

Trading in contracts by certain unregistered Futures Commission Merchants
on the instructions of Dealers and Locals registered under
The Commodity Futures Act
Policy Statement pursuant to section 75(1) The Commodity Futures Act

MSC NOTICE 2000-41

The Commodity Futures Act (the "Act") requires persons and companies to register with the Manitoba Securities Commission (the "Commission") to trade in contracts in Manitoba unless an exemption from the registration requirement is provided in the Act, regulations or rules.

Contracts are defined by the Act as commodity futures contracts and commodity futures options traded on a commodity futures exchange.

Dealers and Locals registered under the Act often conduct business with Futures Commission Merchants ("FCMs") who are outside of Manitoba in order to effect trades in contracts on exchanges outside of the province. In many cases the FCMs who are receiving and processing trading instructions from a registered Dealer or Local are not themselves registered under the Act, although registered to trade in contracts under the laws of the jurisdiction where they are located.

The Commission takes the position that it is advisable to facilitate the exercise of its powers and the performance of its duties under the Act to issue this notice.

The Commission takes the position that the registration requirements of the Act do not apply to unregistered FCMs located outside of Manitoba receiving and processing trades on commodity futures exchanges outside of Manitoba given on the instructions of a Dealer or Local registered under the Act, on condition that the FCM receiving and processing the trading instructions is registered in the jurisdiction where the commodity futures exchange on which the contract to be traded is located.

November 29th, 2000