

1.1.3 CSA Staff Notice 31-316 – Blanket Order Exempting Persons and Companies from the Requirement to Register when Trading in Short-term Debt Instruments

**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

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