



IN THE MATTER OF THE *SECURITIES ACT*, S.N.B. 2004, C. S-5.5 (the “Act”)

AND

IN THE MATTER OF

EXEMPTING CERTAIN COUNTERPARTIES FROM MANDATORY CLEARING, 2017

Blanket Order 94-501

Section 208

Definitions

1. Terms defined in the *Act*, in National Instrument 14-101 *Definitions* or in National Instrument 94-101 *Mandatory Central Counterparty Clearing of Derivatives (NI 94-101)* have the same meaning in this Blanket Order.

Background

2. Subsection 3(1) of NI 94-101 requires a local counterparty to a transaction in a mandatory clearable derivative to submit, or cause to be submitted, the mandatory clearable derivative to a regulated clearing agency that offers clearing services in respect of the mandatory clearable derivative (the **Clearing Requirement**), if one or more of the following applies to each counterparty:
 - (a) effective 4 April 2017, the counterparty
 - (i) is a participant of a regulated clearing agency that offers clearing services in respect of the mandatory clearable derivative, and
 - (ii) subscribes to clearing services for the class of derivatives to which the mandatory clearable derivative belongs;
 - (b) effective 4 October 4 2017, the counterparty
 - (i) is an affiliated entity of a participant referred to in paragraph (a), and
 - (ii) has had, at any time after the date on which NI 94-101 comes into force, a month-end gross notional amount under all outstanding derivatives exceeding

\$1 000 000 000 excluding derivatives to which paragraph 7(1)(a) of NI 94-101 applies;

- (c) effective 4 October 2017, the counterparty
 - (i) is a local counterparty in any jurisdiction of Canada, other than a counterparty to which paragraph (b) applies, and
 - (ii) has had, at any time after the date on which NI 94-101 comes into force, a month-end gross notional amount under all outstanding derivatives, combined with each affiliated entity that is a local counterparty in any jurisdiction of Canada, exceeding \$500 000 000 000 excluding derivatives to which paragraph 7(1)(a) of NI 94-101 applies.
- 3. The Financial and Consumer Services Commission (**Commission**) is considering publishing for comment proposed amendments to NI 94-101. If implemented, these proposed amendments would clarify the scope of application of the Clearing Requirement so that certain counterparties will not be subject to the Clearing Requirement under paragraphs 3(1)(b) and (c) of NI 94-101 (the **Proposed Amendments**).
- 4. Some counterparties that would have been subject to the Clearing Requirement effective 4 October 2017 may not be subject to the Clearing Requirement as a result of the Proposed Amendments. Therefore, exemptive relief is required.

Order

- 5. The Commission has delegated to the Executive Director of Securities (**Executive Director**) the Commission's power under section 208 of the *Act* to exempt, in whole or in part, a person or class of persons from any requirement of any National Instrument, Multilateral Instrument or Local Instrument, subject to such terms and conditions considered appropriate.
- 6. Considering that it would not be prejudicial to the public interest to do so, the Executive Director orders under section 208(1) of the *Act* that a counterparty, to which paragraph (3)(1)(a) of NI 94-101 does not apply and that is required under paragraph 3(1)(b) or (c) of NI 94-101 to clear a mandatory clearable derivative is exempt from that requirement.
- 7. The exemption under paragraph 6 of this Blanket Order is available in respect of a transaction in a mandatory clearable derivative that occurs on or before 20 August 2018.

This Blanket Order takes effect on 4 October 2017.

"Original signed by"

Kevin Hoyt
Executive Director