

2007 BCSECCOM 738

Date : 20071128

Headnote

Mutual Reliance Review System for Exemption Relief Application –
1996 Securities Act s. 48 Dealer Obligations - Exemption from obligations in Part 5 of the Act and Rules for registered dealers - A BC registered dealer wants an exemption from the requirement to become a member of the MFDA. - The dealer's principal business is investment and wealth management services; selling mutual funds is incidental to the dealer's business; the dealer will not sell the funds directly to the public; the dealer has agreed to conditions of registration that restricts its selling of funds only to a limited category of investors such as current clients, new clients who establish fully-managed accounts and new clients who invest a minimum of \$150,000; new clients of the dealer will receive notice from the dealer that it is not a member of the MFDA

Applicable British Columbia Provisions

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

Securities Rules, B.C. Reg 194/97 s. 6

**In the Matter of
the Securities Legislation of
Alberta and British Columbia
(the Jurisdictions)**

and

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

and

**In the Matter of
Matco Financial Inc.**

MRRS Decision Document

Background

1. Matco Financial Inc. (**Matco**) has applied to the local securities regulatory authority or regulator (the **Decision Maker**) in each of the Jurisdictions for a decision under the securities legislation of the Jurisdictions (the **Legislation**) exempting Matco from the requirement imposed on mutual fund dealers to be a member of the Mutual Fund Dealers' Association of Canada (the **MFDA**) (the Requested Relief).

2007 BCSECCOM 738

2. Under the Mutual Reliance Review System for Exemptive Relief Applications, the Alberta Securities Commission is the principal regulator for this application and this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

3. Defined terms contained in National Instrument 14-101 *Definitions* and National Instrument 45-106 *Prospectus and Registration Exemptions* have the same meaning in this decision unless they are otherwise defined.

Representations

4. This decision is based on the following facts represented by Matco:
 - (a) Matco is a corporation subsisting under the laws of the Province of Alberta and is extraprovincially registered in the Province of British Columbia.
 - (b) Matco is currently registered under the Legislation of Alberta and British Columbia as an adviser in the categories of "investment counsel" and "portfolio manager".
 - (c) Matco has applied for additional registration under the Legislation of each Jurisdiction as a dealer in the category of "mutual fund dealer" (or the **equivalent**).
 - (d) Matco will obtain and maintain its registration as a mutual fund dealer and will comply with applicable securities legislation and rules.
 - (e) Matco's principal business activity is the provision of investment management and wealth management services.
 - (f) Matco proposes to manufacture its own brand of prospectus qualified mutual funds (**Funds**) to be distributed to the public primarily through registered mutual fund dealers.
 - (g) In each Jurisdiction, after Matco obtains registration as a mutual fund dealer, Matco proposes to engage in certain activities as a mutual fund dealer that are incidental to its principal business activity in that Jurisdiction.
 - (h) Matco's activities as a mutual fund dealer in each Jurisdiction will be restricted to trades in the Funds to:
 - (i) existing fully-managed accounts previously serviced by Matco;

2007 BCSECCOM 738

- (ii) fully-managed accounts established after the date of this Order; and
 - (iii) advisory (**non-discretionary**) accounts established after the date of this Order where the sale of the Funds is in an amount exceeding \$150,000.
- (i) Matco's activities as a mutual fund dealer will be and remain secondary and incidental to its primary business.
 - (j) Matco will not sell the Funds directly to the public and will not solicit sales of the Funds directly to the public.
 - (k) Matco will provide any person or company that becomes a client of Matco after the date of this Order with the following written notice:

Matco Financial Inc. (Matco) is not currently a member, and does not intend to become a member, of the Mutual Fund Dealers Association of Canada (MFDA). Consequently, clients of Matco will not have available to them investor protection benefits that would otherwise be derived from Matco's membership in the MFDA, including coverage under any investor protection plan for clients of members of the MFDA.
 - (l) Matco has agreed to the imposition by the Director, Market Regulation, of terms and conditions on its registration as a mutual fund dealer to reflect the restricted nature of its activities as a mutual fund dealer.

Decision

- 5. The Decision Makers are satisfied that to grant this Order would not be prejudicial to the public interest.
- 6. The Decision of the Decision Makers under the Legislation is that Matco is exempt from the requirements in the Legislation to be a member of the MFDA, provided that Matco complies with the terms and conditions imposed upon its registration as a mutual fund dealer.

"original signed by"

Glenda A. Campbell, QC
Alberta Securities Commission

"original signed by"

Stephen R. Murison
Alberta Securities Commission