

CSA Staff Notice 32-301
Omnibus/Blanket Orders Exempting Certain U.S. Broker-Dealers and U.S. Advisers from the Requirement to Register in Respect of Trades and Advice for U.S. Resident Clients

March 26, 2015

Introduction

The CSA are aware that certain broker-dealers (U.S. broker-dealers) and advisers (U.S. advisers) subject to U.S. federal securities law for trading and advising U.S. resident clients have offices or employees in Canada but are not registered in Canada. Trading and advising in securities in a Canadian jurisdiction, even if clients are not resident in Canada, may require registration under Canadian securities legislation.

In the past, some Canadian securities regulatory authorities have, subject to certain conditions, exempted U.S. broker-dealers and U.S. advisers with offices in Canada from the requirement to register, on the basis that they:

- trade for or advise U.S. resident clients
- are appropriately registered (or exempt from registration) in the U.S.
- are subject to the oversight of an acceptable securities regulator.

Substance and Purpose

These U.S. broker-dealer and U.S. adviser firms do not trade for or advise Canadian clients. CSA staff are of the view that it would not be prejudicial to the public interest to grant relief from the registration requirement for these U.S. broker-dealers and U.S. advisers.

CSA members (except Ontario) are issuing parallel orders of general application, effective March 26, 2015. The orders grant an exemption from the requirement to register as a dealer to U.S. broker-dealer firms and their representatives operating from the local jurisdiction and an exemption from the requirement to register as an adviser to U.S. adviser firms and their representatives operating from the local jurisdiction, if they comply with the conditions in those orders.

Orders of general application are not authorized under Ontario securities law. However, OSC staff would consider recommending the OSC grant exemptive relief on substantially the same terms as the orders to a U.S. broker-dealer or U.S. adviser on application.

We are publishing the orders with this Notice. The orders are also available on the websites of CSA members, including

www.lautorite.qc.ca
www.albertasecurities.com
www.bcsc.bc.ca
www.msc.gov.mb.ca
www.gov.ns.ca/nssc
www.nbsc-cvmnb.ca
www.fcaa.gov.sk.ca

Questions

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IN THE MATTER OF THE *SECURITIES ACT*, S.N.B. 2004, c. S-5.5 (the “Act”)

AND

IN THE MATTER OF

***EXEMPTION FROM THE DEALER REGISTRATION REQUIREMENT AND THE ADVISER
REGISTRATION REQUIREMENT IN RESPECT OF TRADES AND ADVICE FOR U.S. RESIDENT
CLIENTS***

Blanket Order 32-503

Subsection 208(1) of the Act

Interpretation

Unless otherwise defined in this decision or the context otherwise requires, terms used in this decision that are defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* or National Instrument 14-101 *Definitions* have the same meaning.

Background

1. Certain broker-dealers registered under U.S. federal securities law (U.S. broker-dealer firms) have offices or employees in New Brunswick.
2. Certain advisers registered or exempt from registration under U.S. federal securities law (U.S. adviser firms) have offices or employees in New Brunswick.
3. Those U.S. broker-dealer firms and U.S. adviser firms trade for and advise U.S. resident clients and may be subsidiaries of, affiliated to, or have arrangements with registered firms in New Brunswick.
4. Employees in New Brunswick of
 - (a) those U.S. broker-dealer firms who trade for U.S. resident clients must be registered to trade for U.S. resident clients under U.S. federal securities law;



- (b) those U.S. adviser firms who advise U.S. resident clients must be registered or exempt from registration to advise U.S. resident clients under U.S. federal securities law (registered representatives).
- 5. If those U.S. broker-dealer firms and U.S. adviser firms and their registered representatives trade for and advise U.S. resident clients and are not registered in New Brunswick, they are in default of the dealer registration requirement or the adviser registration requirement, because carrying out those activities in New Brunswick requires registration.
- 6. Those U.S. broker-dealer firms and U.S. adviser firms and their registered representatives are subject to U.S. federal securities law in respect of trades for and advice to U.S. resident clients. The Commission has a mutual cooperation and information sharing arrangement with the SEC relating to the exchange of information about persons registered with those bodies or exempt from registration under U.S. federal securities law.

Decision

- 7. Considering that to do so would not be prejudicial to the public interest, the Commission orders that:
 - (1) a U.S. broker-dealer firm and its representatives are exempt from the dealer registration requirement in respect of trades for U.S. resident clients;
 - (2) a U.S. adviser firm and its representatives are exempt from the adviser registration requirement in respect of advice to U.S. resident clients;

if they comply with all of the following conditions:

- (a) The U.S. broker-dealer firm or U.S. adviser firm files with the regulator a current information report in the form prescribed in Appendix A before relying on this order, and files an updated information report within 10 days of a change to a previously filed information report;



- (b) The U.S. broker-dealer firm or U.S. adviser firm does not trade securities for or advise clients resident in New Brunswick, and their registered representatives only trade securities for or advise clients resident in New Brunswick if they are registered in the appropriate category;
- (c) The U.S. broker-dealer firm or U.S. adviser firm files with the regulator all information and records about its trading and advising activities as the regulator requires from time to time;
- (d) The U.S. broker-dealer firm and its representatives or the U.S. adviser firm and its representatives are not in default of securities law in any jurisdiction or foreign jurisdiction;
- (e) The U.S. broker-dealer firm and its representatives are registered under U.S. federal securities law; and
- (f) The U.S. adviser firm and its representatives are registered or exempt from registration under U.S. federal securities law.

This order comes into effect on 26 March 2015.

Dated at Saint John, New Brunswick, this 23rd day of March 2015.

“Original signed by”

Kevin Hoyt
Executive Director