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Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Relief from dealer, underwriter and prospectus requirements to allow applicant to continue trading foreign securities with U.S. clients under NI 35-101 despite opening Canadian call centre

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 34(1)(a)(b), 48, 61, 76

National Instrument 35-101 *Conditional Exemption from Registration for United States Broker-Dealers and Agents*

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

AND

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

AND

IN THE MATTER OF TD WATERHOUSE INVESTOR SERVICES, INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland and Labrador (the “Jurisdictions”) has received an application from TD Waterhouse Investor Services, Inc. (“TDW”) for a decision pursuant to the securities legislation of the Jurisdictions (the “Legislation”) exempting TDW and its agents from the dealer, adviser and underwriter registration requirements contained in the Legislation (the “Registration Requirements”) and the prospectus requirement contained in the Legislation (the “Prospectus Requirement”) so as to permit them to deal with the individuals (“NI 35-101 Clients”) referred to in section 2.1 of National Instrument 35-101 – Conditional Exemption from Registration for United States Broker-Dealers and Agents (“NI 35-101”) provided such dealings are conducted in accordance with all terms and conditions of NI 35-101 save and except for the requirement that TDW has no office or physical presence in any jurisdiction of Canada.

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

AND WHEREAS it has been represented by TDW to the Decision Makers that:

1. TDW is a corporation incorporated under the laws of the State of New York, U.S.A. and is a wholly owned indirect subsidiary of The Toronto-Dominion Bank (“TD Bank”), a bank listed on Schedule I of the *Bank Act* (Canada).
2. The head office of TDW is in New York, New York, U.S.A.
3. TDW is registered as a broker-dealer with the United States Securities and Exchange Commission pursuant to Section 15(b) of the *Securities Exchange Act* of 1934 as amended, to carry on business as a broker-dealer in the United States of America (“U.S.A.”).
4. TDW is proposing to transfer a portion of its broker call centre operations to an office in London, Ontario that it will operate through TD Waterhouse Canadian Call Center Inc., a wholly owned subsidiary of TDW incorporated under the laws of Ontario. This office will be a call centre (the “London Call Centre”) dedicated to answering inbound phone calls from clients of TDW who are not residents of Canada (“Non-Canadian Clients”) and will not otherwise be accessible to or by any person or company other than TDW and its associates and affiliates.
5. The scope of the London Call Centre’s operations will initially consist of responding to inbound Non-Canadian Client calls, providing information on market activities and developments and company products and services, customer account information, technical support and Web access support, providing stock market quotes and answering customer inquiries about market/account activity. Representatives of TDW (the “Representatives”) will not initially take orders since the calls to be directed to the London Call Centre will be limited to customer service enquiries that can be resolved administratively.
6. The Representatives will not be, and will not initially be required to be, registered under U.S.A. securities law, although they will be finger-printed and required to follow the employee screening procedures employed by TDW for its non-registered personnel in the U.S.A.
7. The London Call centre will be operated in accordance with all applicable rules established by the various U.S.A. regulatory authorities, including the

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SEC and the New York Stock Exchange (the “NYSE”). The London Call Centre will be subject to the same procedures set in place for TDW’s existing U.S.A. business, it will be examined at least annually by representatives from TDW’s compliance staff in New York, and it will be supervised by one or more properly qualified individuals acceptable to the NYSE.

8. Eventually, the Representatives will be registered under U.S. securities law in order to enable them to accept and route, but not execute, trading orders. The London Call Centre will remain dedicated to answering inbound phone calls from Non-Canadian Clients and NI 35-101 Clients.
9. TDW and the Representatives will not deal with or on behalf of persons or companies who are resident in Canada except for NI 35-101 Clients in accordance with NI 35-101 other than the requirement that TDW have no office or physical presence in any jurisdiction of Canada.
10. TDW and the Representatives who work in the London Call Centre on behalf of TDW in respect of trades with or on behalf of Non-Canadian Clients and NI 35-101 Clients will comply with all registration and other requirements of applicable securities legislation in the U.S.A.
11. The London Call Centre will be an opaque presence inaccessible to any person or company other than Non-Canadian Clients and NI 35-101 Clients whose calls are directed to the London Call Centre by TDW.
12. The Ontario Securities Commission (the “OSC”) has issued a ruling (the “Ontario Ruling”) pursuant to subsection 74(1) of the Act providing that
 - (a) the Representatives working in the London Call Centre shall not be subject to the requirements of paragraph 25(1)(a) of the Act where the Representatives act on behalf of TDW in respect of trades in securities with or on behalf of Non-Canadian Clients, provided that the Representatives comply with all registration and other requirements of applicable securities legislation in the U.S.A.; and
 - (b) TDW shall not be subject to the requirements of paragraph 25(1)(a) of the Act with respect to trading by it through the London Call Centre in securities with or on behalf of Non-Canadian Clients, provided that:
 - (i) a Representative working in the London Call Centre acts on behalf of TDW in respect of such trading; and

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- (ii) TDW complies with all registration and other requirements of applicable securities legislation in the U.S.A.

- 13. TDW currently relies on NI 35-101 for the purposes of dealing with NI 35-101 Clients, however, section 2.1 of NI 35-101 requires that TDW have “no office or physical presence in any jurisdiction” of Canada.
- 14. As a consequence of the trading activity that would be accommodated by the Ontario Ruling, TDW will technically no longer be able to continue to rely on NI 35-101 as it may be argued that TDW has an office or other physical presence in Canada as a portion of its broker call centre operations will be located in London, Ontario.

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 tests 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 Registration Requirement and the Prospectus Requirement shall not apply to TDW and its agents so as to permit them to deal with NI 35-101 Clients provided such dealings are conducted in accordance with all terms and conditions of NI 35-101 save and except for the requirement that TDW has no office or physical presence in any jurisdiction of Canada, and provided that the only office or physical presence that TDW has in Canada is the London Call Centre.

DATED at Toronto, Ontario this 26th day of July, 2002.

Paul M. Moore

Robert L. Shirriff