

A.S.C. NOTICE 31

EXEMPTION FOR FILING NOTICE OF NETWORKING ARRANGEMENTS GOVERNED BY THE PRINCIPLES OF REGULATION

There are provisions in ASC Policy 7.1 (the “Policy”) that deal with the relationship between a registrant that is related to a financial institution and the financial institution. Section 11.4 of the Policy requires a registrant that intends to enter into a networking arrangement, as defined in section 11.2 of the Policy, to give the Chief of Securities Administration written notice of its intention (a “Networking Notice”).

Three sets of Principles of Regulation published by the Canadian Securities Administrators provide guidelines respecting these relationships: “Distribution of Mutual Funds by Financial Institutions” dated November 4, 1988 (the “First Principles”), “Full Service and Discount Brokerage Activities of Securities Dealers in Branches of Related Financial Institutions” dated November 17, 1988 (the “Second Principles”), and “Activities of Registrants Related to Financial Institutions” effective July 1, 1990 (the “Third Principles”) (collectively, the “Principles of Regulation”). The Third Principles establishes a national clearing system for review of notices of networking arrangements that are filed in various jurisdictions, including those required to be filed under section 11.4 of the Policy.

In order to increase the efficiency of the regulatory process, and for uniformity with other jurisdictions that have issued a notice similar to this one, a registrant that complies with the Principles of Regulation is exempt from filing a Networking Notice.