

CSA Staff Notice 31-315**Omnibus / blanket orders exempting registrants from certain provisions of National Instrument 31-103 *Registration Requirements and Exemptions***

Since the coming into force of National Instrument 31-103 *Registration Requirements and Exemptions* (NI 31-103), the Canadian Securities Administrators (the CSA or we) have received applications requesting exemptions from certain provisions of the Instrument. CSA members have issued orders (the “orders”) that provide

- The continuation of transition/grandfathering provisions for persons and companies adding a jurisdiction
- Relief from the chief compliance officer (CCO) proficiency requirements for portfolio managers adding a category
- Relief from proficiency requirements for portfolio managers adding registration in the mutual fund dealer or exempt market dealer category
- Relief from the time limits on examination requirements for dealing representatives of exempt market dealers (in Ontario and Newfoundland and Labrador only) and scholarship plan dealers in all jurisdictions who were registered when NI 31-103 came into force
- Relief from client notification requirements under section 14.5 of NI 31-103 for certain Canadian registrants with head offices outside of the local jurisdiction
- Relief from requirements to establish whether a client is an insider under section 13.2(2)(b) of NI 31-103 for mutual fund dealers

This Notice summarizes the orders, which will take effect on February 26, 2010.

We are publishing the orders with this Notice. The orders are also available on websites of CSA members, including:

www.lautorite.qc.ca

www.albertasecurities.com

www.bcsc.bc.ca

www.msc.gov.mb.ca

www.gov.ns.ca/nssc

www.nbsc-cvmnb.ca

www.osc.gov.on.ca

www.sfsc.gov.sk.ca

1. Continuation of transition/grandfathering provisions for persons and companies adding a jurisdiction

Under several provisions of Part 16 [*Transition*] of NI 31-103, a person or company may be exempt from another provision of NI 31-103. However, as drafted, the exemptions available in Part 16 are only available in a jurisdiction if the person or company was registered in that jurisdiction when NI 31-103 came into force.

Each regulator has issued an order that provides an exemption from a requirement in the jurisdiction of the regulator if the person or company is exempt from the same requirement in another jurisdiction due to the application of a section in Part 16.

2. Relief from CCO proficiency requirements for portfolio managers adding a category

Paragraphs 3.6(b) [*Mutual fund dealer – chief compliance officer*], 3.10(b) [*Exempt market dealer – chief compliance officer*], and 3.14(c) [*Investment fund manager – chief compliance officer*] of NI 31-103 provide that an individual may be designated as a registrant’s chief compliance officer if the individual has met the proficiency requirements for a chief compliance officer of a portfolio manager in section 3.13 [*Portfolio manager – chief compliance officer*].

However, as drafted, NI 31-103 does not allow a mutual fund dealer, exempt market dealer or investment fund manager to designate someone as its chief compliance officer where the individual is exempt from the proficiency in section 3.13 due to the application of subsection 16.9(2) [*Registration of chief compliance officers*].

Each regulator has issued an order that allows a portfolio manager that has added the category mutual fund dealer, exempt market dealer or investment fund manager to its registration to designate an individual as its chief compliance officer if the individual was designated as the firm’s chief compliance officer due to the application of subsection 16.9(2) of NI 31-103.

3. Relief from dealing representative proficiency requirements for portfolio managers adding registration in the mutual fund dealer or exempt market dealer category

Paragraphs 3.5(b) [*Mutual fund dealer – dealing representative*] and 3.9(c) [*Exempt market dealer – dealing representative*] of NI 31-103 provide that an individual may act as a dealing representative of a mutual fund dealer and exempt market dealer if the individual has met the proficiency requirements of an advising representative of a portfolio manager in section 3.11 [*Portfolio manager – advising representative*].

However, as drafted, NI 31-103 does not allow an individual to act as a dealing representative of a mutual fund dealer or exempt market dealer where the individual is

exempt from the proficiency in section 3.11 due to the application of section 16.10(1) [*Proficiency for dealing and advising representatives*].

Each regulator has issued an order that allows an advising representative of a portfolio manager to act as a dealing representative of a mutual fund dealer or exempt market dealer if the individual is exempt from the proficiency in section 3.11 due to the application of section 16.10(1) of NI 31-103.

4. *Relief from the time limits on examination requirements for dealing representatives of scholarship plan dealers and, in Ontario and Newfoundland and Labrador only, exempt market dealers, who were registered when NI 31-103 came into force*

Section 3.3 [*Time limits on examination requirements*] of NI 31-103 provides that an individual is deemed not to have passed an examination or successfully completed a program unless having done so within the time period set out in the section. This section applies to dealing representatives of scholarship plan dealers in all jurisdictions and exempt market dealers in Ontario and Newfoundland and Labrador only who, due to subsections 16.10(2) and (3) [*Change of registration categories – firms*], have a one year exemption from the proficiency requirements under sections 3.7 [*Scholarship plan dealer – dealing representative*] and 3.9 [*Exempt market dealer – dealing representative*].

Therefore, in order for these dealing representatives to be in compliance with their category's proficiency requirements on September 28, 2010 they must have met the examination or course requirements under those sections within the time period specified in section 3.3 of NI 31-103.

Each regulator has issued an order that exempts a dealing representative of a scholarship plan dealer from section 3.3 if the individual was registered as a dealing representative in that jurisdiction when NI 31-103 came into force and has remained registered since that date. The order in Ontario and Newfoundland and Labrador also exempts a dealing representative of an exempt market dealer if the individual was registered as a dealing representative in those jurisdictions when NI 31-103 came into force and has remained registered since that date.

5. *Relief from client notification requirements under section 14.5 of NI 31-103 for certain Canadian registrants with head offices outside of the local jurisdiction s*

Section 14.5 [*Notice to clients by non-resident registrants*] of NI 31-103 provides that a unless a registered firm's head office is located in the same jurisdiction as a client of the firm, the firm must provide the client with a written statement disclosing information specified in that section.

Each regulator has issued an order that exempts a registered firm from section 14.5 if the firm's head office is in another jurisdiction of Canada and the firm has a physical place of business in the jurisdiction of the regulator.

6. *Relief from the requirement to establish whether a client is an insider under paragraph 13.2(2)(b) of NI 31-103 for mutual fund dealers*

Paragraph 13.2(2)(b) [*Know your client*] of NI 31-103 provides that a registrant must take reasonable steps to establish whether a client is an insider of a reporting issuer or any other issuer whose securities are publicly traded.

Each regulator has issued an order that exempts a mutual fund dealer from paragraph 13.2(2)(b).

Questions

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February 26, 2010

I, Manon Losier, Secretary of the New Brunswick Securities Commission (Commission), hereby certify that:

1. Blanket Order 31-504, was issued by Members of the Commission at a meeting held on 15 February 2010 with an effective date of 26 February 2010.

IN THE MATTER OF THE SECURITIES ACT S.N.B. C. S-5.5

AND

IN THE MATTER OF AN EXEMPTION FROM CERTAIN SECTIONS OF
NATIONAL INSTRUMENT 31-103 *REGISTRATION REQUIREMENTS AND EXEMPTIONS*
IN CONNECTION WITH TRANSITION AND GRANDFATHERING MATTERS

Blanket Order 31-504
Section 208

WHEREAS:

1. Unless otherwise defined in this decision or the context otherwise requires, terms used in this decision that are defined in NI 31-103 or National Instrument 14-101 *Definitions* have the same meaning.
2. Certain provisions of Part 16 of NI 31-103 *Registration Requirements and Exemptions* (NI 31-103) apply to a person or company registered on September 28, 2009 in a jurisdiction but do not apply to a person or company in any jurisdiction where the person or company was not registered on September 28, 2009.
3. A person or company not registered in New Brunswick on September 28, 2009 is not exempt from that same section of NI 31-103 in New Brunswick

IT IS ORDERED pursuant to section 208 of the Act that:

- A. Subject to paragraph B below, the sections of NI 31-103 listed in Appendix A do not apply if the following conditions apply:
 - (a) the person or company has been continuously registered in another jurisdiction of Canada since NI 31-103 came into force;
 - (b) the person or company remains registered in the jurisdiction referred to in paragraph (a) during their reliance on this exemption;
 - (c) the person or company is registered in New Brunswick after September 28, 2009 in the same category and, in the case of a registered individual, with

the same sponsoring firm as the individual is registered in the jurisdiction referred to in paragraph (a); and

- (d) the person or company is exempt from the same section of NI 31-103 in the jurisdiction referred to in paragraph (a) due to the application of one of the following sections:
 - (i) paragraphs (2) and (3) of section 16.9 [*registration of chief compliance officers*];
 - (ii) paragraphs (1) and (2) of section 16.10 [*proficiency for dealing and advising representatives*];
 - (iii) section 16.11 [*capital requirements*];
 - (iv) section 16.13 [*insurance requirements*];
 - (v) section 16.14 [*relationship disclosure information*];
 - (vi) section 16.15 [*referral arrangements*];
 - (vii) section 16.16 [*complaint handling*];
 - (viii) section 16.17 [*client statements – mutual fund dealers*].

B. Paragraph A does not apply where the person or company was, immediately prior to NI 31-103 coming into force, registered solely as:

- (a) a limited market dealer or salesperson, officer or director of a limited market dealer in Ontario, or
- (b) a limited market dealer or salesperson, officer or director of a limited market dealer in Newfoundland and Labrador.

C. This order will come into effect on 26 February 2010.

Dated at Saint John, New Brunswick, this 26th day of February, 2010.

“original signed by”

Manon Losier

Appendix A

- (a) Each section of Divisions 1 and 2 [*proficiency*] of Part 3
- (b) Section 12.1 [*capital requirements*]
- (c) Section 12.2 [*notifying the regulator of a subordination agreement*]
- (d) Section 12.3 [*insurance - dealer*]
- (e) Section 12.4 [*insurance - adviser*]
- (f) Section 12.5 [*insurance – investment fund manager*]
- (g) Section 12.6 [*global bonding or insurance*]
- (h) Section 12.7 [*notifying the regulator of a change, claim or cancellation*]
- (i) Section 14.2 [*relationship disclosure information*]
- (j) Each section of Division 3 [*referral arrangements*] of Part 13
- (k) Section 13.16 [*dispute resolution service*]
- (l) Section 14.14 [*client statements*]

I, Manon Losier, Secretary of the New Brunswick Securities Commission (Commission), hereby certify that:

1. Blanket Order 31-505, was issued by Members of the Commission at a meeting held on 15 February 2010 with an effective date of 26 February 2010.

IN THE MATTER OF THE SECURITIES ACT S.N.B. C. S-5.5

AND

IN THE MATTER OF AN EXEMPTION FROM SECTIONS 3.6 AND 3.14 OF
NATIONAL INSTRUMENT 31-103 *REGISTRATION REQUIREMENTS AND EXEMPTIONS* FOR
CHIEF COMPLIANCE OFFICERS OF PORTFOLIO MANAGERS ADDING A CATEGORY

Blanket Order 31-505
Section 208

WHEREAS:

1. Unless otherwise defined in this decision or the context otherwise requires, terms used in this decision that are defined in NI 31-103 or National Instrument 14-101 *Definitions* have the same meaning.
2. Under section 3.6 [mutual fund dealer – chief compliance officer] of National Instrument 31-103 Registration Requirements and Exemptions (NI 31-103), a mutual fund dealer must not designate an individual as its chief compliance officer unless the individual has satisfied the proficiency requirements in paragraph (a) or (b) of that section. Paragraph 3.6(b) provides that an individual may be designated a mutual fund dealer's chief compliance officer if the individual has met the requirements of section 3.13 [portfolio manager – chief compliance officer].
3. Under section 3.10 [exempt market dealer – chief compliance officer] of NI 31-103, an exempt market dealer must not designate an individual as its chief compliance officer unless the individual has satisfied the proficiency requirements in paragraph (a) or (b) of that section. Paragraph 3.10(b) provides that an individual may be designated an exempt market dealer's chief compliance officer if the individual has met the requirements of section 3.13 [portfolio manager – chief compliance officer].
4. Under section 3.14 [*investment fund manager – chief compliance officer*], an investment fund manager must not designate an individual as its chief compliance officer unless the individual has satisfied the proficiency requirements in paragraph (a), (b) or (c) of that section. Paragraph 3.14(c) provides that an individual may be designated an investment fund manager's chief compliance officer if the individual has met the requirements of section 3.13 [*portfolio manager – chief compliance officer*].

5. If a person or company registered as a portfolio manager in New Brunswick was registered as a portfolio manager when NI 31-103 came into force, the portfolio manager's chief compliance officer is exempt from section 3.13 [*portfolio manager – chief compliance officer*] due to the application of subsection 16.9(2) [*registration of chief compliance officers*].
6. The chief compliance officer of a person or company registered as a portfolio manager and applying for registration in an additional category is not exempt from sections 3.6 [*mutual fund dealer – chief compliance officer*], 3.10 [*exempt market dealer – chief compliance officer*], and 3.14 [*investment fund manager – chief compliance officer*] of NI 31-103 since section 16.9 of NI 31-103 does not apply to such chief compliance officer.

IT IS ORDERED pursuant to section 208 of the Act that:

- A. Sections 3.6 [*mutual fund dealer – chief compliance officer*], 3.10 [*exempt market dealer – chief compliance officer*], and 3.14 [*investment fund manager – chief compliance officer*] of NI 31-103 do not apply to a person or company registered as a portfolio manager in New Brunswick and applies for registration in an additional category if:
 - (a) the person or company is exempt from section 3.13 [*portfolio manager – chief compliance officer*] in any jurisdiction of Canada due to the application of subsection 16.9(2) [*registration of chief compliance officers*], and
 - (b) the individual designated as the person or company's chief compliance officer in respect of the person or company's mutual fund dealer, exempt market dealer or investment fund manager activities is the same individual designated as the person or company's chief compliance officer in respect of its portfolio manager activities.
- B. This order will come into effect 26 February 2010.

Dated at Saint John, New Brunswick, this 26th day of February, 2010.

"original signed by"

Manon Losier

I, Manon Losier, Secretary of the New Brunswick Securities Commission (Commission), hereby certify that:

1. Blanket Order 31-506, was issued by Members of the Commission at a meeting held on 15 February 2010 with an effective date of 26 February 2010.

IN THE MATTER OF THE SECURITIES ACT S.N.B. C. S-5.5

AND

IN THE MATTER OF
AN EXEMPTION FROM SECTIONS 3.5 AND 3.9 OF
NATIONAL INSTRUMENT 31-103 FOR PORTFOLIO MANAGERS ADDING A CATEGORY

Blanket Order 31-506
Section 208

WHEREAS:

1. Unless otherwise defined in this decision or the context otherwise requires, terms used in this decision that are defined in NI 31-103 or National Instrument 14-101 *Definitions* have the same meaning.
2. Under section 3.5 [mutual fund dealer – dealing representative] of National Instrument 31-103 Registration Requirements and Exemptions (NI 31-103), a dealing representative must not act as a dealer on behalf of a mutual fund dealer unless the individual has satisfied the proficiency requirements in paragraph (a) or (b) of that section. Paragraph 3.5(b) provides that an individual may act as a dealer on behalf of a mutual fund dealer if the individual has met the requirements of section 3.11 [portfolio manager – advising representative].
3. Under section 3.9 [*exempt market dealer – dealing representative*], a dealing representative must not act as a dealer on behalf of an exempt market dealer unless the individual has satisfied the proficiency requirements in paragraph (a), (b) or (c) of that section. Paragraph 3.9(c) provides that an individual may act as a dealer on behalf of an exempt market dealer if the individual has met the requirements of section 3.11 [*portfolio manager – advising representative*].
4. An advising representative of a portfolio manager registered when NI 31-103 came into force is exempt from section 3.11 [*portfolio manager – advising representative*] due to the application of subsection 16.10(1) [*proficiency for dealing and advising representatives*] and can therefore not act as a dealing representative of a mutual fund dealer or exempt market dealer under sections 3.5 and 3.9 of NI 31-103.

IT IS ORDERED pursuant to section 208 of the Act that:

- A. Sections 3.5 [*mutual fund dealer – dealing representative*] and 3.9 [*exempt market dealer – dealing representative*] of NI 31-103 do not apply to an advising representative of a portfolio manager if such representative is exempt from section 3.11 [*portfolio manager – advising representative*] in any jurisdiction of Canada pursuant to subsection 16.10(1) [*proficiency for dealing and advising representatives*].
- B. This order will come into effect on 26 February, 2010.

Dated at Saint John, New Brunswick, this 26th day of February, 2010.

"original signed by"

Manon Losier

I, Manon Losier, Secretary of the New Brunswick Securities Commission (Commission), hereby certify that:

1. Blanket Order 31-507, was issued by Members of the Commission at a meeting held on 15 February 2010 with an effective date of 26 February 2010.

IN THE MATTER OF THE SECURITIES ACT S.N.B. C. S-5.5

AND

IN THE MATTER OF
EXEMPTION FROM SECTION 3.3 OF NATIONAL INSTRUMENT 31-103
FOR REPRESENTATIVES OF SCHOLARSHIP PLAN DEALERS

Blanket Order 31-507

Section 208

WHEREAS:

1. Unless otherwise defined in this decision or the context otherwise requires, terms used in this decision that are defined in NI 31-103 or National Instrument 14-101 *Definitions* have the same meaning.
2. Section 3.3 [*time limits on examination requirements*] provides that an individual is deemed not to have passed an examination or successfully completed a program unless the individual has done so within the time period set out in the section.
3. Representatives of scholarship plan dealers, due to subsections 16.10(2) and (3), have a one year exemption from the proficiency requirements under sections 3.7 and 3.9.
4. In order for these dealing representatives to comply with their category's proficiency requirements on September 28, 2010 they must have met the examination or course requirements under those sections within the time period specified in section 3.3.

IT IS ORDERED pursuant to section 208 of the Act that:

- A. Section 3.3 [*time limits on examination requirements*] does not apply to a representative of a scholarship plan dealer in respect of an examination or program in section 3.7 [*scholarship plan dealer – dealing representative*] if such representative was registered in a jurisdiction of Canada as a dealing representative of a scholarship plan dealer on and since the date NI 31-103 came into force.

B. This order will come into effect on 26th day of February, 2010.

Dated at Saint John, New Brunswick, this 26th day of February, 2010.

"original signed by"

Manon Losier

I, Manon Losier, Secretary of the New Brunswick Securities Commission (Commission), hereby certify that:

1. Blanket Order 31-508, was issued by Members of the Commission at a meeting held on 15 February 2010 with an effective date of 26 February 2010.

IN THE MATTER OF THE SECURITIES ACT S.N.B. C. S-5.5

AND

IN THE MATTER OF AN EXEMPTION FROM SECTION 14.5
NATIONAL INSTRUMENT 31-103 *REGISTRATION REQUIREMENTS AND EXEMPTIONS*
FOR CANADIAN FIRMS

Blanket Order 31-508
Section 208

WHEREAS:

1. Unless otherwise defined in this decision or the context otherwise requires, terms used in this decision that are defined in NI 31-103 or National Instrument 14-101 *Definitions* have the same meaning.
2. Section 14.5 of NI 31-103 provides that a registered firm whose head office is not located in New Brunswick must provide its clients in New Brunswick with a written statement disclosing information specified in the section.
3. The purpose of section 14.5 is to ensure that clients are given information that may be relevant to their ability to obtain civil remedies against a registrant located outside New Brunswick.
4. Compliance with section 14.5 of NI 31-103 presents costs that are not justified in respect of a registered firm that has its head office in another jurisdiction of Canada and a physical place of business within New Brunswick.

IT IS ORDERED pursuant to section 208 of the Act that:

- A. The requirement in section 14.5 of NI 31-103 does not apply if:
 - (a) the head office of the registered firm is located in another jurisdiction of Canada, and
 - (b) the registered firm has a physical place of business in New Brunswick

B. This order will come into effect 26 February 2010.

Dated at Saint John, New Brunswick, this 26th day of February, 2010.

"original signed by"

Manon Losier

I, Manon Losier, Secretary of the New Brunswick Securities Commission (Commission), hereby certify that:

1. Blanket Order 31-509, was issued by Members of the Commission at a meeting held on 15 February 2010 with an effective date of 26 February 2010.

IN THE MATTER OF THE SECURITIES ACT S.N.B. C. S-5.5

AND

IN THE MATTER OF
EXEMPTION FROM PARAGRAPH 13.2(2)(B) OF NATIONAL INSTRUMENT 31-103
FOR MUTUAL FUND DEALERS

Blanket Order 31-509

Section 208

WHEREAS:

1. Unless otherwise defined in this decision or the context otherwise requires, terms used in this decision that are defined in NI 31-103 or National Instrument 14-101 *Definitions* have the same meaning.
2. Paragraph 13.2(2)(b) of NI 31-103 provides that a registrant must take reasonable steps to establish whether a client is an insider of a reporting issuer or any other issuer whose securities are publicly traded.
3. The purpose of this requirement is to ensure compliance with insider trading rules by requiring dealers to notify a client of the client's obligation to file an insider trade report.
4. If a registrant limits its trading with clients to certain securities, only in very rare circumstances will a trade require the filing of an insider trade report.
5. Compliance with paragraph 13.2(2)(b) of NI 31-103 presents significant costs mutual fund dealers that are not justified when trading with a client is limited to certain securities

IT IS ORDERED pursuant to section 208 of the Act that:

- A. A person or company registered in the category of mutual fund dealer as defined in NI 31-103 registered in New Brunswick is exempt from paragraph 13.2(2)(b) of NI 31-103 if such person or company is not registered in any other categories specified in section 7.1 of NI 31-103 and only trades in securities of a mutual fund.
- B. This order will come into effect 26 February 2010.

Dated at Saint John, New Brunswick, this 26th day of February, 2010.

"original signed by"
Manon Losier