

2004 BCSECCOM 652

Headnote

Mutual Reliance Review System for Exemptive Relief Application – Multilateral Instrument 33-109, s.7.1 - Registration Information - A registered dealer 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 (or will be) registered as an investment dealer; the applicant is acquiring a significant number of business locations and individuals from another registered related 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 PRINCE EDWARD ISLAND,
NOVA SCOTIA, NEWFOUNDLAND AND LABRADOR,
YUKON, NORTHWEST TERRITORIES AND NUNAVUT**

AND

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

AND

**IN THE MATTER OF
TD WATERHOUSE PRIVATE INVESTMENT COUNSEL INC.**

MRRS DECISION DOCUMENT

Background

On September 24, 2004 the local securities regulatory authority or regulator (the Decision Maker) in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut (the Jurisdictions) received an application from TD Waterhouse Private Investment Counsel Inc. (TDWPIC or the Filer) for a decision pursuant to Part 7 of Multilateral Instrument 33-109 *Registration Information* (the Legislation) exempting the Filer and TD Asset Management Inc. (TDAM) from certain requirements of the Legislation to permit TDAM to bulk transfer to the Filer the registered and non-registered individuals

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(the PIC Representatives) that are associated on the National Registration Database (NRD) with the branch office locations (the PIC Locations) of TDAM's Private Investment Counsel division (the PIC Division) (the Requested Relief).

Under the Mutual Reliance Review System for Exemptive Relief Applications (the System):

- (a) the Ontario Securities Commission is the principal regulator for this Application;
- (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 Filer:

1. The Filer is a wholly-owned subsidiary of TDAM. It was incorporated on August 13, 2004 for the sole purpose of acquiring the PIC Division from TDAM.
2. The Filer has applied to become registered as an investment counsel and portfolio manager or their equivalent in each of the Jurisdictions and Québec and as a limited market dealer in Ontario and in Newfoundland and Labrador.
3. TDAM is a wholly-owned subsidiary of The Toronto-Dominion Bank (TD Bank), a bank listed in Schedule I to the *Bank Act* (Canada). It is incorporated under the *Business Corporations Act* (Ontario).
4. TDAM conducts an investment management business through eight distinct divisions which offer passive, quantitative, enhanced and active portfolio management services to a large and diversified client base.
5. TDAM is registered as an investment counsel and portfolio manager or their equivalent in all Jurisdictions and Québec, as a limited market dealer in Ontario and in Newfoundland and Labrador, as a mutual fund dealer in Québec and Nova Scotia and as a commodity trading manager under the *Commodity Futures Act* (Ontario).

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6. To the best of the Filer's knowledge, neither the Filer nor TDAM is in default of any of the requirements of the securities legislation of the Jurisdictions.
7. TDAM proposes to transfer its PIC Division to the Filer (the Restructuring) as the first step of a rebranding strategy that is intended to bring all of TD Bank's wealth management businesses under the TD Waterhouse banner.
8. The PIC Division utilizes model portfolios, which include mutual funds managed by TDAM, to provide customized investment management strategies to clients having \$30,000 or more of investable assets who grant the PIC Division the authority to manage their assets on a discretionary basis.
9. The Restructuring is scheduled to become effective at a point in time following the close of business on October 29, 2004 that is prior to the opening of business on November 1, 2004.
10. The Restructuring will involve the transfer of 23 branch office locations and approximately 100 registered and non-registered individuals, of which approximately 40 individuals are registered in more than one Jurisdiction.
11. Section 3.2 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.
12. As the result of NRD systems constraints and the significant number of branch office locations and individuals to be transferred to the Filer pursuant to its acquisition of the PIC Division from TDAM, 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 PIC Division business activity.
13. Within two months of the date of the Restructuring, the Applicants will arrange for the bulk transfer of all affected individuals and locations as contemplated by the Companion Policy.

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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.

It is the decision of the Decision Makers pursuant to the Legislation that the Requested Relief is granted and that the following requirements of the Legislation shall not apply to the Filer in respect of the registered and non-registered individuals that will be transferred from TDAM to the Filer:

- (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.

October 28, 2004.

David M. Gilkes