

In the Matter of the Securities Act, R.S.N.S. 1989, c. 418,  
as amended (the “Act”)

And

In the Matter of  
NBCN INC.

RULING

Subsection 20(2) of the Securities Rules

UPON the application of NBCN Inc. (“NBCN”) to the Nova Scotia Securities Commission (the “Commission”) for a ruling pursuant to subsection 20(2) of the rules of the Commission deemed by subsection 150A(9) of the Act to have been made pursuant to section 150 of the Act (the “Securities Rules”) that NBCN be exempted from the requirement of subsection 22(2) of the Securities Rules to have a business office manager in Nova Scotia;

AND UPON reading the application and the recommendation of staff of the Commission;

AND UPON NBCN having represented to the Commission that:

1. NBCN is a company incorporated under the laws of Canada; its head office is located at Exchange Tower, 130 King St. W., Suite 3200, Toronto, Ontario, M5X 1J9;
2. NBCN is registered as an investment dealer in the resident home province of Ontario (the “Home Jurisdiction”) and in Alberta, British Columbia, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Quebec, Newfoundland, Prince Edward Island, Nunavut, Yukon Territories and Northwest Territories;
3. NBCN’s registration as an investment dealer in Nova Scotia was granted on September 29, 2005;
4. NBCN’s business in Nova Scotia is to provide dealer services to clients that reside in Nova Scotia;
5. NBCN is a member in good standing of the Investment Dealers Association of Canada (the “IDA”);
6. NBCN has determined that its business in Nova Scotia could benefit by the opening of a sub-branch office in Halifax, Nova Scotia (the “Halifax Office”). John Hanrahan (“Hanrahan”) and two other individuals (collectively, the “NS

- Salespeople”) will be the only salespeople of NBCN conducting business from the Halifax Office. The Halifax Office will close upon Hanrahan’s termination of registration with NBCN;
7. Under IDA by-law No. 4 Branch Office Members, Branch Offices and Sub-Branch Offices, NBCN can have a sub-branch office and designate as the supervisor of such office, a branch manager who is not normally present at such office;
  8. At the present time, the limited nature of NBCN’s business in Nova Scotia would make it difficult for NBCN to comply with subsection 22(2) of the Securities Rules to have a business office manager in Nova Scotia, since the costs associated therewith would outweigh any benefits received by NBCN and its clients;
  9. In light of the limited nature of NBCN’s business in Nova Scotia, NBCN proposes to have the NS Salespeople supervised by NBCN’s David B. Burnes, Executive Vice-President, COO, UDP and Branch Manager at the 250 Yonge St. branch office in Toronto, Ontario (the “Branch Manager”), who would carry out the duties of a business office manager for the Halifax Office in compliance with the IDA by-laws and rules. David Burnes resides and will continue to reside in the Home Jurisdiction; and
  10. NBCN has made the necessary arrangements in order to comply with the statutory and other obligations to its clients in Nova Scotia, including the adoption of a compliance plan and specific policies and procedures to ensure the adequate supervision and review by David Burnes, or his designate, the Chief Compliance Officer, of all trading activities of the NS Salespeople conducted at the Halifax Office.

AND UPON the Commission being satisfied that to do so would not be prejudicial to the public interest;

IT IS RULED pursuant to subsection 20(2) of the Securities Rules that NBCN is exempt from the requirement of subsection 22(2) of the Securities Rules to maintain a business office manager resident in Nova Scotia for the Halifax Office provided that:

- (a) NBCN is a member in good standing of the IDA;
- (b) The securities, funds and other assets of Nova Scotia resident clients of NBCN, insofar as those securities, funds and other assets relate to trading done by or advice given by NBCN, are held in such a manner as the Director may specify when the Director considers it appropriate to so specify;

- (c) NBCN has a business office (the “Business Office”) in the Home Jurisdiction. The Business Office is managed by David Burnes who is registered in the Home Jurisdiction and in Nova Scotia in a category similar to the registration held in the Home Jurisdiction;
- (d) All partners, directors, officers and salespeople of NBCN who are required to be registered in Nova Scotia are registered in Nova Scotia in a category similar to the registration they hold in the Home Jurisdiction;
- (e) The NS Salespeople are supervised by David Burnes and are the only registered salespeople of NBCN resident in Nova Scotia;
- (f) David Burnes is designated as the branch manager of the Halifax Office under the IDA by-laws and rules;
- (g) The Halifax Office is approved by the IDA as a sub-branch office of NBCN under the IDA by-laws and rules;
- (h) The Halifax Office is the only sub-branch office of NBCN in Nova Scotia;
- (i) NBCN promptly notifies the Director if there are any terms, conditions or restrictions imposed at any time on the registration of NBCN or any of its partners, directors, officers and salespeople who are registered in Nova Scotia, by the Home Jurisdiction securities regulator (the “Regulator”) or the IDA or if the Regulator or IDA reprimands any of those registrants;
- (j) NBCN promptly notifies the Director if it employs a Nova Scotia resident as a business office manager for the Halifax Office;
- (k) NBCN files a duly executed submission to jurisdiction and appointment of agent for service of process substantially in the form attached as Appendix A to Nova Scotia Blanket Order No. 31-504 (“BO 31-504”);
- (l) NBCN files with the Director a written undertaking substantially in the form attached as Appendix B to BO 31-504 and complies with the undertaking;
- (m) NBCN files with the Director such reports relating to its activities with respect to Nova Scotia resident clients as the Director may require, from time to time;
- (n) NBCN agrees to the imposition of any additional conditions of registration that arise from any policies or rules adopted by the Commission regarding non-resident domestic dealers; and

- (o) This ruling will terminate upon the closing of the Halifax Office.

DATED at Halifax, Nova Scotia, this 22nd day of November, 2006.

NOVA SCOTIA SECURITIES COMMISSION

“H. Leslie O’Brien”