

Notice of General Order - Ontario Instrument 81-506 *Temporary Exemptions from National Instrument 81-104 Alternative Mutual Funds*

Under Part 4 of NI 81-104, no mutual fund restricted individual may trade in a security of an alternative mutual fund unless the mutual fund restricted individual meets the proficiency requirements in subsection 4.1(1) (the **Proficiency Requirements**), and no principal distributor or participating dealer may trade in a security of an alternative mutual fund in a local jurisdiction unless the individual designated by a principal distributor or participating dealer to be responsible for the supervision of trades of those securities in the local jurisdiction (the **Supervisor**) meets the supervisory requirements in subsection 4.1(2) (the **Supervisory Requirements**).

Pursuant to the regulatory burden reduction initiative, the Ontario Securities Commission (the **Commission**) is providing mutual fund restricted individuals, principal distributors and participating dealers with additional course options to satisfy the Proficiency Requirements or Supervisory Requirements.

Description of Order

The order provides that mutual fund restricted individuals may satisfy the Proficiency Requirements and Supervisors may satisfy the Supervisory Requirements upon certain conditions, including that each mutual fund restricted individual and Supervisor relying on the order receives a passing grade in any one of the following courses:

- a. Canadian Securities Institute (**CSI**) – Alternative Strategies: Hedge Funds and Liquid Alternatives for Mutual Fund Representatives Course (the **CSI Bridge Course**);
- b. IFSE Institute – Investing in Alternative Mutual Funds and Hedge Funds (the **IFSE Bridge Course**);
- c. CSI – Investment Funds in Canada Course, provided that the passing grade was received upon course materials and an examination that substantially contains the content of the CSI Bridge Course; or
- d. IFSE Institute – Canadian Investment Funds Course, provided that the passing grade was received upon course materials and an examination that substantially contains the content of the IFSE Bridge Course.

Prior to the mutual fund restricted individual or Supervisor relying on the Order, the mutual fund restricted individual's registered dealer, or the principal distributor or participating dealer, as the case may be, must provide notification to the Director of the Investment Funds and Structured Products Branch of the Commission by email.

Reasons for the Order

As part of the regulatory burden reduction initiative, the Commission has recognized that the Proficiency Requirements and Supervisory Requirements have significantly limited retail investor access to alternative investment strategies through the Mutual Fund Dealers Association of Canada dealer channel.

In recognition of the challenges the Proficiency Requirements and Supervisory Requirements have created for the distribution of alternative mutual funds, providing mutual fund restricted individuals, principal distributors and participating dealers with additional course options to meet the Proficiency Requirements and Supervisory Requirements that offer updated and relevant information on alternative mutual funds will facilitate access to alternative investment strategies and enhance diversification

opportunities for retail investors while maintaining investor protection. These additional course options will expedite retail investor access to alternative mutual funds and better enable retail investors to benefit from alternative investment strategies and increased portfolio diversification opportunities.

The Commission has determined that it would not be prejudicial to the public interest to grant this temporary exemption to assist mutual fund restricted individuals, principal distributors and participating dealers to meet proficiency requirements for the distribution of alternative mutual funds and facilitate investment diversification for retail investors while continuing to provide investor protection.

Day on which the Order Ceases to Have Effect

The order comes into effect on January 28, 2021 and expires on July 28, 2022.