



## NOTICE OF ADOPTION

### LOCAL RULE 25-501 *DESIGNATION AS A MARKET PARTICIPANT*

#### **Introduction**

The Financial and Consumer Services Commission (“**Commission**”) recently approved the adoption of the proposed Local Rule 25-501 *Designation as a Market Participant* (“**Local Rule 25-501**”). Provided that approval is received by the Minister of Finance, the Commission will proceed with the adoption of the Local Rule 25-501.

Pursuant to section 9 of New Brunswick Regulation 2010-127 under the *Securities Act* (O.C. 2010-440), a rule comes into force on the day the rule is published electronically by the Commission as required under paragraph 201(1)(a) of the *Securities Act*, S.N.B. 2004, c. S.5-5 (the “**Act**”), or on such later date as is specified in the rule. Accordingly, the coming into force of the Local Rule 25-501 is 1 March 2021.

#### **Background**

The *Act* empowers the Commission to appoint compliance officers to conduct compliance reviews on a “market participant”. The definition of “market participant” in the *Act* does not include issuers of securities who are not reporting issuers or investment funds. The Local Rule 25-501 designates certain non-reporting issuers as a “market participant” for the purpose of the *Act*.

The primary purpose of Local Rule 25-501 is to authorize compliance officers to conduct compliance reviews of issuers who rely on certain exemptions in National Instrument 45-106 *Prospectus Exemptions*, namely:

- i) The accredited investor exemption;
- ii) The family, friends and business associates exemption; and
- iii) The minimum amount investor exemption.

Another effect of Local Rule 25-501 is that certain non-reporting issuers will be subject to other provisions and requirements in the *Act*, namely, section 162: *Record-keeping*, section 167: *Fees and expenses for compliance reviews*, section 184: *Orders in the public interest*, section 187: *Applications to the Court of Queen’s Bench* and section 200: *Regulations and Rules*, as applicable.

The proposed Local Rule 25-501 was published for a 60-day comment period on 9 July 2020. The Commission did not receive any comments.

#### **Coming into Force**

The Local Rule 25-501 shall come into force on 1 March 2021.

#### **Information**

A copy of the Local Rule 25-501 is attached as Schedule “A”.

**FINANCIAL AND  
CONSUMER SERVICES  
COMMISSION**

regulation • education • protection



**COMMISSION DES SERVICES  
FINANCIERS ET DES SERVICES  
AUX CONSOMMATEURS**

réglementation • éducation • protection

**Questions**

If you have any questions, please refer them to:

To-Linh Huynh  
Executive Director of Securities  
Financial and Consumer Services Commission (NB)  
Tel: 506-643-7856  
Email: [To-Linh.Huynh@fcnb.ca](mailto:To-Linh.Huynh@fcnb.ca)



**Schedule "A"**

**FINANCIAL AND CONSUMER SERVICES COMMISSION**

**LOCAL RULE 25-501**

***DESIGNATION AS A MARKET PARTICIPANT***

**Definitions**

1. Terms defined in the *Securities Act* (New Brunswick) and in National Instrument 14-101 *Definitions* and used in this Instrument have the respective meanings ascribed to those terms in the *Securities Act* and that Instrument.

**Designation as a Market Participant**

2. An issuer that is not a reporting issuer in New Brunswick that distributes securities in reliance on any of the exemptions in subsections 2.3(1), 2.5(1) or 2.10(1) of National Instrument 45-106 *Prospectus Exemptions* is designated a market participant under the *Securities Act*.

**Effective Date**

3. This rule comes into force on 1 March 2021.