

**Multilateral CSA Notice 32-302*****Notice of Revocation for Certain Local Orders Providing  
Registration Exemption for Trades in Connection with Certain  
Prospectus-Exempt Distributions and Update on BC Instrument  
32-517 Exemption from Dealer Registration Requirement for  
Trades in Securities of Mortgage Investment Entities*****August 15, 2018****Introduction**

The securities regulatory authorities of British Columbia, Manitoba, Nunavut, the Northwest Territories, and Yukon (the participating jurisdictions or we) announce that they will revoke their substantially harmonized registration exemptions that form the “Northwestern Exemption” (the local orders). The local orders are:

- BC Instrument 32-513 *Registration Exemption for Trades in Connection with Certain Prospectus-Exempt Distributions* (BCI 32-513),
- Manitoba Blanket Order 31-505 *Registration Exemption for Trades in Connection with Certain Prospectus-Exempt Distributions*,
- Nunavut Blanket Order 32-501 *Registration Exemption for Trades in Connection with Certain Prospectus-Exempt Distributions*,
- NWT Blanket Order 32-501 *Registration Exemption for Trades in Connection with Certain Prospectus-Exempt Distributions*, and
- Yukon Superintendent Order 2010/009 *Registration Exemption for Trades in Connection with Certain Prospectus-Exempt Distributions*.

The local orders will cease to be effective on April 30, 2019. The local orders provide conditional registration relief in their participating jurisdictions for persons or companies for trades in connection with certain prospectus-exempt distributions.

As well, today Alberta has also announced that it is consulting on revoking its local order comprising the Northwestern Exemption. Saskatchewan is considering whether to revoke its General Order 45-918 *Registration Exemption for Trades in Connection with Certain Prospectus-Exempt Distributions* comprising the Northwestern Exemption and will advise of its approach in due course.

Additionally, the British Columbia Securities Commission (BCSC) announces that it will not be renewing BC Instrument 32-517 *Exemption from Dealer Registration Requirement for Trades in Securities of Mortgage Investment Entities* (BCI 32-517). BCI 32-517 will cease to be effective February 15, 2019. BCI 32-517 provides conditional registration relief in BC for mortgage investment entities (MIEs).

**Background**

We are of the view that those purchasing securities in the private placement market require enhanced investor protections, in particular, the protections that are afforded by

dealing with a registrant. Today, when investors in the participating jurisdictions invest in the private placement market from someone relying on the exemptions, they lose the benefit of receiving advice from a registrant, including the benefit of a registrant's advice about whether the investment is suitable for them in their circumstances. Further, these investors lose the protection offered by the due diligence a registrant must perform on the security to determine if it is suitable. With the removal of the local orders and BCI 32-517 (the exemptions), these investors should also benefit from the additional protections of the registration regime.

Some of us were previously considering repealing their exemptions. For example, the BCSC previously published for comment the revocation of the exemptions in early 2013.

In the jurisdictions that are participating in the Capital Markets Regulatory Authority (CMRA), the published commentary to the draft initial regulations for the Cooperative Capital Markets Regulatory System dated August 25, 2015 communicated that the exemptions would not carry forward to the CMRA. The CMRA communicated that it expected to commence operations in December 2018. The securities regulatory authorities that have signed on to the CMRA expect that affected stakeholders have been planning for the removal of the exemptions as of the end of 2018.

With the recent announcement that the CMRA would not be ready for launch by the end of 2018 and our view that private placement market investors would benefit from the additional protections of the registration regime, it is the appropriate time to remove the exemptions.

#### *Northwest Exemption*

The local orders that form the Northwestern Exemption were adopted by BC, Alberta, Saskatchewan, Manitoba, Nunavut, the Northwest Territories, and Yukon. All participating jurisdictions except Alberta and Saskatchewan have agreed to revoke their local orders comprising the Northwestern Exemption effective April 30, 2019.

The revocation of the local orders will achieve greater harmony between the securities laws of the participating jurisdictions and the rest of Canada.

#### *BCI 32-517*

BC is the only province that has a registration exemption specifically available for MIEs. By allowing BCI 32-517 to expire, the BCSC will also achieve greater harmony between the securities laws of British Columbia and the rest of Canada.

#### **Transition Provisions**

To allow those presently relying on the exemptions time to complete an orderly wind-up or seek registration, the exemptions will remain in effect until their expiry dates. However, we anticipate receiving a significant number of registration applications, which may delay their processing by the expiry date. To ensure market participants are not prejudiced by possible delays, we have implemented further transition provisions. These

provisions will allow parties currently relying on the local orders to continue operating in reliance on their respective relief if:

- the proper securities regulatory authority has received a substantially complete 33-109F6 *Firm Registration* by the respective expiry date and paid the related fees, and
- the filer is in compliance with the terms of that relief on the expiry date and on an ongoing basis

For greater clarity, only those persons properly relying on one of the exemptions before the respective expiry date (April 30, 2019 for the local orders and February 15, 2019 for BCI 32-517) can rely on the transition provisions. A registration applicant that meets all the relevant conditions can rely on their respective relief until the proper securities regulatory authority has accepted or rejected the application for registration.

We also understand that some individuals may have difficulty meeting the registration proficiency requirements by the respective expiry date. As a result, staff will consider appropriate interim relief on a case-by-case basis.

## **Questions**

Please refer your questions to any of the following:

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