

CSA Staff Notice 31-319
Further omnibus / blanket orders exempting registrants from certain provisions of
National Instrument 31-103 *Registration Requirements and Exemptions*

September 10, 2010

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 NI 31-103.

Each of the CSA members has issued parallel orders (the “orders”) that provide relief from the requirement to provide the relationship disclosure information prescribed by section 14.2(1) of NI 31-103 for IIROC member firms, for MFDA member firms and for mutual fund dealers in Québec.

This Notice summarizes the orders. 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. Relief from the requirement to provide the relationship disclosure information prescribed by section 14.2(1) of NI 31-103 for IIROC member firms

Section 14.2 of NI 31-103, which prescribes relationship disclosure information, is scheduled to come into effect on September 28, 2010. Based on the current status of the proposals of IIROC and the MFDA on the *Client Relationship Model* (“CRM”), it is not anticipated that the equivalent SRO relationship disclosure requirements will be in effect by September 28, 2010.

Each regulator has issued an order that exempts a dealer that is a member of IIROC from the application of the requirements of section 14.2(1) of NI 31-103 until the earlier of September 28, 2011 or the coming into force of amendments to the IIROC regulation giving effect to the IIROC CRM proposal.

2. Relief from the requirement to provide the relationship disclosure information prescribed by section 14.2(1) of NI 31-103 for MFDA member firms and for mutual fund dealers in Québec

Each regulator has issued an order that exempts a dealer that is a member of the MFDA, and, in Québec, a mutual fund dealer, from the application of the requirements of section 14.2(1) of NI 31-103 until the earlier of September 28, 2011 or the coming into force of amendments to the MFDA rules giving effect to the MFDA CRM proposal.

In Québec, the order will be in force until the earlier of September 28, 2011 or the coming into force of the regulation on mutual fund dealers in Québec.

This relief applies to MFDA members and mutual fund dealers in Québec notwithstanding their registration in other categories.

Questions

If you have questions regarding this Notice or the orders please direct them to any of the following:

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IN THE MATTER OF THE SECURITIES ACT S.N.B. C. S-5.5 (the Act)

AND

IN THE MATTER OF

TRANSITIONAL RELIEF FROM THE REQUIREMENT TO PROVIDE THE RELATIONSHIP DISCLOSURE INFORMATION PRESCRIBED BY SECTION 14.2(1) OF NI 31-103 FOR IIROC MEMBER FIRMS

AND

Blanket Order 31-513

Section 208

WHEREAS:

1. Unless otherwise defined in this decision or the context otherwise requires, terms used in this decision that are defined in National Instrument 31-103 *Registration Requirements and Exemptions* (NI 31-103) or National Instrument 14-101 *Definitions* have the same meaning.
2. Under section 14.2(1) [*Relationship disclosure information*] of NI 31-103, a registered firm must deliver to a client all information that a reasonable investor would consider important about the client's relationship with the registrant.
3. Pursuant to section 16.14 of NI 31-103, section 14.2 of NI 31-103 does not apply until 28 September 2010 to a firm that was registered on 28 September 2009.
4. IIROC is currently finalizing its proposal on relationship disclosure information (IIROC CRM proposal), published on 9 April 2009 in Notice 09-0120 *Proposed amendments to the IIROC member rules – Provisions respecting amendments implementation of the Client Relationship Model – Proposed amendments – New Rule XX00 – Relationship disclosure*.
5. The purpose of the IIROC CRM proposal is to set out detailed requirements to assist registered firms who are IIROC members (Affected Firms) to comply with the general principle in section 14.2(1) of NI 31-103.
6. It is anticipated that the IIROC CRM proposal will be finalized and come into force within one year, but not by 28 September 2010.
7. Absent relief, Affected Firms could incur unwarranted costs in first developing detailed relationship disclosure information to comply with section 14.2(1) of NI 31-103 on 28 September 2010 but then potentially having to change that disclosure to comply with the IIROC CRM proposal when it comes into force.

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

- A. Section 14.2(1) of NI 31-103 does not apply to an Affected Firm until the earlier of 28 September 2011 or the date on which the IROC CRM proposal comes into force.
- B. This order comes into effect on 28 September 2010.

DATED at Saint John, New Brunswick this 8th day of September 2010.

"Original signed by"

David G. Barry, Q.C., Panel Member

"Original signed by"

Anne W. La Forest, Panel Member

IN THE MATTER OF THE SECURITIES ACT S.N.B. C. S-5.5 (the Act)

AND

IN THE MATTER OF

TRANSITIONAL RELIEF FROM THE REQUIREMENT TO PROVIDE THE RELATIONSHIP DISCLOSURE INFORMATION PRESCRIBED BY SECTION 14.2(1) OF NI 31-103 FOR MFDA MEMBER FIRMS

AND

Blanket Order 31-514

Section 208

WHEREAS:

1. Unless otherwise defined in this decision or the context otherwise requires, terms used in this decision that are defined in National Instrument 31-103 *Registration Requirements and Exemptions* (NI 31-103) or National Instrument 14-101 *Definitions* have the same meaning.
2. Under section 14.2(1) [*Relationship disclosure information*] of NI 31-103, a registered firm must deliver to a client all information that a reasonable investor would consider important about the client's relationship with the registrant.
3. Pursuant to section 16.14 of NI 31-103, section 14.2 of NI 31-103 does not apply until 28 September 2010 to a firm that was registered on 28 September 2009.
4. The MFDA is currently finalizing its proposal on relationship disclosure information (MFDA CRM proposal), published on July 26, 2010 in MFDA Bulletin 0444-P - *Proposed amendments to MFDA Rule 2.2 (Client accounts), Policy No. 2 Minimum Standards for account supervision, Rule 2.8 (Client communications) and Rules 5.3 (Client reporting)*.
5. The purpose of the MFDA CRM proposal is to set out detailed requirements to assist registered firms who are MFDA members (Affected Firms) to comply with the general principle in section 14.2(1) of NI 31-103.
6. It is anticipated that the MFDA CRM proposal will be finalized and come into force within one year, but not by 28 September 2010.
7. Absent relief, Affected Firms could incur unwarranted costs in first developing detailed relationship disclosure information to comply with section 14.2(1) of NI 31-103 but then potentially having to change that disclosure to comply with the MFDA CRM proposal when it comes into force.

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

- A. Section 14.2(1) of NI 31-103 does not apply to an Affected Firm, notwithstanding its registration in other categories of registration, until the earlier of 28 September 2011 or the date on which the MFDA CRM proposal comes into force.
- B. This order comes into effect on 28 September 2010.

DATED at Saint John, New Brunswick this 8th day of September 2010.

"Original signed by"

David G. Barry, Q.C., Panel Member

"Original signed by"

Anne W. La Forest, Panel Member