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Headnote

Mutual Reliance Review System for Exemptive Relief Applications - *Securities Act* s. 48 Dealer Obligations - Exemption from obligations in Part 5 of the Act and Rules for registered dealers - A BC registered dealer wants an exemption from delivering confirmation statements to clients. - The client's account is fully managed by the dealer; account fees paid by the client are based on the amount of assets, and not the trading activity in the account; the client agrees that the confirmation statements will not be delivered to them; the client is sent monthly statements that include most of the information required in a confirmation statement; the dealer will maintain all other confirmation information in its records and make this information available to clients upon request.

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, s. 48

Securities Rule, B.C. Reg. 194/97, s. 36 and 80

May 8, 2009

In the Matter of
the Securities Legislation of
Ontario, British Columbia, Alberta,
Saskatchewan, Manitoba, Quebec, New Brunswick,
Nova Scotia, Newfoundland and Labrador, Prince Edward Island,
Northwest Territories, Nunavut, and Yukon
(the Jurisdictions)

and

In the Matter of
the Mutual Reliance Review System for Exemptive Relief Applications

and

In the Matter of CIBC World Markets Inc. (the Applicant)

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 Applicant for a decision under the securities legislation of the Jurisdictions (the Legislation) that the Applicant be exempt from the requirement to deliver trade confirmations to clients under the Legislation with respect to trades in securities of the Funds (as defined

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below) carried out by CIBC Asset Management Inc. (CAMI) in connection with the Rebalancing Activities (as defined below) for the Product (as defined and described below) which Product is distributed by the Applicant (the Exemption Sought).

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 Applicant:

1. The Applicant is registered as an investment dealer or equivalent in all applicable provinces and territories in Canada.
2. CAMI is registered as an adviser in the categories of investment counsel and portfolio manager or the equivalent in all applicable provinces and territories in Canada and as a mutual fund dealer in Ontario, but is exempt from the requirement to be a member of the Mutual Fund Dealers Association pursuant to the Ontario Securities Commission decision dated June 27, 2001 (the MFDA Exemption).
3. The terms and conditions of the MFDA Exemption limit CAMI's trading activities in Ontario to those permitted trading activities specifically set out in the MFDA Exemption. We believe the Rebalancing Activities (as defined below) are currently permitted under the MFDA Exemption as an act in furtherance of a trade (see section 5(d) of the MFDA Exemption). CAMI did not therefore vary its MFDA Exemption since the MFDA Exemption allows for the Rebalancing Activities (as defined below) to be carried out by CAMI in Ontario. In all other jurisdictions, CAMI is exempt from the dealer registration requirement with respect to its Rebalancing Activities (as defined below) pursuant to the relief granted in *In the Matter of CIBC Asset Management Inc.* by Decision Document dated April 8, 2009.

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4. The Applicant and CAMI are affiliated entities.
5. The Applicant's salespersons distribute the CIBC Frontiers product (the Product) to their clients.
6. The Product consists of a number of model portfolios (the Model Portfolios), which together occupy successive portions of the investing spectrum from conservative, income-maintenance investing to aggressive growth investing. Currently, each Model Portfolio is made up exclusively of units of Frontiers Pools.
7. Any of the Frontiers Pools that currently exist or that may be created in the future (the Funds) and that are used in the Product are and will be qualified under a simplified prospectus that has been receipted by the applicable securities regulators under the Legislation. Each Fund is managed by CAMI.
8. If a client is interested in the Product, the client completes an investor profile form (the Form). The Form is used by the Applicant as a "know your client" form, to enable the Applicant to consider the client's financial circumstances, investment knowledge, investment objectives and risk tolerance, and thereby assist in determining an appropriate Model Portfolio for the client. From and based on the information provided in the Form, the Applicant recommends one of the Model Portfolios as suitable for the client.
9. The client receives a description of the Model Portfolio selected by the client (the Selected Model Portfolio), completes the account application and enters in to an agreement (the Account Agreement) with the Applicant.
10. The class of units of the Funds that are available under the Product enable management fees and operating expenses to be paid by the Funds to CAMI, as manager of the Funds. Sales charges and/or trailing commissions will be payable by CAMI to the Applicant in respect of any sales, redemptions (depending on the purchase option selected by the client) or fund switches. Disclosure to this effect is made to the client. There is no duplication of any fees.
11. The client does not pay any fees to the Applicant with respect to assets held for the client in the Product. In addition, no fees are charged by CAMI directly to the client.

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12. The Account Agreement authorizes the Applicant to permit CAMI to invest client monies in accordance with the terms of the Selected Model Portfolio.
13. Pursuant to an agreement between the Applicant and CAMI, CAMI is responsible for developing and managing the Model Portfolios. Each Model Portfolio is broken down into different asset classes (Asset Classes). Each Asset Class is allocated a permitted range (Permitted Range), being a minimum and maximum percentage of the Selected Model Portfolio that can be allocated to Funds of a particular Asset Class. The Asset Classes and Permitted Ranges are disclosed to the client in the Selected Model Portfolio and cannot be changed without the client's approval.
14. CAMI manages the Model Portfolios on a discretionary basis. In doing so, CAMI determines a benchmark percentage (Benchmark Percentage) for each Asset Class, representing the target percentage within the Permitted Range, and adjusts that percentage at its discretion. CAMI also uses its discretion in choosing which Funds will be used for each Asset Class, provided the investment objective and strategies of any Fund are consistent with the Asset Class and any such Funds are listed in the Selected Model Portfolio for the client. CAMI's actions will be carried out with a view to ensuring that the Model Portfolio continues to abide by the stated objectives. Finally, CAMI may rebalance Model Portfolios in response to market fluctuations. The above activities are herein defined as the Rebalancing Activities.
15. The Account Agreement will provide that the client will not receive Trade Confirmations for the trades carried out in connection with the Rebalancing Activities for the Product (but will receive Trade Confirmations from the Applicant for trades carried out in connection with other trades for the Product), and that the Applicant will send the client a monthly statement of account if there have been transactions in the client's account and quarterly statements if there have been no transactions. Existing clients will be notified via the monthly statement of account or the quarterly statement that they will not receive Trade Confirmations for the trades carried out in connection with the Rebalancing Activities for the Product. The client will also receive a quarterly performance report from CAMI with respect to the Product. The monthly statement of account, if any, will identify the assets being managed on behalf of the client through the Product, and include, for each trade made during the period, the information which the Applicant would otherwise have been required to include in a Trade Confirmation in accordance with the Trade

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Confirmation Requirement, except for the following information (which will be maintained by the Applicant in its books and records and made available to the client upon request):

- a. the name of the dealer, if any, used by the Applicant as its agent to effect the trade; and
 - b. the name of the salesperson, if any, in the trade.
16. All trades in connection with the Product will be reflected in the client's account on the day following the trade.
17. CAMI will be responsible for ensuring that the client monies are invested in accordance with the terms of the Selected Model Portfolio. Notwithstanding that there is no direct relationship between the client and CAMI, the client will be entitled to treat CAMI as if CAMI were a party to the Account Agreement with respect to its responsibilities in this regard.
18. The client is provided with a simplified prospectus for the Funds at the time of purchase and on each subsequent purchase if the prospectus has been renewed or amended since the last purchase. In addition, if and when new Funds are created and qualified under the simplified prospectus, and are intended to be used in the Model Portfolio, the Applicant will provide clients of the Model Portfolio with a new or amended simplified prospectus which includes those new Funds.

Decision

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

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted provided that the Account Agreement discloses that the client will not receive trade confirmations for the trades that are the subject of the Exemption Sought, and that the client will receive a monthly statement of account if there have been transactions in the client's account and quarterly statements if there have been no transactions.

"David L. Knight"
Commissioner
Ontario Securities Commission

"Mary Condon"
Commissioner
Ontario Securities Commission