

IN THE MATTER OF THE SECURITIES ACT S.N.B. C. S-5.5 (the Act)

AND

IN THE MATTER OF

TRANSITIONAL RELIEF FROM THE REQUIREMENT TO PROVIDE THE RELATIONSHIP DISCLOSURE INFORMATION PRESCRIBED BY SECTION 14.2(1) OF NI 31-103 FOR MFDA MEMBER FIRMS

AND

Blanket Order 31-514

Section 208

WHEREAS:

1. Unless otherwise defined in this decision or the context otherwise requires, terms used in this decision that are defined in National Instrument 31-103 *Registration Requirements and Exemptions* (NI 31-103) or National Instrument 14-101 *Definitions* have the same meaning.
2. Under section 14.2(1) [*Relationship disclosure information*] of NI 31-103, a registered firm must deliver to a client all information that a reasonable investor would consider important about the client's relationship with the registrant.
3. Pursuant to section 16.14 of NI 31-103, section 14.2 of NI 31-103 does not apply until 28 September 2010 to a firm that was registered on 28 September 2009.
4. The MFDA is currently finalizing its proposal on relationship disclosure information (MFDA CRM proposal), published on July 26, 2010 in MFDA Bulletin 0444-P - *Proposed amendments to MFDA Rule 2.2 (Client accounts), Policy No. 2 Minimum Standards for account supervision, Rule 2.8 (Client communications) and Rules 5.3 (Client reporting)*.
5. The purpose of the MFDA CRM proposal is to set out detailed requirements to assist registered firms who are MFDA members (Affected Firms) to comply with the general principle in section 14.2(1) of NI 31-103.
6. It is anticipated that the MFDA CRM proposal will be finalized and come into force within one year, but not by 28 September 2010.
7. Absent relief, Affected Firms could incur unwarranted costs in first developing detailed relationship disclosure information to comply with section 14.2(1) of NI 31-103 but then potentially having to change that disclosure to comply with the MFDA CRM proposal when it comes into force.

IT IS ORDERED pursuant to section 208 of the *Act* that:

- A. Section 14.2(1) of NI 31-103 does not apply to an Affected Firm, notwithstanding its registration in other categories of registration, until the earlier of 28 September 2011 or the date on which the MFDA CRM proposal comes into force.
- B. This order comes into effect on 28 September 2010.

DATED at Saint John, New Brunswick this 8th day of September 2010.

"Original signed by"

David G. Barry, Q.C., Panel Member

"Original signed by"

Anne W. La Forest, Panel Member