

2006 BCSECCOM 325

COR#06/049

Headnote

1996 Securities Act s. 48 Dealer - Exemption from s. 34(1)(a) requirement to be registered as a dealer to trade securities - A person not registered as a dealer in BC wants to do a trade that requires a BC registered dealer - The person is a broker dealer in the U.S.; it only does trades for its members; all BC members must have successfully completed the U.S. series 7 general securities representative qualification exam and be registered with the NASD; each member's trading liability is limited; all trades are on markets outside of Canada.

Exemption Order

Assent LLC

Section 48 of the *Securities Act*, RSBC 1996, c. 418

Background

- ¶ 1 Assent LLC (Assent) has applied for an exemption from the dealer registration requirement in section 34(1)(a) of the Act to permit Assent to provide execution and clearing services to members of Assent resident in British Columbia (Traders).

Representations

- ¶ 2 Assent represents that:
1. it is organized under the laws of Delaware and its principal office is in Hoboken, New Jersey;
 2. it is registered in the United States as a broker-dealer with the Securities and Exchange Commission (SEC) and the National Association of Securities Dealers in the United States of America (NASD);
 3. in respect of its operations in British Columbia, it will trade solely for Traders' accounts and only in securities listed on markets outside of Canada;
 4. it has 26 offices in the United States and plans to open one office in British Columbia;
 5. in order to become a member of Assent, each Trader must:

2006 BCSECCOM 325

- (a) successfully complete the Series 7 General Securities Representative Qualification Exam in the United States; and
 - (b) register with the NASD;
6. if Assent requires a capital contribution from its members, it will be no more than \$10,000; Assent will not require a capital contribution from any Trader;
 7. it is Assent's policy to limit liability for its members, so that a member cannot lose more than the capital contribution made by such member to Assent;
 8. since Assent will not require a capital contribution from the Traders, Traders will have no liability for their trading losses;
 9. Traders will be strictly limited to trading in the capital of Assent; Assent's total capital is approximately US\$53 million;
 10. Traders will trade only in equity securities or options on equity securities of United States domestic issuers and all orders will be routed electronically to United States trade venues, such as NYSE, ASE, INET, Bloomberg and ARCA;
 11. as persons registered with the NASD, Traders will have the same rights as a United States-based registered person to assert a dispute with Assent to binding arbitration or to refer a matter to the NASD for regulatory review;
 12. Assent will give no advice or direction to the Traders about what securities they should purchase; and
 13. Assent's British Columbia office will carry on business in accordance with the policies and guidelines of Assent's offices in the United States, and will be subject to oversight by the SEC and the NASD.

Order

¶ 3 Considering that it is not prejudicial to the public interest, the Executive Director orders under section 48 of the Act that Assent is exempt from the dealer registration requirement, provided that Assent:

- (a) trades only in securities listed on markets outside of Canada;
- (b) maintains its registration as a broker-dealer with the SEC and the NASD; and

2006 BCSECCOM 325

- (c) does not solicit trades from any person in British Columbia and ensures that the Traders do not solicit trades from any person in British Columbia.

¶ 4 May 31, 2006

Robin Ford
Commissioner
British Columbia Securities Commission