



Canadian Securities Administrators
Autorités canadiennes en valeurs mobilières

CSA Notice of Amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* Prohibition on the Use of Chargebacks in the Distribution of Investment Fund Securities

October 8, 2026

Introduction

The Canadian Securities Administrators (the **CSA** or **we**) are adopting amendments (the **Amendments**) to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) to prohibit the use of chargebacks in the distribution of securities of investment funds that are reporting issuers (the **Chargeback Ban**)¹.

The Amendments have been or are expected to be adopted by each member of the CSA.

The Canadian Investment Regulatory Organization (**CIRO**) participated in the development of the Amendments. CIRO expects to amend their respective member rules, policies and guidance to be uniform with the Amendments in all material respects.

In some jurisdictions, ministerial approval is required. Subject to such approvals, the Amendments will come into force on October 1, 2028 and will be subject to the transition provisions discussed below.

The text of the Amendments is set out in Annex B of this notice and will be available on websites of the following CSA jurisdictions:

www.bcsc.bc.ca
www.asc.ca
www.fcaa.gov.sk.ca
www.mbsecurities.ca
www.osc.ca
www.lautorite.qc.ca
www.fcnb.ca
nssc.novascotia.ca

¹ The BC Securities Commission (BCSC) is not publishing this notice announcing the advance notice of the anticipated adoption of the Amendments at this time. Staff of the BCSC anticipate doing so following the British Columbia provincial election.

Substance and Purpose

The Amendments address the inherent significant conflict of interest associated with the use of chargebacks in the distribution of securities of investment funds that are reporting issuers (**Chargebacks**). The Amendments are intended to strengthen investor protection and maintain investor confidence in our capital markets.

Background

On June 26, 2025, the CSA published for comment proposed amendments (the **Proposed Amendments**) to NI 31-103 to prohibit the use of Chargebacks in order to better align the interests of dealing representatives with the interests of their clients.

Under a compensation model using Chargebacks, a dealing representative is paid an upfront commission, fee or compensation by the dealer firm or another registered firm when a client serviced by the representative purchases securities. Chargebacks occur when the client redeems all or part of their securities before the end of a fixed schedule as determined, generally, by the dealer firm (the **Chargeback Period**), and the dealing representative is required to pay back all, or part, of the upfront commission or compensation received. The use of Chargebacks raises an inherent conflict of interest due to the misalignment of the interests of dealing representatives and their clients. A dealing representative benefits financially by being able to keep the entire amount of the upfront commission if their client does not redeem their securities until after the Chargeback Period. However, a client may want to, or need to, redeem all or part of their securities before the end of the Chargeback Period. It is also reasonably foreseeable that when reassessing the suitability of securities held by a client, including upon the required periodic review of know your client information prescribed by securities legislation, a dealing representative may also be influenced to put their financial interests ahead of their client's interests and recommend that a client continue to hold securities which are subject to a Chargeback Period. The conflict of interest from the use of Chargebacks increases as the amount of the upfront commission and the duration of the Chargeback Period increase.

The deferred sales charge (**DSC**), which is now banned, raised similar investor protection issues. While the DSC involved charges paid by the investor, Chargebacks are a compensation practice that involves payments between registrants (i.e., where a redemption by a client may trigger a repayment of all or part of an upfront commission by the dealing representative to their dealer firm).

In both cases, however, the interests of different parties, such as the interests of the client and those of a registrant, are inconsistent or divergent. More specifically, Chargebacks give rise to an inherent conflict of interest because (i) the dealing representative may be influenced to put their interests ahead of their client's interests, and (ii) there is a potential detriment to which the dealing representative may be subject, which may compromise the trust that a reasonable client has in their dealing representative. In particular, a dealing representative may attempt to dissuade their client from redeeming all or part of their securities in order to avoid paying back all or part of the upfront commissions that the dealing representative has received from the dealer firm.

Although current use of Chargebacks is limited, the CSA considers it important at this time to address this significant investor protection issue proactively before Chargebacks become entrenched and a widespread industry practice. The ban on Chargebacks would apply to all registrants involved in the distribution of securities of investment funds that are reporting issuers.

Summary of Written Comments Received by the CSA

The CSA received 22 comment letters on the Proposed Amendments. We thank all commenters for their input. Annex A sets out the summary of the comments, our responses and the names of the commenters.

Copies of the comment letters are available on the websites of the Alberta Securities Commission at www.asc.ca, the Ontario Securities Commission at www.osc.ca, and the Autorité des marchés financiers at www.lautorite.qc.ca.

Summary of Changes to the Proposed Amendments

After considering the comments received, we have made some non-material changes to the Proposed Amendments. These changes are reflected in the Amendments that we are publishing as Annex B to this notice and include the following:

- a revised implementation period of 24 months; and
- a legacy provision clarifying that the ban on Chargebacks does not apply to a redemption by a client of a registrant of a security of an investment fund that is a reporting issuer if the client purchased the security before the effective date.

As these changes are not material, we are not republishing the Amendments for further comment.

(a) Transition period

At the publication for comment stage, we proposed that these amendments would come into force six months after the final publication date. Some commenters acknowledged that although the ban promotes investor protection, firms would need to make significant changes to redesign their compensation models, which would require additional time. They recommended an adjustment of the prohibition and transition period for compliance. More specifically, we understand that two scholarship plan dealers (**SPDs**), in order to comply with the prohibition, would need to review and amend their compensation practices and compliance systems, including making changes to their policies, procedures and controls to implement the prohibition, in addition to training their registered representatives, all according to the scale of their operations. We note that the use of Chargebacks by SPDs as part of their compensation arrangements is not a new practice and has been in place for many years, in some cases more than a decade. We recognize the need for a longer implementation period to provide SPDs with sufficient time to adjust their compensation practices and models. The CSA has considered the feedback received and we propose a revised implementation period of 24 months.

(b) Legacy provision

The Amendments clarify that the ban does not apply to a redemption by a client of a registrant of a security of an investment fund that is a reporting issuer if the client purchased the security before the effective date (**legacy provision**).

(c) Clarification of scope

An industry commenter supported the prohibition in principle but requested clarification on whether the ban would apply to certain commission recovery practices, specifically:

- recoveries of commissions paid upfront to a representative in connection with pre-authorized contributions (**PACs**) or auto-switches that are cancelled prior to execution during a specified time period (the **PACs Scenario**); and
- recoveries of commissions paid upfront to a representative in connection with transfers (in cash or in kind) to another financial institution occurring during a specified time period (the **Transfers Scenario**).

PACs Scenario

In some compensation structures, representatives are paid upfront commissions based on the total anticipated value of a PAC arrangement. Where a client cancels the PAC during the agreed period (e.g., after 6 months of a 12-month plan), the firm may recover the portion of commissions attributable to the remaining period.

We are of the view that this scenario does not fall within the scope of the Chargeback Ban, as the commission recovery by the firm is not triggered by a redemption of securities by the client. However, this arrangement raises similar conflicts of interest to those underlying Chargebacks. In particular, representatives may have an incentive to discourage clients from cancelling PACs in order to avoid the loss of the upfront compensation which was paid to them. The CSA is of the view that the conflict raised by the PACs Scenario is an inherent conflict of interest and is, in our experience, almost always a material conflict of interest which we expect registrants to address in the best interest of their clients. This may require registrants to avoid these types of material conflicts of interest associated with such compensation structures, if the conflict is not or cannot be otherwise addressed in the best interest of the client.

Transfers Scenario

With respect to recoveries of commissions paid upfront to a representative in connection with transfers (in cash or in kind) to other financial institutions, we are of the view that this scenario does not fall within the scope of the Chargeback Ban to the extent that the recovery of commissions is not triggered by a redemption of securities. However, as with all compensation arrangements, registrants must comply with their conflicts of interest obligations, which in some cases, may require changes to their compensation practices in order to demonstrate that material conflicts of interest have been addressed in the best interest of their clients. We note that the ban would apply to a redemption that occurs prior to the transfer, as the recovery in that case would be connected to a redemption of securities.

Transition

Provided all ministerial approvals are obtained, the Amendments will come into force on October 1, 2028.

Content of Annexes

The text of the Amendments, as well as the Summary of Comments on the Proposed Amendments and the CSA's Responses is contained in the following annexes to this notice and is available on the websites of members of the CSA:

Annex A: Summary of Comments on the Proposed Amendments and CSA Responses

Annex B: Amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*

Annex C: Adoption of the Amendments

Questions

Please refer your questions to any of the following:

BC Securities Commission

Kathryn Anthistle
Senior Legal Counsel, Legal Services
Capital Markets Regulation Division
Tel: 604-899-6536
Email: kanthistle@bcsc.bc.ca

Alberta Securities Commission

Ali Zaheer
Senior Regulatory Analyst
Tel: 403-297-2422
Email: ali.zaheer@asc.ca

Financial and Consumer Affairs Authority of Saskatchewan

Curtis Brezinski
Acting Director, Capital Markets
Securities Division
Tel: 306-787-5876
Email: curtis.brezinski@gov.sk.ca

Manitoba Securities Commission

Chris Besko
Executive Director
Tel: 204-945-2561
1-800-655-5244 (Toll Free Manitoba only)
Email: chris.besko@gov.mb.ca

Ontario Securities Commission

Kat Szybiak
Senior Legal Counsel
Investment Management Division
Tel: 416-593-3686
Email: kszybiak@osc.gov.on.ca

Stephen Paglia,
Vice-President
Investment Management Division
Tel: 416-593-2393
Email: spaglia@osc.gov.on.ca

Elizabeth Topp
Associate Vice-President,
Investment Management Division
Tel: 416-593-2377
Email: etopp@osc.gov.on.ca

Autorité des marchés financiers
Gabriel Chénard
Senior Policy Analyst
Financial Services Policy
Tel.: 514-395-0337, ext. 4482
Toll-free: 1-800-525-0337, ext. 4482
Email: gabriel.chenard@lautorite.qc.ca

Financial and Consumer Services Commission of New Brunswick
Clayton Mitchell
Registration and Compliance Manager
Securities Division
Tel: 1-866-933-2222
Email: clayton.mitchell@fcnb.ca

Nova Scotia Securities Commission
Brian Murphy
Manager, Registrant Regulation
Tel: 902-425-4592
Email: brian.murphy@novascotia.ca

ANNEX A

SUMMARY OF COMMENTS AND CSA RESPONSES ON THE PROPOSED AMENDMENTS TO

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

PROHIBITION ON THE USE OF CHARGEBACKS IN THE DISTRIBUTION OF INVESTMENT FUND SECURITIES

(June 26, 2025)

Table of Contents	
Part 1	Background
Part 2	General Comments
Part 3	Comments on the Proposed Amendments
Part 4	Questions for Comment
Part 5	List of Commenters

Part 1 – Background
The Canadian Securities Administrators (the CSA or we) proposed amendments to prohibit the use of chargebacks (Chargebacks) in the distribution of investment fund securities in order to better align the interests of dealing representatives with the interests of their clients. Chargebacks involve a compensation practice where a dealing representative is paid an upfront commission, fee or compensation when a client purchases securities. Chargebacks occur when the client redeems all or part of their securities before the end of a fixed schedule as determined by the dealer firm and the dealing representative is required to pay back all, or part, of the upfront commission or compensation received. On June 26, 2025, the CSA published for comment proposed amendments (the Proposed Amendments) to National Instrument 31-103 <i>Registration Requirements, Exemptions and Ongoing Registrant Obligations</i> (NI 31-103). We received 22 comment letters on the Proposed Amendments. The commenters are listed in Part 5. This document contains a summary of the comments we received and our responses. We have considered the comments received, and in response to the comments, we have made some amendments (the Amendments) to the Proposed Amendments.

Any comments we received that are related to other CSA policy initiatives were forwarded to the respective CSA working groups. This summary only includes comments that are related to the Proposed Amendments.

Part 2 – General Comments		
<u>Issue</u>	<u>Comments</u>	<u>Responses</u>
General Comments	Broad support for prohibition The majority of commenters strongly supported the CSA’s initiative to prohibit chargebacks. They agreed the practice creates conflicts of interest, incompatible with the Client Focused Reforms (CFRs), and should be banned outright rather than having further consultations. Some industry stakeholders objected to the prohibition, arguing that the existing NI 31-103 and CRO rules already address the conflicts of interest arising from the practice. One commenter viewed chargebacks as commercial arrangements which are not harmful to investors and suggested that the CSA’s prohibition is unnecessary. Another commenter highlighted potential regulatory arbitrage with the insurance sector and potential impact on less wealthy investors, preferring an approach based on targeted restrictions.	We thank the commenters for their comments and we appreciate the support from the majority of commenters. We are of the view that the Proposed Amendments complement the CFRs by clarifying with an explicit prohibition that registrants must address the conflicts of interest associated with the use of Chargebacks by avoiding this practice as opposed to implementing controls to mitigate those conflicts sufficiently. We believe investors will continue to have access to advice through a variety of business models.
	Investor-protection Many commenters emphasized that chargebacks distort professional judgment by penalizing advisors for redemptions, incentivizing retention of unsuitable investments, which undermine investor confidence. They viewed the prohibition as required to preserve the integrity of advice and align compensation with clients’ best interests.	We appreciate the support from the commenters.

Part 2 – General Comments		
<u>Issue</u>	<u>Comments</u>	<u>Responses</u>
Labour rights and fairness concerns	Some commenters argued that chargebacks unlawfully shift employer risk to employees, violating provincial labour standards legislation, and fair contracting standards for independent contractors. They urged the CSA to coordinate with provincial labour ministries to assess the legality of chargeback practices under wage protection laws.	We have not provided responses to the comments we received on topics that are outside the scope of the Proposed Amendments, including employment and labour issues.
Impact on advisors and firms	Some commenters acknowledged that although the ban promotes investor protection, firms would need to redesign compensation models. They recommended adjustment of prohibition and transition period for compliance.	We recognize that in order to implement the Amendments, registered firms will need to review and amend their compensation practices, compliance systems, including making changes to their policies, procedures and controls to implement the prohibition, and that they will also need to train their registered representatives, all according to the scale of their operations. We propose a revised implementation period of 24 months, which we believe will be sufficient.

Part 3 – Comments on the Proposed Amendments		
<u>Issue</u>	<u>Comments</u>	<u>Responses</u>
Support the Proposed Amendment	Most commenters supported the Proposed Amendments. A policy organisation strongly endorsed the Proposed Amendments, stating that chargebacks create unmanageable	We appreciate the support from the commenters.

Part 3 – Comments on the Proposed Amendments		
<u>Issue</u>	<u>Comments</u>	<u>Responses</u>
	conflicts and cannot be mitigated through disclosure.	
	An association representing certain investment dealers expressed support for the Proposed Amendments, stating that removal of distorted compensation structures would make the market more transparent and client-centred.	We appreciate the support from the commenters.
	An individual commenter supported the prohibition, given the manifest and unambiguous conflict of interest, and that the conflicts cannot be credibly mitigated.	We thank the commenter for their comments.
Opposing the Proposed Amendments	An investment organisation opposed the Proposed Amendments and argued that they are unnecessary and inconsistent with existing regulatory regimes. They argued that chargebacks do not inherently create conflicts, as current NI 31-103 and CRO rules already require advisors to act in their client's best interest. It also stated that foreign jurisdictions allow chargebacks and that chargebacks structures are common among insurance and annuity products.	We are of the view that the Proposed Amendments complement the CFRs by clarifying with an explicit prohibition that registrants must address the conflicts of interest associated with the use of Chargebacks by avoiding this practice as opposed to implementing controls to mitigate those conflicts sufficiently. We carefully considered alternatives to the Proposed Amendments, including not prohibiting the use of Chargebacks, providing guidance on the use of Chargebacks or prescribing restrictions on the use of Chargebacks. However, we have concluded that it is important at this time to

Part 3 – Comments on the Proposed Amendments		
<u>Issue</u>	<u>Comments</u>	<u>Responses</u>
		address this significant investor protection issue proactively with the Amendments in order to ban Chargebacks before they become entrenched and a widespread industry practice. In our view, allowing the use of Chargebacks to continue would not address the inherent conflict of interest arising from the use of Chargebacks.
Potential lack of harmonization with The Canadian Council of Insurance Regulators (CCIR)	One industry commenter highlighted the lack of harmonization of the CSA's proposed ban on chargebacks and the approach proposed by the CCIR which proposes to continue to allow the use of chargebacks in respect of sales of segregated funds subject to prescriptive guidance. This commenter argued that this regulatory arbitrage would result in unintended negative consequences for investors. Accordingly, they commented that the CSA should not proceed with the ban and instead consider the use of prescriptive controls in respect of the use of chargebacks.	We carefully considered the potential for disharmonization and alternatives to the Proposed Amendments, including not prohibiting the use of Chargebacks, providing guidance on the use of Chargebacks or prescribing restrictions on the use of Chargebacks. However, we have concluded that it is important at this time to address this significant investor protection issue proactively with the Amendments in order to ban Chargebacks before they become entrenched and a widespread industry practice. In our view, allowing the use of Chargebacks to continue even with prescribed controls would not adequately address the inherent conflict

Part 3 – Comments on the Proposed Amendments		
<u>Issue</u>	<u>Comments</u>	<u>Responses</u>
		of interest arising from the use of Chargebacks. Lastly, we note that securities and insurance firms have different business models and operate in distinct regulatory environments. We will however continue to consider how a harmonized approach could be achieved over the longer term.
Request for clarification or adjustment	An industry association supported the prohibition in principle but asked the CSA to clarify exactly which commission recoveries would be prohibited. Some dealers requested a transition period of at least two years in order to unwind their chargeback arrangements.	As described in the Notice, in respect of the recoveries of commissions paid upfront in connection with pre-authorized contributions (PACs) or auto-switches that are cancelled prior to the execution during a specified time period (e.g., 12 months), we are of the view that this scenario does not fall within the scope of the Chargeback Ban. However, this arrangement raises similar conflicts of interest to those underlying Chargebacks. In particular, representatives may have an incentive to discourage clients from cancelling PACs in order to avoid the loss of the upfront compensation which was paid to them. The CSA is of the view that the conflict raised by the PACs

Part 3 – Comments on the Proposed Amendments		
<u>Issue</u>	<u>Comments</u>	<u>Responses</u>
		Scenario is an inherent conflict of interest and is, in our experience, almost always a material conflict of interest which we expect registrants to address in the best interest of their clients. This may require registrants to avoid these types of material conflict of interest associated with such compensation structures, if the conflict is not or cannot be otherwise addressed in the best interest of the client. In respect of the recoveries of commissions paid upfront to a representative in connection with transfers (in cash or in kind) to another financial institution occurring during a specified time period , we are of the view that this scenario does not fall within the scope of the Chargeback Ban to the extent that the recovery of commissions is not triggered by a redemption of securities. However, as with all compensation arrangements, registrants must comply with their conflicts of interest obligations, which in some cases, may require changes to their compensation practices in order to demonstrate that material

Part 3 – Comments on the Proposed Amendments		
<u>Issue</u>	<u>Comments</u>	<u>Responses</u>
		conflicts of interest have been addressed in the best interest of their clients. We note that the ban would apply to a redemption that occurs prior to the transfer, as the recovery in that case would be connected to a redemption of securities.
	A dealer argued that a complete prohibition could have unintended consequences (e.g., disrupt client access to advice, prevent beneficial arrangements for investors, and create implementation and transition challenges). This commenter also suggested enhanced disclosure and a tiered or phased approach, instead of a complete prohibition.	Please see our responses under “Opposing the Proposed Amendments” in Part 3 above.
Scholarship Plan Dealers	An investment fund manager for scholarship plans requested an exemption or tailored approach for scholarship plans, highlighting that it would have to incur significant expenses if the prohibition was implemented without accommodations for scholarship plan dealers and that this would represent a substantial change to their business model. The commenter argued that they have implemented effective controls to manage this conflict. Their comments also highlighted the positive aspects for investors of the existing 60 day cooling off rights and	We are aware that the use of Chargebacks is a more established compensation practice with certain scholarship plan dealers and that in order to implement the Amendments, we understand that two scholarship plan dealers will need to review and amend their compensation practices, compliance systems, including making changes to their policies, procedures and controls to implement the prohibition, and that they will also need to train their registered representatives, all

Part 3 – Comments on the Proposed Amendments		
<u>Issue</u>	<u>Comments</u>	<u>Responses</u>
	associated disclosure obligations in mitigating conflicts of interests. An investor advocate group commented on the issue of scholarship plans, saying that the conflict of interest in the use of chargebacks also arises in scholarship plan dealers and asked regulators to review the compensation structure for group scholarship plans in particular.	according to the scale of their operations. While we have concluded that it is important at this time to address this significant investor protection issue with the Amendments in order to ban Chargebacks, we recognize the need for a longer implementation period which we anticipate will provide registered firms with sufficient time to adjust their compensation practices and model. Please see our responses under “Impact on advisors and firms” above. Lastly, the Amendments also provide that the ban does not apply to a redemption by a client of a registrant of a security of an investment fund that is a reporting issuer if the client purchased the security before the effective date.

Part 4 – Questions for Comment		
<u>Issue</u>	<u>Comments</u>	<u>Responses</u>
Question 1: Should securities of investment funds that are non-reporting issuers also be subject to the proposed ban on	Support for extension Most of the commenters supported extending the ban to non-reporting-issuer funds, reasoning that the same conflict of interests exists regardless of	We thank the commenters for their comments. We do not propose at this time to develop and propose for comment additional reforms to extend the prohibition to securities of investment

Part 4 – Questions for Comment		
<u>Issue</u>	<u>Comments</u>	<u>Responses</u>
the use of chargebacks? Why?	reporting status and that an exemption would invite regulatory arbitrage. Objection A dealer objected to the extension as it argued the extension could lead to chilling effect on capital formation and availability of private investment opportunities without a clear and demonstrated benefit to investor protection that would justify the disruption. An investment organisation stated that there is no evidence that this extended prohibition was needed.	funds that are non-reporting issuers. In our view, this would be a separate longer-term project.
Question 2 Are there other types of securities that should be subject to the proposed ban on the use of chargebacks? Why?	Support for broad application Certain commenters supported expanding the prohibition to any product involving upfront commissions and chargebacks to maintain consistency across retail investment channels. Objection A dealer argued the extension would be unnecessary and would create unintended negative consequences across the capital markets without a thorough analysis. An investment organisation stated that there is no evidence to support extending the prohibition.	We thank the commenters for their comments. We do not propose at this time to develop and propose for comment additional reforms to extend the prohibition to other types of securities. In our view, this would be a separate longer-term project.

Part 5 – List of Commenters

Buksa, H.

Canadian Association of Retired Persons

Canadian Bankers Association

Canadian Forum for Financial Markets

Canadian Independent Finance and Innovation Counsel Inc.
--

Carter, Timothy

Cloutier Groupe Financier

C.S.T. Savings Inc.

FAIR Canada / Canadian Foundation for Advancement of Investor Rights
--

Fieldstone, David

Financial Planning Association of Canada
--

Gourley, Stan

Investor Advisory Panel

Kenmar Associates

Kraska, Eva

PEAK Groupe Financier

Portfolio Strategies Corporation

Price, Rick

MacDonald, James

Naglie, Harvey S.

Rosen, Yegal

Whitehouse, Peter

ANNEX B

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. *Part 11 is amended by adding the following division:***

Division 4 Certain compensation practices

Compensation practices tied to redemptions of investment fund securities

- 11.11** (1) A registrant must not require and must not cause an affiliate to require, in connection with a redemption by a client of the registrant of a security of an investment fund that is a reporting issuer, that a registered firm or registered individual pay or reimburse all or part of an upfront commission, fee, sales charge or other compensation received by the registered firm or registered individual in connection with the purchase by the client of the security.
- (2) Subsection (1) does not apply to a redemption by a client of a registrant of a security of an investment fund that is a reporting issuer if the client purchased the security before October 1, 2028..

Effective Date

3.
 - (1) This Instrument comes into force on October 1, 2028.
 - (2) In Saskatchewan, despite subsection (1), if these regulations are filed with the registrar of regulations after October 1, 2028, these regulations come into force on the day on which they are filed with the registrar of regulations.

ANNEX C

ADOPTION OF THE AMENDMENTS

The Amendments to NI 31-103 will be implemented as:

- a rule in each of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island and Yukon,
- a regulation in Québec, and
- a commission regulation in Saskatchewan.

In Ontario, the Amendments, as well as other required materials, will be delivered to the Minister of Finance on or about October 8, 2026. The Minister may approve or reject these Amendments or return them for further consideration. If the Minister approves the Amendments or does not take any further action, the Amendments to NI 31-103 will come into force on October 1, 2028.

In Québec, the Amendments to NI 31-103 are adopted as a regulation made under section 331.1 of the *Securities Act* (Québec) and must be approved, with or without amendment, by the Minister of Finance. The regulation will come into force on the date of its publication in the *Gazette officielle du Québec* or on any later date specified in the regulation. It is also published in the *Bulletin of the Autorité des marchés financiers*.

In British Columbia, the implementation of the Amendments to NI 31-103 is subject to ministerial approval. If all necessary approvals are obtained, British Columbia expects these Amendments to come into force on October 1, 2028.

In Saskatchewan, the implementation of the Amendments to NI 31-103 is subject to ministerial approval. If all necessary approvals are obtained, these Amendments will come into force on October 1, 2028 or if after October 1, 2028, on the day on which they are filed with the Registrar of Regulations.