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June 8, 2007

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Securities Act s. 48, 76 Business Associates Trades in securities to partners, and their trusts, corporations, and family members - Exemption from s. 34(1)(a) requirement to be registered as a dealer in connection with a trade and s. 61 requirement to file a prospectus in connection with a distribution to a business associate or partner - Trades in securities to partners, and their trusts, corporations, and family members - The trades are in securities of entities related to a business; the trades will only be to and among partners of the business, and a partner's spouse, corporation and trust; the trades are structured as such to permit partners to finance the business on a tax advantaged basis

Applicable British Columbia Provisions

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

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

and

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

and

In the Matter of
Deloitte Management Services LP
(the "Filer")

MRRS Decision Document

Background

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 of the Jurisdictions (the Legislation) that the proposed distribution, from time to time, of limited partnership units (LP Units) of Deloitte

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Management Services LP (DMS LP) to certain Family Trusts (as defined below) will not be subject to the Registration Requirement and the Prospectus Requirement (as defined in National Instrument 14-101 – *Definitions*) contained in the Legislation (the Requested Relief).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

- (a) the Ontario Securities Commission is the principal regulator for this application, and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

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

Representations

This decision is based on the following facts represented by this Filer:

1. Deloitte Canada is a professional services firm that provides audit and assurance, tax, financial advisory, enterprise risk management and consulting services through a number of operating entities including, Deloitte & Touche LLP, Samson Belair/Deloitte & Touche s.e.n.c.r.l. and Deloitte Inc. The Deloitte Canada firm has over 50 offices located in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia and Newfoundland and Labrador. Deloitte Canada may, in the future, also have offices in the other provinces and territories of Canada in which this application is being made.
2. The individuals that are partners of the Deloitte Canada firm are partners in two holding partnerships, Deloitte Touche Tohmatsu LLP and/or Deloitte Touche Tohmatsu Management Consultants LP, which control the operating entities referred to above.
3. Deloitte Touche Tohmatsu LLP is an Ontario limited liability partnership and the partners of Deloitte Touche Tohmatsu LLP are approximately 410 chartered accountants or their professional corporations (the CA Partners).
4. A professional corporation is a corporation incorporated by a partner of the Deloitte Canada firm under the laws of one of the provinces of Canada, which holds, where required, a valid permit or license to practice its profession in

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such province and all of the shares of which are owned by and the only director of which is the partner of the Deloitte Canada firm.

5. Deloitte Touche Tohmatsu Management Consultants LP is a limited partnership established under the laws of Manitoba. The limited partners of Deloitte Touche Tohmatsu Management Consultants LP are (i) all of the CA Partners and (ii) approximately 115 other professionals who do not require the chartered accountant designation to carry on their practices (i.e. lawyers, engineers and economists) or their professional corporations or other holding corporations (the Non CA Partners). For the purposes of this application, the CA Partners and the Non CA Partners are collectively referred to as the Deloitte Partners.
6. DMS LP is a limited partnership established under the laws of Manitoba which carries on the business of providing business infrastructure and support services to Deloitte & Touche LLP, Samson Belair/Deloitte & Touche s.e.n.c.r.l., Deloitte Inc., Deloitte Touche Tohmatsu LLP, Deloitte Touche Tohmatsu Management Consultants LP and any other entities that are part of the Deloitte Canada firm (collectively Deloitte). These services are provided pursuant to a business infrastructure and support services agreement entered into by DMS LP and Deloitte.
7. DMS LP is not and has no present intention of becoming a reporting issuer in Canada.
8. The general partner of DMS LP is 6644511 Canada Limited (the GP), a corporation incorporated under the *Canada Business Corporations Act*, all of the issued and outstanding shares of which will be owned by another corporation (GP Holdco) and the shares of GP Holdco will in turn be owned by a trust for the benefit of the Deloitte Partners.
9. DMS LP will issue LP Units from time to time to trusts (collectively, the Family Trusts and individually, a Family Trust) that are resident in Canada for tax purposes and all of the beneficiaries of which are only one or more of the following (collectively Permitted Beneficiaries):
 - (a) the living grandparents of a Deloitte Partner or of the spouse or common law partner of a Deloitte Partner;
 - (b) the living parents of a Deloitte Partner or of the spouse or common law partner of a Deloitte Partner;
 - (c) a spouse or common law partner of a Deloitte Partner;

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- (d) the living issue of a Deloitte Partner or of the spouse or common law partner of a Deloitte Partner;
- (e) a Deloitte Partner;
- (f) the siblings of a Deloitte Partner or the siblings of the spouse or common law partner of a Deloitte Partner; and
- (g) a trust or trusts all of the beneficiaries of which are any one or more of the persons named in clauses (a), (b), (c), (d), (e) or (f).

Each Family Trust will pay an aggregate subscription amount of \$100 to DMS LP, and receive 10 LP Units at a subscription price of \$10 per LP Unit.

10. No beneficiary of a Family Trust, other than a Deloitte Partner, will directly or indirectly contribute money or other assets to the Family Trust in order to finance the acquisition of the LP Units, or will be liable for any loan or other financing obtained by the Family Trust for that purpose.
11. No beneficiary of a Family Trust, other than a Deloitte Partner and any other beneficiary who is also a trustee, will be involved in the making of any investment decision of the Family Trust.
12. Deloitte Partners have not been and will not be induced to purchase LP Units by expectation of status or continued status as a partner of Deloitte Canada or Deloitte Touche Tohmatsu Management Consultants LP.
13. Each Family Trust that subscribes for LP Units will have three trustees, at least two of whom will be residents of Ontario. Accordingly, each Family Trust will be resident in Ontario.
14. Although it is expected that each Family Trust will be resident in the Province of Ontario, the Permitted Beneficiaries may be resident in any province or territory of Canada and may receive beneficial interests in the LP Units as well as certain information and materials relating to the Distributions in their jurisdiction of residence. Accordingly, the Distributions may entail trades in each province and territory of Canada.
15. No Family Trust that holds an LP Unit may sell, transfer, assign, gift, exchange, mortgage, pledge, charge or otherwise dispose of or encumber or deal with any LP Unit held by such limited partner, except for changes in legal (but not beneficial) ownership arising as a result of substitution of the trustee

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of a limited partner with a new trustee, and except upon cancellation of the LP Unit.

16. As the LP Units are not transferable, except as described above, no market will develop for the LP Units.
17. If (i) a Family Trust ceases to have only Permitted Beneficiaries, (ii) the Deloitte Partner who either is the Permitted Beneficiary or who has the specified relationship with the Permitted Beneficiaries, ceases to be a Deloitte Partner for any reason, (iii) the limited partner purports to sell, transfer, assign, gift, exchange, mortgage, pledge, charge or otherwise dispose of or encumber or deal with his, her or its LP Units, or (iv) such limited partner becomes insolvent or bankrupt or makes a filing or gives a notice of intention to make a proposal or assignment, such limited partner, will cease to be a limited partner and will be entitled to receive from DMS LP the amount of \$100 in respect of the ten LP Units held and the amount of all allocations on such LP Unit that have not yet been distributed, at the point in time which the limited partner ceases to be a limited partner.
18. Profits and losses of DMS LP will be allocated as follows: 0.01% to the GP and 99.99% to the limited partners.
19. Within 120 days of the end of every financial year, the GP will prepare and submit, or cause to be prepared and submitted, to the limited partners of DMS LP unaudited financial statements comprised of a balance sheet as at the financial year end and a statement of income and a statement of cash flow of DMS LP for the year then ended.
20. Prior to the issuance of LP Units to a Family Trust, the Filer will obtain a written statement (a Statement) from the Family Trust acknowledging receipt of a copy of the decision (the Decision Document) and further acknowledging the subscriber's understanding that the right to receive continuous disclosure is not available to a Family Trust in respect of the LP Units.

Decision

The Decision Makers being satisfied that they have jurisdiction to make this decision and that the relevant test contained under the Legislation has been met, the Requested Relief is granted provided that

- (a) Prior to the issuance of LP Units to a Family Trust, the Filer will obtain a Statement from the Family Trust acknowledging receipt of a copy of the Decision Document and further acknowledging the subscriber's understanding that the right to receive continuous disclosure is not

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available to a Family Trust in respect of the LP Units; and

- (b) the first trade in LP Units shall be a distribution or primary distribution to the public under the Legislation of the Jurisdiction in which the trade takes place, unless such first trade is to the Filer for cancellation or is a change in legal ownership arising as a result of a substitution of the trustee of a limited partner with a new trustee.

James E. A. Turner
Ontario Securities Commission

Margot C. Howard
Ontario Securities Commission