be continued by the Exchange in accordance with the Exchange Requirements as in effect and applicable to such disciplinary proceedings on the date immediately prior to the date that UMIR commences to apply to trading on the Exchange; and
- (b) on or after the date that UMIR commences to apply to trading on the Exchange in respect of the breach or failure to comply with an Exchange Requirement shall be undertaken in accordance with Part 10 of UMIR and such person shall be subject to the imposition of any penalty or remedy under Rule 10.5 of UMIR as if the breach or failure to comply had been a breach or failure to comply with a Marketplace Rule after the date that UMIR commences to apply to trading on the Exchange.

7. The Rules are amended by adding the following as Rule 4-201:

**General Compliance Requirement**

Each Participating Organization and each person under the jurisdiction of the Exchange shall comply with all applicable:

- (a) securities legislation;
- (b) Exchange Requirements; and
- (c) provisions of UMIR.

**APPENDIX "B"**

**TEXT OF AMENDMENTS TO THE POLICIES OF  
THE TORONTO STOCK EXCHANGE  
ON THE ADOPTION OF  
THE UNIVERSAL MARKET INTEGRITY RULES**

**THE POLICIES  
OF  
THE TORONTO STOCK EXCHANGE**

The Policies of The Toronto Stock Exchange are hereby amended as follows:

1. The following Policies are repealed:
  - (a) Policy 2-401;
  - (b) Policy 2-404;
  - (c) Policy 4-101;
  - (d) Policy 4-102;
  - (e) Policy 4-201;
  - (f) Policy 4-202;
  - (g) Policy 4-204;
  - (h) Policy 4-301;
  - (i) Policy 4-303;
  - (j) Policy 4-306;
  - (k) Policy 4-402;
  - (l) Policy 4-501; and
  - (m) Policy 4-502.