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”
Glenda Campbell, QC
Vice-Chair

“original signed by”
Stephen Murison
Vice-Chair