

# 2004 BCSECCOM 724

December 22, 2004

## Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Securities Act s. 48 Adviser – Exemption from s. 34(1)(c) requirement to be registered as an adviser and the requirements of Part 5 of the Act and rules – A person who resides outside BC wants to advise BC residents – The advice is in the form of research reports; the reports are prepared by employees of an adviser registered in another Canadian jurisdiction; the reports are within the expertise of the employees; the reports are provided to a registered adviser and its authorized affiliates and their retail investment advisers; only the retail investment advisers of the registered adviser and its authorized affiliates will distribute the reports in BC

## Applicable British Columbia Provisions

*Securities Act*, R.S.B.C. 1996, c. 418, ss. 34(1)(c) and 48

In the Matter Of  
the Securities Legislation  
of British Columbia, Alberta, Saskatchewan, Nova Scotia, New Brunswick,  
Newfoundland and Labrador, Prince Edward Island, Yukon, Northwest Territories  
and Nunavut (the Jurisdictions)

and

In the Matter of  
the Mutual Reliance Review System for Exemptive Relief Applications

and

In the Matter of Veritas Investment Research Corporation (the Filer)

## MRRS Decision Document

## Background

- ¶ 1 The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer for a decision, under the securities legislation (the Legislation) of the Jurisdictions for an exemption from the adviser registration requirement for investment research services to be provided by the Filer to RBC Dominion Securities Inc. (RBCDS) and any authorized affiliates of RBCDS (the Authorized Affiliates);

## 2004 BCSECCOM 724

- Under the Mutual Reliance Review System for Exemptive Relief Applications
- (a) the British Columbia Securities Commission is the principal regulator for this application, and
  - (b) this MRRS decision document evidences the decision of each Decision Maker.

### **Interpretation**

- ¶ 2 Defined terms contained in National Instrument 14-101 Definitions have the same meaning in this decision unless they are defined in this decision.

### **Representations**

- ¶ 3 This decision is based on the following facts represented by the Filer:
- 1. the Filer was incorporated under the laws of Canada on August 21, 2000 and its head office is in Ontario;
  - 2. the Filer is not registered in any category under the Legislation of any of the Jurisdictions;
  - 3. the Filer does not maintain an office anywhere in Canada other than Ontario;
  - 4. the Filer is registered in Ontario as an adviser in the categories of investment counsel and portfolio manager and as a dealer in the category of limited market dealer, and is not in default of any of its obligations as a registrant in Ontario;
  - 5. the Filer is not a reporting issuer in any jurisdiction;
  - 6. the business of the Filer consists primarily of providing investment advice to institutional clients, including RBCDS;
  - 7. the Filer entered into a services agreement dated November 21, 2003 with RBCDS (the Agreement);
  - 8. under the Agreement, the Filer agreed to provide certain investment research services (the Services) to RBCDS and the Authorized Affiliates consisting of research reports (collectively the Reports and individually a Report) and other relevant materials to ensure that the Services are tailored for use by retail investment advisers (the Advisers) of RBCDS and the Authorized Affiliates;
  - 9. the Advisers are permitted to provide a copy of each Report, either electronically or otherwise, to their retail investor clients provided that the Reports are reproduced in their entirety and contain all copyright notices, warnings, limitations and disclaimers which were contained in the Report

## 2004 BCSECCOM 724

prepared by the Filer and made available to RBCDS, the Authorized Affiliates or the Advisers by the Filer;

10. under the Agreement, the Filer must perform its Services in accordance with the Association of Investment Management Research (AIMR) Code of Ethics and Standards of Professional Conduct; and prepare and publish its Reports in accordance with the requirements of Policy No. 11 of the Investment Dealers Association of Canada (IDA);
11. RBCDS is a full-service Canadian investment firm located in over 100 offices across Canada;
12. RBCDS is registered under the Legislation of each Jurisdiction as a dealer in the category of “investment dealer”, or the equivalent, and is authorized to act as an adviser under an exemption from the adviser registration requirement made available under the Legislation of each Jurisdiction to dealers who are members of the IDA;
13. the individuals who engage in advisory activity on behalf of the Filer are Michael Palmer and Anthony Scilipoti (the Individual Advisers); each of the Individual Advisers is an officer and director of the Filer and is registered in Ontario as an adviser in the categories of investment counsel and portfolio manager; the Individual Advisers collectively have over 30 years of experience in a variety of investment activities, including portfolio management and investment banking;
14. the Filer has advised RBCDS and the Authorized Affiliates that:
  - (a) it is not registered as an adviser under the Legislation;
  - (b) it may not be subject to the same proficiency requirements as other persons registered under the Legislation; and
  - (c) RBCDS and the Authorized Affiliates may not have the same protections that they would have if the Filer were registered as an adviser under the Legislation.
15. in providing the Services to RBCDS and the Authorized Affiliates, the Filer would be acting as an adviser under the Legislation and, without the requested relief, would be required to be registered or otherwise exempt from registration as an adviser under the Legislation;

## 2004 BCSECCOM 724

16. there are no exemptions from the Legislation that the Filer can rely on to provide the Services to RBCDS and the Authorized Affiliates.

### **Decision**

- ¶ 4 Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Makers with the jurisdiction to make the Decision has been met.

The decision of the Decision Makers under the Legislation is that the adviser registration requirement does not apply to the Filer in respect of the investment research services to be provided by the Filer to RBCDS and the Authorized Affiliates, provided that the Filer will not have any direct and personal contact with a client of RBCDS or the Authorized Affiliates residing in New Brunswick if the Filer is not registered as an adviser in that jurisdiction.

Lang Evans, CA  
Director, Capital Markets Regulation  
British Columbia Securities Commission