

Chapter 25

Other Information

25.1 OTHER INFORMATION

25.1.1 MEMORANDUM OF UNDERSTANDING WITH THE UNITED STATES COMMODITY FUTURES TRADING COMMISSION

MEMORANDUM OF UNDERSTANDING

The Ontario Securities Commission and the United States Commodity Futures Trading Commission, acknowledging the importance of ensuring compliance with and enforcement of the laws and regulations of Ontario and of the United States of America respecting commodity futures and commodity options and the commodity futures and commodity options markets, and recognizing, in light of the increasing international activities in those markets, the need for mutual cooperation between the relevant regulatory authorities of Ontario and the United States of America in order to facilitate the performance of their functions with respect to the above matters, have reached the following understanding:

ARTICLE 1. Definitions

1. For the purposes of this Memorandum of Understanding ("Memorandum"):
 - (a) "Authority" means:
 - (i) the Ontario Securities Commission (the "OSC") and any other Canadian securities regulatory authority which has regulatory jurisdiction with respect to commodity futures and commodity options and commodity futures and commodity options markets and which becomes a party to this Memorandum in the manner forth in Article 11; or
 - (ii) the Commodity Futures Trading Commission of the United States of America (the "CFTC").
 - (b) "requested Authority" means an Authority to whom a request for assistance under this Memorandum is made.
 - (c) "requesting Authority" means an Authority making a request for assistance under this Memorandum.
 - (d) "person" means an individual, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative.
 - (e) "company" means any corporation, incorporated association, incorporated syndicate or other incorporated organization.
 - (f) "futures business" means commodity trading advisors, commodity pool

operators, futures commission merchants, introducing brokers, associated persons and floor brokers, floor traders, clearing corporations, futures and options brokers and dealers and exchanges.

- (g) "laws and regulations" means the laws, rules, regulations and regulatory policies concerning the regulation of commodity futures and commodity options and the commodity futures and commodity options markets including, without limitation:
- (i) misrepresentation or the use of fraudulent, deceptive or manipulative practices in connection with the offer, purchase or sale of any commodity futures or commodity options contract;
 - (ii) the making of a false or misleading statement or any material omission in any application or report made to the Authorities;
 - (iii) the conduct of commodity futures or commodity options trading on, or subject to the rules of, the markets of the requesting Authority;
 - (iv) the conduct of futures businesses or reporting requirements imposed on such businesses; and
 - (v) the financial and other qualifications of those engaged in or in control of futures businesses.

In case of any dispute over the meaning of any term used in this Memorandum, the parties will define the terms herein in accordance with the relevant laws of the jurisdiction of the requesting Authority.

ARTICLE 2. General Principles

1. This Memorandum sets forth a statement of intent of the Authorities regarding mutual assistance and exchange of information between the Authorities for the purpose of facilitating a requesting Authority's efforts to secure enforcement of or compliance with its laws and regulations. This Memorandum does not modify or supersede any laws or regulations in force in, or applying to, the jurisdictions of the Authorities. This Memorandum does not modify or supersede the Financial Information Sharing Memorandum of Understanding between the Authorities dated September 23, 1991 or the arrangements between the Authorities concerning orders of the CFTC under Part 30 of its Regulations.
2. The execution of this Memorandum does not prohibit any Authority from taking measures other than as provided herein to obtain information, evidence or other

3

documents located in the jurisdiction of another Authority or in the possession or under the control of a person in the jurisdiction of another Authority for a purpose within the scope of this Memorandum, provided that such Authority:

- (a) where the information is located within the jurisdiction of another Authority, makes a request for assistance pursuant to this Memorandum to such other Authority prior to taking such other measures;
 - (b) notifies the other Authority before using other measures not specifically contemplated by this Memorandum;
 - (c) utilizes moderation and restraint in taking such additional measures; and
 - (d) consults, if so requested, concerning how such measures may affect the interests of the other Authority and its government.
3. Notwithstanding the restrictions with respect to obtaining certain information, evidence or other documents set out in paragraph 2 of this Article, an Authority:
- (a) may communicate with any person or company in the jurisdiction of another Authority that voluntarily agrees to provide the information, evidence or documents requested; and
 - (b) may make requests for information on an informal basis and without compliance with the terms of this Memorandum where the relevant information is available from any public source in the jurisdiction of another Authority.
4. The provisions of this Memorandum will not give rise to a right, directly or indirectly, on the part of any person or company to obtain, suppress or exclude any information or to challenge the execution of a request for assistance under this Memorandum.

ARTICLE 3. Scope of Assistance

1. In accordance with the laws and regulations of their respective jurisdictions, the Authorities will provide the fullest mutual assistance, within the framework of this Memorandum, in response to a request concerning enforcement of or compliance with their respective laws and regulations. To the extent permitted by the law relevant to a requested Authority, such assistance will be provided even where the subject matter of the request for assistance does not constitute a violation of the laws and regulations of such Authority.
2. The assistance available under this Memorandum includes, without limitation:
 - (a) obtaining information and providing access to information in the files of the

- requested Authority;
- (b) obtaining statements, including statements under oath, of persons by the requested Authority; and
- (c) obtaining information and documents from persons and companies.

ARTICLE 4. Requests for Assistance

1. Requests for assistance will be made in writing and addressed to the requested Authority's contact officer as listed in Appendix A.
2. The requesting Authority will specify, in a request for assistance, the following:
 - (a) the information sought by the requesting Authority;
 - (b) a general description of both the matter which is the subject of the request and the purpose for which the information is sought;
 - (c) the persons or companies suspected or believed by the requesting Authority to possess the information sought or, where the requesting Authority is knowledgeable thereof, the places where such information may be obtained;
 - (d) the laws and regulations pertaining to the matter which is the subject of the request;
 - (e) whether the presence and participation of its representatives is desired during the taking by the requested Authority of statements of persons in connection with the request; and
 - (f) the desired time period for the reply.
3. In the event of urgency, requests for assistance and replies to such requests may be made by summary procedures or by means of communication other than the exchange of letters, provided that they are confirmed in the manners prescribed in paragraphs 1 and 2 of this Article.
4. A request for assistance under this Memorandum may be denied by the requested Authority:
 - (a) where the execution of the request for assistance would require the requested Authority to act in a manner that would violate the Constitution or laws of the jurisdiction of the requested Authority;
 - (b) where the request for assistance is not in accordance with the provisions set forth in this Memorandum;

- (c) where the conditions outlined in paragraph 2 of Article 10 are applicable and an arrangement with respect to costs, pursuant to that paragraph, has not been finalized to the satisfaction of the requested Authority; or
 - (d) on grounds of public interest.
5. The requested Authority will consider whether there may be other assistance it can give where it cannot completely accept a request for assistance.

ARTICLE 5. Execution of Requests for Assistance

1. The requested Authority will deal with a request for assistance within a reasonable period of time.
2. The requested Authority, when requested by the requesting Authority, will use its best efforts to obtain statements from persons involved, directly or indirectly, in the activities that are the subject of the request for assistance or from persons or companies that hold information that may assist in carrying out the request. The requested Authority will also seek to obtain the production of documents or other information from any other person or company designated by the requesting Authority.
3. A response to a request for assistance made under this Memorandum will be conducted in accordance with the procedures of the requested Authority and by persons designated by the requested Authority, unless otherwise agreed by the requesting and the requested Authorities.
4. Notwithstanding any other provision of this Memorandum, any person or company providing statements, information or documents as a result of a request for assistance made under this Memorandum will be entitled to all of the rights and protections of the Constitution and laws of the jurisdiction of the requested Authority that may otherwise be applicable. Assertions regarding other rights and privileges arising exclusively pursuant to the Constitution or law of the jurisdiction of the requesting Authority will be preserved for consideration by the courts in the jurisdiction of the requesting Authority.
5. A person whose statement is taken pursuant to a request for assistance will have the right to have counsel present during the taking of the statement.
6. If the requesting Authority so specifies in the request for assistance, statements will be taken under oath and a verbatim transcript will be made. In addition, if the requesting Authority so specifies in the request for assistance, and subject to the approval of the requested Authority, a designated representative of the requesting Authority may be present when those statements are taken. Subject to approval by the requested Authority, that representative may prescribe specific questions to

be asked; or may, if permitted by the applicable law of the jurisdiction of the requested Authority, ask questions directly of the person whose statement is to be taken.

ARTICLE 6. Permissible Uses of Information

1. The requesting Authority may use the information furnished solely:
 - (a) for purposes stated in the request for assistance with respect to ensuring compliance with or enforcement of the laws and regulations specified in the request and related provisions; and
 - (b) for purposes within the general framework of the use stated in the request for assistance, including conducting a civil or administrative enforcement proceeding or assisting in a criminal prosecution or conducting any investigation related thereto for any general charge applicable to the violation of the laws and regulations specified in the request for assistance.
2. The requesting Authority will not use the information furnished for any purpose other than those stated in paragraph 1 of this Article unless it has first informed the requested Authority of its intention to use the information supplied for such other purpose and the requested Authority has not objected, within 15 business days, to such intended use of the information. The requested Authority may only oppose such other use in cases where it reasonably believes that such use would not be in the interests of the administration and enforcement of the laws and regulations of the jurisdiction of the requested Authority or when the circumstances noted in paragraph 4 of Article 4 are applicable. If use of the information is opposed by the requested Authority, the Authorities will consult pursuant to Article 8 concerning the reasons for the refusal and the circumstances under which use of the information might otherwise be allowed. Where the requested Authority opposes such use, the information may be used only under the conditions imposed by the requested Authority.

ARTICLE 7. Confidentiality of Requests

1. Except as contemplated by Article 6 and except for disclosures that are absolutely necessary to carry out a request for assistance, each Authority will keep confidential, to the extent permitted by law, all requests for assistance made under this Memorandum, the contents of such requests and any other matters arising during the operation of this Memorandum of Understanding, including consultations between the Authorities. The requesting Authority will keep confidential, to the extent permitted by law, any information it receives pursuant to a request for assistance. Such confidentiality may be waived by the mutual agreement of the requesting and the requested Authority.

2. Except as contemplated by Article 6, the requesting Authority will not offer the information to, and will use its best efforts to ensure that it is not obtained by, any other person or company. Where, however, the requesting Authority is not authorized to oppose the disclosure of information to a public authority, it will so inform the requested Authority and will use its best efforts to ensure that the information is not used for any purpose other than those contemplated in Article 6 and is not disclosed to any other person or company. Unless otherwise agreed, if such information is obtained by any other person or company, the requesting Authority will use its best efforts to ensure that such information will not be used by that person or company in any way that involves disclosure to any other person or company.
3. The requesting Authority will notify the requested Authority of any legally enforceable demand for information prior to complying with such demand and will assert such appropriate legal exemptions or privileges with respect to such information as may be available.
4. When the requesting Authority has terminated the matter for which assistance has been requested under this Memorandum, it will promptly inform the requested Authority of such termination and will return to the requested Authority, upon any request made by that Authority and to the extent permitted by the law of the jurisdiction of the requesting Authority, all documents and copies of the information provided by the requested Authority not already disclosed in proceedings referred to in Article 6, and other material disclosing the contents of such documents, other than material that has been generated as part of the deliberative, investigative or internal analytical process of the requesting Authority which may be retained.
5. Any document or any other material provided by the requested Authority in response to a request for assistance under this Memorandum and any other material disclosing its content, other than material that is generated as part of the deliberative, investigative or internal analytical process of the requesting Authority, will not become the property of the requesting Authority and must be redelivered, upon demand, to the requested Authority without delay, to the extent permitted by law, provided that the requested Authority may only make such a demand under this paragraph where it has reason to believe that the information has been or is likely to be disclosed or used other than as contemplated by Article 6.

ARTICLE 8. Disputes and Consultations

1. The Authorities will keep the operation of this Memorandum under continuous review and will consult with a view to improving its operation and resolving any matters that may arise. In particular, the Authorities will consult upon request in the event of:
 - (a) a refusal by one Authority to comply with a request for information on the grounds set forth in paragraph 4 of Article 4; or

- (b) a change in market or business conditions or in the legislation governing matters within the jurisdiction of an Authority, or any other difficulty which makes it necessary to amend or extend this Memorandum in order to achieve its purposes.
2. The Authorities may agree on such practical measures as may be necessary to facilitate the implementation of this Memorandum.
 3. Where the specific conduct set out in the request for assistance may constitute a breach of a law or regulation in both the jurisdiction of the requested and the requesting Authority, those Authorities will consult in order to determine the most appropriate manner for each Authority to provide assistance.
 4. Any of the conditions of this Memorandum may be amended, relaxed or waived by mutual agreement.

ARTICLE 9. Unsolicited Assistance

1. To the extent permitted by the laws and regulations of its jurisdiction, each Authority will use reasonable efforts to provide each other Authority with any information it discovers which gives rise to a suspicion of a breach, or anticipated breach, of the laws and regulations of the jurisdiction of another Authority, subject to compliance by that other Authority with any conditions that would have been applicable had the information been provided pursuant to a request for assistance made under this Memorandum.

ARTICLE 10. Costs of Investigation

1. Subject to paragraph 2 of this Article, all costs and other disbursements incurred by the requested Authority in connection with the execution of requests for assistance will be the responsibility of and for the account of the requested Authority.
2. Where the cost of executing a request for assistance is estimated to be substantial or where the cumulative costs of executing requests for assistance made to a requested Authority are materially greater than the costs incurred by the requesting Authority in connection with the execution of requests for assistance made by the requested Authority, the requested Authority may, as a condition of executing a request for assistance, require the requesting Authority to make a contribution to costs in an amount agreed by the two Authorities.

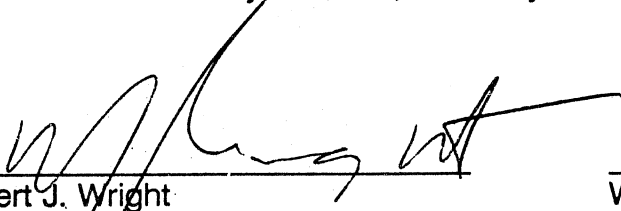
ARTICLE 11. Effective Date

1. This Memorandum shall become effective from the date of signature by the CFTC and by the relevant Canadian securities regulatory authority (with respect to that Canadian securities regulatory authority).
2. Any Canadian securities regulatory authority which has regulatory jurisdiction with respect to commodity futures and commodity options and commodity futures and commodity options markets may become a party to this Memorandum by executing a counterpart hereof together with the CFTC and providing notice to the other Canadian securities regulatory authorities which are parties to this Memorandum.

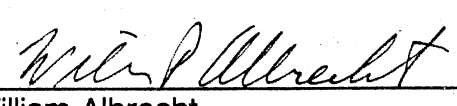
ARTICLE 12. Termination

1. This Memorandum may be terminated as to any Authority by that Authority giving 30 days written notice to the other Authorities that this Memorandum is no longer to have effect as to the relevant jurisdiction. If any Authority gives such notice, this Memorandum will continue to have effect with respect to all requests for assistance which are made before the effective date of notification until the requesting Authority terminates the matter for which assistance was requested.

Signed at Quebec City, Quebec, this TH day of July, 1992.



Robert J. Wright
Chairman
Ontario Securities Commission



William Albrecht
Commissioner
Commodity Futures Trading Commission