Blanket Order No. 94-502

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IN THE MATTER OF THE SECURITIES ACT, R.S.N.S. 1989, CHAPTER 418, AS AMENDED (the Act)

-AND-

IN THE MATTER OF

RELIEF FOR CERTAIN COUNTERPARTIES FROM MANDATORY CLEARING UNDER NATIONAL INSTRUMENT 94-101 MANDATORY CENTRAL COUNTERPARTY CLEARING OF DERIVATIVES

ORDER

(SECTION 151A)

WHEREAS:

- 1. Unless otherwise defined in this Order, terms used in this Order that are defined in the Act, in National Instrument 14-101 *Definitions*, or in National Instrument 94-101 *Mandatory Central Counterparty Clearing of Derivatives* (NI 94-101) have the same meaning in this Order.
- 2. Section 3(1) of NI 94-101 requires a local counterparty to a transaction in a mandatory clearable derivative to submit, or cause to be submitted, the mandatory clearable derivative to a regulated clearing agency that offers clearing services in respect of the mandatory clearable derivative (the Clearing Requirement), if one or more of the following applies to each counterparty:
 - (a) the counterparty
 - (i) is a participant of a regulated clearing agency that offers clearing services in respect of the mandatory clearable derivative, and
 - (ii) subscribes to clearing services for the class of derivatives to which the mandatory clearable derivative belongs;
 - (b) effective October 4, 2017, the counterparty
 - (i) is, at the date of the transaction in the mandatory clearable derivative, an affiliated entity of a participant referred to in paragraph (a), and
 - (ii) has had, at any time after the date on which NI 94-101 comes into force, a month-end gross notional amount under all outstanding derivatives exceeding \$1 000 000 000 excluding derivatives to which section 7(1)(a) of NI 94-101 applies;

- (c) effective October 4, 2017, the counterparty
 - (i) is, at the date of the transaction in the mandatory clearable derivative, a local counterparty in any jurisdiction of Canada, other than a counterparty to which paragraph (b) applies, and
 - (ii) has had, at any time after the date on which NI 94-101 comes into force, a month-end gross notional amount under all outstanding derivatives, combined with each affiliated entity that is a local counterparty in any jurisdiction of Canada, exceeding \$500 000 000 000, excluding derivatives to which section 7(1)(a) of NI 94-101 applies.
- 3. On October 12, 2017, the Nova Scotia Securities Commission (the Commission) published for comment proposed amendments to NI 94-101 (the Proposed Amendments). The Commission is considering the comments received on the Proposed Amendments. If implemented, the Proposed Amendments would change the scope of application of the Clearing Requirement so that certain counterparties will not be subject to the Clearing Requirement under sections 3(1)(b) and (c) of NI 94-101.
- 4. Some counterparties that would have been subject to the Clearing Requirement effective October 4, 2017 may not be subject to the Clearing Requirement as a result of the Proposed Amendments. Therefore, exemptive relief is required.
- 5. The Commission is of the opinion that to order relief in these circumstances would not be prejudicial to the public interest.

IT IS ORDERED, pursuant to subsection 151A(1) of the Act, that:

- 1. A counterparty to which section 3(1)(a) of NI 94-101 does not apply and that is required under section 3(1)(b) or (c) of NI 94-101 to clear a mandatory clearable derivative is exempt from that requirement.
- 2. This exemption is available in respect of a transaction in a mandatory clearable derivative that occurs on or before the earlier of
 - (a) the date on which this Order is revoked, or
 - (b) the date on which amendments to the scope of the application of the Clearing Requirement under section 3(1)(b) or (c) of NI 94-101 come into effect.

EFFECTIVE DATE

This Order comes into effect on August 20, 2018.

Dated at Halifax, Nova Scotia, this 30th day of May, 2018.

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NOVA SCOTIA SECURITIES COMMISSION

Paul E. Radford, Q.C., Chair

Ahiley Lee Shirley P. Lee, Q.C., Vice-Chair