

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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