



INVESTMENT INDUSTRY ASSOCIATION OF CANADA  
ASSOCIATION CANADIENNE DU COMMERCE DES VALEURS MOBILIÈRES

July 3, 2007

Paul Bourque  
Senior Vice-President, Member Regulation  
Investment Dealers Association of Canada  
121 King Street West  
Suite 1600  
Toronto, Ontario M5H 3T9

Dear Paul,

On behalf of our Compliance Committee, the IIAC would like to express concerns about the process by which IDA Notices are issued. We are unaware of any formal procedure followed by the IDA in issuing Notices. In the interest of promoting a more transparent regulatory environment, we respectfully request some clarification relating to process involved in issuing Notices, including the mandate, consultation process and overall rationale that the IDA undertakes when it publishes a Notice.

To illustrate our concerns, we take the example of MR Notice 0434 dealing with Other Business Activities, which was issued in November 2006. Many of our members were concerned that the Notice effectively created a new policy. When by-laws and policies are created, a structure exists that involves consultation with members and approval by securities commission regulators. If Notices have the same effect as by-laws and policies, processes to ensure industry review and regulatory scrutiny must be created around them.

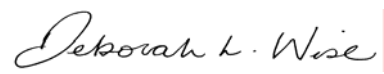
We understand that RS often uses their Rules Advisory Committee when providing clarification or interpretation of UMIR through Market Integrity Notices. Given the impact these Notices have on our members in their daily business, we encourage the IDA to adopt a similar process when issuing Notices.

We are pleased to hear that the IDA is re-writing the Rule Book to make it more user friendly and workable. At the same time we encourage you to look at policies and mandates around the creation of Notices to ensure that proper consultation and input is obtained prior to their issuance.

If you would like to discuss this matter further members of our Compliance Committee would be happy to meet with you.

Thanks again and I look forward to hearing from you.

Yours truly,

A handwritten signature in cursive script that reads "Deborah L. Wise". The signature is written in black ink and is positioned to the left of a thin vertical red line.

Deborah L. Wise  
Assistant Director, Policy  
Investment Industry Association of Canada

cc. Maysar Al-Samadi