

November 30, 2005

In the Matter of the Securities Legislation of
British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia,
Newfoundland and Labrador, New Brunswick and Prince Edward Island (the Jurisdictions)

and

In the Matter of the Mutual Reliance Review System for
Exemptive Relief Applications

and

In the Matter of GMP Private Client Ltd. (GMP Ltd.)

and

In the Matter of GMP Private Client LP (GMP LP)
(collectively, the Filer)

MRRS Decision Document

Background

¶ 1 The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) for:

- (a) except in Québec, an order revoking a previous MRRS decision document dated February 22, 2005 (the Prior Decision);
- (b) except in Ontario and Québec, an exemption from the requirement in the Legislation to be registered as an adviser for certain investment advisers (each a Sub-Adviser) who provide investment counselling and portfolio management services to GMP LP for the benefit of its clients (each a Client) who are resident in Jurisdictions where the Sub-Advisers are not registered (the Registration Relief); and
- (c) except in Prince Edward Island, an exemption for GMP LP from the requirement in the Legislation that a registered dealer send to its clients a written confirmation of any trade in securities for transactions that GMP LP conducts on behalf of its Clients with respect to transactions under GMP LP's managed account program (the Confirmation Relief).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

(a) the British Columbia Securities Commission is the principal regulator for this application; and

(b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

¶ 2 Defined terms contained in National Instrument 14-101 Definitions have the same meaning in this decision unless they are defined in this decision.

Representations

¶ 3 This decision is based on the following facts represented by the Filer:

1. GMP Ltd. is a corporation incorporated under the laws of Ontario with its head office located in Toronto, Ontario;
2. GMP Ltd. is currently registered under the Legislation as an investment dealer or its equivalent and is a member of the Investment Dealers Association of Canada (the IDA);
3. GMP LP is a limited partnership established under the laws of the Province of Manitoba;
4. under an arrangement where GMP Capital Corp. will become an income trust, the business of GMP Ltd. will be transferred to GMP LP on or about December 1, 2005 (the Closing Date);
5. the Decision Makers have consented to GMP LP becoming registered as an investment dealer or its equivalent under the Legislation on the Closing Date, immediately after the business and the assets of GMP Ltd. are transferred to GMP LP;
6. the IDA has also consented to GMP LP becoming a member of the IDA on the Closing Date;
7. GMP Ltd. will cease to be an investment dealer or the equivalent under the Legislation and a member of the IDA on the Closing Date;
8. on the Closing Date, GMP LP will be authorized to act as an adviser, without registering as an adviser, under exemptions in the Legislation;
9. on the Closing Date, GMP LP will offer its Clients a managed account program (the Managed Account Program) comprised of three different types of managed accounts as part of its Managed Account Program:
 - (a) accounts that will be fully managed by a portfolio manager of GMP LP (the PM Program);
 - (b) accounts that will be invested by a portfolio manager of GMP LP in a model portfolio(s) of a Sub-Adviser, which has entered into a sub-advisory agreement with GMP LP (the Model Portfolio Program); and

(c) accounts that will be invested by a Sub-Adviser in accordance with the Model Portfolio Program of that Sub-Adviser;

10. to participate in GMP LP's Managed Account Program, a Client will:

(a) enter into a written agreement (the Managed Account Agreement) with GMP LP establishing an account and setting out the terms and conditions and the respective rights, duties and obligations of the Client and GMP LP; and

(b) with the assistance of GMP LP, complete an investment policy statement that outlines the Client's investment objectives and level of risk tolerance;

11. under the Managed Account Agreement:

(a) the Client will grant full discretionary trading authority to GMP LP and GMP LP will be authorized to make investment decisions and to trade in securities on behalf of the Client's account without obtaining the specific consent of the Client to individual trades;

(b) the Client will agree to pay a flat annual fee and an annual fee calculated on the basis of the assets in the Client's account, which is payable monthly or quarterly in arrears, and is not based on transactions effected in the Client's account; and

(c) unless otherwise requested, the Client waives receipt of trade confirmations as required under the Legislation;

12. for a Client that participates in GMP LP's Model Portfolio Program, GMP LP will, based on the Client's investment policy statement, choose which model portfolios that Client's account (a Model Portfolio Account) will track;

13. each model portfolio has its own investment focus and will be comprised of a portfolio of securities compiled and maintained by a Sub-Adviser;

14. based on the portfolio manager's assessment of which model portfolio(s) is appropriate for a Client, the portfolio manager and in certain instances, a Sub-Adviser, will invest the Client's Model Portfolio Account in accordance with the securities and weightings used in that model portfolio;

15. a portfolio manager at GMP LP will be responsible for reviewing and in most instances approving each trade for a Client's Model Portfolio Account to ensure that each trade meets the investment mandate of that Client;

16. Sub-Advisers will be selected by GMP LP based on a variety of criteria developed by the Filer for determining their suitability for specific investment mandates;

17. in retaining the Sub-Advisers, GMP LP will comply with the requirements of section 7.3 of Ontario Securities Commission Rule 35-502 Non-Resident Advisers and, accordingly:

(a) the obligations and duties of each Sub-Adviser will be set out in a written agreement between the Sub-Adviser and GMP LP;

(b) GMP LP will contractually agree with each Client on whose behalf investment counselling or portfolio management services are to be provided by a Sub-Adviser to be responsible for any loss that arises out of the failure of the Sub-Adviser:

(i) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of GMP LP and the Client(s) for whose benefit the investment counselling or portfolio management services are to be provided, or

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

(c) GMP LP will not be relieved by its Clients from its responsibility for loss under paragraph 17(b) above;

18. Sub-Advisers may or may not be resident in Canada; each Sub-Adviser that is resident in a province or territory of Canada is registered as an adviser under the securities legislation of that province or territory; each Sub-Adviser that is not resident in Canada is licensed or otherwise legally permitted to provide investment advice and portfolio management services under the applicable laws of the jurisdiction in which it resides;

19. if there is any direct contact between a Client and a Sub-Adviser, a representative of GMP LP, duly registered to provide portfolio management and investment counselling services in the Jurisdiction where the Client is resident, will be present at all times, either in person or by telephone;

20. a Sub-Adviser that provides investment counselling or portfolio management services to GMP LP for the benefit of its Clients would be considered to be acting as an "adviser" under the Legislation and, in the absence of the Registration Relief or an existing exemption, would be subject to the adviser registration requirement;

21. Sub-Advisers who are not registered in Ontario are not required to register as advisers under the Securities Act (Ontario) as they rely on the exemption from registration in section 7.3 of Ontario Securities Commission Rule 35-502 Non-Resident Advisers;

22. GMP LP will send each Client participating in its Managed Account Program, who has waived receipt of trade confirmations, a statement of account, not less than once a month;

23. the monthly statement of account will identify the assets being managed on behalf of that Client, including for each trade made during that month the information that GMP LP would otherwise have been required to provide to that Client in a trade confirmation in accordance with the Legislation, except for the following information (the Omitted Information):

- (a) the day and the stock exchange or commodity futures exchange upon which the trade took place;
- (b) the fee or other charge, if any, levied by any securities regulatory authority in connection with the trade;
- (c) the name of the salesman, if any, in the transaction;
- (d) the name of the dealer, if any, used by GMP LP as its agent to effect the trade; and
- (e) if acting as agent in a trade upon a stock exchange the name of the person or company from or to or through whom the security was bought or sold; and

24. GMP LP will maintain the Omitted Information with respect to a Client in its books and records and will make the Omitted Information available to the Client on request.

Decision

¶ 4 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, effective on the Closing Date:

- (a) except in Québec, the Prior Decision is revoked;
- (b) except in Ontario and Québec, the Registration Relief is granted, provided that:
 - (i) the obligations and duties of each Sub-Adviser are set out in a written agreement between the Sub-Adviser and GMP LP;
 - (ii) GMP LP contractually agrees with each Client on whose behalf investment counselling or portfolio management services are to be provided by a Sub-Adviser to be responsible for any loss that arises out of the failure of the Sub-Adviser:
 - (A) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of GMP LP and the Client(s) for whose benefit the investment counselling 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;

(iii) GMP LP is not relieved by its Clients from its responsibility for loss under paragraph (ii) above;

(iv) each Sub-Adviser that is resident in a province or territory of Canada will be registered as an adviser under the securities legislation of that province or territory;

(v) each Sub-Adviser that is not resident in Canada will be licensed or otherwise legally permitted to provide investment advice and portfolio management services under the applicable laws of the jurisdiction in which it resides;

(vi) a Sub-Adviser will not have any direct and personal contact with a Client residing in New Brunswick if the Sub-Adviser is not registered under the securities legislation of New Brunswick; and

(vii) in Manitoba, the Registration Relief is available only to Sub-Advisers who are not registered in any Canadian jurisdiction;

(c) except in Prince Edward Island, the Confirmation Relief is granted, provided that:

(i) the Client has previously informed GMP LP that the Client does not wish to receive trade confirmations for the Client's accounts under the Managed Account Program; and

(ii) in the case of each trade for an account under the Managed Account Program, GMP LP sends to the Client the corresponding statement of account that includes the information for the trade referred to in paragraph 23.

L.E. Evans, C.A.
Director, Capital Markets Regulation
British Columbia Securities Commission