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August 28, 2006

Headnote

Multilateral Instrument 33-109, s.7.1 - Registration Information - A registrant wants relief from the filing and notification requirements to permit a bulk transfer of business locations and individuals following an amalgamation or reorganization. - The applicant is acquiring a number of business locations and individuals from another registered dealer in the same jurisdiction. No third parties are involved in the reorganization, so many of the concerns addressed by the notification and registration requirements of MI 33-109 do not apply. The applicant's representatives are registered in multiple jurisdictions. The amalgamation is not contrary to the public interest. It will have no negative consequences on the ability of the applicant to comply with all applicable regulatory requirements or satisfy their obligations to their clients.

Applicable Legislative Provisions

Multilateral Instrument 33-109 Registration Information

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

and

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

and

**In the Matter of FundEX Investments Inc. (FundEX) and
FundTrade Financial Corp. (FundTrade) (collectively, the filers)**

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 Filers for a decision pursuant to Part 7 of Multilateral Instrument 33-109 – *Registration Information* (MI 33-109) exempting the Filers from MI 33-109 so as to permit a bulk transfer,

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as referred to in section 3.1 of the Companion Policy to MI 33-109 (the Companion Policy), of the business locations and individuals (the Representatives) that are associated on the National Registration Database (the NRD) with each of FundTrade and FundEX to their amalgamated successor (New FundEX).

Under the System

- (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 the Filers:

FundTrade

1. FundTrade is a corporation subsisting under the laws of Canada and has its head office located in Oakville, Ontario.
2. FundTrade is registered as: (a) a dealer in the category of mutual fund dealer, or equivalent, in all of the Jurisdictions; and (b) a dealer in the category of limited market dealer in Ontario and Newfoundland and Labrador.
3. FundTrade is a member of the Mutual Fund Dealers Association of Canada (the **MFDA**).

FundEX

4. FundEX is a corporation subsisting under the laws of the Province of Ontario and has its head office located in Markham, Ontario.
5. FundEX is registered as: (a) a dealer in the category of mutual fund dealer, or equivalent, in all of Jurisdictions; and (b) a dealer in the category of limited market dealer in Ontario and Newfoundland and Labrador.
6. FundEX is a member of the MFDA.

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Proposed Amalgamation

7. On or about September 1, 2006, FundTrade will be continued under the laws of Ontario to facilitate the Proposed Amalgamation (defined below).
8. On or about September 1, 2006, FundTrade and FundEX propose to complete a vertical amalgamation of their operations to form New FundEX and their respective securities businesses will thereafter be carried on in a similar manner by New FundEX under the name "FundEX Investments Inc." (the **Proposed Amalgamation**).
9. In connection with the Proposed Amalgamation, on or about September 1, 2006 each of FundTrade and FundEX will transfer all of its business locations and Representatives to New FundEX, subject to the receipt of the exemptive relief requested herein.
10. Each Representative will be transferred to New FundEX under the same registration/approval category(ies) in which she/he is registered/approved on the NRD with each of FundTrade and FundEX immediately prior to the completion of the Proposed Amalgamation.
11. As at the date hereof, FundTrade has, in one or more of the Jurisdictions, 177 business locations and 311 registered or approved Representatives..
12. As at the date hereof, FundEX has, in one or more of the Jurisdictions, 268 business locations and 484 registered or approved Representatives.
13. As a matter of corporate law pursuant to section 179(a.1) of the *Business Corporations Act* (Ontario), the completion of the Amalgamation will result in each of FundTrade and FundEX ceasing to exist as entities separate from New FundEX.
14. It would be unnecessarily difficult, costly and time consuming to transfer each of the business locations and each of the Representatives from each of FundTrade and FundEX to New FundEX as per the requirements set out in MI 33-109 given the number of business locations and Representatives to be transferred and the multiple jurisdictions in which the Representatives are currently registered/approved, particularly in view of the fact that it is desirable for such transfers to occur on the same date in order to preclude any disruptions to any Representative's registration status or to New FundEX's continuing business activities.

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15. The completion of the Proposed Amalgamation will have no negative consequences on the ability of the Filers to comply with all applicable regulatory requirements or to satisfy any of their respective obligations to clients of the Filers.
16. The Filers, to the best of their knowledge, are in substantial compliance with the requirements of the securities legislation of the Jurisdictions.

Decision

Each of the Decision Makers is satisfied that the tests contained in MI 33-109 that provide the Decision Maker with the jurisdiction to make the decision has been met.

The decision of the Decision Makers pursuant to Part 7 of MI 33-109 is that the following requirements of MI 33-109 shall not apply to the Filers in respect of the bulk transfer of business locations and Representatives that will occur in connection with the Proposed Amalgamation:

- (a) the requirement to submit a notice regarding the termination of each employment, partner, or agency relationship under section 4.3 of MI 33-109;
- (b) the requirement to submit a notice regarding each individual who ceases to be a non-registered individual under section 5.2 of MI 33-109;
- (c) the requirement to submit a registration application for each individual applying to become a registered individual under section 2.2 of MI 33-109;
- (d) the requirement to submit a Form 33-109F4 for each non-registered individual under section 3.3 of MI 33-109; and
- (e) the requirement under section 3.2 of MI 33-109 to notify the regulator of a change to the business location information in Form 33 -109F3,

provided that the Filers make acceptable arrangements with CDS Inc. for the payment of the costs associated with the bulk transfer, as referred to in section 3.1(5) of the Companion Policy, and make such payment in advance of the bulk transfer.

David M. Gilkes
Manager, Registrant Regulation
Ontario Securities Commission