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Headnote

1996 Securities Act s. 48 Dealer - Exemption from s.34(1)(a) requirement to be registered as a dealer to trade securities - A person not registered as a dealer in BC wants to do a trade that requires a BC registered dealer. - The filer is a corporation, all of whose directors, officers and shareholders are registered salespersons of a registered mutual fund dealer, family members of those salespersons, corporations directly controlled by the registered salespersons or their family members or trusts whose beneficiaries are those salespersons or their family members; the filer and the registered mutual fund dealer have a written contract under which the dealer is liable for the acts and omissions of the filer that relate to securities business.

Exemption Order

Duncan Davies Financial Services Inc.

Sections 48 and 171 of the *Securities Act*, RSBC 1996, c. 418

Background

¶ 1 Duncan Davies Financial Services Inc (the Filer) applied for:

1. an order revoking a previous decision of the Executive Director granted to the Filer dated June 15, 2006 (the initial order); and
2. an exemption from the dealer registration requirement in section 34(1)(a) the Act to permit the Filer to receive commissions and fees from Worldsource Financial Management Inc.(Worldsource) for services provided by, Duncan Davies, a registered salesperson of Worldsource.

Representations

¶ 2 The Filer represents that:

1. it is incorporated under the *Business Corporations Act* (British Columbia);
2. Duncan Davies is the sole director and officer of the Filer;
3. the only shareholders of the Filer are Duncan Davies, Cynthia Elizabeth Mary Davies (wife of Duncan Davies) and the Davies Family Trust;
4. Duncan Davies is the trustee of the Davies Family Trust;

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5. the beneficiaries of the Davies Family Trust are Cameron Andrew Vaughan Davies, Patrick Grant Davies, Rachel Rebecca Heather Davies, Duncan Davies, Cynthia Elizabeth Mary Davies, plus any other corporation designated by the trustee and controlled directly by any beneficiary or any other trust established for the sole benefit of any beneficiary or combined group of beneficiaries;
6. Worldsource is registered under the Act and is a member of the Mutual Fund Dealers Association of Canada;
7. effective March 5, 2007, Duncan Davies was registered under the Act as a salesperson of Worldsource and was, immediately prior to that, registered as a salesperson of Desjardins Financial Security Investments Inc (Desjardins);
8. the Filer applied for and was granted the initial order by the Executive Director on June 15, 2006;
9. the initial order applied to commissions and fees earned by the Filer while Duncan Davies was registered under the Act as a salesperson of Performa Financial Group Limited (Performa); on June 30, 2006, Optifund Investments Inc. (Optifund) purchased all of Performa's assets; some Performa salespeople then had their registration transferred to Optifund, which subsequently changed its name to Desjardins, the continuing entity;
10. through inadvertence the Filer did not apply for a new exemption order when Optifund purchased Performa's assets, nor when Optifund changed its name to Desjardins;
11. the Filer and Worldsource have a written contract under which Worldsource is liable for the acts and omissions of the Filer that relate to trading or advising in securities; and
12. the Filer cannot rely on the exemption from the dealer registration requirement in BC Instrument 32-503 *Registration Exemption for Salespersons' Corporations* because the shareholders of the Filer are not limited to salespersons of Worldsource and their family members.

Order

¶ 3 Considering that it is not prejudicial to the public interest, the Executive Director orders:

1. under section 171 of the Act that the initial order is revoked;

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2. under section 48 of the Act that the Filer is exempt from dealer registration requirement provided that the Filer:
 - (a) has a written contract with Worldsource under which Worldsource is liable for the acts and omissions of the Filer that relate to trading or advising in securities; and
 - (b) the directors, officers and shareholders of the Filer are:
 - (i) registered salespersons of Worldsource,
 - (ii) family members of those salespersons,
 - (iii) trusts of which all the beneficiaries are those salespersons or their family members, or
 - (iv) corporations directly controlled by those salespersons or their family members.

¶ 4 March 20, 2007

L.E. Evans, CA
Director
Capital Markets Regulation