

ORDER NUMBER 68

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

AND

**RELIEF FROM THE REQUIREMENT UNDER SUBPARAGRAPH 13.2(3)(b)(i)
FOR MUTUAL FUND DEALERS**

**ORDER
(Sections 138.19 and 144.(1) of the Act)**

Definitions

1. Unless otherwise defined in this order or the context otherwise requires, terms used that are defined in National Instrument 31-103 *Registration Requirements and Exemptions* or National Instrument 14-101 *Definitions* have the same meaning in this order.

Background


2. As part of the know your client requirements, subparagraph 13.2(3)(b)(i) of NI 31-103 requires a registrant to collect information about the identity of any individual who owns or controls more than 10% of the voting rights attached to the voting securities of a corporation that is a client of the registrant.
3. The costs incurred by mutual fund dealers in order to comply with subparagraph 13.2(3)(b)(i) of NI 31-103 exceed any investor benefit since mutual fund dealers:
 - (i) trade primarily in publicly offered mutual funds which have restrictions on investments; and
 - (ii) are required to collect information about any person who owns or controls 25% or more of the shares of a corporate client under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada).
4. As investment fund managers are not subject to subparagraph 13.2(3)(b)(i), it is appropriate for this relief to apply to mutual fund dealers that are also registered as investment fund managers.

Order

5. Subparagraph 13.2(3)(b)(i) of NI 31-103 does not apply to a mutual fund dealer in respect of a client that is a corporation subject to the following conditions:
- (i) the mutual fund dealer is not registered in any other category of registration other than investment fund manager; and
 - (ii) the mutual fund dealer 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 corporate client.

This order will come into effect on November 5, 2010.

Dated at St. John's, Newfoundland and Labrador this 5th day of November, 2010.



Douglas Connolly, C.G.A.
Superintendent of Securities