

Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 CNQ – Revised CNQ Dealer Application

CNQ Notice 2006-003
April 13, 2006

REVISED CNQ DEALER APPLICATION

CNQ has revised the form for new applications to become CNQ Dealers. The new form is effective immediately as a “housekeeping” amendment as the only changes are to:

- remove items that are not necessary to process the application;
- correct errors; and
- update terminology.

For these reasons, existing CNQ Dealers and dealers who have an application currently being processed do not have to refile using the new form.

Currently, the form asks if the applicant wishes to be a market maker. This is not necessary to process the application as a CNQ Dealer is not required to be a market maker, and, in any event, a separate application must be made each time the dealer wishes to become a market maker in a particular listed security.

The form also asks for information concerning traders who are to be approved to trade on CNQ. A Dealer does not have to designate traders in order to have an application approved, however, no trader employed by the dealer will be given access until he or she is approved. Dealers will use the “Request to Add Trader” form, which is currently used to add new traders after the dealer is approved, for all traders.

The form has also been revised to reflect the fact that CNQ has only ever charged dealers an application fee, not an application and set-up fee. The references to “Head Compliance Officer” and “CDS Clearing Number” in the application have been updated to reflect current terminology.

Blacklined copies of the amended form is attached. Clean copies are available on the CNQ website at www.cnq.ca under “Info for Dealers.”

CNQ DEALER APPLICATION

GENERAL INSTRUCTIONS

Please complete the following application form and submit it with the application fee. If you have any questions regarding this application please contact CNQ at 416.572.2000.

Part 1 General Information:

1. Please state the full legal name of the company.

2. Please provide a general description of the company's principal business and the services offered for use on the CNQ website Dealer directory. (If the firm has a US Desk that will accept client orders from US firms please provide contact information)

3. **Head Office Address**
Please provide the complete address.

Address:

Tel:

Fax:

Website:

4. **Representative of CNQ Dealer**
Please provide the name and contact information of the individual appointed as the CNQ representative. (The representative must be a senior officer, director or partner of the Dealer firm)

Name & Title:

Address (if different from Head office):

Direct Tel:

Direct Fax:

Email:

5. **Back up CNQ Representative**
The CNQ Dealer Representative must approve all traders wishing to trade on CNQ and all market making applications. If the CNQ Dealer Representative would like to appoint a back up representative authorized ~~to~~ to sign on their behalf, please provide their name(s), telephone number(s) and email address(es) below. Please also indicate any restrictions (e.g. Authorized only to approve trader applications not market making applications (Leave blank if not assigning a back up)

6. Head of Trading

Please provide the name, telephone number and email address of the person appointed as head of trading.

7. Head-Chief Compliance Officer

Please provide the name, telephone number and email address of the person appointed as the firm's compliance officer. You may also provide contact details for back-up officers.

8. Technical Contact

Please provide the name, telephone number and email address of the person appointed as the firm's technical/operations person (for connectivity and technical implementation information).

9. Back Office Contact:

Please provide the name, telephone number and email address of the person(s) to whom CNQ should send fill reports, outstanding order and jitney reports.

10. Dealer TSX Trading Number

11. CDS Clearing Number (CUID Code)

(If the firm has a clearing arrangement with another firm that is not a CNQ Dealer, please request a clearing agreement from Natasha Blackburn at 604-331-1213 Ext.119 or 416-572-2000 Ext. 2478CNQ. This form must be completed by the applicant firm and the clearing member.)

12. Market Making

Please indicate whether your firm would be interested in participating as a market maker for CNQ Issuer securities.

- Yes
 No

A market making form must be filled out for each CNQ Issuer for which a market will be made and is available at www.crq.ca.

Part 2 CNQ Trading Access:

2.1 Traders:

Please list the name, phone numbers and email addresses of all traders requiring access to the CNQ marketplace and place a check mark in the appropriate box to indicate if the trader is an Approved Trader on the TSX or TSX Venture Exchange and whether the trader has completed the CSI Trader Training Course (check all that apply). Also, please indicate the jurisdictions the trader is a registrant in.

| NAME | PHONE | EMAIL ADDRESS | TSX | TSX-V | CSI TRADER TRAINING | Registration |
|------|-------|---------------|-----|-------|---------------------|--------------|
| | | | | | | |
| | | | | | | |
| | | | | | | |

| NAME | PHONE | EMAIL ADDRESS | TSX | TSX-V | CSI TRADER TRAINING | Registration |
|------|-------|---------------|-----|-------|---------------------|--------------|
| | | | | | | |
| | | | | | | |

2.2 Order Entry Systems (OE):

Reuters, Belzberg and KTG provide order entry functionality on CNQ. Trading access to CNQ will be provided through your order entry vendor of choice. Please indicate your Order Entry interface preference for each trader by filling in the table below.

| Name | Location | Order Entry Vendor | 7 Digit ID Number |
|------|----------|--------------------|-------------------|
| | | | |
| | | | |
| | | | |
| | | | |

Part 3 Dealer Banking Information:

A dealer that has been accepted as a CNQ Dealer shall pay before beginning to trade on the CNQ system, the set up application fee as may from time to time be fixed by CNQ. If the application fee is not received within 30 days of acceptance such acceptance shall lapse.

A CNQ Dealer shall pay such fees and charges as shall be fixed by the CNQ, which shall become due and payable to the CNQ within 30 days.

This application must be accompanied with a cheque representing the full application fee as well as a void cheque for the automatic withdrawal of monthly maintenance fees that will begin when the CNQ marketplace commences operations.

Please provide the name, telephone number and email address of the contact person responsible for accounts payable.

The applicant hereby certifies that the foregoing statements are true and correct to the best of their knowledge and hereby undertakes to notify CNQ in writing of any material changes herein as prescribed in the CNQ rules.

Dated at _____ this _____ day of _____

By

Print Name of Applicant

Print Name of Partner or Senior Officer appointed as CNQ Representative

Title

Signature

This Agreement made as of the ___ day of _____, 200_.

Between:

Canadian Trading and Quotation System Inc.
BCE Place, 161 Bay Street, Suite 3850, PO Box 207
Toronto, Ontario M5J 2S1
(Called "CNQ")

-And-

Name of Dealer firm

Address

Address

Address
(Called the "applicant")

In consideration for being granted access to trade on the CNQ System, the Applicant affirms that it is a member in good standing of the Investment Dealers Association of Canada (IDA) and is registered with the Ontario Securities Commission. The applicant agrees that so long as it remains a participating CNQ dealer it will remain a member of the IDA and will remain registered under the applicable laws of the province of Ontario.

The Applicant acknowledges that it has received a copy of CNQ's Rules and agrees to comply with all CNQ Requirements, as amended from time to time. The Applicant undertakes to ensure that, as a term of their employment, all partners, directors, officers and other persons authorized to trade on the CNQ System or advise on the trading of securities on the CNQ System, or any other employee to the extent that such employee has the approval of a self-regulatory organization ("Approved Person") are aware of CNQ Requirements and will be made aware of any amendment or addition to CNQ Requirements.

The Applicant submits to the jurisdiction of CNQ and to the Market Regulator, including without limitation the ability of CNQ and the Market Regulator to monitor the conduct of the applicant, its Related Persons and employees and to enforce compliance with CNQ Requirements.

The Applicant agrees to, and as a term of their employment have all Approved Persons agree to comply with any orders or directions from CNQ or the Market Regulator, including an order or direction prohibiting the Applicant or any Related Person or Approved Person of the Applicant from trading on the CNQ System, subject to any right to appeal such order or direction under the CNQ Rules, UMIR or Ontario Securities Law.

The Applicant agrees to provide CNQ and the Market Regulator with any assistance reasonably requested in conducting an investigation and with information, files date or documents reasonably requested by CNQ of the Market Regulator.

Terms used in this Agreement shall have the meaning ascribed to them in Rule 1 of the CNQ Rules, unless the context otherwise requires.

Dated at _____ this _____ day of _____

By

Print Name of Applicant

Print Name of Partner or Senior Officer appointed as CNQ Representative

Title

Signature