

SASKATCHEWAN STAFF NOTICE 33-703
SALESPERSONS ACTING UNDER POWERS OF ATTORNEY

A practice has arisen whereby salespersons take powers of attorney from their clients. Acting under the power of attorney they give instructions on behalf of the client to purchase and redeem mutual funds. In effect such salespersons are acting as though they had discretionary authority over the client's account.

This practice is contrary to the provisions of *The Securities Act, 1988*. A mutual fund salesperson's registration is restricted to buying or selling mutual funds on behalf of a client. A salesperson can advise a client on what to buy or sell, but the client must always make the final decision. A salesperson may call a client and suggest that they adjust their asset mix by transferring money from one fund to another. However, the client must make the final determination.

A salesperson is acting as a portfolio manager if he or she makes decisions about purchasing or redeeming mutual funds on behalf of a client. In order to act as a portfolio manager the individual must complete the necessary courses and register as an adviser in the category of portfolio manager.

It is acceptable for a salesperson to execute a mutual fund transaction on behalf of a client under a power of attorney, but only where the client has given express written or verbal instructions to complete that specific transaction. Where the client gives verbal instructions, the salesperson should document those verbal instructions.

September 7, 1995

Contact: Deputy Director, Registration
(306) 787-5876