

Blanket Order No. 31-504

IN THE MATTER OF THE SECURITIES ACT,
R.S.N.S. 1989, CHAPTER 418, AS AMENDED

-AND-

IN THE MATTER OF
CERTAIN NON-RESIDENT REGISTRANTS

-AND-

IN THE MATTER OF BLANKET ORDER NO. 28 - IN THE MATTER OF
POLICY STATEMENT NO. 2.2 NON-RESIDENT DOMESTIC ADVISERS

ORDER AND RULING

(Section 151 of the Act and subsection 20(2) of the
General Securities Rules)

WHEREAS:

1. On January 19, 2005, the Commission approved Rule 31-101 National Registration System ("Rule 31-101") which took effect on April 4, 2005;
2. The Rule adopts as a rule National Instrument 31-101 National Registration System ("NI 31-101");
3. Blanket Order No. 28 In the Matter of Policy Statement No. 2.2 Non-Resident Domestic Advisers ("BO 28") prescribes alternative conditions of registration for a qualifying adviser, as defined in Policy Statement No. 2.2 Non-Resident Domestic Advisers, who wishes to rely on them in lieu of the requirements to have a business office and a resident manager in Nova Scotia contained in subsections 22(1) and (2) of the General Securities Rules and the requirement to maintain books and records in Nova Scotia contained in subsections 30(5) and (6) of the General Securities Rules (collectively, the "residency requirements");
4. The Commission has routinely granted exemptions from the residency requirements to investment dealers and mutual fund dealers that applied for registration under the Act and would meet the definition of a registered firm in NI 31-101;
5. For purposes of harmonization with the adoption of Rule 31-101, staff of the Commission have applied to the Commission to revoke BO 28 and issue the following ruling; and

6. The Commission is satisfied that to do so would not be prejudicial to the public interest.

A. ORDER

IT IS ORDERED pursuant to section 151 of the Act that BO 28 is revoked.

B. RULING

PART 1 DEFINITIONS

IN THIS RULING:

1.1 Defined terms contained in National Instrument 14-101 Definitions and Rule 14-501 Definitions have the same meaning in this ruling unless they are defined in this ruling.

1.2 (a) "books and records requirement" means the requirement in subsections 30(5) and (6) of the General Securities Rules that a registrant must maintain in Nova Scotia those books and records necessary to record properly its business transactions and financial affairs in Nova Scotia;

(b) "business office requirement" means the requirement in subsection 22(1) of the General Securities Rules that every person or company registered as a dealer, underwriter or adviser establish and maintain a business office in Nova Scotia, and the requirement in subsection 22(2) of the General Securities Rules that the manager of the business office shall be a permanent resident of Nova Scotia approved by the Director;

(c) "domestic adviser" means an adviser that has its principal place of business in Canada, but does not have a business office in Nova Scotia or any partners, officers or employees resident in Nova Scotia; and

(d) "home jurisdiction" means the province or territory in Canada where the investment dealer, mutual fund dealer or domestic adviser has its principal place of business.

PART 2 INVESTMENT DEALERS

IT IS RULED pursuant to subsection 20(2) of the General Securities Rules that an investment dealer is not subject to the business office requirement and the books and records requirement in connection with its registration under the Act as a dealer in the category of an investment dealer

provided that the investment dealer:

- 2.1 is a member in good standing of the Investment Dealers Association of Canada;
- 2.2 is registered in its home jurisdiction as a dealer in the category of investment dealer or in an equivalent category;
- 2.3 has a place of business in Canada;
- 2.4 has at least one partner or officer resident in Canada and registered in Nova Scotia as a partner or officer of the investment dealer;
- 2.5 has the manager of the business office in the home jurisdiction registered in Nova Scotia in a category similar to the registration held in the home jurisdiction;
- 2.6 does not have any partners, officers, or salespersons who reside in Nova Scotia;
- 2.7 files a duly executed submission to jurisdiction and appointment of agent for service of process substantially in the form attached as Appendix A;
- 2.8 files with the Director a written undertaking substantially in the form attached as Appendix B and complies with the undertaking; and
- 2.9 maintains in its home jurisdiction in accordance with the applicable requirements of the regulations those books and records necessary to record properly its business transactions and financial affairs in Nova Scotia.

PART 3 MUTUAL FUND DEALERS

AND IT IS FURTHER RULED pursuant to subsection 20(2) of the General Securities Rules that a mutual fund dealer is not subject to the business office requirement and the books and records requirement in connection with its registration under the Act as a dealer in the category of a mutual fund dealer provided that the mutual fund dealer:

- 3.1 is a member in good standing of the Mutual Fund Dealers Association of Canada;
- 3.2 is registered in its home jurisdiction as a dealer in the category of a mutual fund dealer or in an equivalent category; and
- 3.3 meets the conditions set out in sections 2.3 to 2.9 of the ruling in Part 2.

PART 4 DOMESTIC ADVISERS

AND IT IS FURTHER RULED pursuant to subsection 20(2) of the General Securities Rules that a domestic adviser is not subject to the business office requirement and the books and records requirement in connection with its registration under the Act as an adviser provided that the domestic adviser:

- 4.1 is registered in its home jurisdiction as an adviser in an equivalent category;
- 4.2 meets the conditions set out in sections 2.3 to 2.9 of the ruling in Part 2; and
- 4.3 does not hold securities, funds or other assets of its Nova Scotia clients. Such assets must be held either by the individual client or by a custodian which satisfies the requirements for acting as a custodian of the portfolio securities of a mutual fund in National Instrument 81-102 Mutual Funds. Where the domestic adviser is acting as an investment counsel only, the custodian may be a dealer which contributes to the Canadian Investor Protection Fund.

DATED at Halifax, Nova Scotia, this 18 day of May, 2005.

NOVA SCOTIA SECURITIES COMMISSION

“H. Leslie O’Brien”

H. Leslie O’Brien

“R. Daren Baxter”

R. Daren Baxter

APPENDIX A

FIRMS' SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE OF PROCESS

1. Name of applicant or registrant (the "Registrant"):
2. Jurisdiction of incorporation of Registrant:
3. Name of agent for service of process (the "Agent"):
4. Address for service of process of Agent in Nova Scotia:
5. The Registrant designates and appoints the Agent at the address of the Agent stated above as its agent upon whom may be served any notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (the "Proceeding") arising out of or relating to or concerning its registration under the *Securities Act*, R.S.N.S. 1989, c. 418, as amended (the "Act") or its activities in Nova Scotia as a registrant, and irrevocably waives any right to raise as a defense in any such Proceeding any alleged lack of jurisdiction to bring such Proceeding.
6. The Registrant irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of Nova Scotia and any administrative proceeding in Nova Scotia, in any Proceeding arising out of or related to or concerning its registration under the Act or its activities in Nova Scotia as a registrant.
7. Until six years after the termination of its registration under the Act, the Registrant shall file:
 - a. A new Submission to Jurisdiction and Appointment of Agent for Service of Process in the form hereof at least 30 days prior to termination of this Submission to Jurisdiction and Appointment of Agent for Service of Process for any reason whatsoever; and
 - b. An amended Submission to Jurisdiction and Appointment of Agent for Service of Process at least 30 days prior to any change in the name or above address of the Agent.

8. This Submission to Jurisdiction and Appointment of Agent for Service of Process shall be governed by and construed in accordance with the laws of Nova Scotia.

Dated: _____
_____ (Signature of Registrant's authorized signatory)

(Name and title of authorized signatory)

Acceptance

The undersigned accepts the appointment as agent for service of process of _____
_____ (Insert name of Registrant) pursuant to the terms
and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for
Service of Process.

Dated: _____
_____ (Signature of Agent or authorized signatory)

(Name and title of authorized signatory)

APPENDIX B

UNDERTAKING TO PROVIDE INFORMATION

1. Name of applicant or registrant (the "Registrant"): _____
2. Jurisdiction of incorporation of Registrant: _____
3. The Registrant hereby undertakes:
 - (a) to inform the Director as soon as it becomes aware that:
 - (i) its registration or the registration of any of its salespersons, partners, or officers in any other jurisdiction in Canada is revoked by the securities regulatory authority in that jurisdiction or is suspended for cause other than lapse, transfer or resignation; or
 - (ii) an investigation order or notice of hearing has been issued by any Canadian securities regulatory authority with respect to it or any of its salespersons, partners or officers;
 - (b) that it will upon the request of the Commission, a person appointed by the Commission to make an investigation under the Act relating to the Registrant's activities in Nova Scotia, or the Director:
 - (i) produce forthwith to such person making the request at the Registrant's expense all books, papers, documents, records and correspondence relating to the Registrant's activities in Nova Scotia that are in the possession, control or power of the Registrant, subject to the laws of the jurisdiction that are otherwise applicable to the production of such books, papers, documents, records and correspondence, provided that where the laws of such jurisdiction prohibit production of such books, papers, documents, records or correspondence without the relevant client's consent, the Registrant shall use its best efforts to obtain such client's consent; and
 - (ii) produce forthwith in Nova Scotia at the Registrant's expense appropriate persons in its employ as witnesses to give evidence on oath or otherwise. If the appropriate persons are not in its employ, it will use its best efforts to produce forthwith in Nova Scotia at the Registrant's expense such persons to give evidence on oath or otherwise, subject to the laws of the jurisdiction that are otherwise applicable to the giving of such evidence. Where the laws of such jurisdiction prohibit the giving of such evidence without the relevant client's consent, the Registrant shall use its best efforts to obtain such client's consent;

- (c) to permit the Commission, the staff of the Commission or an agent of the Commission to inspect and examine, from time to time, its books and records in its home jurisdiction;
- (d) to reimburse the Commission for all costs and expenses incurred in conducting the inspection and examination referred to in clause (c) above which the Commission would not have incurred had the books and records been maintained in Halifax, Nova Scotia; and
- (e) to not object to any hearing before the Commission on the basis that it was not present or represented if it has received a notice to appear from the Commission.

Dated: _____

(Signature of Registrant or authorized signatory)

(Name and title of authorized signatory)

