

## CSA Staff Notice 31-315

### **Omnibus / blanket orders exempting registrants from certain provisions of National Instrument 31-103 *Registration Requirements and Exemptions***

Since the coming into force of National Instrument 31-103 *Registration Requirements and Exemptions* (NI 31-103), the Canadian Securities Administrators (the CSA or we) have received applications requesting exemptions from certain provisions of the Instrument. CSA members have issued orders (the “orders”) that provide

- The continuation of transition/grandfathering provisions for persons and companies adding a jurisdiction
- Relief from the chief compliance officer (CCO) proficiency requirements for portfolio managers adding a category
- Relief from proficiency requirements for portfolio managers adding registration in the mutual fund dealer or exempt market dealer category
- Relief from the time limits on examination requirements for dealing representatives of exempt market dealers (in Ontario and Newfoundland and Labrador only) and scholarship plan dealers in all jurisdictions who were registered when NI 31-103 came into force
- Relief from client notification requirements under section 14.5 of NI 31-103 for certain Canadian registrants with head offices outside of the local jurisdiction
- Relief from requirements to establish whether a client is an insider under section 13.2(2)(b) of NI 31-103 for mutual fund dealers

This Notice summarizes the orders, which will take effect on February 26, 2010.

We are publishing the orders with this Notice. The orders are also 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.msc.gov.mb.ca](http://www.msc.gov.mb.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)

**1. Continuation of transition/grandfathering provisions for persons and companies adding a jurisdiction**

Under several provisions of Part 16 [*Transition*] of NI 31-103, a person or company may be exempt from another provision of NI 31-103. However, as drafted, the exemptions available in Part 16 are only available in a jurisdiction if the person or company was registered in that jurisdiction when NI 31-103 came into force.

Each regulator has issued an order that provides an exemption from a requirement in the jurisdiction of the regulator if the person or company is exempt from the same requirement in another jurisdiction due to the application of a section in Part 16.

**2. Relief from CCO proficiency requirements for portfolio managers adding a category**

Paragraphs 3.6(b) [*Mutual fund dealer – chief compliance officer*], 3.10(b) [*Exempt market dealer – chief compliance officer*], and 3.14(c) [*Investment fund manager – chief compliance officer*] of NI 31-103 provide that an individual may be designated as a registrant's chief compliance officer if the individual has met the proficiency requirements for a chief compliance officer of a portfolio manager in section 3.13 [*Portfolio manager – chief compliance officer*].

However, as drafted, NI 31-103 does not allow a mutual fund dealer, exempt market dealer or investment fund manager to designate someone as its chief compliance officer where the individual is exempt from the proficiency in section 3.13 due to the application of subsection 16.9(2) [*Registration of chief compliance officers*].

Each regulator has issued an order that allows a portfolio manager that has added the category mutual fund dealer, exempt market dealer or investment fund manager to its registration to designate an individual as its chief compliance officer if the individual was designated as the firm's chief compliance officer due to the application of subsection 16.9(2) of NI 31-103.

**3. Relief from dealing representative proficiency requirements for portfolio managers adding registration in the mutual fund dealer or exempt market dealer category**

Paragraphs 3.5(b) [*Mutual fund dealer – dealing representative*] and 3.9(c) [*Exempt market dealer – dealing representative*] of NI 31-103 provide that an individual may act as a dealing representative of a mutual fund dealer and exempt market dealer if the individual has met the proficiency requirements of an advising representative of a portfolio manager in section 3.11 [*Portfolio manager – advising representative*]. However, as drafted, NI 31-103 does not allow an individual to act as a dealing representative of a mutual fund dealer or exempt market dealer where the individual is

exempt from the proficiency in section 3.11 due to the application of section 16.10(1) [*Proficiency for dealing and advising representatives*].

Each regulator has issued an order that allows an advising representative of a portfolio manager to act as a dealing representative of a mutual fund dealer or exempt market dealer if the individual is exempt from the proficiency in section 3.11 due to the application of section 16.10(1) of NI 31-103.

**4. *Relief from the time limits on examination requirements for dealing representatives of scholarship plan dealers and, in Ontario and Newfoundland and Labrador only, exempt market dealers, who were registered when NI 31-103 came into force***

Section 3.3 [*Time limits on examination requirements*] of NI 31-103 provides that an individual is deemed not to have passed an examination or successfully completed a program unless having done so within the time period set out in the section. This section applies to dealing representatives of scholarship plan dealers in all jurisdictions and exempt market dealers in Ontario and Newfoundland and Labrador only who, due to subsections 16.10(2) and (3) [*Change of registration categories – firms*], have a one year exemption from the proficiency requirements under sections 3.7 [*Scholarship plan dealer – dealing representative*] and 3.9 [*Exempt market dealer – dealing representative*].

Therefore, in order for these dealing representatives to be in compliance with their category's proficiency requirements on September 28, 2010 they must have met the examination or course requirements under those sections within the time period specified in section 3.3 of NI 31-103.

Each regulator has issued an order that exempts a dealing representative of a scholarship plan dealer from section 3.3 if the individual was registered as a dealing representative in that jurisdiction when NI 31-103 came into force and has remained registered since that date. The order in Ontario and Newfoundland and Labrador also exempts a dealing representative of an exempt market dealer if the individual was registered as a dealing representative in those jurisdictions when NI 31-103 came into force and has remained registered since that date.

**5. *Relief from client notification requirements under section 14.5 of NI 31-103 for certain Canadian registrants with head offices outside of the local jurisdiction s***

Section 14.5 [*Notice to clients by non-resident registrants*] of NI 31-103 provides that a unless a registered firm's head office is located in the same jurisdiction as a client of the firm, the firm must provide the client with a written statement disclosing information specified in that section.

Each regulator has issued an order that exempts a registered firm from section 14.5 if the firm's head office is in another jurisdiction of Canada and the firm has a physical place of business in the jurisdiction of the regulator.

**6. *Relief from the requirement to establish whether a client is an insider under paragraph 13.2(2)(b) of NI 31-103 for mutual fund dealers***

Paragraph 13.2(2)(b) [*Know your client*] of NI 31-103 provides that a registrant must take reasonable steps to establish whether a client is an insider of a reporting issuer or any other issuer whose securities are publicly traded.

Each regulator has issued an order that exempts a mutual fund dealer from paragraph 13.2(2)(b).

**Questions**

If you have questions regarding this Notice or the orders please direct them to any of the following:

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