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Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Securities Act s. 48 Dealer -Exemption from dealer requirements in subsections 38(1) and 38(3) of the Rules to send statements of account monthly or quarterly - A BC registered dealer wants an exemption from delivering to clients monthly account statements, quarterly account statements, or both - Dealer is a scholarship plan dealer; monies deposited under the education savings plan are invested primarily in accordance with National Policy Statement 15 *Conditions Precedent to Acceptance of Scholarship or Educational Plan Prospectuses*; at the time a planholder makes an initial deposit they are provided with all details pertaining to the plan deposit; planholders receive a statement of account annually thereafter.

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, s. 48

**IN THE MATTER OF THE SECURITIES LEGISLATION OF ALBERTA,
BRITISH COLUMBIA, SASKATCHEWAN, ONTARIO, NOVA SCOTIA,
PRINCE EDWARD ISLAND AND NEWFOUNDLAND AND LABRADOR**

AND

**IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

IN THE MATTER OF CHILDREN'S EDUCATION FUNDS INC.

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Saskatchewan, Ontario, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (the "Jurisdictions") have received an application from Children's Education Funds Inc. ("CEFI") for a decision pursuant to the securities legislation of each of the Jurisdictions (the "Legislation") that the provisions (the "Statement of Account Requirements") contained in the Legislation that require a registered dealer to:

- (i) send or forward a statement of account to each client of the dealer at the end of each month in which a transaction has been effected in the account; and

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- (ii) send or forward a statement of account to each client of the dealer not less than once every three months, where a transaction has not been effected in that period but there are funds or securities held by the dealer on a continuing basis.

shall not apply to CEFI in respect of securities of the Children's Education Trust of Canada (the "Plan").

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications ("MRRS"), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS CEFI has represented to the Decision Makers that:

1. CEFI was incorporated under the laws of the Province of Ontario. The head office of CEFI is located at Burlington, Ontario.
2. CEFI is indirectly wholly-owned by Donna Haid through Donna Haid Holdings Inc., and is registered under the Legislation as a scholarship plan dealer in each of the Jurisdictions to distribute securities of the Plan, an education savings plan which has been established to provide scholarships to qualified students to attend post-secondary institutions.
3. The Plan is administered and sponsored by The Children's Educational Foundation of Canada (the "Foundation"), a non-profit corporation without share capital under the Canada Corporations Act. The Foundation is a reporting issuer or the equivalent thereof in each of the Jurisdictions.
4. The current offering of the Plan is being made pursuant to an amended and restated prospectus (the "Current Prospectus") dated June 8, 2004, in respect of the continuous offering of scholarship agreements in which a subscriber to the Plan (a "Planholder") agrees to deposit a lump sum or series of payments to an account maintained by a depository trustee on behalf of a nominated child.
5. Monies deposited by a Planholder pursuant to a scholarship agreement are invested primarily in income investments in accordance with National Policy 15 or as otherwise permitted by the Canadian securities regulatory authorities.
6. Planholders receive at the time they initially enroll all details pertaining to Plan deposit information including deposit method, number of units (as applicable), initial deposit, additional deposit amounts, number of additional deposits, total funds to be deposited, next deposit date and final deposit date.

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Annually thereafter, a Planholder receives a statement of account (the "Account Information") which sets forth all deposits less enrollment fees, depository fees, administration fees and insurance premiums; amounts of grant received and investment income earned; estimated principal balance on maturity plus potential scholarship value.

7. Planholders will be provided with information concerning the reporting that they will receive in respect of the Plan at the earlier of the next annual mailing to Planholders or one year from the date of this Decision.
8. Planholders may access their Account Information at any time, free of charge, via the internet.
9. Planholders may also contact CEFI customer service representatives by telephone during normal business hours and request, free of charge, a copy of their Account Information by facsimile or mail.

AND WHEREAS pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that the Statement of Account Requirements shall not apply to CEFI in respect of the distribution of securities of the Plan, provided that:

1. CEFI sends to all Planholders a statement of account on at least an annual basis that contains the same information that would have been required to be provided pursuant to the Statement of Account Requirements; and
2. For each Jurisdiction, this Decision shall terminate one year after the coming into force of a rule or other regulation under the Legislation of such Jurisdiction that relates, in whole or in part, to the Statement of Account Requirements applicable to scholarship plan dealers in respect of the distribution of securities of education savings plans.

September 17, 2004

David M. Gilkes