

**NOTICE OF AMENDMENTS TO NATIONAL INSTRUMENT 31-103  
*REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT  
OBLIGATIONS***

**AND**

**AMENDMENTS TO COMPANION POLICY 31-103CP *REGISTRATION  
REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS***

**November 25, 2011**

**Introduction**

The Canadian Securities Administrators (the CSA or we) are implementing amendments (the Amendments) to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103 or the Rule) and Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (the Companion Policy) related to the exemptions for members of a self-regulatory organization (SRO) and their dealing representatives in Parts 3 and 9 of the Rule. The Amendments are subject to approvals, including ministerial approvals. On May 13, 2011 we published similar material for comment (the May 2011 Proposal).

**Contents of this notice**

This notice gives an overview of the Amendments and contains the following annexes:

- Annex A – Amending instrument to NI 31-103
- Annex B - Amendments to the Companion Policy
- Annex C - Adoption of the Amendments

**Purpose and substance of the Amendments**

Sections 9.3 and 9.4 of NI 31-103 provide exemptions to registered firms that are members of the Investment Industry Regulatory Organization of Canada (IIROC) or the Mutual Fund Dealers Association of Canada (MFDA) from a number of provisions in NI 31-103, on the basis that these SROs have provisions that deal with the same subject matter. Similarly, section 3.16 provides exemptions for registered individuals who are dealing representatives of these registered firms from certain provisions in NI 31-103, on the basis that they are subject to SRO provisions that deal with the same subject matter.

Under the Amendments, these exemptions will not be available to these registered firms and registered individuals unless these firms and individuals comply with the corresponding SRO provision set out in Appendix G or Appendix H of NI 31-103. This will mean that registered firms or registered individuals that do not comply with an SRO provision will have to comply with the corresponding NI 31-103 provision; if they do not, they will be subject to the same enforcement regime that applies to other registrants that fail to comply with NI 31-103.

Specifically, we are amending sections 3.16, 9.3 and 9.4 of NI 31-103 in order to add, as a condition to the exemptions provided in these sections, that the registered individual or the registered firm comply with, in the case of an investment dealer firm, the specified corresponding provisions of by-laws, rules, regulations and policies of IIROC or, in the case of a mutual fund dealer firm, the specified corresponding provisions of by-laws, rules, regulations and policies of the MFDA.

The Amendments to the Companion Policy are designed to clarify the application of the Amendments to the Rule.

### **Response to comments received on the May 2011 Proposal**

We received two comment letters on the May 2011 Proposal, from BMO Private Client Group and Royal Mutual Funds Inc., and thank both commenters. Copies of the comment letters are posted on the following websites:

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

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

The only comment within the scope of the May 2011 Proposal expressed a preference for the current enforcement regime, the commenter being of the view the Amendments to the Rule would increase the regulatory burden for registrants and their dealing representatives by creating a “double jeopardy situation” for IIROC or MFDA member firms.

We do not agree. We are of the view that compliance with the corresponding IIROC and MFDA provisions is an appropriate condition to the exemptions provided in Parts 3 and 9 of the Rule.

### **Changes to the May 2011 Proposal**

We have not made any changes to the Rule which were not set out in the May 2011 Proposal. We have made a change to the Companion Policy in order to clarify that we consider an individual or a firm that has an exemption from an SRO provision and complies with the terms of that exemption to have complied with that SRO provision.

### **Adoption of the Amendments**

Provided all necessary approvals are obtained, including ministerial approvals, the Amendments

to the Rule will come into force on February 28, 2012. The changes to the Companion Policy would become effective on the same date. Additional information about the adoption processes for some jurisdictions is provided in Annex C of this Notice.

### **Where to find more information**

The Rule and the Companion Policy are available on websites of CSA members, including:

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

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

[www.besc.bc.ca](http://www.besc.bc.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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