

**IN THE MATTER OF THE SECURITIES ACT
R.S.N. 1990, CHAPTER S-13, AS AMENDED (the "Act")**

AND

**IN THE MATTER OF
NETWORKING ARRANGEMENTS GOVERNED
BY THE PRINCIPLES OF REGULATION**

**O R D E R
(Section 197 of the Regulation)**

UPON the application by certain interested parties to the Director of Securities (the "Director") pursuant to the powers conferred on the Director by section 146 of the Act for an order pursuant to section 197 of The Securities Regulations, 1991 made under the Act (the "Regulation") for an order exempting certain registrants from the requirement set out in subsection 193(1) of the Regulation to file networking notices:

AND UPON it appearing to the Director that:

- A. subsection 193(1) of the Regulation provides, *inter alia*, that a registrant that proposes to enter into a networking arrangement with a financial intermediary shall give written notice to the Director setting out all relevant facts of the proposed arrangement at least thirty days before entering into the arrangement so that the Director can be satisfied that the arrangement does not give rise to investor protection concerns; and
- B. the Principles of Regulation regarding Distribution of Mutual Funds By Financial Institutions dated November 4, 1988; Full Service and Discount Brokerage Activities of Securities Dealers in Branches of Related Financial Institutions dated November 17, 1988; and Activities of Registrants Related to Financial Institutions dated July 1, 1990 (collectively the "Principles of Regulation") have been published by the Canadian Securities Administrators. The Principles of Regulation address, *inter alia*, the same regulatory issues as the review of networking notices under subsection 193(1) where the parties involved are part of the same financial intermediary related group. The Principles of Regulation set out the conditions under which certain networking arrangements involving these market participants will be acceptable to the Director;

AND UPON the Director being satisfied that to so order would not be prejudicial to the public interest;

IT IS ORDERED pursuant to section 197 of the Regulation that registrants who propose to enter into a networking arrangement with a financial intermediary the subject matter of which is entirely regulated by the Principles of Regulation are not required to file a networking notice

with the Director pursuant to subsection 193(1) of the Regulation, provided that this order shall not relieve the registrant from compliance with any conditions imposed by the Principles of Regulation on such networking arrangements.

DATED at St. John's, Newfoundland this 4th day of April, 1994.

GEORGE F. KENNEDY
Director of Securities