

THE SECURITIES ACT

)

Order No. 3821

)

Section 20

)

July 10, 2002

CIBC WORLD MARKETS INC.

WHEREAS

(A) CIBC World Markets Inc. ("CIBC Wood Gundy") applied to The Manitoba Securities Commission (the "Commission") for an order under subsection 20(1) of *The Securities Act*, R.S.M. 1988, c. S50 (the "Act") that:

i. the requirement contained in section 6 of the Act to be registered as an investment counsel (the "Registration Requirement") does not apply to advisory services provided to CIBC Wood Gundy by CIBC World Markets Corp. ("Oppenheimer") and other non-Canadian affiliated corporations of CIBC Wood Gundy (together the "Affiliates") and by portfolio managers carrying on business in the United States and other jurisdictions outside of Canada who act as subadvisers to CIBC Wood Gundy in providing portfolio management services for the benefit of retail clients of CIBC Wood Gundy (the "Participating Clients") who participate in a wrap account program designated as the "CIBC Wood Gundy Investment Advisory Service" ("IAS Program") or the "CIBC Wood Gundy Investment Consulting Service" ("ICS Program") (together, the "Programs");

ii. the confirmation requirements in section 67 of the Act (the "Trade Confirmation Requirements") do not apply to CIBC Wood Gundy with respect to trades in the accounts of Participating Clients in the Programs;

iii. the following decisions (collectively, the "Prior Decisions") as they apply in Manitoba be revoked:

(a) the NAS Decision Document dated October 9, 1998, *IN THE MATTER OF CIBC WOOD GUNDY SECURITIES INC.* (the "1998 Decision");

(b) the MRRS Decision Document dated June 11, 1999, *IN THE MATTER OF CIBC WOOD GUNDY SECURITIES INC.* (the "1999 Decision");

(B) CIBC Wood Gundy has represented to the Commission that:

1. CIBC Wood Gundy is an investment dealer registered under the Act;

2. CIBC Wood Gundy applied for and obtained the 1998 Decision which granted certain exemptions that allowed CIBC Wood Gundy to make available to its retail clients in Manitoba the IAS Program, which is based on the CIBC Oppenheimer Investment Advisory Service provided in the United States by its affiliate, Oppenheimer, and which enables Participating Clients to invest in securities, including U.S. securities;

3. Oppenheimer is registered:

(a) in the United States as a broker-dealer under the Securities Exchange Act of 1934 and as an adviser under the Investment Advisers Act of 1940 (the "Investment Advisers Act"); and

(b) in Canada as an international adviser in Ontario, a portfolio manager and investment counsel (foreign) in Alberta and a non-resident portfolio manager in British Columbia;

4. in December, 2001 CIBC Wood Gundy acquired the Canadian retail brokerage business of Merrill Lynch Canada Inc. ("MLC"), which included the client accounts of Merrill Lynch Consults Canada Service ("MLCCS"), a wrap account program operated on a different basis than the IAS Program;

5. under the MLCCS each participating client selected one or more portfolio strategies from among over forty portfolio strategies provided to MLC by subadvisers in and outside of Canada pursuant to agreements with MLC and its affiliate, Merrill Lynch Investment Managers Canada Inc. ("MLIMC") (each a "Strategy"), which Strategy or Strategies were selected with the advice of MLC and were implemented by MLC for its clients in client accounts fully handled by MLC, without any involvement of the subadvisers beyond providing advice to MLC on investment Strategies in terms of the securities to be purchased for and their proportion of each Strategy;

6. MLC was assisted in the administration of these accounts by MLIMC, which also acted as a subadviser in the MLCCS program;

7. all of the shares of MLIMC were acquired by CIBC Wood Gundy's parent corporation, Canadian Imperial Bank of Commerce ("CIBC"), on January 31, 2002, and MLIMC is now an affiliate of CIBC Wood Gundy named CM Investment Management Inc. ("CM");

8. CM is registered as an adviser and limited market dealer in Ontario and has applied for registration as an investment counsel and portfolio manager in Manitoba;

9. CIBC Wood Gundy is currently in the process of integrating the acquired MLC business operations with its own and intends to make the ICS Program, which will

be based on the MLCCS and the IAS Program, available to its retail clients throughout Canada;

10. the ICS Program will enable Participating Clients to invest in securities pursuant to investment Strategies, including U.S. and global Strategies;

11. the integration of these business operations will be accomplished over a period of time with MLCCS continuing as part of the ICS Program and with new client accounts following the approach of the IAS Program or the ICS Program, depending on the subadviser selected for the account;

12. the IAS Program will continue under its existing designation and the expanded MLCCS will be carried on as the ICS Program until June 28, 2002, when the IAS designation will cease to be used and both Programs will thereafter be carried on under the ICS designation;

13. in connection with the Programs, CIBC Wood Gundy intends to utilize the services of CM, and other of its Affiliates that are registered to carry on a securities advisory business in the jurisdiction in which they do so, to perform some or all of the activities performed by Oppenheimer for the IAS Program;

The Programs

14. the initial phase of the IAS Program, which was limited to U.S. dollar accounts managed by subadvisers in the United States ("U.S. Advisers") investing primarily in U.S. securities, with a minimum required investment of \$ 100,000 U.S. for each account, was implemented pursuant to the 1998 Decision;

15. the IAS Program was extended in 2000 to include Canadian dollar accounts managed by Canadian subadvisers, which in Manitoba are registered under the Act, investing primarily in Canadian securities, with a minimum required investment of \$150,000 Canadian for each such account;

16. CIBC Wood Gundy intends to extend the Programs to include global accounts, with a minimum required investment equivalent to \$150,000 Canadian, investing primarily in securities from other countries or regions managed by subadvisers carrying on business in those countries or regions;

17. each account in the Programs will be a fully managed account managed by CIBC Wood Gundy acting as agent for the Participating Client pursuant to a program management agreement ("PMA") with the Participating Client;

18. each Participating Client will provide CIBC Wood Gundy with its investment objectives and other information necessary to enable CIBC Wood Gundy, or Oppenheimer, CM or another Affiliate acting on behalf of CIBC Wood Gundy, to prepare a client profile for the Participating Client;

19. CIBC Wood Gundy will provide each Participating Client with a list of one or more subadvisers, prepared by it, Oppenheimer, CM or another Affiliate, whose investment philosophy or Strategy is appropriate to the Participating Client's investment objectives;

20. all U.S. Advisers will be U.S. portfolio managers registered as advisers in the United States under the Investment Advisers Act who will provide services for U.S. dollar accounts investing primarily in U.S. securities or for U.S., global and international Strategies;

21. all Canadian subadvisers available to Participating Clients in Manitoba will be Canadian portfolio managers registered as investment counsel under the Act, who will provide services for Canadian dollar accounts investing primarily in Canadian securities or for Canadian Strategies;

22. all subadvisers in jurisdictions other than the United States or Canada ("Other Advisers") will be portfolio managers registered as advisers or otherwise licensed or legally qualified to provide portfolio management services under applicable legislation in the jurisdiction in which they carry on business and will provide services for accounts investing primarily in securities from that jurisdiction or the region in which it is located or for Strategies emphasizing that jurisdiction or the region in which it is located;

23. CIBC Wood Gundy will also provide each Participating Client with the information about each U.S. Adviser and Oppenheimer that is required to be given to clients in a written disclosure statement by Rule 204-3 under the Investment Advisers Act and with equivalent information about each Canadian subadviser and each Other Adviser;

24. the Participating Client will, with the assistance of CIBC Wood Gundy, select one or more Strategies or one or more subadvisers to manage its account with CIBC Wood Gundy;

25. if the Participating Client selects one or more Strategies, CIBC Wood Gundy will manage the Participating Client's account on the basis of advice received by it from a subadviser concerning the Strategy;

26. if the Participating Client selects a subadviser to manage its account with CIBC Wood Gundy, the subadviser selected will manage the Participating Client's account with respect to investments and voting of securities held in the account and will maintain separate accounts and records for each Participating Client;

27. CIBC Wood Gundy will:

- (a) execute all transactions in the Participating Clients' accounts unless better execution can be obtained elsewhere;

(b) provide confirmations of such transactions to the relevant subadviser and send the information contained in them to each relevant Participating Client with the monthly statement referred to in paragraph 27(d);

(c) act as custodian for all securities held in its accounts unless the Participating Client directs otherwise; and

(d) send monthly statements and quarterly performance reports prepared by CIBC Wood Gundy, Oppenheimer, CM or another Affiliate for each account to the relevant Participating Client;

28. a Participating Client must obtain all advice and information and give all instructions and directions through CIBC Wood Gundy and may meet with a subadviser only if the registered representative of CIBC Wood Gundy responsible for the Participating Client's account is present at all times;

29. a single wrap fee will be charged to Participating Clients for investment advisory services in the Programs, which will be calculated on the basis of assets under administration in the Participating Client's account, will include all fees payable to Oppenheimer, CM or another Affiliate and the subadvisers and will not be based on the transactions effected in the account;

30. CIBC Wood Gundy will enter into agreements with Oppenheimer, CM or another Affiliate, and directly or through Oppenheimer, CM or the other Affiliate acting on its own behalf and as agent for CIBC Wood Gundy, with each subadviser, which agreements will set out the obligations and duties of each party in connection with the Program and pursuant to which Oppenheimer, CM, or the other Affiliate and the subadvisers will agree to act as subadvisers to CIBC Wood Gundy for the benefit of Participating Clients;

31. CIBC Wood Gundy will assume responsibility to Participating Clients for all advice received from Oppenheimer, CM or another Affiliate and the subadvisers, including responsibility for losses sustained by a Participating Client as a result of the negligence, willful misconduct, bad faith or willful neglect, default or failure to comply with applicable laws and regulations by CIBC Wood Gundy, Oppenheimer, CM, another Affiliate or a subadviser, and will not waive this responsibility;

32. the subadvisers who are not otherwise registered in Ontario will not be required to register as advisers under the Securities Act (Ontario) as the terms of the Programs and their agreements with CIBC Wood Gundy will bring them within the exemption from registration in section 7.3 of Rule 35-502 - Non-Resident Advisers under the Securities Act (Ontario);

(C) The Commission is of the opinion that it would not be prejudicial to the public interest to grant the Order requested.

IT IS ORDERED THAT:

1. pursuant to subsection 20(1) of the Act, Oppenheimer, other non-Canadian Affiliates, the U.S. Advisers and the Other Advisers with respect to their activities in providing portfolio management and other services for the benefit of Participating Clients in connection with the Programs are exempt from the Registration Requirement provided that:

(a) the agreements between CIBC Wood Gundy and each of Oppenheimer, CM, another Affiliate, the U.S. Advisers and the Other Advisers set out the obligations and duties of each of the parties; and

(b) the PMA between CIBC Wood Gundy and each Participating Client provides that CIBC Woody Gundy will be responsible for all advice received by the Participating Client from Oppenheimer, CM, another Affiliate, the U.S. Advisers and the Other Advisers, and this responsibility is not waived;

2. pursuant to subsection 20(1) of the Act, with respect to any transactions in a Participating Client's account in the Programs in which CIBC Wood Gundy acts as a principal or agent in connection with the associated trade, CIBC Wood Gundy is exempt from the Trade Confirmation Requirements;

3. pursuant to subsection 20(1) of the Act, the Prior Decisions are revoked; and

4. the fee for this order is \$750.00.

BY ORDER OF THE COMMISSION

Deputy Director – Legal