

## ALBERTA SECURITIES COMMISSION

## BLANKET ORDER 31-517

**Citation: Exemption from the Requirement that Mutual Fund Dealers Identify Individuals with 10% Interests in Corporate Clients (Section 13.2(3)(b)(i) of NI 31-103), Re, 2010 ABASC 513** **Date: 20101103**

**Definitions**

1. Terms defined in the *Securities Act*, R.S.A. 2000, c. S-4, National Instrument 14-101 *Definitions* or National Instrument 31-103 *Registration Requirements and Exemptions* (NI 31-103) have the same meaning in this Blanket Order.

**Background**

2. As part of the know your client requirements, section 13.2(3)(b)(i) of NI 31-103 requires a registrant (other than an investment fund manager) to establish the identity of any individual who owns or exercises control or direction over more than 10% of the voting rights attached to the outstanding voting securities of a corporation that is a client.
3. The cost incurred by mutual fund dealers in order to comply with section 13.2(3)(b)(i) of NI 31-103 exceeds the benefit because mutual fund dealers:
  - (a) trade primarily in securities of mutual funds that are bound by certain restrictions on investments; and
  - (b) comply with the provisions of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), which requires they obtain certain information about all persons who own or control 25% or more of the shares of a corporation that is a client.

**Order**

4. Section 13.2(3)(b)(i) of NI 31-103 does not apply to a registrant that is a mutual fund dealer in respect of a client that is a corporation, provided that the mutual fund dealer:
  - (a) is not registered other than as a mutual fund dealer or as both a mutual fund dealer and an investment fund manager; and

- (b) complies with the provisions of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) requiring the identification of any person who owns or controls 25% or more of the shares of a corporation that is a client.

This order takes effect on 5 November 2010.

**For the Commission:**

*“original signed by”*

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Glenda Campbell, QC  
Vice-Chair

*“original signed by”*

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Stephen Murison  
Vice-Chair