

Chapter 5

Rules and Policies

5.1.1 OSC Rule 32-505 – Conditional Exemption from Registration for United States Broker-Dealers and Advisers Servicing U.S. Clients from Ontario

ONTARIO SECURITIES COMMISSION RULE 32-505 CONDITIONAL EXEMPTION FROM REGISTRATION FOR UNITED STATES BROKER-DEALERS AND ADVISERS SERVICING U.S. CLIENTS FROM ONTARIO

PART 1 DEFINITIONS

1. Definitions

In this Rule,

“Ontario resident” means, for a U.S. adviser or U.S. broker-dealer, a person or company that is resident in Ontario;

“representative” means, for a U.S. adviser or U.S. broker-dealer, an individual that acts on behalf of the U.S. adviser or U.S. broker-dealer;

“U.S. adviser” means a person or company that is

- (a) registered as an adviser under U.S. federal securities law, or
- (b) exempt from registration as an adviser under U.S. federal securities law;

“U.S. broker-dealer” means a person or company registered as a “broker-dealer” under U.S. federal securities law; and

“U.S. client” means, for a U.S. adviser or U.S. broker-dealer, a client that is resident in the United States of America, its territories and possessions, any State of the United States of America and the District of Columbia.

PART 2 REGISTRATION EXEMPTIONS

2. Dealer registration exemption

- (1) The dealer registration requirement does not apply to a U.S. broker-dealer in respect of a trade in securities made by the U.S. broker-dealer to, with, or on behalf of, a U.S. client, if at the time of the trade, all of the following apply:
 - (a) under U.S. federal securities law, the U.S. broker-dealer is permitted to trade to, with, or on behalf of, the U.S. client;
 - (b) any representative of the U.S. broker-dealer that trades to, with, or on behalf of, the U.S. client is registered under U.S. federal securities law;
 - (c) in connection with the trade, the U.S. broker-dealer and any representative of the U.S. broker-dealer do not trade securities to, with, or on behalf of, an Ontario resident, or act as an adviser to an Ontario resident, unless the U.S. broker-dealer and the representative
 - (i) are registered under the Act in the appropriate category of registration, or
 - (ii) rely on an exemption from the applicable dealer registration requirement or adviser registration requirement;
 - (d) the U.S. broker-dealer has submitted a completed Form 32-505F1 *Information Report for United States Broker-Dealers and Advisers Servicing U.S. Clients from Ontario* to the Commission.
- (2) The exemption from registration in this Rule is not an applicable exemption for purposes of subparagraph (1)(c)(ii).

- (3) A U.S. broker-dealer must notify the Commission of any change in the information previously submitted under paragraph (1)(d) or this subsection within 10 days of the change.

3. Adviser registration exemption

- (1) The adviser registration requirement does not apply to a U.S. adviser in respect of it acting as an adviser in respect of securities to a U.S. client, if at, or prior to, the time of providing the advice, both of the following apply:
- (a) under U.S. federal securities law, the U.S. adviser is permitted to act as an adviser to the U.S. client;
 - (b) the U.S. adviser has submitted a completed Form 32-505F1 *Information Report for United States Broker-Dealers and Advisers Servicing U.S. Clients from Ontario* to the Commission.
- (2) A U.S. adviser must notify the Commission of any change in the information previously submitted under paragraph (1)(b) or this subsection within 10 days of the change.

FORM 32-505F1
INFORMATION REPORT FOR UNITED STATES BROKER-DEALERS
AND ADVISERS SERVICING U.S. CLIENTS FROM ONTARIO

Complete the applicable sections.

Indicate if you intend to rely on any of the following:

- the dealer registration exemption in Part 2 of the Rule.
- the adviser registration exemption in Part 3 of the Rule.

Indicate the jurisdiction(s) in which:

- (i) the U.S. broker-dealer has representatives that trade to, with, or on behalf of, U.S. clients, or
- (ii) the U.S. adviser has representatives who are acting as advisers to U.S. clients.

AB	BC	MB	NB	NL	NS	NT	NU	ON	PE	QC	SK	YT
<input type="checkbox"/>												

[Name of U.S. broker-dealer or U.S. adviser]

[Address]

[Telephone number]

[NRD number, if applicable]

[Name of registered firm in a jurisdiction of Canada with which the U.S. broker-dealer or U.S. adviser is affiliated, has a business arrangement, or shares employees or offices]

[NRD number of above noted registered firm]

[Name of individual responsible for ensuring conditions to use this exemption are met]

[Telephone number for responsible individual]

[E-mail address for responsible individual]

[Names of representatives who are acting in Ontario as advisers to U.S. clients, or that, in Ontario, trade to, with, or on behalf of, U.S. clients. Use separate sheet if necessary]

[Date]