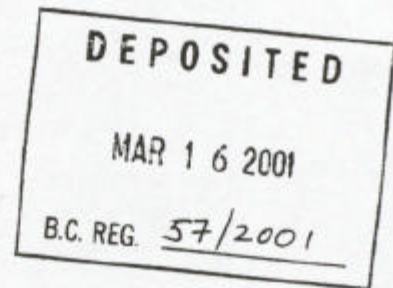



PROVINCE OF BRITISH COLUMBIA
RULE OF THE BRITISH COLUMBIA SECURITIES COMMISSION

The British Columbia Securities Commission orders that B.C. Reg. 194/97, Securities Rules, is amended as set out in the attached Schedule.



March 15, 2001
Date


British Columbia Securities Commission

(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, R.S.B.C. 1996, c. 418, section 184

Other (specify):- _____

February 9, 2001

/00/21/

SCHEDULE

1 Section 6 (2) of B.C. Reg. 194/97, Securities Rules, is repealed and the following substituted:

- (2) A person registered as a dealer must be classified in one or more of the following categories:
- (a) *investment dealer*: a person that
 - (i) is a member, a branch office member or an associate member of the Investment Dealers Association of Canada, and
 - (ii) trades in securities, exchange contracts or both;
 - (b) *securities dealer*: a person that
 - (i) is not an investment dealer, and
 - (ii) trades exclusively in securities, other than forward contracts;
 - (c) *limited dealer* -
 - (i) *exchange contracts dealer*: a person that trades exclusively in exchange contracts, forward contracts, or both;
 - (ii) *mutual fund dealer*: a person that
 - (A) is a member of the Mutual Fund Dealers Association of Canada, and
 - (B) trades exclusively in the securities of mutual funds;
 - (iii) *security issuer*: an issuer that trades in securities for purposes of distributing securities of its own issue exclusively for its own account;
 - (iv) *real estate securities dealer*: a person that trades in the capacity of agent or principal exclusively in real estate securities;
 - (v) *scholarship plan dealer*: a person that trades exclusively in securities of a scholarship or educational plan or trust;
 - (vi) *special limited dealer*: a person that trades exclusively in a specified type of security.
- (3) A person registered as a securities dealer when this subsection comes into force must apply, on or before April 30, 2001, to the Mutual Fund Dealers Association of Canada, or the Investment Dealers Association of Canada, for membership.
- (4) A person registered as a mutual fund dealer when this subsection comes into force must apply, on or before April 30, 2001, to the Mutual Fund Dealers Association of Canada for membership.

2 Effective October 1, 2002, section 6 (2) (b) is repealed.

3 **Section 9 (a) (ii) is repealed and the following substituted:**

- (ii) investment adviser: an employee of an investment dealer that trades in securities, exchange contracts or both on behalf of the investment dealer; .

4 **Section 12 is repealed and the following substituted:**

Investment dealer acting as portfolio manager

- 12 The provisions of this Part that apply to a portfolio manager do not apply to
- (a) an investment dealer, or
 - (b) a partner, director, officer or salesperson of an investment dealer
- that, by the operation of section 86, is exempt from registration under 34 (1) (c) of the Act as a portfolio manager.

5 **Section 19 (1) is amended by striking out “A broker or” and substituting “An”.**

6 **Section 41 (1) (b) is amended by striking out “a broker,” and substituting “an”.**

7 **Section 44 (2) is amended by striking out “, broker”.**

8 **Section 46 is repealed and the following substituted:**

Investment dealer’s and mutual fund dealer’s guidelines

- 46 (1) An investment dealer or mutual fund dealer complies with section 44 (1) if it follows the bylaws, rules or other regulatory instruments or policies relating to dealing with clients established by a recognized self regulatory body of which it is a member if those bylaws, rules or other regulatory instruments or policies
- (i) have been filed before they take effect, and
 - (ii) have not been objected to by the commission.
- (2) An investment dealer, if registered as an underwriter, complies with section 45 (1) if it follows the bylaws, rules or other regulatory instruments or policies relating to underwriting established by a self regulatory body of which it is a member that is named in or recognized for the purpose of section 7, relating to underwriting, if those bylaws, rules or other regulatory instruments or policies
- (i) have been filed before they take effect, and
 - (ii) have not been objected to by the commission.
- (3) If a self regulatory body files a bylaw, rule or other regulatory instrument or policy in accordance with subsection (1) (i) or 2 (i) and the commission does not give a written notice of objection within 30 days after filing, the bylaw, rule or other regulatory instrument or policy is deemed not to have been objected to by the commission.

9 **Section 52 (2) is amended by striking out “a broker or” and substituting “an”.**

10 *Section 64 (1) is amended by striking out "a broker," and substituting "an".*

11 *Section 70 (1) is amended by striking out "A broker," and substituting "An".*

12 *Section 86 is repealed and the following substituted:*

Investment Dealer acting as portfolio manager

- 86 (1) An investment dealer and a partner, director, officer or salesperson of the investment dealer, is exempt from registration under section 34 (1) (c) of the Act if
- (a) the investment dealer, partner, director, officer or salesperson follows the bylaws, rules or other regulatory instruments or policies established by the Investment Dealers Association of Canada relating to activities as a portfolio manager, and
 - (b) those bylaws, rules or other regulatory instruments or policies
 - (i) have been filed before they take effect, and
 - (ii) have not been objected to by the commission.
- (2) If the Investment Dealers Association of Canada files a bylaw, rule or other regulatory instrument or policy in accordance with subsection (1) (b) (i) and the commission does not give a written notice of objection within 30 days after filing, the bylaw, rule or other regulatory instrument or policy is deemed not to have been objected to by the commission.