

**For Immediate Release
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Canadian securities regulators seek input on proposed business conduct rules for derivatives dealers and advisers

Toronto – January 20, 2022 – The Canadian Securities Administrators (CSA) today published for comment the [proposed business conduct regime](#) for regulating dealers and advisers in over-the-counter (OTC) derivatives in Canada.

The proposed derivatives business conduct rule was initially published for comment on April 4, 2017 ([the first consultation](#)) and again on June 14, 2018 ([the second consultation](#)). The rule was developed to help protect derivatives market participants by improving transparency, increasing accountability, and promoting responsible business conduct by dealers and advisers in the OTC derivatives market.

“The proposed rule represents one in a series of important milestones in the regulation of over-the-counter-derivatives that will align Canada with international standards,” said Louis Morisset, CSA Chair and President and CEO of the Autorité des marchés financiers. “Following a careful review of submissions received during our second consultation, we have made revisions and introduced proposed changes that will preserve access to international market liquidity providers and reduce the impact of compliance costs while protecting against market abuse.”

In response to comments received, the CSA is publishing revisions to the proposed rule. The revisions address potential negative impacts on derivatives market liquidity and facilitate continued access, while allowing firms to implement the requirements within their existing compliance systems more efficiently. A complete summary of the comments received, together with the CSA’s responses, can be found in Annex B of the Notice.

The revisions include, among other things, new exemptions for foreign liquidity providers and derivatives sub-advisers, as well as changes to streamline existing foreign derivatives dealer and adviser exemptions.

The proposed rule also includes numerous changes to the definition of “eligible derivatives party” (EDP). These include the elimination of certain restrictions to allow more firms to qualify as eligible commercial hedgers and the introduction of a transition period that permits derivatives firms to treat existing permitted clients, qualified parties, accredited counterparties and eligible contract participants as EDPs for a limited time period.

[Proposed National Instrument 93-101 Derivatives: Business Conduct and related changes to its companion policy](#) can be found on CSA members’ websites. Comments should be submitted in writing by **March 21, 2022**.

The CSA, the council of the securities regulators of Canada's provinces and territories, coordinates and harmonizes regulation for the Canadian capital markets.

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For media inquiries, please contact:

Pascale Bijoux
Canadian Securities Administrators
media@acvm-csa.ca

JP Vecsi
Ontario Securities Commission
media_inquiries@osc.gov.on.ca

For investor inquiries, please contact [your local securities regulator](#).