

13.1.3 IDA – Membership Application Process – Amendments To By-law Nos. 2 and 20

INVESTMENT DEALERS ASSOCIATION OF CANADA – MEMBERSHIP APPLICATION PROCESS – AMENDMENTS TO BY-LAW NOS. 2 AND 20

I OVERVIEW

The role of Association member regulation staff in the new member application process is to investigate and gather the facts that will enable the applicable District Council to make a recommendation to the Association's Board of Directors (formerly the Executive Committee of the Board of Directors). It is important that this role be detailed in the rules describing the membership application review and application approval processes.

A Current Rules

By-law No. 2 and sections of By-law No. 20 describe the new member application and application approval processes. These rules describe the responsibilities of the Association Secretary, the applicable District Council, the Executive Committee of the Board of Directors and the Board Review Panel (in the case where an applicant requests a review of an Executive Committee decision) in the new member application and application approval processes. The most significant sections are as follows:

- Current By-law No. 2.1 - Mandate of Executive Committee to consider membership applications after the application has been considered by the appropriate District Council
- Current By-law No. 2.2 - General membership eligibility requirements
- Current By-law No. 2.4 - Application must be in the form and manner prescribed by the Board of Directors and must be completed within six months to ensure \$10,000 deposit is not forfeited
- Current By-law No. 2.5 - Non mandatory requirement for a proposer and a seconder
- Current By-law No. 2.8 - Role of Association Secretary in reviewing application
- Current By-law No. 2.9 - Notification of Members of membership application and process for Members to submit objections to membership application
- Current By-law No. 2.10 - Specific financial documents to be filed with application
- Current By-law No. 2.13 - Notifications and documents required prior to the commencement of the membership approval process set out in By-law No. 20
- Current By-law No. 20.20 - District Council process for developing a membership application recommendation for Executive Committee of the Board consideration
- Current By-law No. 20.21 - Executive Committee of the Board process for considering membership application for approval or refusal
- Current By-law No. 20.22 - Process for reviewing appeals of Executive Committee of the Board decisions on membership applications

B The Issue(s)

The important role played by Association member regulation staff in the new member application review and application approval processes is not currently detailed in By-law No. 2. There are also certain steps in the new member application and application approval processes that are now redundant or that could be made clearer as follows:

- Current By-law No. 2.1 - Since the Executive Committee of the Board of Directors no longer exists this section needs to be corrected to reflect the fact that membership application approval is now a Board of Director responsibility.
- Current By-law No. 2.2 - The general membership eligibility requirement language is out of date. The current language contemplated that individual sole proprietorships (s. 2.2(a)) could be members of the Association. There are no current sole proprietorship members of the Association and we do not believe this is a business model that would result in appropriate segregation of duties, as required by various Association rules. This section therefore needs to be updated.

- Current By-law No. 2.5 - The requirement for a membership application to have a proposer and a seconder is non mandatory and rightly has limited bearing on whether or not an application is approved. The section is therefore not required.
- Current By-law No. 2.8 - The Association Secretary performs more of an application process management role than a detailed rule compliance review role. The detailed compliance review role is conducted by Association member regulation staff. This section therefore needs to be updated.
- Current By-law No. 2.10 - There is no need to list certain specific financial documents to be filed with the membership application since pursuant to By-law No. 2.4 the form and manner of the membership application is prescribed by the Board of Directors. This section should therefore be repealed.
- Current By-law No. 2.13 - The notifications and documents required prior to the commencement of the membership approval process set out in By-law No. 20 needs to be clarified and need to specifically reference the membership application recommendation that is prepared by Association member regulation staff.
- Current By-law No. 20.20 - The District Council process for developing a membership application recommendation needs to be amended to reflect that the recommendation is now being provided to the Association Board of Directors. Subparagraph (c)(i) needs to be clarified to state that an application can be refused if the firm is not in substantial compliance with Association rules.
- Current By-law No. 20.21 - The process formerly used by the Executive Committee of the Board of Directors needs to be updated as this is now a Association Board of Directors process. The application refusal criteria should also be made consistent with those used by the District Councils.
- Current By-law No. 20.22 - With the elimination of the Executive Committee of the Board the process for reviewing appeals of Executive Committee decisions on membership applications has been made redundant. This section should therefore be repealed.

C Objective(s)

The objective of the proposed amendments is to include details of the role played by Association member regulation staff in the new member application process and to more clearly describe the new member application review and application approval processes generally.

D Effect of Proposed Rules

Since the intent of the proposed amendments is to better describe the existing new member application review and application approval processes, these proposals will have no effect other than to provide greater process clarity.

II DETAILED ANALYSIS

A Present Rules, Relevant History and Proposed Policy

Present rules and relevant history

By-law No. 2 and sections of By-law No. 20 describe the new member application review and application approval processes. These processes are an important component of the Association's regulatory mandate. It is critical that Association member regulation staff ensure new member applicant firms are organized and staffed in a manner designed to comply with Association requirements and to minimize regulatory issues down the road.

District Councils and the Association Board of Directors rely significantly on the Association member regulation staff recommendation to approve or refuse a new member application. To rely on the Association member regulation staff recommendation, the applicable District Council and the Association Board of Directors must be assured that staff are applying only the relevant criteria and are doing so consistently.

New member applications are reviewed by Association member regulation staff to ensure the applicant has the integrity, solvency and experience to conduct business in accordance with Association rules, the applicant will comply with the rules and that approval of the application is in the public interest. The "public interest" assessment is not an invitation to introduce extraneous, irrelevant or unsubstantiated considerations. To the extent that general conduct concerns issues arise during this review, Association member regulation staff must determine whether:

- (1) the alleged conduct has been proven on a balance of probabilities based on clear and convincing proof,
- (2) the alleged conduct reflects adversely on the applicant's current suitability to be a member (e.g., nature of the conduct, reasons for the conduct, age of the conduct, frequency and persistence of the conduct, role of the individuals in the applicant's firm who engaged in the conduct, etc.), and
- (3) the public interest can be adequately protected by membership terms and conditions.

The applicable District Council and the Association Board of Directors must have confidence that only relevant criteria are considered and that those criteria are consistently interpreted and applied on a national basis. In practice, the recommendation concerning the application is developed by Association member regulation staff and assembled for distribution to the applicable District Council by the Association Secretary and his or her staff.

Proposed rule amendments

The important role played by Association member regulation staff in the new member application review and application approval processes is not currently detailed in By-law No. 2. To address this existing shortcoming in By-law No. 2 the following amendment is proposed:

- Proposed new By-law No. 2.9 - This section is being established to detail the review procedures followed by Association member regulation staff that are reviewing a membership application.
- There are also certain steps in the new member application and application approval processes that are now redundant or that could be made clearer as follows:
- Proposed amended By-law No. 2.1 - This section has been amended to reflect the fact that membership application approval is now a Board of Director responsibility.
- Proposed amended By-law No. 2.2 - This section has been amended to remove the option for an individual sole proprietorship to apply to be a member firm of the Association and reflect the fact that entities incorporated in territories of Canada are eligible to be member firms of the Association.
- Proposed amended By-law No. 2.3 - This section has been amended to conform to proposed amended By-law No. 2.2 by removing language that refers to individuals.
- Proposed amended By-law No. 2.4 - This section has been amended to clarify that Association staff make the recommendation to the applicable District Council to approve or refuse the membership application.
- Proposed repealed By-law No. 2.5 - This section has been repealed in order to remove a non mandatory requirement for a membership application to have a proposer and a seconder.
- Proposed renumbered By-law Nos. 2.5 and 2.6 - Proposed that current sections 2.6 and 2.7 be renumbered.
- Proposed amended and renumbered By-law No. 2.7 (current By-law No. 2.8) - Proposed that this section be reworded to better reflect the membership application process management role that the Association Secretary performs.
- Proposed amended and renumbered By-law No. 2.8 (current By-law No. 2.9) - Proposed that this section be amended to clarify that the existing membership is informed of the receipt of the membership application by the Association Secretary once he/she has determined that the application is complete.
- Proposed repealed By-law No. 2.10 - Proposed that this section be repealed as there is no need to list certain specific financial documents to be filed with the membership application since pursuant to By-law No. 2.4 the form and manner of the membership application is prescribed by the Board of Directors.
- Proposed amended and renumbered By-law Nos. 2.10 and 2.11 (current By-law Nos. 2.11 and 2.12) - Proposed that minor conforming and renumbering changes be made.
- Proposed amended and renumbered By-law No. 2.12 (current By-law No. 2.13) - Proposed that this section be reworded to more clearly detail the notifications and documents required prior to the commencement of the membership approval process set out in By-law No. 20 needs to be clarified and need to specifically reference the membership application recommendation that is prepared by Association member regulation staff.

- Proposed amended and renumbered By-law No. 2.13 (current By-law No. 2.14) - Proposed that this section be amended to reflect that others in the Association (other than the Association Secretary) calculate the annual fee payable by the membership applicant.
- Proposed amended and renumbered By-law Nos. 2.14 through 2.16 (current By-law Nos. 2.15 through 2.17) - Proposed that minor conforming and renumbering changes be made.
- Proposed amended By-law No. 20.20 - Proposed that this section be amended to reflect that the District Council recommendation is now being provided to the Association Board of Directors. It is also proposed that subparagraph (c)(i) be clarified to state that an application can be refused if the firm is not in substantial compliance with Association rules.
- Proposed amended By-law No. 20.21 - Proposed that this section be amended to stipulate that membership application approval or refusal is now an Association Board of Directors function. It is also proposed that the application refusal criteria be made consistent with those used by the District Councils.
- Proposed repealed By-law No. 20.22 - Proposed that this section be repealed since membership application approval or refusal is now an Association Board of Directors function, making an appeal of a board decision to a board panel redundant.
- Proposed amended By-law 20.23 - Proposed that minor conforming amendments be made

B Issues and Alternatives Considered

No alternatives were considered since the only intent of the proposed amendments is to better describe the existing new member application review and application approval processes of the Association.

C Comparison with Similar Provisions

No comparisons have been made with similar provisions of securities regulators in the United Kingdom and the United States since the only intent of the proposed amendments is to better describe the existing new member application review and application approval processes of the Association.

D Systems Impact of Rule

There will be no systems impact resulting from the implementation of these proposed amendments.

E Best Interests of the Capital Markets

The Board has determined that these public interest rule amendments are not detrimental to the best interests of the capital markets.

F Public Interest Objective

According to the Association's Order of Recognition as a self regulatory organization, the Association shall, where requested, provide in respect of a proposed rule change "a concise statement of its nature, purposes (having regard to paragraph 13 above) and effects, including possible effects on market structure and competition". Statements have been made elsewhere as to the nature and effects of the proposals with respect to the membership application process. The purpose of these proposals is to "provide for the administration of the affairs of the IDA".

The proposal does not permit unfair discrimination among customers, issuers, brokers, dealers, members or others. It does not impose any burden on competition that is not necessary or appropriate in furtherance of the above purposes.

III COMMENTARY

A Filing in Other Jurisdictions

These proposed amendments will be filed for approval in Alberta, British Columbia, Quebec and Ontario and will be filed for information in Manitoba, Newfoundland and Labrador, Nova Scotia and Saskatchewan.

B Effectiveness

It is believed that these amendments will be effective in detailing the role played by Association member regulation staff in the new member application process and in more clearly describing the new member application review and application approval processes generally.

C Process

These proposed amendments were developed by Association member regulation staff for direct consideration by the Association's Board of Directors.

IV SOURCES

References:

- IDA By-law 2 and 20

V OSC REQUIREMENT TO PUBLISH FOR COMMENT

The Association is required to publish for comment the accompanying proposed rule amendments.

The Association has determined that the entry into force of the proposed rule amendments would be in the public interest. Comments are sought on the proposed rule amendments. Comments should be made in writing. One copy of each comment letter should be delivered within 30 days of the publication of this notice, addressed to the attention of Richard J. Corner, Vice President, Regulatory Policy, Investment Dealers Association of Canada, Suite 1600, 121 King Street West, Toronto, Ontario, M5H 3T9 and one copy addressed to the attention of the Manager of Market Regulation, Ontario Securities Commission, 20 Queen Street West, 19th Floor, Box 55, Toronto, Ontario, M5H 3S8.

Questions may be referred to:

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Vice President, Regulatory Policy
Investment Dealers Association of Canada
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**INVESTMENT DEALERS ASSOCIATION OF CANADA
MEMBERSHIP APPLICATION PROCESS -
AMENDMENTS TO BY-LAW NOS. 2 AND 20
BOARD RESOLUTION**

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

1. By-law No. 2.1 is amended by deleting the following words:
 - (a) "Executive Committee of the";
 - (b) "or approve"; and
 - (c) "or approved".
2. By-law No. 2.2 is amended as follows:
 - (a) Deleting the words "individual," and "or corporation" that appear in the section preamble;
 - (b) In the case of section 2.2(a):
 - (i) Deleting the words "In the case of an individual, the applicant is a resident of Canada; in the case of a firm," from the beginning of the section;
 - (ii) Replacing the words "in the case of" with the words "where the firm is"; and
 - (iii) Adding the words "or territories" at the end of the section.
 - (c) In the case of section 2.2(b) deleting the words "The applicant" from the beginning of the section; and
 - (d) In the case of section 2.2(c):
 - (i) Deleting the words "The applicant and" from the beginning of the section; and
 - (ii) Replacing the words "By-laws and Regulations and Rulings and Policies and Forms" with the words "By-laws, Regulations, Policies, Forms and Rulings".
3. By-law No. 2.3 is amended by replacing the words "an individual, firm or corporation" with the words "a firm".
4. By-law No. 2.4 is amended as follows:
 - (a) Replacing the words "Association Secretary" with the word "Secretary"; and
 - (b) Replacing the word "staff" with the word "Association member regulation staff".
5. By-law No. 2.5 is repealed.
6. By-law Nos. 2.6 through 2.9 are renumbered 2.5 through 2.8.
7. Renumbered By-law No. 2.7 is repealed and replaced with the following:

"2.7. An application for Membership with any accompanying material shall be submitted to the Secretary. The Secretary shall perform a preliminary review of the application to ensure content completeness and either:

 - (a) Where the application is complete, forward the application to Association member regulation staff to perform a compliance review; or
 - (b) Where the application is incomplete, provide the applicant with a deficiency letter listing the items missing from or incomplete in the application and, once the Secretary has determined that the deficiencies have been addressed, forward the application to Association member regulation staff to perform a compliance review."

8. Renumbered By-law No. 2.8 is amended as follows:
- (a) Adding the words "Once the application for Membership has been determined to be complete pursuant to By-law No. 2.7," to the beginning of the section;
 - (b) Replacing the words "The objection" with the words "Any objections"; and
 - (c) Replacing the word "application" with the word "applicable".

9. New By-law No. 2.9 is added as follows:

"2.9. Once the application for Membership has been determined to be complete pursuant to By-law No. 2.7 and the application has been forwarded to Association member regulation staff, Association member regulation staff shall perform a review of the same and either:

- (a) If such review discloses substantial compliance and willingness to comply with the requirements of the By-laws, Regulations, Policies, Forms and Rulings of the Association and approval of the application is considered to be in the public interest, forward an Association member regulation staff recommendation to approve the application to the applicable District Council for consideration along with the Membership application; or
- (b) If such review discloses any substantial non-compliance or unwillingness to comply with the requirements of the By-laws, Regulations, Policies, Forms and Rulings of the Association, notify the applicant as to the nature of such non-compliance or unwillingness and request that the application for Membership be amended and refiled or be withdrawn. Once Association member regulation staff have determined that the necessary amendments have been made to the refiled application for Membership, forward an Association member regulation staff recommendation to approve the application to the applicable District Council for consideration along with the Membership application. If the applicant declines to amend the application for Membership or to withdraw the same, forward an Association member regulation staff recommendation to refuse the application to the applicable District Council for consideration along with the Membership application; or
- (c) If such review indicates that approval of the application is not in the public interest, notify the applicant as to the nature of the public interest concerns and request that the application for Membership be withdrawn. If the applicant declines to withdraw the application for Membership, forward an Association member regulation staff recommendation to refuse the application to the applicable District Council for consideration along with the Membership application."

10. By-law No. 2.10 is repealed.

11. By-law Nos. 2.11 through 2.17 are renumbered 2.10 through 2.16.

12. Renumbered By-law No. 2.10 is amended by deleting the words "Notwithstanding the provisions of By-law 2.10," from the beginning of the section.

13. Renumbered By-law No. 2.11 is amended by replacing the words "By-law 2.10" with the words "By-law 2.4".

14. Renumbered By-law No. 2.12 is repealed and replaced with the following:

"2.12. The Membership approval process as set out in By-law 20 shall apply once the applicable District Council receives:

- (a) The Membership application from the Secretary;
- (b) Notification from the Secretary that the fifteen day period referred to By-law 2.8 has expired;
- (c) Copies of any objection letters referred to in By-law 2.8 that have been submitted relating to the application; and
- (d) The Association member regulation staff recommendation to either approve or refuse the application pursuant to By-law 2.9."

15. Renumbered By-law No. 2.13 is amended as follows:
- (a) Replacing the word “Secretary” with the words “Association”; and
 - (b) Replacing the word “application” with the word “applicable”.
16. Renumbered By-law No. 2.15 is amended by deleting the words “and of their respective Annual Fees. The Annual Fees of Members shall not be made public by the Association” from the end of the section.
17. By-law No. 20.20 is repealed and replaced with the following:
- “20.20 Recommendation of District Council**
- (1) The District Council, or a sub-committee of the District Council comprised of three industry members established pursuant to By-law 11, shall make a recommendation to the Board of Directors to:
 - (a) approve an application for Membership made pursuant to By-law 2;
 - (b) approve the application subject to such terms and conditions as may be considered just and appropriate; or
 - (c) refuse the application if, in the opinion of the District Council or the sub-committee of the District Council:
 - (i) the Applicant is not substantially compliant with all of the requirements prescribed by the By-laws, Regulations, Policies, Forms and Rulings of the Association;
 - (ii) the By-laws, Regulations, Policies, Forms and Rulings of the Association will not be complied with by the Applicant;
 - (iii) the Applicant is not qualified for approval by reason of integrity, solvency, or experience; or
 - (iv) such approval is otherwise not in the public interest.”
18. By-law No. 20.21 is amended by:
- (a) Deleting the words “Executive Committee of the” that appear in the section title and section paragraph 20.21(1);
 - (b) Adding the word “or” after section paragraph 20.21(1)(b);
 - (c) Adding new section paragraph 20.21(1)(c)(i) as follows:
 - “(i) the Applicant is not substantially compliant with all of the requirements prescribed by the By-laws, Regulations, Policies, Forms and Rulings of the Association;” and
 - (d) Renumbering existing section paragraphs 20.21(1)(c)(i) through (iii) as paragraphs 20.21(1)(c)(ii) through (iv).
19. By-law No. 20.22 is repealed.
20. By-law No. 20.23 is amended by:
- (a) Replacing the words “By-law 20.20, By-law 20.21 and By-law 20.22” with the words “By-law 20.20 and By-law 20.21”; and
 - (b) Deleting the words “Executive Committee of the”.

BE IT RESOLVED THAT the Board of Directors adopt, on this 28th day of March, 2007, the English and French versions of these amendments. The Board of Directors also authorizes the Association Staff to make the minor changes that shall be required from time to time by the securities administrators with jurisdiction. These amendments shall take effect on the date determined by the Association Staff.

**INVESTMENT DEALERS ASSOCIATION OF CANADA
MEMBERSHIP APPLICATION PROCESS -
AMENDMENTS TO BY-LAW NOS. 2 AND 20
BLACK-LINE COPY
BY-LAW NO. 2
MEMBERSHIP**

2.1. ~~The Executive Committee of the Board of Directors shall, in its discretion and pursuant to By-law 20, decide upon all applications for Membership but shall not consider or approve any application unless and until it has been considered or approved by the applicable District Council.~~

2.2. ~~Any individual, firm or corporation shall be eligible to apply for Membership if:~~

- ~~(a) In the case of an individual, the applicant is a resident of Canada; in the case of a firm,~~
~~(a) it is formed under the laws of one of the provinces or territories of Canada and, in the case of where the firm is a corporation, it is incorporated under the laws of Canada or one of its provinces or territories;~~
- ~~(b) The applicant carries on, or proposes to carry on, business in Canada as a securities dealer to an extent acceptable to the applicable District Council and is registered or licensed in each jurisdiction in Canada where the nature of its business requires such registration or licensing, and is in compliance with such legislation and the requirements of any securities commission having jurisdiction over the applicant; and~~
- ~~(c) The applicant and its directors, officers, partners, investors and employees, and its holding companies, affiliates and related companies (if any), would comply with the By-laws, Regulations, Policies, Forms and Rulings By-laws and Regulations and Rulings and Policies and Forms of the Association that would apply to them if the applicant were a Member.~~

2.3. For the purposes of this By-law, the business of an individual, firm or corporation having a head office or principal place of business outside of Canada but carrying on business at one or more branch offices in Canada or through a subsidiary in Canada means only the portion of the business relating to operations in Canada.

2.4. An application for Membership shall be in such form and executed in such manner as the Board of Directors may prescribe and shall contain or be accompanied by such information and material as the By-laws, the Board of Directors and the applicable District Council may require. Furthermore, where for any reason the application process (excluding alternative trading system applications) has not been completed within six months from the date the application was submitted to and accepted for review by the Association Secretary, the \$10,000 deposit shall be forfeited to the Association and the applicant shall be required to start the application process over by resubmitting the application for Membership accompanied by an additional \$10,000 non refundable deposit. For the purposes of this section, the application process shall be considered to be completed, when Association member regulation staff are in a position to recommend to the applicable District Council the approval or refusal of the application.

~~2.5. The application for Membership shall be signed by the applicant and by a proposer and seconder who are partners or directors of Members but not members of the Board of Directors. An application for Membership without a proposer and seconder can be considered by the District Council and approved by the Executive Committee of the Board of Directors but they can take into consideration the absence of a proposer and seconder in exercising their respective powers regarding the application.~~

2.65. An application for Membership shall be accompanied by a non-refundable deposit of \$10,000 on account of the Entrance Fee.

2.76. If a District Council or the Board of Directors is of the opinion that the nature of the applicant's business, its financial condition, the conduct of its business, the completeness of the application, the basis on which the application was made or any staff review in respect of the application in accordance with the By-laws of the Association has required, or can reasonably be expected to require, excessive attention, time and resources of the Association, such District Council or the Board of Directors may require the applicant to reimburse the Association for its costs and expenses which are reasonably attributable to such excessive attention, time and resources or provide an undertaking or security in respect of such reimbursement. If an applicant is to be required to make such reimbursement of costs and expenses, the Association shall provide to the applicant a breakdown and explanation of such costs and expenses in sufficient detail to permit the applicant to understand the basis on which the costs and expenses are to be calculated.

2.87. An application for Membership with any accompanying material shall be submitted to the Secretary. The Secretary shall perform a preliminary review of the application to ensure content completeness, ~~who shall make a preliminary review of the same and either:~~

SRO Notices and Disciplinary Proceedings

- (a) ~~If such review discloses substantial compliance with the requirements of the By-laws and Regulations, transmit a copy to the Chair of the applicable District Council. Where the application is complete, forward the application to Association member regulation staff to perform a compliance review; or~~
- (b) ~~If such review discloses any substantial non-compliance with the requirements of the By-laws and Regulations, notify the applicant as to the nature of such non-compliance and request that the application for Membership be amended in accordance with the notification of the Secretary and refiled or be withdrawn. If the applicant declines so to amend the application for Membership or to withdraw the same, the Secretary shall forward the same to the Chair of the applicable District Council together with any accompanying material and a copy of the notification to the applicant. Where the application is incomplete, provide the applicant with a deficiency letter listing the items missing from or incomplete in the application and, once the Secretary has determined that the deficiencies have been addressed, forward the application to Association member regulation staff to perform a compliance review.~~

~~2.98. Once the application for Membership has been determined to be complete pursuant to By-law No. 2.7, tThe Secretary shall notify all Members of the receipt of the application for Membership. Any Member may within fifteen days from the date of the mailing of such notification lodge with the Secretary, a written objection to the admission of the applicant. The Any objections shall be forwarded to the application-applicable District Council for consideration along with the Membership application.~~

~~2.9. Once the application for Membership has been determined to be complete pursuant to By-law No. 2.7 and the application has been forwarded to Association member regulation staff, Association member regulation staff shall perform a review of the same and either:~~

- (a) ~~If such review discloses substantial compliance and willingness to comply with the requirements of the By-laws, Regulations, Policies, Forms and Rulings of the Association and approval of the application is considered to be in the public interest, forward an Association member regulation staff recommendation to approve the application to the applicable District Council for consideration along with the Membership application; or~~
- (b) ~~If such review discloses any substantial non-compliance or unwillingness to comply with the requirements of the By-laws, Regulations, Policies, Forms and Rulings of the Association, notify the applicant as to the nature of such non-compliance or unwillingness and request that the application for Membership be amended and refiled or be withdrawn. Once Association member regulation staff have determined that the necessary amendments have been made to the refiled application for Membership, forward an Association member regulation staff recommendation to approve the application to the applicable District Council for consideration along with the Membership application. If the applicant declines to amend the application for Membership or to withdraw the same, forward an Association member regulation staff recommendation to refuse the application to the applicable District Council for consideration along with the Membership application; or~~
- (c) ~~If such review indicates that approval of the application is not in the public interest, notify the applicant as to the nature of the public interest concerns and request that the application for Membership be withdrawn. If the applicant declines to withdraw the application for Membership, forward an Association member regulation staff recommendation to refuse the application to the applicable District Council for consideration along with the Membership application.~~

~~2.10. The Secretary shall request the applicant to submit:~~

- ~~(a) Financial statements of the applicant as of a date not more than 90 days prior to the date of application for Membership (or as of such other date as the Association may require), prepared in accordance with Form 1 and audited by a panel auditor;~~
- ~~(b) Interim unaudited monthly financial statements, prepared in accordance with Form 1, for the period following the date of the audited financial statement submitted under subparagraph (a) up to the most recent month prior to the date of the Membership application;~~
- ~~(c) An additional report by the applicant's auditor to the effect that, based on his examination of the affairs of the applicant, the applicant keeps a proper system of books and records; and~~
- ~~(d) Such additional financial information, if any, relating to the applicant as the Association may, in its discretion, request.~~

~~2.11-10. Notwithstanding the provisions of By-law 2.10, if an applicant qualifies for exemption from payment of the Entrance Fee pursuant to By-law 3, the applicable District Council may waive any of the conditions relating to an application for Membership that it considers appropriate in the circumstances of the particular case.~~

~~2.12-11. Notwithstanding the provisions of By-law 2.10, if an applicant for Membership is a related company of a Member which confirms its intention to continue its Membership in the Association, the Vice-President, Financial Compliance may determine, in his or her discretion, what financial information is required.~~

2.4312. The Membership approval process as set out in By-law 20 shall apply once the applicable District Council receives:

- (a) The Membership application from the Secretary;
- (ab) Notification from the Secretary has notified Members pursuant that the fifteen day period referred to By-law 2.98 and the fifteen day period referred to therein has expired;
- (b) ~~the applicable District Council receives the Membership application from the Secretary; and~~
- (c) Copies of any objection letters referred to in By-law 2.8 that have been submitted relating to the application; and
- (cd) a period of six months or such lesser period as the District Council may in any particular case determine has expired. The Association member regulation staff recommendation to either approve or refuse the application pursuant to By-law 2.9.

2.4413. The ~~Secretary Association~~ shall compute the Annual Fee payable by the ~~application applicant~~ pursuant to By-law 3.2 and provide such computation to the Board of Directors.

2.4514. The applicant shall become a Member if and when:

- (a) The application has been approved by the Board of Directors;
- (b) ~~the~~The applicant has been duly licensed or registered to carry on business as a securities dealer under the applicable law of the province or provinces or territories in which the applicant carries on or proposes to carry on business; and
- (c) ~~the~~The Entrance Fee and Annual Fee have been paid in full.

2.4615. The Secretary shall keep a register of the names and business addresses of all Members ~~and of their respective Annual Fees. The Annual Fees of Members shall not be made public by the Association.~~

2.4716. The Secretary shall furnish to the securities commissions of all the provinces of Canada a list of Members and from time to time as changes occur in the Membership shall communicate such changes to such commissions.

MEMBERSHIP APPLICATIONS

20.20 Recommendation of District Council

- (1) The District Council, or a sub-committee of the District Council comprised of three industry members established pursuant to By-law 11, shall make a recommendation to the ~~Executive Committee of the~~ Board of Directors to:
 - (a) approve an application for Membership made pursuant to By-law 2;
 - (b) approve the application subject to such terms and conditions as may be considered just and appropriate; or
 - (c) refuse the ~~Application~~ application if, in the opinion of the District Council or the Subsub-committee of the District Council:
 - (i) ~~the Applicant does not meet anyis not substantially compliant with all of the requirements prescribed by the By-laws, Regulations, Policies, Forms and Rulings of the Association~~ the Applicant is not substantially compliant with all of the requirements prescribed by the By-laws, Regulations, Policies, Forms and Rulings of the Association;
 - (ii) ~~the By-laws, Regulations, Policies, Forms and Rulings~~ By-laws, Regulations, Rulings and Policies of the Association will not be complied with by the Applicant;
 - (iii) the Applicant is not qualified for approval by reason of integrity, solvency, or experience; or
 - (iv) such approval is otherwise not in the public interest.

20.21 Powers of the ~~Executive Committee of the~~ Board of Directors

- (1) The ~~Executive Committee of the~~ Board of Directors shall have the power to:
 - (a) approve an application for Membership made pursuant to By-law 2;
 - (b) approve the application subject to such terms and conditions as may be considered just and appropriate; or
 - (c) refuse the application if, in its opinion:
 - (i) the Applicant is not substantially compliant with all of the requirements prescribed by the By-laws, Regulations, Policies, Forms and Rulings of the Association;
 - (ii) the By-laws, Regulations, Rulings and Policies of the Association will not be complied with by the Applicant;
 - (iii) the Applicant is not qualified for approval by reason of integrity, solvency, or experience; or
 - (~~iii~~iv) such approval is otherwise not in the public interest.

20.22 Review Hearings

[repealed]

- (1) ~~Association Staff or the Applicant may request a review of a membership approval decision by a Board Panel within thirty business days after release of the decision.~~
- (2) ~~If a review is not requested within thirty business days after release of the decision, the membership approval decision becomes final.~~
- (3) ~~The review hearing shall be presided over by a Panel of the Board of Directors comprised of one independent member of the Board of Directors and two industry members of the Board of Directors, and where the Applicant is a Quebec firm, at least two of the members of the Board Panel shall be resident in Quebec. No member of the Executive Committee of the Board of Directors who participated in the making of the membership approval decision shall be a member of the Board Panel.~~
- (4) ~~A review hearing held under this Part shall be held in accordance with the IDA Rules of Practice and Procedure.~~

- (5) — The Board Panel may:
- (a) — affirm the decision;
 - (b) — quash the decision;
 - (c) — vary or remove any terms and conditions imposed on Membership;
 - (d) — limit the ability to re-apply for approval for such period of time as it determines just and appropriate; and
 - (e) — make any decision that could have been made by the Executive Committee pursuant to By-law 20.21.
- (6) — No appeal shall be available from the decision of the Board Panel.

20.23 District Council Powers-Exemption for Payment of Entrance Fee

(1) Notwithstanding By-law 20.20, ~~and~~ By-law 20.21 ~~and~~ By-law 20.22, if an Applicant is exempted from payment of the Entrance Fee pursuant to By-law 3.4 and has met all Membership application conditions pursuant to By-law 2, except any conditions the District Council has waived in the circumstances, the District Council may approve the application for Membership without referral to the ~~Executive Committee of the~~ Board of Directors for final decision.