

## 2004 BCSECCOM 621

### **Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - Securities Act s. 48 Dealer - Exemption from s.34(1)(a) requirement to be registered as a dealer to trade securities and the obligations of dealers in Part 5 of the Act and rules - A BC registered dealer wants an exemption from delivering to clients monthly account statements, quarterly account statements, or both - Dealer is a scholarship plan dealer; monies deposited under the education savings plan are invested primarily in accordance with National Policy Statement 15 *Conditions Precedent to Acceptance of Scholarship or Educational Plan Prospectuses*; at the time a planholder makes an initial deposit they are provided with all details pertaining to the plan deposit; planholders receive a statement of account annually thereafter

### **Applicable British Columbia Provisions**

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

*Securities Rules*, B.C. Reg. 194/97, ss. 38(1) and 38(3)

**IN THE MATTER OF THE SECURITIES LEGISLATION OF ALBERTA,  
BRITISH COLUMBIA, SASKATCHEWAN, ONTARIO, QUEBEC, NOVA  
SCOTIA AND NEWFOUNDLAND AND LABRADOR**

**AND**

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

**AND**

**IN THE MATTER OF  
USC EDUCATION SAVINGS PLANS INC.**

### **MRRS DECISION DOCUMENT**

WHEREAS the local securities regulatory authority or regulator (the “Decision Makers”) in each of Alberta, British Columbia, Saskatchewan, Ontario, Quebec, Nova Scotia and Newfoundland and Labrador (the “Jurisdictions”) has received an application (the “Application”) from USC Education Savings Plans Inc. (“USCI”) for a decision pursuant to the securities legislation (the “Legislation”) for each of the Jurisdictions that the provisions (the “Statement of Account Requirements”) contained in the Legislation that require a registered dealer to:

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- (i) send or forward a statement of account to each client of the dealer at the end of each month in which a transaction has been effected in the account; and
- (ii) send or forward a statement of account to each client of the dealer not less than once every three months, where a transaction has not been effected in that period but there are funds or securities held by the dealer on a continuing basis.

shall not apply to USCI in respect of education savings plans (“ESPs”) established by subscribers (the “Subscribers”).

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the “System”), the Ontario Securities Commission is the principal regulator for the Application;

AND WHEREAS USCI has represented to the Decision Makers that:

1. USCI was incorporated under the laws of Canada. The head office of USCI is located at 50 Burnhamthorpe Road West, Suite 1000, Mississauga, Ontario L5B 4A5.
2. USCI is a wholly owned subsidiary of The International Scholarship Foundation, and is registered under the Legislation as a scholarship plan dealer in each of the Jurisdictions to trade in securities of scholarship plans.
3. USCI is the exclusive distributor of the scholarship plans sponsored by The International Scholarship Foundation (the “USC Plans”).
4. The current offerings of USC Plans are being made pursuant to a prospectus dated August 23, 2004, in respect of the continuous offering of securities of a USC Plan. A Subscriber may pay for securities of a USC Plan by making a one time lump sum contribution, an annual contribution or a monthly contribution.
5. Monies deposited by a Subscriber are invested in income investments in accordance with National Policy 15 or as otherwise permitted by the Canadian securities administrators.
6. Subscribers receive at the time they initially enroll all details pertaining to the USC Plan including as applicable, the deposit method, number of units, initial deposit, additional deposit amounts, number of additional deposits, total funds to be deposited, next deposit date and final deposit date. Annually thereafter,

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a Subscriber receives a statement of account which sets forth all deposits less enrollment fees, depository fees and insurance premiums; amounts of grant received and investment income earned.

7. Subscribers will be provided with information concerning the reporting that they will receive in respect of the USC Plans at the earlier of the next annual mailing to Subscribers or one year from the date of this Decision.

AND WHEREAS pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the “Decision”);

AND WHEREAS 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 pursuant to the Legislation is that the Statement of Account Requirements shall not apply to USCI in respect of the distribution of securities of a USC Plan, provided that:

1. USC sends to all Subscribers a statement of account on at least an annual basis that contains the same information that would have been required to be provided pursuant to the Statement of Account Requirements; and
2. For each Jurisdiction, this Decision shall terminate one year after the coming into force of a rule or other regulation under the Legislation of the Jurisdiction that relates, in whole or in part, to the Statement of Account Requirements applicable to scholarship plan dealers in respect of trades of securities of ESPs.

September 22, 2004

David M. Gilkes