

**CSA Multilateral Notice of Amendments to
Certain National, Multilateral and Local Instruments
and
Changes to Companion Policy 31-103 *Registration Requirements,
Exemptions and Ongoing Registrant Obligations*
related to
Derivatives Regulation in Alberta, New Brunswick,
Nova Scotia and Saskatchewan**

October 6, 2016

Introduction

The securities regulatory authorities in Alberta, New Brunswick, Nova Scotia and Saskatchewan (the **Participating Jurisdictions** or **we**) are making amendments to certain national, multilateral and local instruments and changes to a related companion policy (collectively, the **Amendments**).

The Amendments will become effective on February 1, 2017 subject, in certain jurisdictions, to obtaining the necessary Ministerial approvals.

The instruments and policy affected by the Amendments are as follows:

- Multilateral Instrument 11-102 *Passport System*,
- National Instrument 14-101 *Definitions*,
- National Instrument 21-101 *Marketplace Operation*,
- National Instrument 23-102 *Use of Client Brokerage Commissions*,
- National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*,
- Companion Policy 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*,
- National Instrument 55-104 *Insider Reporting Requirements and Exemptions*, and
- in New Brunswick, Financial and Consumer Services Commission (New Brunswick) Local Rule 31-502 *Supplementary Registration Requirements*.

The text of the Amendments is contained in Annexes A through H of this Notice and will also be available on the websites of the Participating Jurisdictions:

www.albertasecurities.com

www.fcnb.ca

www.nssc.novascotia.ca

www.fcaa.gov.sk.ca

Substance and Purpose

The Amendments address local amendments to legislation in Alberta, New Brunswick Nova Scotia and Saskatchewan that were introduced to provide a platform for the regulation of derivatives. The Amendments are being implemented to reflect this amended legislation.

Background

On December 13, 2013, amendments to the *Securities Act* (New Brunswick) (the **NB Act**) were proclaimed to create a framework for derivatives regulation. Among other things, the NB Act was amended to add a definition of “derivative” and to replace throughout the NB Act, where necessary, the terms “exchange contract” and “futures contract” with the term “derivative”.

On October 31, 2014 amendments to the *Securities Act* (Alberta) (the **AB Act**) were proclaimed to create a similar framework for derivatives regulation. Among other things, the AB Act was amended to add a definition of “derivative” and to replace throughout the AB Act, where necessary, the term “exchange contract” with the term “derivative”. Consequential amendments to certain national, multilateral and provincial rules were made, effective October 31, 2014. The consequential amendments proposed in Alberta are intended to harmonize language in the various instruments with the language proposed to apply in the other Participating Jurisdictions.

On February 10, 2016, amendments to *The Securities Act, 1988* (the **SK Act**) were proclaimed to provide a similar platform for regulation of derivatives. The overall effect of the amendments is to add a definition of “derivative” into the SK Act and to make consequential changes throughout the Act to reflect this such as replacing the word “exchange contract” with the word “derivative”.

On February 17, 2016, amendments to the *Securities Act* (Nova Scotia) (the **NS Act**) were proclaimed to provide a similar platform for regulation of derivatives. Among other things, the NS Act was amended to add a definition of “derivative”.

As a result of the amendments to the AB Act, the NB Act, the NS Act and the SK Act, certain national, multilateral and local instruments and policies are being amended to reflect changes to terminology.

On May 19, 2016, the securities regulatory authorities in Alberta, New Brunswick and Saskatchewan published proposed amendments and changes for a 60-day comment period which expired on July 18, 2016. On August 16, 2016, the securities regulatory authority in Nova Scotia

published proposed amendments and changes for a 30-day comment period which expired on September 15, 2016. The Participating Jurisdictions did not receive any comments. The Amendments have not been changed from the May 2016 and August 2016 proposals, except to consolidate the Nova Scotia Amendments into this Notice with the Alberta, New Brunswick and Saskatchewan Amendments.

Contents of Annexes

The following annexes form part of this CSA Multilateral Notice:

Annex A	Amendments to Multilateral Instrument 11-102 <i>Passport System</i>
Annex B	Amendments to National Instrument 14-101 <i>Definitions</i>
Annex C	Amendments to National Instrument 21-101 <i>Marketplace Operation</i>
Annex D	Amendments to National Instrument 23-102 <i>Use of Client Brokerage Commissions</i>
Annex E	Amendments to National Instrument 31-103 <i>Registration Requirements, Exemptions and Ongoing Registrant Obligations</i>
Annex F	Changes to Companion Policy 31-103 <i>Registration Requirements, Exemptions and Ongoing Registrant Obligations</i>
Annex G	Amendments to National Instrument 55-104 <i>Insider Reporting Requirements and Exemptions</i>
Annex H	Local amendments to Financial and Consumer Services Commission (New Brunswick) Local Rule 31-502 <i>Supplementary Registration Requirements</i>

Questions

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ANNEX A

AMENDMENTS TO MULTILATERAL INSTRUMENT 11-102 PASSPORT SYSTEM

1. *Multilateral Instrument 11-102 Passport System is amended by this Instrument.*
2. *Appendix D is amended as follows:*
 - (a) *in respect of the row entitled “Trading exchange contracts on an exchange in jurisdiction” by replacing*
 - (i) *under the column titled “Alberta” replacing “s.106 & 107” with “n/a”,*
 - (ii) *under the column titled “Saskatchewan” replacing “s.40” with “n/a”, and*
 - (iii) *under the column titled “New Brunswick” replacing “s.70.1” with “n/a”, and*
 - (b) *in respect of the row entitled “Trading exchange contracts on an exchange outside jurisdiction” by replacing*
 - (iv) *under the column titled “Alberta” replacing “s.108 & 109” with “n/a”,*
 - (v) *under the column titled “Saskatchewan” replacing “s.41” with “n/a”, and*
 - (vi) *under the column titled “New Brunswick” replacing “s.70.2” with “n/a”.*
3. (1) This Instrument comes into force on February 1, 2017.
- (2) In Saskatchewan, despite subsection (1), if these regulations are filed with the Registrar of Regulations after February 1, 2017, these regulations come into force on the day on which they are filed with the Registrar of Regulations.

ANNEX B

**AMENDMENTS TO
NATIONAL INSTRUMENT 14-101 DEFINITIONS**

1. *National Instrument 14-101 Definitions is amended by this Instrument.*

2. *Subsection 1.1(3) is amended by adding the following definition:*

“exchange contract” means, in Alberta, New Brunswick, Nova Scotia and Saskatchewan, a derivative:

- (a) that is traded on an exchange;
- (b) that has standardized terms and conditions determined by that exchange; and
- (c) for which a clearing agency substitutes, through novation or otherwise, the credit of the clearing agency for the credit of the parties to the derivative..

3. (1) This Instrument comes into force on February 1, 2017.

(2) In Saskatchewan, despite subsection (1), if these regulations are filed with the Registrar of Regulations after February 1, 2017, these regulations come into force on the day on which they are filed with the Registrar of Regulations.

ANNEX C

AMENDMENTS TO NATIONAL INSTRUMENT 21-101 MARKETPLACE OPERATION

1. *National Instrument 21-101 Marketplace Operation is amended by this Instrument.*

2. *Section 1.4 is amended by adding the following subsection:*

(4) In Alberta, New Brunswick, Nova Scotia and Saskatchewan, the term “security”, when used in this Instrument, includes an option that is an exchange contract..

3. (1) This Instrument comes into force on February 1, 2017.

(2) In Saskatchewan, despite subsection (1), if these regulations are filed with the Registrar of Regulations after February 1, 2017, these regulations come into force on the day on which they are filed with the Registrar of Regulations.

ANNEX D

AMENDMENTS TO NATIONAL INSTRUMENT 23-102 *USE OF CLIENT BROKERAGE COMMISSIONS*

1. *National Instrument 23-102 Use of Client Brokerage Commissions is amended by this Instrument.*

2. *Section 1.2 is replaced with the following*

1.2 Interpretation – Security

For the purposes of this Instrument,

- (a) in British Columbia, “security” includes an exchange contract;
- (b) in Quebec, “security” includes a standardized derivative, and
- (c) in Alberta, New Brunswick, Nova Scotia and Saskatchewan, “security” includes a derivative..

3. (1) This Instrument comes into force on February 1, 2017.

(2) In Saskatchewan, despite subsection (1), if these regulations are filed with the Registrar of Regulations after February 1, 2017, these regulations come into force on the day on which they are filed with the Registrar of Regulations.

ANNEX E

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

1. *National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations is amended by this Instrument.*
2. *Section 1.2 is replaced with the following*
 - 1.2 **Interpretation of “Securities” in Alberta, British Columbia, New Brunswick, Nova Scotia and Saskatchewan**
 - (1) In British Columbia, a reference to “securities” in this Instrument includes “exchange contracts”, unless the context otherwise requires.
 - (2) In Alberta, New Brunswick, Nova Scotia and Saskatchewan, a reference to “securities” in this Instrument includes “derivatives”, unless the context otherwise requires..
3. *Section 8.2 is amended by*
 - (a) *adding “, Nova Scotia” before “and Saskatchewan” in the heading,*
 - (b) *replacing subsection (1) with the following:*

Despite section 1.2, in Alberta, British Columbia, New Brunswick, Nova Scotia and Saskatchewan, a reference to “securities” in this Division excludes “exchange contracts”, *and*
 - (c) *in Alberta, repealing subsection (2).*
4. *Section 8.20 is amended by*
 - (a) *adding “, Nova Scotia” before “and Saskatchewan” in the heading,*
 - (b) *replacing subsection (1) with the following:*

In Alberta, British Columbia, New Brunswick, Nova Scotia and Saskatchewan, the dealer registration requirement does not apply to a person or company in respect of a trade in an exchange contract by the person or company if one of the following applies:

- (a) the trade is made through a registered dealer, if the dealer is registered in a category that permits the trade unless, in furtherance of the trade, the person or company seeking the exemption solicits or contacts directly any purchaser or prospective purchaser in relation to the trade;
- (b) the trade is made to a registered dealer who is purchasing as principal, if the dealer is registered in a category that permits the trade., **and**

(c) ***in Alberta, repealing subsection (1.1).***

5. Section 8.20.1 is amended by

- (a) ***adding “, Nova Scotia” before “and Saskatchewan” in the heading,***
- (b) ***replacing subsection (1) with the following:***

In Alberta, British Columbia, New Brunswick, Nova Scotia and Saskatchewan, the dealer registration requirement does not apply to a registered adviser, or an advising representative or associate advising representative acting on behalf of the registered adviser, in respect of trading activities related to exchange contracts that are incidental to its providing advice to a client, if the trade is made through a dealer registered in a category that permits the trade or a dealer operating under an exemption from the dealer registration requirement., **and**

(c) ***in Alberta, repealing subsection (1.1).***

6. Section 8.26 is amended by

- (a) ***replacing subsection (1) with the following:***

Despite section 1.2, in Alberta, British Columbia, New Brunswick, Nova Scotia and Saskatchewan, a reference to “securities” in this section excludes “exchange contracts”, **and**

(b) ***in Alberta, repealing subsection (1.1).***

7. (1) This Instrument comes into force on February 1, 2017.

(2) In Saskatchewan, despite subsection (1), if these regulations are filed with the Registrar of Regulations after February 1, 2017, these regulations come into force on the day on which they are filed with the Registrar of Regulations.

ANNEX F

CHANGES TO COMPANION POLICY 31-103 REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS

1. *The changes to Companion Policy 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations are set out in this document.*
2. *Appendix B – Terms defined in National Instrument 14-101 Definitions is changed by adding the following:*
 - “exchange contract (AB, SK, NB and NS only)”.
3. *Appendix B - Terms defined in the Securities Act of most jurisdictions is changed by replacing “exchange contract (BC, AB, SK and NB only)” with “exchange contract (BC only)”.*
4. These changes become effective on February 1, 2017.

ANNEX G

AMENDMENTS TO NATIONAL INSTRUMENT 55-104 *INSIDER REPORTING REQUIREMENTS AND EXEMPTIONS*

1. *National Instrument 55-104 Insider Reporting Requirements and Exemptions is amended by this Instrument.*
2. *Subsection 1.1(1) is amended in the definition of “derivative”*
 - (a) *in paragraph (a)*
 - (i) *by adding “Nova Scotia,” before “Nunavut”, and*
 - (ii) *by adding “, Saskatchewan” before “and the Yukon Territory”, and*
 - (b) *in paragraph (b)*
 - (i) *by adding “Nova Scotia,” before “Nunavut”, and*
 - (ii) *by adding “, Saskatchewan” before “and the Yukon Territory”.*
3. (1) This Instrument comes into force on February 1, 2017.
- (2) In Saskatchewan, despite subsection (1), if these regulations are filed with the Registrar of Regulations after February 1, 2017, these regulations come into force on the day on which they are filed with the Registrar of Regulations.

ANNEX H

LOCAL MATTERS

There are no applicable local matters in Alberta to consider at this time.