

**CSA Notice of Amendments to National Instrument 31-103  
*Registration Requirements, Exemptions and Ongoing Registrant  
Obligations* and to Companion Policy 31-103CP  
*Registration Requirements, Exemptions and Ongoing Registrant  
Obligations*  
(Cost Disclosure, Performance Reporting  
and Client Statements)**

**March 28, 2013**

**Introduction**

The Canadian Securities Administrators (the CSA or we) are implementing amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103 or the Rule) as well as Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (31-103CP or the Companion Policy) (collectively, the Amendments). We refer to the Rule and Companion Policy as the “Instrument”.

The Amendments are relevant to all categories of registered dealer and registered adviser, with some application to investment fund managers.

The Amendments have been or are expected to be adopted by each member of the CSA. We expect the requirements for members of the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association of Canada (MFDA) (together referred to as the self-regulatory organizations or SROs) to be materially harmonized.

In some jurisdictions, ministerial approvals are required for the implementation of the Amendments. Subject to obtaining all necessary approvals, the Amendments will come into force on **July 15, 2013**.

The text of the Amendments to the Rule is in Annex C to this Notice. A black-lined extract of the Companion Policy, incorporating the Amendments is in Annex D to this Notice. The Amendments are available on websites of CSA jurisdictions, including the following:

[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.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)

A black-lined extract of the Rule, incorporating the Amendments, is available on some CSA websites.

## **Substance and Purpose**

The substance and purpose of the Amendments is to ensure that clients of all registrants receive clear and complete disclosure of all charges and registrant compensation associated with the investment products and services they receive, and meaningful reporting on how their investments perform.

## **Background**

The CSA have been developing requirements in a number of areas related to a client's relationship with a registrant. This initiative is referred to as the Client Relationship Model (CRM) Project. The first phase of the CRM Project included relationship disclosure information delivered to clients at account opening and comprehensive conflicts of interest requirements, and was incorporated into the Instrument when it came into force on September 28, 2009. These Amendments, proposals for which had been published for initial comment on June 22, 2011 (the 2011 Proposal) and for second comment on June 14, 2012 (the 2012 Proposal), represent the second phase of the CRM Project and introduce performance reporting requirements and enhance existing cost disclosure requirements in the Rule, as well as introduce some new client statement requirements.

## **Summary of Written Comments Received by the CSA on the 2012 Proposal**

During the second comment period, we received submissions from 65 commenters. We have considered the comments received and thank all of the commenters for their input. A summary of the comments we received on the 2012 Proposal together with our response and a list of the commenters is contained in Annex B to this Notice.

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)

## **Summary of Changes to the Instrument**

After considering the comments, we have made some changes to certain of the proposed amendments which were in the 2012 Proposal. As these changes are not material, we are not republishing the Amendments for a further comment period. A description of the key changes we made to the Instrument and the 2012 Proposal is contained in Annex A of this Notice.

## **Transition**

We are providing for a phased implementation of the Amendments over three years after they come into force. A summary of the transition periods is included in Annex A.

## **Annexes**

- A. Summary of Changes to the Instrument
- B. Summary of Comments and Responses on the 2012 Proposal
- C. Amending Instrument to NI 31-103
- D. Amendments to the Companion Policy

## **Questions**

Please refer your questions to any of the following:

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