

IN THE MATTER OF THE SECURITIES LEGISLATION OF  
MANITOBA AND ONTARIO

AND

IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM  
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF RICHARDSON PARTNERS FINANCIAL LIMITED

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in Manitoba and Ontario (the "Jurisdictions") has received an application from Richardson Partners Financial Limited ("RPFL") for a decision under the securities legislation of the Jurisdictions (the "Legislation"), that:

(a) the requirement contained in the Legislation that a registered dealer send a written confirmation of the trade setting out certain information specified in the Legislation (the "Confirmation Requirement"), not apply to RPFL for confirmation to clients with respect to transactions conducted under wrap account programs created by RPFL, including its Pioneer Investment Management Program (collectively, the "Programs"); and

(b) in Manitoba, the requirement contained in the Legislation to be registered as an adviser (the "Registration Requirement") does not apply to certain portfolio managers (the "Advisers") who provide portfolio management services for the benefit of RPFL's clients (the "clients") participating in the Programs;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Manitoba Securities Commission is the principal regulator for this application;

AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101;

AND WHEREAS RPFL has represented to the Decision Makers that:

1. it is an investment dealer registered under the Legislation, and is a member of the Investment Dealers Association;
2. it offers its clients a discretionary asset management service through which clients (such participating clients of RPFL, "clients") may invest in a portfolio of securities based on the

investment advice of and management by Advisers through arrangements RPFL has made with those Advisers;

3. a client must:

- (a) open an account (an "Account");
- (b) enter into a written Client Agreement with RPFL (a "Client Agreement"); and
- (c) provide RPFL with information regarding the client's investment objectives, preferences and restrictions so that RPFL can develop, along with the client, an investor profile and may develop a written investment policy statement;

4. it will review with the client his or her selection of one or more Advisers to manage all or a portion of the assets in the Account according to:

- (a) the client's investor profile; and
- (b) the investment style, expertise and track record of the Adviser;

5. under the Client Agreement:

- (a) the client will grant full discretionary authority to RPFL over the assets in the Account, including the right to delegate management over all or a portion of the assets in the Account to an Adviser; and
- (b) unless otherwise requested, the client will waive receipt of trade confirmations as required under applicable Legislation;

6. it will provide the client with a statement of account with information required under the applicable Legislation, including a list of all transactions during the period and a statement of portfolio at the end of such period;

7. it will provide trade confirmations as required under the applicable Legislation to the Adviser, unless waived by the client;

8. with respect to any Adviser which is not appropriately registered as a portfolio manager in Manitoba to provide the services contemplated under the Programs to a client, RPFL will agree under the Client Agreement to be responsible for any loss that arises out of the failure of an Adviser:

- (a) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the clients of RPFL for whose benefit the investment advice or portfolio management services are to be provided, or

(b) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances,

and acknowledges that it cannot be relieved by its clients from this responsibility (collectively, the "Assumed Obligations");

9. it will enter into a written advisory agreement or similar agreement (the "Advisory Agreement") with each Adviser, setting out the terms and conditions governing the relationship between RPFL, the Adviser and clients and the rights, obligations and duties of the parties to the Advisory Agreement;

10. under the Advisory Agreement:

(a) the Adviser will assist RPFL by providing a model portfolio or managing the assets that are designated to that Adviser, in accordance with the strategy agreed to between the Adviser and RPFL;

(b) the Adviser will provide updates to the model portfolio or communicate appropriate trading instructions to RPFL, maintain records in respect of each strategy and otherwise participate or assist RPFL in providing periodic performance reports or other related information to the clients;

11. a client must obtain all advice and information and give all instructions and directions through RPFL;

12. if there is any direct contact between the client and the Adviser, a registered representative of RPFL will at all times be present, either in person or by telephone;

13. each Adviser will be licensed, qualified or registered as a portfolio manager or investment counsel in either the United States, the United Kingdom or elsewhere to provide discretionary investment counselling and portfolio management services; and

14. Advisers who are not otherwise registered in Ontario will not be required to register as advisers under the *Securities Act* (Ontario) as they can rely on exemptions from registration in Ontario Rule 35-502 *Non-Resident Advisers*.

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 under the Legislation is that:

(a) the Confirmation Requirement shall not apply to RPFL in respect of a client's Account in which RPFL acts as principal or agent in connection with the associated trade; and

(b) in Manitoba, the Registration Requirement does not apply to the Advisers who provide investment counselling and portfolio management services for the benefit of clients in connection with the Programs, provided that:

(i) the obligations and duties of each of the Advisers is set out in a written agreement with RPFL;

(ii) RPFL contractually agrees with each client that it will be responsible for the Assumed Obligations;

(iii) RPFL is not relieved of the Assumed Obligations by clients;

(iv) RPFL is registered under the Legislation as an investment dealer in the Jurisdictions in which clients are resident; and

(v) the relief is only available to Advisers who are not registered in any Canadian jurisdiction.

DATED: January 21, 2004

*"Chris Besko"*

Deputy Director - Legal