

CSA NOTICE AND REQUEST FOR COMMENTS**PROPOSED CONSEQUENTIAL AMENDMENTS TO REGISTRATION,
PROSPECTUS AND CONTINUOUS DISCLOSURE RULES****RELATED TO NATIONAL INSTRUMENT 25-101
DESIGNATED RATING ORGANIZATIONS****1. Introduction**

We, the Canadian Securities Administrators (CSA) are publishing for a 90 day comment period proposed amendments to:

- Companion Policy 21-101CP *Marketplace Operation* (**21-101CP**)
- National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**)
- Form 31-103F1 *Calculation of Excess Working Capital* (**31-103F1**)
- Form 33-109F6 *Firm Registration* (**33-109F6**)
- National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**)
- National Instrument 44-101 *Short Form Prospectus Distributions* (**NI 44-101**)
- Form 44-101F1 *Short Form Prospectus* (**44-101F1**)
- Companion Policy 44-101CP *Short Form Prospectus Distributions* (**44-101CP**)
- National Instrument 44-102 *Shelf Distributions* (**NI 44-102**)
- Companion Policy 44-102CP *Shelf Distributions* (**44-102CP**)
- National Instrument 45-106 *Prospectus and Registration Exemptions* (**NI 45-106**)
- National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**)
- National Policy 51-201 *Disclosure Standards* (**NP 51-201**)
- National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**)
- National Instrument 81-102 *Mutual Funds* (**NI 81-102**)
- Companion Policy 81-102CP *Mutual Funds* (**81-102CP**)
- National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**)

(collectively, the **DRO Consequential Amendments**).

The DRO Consequential Amendments are set out in the following appendices to this Notice:

- Appendix A – 21-101CP
- Appendix B – NI 31-103 and 31-103F1
- Appendix C – 33-109F6
- Appendix D – NI 41-101
- Appendix E – NI 44-101, 44-101F1 and 44-101CP
- Appendix F – NI 44-102 and 44-102CP
- Appendix G – NI 45-106
- Appendix H – NI 51-102

- Appendix I – NP 51-201
- Appendix J – NI 81-101
- Appendix K – NI 81-102 and 81-102CP
- Appendix L – NI 81-106
- Appendix M – Additional Information Required in Local Jurisdictions

2. Background

On January 27, 2012, the CSA published a notice (the **January Notice**) regarding the adoption of National Instrument 25-101 *Designated Rating Organizations (NI 25-101)*, related consequential amendments and National Policy 11-205 *Process for Designation of Credit Rating Organizations in Multiple Jurisdictions*, which came into effect on April 20, 2012. NI 25-101 imposes requirements on those credit rating agencies or organizations (**CROs**) that wish to have their credit ratings eligible for use in securities legislation by requiring them to apply to become a “designated rating organization” (**DRO**) and adhere to rules concerning conflicts of interest, governance, conduct, compliance and required filings (the **DRO Regime**). This regulatory framework is consistent with international regimes applicable to CROs.

In the January Notice, the CSA indicated that, following the implementation of NI 25-101 and the application for designation by interested CROs, the CSA would propose to make the DRO Consequential Amendments in order to implement the DRO Regime.

On April 30, 2012, the CSA announced the designation of DBRS Limited, Fitch, Inc., Moody’s Canada Inc., and Standard & Poor’s Rating Services (Canada) as DROs under applicable securities legislation, as contemplated under NI 25-101 (the **April Designation Orders**). The four rating agencies granted DRO status are in compliance in all material respects with U.S. federal securities laws applicable to a nationally recognized statistical rating organization (NRSRO). The April Designation Orders make each of the DROs subject to regulation under applicable Canadian securities legislation and provide a six month transition period to fully implement all requirements set out in NI 25-101. Once they have done so, the CSA expect to issue and announce amended and restated designation orders under the terms of NI 25-101.

3. Substance and Purpose of the DRO Consequential Amendments

Many investors and intermediaries rely on credit ratings when making investment decisions about debt securities and other structured products. Canadian securities legislation also includes a number of references to credit ratings. Some of these provisions permit different treatment based on the credit rating. For example, highly rated short-term debt securities can be distributed under an exemption from registration and prospectus requirements¹, can be distributed by short-form prospectus², are “qualified securities”³ for mutual funds and are eligible investments for money-market funds⁴.

¹ See section 2.35 of NI 45-106.

² See sections 2.3, 2.4 and 2.6 of NI 44-101.

³ See the definition of “qualified security” in section 1.1 of NI 81-102.

These provisions currently include references to “approved rating”, “approved credit rating”, “approved rating organization” and “approved credit rating organization”.

The DRO Consequential Amendments will replace these existing references to “approved rating organization”, and “approved credit rating organization” with “designated rating organization”. Similarly, the terms “approved rating” and “approved credit rating” will be replaced with “designated rating” and amended to include a rating provided by a DRO affiliate, another defined term in NI 25-101.

We are also publishing for comment a related consequential amendment to Item 7.9 of Form 44-101F1 *Short Form Prospectus* to clarify that the disclosure of an issuer’s relationship with a CRO is limited to the securities being distributed under a short form prospectus.

4. Local Notices and Amendments

Certain jurisdictions are publishing other information required by local securities legislation in Appendix M to this notice.

5. Comments

We request your comments on the DRO Consequential Amendments. Please provide your comments in writing by **October 24, 2012**. If you are not sending your comments by email, an electronic file containing the submissions should also be provided (Windows format, Word).

Please address your submission to the following Canadian securities regulatory authorities:

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Nunavut

⁴ See the definition of “money market fund” in section 1.1 of NI 81-102.

Please deliver your comments **only** to the addresses that follow. Your comments will be distributed to the other participating CSA member jurisdictions.

The Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario M5H 3S8
Fax: (416) 593-2318
E-mail: comments@osc.gov.on.ca

M^e Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22^e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3
Fax: 514-864-6381
E-mail: consultation-en-cours@lautorite.qc.ca

Please note that comments received will be made publicly available and posted at www.osc.gov.on.ca and on the websites of certain other securities regulatory authorities. We cannot keep submissions confidential because securities legislation in certain provinces requires that a summary of the written comments received during the comment period be published.

6. Questions

If you have any questions, please refer them to any of the following:

Frédéric Duguay
Legal Counsel, Corporate Finance
Ontario Securities Commission
416-593-3677
fduguay@osc.gov.on.ca

Katie DeBartolo
Accountant, Corporate Finance
Ontario Securities Commission
416-593-2166
kdebartolo@osc.gov.on.ca

Lucie J. Roy
Senior Policy Advisor Service de la
réglementation Surintendance aux
marchés des valeurs

Autorité des marchés financiers
514-395-0337, ext 4464
lucie.roy@lautorite.qc.ca

Ashlyn D' Aoust
Legal Counsel, Corporate Finance
Alberta Securities Commission
403-355-4347
ashlyn.daoust@asc.ca

Sheryl Thomson
Acting Manager, Legal Services
Corporate Finance
British Columbia Securities Commission
604-899-6778
sthomson@bcsc.bc.ca

July 26, 2012

APPENDIX A

**PROPOSED CHANGES TO COMPANION POLICY 21-101CP MARKETPLACE
OPERATION**

1. *The changes proposed to Companion Policy 21-101CP Marketplace Operation are set out in this Appendix.*
2. *Subsection 10.1(6) is replaced with the following:*

An “investment grade corporate debt security” is a corporate debt security that is rated by a designated rating organization, or its DRO affiliate, that is at or above one of the following rating categories or that is at or above a category that preceded or replaces one of the following rating categories:

Designated Rating Organization	Long Term Debt	Short Term Debt
DBRS Limited	BBB	R-2
Fitch, Inc.	BBB	F3
Moody’s Canada Inc.	Baa	Prime-3
Standard & Poor’s Ratings Services (Canada)	BBB	A-3

3. *The changes become effective on ●, 2012.*

APPENDIX B

PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 31-103 REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS

1. *National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations is amended by this Instrument.*
2. *Section 8.21 is amended*
 - (a) *in subsection (1), by*
 - (i) *replacing “approved credit rating” with “designated rating”,*
 - (ii) *replacing “approved credit rating organization” with “designated rating organization”,*
 - (iii) *after the definition of “designated rating organization”, by adding the following definition:*

“DRO affiliate” has the same meaning as in section 1 of National Instrument 25-101 Designated Rating Organizations; and
 - (b) *in subparagraph (2)(b), by*
 - (i) *replacing “an approved credit rating” with “a designated rating”, and*
 - (ii) *replacing “an approved credit rating organization” with “a designated rating organization or its DRO affiliate”.*
3. *Schedule 1 of Form 31-103F1 Calculation of Excess Working Capital (calculating line 9 [market risk]) is amended by replacing “Moody’s Investors Service, Inc. or Standard & Poor’s Corporation” with “Moody’s Canada Inc. or its DRO affiliate or Standard & Poor’s Rating Services (Canada) or its DRO affiliate”.*
4. *This Instrument comes into force on ●, 2012.*

APPENDIX C

PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 33-109 *REGISTRATION INFORMATION*

1. *National Instrument 33-109 Registration Information is amended by this Instrument.*
2. *Form 33-109F6 Firm Registration is amended by replacing, in Schedule 1 of Form 31-103F1 Calculation of Excess Working Capital (calculating line 9 [market risk]), “Moody’s Investors Service, Inc. or Standard & Poor’s Corporation” with “Moody’s Canada Inc. or its DRO affiliate or Standard & Poor’s Rating Services (Canada) or its DRO affiliate”.*
3. *These amendments come into force on ●, 2012.*

APPENDIX D

PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 41-101 *GENERAL PROSPECTUS REQUIREMENTS*

1. *National Instrument 41-101 General Prospectus Requirements is amended by this Instrument.*
2. *Section 1.1 is amended*
 - (a) *by replacing “approved rating organization” with “designated rating organization”,*
 - (b) *after the definition of “designated foreign jurisdiction”, by adding the following definition:*

“DRO affiliate” has the same meaning as in section 1 of NI 25-101; and
 - (c) *after the definition of “NI 14-101”, by adding the following definition:*

“NI 25-101” means National Instrument 25-101 Designated Rating Organizations;.
3. *Subsection 7.2(2) is amended by replacing “approved rating organization” with “designated rating organization or its DRO affiliate”, and*
4. *Subsection 10.1(4) is amended by replacing “an approved rating organization” with “a designated rating organization or its DRO affiliate”.*
5. *This Instrument comes into force on ●, 2012.*

APPENDIX E

**PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 44-101
SHORT FORM PROSPECTUS DISTRIBUTIONS AND COMPANION POLICY**

Schedule E-1

**Proposed Amendments to
National Instrument 44-101 *Short Form Prospectus Distributions***

1. *National Instrument 44-101 Short Form Prospectus Distributions is amended by this Instrument.*
2. *Section 1.1 is amended*

(a) *by replacing the definition of “approved rating” with the following:*

“designated rating” means, for a security, a rating issued by a designated rating organization, or its DRO affiliate, that is at or above one of the following rating categories or that is at or above a category that replaces one of the following rating categories:

Designated Rating Organization	Long Term Debt	Short Term Debt	Preferred Shares
DBRS Limited	BBB	R-2	Pfd-3
Fitch, Inc.	BBB	F3	BBB
Moody’s Canada Inc.	Baa	Prime-3	“baaa”
Standard & Poor’s Ratings Services (Canada)	BBB	A-3	P-3

(b) *in the definition of “cash equivalent”, by*

(i) *replacing “an approved rating” wherever it occurs with “a designated rating”, and*

(ii) *replacing “approved rating organization” with “designated rating organization or its DRO affiliate”, and*

(c) *after the definition of “current annual financial statements”, by adding the following definition:*

“DRO affiliate” has the same meaning as in section 1 of National Instrument 25-101 *Designated Rating Organizations*;

3. *Section 2.3 is amended*

- (a) *in the title, by replacing “Approved Rating” with “Designated Rating”,*
- (b) *in paragraph (1)(e), by*
 - (i) *replacing “an approved rating” wherever it occurs with “a designated rating”,*
 - (ii) *in subparagraph (e)(ii),*
 - (A) *replacing “an approved rating organization” with “a designated rating organization or its DRO affiliate”,*
 - (B) *replacing “approved rating” with “designated rating”, and*
 - (iii) *in subparagraph (e)(iii), replacing “approved rating organization” with “designated rating organization or its DRO affiliate”.*

4. *Subsection 2.4(1) is amended by*

- (a) *replacing “an approved rating” wherever it occurs with “a designated rating”,*
- (b) *replacing “an approved rating organization” wherever it occurs with “a designated rating organization or its DRO affiliate”,*
- (c) *replacing “any approved rating organization” wherever it occurs with “any designated rating organization or its DRO affiliate”,*
- (d) *in clause (c)(i)(B), replacing “approved rating” with “designated rating”, and*
- (e) *in clause(c)(ii)(B), replacing “approved rating” with “designated rating”.*

5. *Subsection 2.6(1) is amended by*

- (a) *replacing “an approved rating” wherever it occurs with “a designated rating”,*
- (b) *in subparagraph (c)(ii),*
 - (i) *replacing “an approved rating organization” with “a designated rating organization or its DRO affiliate”,*

- (ii) *replacing* “approved rating” *with* “designated rating”, *and*
 - (c) *in subparagraph (c)(iii), replacing* “approved rating organization” *with* “designated rating organization or its DRO affiliate”.
- 6. *Item 7.9 of Form 44-101F1 is amended by replacing* “securities of the issuer that are outstanding, or will be outstanding,” *with* “the securities being distributed”.
- 7. *This Instrument comes into force on ●, 2012.*

Schedule E-2

Proposed Changes to Companion Policy 44-101CP *Short Form Prospectus Distributions*

1. *The changes proposed to Companion Policy 44-101CP Short Form Prospectus Distributions are set out in this Schedule.*
2. *Subsection 1.7(1) is changed*
 - (a) *in the title, by replacing “Approved rating” with “Designated rating”,*
 - (b) *by replacing “an approved rating” wherever it occurs with “a designated rating”, and*
 - (c) *by replacing “rating agency” wherever it occurs with “designated rating organization or its DRO affiliate”.*
3. *Section 2.2 is changed by replacing “approved rating” with “designated rating”.*
4. *Section 2.4 is changed by*
 - (a) *replacing “an approved rating” wherever it occurs with “a designated rating”, and*
 - (b) *replacing “approved rating organization” with “designated rating organization or its DRO affiliate”.*
5. *The changes become effective on ●, 2012.*

APPENDIX F

PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 44-102 *SHELF DISTRIBUTIONS AND COMPANION POLICY*

Schedule F-1

Proposed Amendments to National Instrument 44-102 *Shelf Distributions*

1. *National Instrument 44-102 Shelf Distributions is amended by this Instrument.*
2. *Section 2.3 is amended*
 - (a) *in subsection (1), by*
 - (i) *replacing “approved rating non-convertible securities” with “designated rating non-convertible securities”,*
 - (ii) *replacing “an approved rating” wherever it occurs with “a designated rating”, and*
 - (iii) *replacing “approved rating organization” with “designated rating organization or its DRO affiliate”.*
 - (b) *in subsection (2), by*
 - (i) *replacing “an approved rating” wherever it occurs with “a designated rating”, and*
 - (ii) *replacing “approved rating organization” with “designated rating organization or its DRO affiliate”.*
 - (c) *in subsection (3), by*
 - (i) *replacing “approved rating” wherever it occurs with “designated rating”,*
 - (ii) *replacing “an approved rating” wherever it occurs with “a designated rating”,*
 - (iii) *in clause (b)(iv)(B), replacing “an approved rating organization” wherever it occurs with “a designated rating organization or its DRO affiliate”, and*

(iv) *in clause (b)(iv)(C), replacing “approved rating organization” wherever it occurs with “designated rating organization or its DRO affiliate”.*

3. *Subsection 2.4(3) is amended by*

- (a) *replacing “approved rating” wherever it occurs with “designated rating”,*
- (b) *replacing “an approved rating” wherever it occurs with “a designated rating”,*
- (c) *replacing “an approved rating organization” wherever it occurs with “a designated rating organization or its DRO affiliate”, and*
- (d) *replacing “any approved rating organization” wherever it occurs with “any designated rating organization or its DRO affiliate”.*

4. *Section 2.6 is amended by*

- (a) *replacing “approved rating” wherever it occurs with “designated rating”,*
- (b) *replacing “an approved rating” wherever it occurs with “a designated rating”,*
- (c) *replacing “an approved rating organization” wherever it occurs with “a designated rating organization or its DRO affiliate”, and*
- (d) *replacing “any approved rating organization” wherever it occurs with “any designated rating organization or its DRO affiliate”.*

5. *This Instrument comes into force on ●, 2012.*

Schedule F-2

**Proposed Changes to
Companion Policy 44-102CP Shelf Distributions**

1. *The changes proposed to Companion Policy 44-102CP Shelf Distributions are set out in this Schedule.*
2. *Subsection 2.6(2) is changed by replacing “approved rating organizations” with “designated rating organizations or their DRO affiliates”.*
3. *The changes become effective on ●, 2012.*

APPENDIX G

PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 45-106 PROSPECTUS AND REGISTRATION EXEMPTIONS

1. *National Instrument 45-106 Prospectus and Registration Exemptions is amended by this Instrument.*
2. *Section 1.1 is amended*
 - (a) *by replacing “approved credit rating” with “designated rating”,*
 - (b) *by replacing “approved credit rating organization” with “designated rating organization”, and*
 - (c) *after the definition of “director”, by adding the following definition:*

“DRO affiliate” has the same meaning as in section 1 of National Instrument 25-101 *Designated Rating Organizations*;
3. *Paragraph 2.34(2)(b) is amended*
 - (a) *by replacing “an approved credit rating” with “a designated rating”, and*
 - (b) *by replacing “an approved credit rating organization” with “a designated rating organization or its DRO affiliate”.*
4. *Subsection 2.35(b) is amended*
 - (a) *by replacing “an approved credit rating” with “a designated rating”, and*
 - (b) *by replacing “an approved credit rating organization” with “a designated rating organization or its DRO affiliate”.*
5. *Paragraph 3.34(2)(b) is amended*
 - (a) *by replacing “an approved credit rating” with “a designated rating”, and*
 - (b) *by replacing “an approved credit rating organization” with “a designated rating organization or its DRO affiliate”.*
6. *Subsection 3.35(b) is amended*
 - (a) *by replacing “an approved credit rating” with “a designated rating”, and*

(b) *by replacing* “an approved credit rating organization” *with* “a designated rating organization or its DRO affiliate”.

7. *This Instrument comes into force on ●, 2012.*

APPENDIX H

PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 51-102 *CONTINUOUS DISCLOSURE OBLIGATIONS*

1. *National Instrument 51-102 Continuous Disclosure Obligations is amended by this Instrument.*
2. *Section 1.1 is amended*
 - (a) *by replacing the definition of “approved rating organization” with the following:*

“designated rating organization” means

 - (a) each of DBRS Limited, Fitch, Inc., Moody’s Canada Inc., and Standard & Poor’s Ratings Services (Canada), including their DRO affiliates; or
 - (b) any other credit rating organization that has been designated under securities legislation; *and*
 - (b) *after the definition of “date of transition”, by adding the following definition:*

“DRO affiliate” has the same meaning as in section 1 of National Instrument 25-101 *Designated Rating Organizations*;
3. *This Instrument comes into force on ●, 2012.*

APPENDIX I

PROPOSED CHANGES TO NATIONAL POLICY 51-201 *DISCLOSURE STANDARDS*

1. *The changes proposed to National Policy 51-201 Disclosure Standards are set out in this Appendix.*
2. *Subsection 3.3(7) is changed by replacing “approved rating agencies” with “designated rating organizations”.*
3. *Footnote 19 is changed by replacing “approved rating” with “designated rating”.*
4. *The changes become effective on ●, 2012.*

APPENDIX J

PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 81-101 *MUTUAL FUND PROSPECTUS DISCLOSURE*

1. *National Instrument 81-101 Mutual Fund Prospectus Disclosure is amended by this Instrument.*
2. *Subsection 2.6(4) is amended by replacing “an approved rating organization” with “a designated rating organization or its DRO affiliate”.*
3. *This Instrument comes into force on ●, 2012.*

APPENDIX K

**PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 81-102
MUTUAL FUNDS AND COMPANION POLICY**

Schedule K-1

**Proposed Amendments to
National Instrument 81-102 *Mutual Funds***

1. *National Instrument 81-102 Mutual Funds is amended by this Instrument.*
2. *Section 1.1 is amended*
 - (a) *by replacing the definition of “approved credit rating” with the following:*

“designated rating” means, for a security or instrument, a rating issued by a designated rating organization, or its DRO affiliate, that is at or above one of the following rating categories, or that is at or above a category that replaces one of the following rating categories, if

- (a) there has been no announcement by the designated rating organization or its DRO affiliate of which the mutual fund or its manager is or reasonably should be aware that the rating of the security or instrument to which the designated rating was given may be down-graded to a rating category that would not be a designated rating, and
- (b) no designated rating organization or any of its DRO affiliates has rated the security or instrument in a rating category that is not a designated rating:

Designated Rating Organization	Commercial Paper/ Short Term Debt	Long Term Debt
DBRS Limited	R-1 (low)	A
Fitch, Inc.	F1	A
Moody’s Canada Inc.	P-1	A2
Standard & Poor’s Ratings Services (Canada)	A-1 (Low)	A

,

- (b) *by replacing the definition of “approved credit rating organization” with the following:*

“designated rating organization” means

- (a) each of DBRS Limited, Fitch, Inc., Moody’s Canada Inc., and Standard & Poor’s Ratings Services (Canada), including their DRO affiliates; or
- (b) any other credit rating organization that has been designated under securities legislation;,
- (c) *in the definition of “cash cover”, by replacing “an approved credit rating” with “a designated rating”,*
- (d) *in the definition of “cash equivalent”, by*
 - (i) *replacing “an approved credit rating” wherever it occurs with “a designated rating”, and*
 - (ii) *replacing “an approved credit rating organization” with “a designated rating organization or its DRO affiliate”,*
- (e) *after the definition of “delta”, by adding the following definition:*

“DRO affiliate” has the same meaning as in section 1 of National Instrument 25-101 Designated Rating Organizations;,
- (f) *in the definition of “floating rate evidence of indebtedness”, by replacing “an approved credit rating” wherever it occurs with “a designated rating”,*
- (g) *in the definition of “money market fund”, by replacing “an approved credit rating” with “a designated rating”,*
- (h) *in the definition of “qualified security”, by*
 - (i) *replacing “an approved credit rating” wherever it occurs with “a designated rating”, and*
 - (ii) *replacing “an approved credit rating organization” with “a designated rating organization or its DRO affiliate”.*

3. *Section 2.7 is amended*

- (a) *in subsection (1), by replacing “an approved credit rating” wherever it occurs with “a designated rating”, and*

(b) *in subsection (2), by replacing “approved credit rating” with “designated rating”.*

4. Subparagraph 2.12(1)6.(d) is amended

(a) *by replacing “an approved credit rating organization” with “a designated rating organization or its DRO affiliate”, and*

(b) *by replacing “an approved credit rating” with “a designated rating”.*

5. Subparagraph 2.18(1)(a)(iii) is amended by replacing “an approved credit rating” with “a designated rating”.

6. Paragraph 4.1(4)(b) is amended

(a) *by replacing “an approved rating” with “a designated rating”, and*

(b) *by replacing “an approved credit rating organization” with “a designated rating organization or its DRO affiliate”.*

7. Subsection 4.1(4.1) is amended by replacing “approved rating” with “designated rating”.

8. Subsection 15.3(5) is amended

(a) *in paragraph (a), by replacing “an approved credit rating organization” with “a designated rating organization or its DRO affiliate”, and*

(b) *in paragraphs (b) and (c), by replacing “approved credit rating organization” with “designated rating organization or any of its DRO affiliates”.*

9. This Instrument comes into force on ●, 2012.

Schedule K-2

**Proposed Changes to
Companion Policy 81-102CP Mutual Funds**

1. *The changes proposed to Companion Policy 81-102CP Mutual Funds are set out in this Schedule.*
2. *Subsection 3.1(4) is changed by*
 - (a) *replacing “approved credit rating organizations” wherever it appears with “designated rating organizations or their DRO affiliates” and,*
 - (b) *replacing “Standard & Poor’s” wherever it appears with “Standard & Poor’s Rating Services (Canada) or its DRO affiliate”.*
3. *The changes become effective on ●, 2012.*

APPENDIX L

PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 81-106 *INVESTMENT FUND CONTINUOUS DISCLOSURE*

1. *National Instrument 81-106 Investment Fund Continuous Disclosure is amended by this Instrument.*
2. *Paragraph 3.5(6)(d) is amended by replacing “approved credit rating” with “designated rating”.*
3. *This Instrument comes into force on ●, 2012.*

APPENDIX M

ADDITIONAL INFORMATION REQUIRED IN LOCAL JURISDICTIONS

New Brunswick will make the following consequential amendments to local instruments. These amendments will come into force at the same time as the DRO Consequential Amendments.

1. New Brunswick Blanket Order 31-515 *Exemption From The Registration Requirement In National Instrument 31-103 Registration Requirements, Exemptions And Ongoing Registrant Obligations (NI 31-103) For Trades In Short-Term Debt Instruments*

We will revise the instrument to

- substitute the terms “designated rating” and “designated rating organization”, as defined in NI 25-101, for the terms “approved rating”, “approved credit rating organization”, and “rating organization”;
- conform the names of the four rating organizations to the names as they appear on their designation orders, and include their “DRO affiliates”, as defined in NI 25-101; and
- make other minor amendments to reflect the adoption of NI 25-101.