

**CSA Staff Notice 31-335**  
*Extension of Interim Relief for Members of the  
Investment Industry Regulatory Organization of Canada from the Requirement  
in section 14.2(1) of National Instrument 31-103 Registration Requirements,  
Exemptions and Ongoing Registrant Obligations in Respect of the Provision of  
Relationship Disclosure Information to Existing Clients*

**October 3, 2013**

**Introduction**

All Canadian Securities Administrators (CSA) members have issued parallel orders that provide a limited extension of previously issued interim relief from the requirement to provide relationship disclosure information (RDI) prescribed by section 14.2(1) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103) for firms that are members of the Investment Industry Regulatory Organization of Canada (IIROC). The relief has been extended to March 26, 2014 in respect of the provision of RDI to existing clients only (i.e. clients that were clients of the firm before March 26, 2013).

**Relief**

Section 14.2(1) of NI 31-103 sets out the principle that 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.

As announced in CSA Staff Notice 31-329 issued on September 28, 2011, all CSA members issued parallel orders that exempted firms that are members of IIROC from the application of the requirement of section 14.2(1) of NI 31-103, provided that after the IIROC RDI rules are approved, the IIROC member complies with them, subject to applicable transition periods. The orders were set to expire on December 31, 2013, by which time the IIROC RDI rules were expected to be fully implemented.

On March 26, 2012, IIROC announced in IIROC Notice 12-0107 *Client Relationship Model – Implementation* the implementation of, among other things, new IIROC Dealer Member Rule 3500 – *Relationship disclosure* (the **IIROC RDI Rule**). The IIROC RDI Rule sets out detailed requirements to assist registered firms who are IIROC members to comply with the general principle in section 14.2(1) of NI 31-103.

The implementation schedule for the IIROC RDI Rule provided that the provision of RDI to: (i) new clients be given a one year transition period, with an effective implementation date of March 26, 2013, and (ii) existing clients be given a two year transition period, with an implementation date of March 26, 2014.

Since the IIROC RDI Rule will not come into effect until March 26, 2014 in respect of the provision of RDI to existing clients, all CSA members have issued parallel orders that exempt registered firms that are members of IIROC from the application of the requirements of section 14.2(1) of NI 31-103 in respect of the provision of RDI to their clients that were clients of the

firm before March 26, 2013. The orders will come into effect on December 31, 2013 and will expire on March 26, 2014, by which time the IIROC RDI Rule will be fully implemented.

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

[www.lautorite.qc.ca](http://www.lautorite.qc.ca)

[www.albertasecurities.com](http://www.albertasecurities.com)

[www.bcsc.bc.ca](http://www.bcsc.bc.ca)

[www.msc.gov.mb.ca](http://www.msc.gov.mb.ca)

[www.gov.ns.ca/nssc](http://www.gov.ns.ca/nssc)

[www.nbsc-cvmnb.ca](http://www.nbsc-cvmnb.ca)

[www.osc.gov.on.ca](http://www.osc.gov.on.ca)

[www.sfsc.gov.sk.ca](http://www.sfsc.gov.sk.ca)

## Questions

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

AND

IN THE MATTER OF

EXTENSION OF INTERIM RELIEF FOR MEMBERS OF THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA FROM THE REQUIREMENT IN SECTION 14.2(1) OF NATIONAL INSTRUMENT 31-103 *REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS* IN RESPECT OF THE PROVISION OF RELATIONSHIP DISCLOSURE INFORMATION TO EXISTING CLIENTS

**Blanket Order 31-526**

Subsection 208(1) of the *Act*

**Interpretation**

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, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) or National Instrument 14-101 *Definitions* have the same meaning.

**Background**

1. 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.
2. Under section 16.14 of NI 31-103, section 14.2 of NI 31-103 did not apply until 28 September 2010 to persons or companies that were registered on 28 September 2009.
3. On 10 September 2010, the New Brunswick Securities Commission issued Commission Blanket Order 31-513 *In the Matter of Transitional Relief from the Requirement to Provide Relationship Disclosure Information Prescribed by Section 14.2(1) of NI 31-103 for IIROC Member Firms*, providing temporary relief from the application of section 14.2(1) of NI 31-103 until 28 September 2011 to Investment Industry Regulatory Organization of Canada (IIROC) members. The temporary relief was provided in anticipation of the finalization of the IIROC relationship disclosure information proposal (**RDI Proposal**).
4. On 28 September 2011, the New Brunswick Securities Commission issued Commission Blanket Order 31-522 *In the Matter of Transitional Relief from the Requirement to Provide Relationship Disclosure Information Prescribed by Section 14.2(1) of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations for IIROC Member Firms*, providing further temporary relief from the application of section 14.2(1) of NI 31-103 until 31 December 2013 to IIROC members (the **RDI [Decision/Order]**). It was anticipated that the IIROC RDI Proposal would be finalized and new IIROC

member rules reflecting the IIROC RDI Proposal would be approved before the end of 2011 with provisions for their implementation in phases over a two-year transition period.

5. On 26 March 2012, the IIROC announced in IIROC Notice 12-0107 *Client Relationship Model – Implementation* the implementation of, among other things, new IIROC Dealer Member Rule 3500 – *Relationship disclosure* (the **IIROC RDI Rule**).
6. The IIROC RDI Rule sets out detailed requirements to assist registered firms who are IIROC members to comply with the general principle in section 14.2(1) of NI 31-103.
7. The implementation schedule for the IIROC RDI Rule provided that the provision of relationship disclosure information to: (i) new clients be given a one year transition period, with an effective implementation date of 26 March 2013, and (ii) existing clients be given a two year transition period, with an implementation date of 26 March 2014.
8. If a registered firm that is a member of IIROC is required to comply with section 14.2(1) of NI 31-103 on 31 December 2013, the date when the RDI [Decision/Order] expires, it will be required to prepare detailed relationship disclosure information for its existing clients and may incur significant costs changing its relationship disclosure communications with existing clients when the IIROC RDI Rule is implemented.
9. Since the IIROC RDI Rule will come into effect on 26 March 2014 in respect of the provision of relationship disclosure information to existing clients, the cost that IIROC members will incur by having to comply with section 14.2(1) of NI 31-103 on 31 December 2013 in the interim is not justified.

#### **Decision**

10. Section 14.2(1) of NI 31-103 does not apply to registered firms that are members of IIROC in respect of the provision of relationship disclosure information to their clients that were clients of the firm before 26 March 2013.
11. This decision comes into effect on 31 December 2013 and expires on 26 March 2014.

**Dated** at Saint John, New Brunswick, this 3<sup>rd</sup> day of October 2013.

“Original signed by”

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**Kenneth B. Savage, C.A.**  
**Member**

“Original signed by”

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**Michael D. Wennberg**  
**Member**