



Canadian Securities
Administrators

Autorités canadiennes
en valeurs mobilières

CSA Staff Notice 31-316

Blanket Order Exempting Persons and Companies from the Requirement to Register when Trading in Short-term Debt Instruments

Since the coming into force of National Instrument 31-103 *Registration Requirements and Exemptions* (NI 31-103), the Canadian Securities Administrators (the CSA or we) have considered requests to provide an exemption in respect of a trade in a negotiable promissory note or commercial paper maturing not more than one year from the date of issue.

All CSA members except Ontario have issued an order of general application (the “order”) that provides that the dealer registration requirement does not apply to

- (i) a bank listed in Schedule I, II or III to the *Bank Act* (Canada);
- (ii) an association to which the *Cooperative Credit Associations Act* (Canada) applies or a central cooperative credit society for which an order has been made under subsection 473 (1) of that Act;
- (iii) a loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative or credit union league or federation that is authorized by a statute of Canada or of a jurisdiction in Canada to carry on business in Canada or in any jurisdiction in Canada, as the case may be;
- (iv) the Business Development Bank of Canada.

in respect of a trade in a negotiable promissory note or commercial paper maturing not more than one year from the date of issue, if the note or commercial paper traded

- (a) is not convertible or exchangeable into or accompanied by a right to purchase another security other than a security described in the order, and
- (b) has an approved credit rating as specified in the order.

This order

- will be effective on March 27, 2010
- is for a temporary period, and will no longer be available after September 28, 2011

- reflects, for the financial institutions listed above, the exemption in section 3.35 [*short-term debt*] of National Instrument 45-106 *Prospectus Requirements and Exemptions* (NI 45-106), and incorporates certain minor changes that were reflected in related discretionary exemptions

During this temporary period, we will review the exemption provided in the order with a view to determining whether it should be included in Part 8 of National Instrument 31-103 *Registration Requirements and Exemptions* (NI 31-103) and if so, with what changes.

In Ontario, it is anticipated that there will be few, if any, persons or companies that will be affected by the scheduled unavailability (after March 26, 2010) of the exemption from the dealer registration requirement contained in section 3.35 [*short-term debt*] of NI 45-106, in accordance with section 8.5 of NI 45-106. This is the case since, in Ontario

- this exemption is already unavailable to most persons or companies that are "market intermediaries" (as defined in section 1.1 of OSC Rule 14-501 *Definitions*)
- there are also alternate exemptions from the dealer registration requirement that may be available for trading in short-term debt, such as the exemption in section 8.5 [*trades through or to a registered dealer*] of NI 31-103 and, in the case of financial institutions, the exemptions in section 35.1 of the *Securities Act* (Ontario) and section 4.1 of OSC Rule 45-501 *Ontario Prospectus and Registration Exemptions*

If there is a circumstance where a person or company, other than a financial institution listed above, is adversely affected by the expiry of the exemption from the dealer registration requirement contained in section 3.35 of NI 45-106, staff would be prepared to consider recommending that an appropriate exemption be granted, on a case-by-case basis.

We are publishing the order with this Notice. The order is also available on websites of CSA members, including:

www.lautorite.qc.ca
www.albertasecurities.com
www.bcsc.bc.ca
www.msc.gov.mb.ca
www.gov.ns.ca/nssc
www.nbsc-cvmnb.ca
www.sfsc.gov.sk.ca

Questions

If you have questions regarding this Notice or the orders please direct them to any of the following:

Michael Brady
Senior Legal Counsel, Capital Markets Regulation
British Columbia Securities Commission
Tel: 604-899-6561
1-800-373-6393
mbrady@bcsc.bc.ca

Navdeep Gill
Legal Counsel, Market Regulation
Alberta Securities Commission
Tel: 403-355-9043
navdeep.gill@asc.ca

Dean Murrison
Deputy Director, Legal/Registration
Saskatchewan Financial Services Commission
Tel: 306-787-5879
dean.murrison@gov.sk.ca

Chris Besko
Legal Counsel, Deputy Director
The Manitoba Securities Commission
Tel. (204) 945-2561
Toll Free (Manitoba only) 1-800-655-5244
chris.besko@gov.mb.ca

Robert F. Kohl
Senior Legal Counsel
Compliance and Registrant Regulation
Ontario Securities Commission
Tel: 416-593-8233
rkohl@osc.gov.on.ca

Sophie Jean
Conseillère en réglementation
Surintendance de l'assistance à la clientèle et de la distribution
Autorité des marchés financiers
Tel: 514-395-0337, ext. 4786
Toll-free: 1 877 525-0337
sophie.jean@lautorite.qc.ca

Brian W. Murphy
Deputy Director, Capital Markets
Nova Scotia Securities Commission
Tel: 902-424-4592
murphybw@gov.ns.ca

Susan Powell
Senior Legal Counsel
New Brunswick Securities Commission
Tel: (506) 643-7697
Susan.powell@gnb.ca

Katharine Tummon
Superintendent of Securities
Prince Edward Island Securities Office
Tel: 902-368-4542
kptummon@gov.pe.ca

Craig Whalen
Manager of Licensing, Registration and Compliance
Financial Services Regulation Division
Securities Commission of Newfoundland and Labrador
Tel: 709-729-5661
cwhalen@gov.nl.ca

Louis Arki, Director, Legal Registries
Department of Justice, Government of Nunavut
Tel: (867) 975-6587
larki@gov.nu.ca

Donn MacDougall
Deputy Superintendent, Legal & Enforcement
Office of the Superintendent of Securities
Government of the Northwest Territories
PO Box 1320
Yellowknife, NT X1A 2L9
Tel: (867) 920-8984
donald_macdougall@gov.nt.ca

Frederik J. Pretorius
Manager Corporate Affairs (C-6)
Dept of Community Services
Government of Yukon
Tel: (867) 667-5225
Fred.Pretorius@gov.yk.ca

March 26, 2010

IN THE MATTER OF THE SECURITIES ACT S.N.B. C. S-5.5 (the *Act*)

AND

IN THE MATTER OF

AN EXEMPTION FROM THE REGISTRATION REQUIREMENT
FOR TRADES IN SHORT-TERM DEBT INSTRUMENTS

Blanket Order 31-510

Section 208

WHEREAS:

1. Terms defined in the *Act*, or in National Instrument 14-101 *Definitions* have the same meaning in this Blanket Order.
2. "Approved credit rating" has the same meaning ascribed to it in National Instrument 81-102 *Mutual Funds* (NI 81-102) with the exception of paragraph (b) of such definition.
3. A person or company in New Brunswick is exempt from the registration requirement for trades in short-term debt under section 3.35 of NI 45-106 *Prospectus and Registration Exemptions* (NI 45-106).
4. Subsection 3.35(b) of NI 45-106 provides that the dealer registration requirement for short-term debt is available only where, among other things, the negotiable promissory note or commercial paper "has an approved credit rating from an approved credit rating organization."
5. NI 45-106 incorporates by reference the definitions for "approved credit rating" and "approved credit rating organization" in NI 81-102. The definition of "approved credit rating" in NI 81-102 requires, among other things, that (a) the rating assigned to such debt must be "at or above" certain prescribed short-term ratings, and (b) such debt must not have been assigned a rating by any "approved credit rating organization" that is not an "approved credit rating."
6. Certain Canadian financial institutions currently rely on section 3.35 of NI 45-106.
7. Section 3.35 of NI 45-106 will cease to be in force on March 27, 2010 pursuant to section 8.5 of NI 45-106, and the exemption will no longer be available to persons or companies currently relying upon it.

IT IS ORDERED pursuant to section 208 of the *Act* that:

- A. The dealer registration requirement does not apply to

- (a) a bank listed in Schedule I, II or III to the *Bank Act* (Canada);
- (b) an association to which the *Cooperative Credit Associations Act* (Canada) applies or a central cooperative credit society for which an order has been made under subsection 473(1) of that Act;
- (c) a loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative or credit union league or federation that is authorized by a statute of Canada or of a jurisdiction in Canada to carry on business in Canada or in any jurisdiction in Canada, as the case may be;
- (d) the Business Development Bank of Canada.

in respect of a trade in a negotiable promissory note or commercial paper maturing not more than one year from the date of issue, if the note or commercial paper traded

- (i) is not convertible or exchangeable into or accompanied by a right to purchase another security other than a security described in this order; and
- (ii) has an approved credit rating issued by one of the following rating organizations, or any of their successors, at or above one of the following rating categories or a rating that replaces a category listed below:

Rating Organization	Rating
DBRS Limited	R-1 (low)
Fitch Ratings Ltd.	F2
Moody's Investors Service, Inc.	P-2
Standard & Poor's Corporation	A-2.

- B. This order will take effect on March 27, 2010 and cease to have effect after September 28, 2011.

DATED at Saint John, New Brunswick this 25th day of March 2010.

_____ "original signed by" _____
David G. Barry, Q.C., Panel Member

_____ "original signed by" _____
Harry H. Williamson, Q.C., Panel Member