Citation: Exemption from Section 13.2(2)(b) of National Instrument 31-103 *Registration Requirements and Exemptions* for Mutual Fund Dealers, 2010 ABASC 81 **Date: 20100226**

ALBERTA SECURITIES COMMISSION

BLANKET ORDER 31-511

February 26, 2010

Definitions

1. Terms defined in the *Securities Act*, R.S.A. 2000, c. S-4 (the **Act**) or in National Instrument 14-101 *Definitions* have the same meaning in this Blanket Order.

Background

2. Paragraph 13.2(2)(b) of National Instrument 31-103 *Registration Requirements and Exemptions* **(NI 31-103)**, provides that a registrant must take reasonable steps to establish whether a client is an insider of a reporting issuer or any other issuer whose securities are publicly traded.

3. The purpose of this requirement is to ensure compliance with insider trading rules by requiring dealers to notify a client of the client's obligation to file an insider trade report.

4. If a registrant limits its trading with clients to mutual fund securities, only in very rare circumstances will a trade require the filing of an insider trade report.

5. Compliance with paragraph 13.2(2)(b) of NI 31-103 presents significant costs to mutual fund dealers that are not justified when trading with a client is limited to certain securities.

Order

6. The Commission orders, under section 213 of the Act, that a person or company registered in the category of a mutual fund dealer as defined in NI 31-103 in Alberta is exempt from paragraph 13.2(2)(b) of NI 31-103 if such person or company is not registered in any other category specified in section 7.1 of NI 31-103.

This order takes effect on February 26, 2010.

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Glenda A. Campbell, QC, Vice-Chair
Alberta Securities Commission

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Stephen R. Murison, Vice-Chair
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