

ALBERTA SECURITIES COMMISSION
NOTICE 33-701
Proposed Amendment to Section 39(1)
of the Alberta Securities Commission Rules

REQUEST FOR COMMENT

The Alberta Securities Commission is publishing for comment a proposed amendment to section 39(1) of the Alberta Securities Commission Rules (the Rules). Section 39 imposes an obligation on dealers, portfolio managers and investment counsel to provide monthly statements of accounts. The proposed amendment would bring section 39(1) of the Rules into harmony with similar provisions in British Columbia and Ontario securities legislation that require only dealers to provide monthly statements of account.

Current Rules

Subsections 39(1) and (6) currently provide as follows:

39(1) Subject to subsection (5), a dealer, portfolio manager or investment counsel, as the case may be, shall promptly send a statement of account to each client as at the end of each month in which a transaction has been effected by or on behalf of the client.

(6) Except if the client has expressly directed otherwise, every portfolio manager shall send to his client at least once every 3 months, a statement of the portfolio of that client.

Background

In Alberta dealers, portfolio managers and investment counsel are required under section 39(1) of the Rules to provide clients with monthly statements of account. Not only does this provision differ from equivalent provisions in British Columbia and Ontario securities legislation, where only dealers are subject to the requirement to provide clients with a monthly statement of account but the provision does not reflect general industry practice.

The industry standard for a portfolio manager is to provide a detailed statement of transactions and account performance on a quarterly basis. It appears that many portfolio managers are not aware of the monthly statement requirement in section 39(1) of the Rules and have been following the industry standard of providing quarterly statements.

The proposed amendment would bring the Alberta provision in line with current industry practice, reduce compliance costs of statement production and mailing and provide for harmonized regulatory requirements, particularly as between Alberta, British Columbia and Ontario.

Proposed Amendment

The proposed amendment to section 39(1) would delete the references to portfolio manager and investment counsel:

39(1) Subject to subsection (5), a dealer shall promptly send a statement of account to each client as at the end of each month in which a transaction has been effected by or on behalf of the client.

Comments

The Commission is interested in receiving comments on the proposed amendment to the Rules. Interested parties are encouraged to submit written comments by September 14, 2001 and may refer questions regarding the proposed amendment to:

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Comment letters submitted in response to requests for comment are placed on the public file and form part of the public record, unless confidentiality is requested. Although comments letters requesting confidentiality will not be placed on the public file, the Freedom of Information and Protection of Privacy Act (Alberta) may require that the Commission make the comments letters available. Parties submitting comment letters should be aware that the press and members of the public may be able to obtain access to any comment letters.

Dated August 10, 2001