



THE MANITOBA
SECURITIES
COMMISSION

THE SECURITIES ACT)
)
Section 20(1))

Order No. 7452

May 30, 2018

BLANKET ORDER 94-501

Exempting certain counterparties from mandatory clearing

WHEREAS:

Definitions

A. Terms defined in the *Securities Act* ([Province]) (the Act), in National Instrument 14-101 *Definitions* or in National Instrument 94-101 *Mandatory Central Counterparty Clearing of Derivatives* (NI 94-101) have the same meaning in this Blanket Order.

Background

B. Subsection 3(1) of NI 94-101 requires a local counterparty to a transaction in a mandatory clearable derivative to submit, or cause to be submitted, the mandatory clearable derivative to a regulated clearing agency that offers clearing services in respect of the mandatory clearable derivative (the Clearing Requirement), if one or more of the following applies to each counterparty:

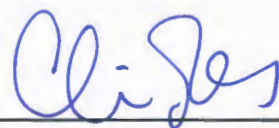
- (a) effective April 4, 2017, the counterparty
 - (i) is a participant of a regulated clearing agency that offers clearing services in respect of the mandatory clearable derivative, and
 - (ii) subscribes to clearing services for the class of derivatives to which the mandatory clearable derivative belongs;
- (b) effective October 4, 2017, the counterparty
 - (i) is an affiliated entity of a participant referred to in paragraph (a), and
 - (ii) has had, at any time after the date on which NI 94-101 comes into force, a month-end gross notional amount under all outstanding derivatives exceeding \$1,000,000,000 excluding derivatives to which paragraph 7(1)(a) of NI 94-101 applies;
- (c) effective October 4, 2017, the counterparty
 - (i) is a local counterparty in any jurisdiction of Canada, other than a counterparty to which paragraph (b) applies, and

- (ii) has had, at any time after the date on which NI94-101 comes into force, a month-end gross notional amount under all outstanding derivatives, combined with each affiliated entity that is a local counterparty in any jurisdiction of Canada, exceeding \$500,000,000,000 excluding derivatives to which paragraph 7(1)(a) of NI 94-101 applies.
- C. On October 12, 2017, the Commission published for comment proposed amendments to NI 94-101. The intention of the proposed amendments was to clarify the scope of application of the Clearing Requirement so that certain counterparties will not be subject to the Clearing Requirement under paragraphs 3(1)(b) and (c) of NI 94-101 (the Proposed Amendments).
- D. Some counterparties that would have been subject to the Clearing Requirement effective October 4, 2017 may not be subject to the Clearing Requirement as a result of the Proposed Amendments. Therefore, exemptive relief was required.
- E. On July 6, 2017, the Commission issued order number 7416, Blanket Order 94-501 *Exempting certain counterparties from mandatory clearing* (the "Previous Order"). The Previous Order expires August 20, 2018.
- F. Comments on the Proposed Amendments are currently being considered and it is possible that revisions to the Proposed Amendments may be published for further comment. In the circumstances, the Commission is of the opinion it is desirable to continue the effect of the Previous Order at this time.
- G. The Commission is of the opinion it would not be prejudicial to the public interest to make the Order.

IT IS ORDERED:

1. **THAT**, under section 20(1) of the Act, a counterparty, to which paragraph (3)(1)(a) of NI 94-101 does not apply and that is required under paragraph 3(1)(b) or (c) of NI 94-101 to clear a mandatory clearable derivative is exempt from that requirement.
2. **THAT**, this Order takes effect on August 20, 2018 and shall expire on the earlier of:
 - a. The date on which this order is revoked; or
 - b. The date on which amendments to NI 94-101 come into force with respect to the scope of counterparties subject to the Clearing Requirement.

BY ORDER OF THE COMMISSION



Director