

# Chapter 1

## Notices

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### 1.1 Notices

#### 1.1.1 Notice of Commission Approval of OSC Rule 81-507 Extension to Ontario Instrument 81-506 Temporary Exemptions from National Instrument 81-104 Alternative Mutual Funds

##### NOTICE OF COMMISSION APPROVAL OF OSC RULE 81-507 EXTENSION TO ONTARIO INSTRUMENT 81-506 TEMPORARY EXEMPTIONS FROM NATIONAL INSTRUMENT 81-104 ALTERNATIVE MUTUAL FUNDS

February 24, 2022

#### Introduction

On January 18, 2022, the Ontario Securities Commission (the **OSC** or **we**) made as a rule under the *Securities Act* (Ontario) local OSC Rule 81-507 *Extension to Ontario Instrument 81-506 Temporary Exemptions from National Instrument 81-104 Alternative Mutual Funds* in Ontario (the **Rule**).

The Rule extends the blanket relief issued on January 28, 2021 by Ontario Instrument 81-506 *Temporary Exemptions from National Instrument 81-104 Alternative Mutual Funds* (the **OSC Blanket Order**) by 18 months. The OSC Blanket Order provides mutual fund restricted dealing representatives (**MFRIs**) in the Mutual Fund Dealers Association (**MFDA**) channel with additional proficiency options for distributing alternative mutual funds. Additional proficiency requirements support appropriate know your product and suitability assessments of alternative mutual funds by MFRIs for their clients. The OSC Blanket Order will cease to be effective on July 28, 2022, and the Rule will cause the relief provided in the OSC Blanket Order to be in force for an additional 18-month period from July 29, 2022 to January 29, 2024.

The text of the Rule is contained in Annex A of this notice and is also available on the OSC website at [www.osc.ca](http://www.osc.ca).

#### Substance and Purpose

On January 3, 2019, the Canadian Securities Administrators (**CSA**) adopted amendments to National Instrument 81-102 *Investment Funds* that introduced alternative mutual funds to the Canadian retail market. These amendments aimed to provide retail investors with greater access to alternative investment strategies, while maintaining appropriate protections. However, the proficiency requirements to distribute alternative mutual funds in National Instrument 81-104 *Alternative Mutual Funds* (the **Proficiency Requirements**) pre-date the introduction of the alternative mutual funds regime. As a result, the Proficiency Requirements and existing course options do not necessarily address the specific differences between conventional mutual funds and alternative mutual funds.

Consequently, on January 28, 2021, the CSA issued blanket orders to provide additional proficiency course options to address two issues. First, to better align proficiency requirements with information on alternative mutual funds, and second, to ensure MFRIs seeking to distribute alternative mutual fund securities have the education, training and experience that is necessary to understand the structure, features and risks of any alternative mutual fund that they may wish to recommend to a client, to support investor protection.

The OSC Blanket Order will cease to be effective on July 28, 2022. The purpose of the Rule is to cause the blanket relief issued under the OSC Blanket Order to be extended for an additional 18-month period, from July 29, 2022, to January 29, 2024.

Without an extension, MFRIs in Ontario would no longer be able to rely on the additional proficiency course options provided under the OSC Blanket Order after July 28, 2022. This would result in an unlevel playing field for MFRIs in Ontario as equivalent blanket orders issued by the other CSA jurisdictions continue to be in effect and are not subject to an expiration date.

#### Authority for the Local Amendments

Paragraph 143.11(3)(b) of the *Securities Act* (Ontario) provides the authority for the making of a rule which extends a blanket order for a further period of up to 18 months, in accordance with section 143.3 to 143.6.

#### Delivery of Rule to Minister

The OSC delivered the Rule to the Minister of Finance on or about February 18, 2022. The Minister may approve or reject the Rule or return it for further consideration. If the Minister approves the Rule or does not take any further action, the Rule will come into force on July 29, 2022.

**Questions**

Please refer any questions to the following OSC staff:

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ANNEX A

**OSC RULE 81-507 EXTENSION TO ONTARIO INSTRUMENT 81-506 TEMPORARY EXEMPTIONS FROM  
NATIONAL INSTRUMENT 81-104 ALTERNATIVE MUTUAL FUNDS**

**Purpose**

1. This Rule provides, in Ontario, a temporary extension to the exemptions provided in Ontario Instrument 81-506 *Temporary Exemptions from National Instrument 81-104 Alternative Mutual Funds*, pursuant to paragraph 143.11(3)(b) of the *Securities Act* (Ontario).

**Extension of temporary exemptions**

2. ***Section 11 of Ontario Instrument 81-506 Temporary Exemptions from National Instrument 81-104 Alternative Mutual Funds is amended by replacing “July 28, 2022” with “January 29, 2024”.***

**Effective date**

3. This Rule comes into force on July 29, 2022.