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February 3, 2006

Headnote

Mutual Reliance Review System for Exemptive Relief Application – 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 delivering confirmation statements to clients - The client's account is fully managed by the dealer; the client agrees that the confirmation statements will not be delivered to them; the client is sent monthly or quarterly statements that include the confirmation information (except for the Omitted Information); the dealer will maintain the Omitted Information in its records and make this information available to clients upon request.

Applicable British Columbia Provisions

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

Securities Rules, B.C. Reg 194/97 s. 36

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

and

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

and

In the Matter of Scotia Capital Inc. (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**) for an exemption from the requirement contained in the Legislation that a registered dealer send to its clients a written confirmation of any trade in securities that the Filer conducts on behalf of clients participating in employer-sponsored stock investment plans (the **Confirmation Relief**).

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Under the Mutual Reliance Review System for Exemptive Relief Applications:

- (a) Ontario 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 Filer:

1. The Filer is a corporation incorporated under the laws of Ontario and has its head office in the City of Toronto, Ontario. The Filer is registered in each of the Jurisdictions as an investment dealer or equivalent and is a member of the Investment Dealers' Association of Canada (the **IDA**).
2. The Filer has been requested by certain employers (**Employers**) to serve as the administrator and registered dealer for employer-sponsored stock investment plans (the **Plans**). The Plans are designed to allow the employees of the Employers (**Employees**) to acquire the securities of their Employers in the secondary market, in many cases, with the aid of matching contributions made by the Employers.
3. To participate in the Plan, an Employee completes:
 - (a) an application form authorizing the Employer to make regular deductions from the Employee's pay; and
 - (b) a pre-authorized trading form instructing the Filer to purchase shares of the Employer on behalf of the Employee.
4. Under the Plan:
 - (a) the Employer remits to the Filer Employee deductions, together with Employer contributions;
 - (b) the Filer purchases shares of the Employer and credits each Employee's Plan appropriately; and

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- (c) the Employee waives receipt of trade confirmations ordinarily required under the Legislation.
- 5. The fee structure of certain Plans will require Employees to pay a commission for the purchase of Employer shares while in other Plans, this commission will be covered by the Employer. The Filer may also charge certain Plans an annual administration fee which will be paid by the Employer.
- 6. In accordance with section 200.1(c) of IDA Regulations, the Filer sends to each Employee participating in the Plans a statement summarizing the activity in the Employee's account (the **Statement**) no less frequently than quarterly, and where there has been activity in the Employee's account during the month, on a monthly basis. Since in most cases, payroll deductions made under the Plans occur on at least a monthly basis, the Filer actually sends most Employees summaries of their trades no less frequently than monthly.
- 7. The Statements will contain the information that the Filer would otherwise have been required to provide to an Employee in a trade confirmation in accordance with the Legislation, except for the following information (the **Omitted Information**):
 - (a) the stock exchange upon which the trade took place; and
 - (b) the name or number of the salesperson who effected the trade.
- 8. The Filer will maintain the Omitted Information with respect to each Employee in its books and records and will make the Omitted Information available to the Employee on request.

Decision

Each of the Decision Makers is satisfied that the test 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 under the Legislation is that the Confirmation Relief is granted provided that:

- 1. the Employee has previously informed the Filer that the Employee does not wish to receive trade confirmations for the Employee's accounts under the Plans; and

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2. in the case of each trade for an account under the Plans, the Filer sends to the Employee no less frequently than the time required by the IDA, a Statement that includes the information referred to in paragraph 6.

Robert L. Shirriff
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Ontario Securities Commission

Paul K. Bates
Commissioner
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