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Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief from the dealer registration requirement in connection with trades in shares or units of a mutual fund managed by a registrant or its affiliate – fully managed accounts governed by a written agreement – trades in the funds are an incidental part of the business of the registrant

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 34(1)(a), 48

**IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH
COLUMBIA, ALBERTA, SASKATCHEWAN, ONTARIO, QUÉBEC, NEW
BRUNSWICK, NOVA SCOTIA, PRINCE EDWARD ISLAND,
NEWFOUNDLAND AND LABRADOR, YUKON TERRITORY,
NORTHWEST TERRITORIES AND NUNAVUT**

AND

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

AND

**IN THE MATTER OF RBC GLOBAL INVESTMENT MANAGEMENT
INC.**

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the “Decision Maker”) in each of the Provinces of British Columbia, Alberta, Saskatchewan, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon Territory, Northwest Territories and Nunavut (the “Jurisdictions”) has received an application (the “Application”) from RBC Global Investment Management Inc. (“RBC Global”) for a decision, pursuant to the securities legislation (the “Legislation”) of each Jurisdiction, that the “dealer registration requirement” (the “Dealer Registration Requirement”), as such term is defined in National Instrument 14-101 *Definitions* (“NI 14-101”), shall not apply to RBC Global, or to any officers or employees (each an “RBC Global Representative”) of RBC Global acting on its behalf, in respect of any trades, in shares or units of a mutual fund (an “RBC Global Portfolio Managed Fund”) that is managed by RBC Global, or an affiliate of RBC Global, and in respect of which RBC Global acts as portfolio adviser, as such term is defined in National Instrument 81-102 (“NI 81-102”), where:

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- (i) the trade is made by RBC Global to an RBC Global Managed Account (as defined below);
- (ii) the trade is made by RBC Global to an RBC Affiliate Managed Account (as defined below); or
- (iii) the trade consists of Marketing or Wholesaling Activities (as defined below);

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the “System”), the Ontario Securities Commission is the principal regulator for this Application.

AND WHEREAS RBC Global has represented to the Decision Makers that:

1. RBC Global is registered under the Legislation of each Jurisdiction, other than Nunavut where it is pursuing registration, as an adviser in the categories of “investment counsel” and “portfolio manager” (or the equivalent) and RBC Global is registered under the Legislation of Ontario and Newfoundland as a dealer in the category of “limited market dealer”.
2. RBC Global carries on business primarily as an investment counsel and portfolio manager and offers portfolio management services to persons and companies (each, an “RBC Global Portfolio Managed Client”) through investment portfolio accounts (each, an “RBC Global Managed Account”) under which RBC Global, pursuant to a written agreement made between RBC Global and the RBC Global Portfolio Managed Client, makes investment decisions for the account and has full discretionary authority to trade in securities for the account without obtaining the specific consent of the RBC Global Portfolio Managed Client.
3. RBC Global has certain affiliates (an “RBC Affiliate”), including RBC Private Counsel Inc. (“RBC Private Counsel”), that also carry on business as an investment counsel and portfolio manager and offer portfolio management services to persons and companies (each, an “RBC Affiliate Portfolio Managed Client”) through investment portfolio accounts (each, an “RBC Affiliate Managed Account”) under which the RBC Affiliate, pursuant to a written agreement made between the RBC Affiliate and the RBC Affiliate Portfolio Managed Client, makes investment decisions for the account and has full discretionary authority to trade in securities for the account without obtaining the specific consent of the RBC Affiliate Portfolio Managed Client.

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4. RBC Private Counsel is registered under the Legislation of each Jurisdiction as an adviser in the categories of “investment counsel” and “portfolio manager” (or the equivalent).
5. Incidental to its principal business of portfolio management, RBC Global proposes to distribute shares or units of RBC Global Portfolio Managed Funds to RBC Global Managed Accounts and to RBC Affiliate Managed Accounts.
6. RBC Global also proposes to engage in Marketing and Wholesaling Activities in respect of RBC Global Portfolio Managed Funds. “Marketing and Wholesaling Activities” means for, RBC Global, a trade by RBC Global that consists of any act, advertisement or solicitation, directly or indirectly, in furtherance of another trade in shares or units of an RBC Global Managed Fund, and the other trade is a purchase or sale of shares or units of the RBC Global Managed Fund, that is, in each case, made by or through another dealer that is registered under the Legislation of the Jurisdiction in a category that permits that other dealer to act as a dealer for such trade.
7. In the absence of this Decision, RBC Global would have to be registered under the Legislation of each Jurisdiction as a dealer in the category of “mutual fund dealer” or “investment dealer” (or the equivalent) in order to carry out the trading activities permitted by this Decision;
8. In order to obtain registration under the Legislation of all of the Jurisdictions as a mutual fund dealer, RBC Global would be required to be a member of the Mutual Fund Dealers Association of Canada (the “MFDA”).
9. The MFDA has rules that govern its membership which would have the effect of precluding RBC Global from being a member of the MFDA if it continues to conduct its principle business of acting as an investment counsel and accepting discretionary portfolio management mandates.

AND WHEREAS under the System, this MRRS Decision Document evidences the decisions 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 under the Legislation is that the Dealer Registration Requirement in the Legislation shall not apply to any trades by RBC Global, in shares or units of an RBC Global Portfolio Managed Fund, made through an RBC Global Representative, to an RBC Global Managed Account,

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PROVIDED THAT:

- (A) RBC Global is, at the time of the trade, registered under the Legislation as an adviser in the category of “portfolio manager” (or the equivalent);
- (B) if the trade is made in a Jurisdiction other than Ontario or Newfoundland, the trade is made by or at the direction of an RBC Global Representative who is, at the time of the trade, registered under the Legislation to act on behalf of RBC Global as an adviser in the category of “portfolio manager” (or the equivalent);
- (C) if the trade is made in the Jurisdictions of either Ontario or Newfoundland and Labrador, RBC Global is, at the time of the trade, registered under the Legislation of the Jurisdiction as a dealer in the category of “limited market dealer”, and the trade is made on behalf of RBC Global by a RBC Global Representative who is, at the time of the trade, either: (i) registered under the Legislation to act on behalf of RBC Global as an adviser in the category of “portfolio manager” (or the equivalent), or (ii) acting under the direction of such a person and is himself or herself registered under the Legislation to trade on behalf of RBC Global pursuant to its registration as a limited market dealer; and
- (D) for each Jurisdiction, this Decision shall terminate one year after the coming into force, subsequent to the date of this Decision, of a rule or other regulation under the Legislation of the Jurisdiction that relates, in whole or part, to any trading by persons or companies that are registered under the Legislation as portfolio managers (or the equivalent), in securities of a mutual fund, to an account of a client, in respect of which the person or company has full discretionary authority to trade in securities for the account, without obtaining the specific consent of the client to the trade, but does not include any rule or regulation that is specifically identified by the Decision Maker for the Jurisdiction as not applicable for these purposes.

AND, IT IS THE DECISION of the Decision Makers under the Legislation of each Jurisdiction that the Dealer Registration Requirement in the Legislation shall not apply to any trades by RBC Global, in shares or units of an RBC Global Managed Fund, made through an RBC Global Representative, where:

- (i) the trade is made to an RBC Affiliate Managed Account, or
- (ii) the trade consists of Marketing or Wholesaling Activities,

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PROVIDED THAT:

- (E) in the case of each such trade referred to in paragraph (i), the corresponding RBC Affiliate having full discretionary trading authority in respect of the RBC Affiliate Managed Account is either:
 - (i) registered under the Legislation as an adviser in the category of “portfolio manager” (or the equivalent); or
 - (ii) registered under the Legislation as a dealer in the category of “investment dealer” (or the equivalent), and is authorized to act as a portfolio manager in respect of the RBC Affiliate Managed Account, pursuant to an exemption from the “adviser registration requirement”, as such term as defined in National Instrument 14-101 *Definitions*, that is made available under the Legislation to dealers who are members of the Investment Dealers Association of Canada; and
- (F) in the case of each trade referred to in paragraphs E (i) and (ii), if the trade is made in the Jurisdictions of either Ontario or Newfoundland and Labrador, RBC Global is, at the time of the trade, registered under the Legislation of the corresponding Jurisdiction, as a dealer in the category of “limited market dealer” and the RBC Global Representative that makes the trade on behalf of RBC Global is, at the time of the trade, registered under the Legislation of the corresponding Jurisdiction to trade on behalf of RBC Global pursuant to its registration as a “limited market dealer”.

June 11, 2003

Paul M. Moore

Harold P. Hands