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COR#06/050

Headnote

1996 Securities Act s. 48 Adviser – Exemption from s.34(1)(c) requirement to be registered as an adviser and the obligations of advisers – A person who resides outside BC wants to advise a BC resident – The person is registered or qualified to provide advice in the jurisdiction in which it resides; the person will only advise one BC client; the person will not carry on any other business in BC; the client is aware that the person is not registered in BC and of the consequences; the person managed the assets for a deceased member of the BC client's family; the BC client has inherited these assets and wants the person to continue as adviser.

Exemption Order

Hanson Investment Management, Inc.

Section 48 of the *Securities Act*, RSBC 1996, c. 418

Background

- ¶ 1 Hanson Investment Management, Inc. applied for an exemption from the adviser registration requirement in section 34(1)(c) of the Act in order to provide securities advice to a client resident in British Columbia.

Representations

- ¶ 2 Hanson represents that:
1. it is a private corporation incorporated under the laws of Vermont, and with a principal place of business in Burlington, Vermont;
 2. it is registered with the United States Securities and Exchange Commission as an investment adviser under the *Investment Advisers Act* of 1940;
 3. it manages equity and fixed income portfolios for individuals, retirement plans, corporations, and endowments;
 4. it has carried on business as an investment adviser since 1995 and currently has assets under management of approximately US\$177 million;
 5. it intends to provide securities advice to the client who is a resident of British Columbia;

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6. the client is an individual seeking advice on investments inherited from the client's father, who until his death also received securities advice from Hanson; the client would like to retain assets with Hanson and has a thorough knowledge of investment issues and Hanson's investment style and practices;
7. it has advised the client that:
 - (a) Hanson is not registered as an adviser under the Act,
 - (b) Hanson may not have the same proficiency requirements as other persons registered under the Act, and
 - (c) the client may not have the same protection that it otherwise might have if Hanson were registered as an adviser under the Act;
8. it does not:
 - (a) maintain an office or sales force in British Columbia,
 - (b) have any other clients resident in British Columbia, and
 - (c) intend to actively solicit other clients in British Columbia;
9. in providing securities advice to the client, Hanson would be considered to be acting as an adviser under the Act and without this order would be required to be registered or otherwise exempt from registration, as an adviser under the Act;
10. Hanson will only manage one account for the client and will not have any other clients in British Columbia; and
11. there are no exemptions from the adviser registration requirement that Hanson can rely on to provide securities advice to the client.

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Order

- ¶ 3 Considering it is not prejudicial to the public interest, the Executive Director orders under section 48 of the Act that Hanson is exempt from the adviser registration requirement for securities advice provided to the client, provided that Hanson maintains in good standing its registration as an investment adviser under the 1940 Act.
- ¶ 4 May 31, 2006

Robin Ford
Commissioner
British Columbia Securities Commission