

THE SECURITIES ACT ) Order No. 6040  
)  
Section 20(1) ) December 15, 2009

**AMENDED AND RESTATED**

**Trades of GICs and Certain Deposit Notes by Mutual Fund Dealers**

**WHEREAS:**

(A) National Instrument NI 31-103 *Registration Requirements and Exemptions* came into effect on September 28, 2009.

(B) Prior to September 28, 2009, the terms and conditions of registration for Mutual Fund Dealers included specific terms and conditions allowing the Mutual Fund Dealer and its registered salespeople to sell:

1. guaranteed investment certificates of financial institutions who are members of the Canada Deposit Insurance Corporation (“GIC”) ; and
2. evidence of deposit of or guaranteed by a bank to which the *Bank Act* (Canada) applies, or by a trust company or loan company registered under *The Corporations Act* (Manitoba) (“Deposit Notes”).

(C) The definition of security under *The Securities Act* (Manitoba) includes GICs and Deposit Notes.

(D) With the adoption of NI 31-103, the terms and conditions of registration for Mutual Fund Dealers will no longer include a term that would permit the sale of GICs or Deposit Notes.

(E) NI 31-103 provides that a Mutual Fund Dealer may act as a dealer in respect of any security of a mutual fund or an investment fund that is a labour-sponsored investment fund corporation or labour-sponsored venture capital corporation under legislation of a jurisdiction of Canada.

(F) A Mutual Fund Dealer would be required to register as an exempt market dealer to trade GICs, Deposit Notes, or other securities sold in reliance on an exemption from the prospectus requirements.

(G) Commission staff is of the view that it would not be prejudicial to the public interest to exempt mutual fund dealers who are not also registered as exempt market dealers from the dealer registration requirement if they trade in GICs or Deposit Notes.

(H) Commission Staff have made application for an order by the Commission that would allow Mutual Fund Dealers to be exempt from the dealer registration requirements to trade in GICs or Deposit Notes if they are not also registered as an exempt market dealer.

(I) The Commission is of the opinion that it would not be prejudicial to the public interest to make the order requested.

**IT IS ORDERED:**

1. THAT, under s. 20(1) of the Act, trades by a Mutual Fund Dealer in GICs shall be exempt from s. 6 of the Act, subject to the following conditions:

(a) the Mutual Fund Dealer is not also registered as an exempt market dealer;

(b) all obligations of the Mutual Fund Dealer and salesperson to a client under the Act, regulations to the Act and Commission rules, and under the rules and requirements of the Mutual Fund Dealers Association (“MFDA”) apply to trades of GICs; and

(c) all obligations of the Mutual Fund Dealer and salesperson to a client under the Act, regulations to the Act and Commission Rules, and under the rules and requirements of the MFDA apply to trades of deposit notes.

2. THAT, under s. 20(1) of the Act, trades by a Mutual Fund Dealer in Deposit Notes shall be exempt from s. 6 of the Act, subject to the following conditions:

(a) the Mutual Fund Dealer is not also registered as an exempt market dealer;

(b) trading in Deposit Notes on behalf of a Mutual Fund Dealer shall be effected only by a registered individual registered with the Mutual Fund Dealer;

(c) each trade of Deposit Notes through a Mutual Fund Dealer must be reviewed for suitability; and

(d) all obligations of the Mutual Fund Dealer and salesperson to a client under the Act, regulations to the Act and Commission rules, and under the rules and requirements of the MFDA apply to trades of Deposit Notes.

**BY ORDER OF THE COMMISSION**

**Deputy Director**