

NOVA SCOTIA SECURITIES COMMISSION

**Rule 25-101 *Designated Rating Organizations*
Related Amendments to Rule 31-103 *Registration
Requirements, Exemptions and Ongoing Registrant
Obligations*, Rule 33-109 *Registration Information*, Rule 41-101
General Prospectus Requirements, Rule 44-101 *Short Form
Prospectus Distributions*, Rule 44-102 *Shelf Distributions*,
Rule 45-106 *Prospectus and Registration Exemptions*, Rule
51-102 *Continuous Disclosure Obligations*, Rule 81-101 *Mutual
Fund Prospectus Disclosure*, Rule 81-102 *Mutual Funds* and
Rule 81-106 *Investment Fund Continuous Disclosure***

-and-

**Amendments to National Instrument 31-103 *Registration
Requirements, Exemptions and Ongoing Registrant
Obligations*, Amendments to National Instrument 33-109
Registration Information, Amendments to National Instrument
41-101 *General Prospectus Requirements*, Amendments to
National Instrument 44-101 *Short Form Prospectus
Distributions*, Amendments to National Instrument 44-102
Shelf Distributions, Amendments to National Instrument 45-
106 *Prospectus and Registration Exemptions*, Amendments
to National Instrument 51-102 *Continuous Disclosure
Obligations*, Amendments to National Instrument 81-101
Mutual Fund Prospectus Disclosure, Amendments to
National Instrument 81-102 *Mutual Funds* and Amendments
to National Instrument 81-106 *Investment Fund
Continuous Disclosure*
(collectively, the Rule)**

-and-

**Changes to Companion Policy 21-101CP *Marketplace
Operation*, Changes to Companion Policy 44-101CP *Short
Form Prospectus Distributions*, Changes to Companion Policy
44-102CP *Shelf Distributions*, Changes to National Policy
51-201 *Disclosure Standards* and Changes to Companion
Policy 81-102CP *Mutual Funds*
(collectively, the Companion Policy)**

WHEREAS:

1. Pursuant to section 150 of the Securities Act, R.S.N.S. 1989, chapter 418, as amended (the Act), the Nova Scotia Securities Commission (the Commission) has power to make rules subject to compliance with the requirements of the Act;
2. Pursuant to section 19 of the Act, the Commission has power to issue and publish policy statements;
3. The Rule and Companion Policy, copies of which are attached hereto, have been made a rule by one or more of the Canadian securities regulatory authorities; and
4. The Commission is of the opinion that the attainment of the purpose of the Act is advanced by this Instrument.

NOW THEREFORE the Commission hereby:

- (a) pursuant to the authority contained in section 150 of the Act and subject to compliance with the requirements of section 150A of the Act, approves the Rule and makes the same a rule of the Commission;
- (b) pursuant to the authority contained in section 19 of the Act and subject to publication on the Commission's website, issues the Companion Policy as a policy statement of the Commission; and
- (c) declares that the rule approved and made pursuant to clause (a) and the issuance of the policy statement pursuant to clause (b) shall both take effect on **May 31, 2013**, unless the Minister disapproves the rule or returns it to the Commission in accordance with subsection 150A(3) of the Act in which event the rule and the policy statement shall not be effective until the rule is approved by the Minister.

IN WITNESS WHEREOF this Instrument has been signed by the Chair of the Commission, being the member of the Commission prescribed by the Chair pursuant to subsection 15(3) of the Act to attend the hearing of this matter and the quorum with respect to this matter, on the 14th day of March, 2013.

“Sarah P. Bradley”
Sarah P. Bradley, Chair

Attachments

**AMENDMENTS TO NATIONAL INSTRUMENT 31-103
REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING
REGISTRANT OBLIGATIONS**

1. *National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations is amended by this Instrument.*
2. *Section 8.21 is amended*
 - (a) *in subsection (1), by*
 - (i) *replacing “approved credit rating” with “designated rating”,*
 - (ii) *replacing “approved credit rating organization” with “designated rating organization”,*
 - (iii) *adding the following definition:*

“DRO affiliate” has the same meaning as in section 1 of National Instrument 25-101 *Designated Rating Organizations*;, **and**
 - (b) *in paragraph (2)(b), by*
 - (i) *replacing “an approved credit rating” with “a designated rating”, and*
 - (ii) *replacing “an approved credit rating organization” with “a designated rating organization or its DRO affiliate”.*
3. *Schedule 1 of Form 31-103F1 Calculation of Excess Working Capital (calculating line 9 [market risk]) is amended by replacing “Moody’s Investors Service, Inc. or Standard & Poor’s Corporation” with “Moody’s Canada Inc. or its DRO affiliate or Standard & Poor’s Rating Services (Canada) or its DRO affiliate”.*
4. This Instrument comes into force on May 31, 2013.

**AMENDMENTS TO NATIONAL INSTRUMENT 33-109
REGISTRATION INFORMATION**

1. *National Instrument 33-109 Registration Information is amended by this Instrument.*
2. *Form 33-109F6 Firm Registration is amended by replacing, in Schedule 1 of Form 31-103F1 Calculation of Excess Working Capital (calculating line 9 [market risk]), “Moody’s Investors Service, Inc. or Standard & Poor’s Corporation” with “Moody’s Canada Inc. or its DRO affiliate or Standard & Poor’s Rating Services (Canada) or its DRO affiliate”.*
3. This Instrument comes into force on May 31, 2013.

**AMENDMENTS TO NATIONAL INSTRUMENT 41-101
GENERAL PROSPECTUS REQUIREMENTS**

1. *National Instrument 41-101 General Prospectus Requirements is amended by this Instrument.*
2. *Section 1.1 is amended by*
 - (a) *replacing “approved rating organization” with “designated rating organization”,*
 - (b) *adding the following definitions:*

“DRO affiliate” has the same meaning as in section 1 of NI 25-101, and

*“NI 25-101” means National Instrument 25-101 *Designated Rating Organizations*;*
3. *Subsection 7.2(2) is amended by replacing “approved rating organization” with “designated rating organization or its DRO affiliate”.*
4. *Subsection 10.1(4) is amended by replacing “an approved rating organization” with “a designated rating organization or its DRO affiliate”.*
5. This Instrument comes into force on May 31, 2013.

**AMENDMENTS TO
NATIONAL INSTRUMENT 44-101 *SHORT FORM PROSPECTUS*
DISTRIBUTIONS**

1. *National Instrument 44-101 Short Form Prospectus Distributions is amended by this Instrument.*
2. *Section 1.1 is amended*

(a) *by replacing the definition of “approved rating” with the following:*

“designated rating” means, for a security, a rating issued by a designated rating organization, or its DRO affiliate, that is at or above one of the following rating categories or that is at or above a category that replaces one of the following rating categories:

Designated Rating Organization	Long Term Debt	Short Term Debt	Preferred Shares
DBRS Limited	BBB	R-2	Pfd-3
Fitch, Inc.	BBB	F3	BBB
Moody’s Canada Inc.	Baa	Prime-3	“baaa”
Standard & Poor’s Ratings Services (Canada)	BBB	A-3	P-3

(b) *in the definition of “cash equivalent”, by*

- (i) *replacing “an approved rating” wherever it occurs with “a designated rating”, and*
- (ii) *replacing “approved rating organization” with “designated rating organization or its DRO affiliate”, and*

(c) *by adding the following definitions:*

“designated rating organization” means

- (a) each of DBRS Limited, Fitch, Inc., Moody’s Canada Inc., Standard & Poor’s Ratings Services (Canada), including their DRO affiliates; or
- (b) any other credit rating organization that has been designated under securities legislation; *and*

“DRO affiliate” has the same meaning as in section 1 of National Instrument 25-101 *Designated Rating Organizations*;

3. Section 2.3 is amended

- (a) *in the title, by replacing “Approved Rating” with “Designated Rating”,*
- (b) *in paragraph (1)(e), by*
 - (i) *replacing “an approved rating” with “a designated rating”,*
 - (ii) *replacing “the approved rating” with “the designated rating”,*
 - (iii) *in subparagraph (e)(ii), replacing “an approved rating organization” with “a designated rating organization or its DRO affiliate”, and*
 - (iv) *in subparagraph (e)(iii), replacing “approved rating organization” with “designated rating organization or its DRO affiliate”.*

4. Subsection 2.4(1) is amended by

- (a) *replacing “an approved rating” wherever it occurs with “a designated rating”,*
- (b) *replacing “the approved rating” wherever it occurs with “the designated rating”,*
- (c) *replacing “an approved rating organization” wherever it occurs with “a designated rating organization or its DRO affiliate”, and*
- (d) *replacing “any approved rating organization” wherever it occurs with “any designated rating organization or its DRO affiliate”.*

5. Subsection 2.6(1) is amended by

- (a) *replacing “an approved rating” wherever it occurs with “a designated rating”,*
- (b) *replacing “the approved rating” wherever it occurs with “the designated rating”,*
- (c) *in subparagraph (c)(ii), replacing “an approved rating organization” with “a designated rating organization or its DRO affiliate”, and*

- (d) *in subparagraph (c)(iii), replacing “approved rating organization” with “designated rating organization or its DRO affiliate”.*
6. *Item 7.9 of Form 44-101F1 is amended by replacing “securities of the issuer that are outstanding, or will be outstanding,” with “the securities being distributed”.*
7. This Instrument comes into force on May 31, 2013.

**AMENDMENTS TO
NATIONAL INSTRUMENT 44-102 *SHELF DISTRIBUTIONS***

1. *National Instrument 44-102 Shelf Distributions is amended by this Instrument.*
2. *Section 2.3 is amended*
 - (a) *in subsection (1), by*
 - (i) *in the title, by replacing “Approved Rating Non-Convertible Securities” with “Designated Rating Non-Convertible Securities”,*
 - (ii) *replacing “approved rating non-convertible securities” with “designated rating non-convertible securities”,*
 - (iii) *replacing “an approved rating” wherever it occurs with “a designated rating”, and*
 - (iv) *replacing “approved rating organization” with “designated rating organization or its DRO affiliate”.*
 - (b) *in subsection (2), by*
 - (i) *replacing “an approved rating” wherever it occurs with “a designated rating”, and*
 - (ii) *replacing “approved rating organization” with “designated rating organization or its DRO affiliate”.*
 - (c) *in subsection (3), by*
 - (i) *replacing “approved rating” wherever it occurs with “designated rating”,*
 - (ii) *replacing “an approved rating” wherever it occurs with “a designated rating”,*
 - (iii) *in clause (b)(iv)(B), replacing “an approved rating organization” wherever it occurs with “a designated rating organization or its DRO affiliate”, and*

(iv) *in clause (b)(iv)(C), replacing “approved rating organization” wherever it occurs with “designated rating organization or its DRO affiliate”.*

3. *Subsection 2.4(3) is amended by*

- (a) *replacing “approved rating” wherever it occurs with “designated rating”,*
- (b) *replacing “an approved rating” wherever it occurs with “a designated rating”,*
- (c) *replacing “an approved rating organization” wherever it occurs with “a designated rating organization or its DRO affiliate”, and*
- (d) *replacing “any approved rating organization” wherever it occurs with “any designated rating organization or its DRO affiliate”.*

4. *Section 2.6 is amended by*

- (a) *replacing “approved rating” wherever it occurs with “designated rating”,*
- (b) *replacing “an approved rating” wherever it occurs with “a designated rating”,*
- (c) *replacing “an approved rating organization” wherever it occurs with “a designated rating organization or its DRO affiliate”, and*
- (d) *replacing “any approved rating organization” wherever it occurs with “any designated rating organization or its DRO affiliate”.*

5. This Instrument comes into force on May 31, 2013.

**AMENDMENTS TO NATIONAL INSTRUMENT 45-106
PROSPECTUS AND REGISTRATION EXEMPTIONS**

1. *National Instrument 45-106 Prospectus and Registration Exemptions is amended by this Instrument.*
2. *Section 1.1 is amended by*
 - (a) *replacing “approved credit rating” with “designated rating”,*
 - (b) *replacing “approved credit rating organization” with “designated rating organization”, and*
 - (c) *adding the following definition:*

“DRO affiliate” has the same meaning as in section 1 of National Instrument 25-101 *Designated Rating Organizations*;
3. *Paragraph 2.34(2)(b) is amended by*
 - (a) *replacing “an approved credit rating” with “a designated rating”, and*
 - (b) *replacing “an approved credit rating organization” with “a designated rating organization or its DRO affiliate”.*
4. *Subsection 2.35(b) is amended by*
 - (a) *replacing “an approved credit rating” with “a designated rating”, and*
 - (b) *replacing “an approved credit rating organization” with “a designated rating organization or its DRO affiliate”.*
5. *Paragraph 3.34(2)(b) is amended by*
 - (a) *replacing “an approved credit rating” with “a designated rating”, and*
 - (b) *replacing “an approved credit rating organization” with “a designated rating organization or its DRO affiliate”.*
6. *Subsection 3.35(b) is amended by*
 - (a) *replacing “an approved credit rating” with “a designated rating”, and*

(b) *replacing* “an approved credit rating organization” *with* “a designated rating organization or its DRO affiliate”.

7. This Instrument comes into force on May 31, 2013.

**AMENDMENTS TO NATIONAL INSTRUMENT 51-102
CONTINUOUS DISCLOSURE OBLIGATIONS**

1. *National Instrument 51-102 Continuous Disclosure Obligations is amended by this Instrument.*
2. *Section 1.1 is amended by*
 - (a) *replacing the definition of “approved rating organization” with the following:*

“designated rating organization” means

 - (a) each of DBRS Limited, Fitch, Inc., Moody’s Canada Inc., Standard & Poor’s Ratings Services (Canada), including their DRO affiliates; or
 - (b) any other credit rating organization that has been designated under securities legislation; **and**
 - (b) *adding the following definition:*

“DRO affiliate” has the same meaning as in section 1 of National Instrument 25-101 *Designated Rating Organizations*;
3. This Instrument comes into force on May 31, 2013.

AMENDMENTS TO NATIONAL INSTRUMENT 81-101
MUTUAL FUND PROSPECTUS DISCLOSURE

1. *National Instrument 81-101 Mutual Fund Prospectus Disclosure is amended by this Instrument.*
2. *Subsection 2.6(4) is amended by replacing “an approved rating organization” with “a designated rating organization or its DRO affiliate”.*
3. This Instrument comes into force on May 31, 2013.

**AMENDMENTS TO
NATIONAL INSTRUMENT 81-102 MUTUAL FUNDS**

1. *National Instrument 81-102 Mutual Funds is amended by this Instrument.*

2. *Section 1.1 is amended*

(a) *by replacing the definition of “approved credit rating” with the following:*

“designated rating” means, for a security or instrument, a rating issued by a designated rating organization, or its DRO affiliate, that is at or above one of the following rating categories, or that is at or above a category that replaces one of the following rating categories, if

- (a) there has been no announcement by the designated rating organization or its DRO affiliate of which the mutual fund or its manager is or reasonably should be aware that the rating of the security or instrument to which the designated rating was given may be down-graded to a rating category that would not be a designated rating, and
- (b) no designated rating organization or any of its DRO affiliates has rated the security or instrument in a rating category that is not a designated rating:

Designated Rating Organization	Commercial Paper/ Short Term Debt	Long Term Debt
DBRS Limited	R-1 (low)	A
Fitch, Inc.	F1	A
Moody’s Canada Inc.	P-1	A2
Standard & Poor’s Ratings Services (Canada)	A-1 (Low)	A

(b) *by replacing the definition of “approved credit rating organization” with the following:*

“designated rating organization” means

- (a) each of DBRS Limited, Fitch, Inc., Moody's Canada Inc., Standard & Poor's Ratings Services (Canada), including their DRO affiliates; or
- (b) any other credit rating organization that has been designated under securities legislation;
- (c) *in the definition of "cash cover", by replacing "an approved credit rating" with "a designated rating",*
- (d) *in the definition of "cash equivalent", by*
 - (i) *replacing "an approved credit rating" wherever it occurs with "a designated rating", and*
 - (ii) *replacing "an approved credit rating organization" with "a designated rating organization or its DRO affiliate",*
- (e) *by adding the following definition:*

"DRO affiliate" has the same meaning as in section 1 of National Instrument 25-101 *Designated Rating Organizations*;
- (f) *in the definition of "floating rate evidence of indebtedness", by replacing "an approved credit rating" wherever it occurs with "a designated rating",*
- (g) *in the definition of "money market fund", by replacing "an approved credit rating" with "a designated rating", and*
- (h) *in the definition of "qualified security", by*
 - (i) *replacing "an approved credit rating" wherever it occurs with "a designated rating", and*
 - (ii) *replacing "an approved credit rating organization" with "a designated rating organization or its DRO affiliate".*

3. Section 2.7 is amended

- (a) *in subsection (1), by replacing "an approved credit rating" wherever it occurs with "a designated rating", and*
- (b) *in subsection (2), by replacing "approved credit rating" with "designated rating".*

4. Subparagraph 2.12(1)6.(d) is amended by

- (a) *replacing* “an approved credit rating organization” *with* “a designated rating organization or its DRO affiliate”, *and*
 - (b) *replacing* “an approved credit rating” *with* “a designated rating”.
- 5. *Subparagraph 2.18(1)(a)(iii) is amended by replacing* “an approved credit rating” *with* “a designated rating”.
- 6. *Paragraph 4.1(4)(b) is amended by*
 - (a) *replacing* “an approved rating” *with* “a designated rating”, *and*
 - (b) *replacing* “an approved credit rating organization” *with* “a designated rating organization or its DRO affiliate”.
- 7. *Subsection 4.1(4.1) is amended by replacing* “approved rating” *with* “designated rating”.
- 8. *Subsection 15.3(5) is amended*
 - (a) *in paragraph (a), by replacing* “an approved credit rating organization” *with* “a designated rating organization or its DRO affiliate”, *and*
 - (b) *in paragraphs (b) and (c), by replacing* “approved credit rating organization” *with* “designated rating organization or any of its DRO affiliates”.
- 9. This Instrument comes into force on May 31, 2013.

AMENDMENTS TO NATIONAL INSTRUMENT 81-106
INVESTMENT FUND CONTINUOUS DISCLOSURE

1. *National Instrument 81-106 Investment Fund Continuous Disclosure is amended by this Instrument.*
2. *Paragraph 3.5(6)(d) is amended by replacing “approved credit rating” with “designated rating”.*
3. This Instrument comes into force on May 31, 2013.

**CHANGES TO COMPANION POLICY 21-101CP
MARKETPLACE OPERATION**

1. *The changes to Companion Policy 21-101CP Marketplace Operation are set out in this Appendix.*
2. *Subsection 10.1(6) is replaced with the following:*

An “investment grade corporate debt security” is a corporate debt security that is rated by a designated rating organization, or its DRO affiliate, that is at or above one of the following rating categories or that is at or above a category that preceded or replaces one of the following rating categories:

Designated Rating Organization	Long Term Debt	Short Term Debt
DBRS Limited	BBB	R-2
Fitch, Inc.	BBB	F3
Moody’s Canada Inc.	Baa	Prime-3
Standard & Poor’s Ratings Services (Canada)	BBB	A-3

3. The changes become effective on May 31, 2013.

**CHANGES TO
COMPANION POLICY 44-101CP SHORT FORM PROSPECTUS
DISTRIBUTIONS**

1. *The changes to Companion Policy 44-101CP Short Form Prospectus Distributions are set out in this Schedule.*
2. *Subsection 1.7(1) is changed*
 - (a) *in the title, by replacing “Approved rating” with “Designated rating”,*
 - (b) *by replacing “an approved rating” wherever it occurs with “a designated rating”,*
 - (c) *by replacing “rating agency” wherever it occurs with “designated rating organization or its DRO affiliate”, and*
 - (d) *by adding the following subsection*

(1.1) *Predecessor terms* – We recognize there are existing contracts that use the predecessor terms “approved credit rating”, “approved rating” and “approved credit rating organization”. The content of the new definitions “designated rating” and “designated rating organization” is substantially the same as the content of their respective predecessor terms, only the terminology has changed. Therefore, it is reasonable to interpret the predecessor terms as having the same meaning as the definition of “designated rating” and “designated rating organization” in NI 44-101, as applicable.
3. *Section 2.2 is changed by replacing “approved rating” with “designated rating”.*
4. *Section 2.4 is changed by*
 - (a) *replacing “an approved rating” wherever it occurs with “a designated rating”, and*
 - (b) *replacing “approved rating organization” with “designated rating organization or its DRO affiliate”.*
5. The changes become effective on May 31, 2013.

**CHANGES TO
COMPANION POLICY 44-102CP SHELF DISTRIBUTIONS**

1. *The changes to Companion Policy 44-102CP Shelf Distributions are set out in this Schedule.*
2. *Subsection 2.6(2) is changed by replacing “approved rating organizations” with “designated rating organizations or their DRO affiliates”.*
3. The changes become effective on May 31, 2013.

**CHANGES TO NATIONAL POLICY 51-201
DISCLOSURE STANDARDS**

1. *The changes to National Policy 51-201 Disclosure Standards are set out in this Appendix.*
2. *Subsection 3.3(7) is changed by replacing “approved rating agencies” with “designated rating organizations”.*
3. *Footnote 19 is changed by replacing “approved rating” with “designated rating”.*
4. The changes become effective on May 31, 2013.

**CHANGES TO
COMPANION POLICY 81-102CP MUTUAL FUNDS**

1. *The changes to Companion Policy 81-102CP Mutual Funds are set out in this Schedule.*
2. *Part 2 is changed by adding the following section after section 2.4*
 - 2.4.1 **Predecessor terms** – We recognize there are existing contracts that use the predecessor terms “approved credit rating”, “approved rating” and “approved credit rating organization”. The content of the new definitions “designated rating” and “designated rating organization” is substantially the same as the content of their respective predecessor terms, only the terminology has changed. Therefore, it is reasonable to interpret the predecessor terms as having the same meaning as the definition of “designated rating” and “designated rating organization” in NI 81-102, as applicable.
3. *Subsection 3.1(4) is changed by*
 - (a) *replacing “approved credit rating organizations” wherever it appears with “designated rating organizations or their DRO affiliates”, and*
 - (b) *replacing “Standard & Poor’s” wherever it appears with “Standard & Poor’s Rating Services (Canada) or its DRO affiliate”.*
4. The changes become effective on May 31, 2013.

