

British Columbia Securities Commission

BC Instrument 31-507

Exemption for Mutual Fund Dealers Association Members from obligation to provide relationship disclosure

Definitions

1. Terms defined in the *Securities Act*, National Instrument 14-101 *Definitions*, or National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103) have the same meaning in this order.

Background

2. Under section 14.2(1) [*relationship disclosure information*] of NI 31-103, a registered firm must deliver to a client all information that a reasonable investor would consider important about the client's relationship with the registrant.
3. The Mutual Fund Dealers Association of Canada (the MFDA) has adopted new member rules for relationship disclosure information (the MFDA RDI rules) finalizing a proposal (the MFDA RDI proposal) published on July 26, 2010 in MFDA Bulletin 0444-P – *Proposed amendments to MFDA Rule 2.2 (Client Accounts), Policy No. 2 Minimum Standards for account supervision, Rule 2.8 (Client communications) and Rules 5.3 (Client reporting)*.
4. The purpose of the MFDA RDI rules is to set out detailed requirements to assist registered firms who are MFDA members to comply with the general principle in section 14.2(1) of NI 31-103.
5. Under section 16.14 of NI 31-103, temporary relief from the application of section 14.2(1) of NI 31-103 was available until September 28, 2010 to persons or companies that were registered on the date when NI 31-103 came into effect.
6. On September 10, 2010, the Commission issued BCI 32-519 *Exemption for Mutual Fund Dealers Association Members from Obligation to Provide Relationship Disclosure*, providing further temporary relief from the application of section 14.2(1) of NI 31-103 to MFDA members.
7. The MFDA RDI rules will be implemented in phases, starting on September 28, 2011 and ending December 3, 2013.
8. Since the MFDA RDI rules will be fully implemented by December 3, 2013, the cost that MFDA members will incur by having to comply with section 14.2(1) of NI 31-103 in the interim is not justified.

Order

9. The Commission orders, considering that to do so would not be prejudicial to the public interest, that section 14.2(1) of NI 31-103 does not apply to registered firms that are members of the MFDA, provided the MFDA member complies with the MFDA RDI rules subject to applicable transition periods.

10. This order comes into effect on September 28, 2011 and expires on December 31, 2013.

September 21, 2011

Brenda M. Leong
Chair

(This part is for administrative purposes only and is not part of the Order)

Authority under which Order is made:

Act and section: *Securities Act*, section 48(1)