

**Headnote:**

Application for an exemption from the requirement in subsection 22(2) of the General Securities Rules to have a business office manager in Nova Scotia –A scholarship plan dealer seeks relief from the requirement to have a manager who is a permanent resident of Nova Scotia for a Dartmouth business office– The registrant will appoint a branch manager resident in New Brunswick to be the branch manager for the Dartmouth business office– This arrangement will be subject to compliance with the compliance plan filed by the registrant and accepted by staff of the Commission –The exemption will be for a maximum ninety day period.

**Applicable legislative provisions**

General Securities Rules, previously the Securities Regulations, subsections 20(2) and 22(2)

**IN THE MATTER OF:** **The Securities Act, R.S.N.S. 1989, c. 418,  
as amended (the “Act”);**

**- and -**

**IN THE MATTER OF:** **C.S.T. Consultants Inc.**

**RULING**

**(Subsection 20(2) of the Securities Rules)**

**UPON** the application of C.S.T. Consultants Inc. (“CSTC”) to the Nova Scotia Securities Commission (the “Commission”) for a ruling, pursuant to subsection 20(2) of the rules of the Commission deemed by subsection 150A(9) of the Act to have been made pursuant to section 150 of the Act (the “Securities Rules”), that CSTC be exempted from the requirement of subsection 22(2) of the Securities Rules to have a business office manager in Nova Scotia;

**AND UPON** reading the application and the recommendation of staff of the Commission;

**AND UPON** CSTC having represented to the Commission that:

1. CSTC was incorporated under the laws of Canada on November 6, 1987.
2. CSTC is registered in the category of scholarship plan dealer under the Act in Nova Scotia and as an extra-provincial corporation under the *Corporations Registration Act* (Nova Scotia) and is in good standing as to the payment of fees and filing of annual returns.

3. CSTC is registered as a scholarship plan dealer in the resident home province of Ontario (the "Home Jurisdiction"), having its registered office and principal place of business situated at 600 – 2225 Sheppard Avenue East, Toronto, Ontario M2J 5C2. CSTC also currently has branch offices as follows: British Columbia - 6; Alberta – 3 Saskatchewan – 2; Manitoba – 1; Ontario – 15; Quebec – 3; New Brunswick and Prince Edward Island – 1; Nova Scotia – 1; Newfoundland – 1.
4. To the best of CSTC's knowledge, it is in good standing in the Home Jurisdiction.
5. CSTC has determined that it would benefit from converting its Dartmouth branch office (the "Dartmouth Branch") located at 104- 11 Thornhill Drive, Dartmouth, Nova Scotia B3J 3R7, to a sub-branch and operating the sub-branch under the supervision of CSTC's Dieppe branch office (the "Dieppe Branch"), located at 344 rue Jean-Darois, Dieppe, New Brunswick E1A 6B7 for a period of 3 months to allow for training and supervision of the Nova Scotia branch manager candidate.
6. The designated supervisor of the Dartmouth Branch will be Jean Paul Turcotte ("Turcotte"), branch manager of the Dieppe Branch (covering the jurisdictions of New Brunswick and Prince Edward Island) and owner of the Dartmouth Branch. Turcotte is registered as branch manager with the New Brunswick Securities Commission (the "NBSC") and the Prince Edward Island Securities Office ("PEISO") and as a salesperson in Nova Scotia. CSTC does not currently have a branch manager resident in Nova Scotia for the Dartmouth Branch (the "Nova Scotia Branch Manager"). The previous Nova Scotia Branch Manager, Patrick Larusic, resigned effective July 16, 2008. To the best of CSTC's knowledge, Turcotte is in good standing with the NBSC and PEISO.
7. Turcotte has identified a candidate to nominate as the Nova Scotia Branch Manager. The candidate became a resident on August 1, 2008. The candidate is registered as a salesperson in Nova Scotia and Prince Edward Island and completed the branch manager proficiency requirement on August 5, 2008. Turcotte has nominated the candidate as an Alternate Branch Manager (a position within CSTC's supervisory structure) and after the 3 month period of training and supervision, will recommend the candidate be appointed the Nova Scotia Branch Manager. The candidate will be under the supervision of Turcotte and the provincial trading officer during this 3 month period. Both individuals will be involved in the candidate's training and assessment.
8. The Dartmouth Branch employs several individuals who are registered as salespersons in Nova Scotia (the "Nova Scotia Salespeople"). The Nova Scotia Salespeople are currently Louise Burke, Suzanne Cormier, Jason Jenkins, Michelle Jenkins, Brenda Langille, Ronald MacFarlane, Raymond McKenzie, Carolyn Munro, Fatima Rodriguez Whelan, Elroy Smith, Elizabeth Somers and Daniel Stuart, all of whom reside in Nova Scotia.
9. CSTC has made the necessary arrangements in order to comply with the statutory and other obligations to its clients in Nova Scotia, including the adoption of the Compliance Plan for Nova Scotia (the "Plan") and specific policies and procedures to ensure the adequate supervision and review by Turcotte of all trading activity of the Dartmouth Branch. The Plan has been reviewed and accepted by the Compliance Examiner of the Commission.

10. At the present time, CSTC would have difficulty in complying with the Nova Scotia business manager requirement under subsection 22(2) of the Securities Rules.

**AND UPON** the Commission being satisfied that to do so would not be prejudicial to the public interest;

**IT IS RULED** pursuant to subsection 20(2) of the Securities Rules that CSTC is exempt from the requirement under subsection 22(2) of the Securities Rules to maintain a business office manager resident in Nova Scotia for the Dartmouth Branch, provided that:

- (a) The securities, funds and other assets of Nova Scotia resident clients of CSTC, insofar as those securities, funds and other assets relate to trading done by or advice given by CSTC, are held in such manner as the Director of Securities (the "Director") may specify when the Director considers it appropriate to so specify;
- (b) The Dieppe Branch is managed by Turcotte who is registered in New Brunswick and Prince Edward Island as a branch manager and in Nova Scotia in a category similar to the registration held in those jurisdictions;
- (c) All partners, directors, officers and salespeople of CSTC who are required to be registered in Nova Scotia are registered in Nova Scotia in a category similar to the registration they hold in their home province;
- (d) The Nova Scotia Salespeople are supervised by Turcotte and are the only registered salespeople of CSTC resident in Nova Scotia;
- (e) Turcotte is approved by the Director as the branch manager of the Dartmouth Branch;
- (f) The Dartmouth Branch is the only sub-branch office of CSTC in Nova Scotia;
- (g) CSTC promptly notifies the Director if there are any terms, conditions or restrictions imposed at any time on the registration of CSTC or any of its partners, directors, officers and salespeople who are registered in Nova Scotia, by the Ontario Securities Commission, the NBSC or the PEISO (the "Regulators") or if the Regulators reprimand any of those registrants;
- (h) CSTC promptly notifies the Director if it accepts the nomination of a candidate as the Nova Scotia Branch Manager;
- (i) CSTC files with the Director a duly executed submission to jurisdiction and appointment of agent for services of process substantially in the form attached as Appendix A to Nova Scotia Blanket Order No. 31-504 ("BO 31-504");
- (j) CSTC files with the Director a written undertaking substantially in the form attached as Appendix B to BO 31-504 and complies with the undertaking;
- (k) CSTC files with the Director such reports relating to its activities with respect to Nova Scotia resident clients as the Director may require, from time to time;

- (l) The arrangement for the Dartmouth Branch as described in this ruling and the Plan is approved by the Director;
- (m) CSTC complies with the Plan, as it may be amended with the approval of the Compliance Examiner of the Commission;
- (n) CSTC agrees to the imposition of any additional conditions of registration that arise from any policies or rules adopted by the Commission regarding non-resident domestic dealers; and
- (o) This ruling will terminate on the earlier of the date that is ninety (90) days from the date of this ruling or the date that a branch office manager resident in Nova Scotia is approved by the Director for the Dartmouth Branch.

**SIGNED** at Halifax, Nova Scotia, this 14th day of August, 2008.

**NOVA SCOTIA SECURITIES COMMISSION**

**“H. Leslie O’Brien”**

**H. Leslie O’Brien, QC**

**“R. Daren Baxter”**

**R. Daren Baxter**