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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 the advice in the jurisdiction in which they reside or carry on business; the person will only advise a small number of BC clients; the person will not carry on any other business in BC; the BC clients are sophisticated and have a high net worth; the clients are aware that the person is not registered in BC and the consequences.

Exemption Order

Santa Barbara Asset Management, LLC

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

Background

- ¶ 1 Santa Barbara Asset Management, LLC (Santa Barbara) applied for an exemption from the adviser registration requirement in section 34(1)(c) of the Act (the Adviser Registration Requirement) in order to advise a client resident in British Columbia on the investment in or sale and purchase of securities (the Securities Advice).

Representations

- ¶ 2 Santa Barbara represents that:
1. it is a limited liability company incorporated under the laws of Delaware and its principal place of business is Santa Barbara, California;
 2. it is registered with the United States Securities and Exchange Commission as an investment adviser under the *Investment Advisers Act of 1940* (the 1940 Act);
 3. it has carried on business as an investment adviser in the United States since 1987 and has assets under management of approximately US\$4.1 billion for over 3,772 clients;
 4. it specializes in account management for investors in equity securities and its client base is comprised of high net worth individuals, financial service firm-sponsored wrap programs, mutual fund and institutional accounts;

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5. it intends to provide the Securities Advice to a client (the Client) resident in British Columbia;
6. the Client:
 - (a) is a private corporation that holds assets on behalf of a family group;
 - (b) is an “accredited investor”, as defined in National Instrument 45-106 *Prospectus and Registration Exemptions*; and
 - (c) has professional advisors including legal counsel and chartered accountants;
7. the Client has retained money managers to manage portions of the Client’s financial assets;
8. it has advised the Client that:
 - (a) Santa Barbara is not registered as an adviser under the Act,
 - (b) Santa Barbara 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 Santa Barbara 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 client other than the Client resident in British Columbia, and
 - (c) intend to actively solicit other clients in British Columbia;
10. in providing the Securities Advice to the Client, it 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. it will only manage one account for the Client and will not have any other clients in British Columbia; and

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12. there are no exemptions from the Adviser Registration Requirement that it can rely on to provide the Securities Advice to the Client.

Order

- ¶ 3 Because it is not prejudicial to the public interest, the Executive Director orders under section 48 of the Act that Santa Barbara is exempt from the Adviser Registration Requirement for Securities Advice provided to the Client, provided that Santa Barbara maintains in good standing its registration as an investment adviser under the 1940 Act.

- ¶ 4 May 12, 2006

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