
Issue No. 20 - November 2012

BULLETIN

Representatives' Directing Commissions to Personal Corporations and Use of Business Names that are Similar to Incorporated Entities

The Securities Act and Related Regulations and Rules ("Securities Legislation")

On March 29, 2010 the Mutual Fund Dealers Association ("MFDA") issued Bulletin #0429 – P advising that the recognizing regulators of the MFDA passed amendments to the MFDA Rule 2.4.1 which allowed the payment of commission by MFDA members to unregistered corporations in the following jurisdictions:

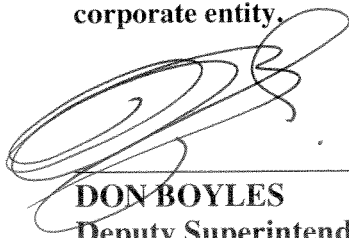
British Columbia;
Manitoba;
Saskatchewan;
Ontario;
New Brunswick; and
Nova Scotia.

The MFDA is not recognized as a Self Regulatory Organization in Newfoundland and Labrador ("NL") and therefore MFDA Rule 2.4.1 is not applicable to any MFDA member conducting activity in NL.

The Office of the Superintendent of Securities ("the Superintendent") wishes to reiterate that Securities Legislation prohibits the payment of a commission or other remuneration to an individual or a corporation that is not registered in NL.

Our office has also received submissions (Use of Other Names) under the National Registration Database ("NRD") disclosing that representatives are holding themselves out to the public under a name that is similar to a corporate name which has a connection to the representative. This is typically done by removing "Inc." in the corporate name. Similar submissions (Current Employment) have also been received on NRD disclosing employment with an entity but not including the full corporate name. Again, "Inc." is being removed from the name.

It is the opinion of the Superintendent that is not in the public interest to allow a registered individual to operate under a business name which may lead the public to believe that they are dealing with a corporate entity.



DON BOYLES
Deputy Superintendent of Securities