

British Columbia Securities Commission

BC Instrument 32-518

***Exemption for Investment Industry Regulatory Organization of Canada Members
from Obligation to Provide Relationship Disclosure***

The British Columbia Securities Commission, considering that to do so would not be prejudicial to the public interest, orders that effective September 28, 2010, BC Instrument 32-518 entitled “**Exemption for Investment Industry Regulatory Organization of Canada Members from Obligation to Provide Relationship Disclosure**” is made.

September 10, 2010

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 sections:- *Securities Act*, section 48(1)

**Exemption for Investment Industry Regulatory Organization of Canada Members
from Obligation to Provide Relationship Disclosure**

Order under section 48(1) of the *Securities Act*

Definitions

1. Unless otherwise defined in this decision or the context otherwise requires, terms used in this decision that are defined in *National Instrument 31-103 Registration Requirements and Exemptions* (NI 31-103) or National Instrument 14-101 *Definitions* have the same meaning.

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. Pursuant to section 16.14 of NI 31-103, section 14.2 of NI 31-103 does not apply until September 28, 2010 to a firm that was registered on September 28, 2009.
4. IIROC is currently finalizing its proposal on relationship disclosure information ("IIROC CRM proposal"), published on April 9, 2009 in Notice 09-0120 *Proposed amendments to the IIROC member rules – Provisions respecting amendments implementation of the Client Relationship Model – Proposed amendments – New Rule XX00 – Relationship disclosure*.
5. The purpose of the IIROC CRM proposal is to set out detailed requirements to assist registered firms who are IIROC members ("Affected Firms") to comply with the general principle in section 14.2(1) of NI 31-103.
6. It is anticipated that the IIROC CRM proposal will be finalized and come into force within one year, but not by September 28, 2010.
7. Absent relief, Affected Firms could incur unwarranted costs in first developing detailed relationship disclosure information to comply with section 14.2(1) of NI 31-103 on September 28, 2010 but then potentially having to change that disclosure to comply with the IIROC CRM proposal when it comes into force.
8. The Commission considers that limited relief from the requirements in subsection 14.2(1) would not be prejudicial to the public interest.

Order

9. Section 14.2(1) of NI 31-103 does not apply to an Affected Firm until the earlier of September 28, 2011 or the date on which the IIROC CRM proposal comes into force.