

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
www.albertasecurities.com
www.bsc.bc.ca
www.gov.ns.ca/nssc
www.nbsc-cvmnb.ca
www.osc.gov.on.ca
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

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.

Local Matters

Certain jurisdictions are publishing other information required by local securities legislation. In Ontario, this information is contained in Annex E of this Notice.

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
- E. Local matters, where applicable

Questions

Please refer your questions to any of the following:

Christopher Jepson
Senior Legal Counsel
Compliance and Registrant Regulation
Ontario Securities Commission
416-593-2379
cjepson@osc.gov.on.ca

Brian W. Murphy
Deputy Director, Capital Markets
Nova Scotia Securities Commission
902-424-4592
murphybw@gov.ns.ca

G rard Chagnon
Analyste expert en r glementation
Direction des pratiques de distribution et
des OAR
Autorit  des march s financiers
418-525-0337, ext 4815 and
1-877-525-0337 (Toll-free)
gerard.chagnon@lautorite.qc.ca

Ella-Jane Loomis
Legal Counsel
New Brunswick Securities Commission
506-658-3060
ella-jane.loomis@nbsc-cvmnb.ca

Kate Lioubar
Senior Legal Counsel
Capital Markets Regulation
British Columbia Securities Commission
604-899-6628 and
1-800-373-6393
klioubar@bcsc.bc.ca

Katharine Tummon
Director
Office of the Superintendent
of Securities, P.E.I.
902-368-4542
kptummon@gov.pe.ca

Navdeep Gill
Manager, Registration
Alberta Securities Commission
403-355-9043
navdeep.gill@asc.ca

Craig Whalen
Manager of Licensing, Registration and
Compliance
Office of the Superintendent of Securities
Government of Newfoundland and
Labrador
709-729-5661
cwhalen@gov.nl.ca

Dean Murrison
Director, Securities Division
Financial and Consumer Affairs Authority
of Saskatchewan
306-787-5842
dean.murrison@gov.sk.ca

Louis Arki
Director, Legal Registries
Department of Justice, Government of
Nunavut
867-975-6587
larki@gov.nu.ca

Chris Besko
Deputy Director, Legal Counsel
The Manitoba Securities Commission
204-945-2561 and 1-800-655-5244
(Toll Free (Manitoba only))
chris.besko@gov.mb.ca

Rhonda Horte
Deputy Superintendent
Office of the Yukon Superintendent
of Securities
867-667-5466
rhonda.horte@gov.yk.ca

Carla Buchanan
Compliance Auditor
The Manitoba Securities Commission
204-945-2561 and 1-800-655-5244
(Toll Free (Manitoba only))
carla.buchanan@gov.mb.ca