

British Columbia Securities Commission

BC Instrument 32-520

Exemption from specific obligation to identify those who own or control more than 10% of a corporate client

The British Columbia Securities Commission, considering that to do so would not be prejudicial to the public interest, orders that effective November 5, 2010, BC Instrument 32-520 entitled *Exemption from specific obligation to identify those who own or control more than 10% of a corporate client* is made.

November 5, 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)

BC Instrument 32-520

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

Exemption from specific obligation to identify those who own or control more than 10% of a corporate client

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 in this order.

Background

2. As part of the know your client requirements, section 13.2(3)(b)(i) of NI 31-103 requires a registrant (other than an investment fund manager) to establish the identity of any individual who owns or exercises control or direction over more than 10% of the voting rights attached to the outstanding voting securities of a corporation that is a client.
3. The costs incurred by mutual fund dealers in order to comply with section 13.2(3)(b)(i) of NI 31-103 exceed the benefit because mutual fund dealers:
 - (i) trade primarily in securities of mutual funds that are bound by certain restrictions on investments; and
 - (ii) comply with the provisions of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), in order to obtain certain information about all persons who own or control 25% or more of the shares of a corporation that is a client.
5. The Commission considers that limited relief from the requirements in section 13.2(3)(b)(i) of NI 31-103 would not be prejudicial to the public interest.

Order

6. Section 13.2(3)(b)(i) of NI 31-103 does not apply to a registrant that is a mutual fund dealer in respect of a client that is a corporation, provided that the mutual fund dealer:
 - (a) is not registered in any other categories of registration other than as a mutual fund dealer or as both a mutual fund dealer and an investment fund manager; and
 - (b) complies with the provisions of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) requiring the identification of any person who owns or controls 25% or more of the shares of a corporation that is a client.