

MEMO# 5466

January 11, 1994

ONTARIO TO PERMIT NON-RESIDENT FUND MANAGERS

January 11, 1994 TO: BOARD OF GOVERNORS NO. 6-94 INTERNATIONAL MEMBERS NO. 1-94 INVESTMENT ADVISER MEMBERS NO. 2-94 RE: ONTARIO TO PERMIT NON-RESIDENT FUND MANAGERS _____ As you may know, the Institute has been working in recent months to obtain an interpretation of Ontario law that would permit a U.S. investment adviser with no Canadian business presence to manage a publicly-offered Canadian mutual fund. In this regard, the Institute submitted a letter to and met with Ontario Securities Commission ("OSC") staff last June to urge a modification of the requirement that only a Canadian resident firm may register as an investment counsel/portfolio manager and manage a publicly-offered mutual fund. We are pleased to report that the OSC staff recently indicated to the Institute that it will permit a U.S. resident adviser to register as an investment counsel/portfolio manager if the adviser a) complies with all applicable regulatory requirements and b) satisfies the OSC that an appropriate level of proficiency is met. As a registered investment counsel/ portfolio manager, a U.S. adviser could sponsor and advise a publicly-offered Canadian fund on a cross-border basis, i.e., without establishing an office in Canada. We intend to make a second submission to the OSC proposing further clarification of the specific regulatory and proficiency requirements that would apply to non-resident U.S. advisers. We will keep you informed of developments. Matthew P. Fink

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