

**IN THE MATTER OF THE SECURITIES  
LEGISLATION OF BRITISH COLUMBIA, ALBERTA,  
SASKATCHEWAN AND ONTARIO  
AND  
IN THE MATTER OF  
THE MUTUAL RELIANCE REVIEW SYSTEM  
FOR EXEMPTIVE RELIEF APPLICATIONS  
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN AND ONTARIO  
AND  
IN THE MATTER OF  
SCOTIA CAPITAL INC., CHARLES SCHWAB CANADA, CO. AND  
SCOTIA DISCOUNT BROKERAGE INC.  
MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan and Ontario (the "Jurisdictions") has received an application from Scotia Capital Inc. (the "Filer"), Charles Schwab Canada, Co. (the "Schwab Filer") and Scotia Discount Brokerage Inc. (the "SDBI Filer"), to revoke in the Jurisdictions the MRRS Decision Document dated November 1, 2000 IN THE MATTER OF CHARLES SCHWAB CANADA, CO. (the "Schwab Suitability Relief Order") and the MRRS Decision Document dated January 17, 2001 IN THE MATTER OF SCOTIA DISCOUNT BROKERAGE INC. (the "SDBI Suitability Relief Order"), which provided, subject to terms and conditions, relief from suitability obligations under the securities legislation of the Jurisdictions and decided, subject to terms and conditions, that the suitability requirements of the Investment Dealers Association of Canada ("IDA") do not apply to the Schwab Filer and the SDBI Filer;

**AND WHEREAS** the terms "Suitability Requirements", "IDA Suitability Requirements" and "Registered Representatives" shall each have the respective meanings ascribed thereto under the SDBI Suitability Relief Order and Schwab Suitability Relief Order;

**AND WHEREAS**, subsequent to the granting of the Schwab Suitability Relief Order and the SDBI Suitability Relief Order, the IDA enacted amendments in September, 2001 to the IDA Suitability Requirements and enacted IDA Policy No. 9, allowing member firms approved under revised IDA Regulation 1300.1(e) and (f) to accept orders from customers without a suitability

determination where no recommendation was provided by the member ("Amended IDA Suitability Requirements");

**AND WHEREAS** under the securities legislation of British Columbia, Alberta, Saskatchewan and Ontario, a member of the IDA may comply with its Suitability Requirements by complying with the Amended IDA Suitability Requirements;

**AND WHEREAS** the Schwab Filer wishes to revoke in the Jurisdictions the Schwab Suitability Relief Order, upon IDA approval of the Filer in respect of its division, to be known as ScotiaMcLeod Direct Investing (the "Division"), pursuant to revised IDA Regulation 1300.1(e) and (f), as an order-execution only service;

**AND WHEREAS** the SDBI Filer wishes to revoke in the Jurisdictions the SDBI Suitability Relief Order upon approval of the Filer in respect of the Division as an order-execution only service;

**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** the Filer has represented, on its behalf and on behalf of the Division, to the Decision Makers that:

1. the Filer is a corporation incorporated under the *Business Corporations Act* (Ontario), and is an indirect wholly-owned subsidiary of The Bank of Nova Scotia ("BNS");
2. the Filer is registered under the Legislation as an investment dealer or equivalent and is a member of the IDA;
3. BNS acquired the shares of the Schwab Filer indirectly through a share purchase of Charles Schwab Canada Holdings, Limited ("Holdings") a Nova Scotia company that owned all of the outstanding equity interest of the Schwab Filer;
4. on April 30, 2002, pending regulatory approval, SDBI Filer, the Filer, the Schwab Filer and Holdings will amalgamate (the "Amalgamation") under the laws of the Province of Ontario under the name "Scotia Capital Inc." ("Amalco");
5. post-Amalgamation, ScotiaMcLeod Direct Investing (the "Division") will be created as a new division of Amalco. The discount brokerage businesses and accounts of the SDBI Filer and the Schwab Filer will become the discount brokerage business and accounts of the Division. The Division will be an unincorporated business unit of Amalco;
6. the "ScotiaMcLeod Direct Investing" name of the Division is a trade name of the Filer currently being registered with each of the provinces and territories of Canada;
7. the Filer in respect of the Division has applied to the IDA for approval as an order-execution service pursuant to the Amended IDA Suitability Requirements; and

8. subject to receipt of the necessary approval from the IDA, the Division will operate in accordance with the Amended IDA Suitability Requirements.

**AND WHEREAS** under the System, this MRRS Decision Document evidences the decision 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 in British Columbia, Alberta, Saskatchewan and Ontario is that the SDBI Suitability Relief Order and the Schwab Suitability Relief Order are revoked on the date of the approval by the IDA, pursuant to revised IDA Regulation 1300.1(e) and (f), of the Filer in respect of the Division as an order-execution only service.

Dated the 30<sup>th</sup>. day of April, 2002.

“Howard I. Wetston”

“H. Lorne Morphy”

“David M. Gilkes”