

Notice of

National Policy 11-204 *Process for Registration in Multiple Jurisdictions* and Amendments to Multilateral Instrument 11-102 *Passport System*, Companion Policy 11-102CP *Passport System*, National Policy 11-202 *Process for Prospectus Reviews in Multiple Jurisdictions*, and National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions*

Introduction — Passport/Interface System

Members of the Canadian Securities Administrators (CSA or we), other than the Ontario Securities Commission (OSC), (passport regulators) will implement the next phase of the passport system for registrants and amend phase II of passport for issuers effective when National Instrument 31-103 *Registration Requirements* (proposed NI 31-103) is implemented. Phase II of passport for issuers covers continuous disclosure, prospectuses and discretionary exemption applications. The amendments deal with issues that have arisen since implementation in March 2008.

All CSA members, including the OSC, will implement a new national policy setting out the processes for registration in multiple jurisdictions (NP 11-204) and amend the national policies for the filing and review of prospectuses (NP 11-202) and exemptive relief applications (NP 11-203). CSA members will also repeal National Instrument 31-101 *National Registration System* (NI 31-101) and its related policy and forms.

Passport system

The amendments to Multilateral Instrument 11-102 *Passport System* (MI 11-102) and Companion Policy 11-102CP *Passport System* (CP 11-102) are initiatives of the passport regulators.

Each of the passport regulators will make the amendments to MI 11-102 as a rule or regulation and will adopt the amendments to CP 11-102. The text of the amendments to MI 11-102 is set out in Schedule A. Appendix D to MI 11-102 as amended is in Schedule B and CP 11-102 as amended is in Schedule C.

MI 11-102 and CP 11-102 implement, in the main areas of securities regulation, a system that gives a market participant access to the capital markets in multiple jurisdictions by dealing only with its principal regulator and meeting the requirements of one set of harmonized laws. The amendments to MI 11-102 and CP 11-102 implement the next phase of the passport system for registrants and deal with issues that have arisen since the implementation of phase II of passport for issuers.

Although the OSC is not adopting MI 11-102 or the amendments to MI 11-102, it can be a principal regulator under the instrument, thereby giving market participants in Ontario access to the capital markets in passport jurisdictions by dealing only with the OSC.

National policy on the process for registration in multiple jurisdictions

NP 11-204 is an initiative of the CSA. Each member of the CSA will adopt NP 11-204. The text of NP 11-204 is in Schedule D.

NP 11-204 and the amendments to MI 11-102 replace NI 31-101 and its related policy and forms. Each CSA member will repeal:

- NI 31-101,
- Form 31-101F1 *Election to use NRS and Determination of Principal Regulator*, and
- Form 31-101F2 *Notice of Change*,

and will rescind

- National Policy 31-201 *National Registration System* (collectively, NRS)

An instrument repealing NI 31-101 is attached as Schedule E.

NP 11-204 sets out the procedures for a firm or individual to register in more than one jurisdiction. It includes an interface similar to NRS for registrants in passport jurisdictions to gain access to the Ontario market. Ontario registrants get direct access to passport jurisdictions under the amendments to MI 11-102.

Under MI 11-102 and NP 11-204, the principal regulator for a firm will usually be the regulator of the jurisdiction where the firm's head office is located and for an individual will be the regulator of the jurisdiction where the individual's working office is located.

Consequential amendments

All CSA members will also adopt consequential amendments to the following policies:

- NP 11-202
- NP 11-203

The text of the consequential amendments to NP 11-202 is in Schedules F and NP 11-203 as amended is in Schedule G.

In addition, consequential amendments related to passport will be included in proposed NI 31-103 and its companion policy and in the related amendments to National Instrument 31-102 *National Registration Database* (NI 31-102) and National Instrument 33-109 *Registration Information* (NI 33-109).

Local non-harmonized requirements

Most regulatory requirements for registrants will be harmonized through proposed NI 31-103. However, registrants will be subject to a few additional local requirements that continue to exist in some jurisdictions. CP 11-102 includes a description of these requirements.

In addition, proposed NI 31-103 provides transition periods for certain fit and proper requirements (solvency and proficiency). The transition provisions allow registrants to carry on their activities on the basis of the current fit and proper requirements that apply in the principal jurisdiction under NRS. After the transition period, registrants must comply with the new requirements in proposed NI 31-103. Please refer to proposed NI 31-103 for further details.

Effective date and transition

A key foundation for the passport system is a set of nationally harmonized regulatory requirements consistently interpreted and applied throughout Canada. Implementation of passport for registrants depends on the adoption of proposed NI 31-103. CSA members expect to implement consequential amendments to national and local rules when we adopt proposed NI 31-103. In addition, governments in some jurisdictions will need to proclaim act amendments to harmonize registration requirements. We will implement the changes described in this notice when we adopt proposed NI 31-103.

The timing of adoption of proposed NI 31-103 is currently uncertain. Please refer to CSA Notice 31-309 for more information.

We will republish the documents if we need to revise them to reflect the final versions of NI 31-103, NI 31-102 or NI 33-109.

The amendments to MI 11-102 apply to an individual or firm seeking registration on or after the effective date of proposed NI 31-103. In addition, the amendments apply to an individual or firm that is registered on that date unless the individual or firm requests and obtains an exemption under section 6.9(2) of MI 11-102.

The amendments to passport for issuers apply to prospectuses filed under National Instrument 71-101 *The Multijurisdictional Disclosure System* on or after the effective date of proposed NI 31-103.

The amendments to MI 11-102 and CP 11-102 refer to rules (e.g., proposed NI 31-103) and Act provisions that CSA expects to be in force on the effective date.

Background

CSA published the proposal to streamline the process for registration on July 18, 2008. All CSA members published NP 11-204 and the amendments to NP 11-202 and NP 11-

203 and the repeal of NRS. In the same publication, the passport regulators published the amendments to MI 11-102 and CP 11-102.

Summary of Written Comments

CSA received 5 comment letters in response to the request for comments published in July 2008. All the comment letters are posted on the Alberta Securities Commission website at www.albertasecurities.com. We thank commenters for their submissions.

CSA considered the comments and is publishing a summary of comments and responses as Schedule H to this notice. The summary includes the names of the commenters, a summary of their comments, and the CSA responses to comments.

Summary of Changes

MI 11-102

Passport regulators revised the amendments to MI 11-102 to delete the requirement that an NPR acknowledge receipt of a submission as a condition for a firm to become registered in a non-principal jurisdiction. Instead, the firm's registration will take effect when it submits a completed form to the PR when registering in an additional jurisdiction. The PR will notify the firm of the legal date of registration in the non-principal jurisdiction and will explain why this date may be earlier than the 'effective date' shown on NRD.

Passport regulators also added a condition that a firm or individual is a member of a self-regulatory organization (SRO) if required in the local jurisdiction. This ensures that necessary SRO memberships are obtained prior to registration under passport.

CP 11-102

Passport regulators made changes to CP 11-102 to reflect the revisions noted above and to add a description of local registration requirements that exist in Québec and British Columbia.

NP 11-204

CSA made changes to NP 11-204 to reflect the revisions noted above.

Questions

Please refer your questions to any of:

Leigh-Anne Mercier
Special Advisor to the Chair
British Columbia Securities Commission
(604) 899-6643
lmercier@bcsc.bc.ca

Gary Crowe
Senior Legal Counsel
Alberta Securities Commission
(403) 297-2067
gary.crowe@asc.ca

Barbara Shourounis
Director
Saskatchewan Financial Services Commission
(306) 787-5842
bshourounis@sfsc.gov.sk.ca

Doug Brown
Director
Manitoba Securities Commission
(204) 945-0605
doug.brown@gov.mb.ca

Dirk de Lint
Senior Legal Counsel
Ontario Securities Commission
(416) 593-8090
ddelint@osc.gov.on.ca

Sylvia Pateras
Senior Legal Counsel
Autorité des marchés financiers
(514) 395-0337, extension 2536
sylvia.pateras@lautorite.qc.ca

Susan W. Powell
Senior Legal Counsel
New Brunswick Securities Commission
(506) 643-7697
Susan.Powell@nbsc-cvmnb.ca

Shirley Lee
Securities Analyst
Nova Scotia Securities Commission
(902) 424-5441
leesp@gov.ns.ca

Katharine Tummon
Director
Consumer, Corporate and Insurance Services
Prince Edward Island Securities Office
(902) 368-4542
kptummon@gov.pe.ca

Doug Connolly
Deputy Superintendent of Securities
Government of Newfoundland & Labrador
Department of Government Services
Financial Services Regulation Division
(709) 729-4909
connolly@gov.nl.ca

Rhonda Horte
Deputy Registrar
Yukon Registrar of Securities
(867) 667-5005
rhonda.horte@gov.yk.ca

Donn MacDougall
Manager
Northwest Territories Securities Office
(867) 873-8984
donald_macdougall@gov.nt.ca

Louis Arki
Director, Legal Registries
Nunavut Securities Registry
(867) 975-6587
larki@gov.nu.ca

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