



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

Ian C.W. Russell FCSI  
President & Chief Executive Officer

February 13, 2007

Ms. Sandy Jakab  
Manager, Policy & Exemptions  
Capital Markets Regulation  
British Columbia Securities Commission  
P.O. Box 10142, Pacific Centre  
701 West Georgia Street  
Vancouver BC V7Y 1L2

Dear Ms. Jakab:

**Re: egX Canada – Application for Recognition as an Exchange**

The Investment Industry Association of Canada is pleased to respond to the request for comments relating to the application by egX for recognition as an exchange.

As the professional association for the industry, IIAC's mandate is to promote efficient, fair and competitive capital markets for Canada. As such, we support the entry of new market participants that provide innovative products and services that will add value to the Canadian investment marketplace.

Based on the material contained in the application for recognition, and the information provided on its website, it appears that egX would provide a new and valuable service for existing and potential listed issuers in the real estate industry. The potential expansion of the industry through this new exchange stands to benefit not only the listed issuers, but also investors, who will have more product choice in respect of listed issuers. Given egX's unique approach to participant and market fees, the entry of this new participant may also have a positive effect on transaction expenses, from filing fees to execution costs in the marketplace in general. In addition, benefits will accrue to the many and varied industries that support egX and its issuers, including our constituents, the Canadian investment professionals.



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The IIAC also applauds the BCSC in developing a recognition order that utilizes an outcomes based framework in defining its relationship with egX. Rather than producing pages upon pages of detailed and prescriptive financial and operational requirements, the recognition order strikes an appropriate balance by ensuring that the objectives and the oversight requirements are clear, but the means by which egX achieves those objectives are left in the hands of egX management. The fact that the application is based upon, and appears to comply with the requirements in National Instruments 21-101 *Marketplace Operations* and 23-101 *Trading Rules* ensures that the substantive issues relating to marketplace integrity will be met. By leaving the details of how each requirement is met, to egX, the BCSC has appropriately left the management of the business to the company itself.

We believe that outcomes based regulation of this sort encourages innovation and creativity that will benefit the industry, without sacrificing investor protection.

We look forward to the entry of a new participant in the market, and will watch with interest, how the egX and the BCSC navigate their relationship under the innovative recognition order.

Thank you for considering our submission

Sincerely,

A handwritten signature in black ink that reads 'Ian Russell'. The signature is written in a cursive style and is underlined with a single horizontal line.