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Headnote

Securities Act s. 48 Adviser - Exemption from s.34(1)(c) requirement to be registered as an adviser - A person who resides outside BC wants to advise BC residents. - 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 friend of the BC client; the BC client has inherited these assets and wants the person to continue as adviser.

Exemption Order

Portfolio Design Advisors, Inc.

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

Background

- ¶ 1 Portfolio Design Advisors, Inc. (“PDA”) 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.

Representation

- ¶ 2 PDA represents that:
1. it is a private corporation incorporated under the laws of California, and with a principal place of business in Los Alamitos, California;
 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 mutual fund portfolios for individuals, retirement plans, corporations, and endowments;
 4. its portfolio managers have managed these mutual fund portfolios under a predecessor company since 1998;
 5. it has carried on business as an investment adviser since January 2006 and currently has assets under management of approximately US\$130 million;

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6. it intends to provide securities advice to the client who is a resident of British Columbia;
7. the client is an individual seeking advice on investments inherited from the client's close friend, who until her death also received portfolio management services from PDA's portfolio managers; the client would like to retain assets with PDA and has a thorough knowledge of PDA's portfolio management style and practices;
8. it has advised the client that:
 - (a) PDA is not registered as an adviser under the Act,
 - (b) PDA 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 PDA were registered as an adviser under the Act;
9. 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;
10. in providing securities advice to the client, PDA 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;
11. PDA will only manage one account for the client and will not have any other clients in British Columbia; and
12. there are no exemptions from the adviser registration requirement that PDA can rely on to provide securities advice to the client.

Order

- ¶ 3 Considering that it is not prejudicial to the public interest, the Executive Director orders under section 48 of the Act that PDA is exempt from the adviser registration requirement for securities advice provided to the client, provided that

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PDA maintains in good standing its registration as an investment adviser under the 1940 Act.

¶ 4 August 2, 2006

L.E. Evans, CA
Director
Capital Markets Regulation