



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

**AND**

**IN THE MATTER OF**

***EXEMPTION FROM THE REQUIREMENT TO BE REGISTERED AS AN INVESTMENT DEALER UNDER  
LOCAL RULE 91-501 DERIVATIVES***

**Blanket Order 91-502**

**Section 208**

**Definitions**

1. Terms defined in the *Act*, National Instrument 14-101 *Definitions*, National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (“**NI 31-103**”) and Local Rule 91-501 *Derivatives* (“**LR 91-501**”) have the same meaning in this Blanket Order unless otherwise defined herein.

**Background**

2. Staff of the Financial and Consumer Services Commission (“**Commission**”) have been working with other members of the Canadian Securities Administrators (“**CSA**”) under the CSA Regulatory Sandbox to support fintech businesses seeking to offer innovative products, services and applications in Canada. The CSA Regulatory Sandbox allows firms to register and/or obtain exemptive relief from securities law requirements under a faster and more flexible process than through a standard application, in order to test their products, services and applications throughout the Canadian market on a time limited basis.
3. Certain firms engaging with the CSA Regulatory Sandbox are offering products which would fall under the definition of a derivative in the *Act* and be subject to requirements in LR 91-501. Subsection 3(1) of LR 91-501 provides that, subject to subsections 3(2) and 3(3), no person shall trade in a derivative unless the person is registered as (a) an investment dealer under NI 31-103, (b) a portfolio manager under NI 31-103, or (c) as a representative under NI 31-103 of a registered firm described in paragraph (a) or (b).
4. CSA jurisdictions have determined through discussions at the CSA Regulatory Sandbox level that certain firms seeking dealer registration should be registered in the category of restricted dealer rather than investment dealer under subsection 7.1(1) of NI 31-103.
5. The Commission has the power under section 208 of the *Act*, on the application of an interested person or the Executive Director or on the Commission’s own motion, and if in the opinion of the Commission it would not be prejudicial to the public interest, to make an order, subject to such

terms and conditions as it considers appropriate, exempting, in whole or in part, a person or class of persons from any requirement of New Brunswick securities law.

6. 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.
7. The Executive Director considers that it would not be prejudicial to the public interest to make the following order.

### **Exemptive Relief**

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

8. A person that trades in a derivative and is required to register as an investment dealer under paragraph 3(1)(a) of LR 91-501 is exempt from that requirement if the person registers as a restricted dealer under paragraph 7.1(1)(e) of NI 31-103.
9. An individual that trades in a derivative and is required to register as a representative of an investment dealer under paragraph 3(1)(c) of LR 91-501 is exempt from that requirement if both of the following apply:
  - a) the individual’s sponsoring firm registers as a restricted dealer in accordance with paragraph 8 of this Blanket Order;
  - b) the individual registers to act on behalf of its sponsoring firm in an appropriate category under subsection 2.1(1) of NI 31-103.
10. This Blanket Order takes effect on 30 July 2020 and expires upon the coming into force of amendments to LR 91-501 or the repeal and replacement of LR 91-501, which allow a person trading in derivatives to be registered as a restricted dealer under NI 31-103, subject to the availability of any transitional provisions provided in LR 91-501.

***“original signed by”***

---

To-Linh Huynh  
Executive Director