

Blanket Order No. 94-501

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. Subsection 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) effective April 4, 2017, 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 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 paragraph 7(1)(a) of NI 94-101 applies;

- (c) effective October 4, 2017, the counterparty
- (i) is 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 paragraph 7(1)(a) of NI 94-101 applies.
3. The Nova Scotia Securities Commission (the Commission) is considering publishing for comment proposed amendments to NI 94-101 (the Proposed Amendments) which, if implemented, would clarify the scope of application of the Clearing Requirement so that certain counterparties will not be subject to the Clearing Requirement under paragraphs 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.
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 a counterparty to which paragraph (3)(1)(a) of NI 94-101 does not apply and that is required under paragraph 3(1)(b) or (c) of NI 94-101 to clear a mandatory clearable derivative, is exempt from that requirement.

EFFECTIVE DATE

This Order comes into effect on October 4, 2017 and expires on August 20, 2018.

Dated at Halifax, Nova Scotia, this 6th day of July, 2017.

NOVA SCOTIA SECURITIES COMMISSION



Paul E. Radford, Q.C., Chair



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