



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

**AND**

**IN THE MATTER OF**

***TRANSITIONAL RELIEF RELATED TO THE ELIMINATION OF THE DEFERRED SALES CHARGE OPTION IN RESPECT OF CLIENT FOCUSED REFORMS ENHANCED CONFLICTS OF INTEREST AND CLIENT FIRST SUITABILITY PROVISIONS OF NATIONAL INSTRUMENT 31-103 REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS***

**Blanket Order 31-535**

**Section 208**

**Definitions**

1. Terms defined in the *Act*, National Instrument 14-101 *Definitions* and National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (“**NI 31-103**”), National Instrument 81-105 *Mutual Fund Sales Practices* (“**NI 81-105**”) and Blanket Order 31-352 *Relief in respect of Client Focused Reforms Conflict of Interest Provisions of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations* (“**Blanket Order 31-352**”) have the same meaning in this Blanket Order unless otherwise defined herein.

**Exemptive Relief**

2. On 3 October 2019, the Canadian Securities Administrators (the “**CSA**”) adopted amendments to NI 31-103 to implement reforms to enhance the client-registrant relationship (the “**Client Focused Reforms**”) which affect all registrants. The CSA provided for a phased transition period, with reforms relating to conflicts of interest and relationship disclosure information provisions taking effect on 31 December 2020, and the remaining reforms taking effect on 31 December 2021.
3. On 15 April 2020, the Financial and Consumer Services Commission (the “**Commission**”), pursuant to Blanket Order 31-352, extended the date for implementation of the conflicts of interest provisions in the Client Focused Reforms from 31 December 2020 to 30 June 2021, subject to certain conditions.
4. The Commission has delegated to the Executive Director of Securities (the “**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.
5. On 6 February 2021, amendments to NI 81-105 were approved by the Commission, which prohibit (the “**DSC ban**”) the payment by fund organizations of upfront sales commissions to dealers, which will result in the discontinuation of all forms of a compensation model referred to as the deferred sales charge option, including low-load options (collectively, the “**DSC option**”). In order to give dealers time to transition away from the DSC option, the DSC ban will not be effective until 1 June 2022 (the “**DSC transition period**”).

6. The overlapping periods between the implementation of the enhanced conflicts of interest and “client first” suitability requirements of the CFRs and the implementation of the DSC ban will present operational challenges for registrants using the DSC option during the DSC transition period in respect of sales of DSC products and the Commission is of the view that relief is appropriate in the circumstances.
7. The Executive Director considers that it would not be prejudicial to the public interest to make the following Blanket Order.

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

8. This Blanket Order provides a registrant, in respect of a trade in a security of an investment fund that results in the payment of an upfront sales commission and is subject to a deferred sales charge, with an exemption from the requirements set out in:
  - a) sections 13.4 and 13.4.1 of NI 31-103 (the “**enhanced conflicts requirements**”) that the registrant is required to comply with as of 30 June 2021, pursuant to paragraph 35(1)(a) of the Amending Instrument, as amended by Blanket Order 31-352; and
  - b) paragraph 13.3(1)(b) of NI 31-103 (the “**client first suitability requirement**”) that the registrant is required to comply with as of 31 December 2021, pursuant to section 35(2) of the Amending Instrument.
9. The exemptions provided to a registrant by this Blanket Order are conditional on the registrant complying with:
  - a) the amendments to Part 13 of NI 31-103 that the registrant is required to comply with as of 30 June 2021, pursuant to paragraph 35(1)(a) of the Amending Instrument, as amended by Blanket Order 31-532, except for the enhanced conflicts requirements, which are not required to be complied with until the exemptions provided by this Blanket Order expire;
  - b) the amendments to NI 31-103 that the registrant is required to implement as of 31 December 2021, pursuant to section 35(2) of the Amending Instrument, except for the client first suitability requirement, when those amendments become effective (and, for greater certainty, other than the enhanced conflicts requirements exempted under paragraph (a)); and
  - c) section 13.4 of NI 31-103 as it read on 30 December 2020.
10. This Blanket Order takes effect 30 June 2021 and expires on 1 June 2022.

**Dated** at Saint John, New Brunswick, this 22<sup>nd</sup> day of June 2021.

***“original signed by”***

---

To-Linh Huynh  
Executive Director