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ASSOCIATION OF CANADA

# bulletin



ASSOCIATION CANADIENNE DES  
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**BULLETIN #3222**

December 8, 2003

## **Industry Relations & Representation Relief from Intermediary Obligations under National Instrument 54-101 - Communication with Non-Objecting Beneficial Owners (NOBOs) of Securities of a Reporting Issuer**

On July 1, 2002 National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (the “Instrument”) became effective. See Member Regulation Notice MR-0150 dated June 27, 2002.

The Instrument requires that Members obtain certain instructions (“Instructions”) from clients who are beneficial owners of securities of reporting issuers. The Instructions relate to whether clients object to the disclosure of their personal information to the reporting issuers and other third parties or, alternatively, wish to receive certain materials from the reporting issuers. (Those who object to disclosure of information are referred to as objecting beneficial owners or “OBOs” and those who do not object to disclosure are referred to as non-objecting beneficial owners or “NOBOs”)

Members who hold securities on behalf of clients in accounts that were opened before July 1, 2002, where the clients were Deemed NOBOs under former National Policy Statement No. 41 *Shareholder Communication*, had been required under the Instrument to obtain new Instructions from all of those Deemed NOBOs before January 1, 2004 (the “Deadline”).

It was determined that it was not practical to expect for Members to be able to obtain new Instructions from all of their Deemed NOBOs by the Deadline or otherwise. Following submissions made to, and discussions with, the Canadian Securities Administrators (“CSA”), the CSA will propose an amendment to the Instrument to eliminate the requirement for Members to obtain new Instructions from Deemed NOBOs. Once the amendment is in force, all such Deemed NOBOs will be considered NOBOs under the Instrument.

However, it is not anticipated that the proposed amendment will be implemented by the Deadline. Accordingly, the IDA (on behalf of its Members) made an application to the CSA and has been granted the required exemptive relief that mirrors the amendment and bridges the gap of time from the Deadline until the amendment comes into force. Therefore, Members need not obtain new instructions from the Deemed NOBOs before the Deadline.

Kenneth A. Nason  
*Association Secretary*