



THE MANITOBA  
SECURITIES  
COMMISSION

THE COMMODITY FUTURES ACT )  
  )  
Subsection 16(1)  )

Order No. 5265

December 21, 2006

WCE CLEARING CORPORATION and WCE HOLDINGS INC.

WHEREAS:

(A) WCE Holdings Inc. (Holdings) and WCE Clearing Corporation (WCECC) have applied to The Manitoba Securities Commission (the "Commission") pursuant to Subsection 16 (1) of *The Commodity Futures Act*, S.M. 1996, c. 73 C152 (as amended) (the "Act") for an order that:

(i) WCE Clearing Corporation ("WCECC") be designated as a recognized clearing house pursuant to Subsection 16(1) of the Act.

(B) It has been represented to the Commission by WCECC that:

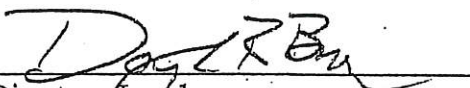
1. WCECC was incorporated as a Manitoba corporation in May 1998 and has operated as a clearing house continuously since that time;
2. WCECC is a share capital corporation which is wholly owned by Holdings;
3. WCECC is currently designated as the clearing house for Winnipeg Commodity Exchange Inc. (the "Exchange") pursuant to the rules of the Exchange;
4. WCECC meets world recognized standards for clearing houses in terms of its written rules, policies and procedures, the setting and maintaining of standards of financial requirements for all Clearing Participants.

- (C) The Commission is of the opinion that it is in the public interest to grant the order requested.

**IT IS ORDERED:**

1. THAT, subject to the terms and conditions set out in Appendix "A" to this order:
  - (i) WCECC be designated as a recognized clearing house pursuant to Subsection 16(1) of the Act.
2. THAT, Commission Order No. 3766 dated May 31, 2002 is hereby revoked.

**BY ORDER OF THE COMMISSION**

  
Director - Legal

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Appendix "A" to Order Number 3766 dated May 31, 2002  
Terms and Conditions

Notice of Share Ownership

1. In the event that WCECC intends to amend its Articles of Incorporation, the Commission will be given notice of this intention and will be given notice of meeting of shareholders called for that purpose or a copy of any resolution in lieu of a meeting that is circulated to shareholders.
2. WCECC shall provide the Commission with a minimum of 21 days notice respecting the acquisition of voting shares of WCECC by any entity other than Holdings.

Corporate Governance

2. The governance structure of WCECC shall provide for:
  - a. fair and meaningful representation on its governing body, in the context of the nature and structure of WCECC;
  - b. appropriate qualifications, remuneration, conflict of interest provisions and limitation of liability and indemnification protections for directors and officers and employees of the WCECC generally.
3. WCECC shall establish and maintain conflict of interest rules and/or policies for the Board, all committees and WCECC staff. Such rules and/or policies shall extend to anyone in a position to affect the outcome of a decision and shall provide for all such persons to be required to declare their interests and to foresee the possibility that a person may withdraw from a matter.

Regulation

4. The Board of Directors of the WCECC shall be responsible, for all matters relating to surveillance matters and ensuring compliance by the Clearing Participants with the provisions of the Rules.
5. WCECC shall advise the Commission in writing of the names and background of each person appointed to the Board of Directors.

6. WCECC shall promptly provide a written report to the Commission detailing any misconduct or fraud on the part of a Clearing Participant, or such other circumstances that may result in material loss or damage to WCECC or its operations, including all situations where the solvency of a Clearing Participant is at risk.

Systems

7. For each of its systems that support the operations of WCECC, WCECC shall:
    - (a) Make reasonable current and future capacity estimates;
    - (b) Conduct necessary stress tests of critical systems on a reasonably frequent basis to determine the ability of those systems to process transactions in an accurate, timely and efficient manner;
    - (c) Develop and implement reasonable procedures to review and keep current the development and testing methodology of those systems;
    - (d) Review the vulnerability of those systems and computer operations to internal and external threats including physical hazards and natural disasters;
    - (e) Establish reasonable contingency and business continuity plans;  
and
    - (f) Notify the Commission, in writing, of any material systems failures or changes that impact clearing operations.
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Purpose of Rules

8. WCECC shall, subject to the terms and conditions of this Order and the jurisdiction and oversight of the Commission in accordance with the laws of the Province of Manitoba, establish such rules, regulations, policies, procedures, practices or other similar instruments as are necessary or appropriate to govern and regulate all aspects of its business and internal affairs and shall in so doing specifically govern and regulate so as to:
  - a. seek to ensure compliance with the Act; and
  - b. seek compliance with the terms and conditions of this order as well as any regulations, rules, policies or orders issued by the Commissions.



Due Process

9. WCECC shall ensure that the rules of WCECC shall ensure that the requirements of WCECC relating to its facilities, the imposition of limitations on conditions of access, and denial of access are fair and reasonable.

Information Sharing

10. WCECC and Holdings shall cooperate by the sharing of necessary and reasonably relevant information, with the Canadian Investor Protection Fund and other Canadian exchanges, recognized self-regulatory organizations and regulatory authorities responsible for the supervision of clearing activities, subject to the applicable laws concerning the sharing of information and the protection of personal information.

Additional Requirements

11. WCECC shall notify the Commission prior to providing any regulatory duties or regulatory operations to other exchanges, self-regulatory organization, or other persons.

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12. WCECC shall obtain prior written approval from the Commission before subcontracting a portion of its regulatory duties or regulatory functions to other self-regulatory organizations.
13. WCECC shall provide the Commission and its staff with such information as it may, from time to time, request.

Holdings to facilitate WCECC in its compliance requirements

14. Holdings shall not take any action that has the effect, either directly or indirectly, of interfering with the ability of WCECC to comply with the terms and conditions of this order or with any other requirement applying to a recognized clearing house under the Act.

ALL OF WHICH ARE INCORPORATED AS TERMS AND CONDITIONS OF THE ORDER ISSUED BY THE COMMISSION