

For Immediate Release

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Canadian Securities Regulators Propose Changes to Custody and Other Requirements for Dealers, Advisers and Investment Fund Managers

Toronto – The Canadian Securities Administrators (CSA) today published proposed amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103) and National Instrument 33-109 *Registration Information*. The amendments include proposals to enhance custody requirements for certain registrants, clarify activities that may be conducted by exempt market dealers and incorporate relief from certain Client Relationship Model Phase 2 (CRM2) requirements into NI 31-103.

The proposed custody amendments are intended to address potential intermediary risks, enhance the protection of client assets and codify existing custodial best practices.

“Safety of client assets is a fundamental element of the CSA’s investor protection mandate. The proposed amendments aim to promote stronger investor protection, clarify certain regulatory requirements and enhance market efficiencies,” said Louis Morisset, Chair of the CSA and President and CEO of the Autorité des marchés financiers.

The proposals also contain amendments to NI 31-103 and its companion policy to:

- clarify the activities that may be conducted under the exempt market dealer category of registration in respect of trades in prospectus-qualified securities;
- expand an existing exemption from the dealer registration requirement so that registered advisers may trade in the securities of investment funds if the adviser or an affiliate manages the investment fund and certain conditions are met;
- make permanent temporary CRM2 relief granted in May 2015; and
- update guidance regarding the delivery of information required under CRM2 to address matters that have arisen in the course of its implementation.

The CSA welcomes feedback on the proposed amendments, which can be found on CSA members’ websites. The comment period closes October 5, 2016.

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 more information:

Kristen Rose
Ontario Securities Commission
416-593-2336

Mark Dickey
Alberta Securities Commission
403-297-4481

Alison Walker
British Columbia Securities Commission
604-899-6713

Jason (Jay) Booth
Manitoba Securities Commission
204-945-1660

Tanya Wiltshire
Nova Scotia Securities Commission
902-424-8586

John O'Brien
Office of the Superintendent of Securities
Newfoundland and Labrador
709-729-4909

Jeff Mason
Nunavut Securities Office
867-975-6591

Shannon McMillan
Financial and Consumer Affairs
Authority of Saskatchewan
306-798-4160

Sylvain Th  berge
Autorit   des march  s financiers
514-940-2176

Andrew Nicholson
Financial and Consumer Services
Commission, New Brunswick
506-658-3021

Janice Callbeck
Office of the Superintendent of Securities
P.E.I.
902-368-6288

Rhonda Horte
Office of the Yukon Superintendent of
Securities
867-667-5466

Tom Hall
Office of the Superintendent of Securities
Northwest Territories
867-767-9305

