

Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 RS Exemption of Trades Pursuant to Market Maker Obligations from the Payment of Regulation Fees - Notice of Commission Approval

MARKET REGULATION SERVICES INC. EXEMPTION OF TRADES PURSUANT TO MARKET MARKER OBLIGATIONS FROM THE PAYMENT OF REGULATION FEES

NOTICE OF COMMISSION APPROVAL

The Ontario Securities Commission has approved a proposal from Market Regulation Services Inc. (RS) to exempt trades pursuant to market maker obligations from the payment of regulation fees (Fee Exemption) subject to the following terms and conditions:

- RS removes TSX Venture Odd Lot Dealers from the proposal and the fee exemption is revised to apply only to market makers that perform a regulatory function;
- RS provides details which will be set forth in the Notice of Approval of the regulatory function that is performed by the Toronto Stock Exchange (TSX) market makers;
- RS confirms that these market makers contribute to reducing RS' costs overall (which, in turn, is a benefit to all marketplace participants due to the current fee model based on volume) and such statement will be set forth in the Notice of Approval;
- RS confirms that the market maker fees in question are *de minimis*;
- RS reviews the market maker fee exemption the earlier of: (1) within 12 months from the date of approval or (2) upon changes to the TSX market maker system (including those currently under consideration); and
- The fee exemption will expire within 14 months unless the Commission approves the continuation of the fee on the basis that RS has established through its review that the exemption is fair considering the regulatory contribution of market makers.

In addition, the Alberta Securities Commission, the British Columbia Securities Commission, the Manitoba Securities Commission and Commission des valeurs mobilières du

Quebec approved the Fee Exemption subject to terms and conditions.

A copy and description of the Fee Exemption was published for comment on February 28, 2003 at (2003), 26 OSCB 1969. Sixteen comment letters were received. A summary of the comments received and a notice prepared by RS is attached to this notice.