

# 2004 BCSECCOM 674

## Headnote

Mutual Reliance Review System for Exemptive Relief Application – Multilateral Instrument 33-109, s.7.1 - Registration Information - A registrant wants relief from the filing and notification requirements to permit a bulk transfer of business locations and individuals following an amalgamation or reorganization - The applicant is acquiring a significant number of business locations and individuals from another registered dealer in the same jurisdiction; the application includes the information required in Appendix A to MI 33-109.*CP Registration Information*

## Applicable British Columbia Provisions

Multilateral Instrument 33-109 *Registration Information*, s. 7.1

**IN THE MATTER OF THE SECURITIES LEGISLATION OF  
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA,  
ONTARIO, NEW BRUNSWICK, NOVA SCOTIA, PRINCE EDWARD  
ISLAND, NEWFOUNDLAND AND LABRADOR, THE YUKON  
TERRITORY, THE NORTHWEST TERRITORIES AND NUNAVUT  
(THE JURISDICTIONS)**

**AND**

**IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM  
FOR EXEMPTIVE RELIEF APPLICATIONS**

**AND**

**IN THE MATTER OF CIBC INVESTOR SERVICES INC. (CISI) AND  
CIBC FINANCIAL PLANNING INC. (CFPI, AND  
TOGETHER WITH CISI, THE FILERS)**

## **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 Filers for a decision pursuant to Part 7 of Multilateral Instrument 33-109 *Registration Information* (the Legislation) exempting the Filers from certain requirements of the Legislation so as to permit CFPI to bulk transfer to CISI the registered and non-registered individuals that are associated on the National Registration Database (NRD) with the branch office locations involved in the wind-up of CFPI into CISI (the Requested Relief).

## 2004 BCSECCOM 674

Under the Mutual Reliance Review System for Exemptive Relief Applications

- (a) the Ontario Securities Commission 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 Filers:

1. CISI is currently an investment dealer or equivalent in all provinces and territories of Canada and a member of the Investment Dealers Association of Canada (the IDA). CISI is a corporation incorporated under the *Canada Business Corporations Act* (the CBCA) and its head office is located in Toronto, Ontario.
2. CFPI is currently an investment dealer or equivalent in all provinces and territories of Canada, except Nunavut and a member of the IDA. CFPI is a corporation incorporated under the CBCA and its head office is located in Toronto, Ontario.
3. Both CFPI and CISI provide full-service brokerage services. CISI also provides discount brokerage services through its Investors Edge division.
4. The details of the proposed wind-up of CFPI into CISI (the Reorganization) are as follows:
  - *Current Structure:* CIBC directly holds 100% of the shares of CFPI and CISI;
  - *Step 1 of the Reorganization:* CIBC and CISI will enter into a share purchase agreement whereby CISI will purchase all of the outstanding shares of CFPI from CIBC in exchange for common shares of CISI of equivalent value; and

## 2004 BCSECCOM 674

- *Step 2 of the Reorganization:* CFPI will be voluntarily wound up by its sole shareholder, CISI.
5. The Reorganization is to be effective on or about December 31, 2004.
  6. Given the approximately 126 business locations and approximately 130 representatives of CFPI, it would be very difficult and time-consuming to transfer each individual to CISI, as per the requirements set out in the Legislation.
  7. To the best of the Filer's knowledge, neither CFPI nor CISI are in default of any of the requirements of the securities legislation of the Jurisdictions.
  8. Section 3.1 of Companion Policy 33-109CP to the Legislation (the Companion Policy) provides that if a registered firm is acquiring a large number of business locations (for example, as a result of an amalgamation or asset purchase) from one or more other registered firms that are located in the same jurisdictions and registered in the same categories as the acquiring firm, and if a significant number of individuals are associated on NRD with the locations, the securities regulatory authority or regulator will consider exempting the firms and individuals involved in the transaction from certain filing requirements.
  9. As the result of NRD systems constraints and the significant number of branch office locations and individuals to be transferred between the Filers pursuant to the Reorganization, it would be unnecessarily difficult, costly and time consuming to conduct the transfer as a separate and distinct transfer of each branch office location and each registered and non-registered individual while ensuring that all such transfers occur at the same time in order to preclude any disruption of individual registrations or CFPI and CISI business activities.
  10. Within two months of the date of the Restructuring, the Filers will arrange for the bulk transfer of all affected individuals and locations as contemplated by the Companion Policy.

### **Decision**

Each of the Decision Makers is satisfied that the test contained in MI 33-109 that provides the Decision Maker with the jurisdiction to make the decision has been met.

The decision of the Decision Makers pursuant to the Legislation is that the Requested Relief is granted and that the following requirements of the Legislation

## **2004 BCSECCOM 674**

shall not apply to the Filers in respect of the registered and non-registered individuals that will be transferred from CFPI to CISI:

- (a) the requirement to submit a notice regarding the termination of each employment, partner or agency relationship under section 4.3 of the Legislation;
- (b) the requirement to submit a notice regarding each individual who ceases to be a non-registered individual under section 5.2 of the Legislation;
- (c) the requirement to submit a registration application for each individual applying to become a registered individual under section 2.2 of the Legislation;
- (d) the requirement to submit a Form 33-109F4 for each non-registered individual under section 3.3 of the Legislation; and
- (e) the requirement under section 3.1 of the Legislation to notify the regulator of a change to the business location information in Form 33-109F3.

November 25, 2004

David M. Gilkes  
Manager, Registrant Regulation