



JOSEPH P. BORG
Director
SUSAN B. ANDERSON
Deputy Director/General Counsel

ALABAMA SECURITIES COMMISSION

770 WASHINGTON AVE, SUITE 570
MONTGOMERY, ALABAMA 36130-4700
TELEPHONE (334) 242-2984
1-800-222-1253
FAX (334) 242-0240
E-MAIL asc@asc.state.al.us

CHAIRMAN
HAROLD B. KUSHNER, JR.
Attorney at Law
VICE CHAIRMAN
J. WRAY PEARCE
Certified Public Accountant
COMMISSIONERS
BILL PRYOR
Attorney General
MARIA B. CAMPBELL
Superintendent of Banks
D. DAVID PARSONS
Commissioner of Insurance
TYRONE C. MEANS
Attorney at Law
DANIEL C. HARDMAN
Certified Public Accountant

POLICY STATEMENT REGARDING CANADIAN CROSS BORDER TRADING

The Alabama Securities Commission has determined that it is appropriate and in the public interest to issue a Policy Statement concerning certain securities transactions which may take place between Canadian nationals while visiting in this state and Canadian broker dealers and agents located in Canada. As a matter of policy, the definition of "broker dealer" and "agent" defined at §8-6-2 *Code of Ala.* (1975) does not include a Canadian registered broker dealer or agent who is a resident of Canada, has no offices or other physical presence in the State of Alabama and who complies with the following conditions:

1. Only effects or attempts to effect transactions in securities
 - a. With or through the issuers of securities involved in the transaction, broker-dealers, banks, savings institutions, trust companies, insurance companies, investment companies (as defined in the Investment Company Act of 1940), pension or profit sharing trusts, or other financial institutions or institutional buyers, whether acting for themselves or as trustees;
 - b. With or for a person from Canada who is present temporarily in the State of Alabama, and with whom the Canadian broker dealer or agent had a bona fide business relationship before the person entered this state, or
 - c. With or for a person from Canada who is present in Alabama, whose transactions are in a self-directed tax-advantaged retirement plan in Canada of which the person is the holder or contributor; and
2. The Canadian broker dealer or agent files a notice with the Alabama Securities Commission in the form of his current application required by the jurisdiction in which the head office of such person is located and a consent to service of process;
3. The Canadian broker dealer or agent is a member of a duly authorized self-regulatory organization or stock exchange in Canada;
4. The Canadian broker dealer or agent maintains the provincial or territorial registration and membership in a self-regulatory organization or stock exchange of such person in good standing;

5. The Canadian broker dealer or agent discloses to its clients in this state that it is not subject to the full regulatory requirements of the Alabama Securities Act; and

6. The Canadian broker dealer or agent is not otherwise in violation of the Alabama Securities Act.

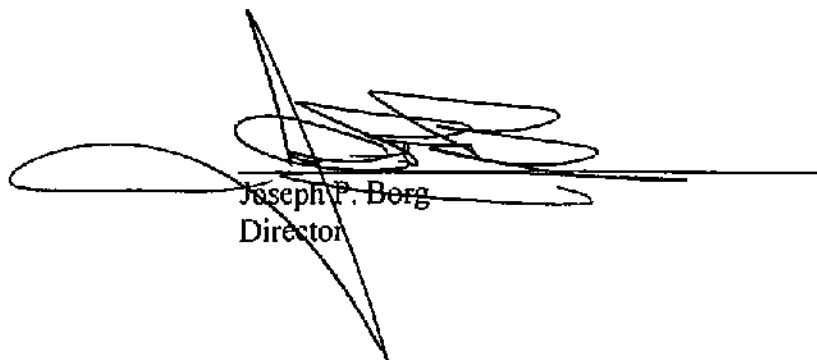
Any offer, sale or purchase of a security effected by a Canadian broker dealer excluded from the definition of "broker-dealer" pursuant to this Policy Statement shall be exempt from the securities registration requirement of the Alabama Securities Act.

For the purposes of this Policy Statement, the term "temporary", found at paragraph 1(b), intends to apply to vacationers and other Canadians who intend to return to Canada within a reasonable time. The Alabama Securities Commission's position is that if the Canadian broker dealer has in its file a representation from the account holder that he or she intends to return to Canada at a future date, the broker dealer can rely on this statement. This statement has to be accompanied by the disclosure required by paragraph 5 and, in effect, allows the customer to opt to continue doing business while present in the United States with a Canadian broker with whom he or she has had a prior satisfactory relationship.

The second category of activity covered by this Policy is trading in self-directed tax advantaged retirement plan accounts. These accounts, which are called Registered Retirement Savings Plans (RRSP's), have two features which make it impracticable to transfer them to a U.S. broker dealer. First, the account must be sited in Canada with a Canadian trustee. The account cannot be run through the books of a non-Canadian broker. Second, the securities held in the account must be predominantly Canadian. Few U.S. brokers have sufficient trading activity in Canadian securities to justify the expense of following Canadian companies. These two factors counsel permitting Canadian persons to continue account activity with the Canadian broker dealer. Collapsing the account results in adverse tax consequences for Canadian persons.

The Canadian broker dealers and agents can act only within the scope of this limited registration. Any activity beyond the scope of this registration will constitute unregistered activity and be subject to both state enforcement action and civil liability. State enforcement action and civil liability will attach to any violations of the anti-fraud provisions of the Alabama Securities Act.

Dated this the 19 day of August, 1999.



Joseph P. Berg
Director