

MSC Notice 2018-33

**NOTICE OF RULE
UNDER THE SECURITIES ACT**

**MSC LOCAL RULE 33-502
CONDITION OF REGISTRATION – APPROVED COMPENSATION AND CONTINGENCY
FUNDS**

Notice of Rule

The Commission has, under *The Securities Act* (“the Act”), made Local Rule 33-502 *Conditions of Registration – Approved Compensation and Contingency Funds* (the “MSC Rule”) as a Rule under the Act effective September 19, 2018.

Substance and Purpose of the Rule

The purpose of the proposed rule is to set out a requirement that every registered dealer, other than an exempt market dealer or scholarship plan dealer as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registration Obligations* (NI 31-103) participate in and contribute to a compensation fund or contingency trust fund approved by the Director.

The Commission anticipates issuing approval orders for compensation funds established by self regulatory organizations recognized by the Commission under section 31 of *The Securities Act* (Manitoba). We believe the proposed local rule and approval orders will enhance investor protection and further align the regulatory approach in Manitoba with those in other Canadian jurisdictions.

Prior Publication and Public Comment

The Commission published the MSC Rule for comment on July 5, 2018 for a thirty-day comment period.

No submissions or comments were received. Therefore, no material changes have been made to the MSC Rule.

Text of the MSC Rule

The text of the MSC Rule follows.

Date of Notice

September 24, 2018

Please refer your questions to:

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THE MANITOBA SECURITIES COMMISSION
MSC Rule No. 2018-13
(Section 149.1, *The Securities Act*)

LOCAL RULE 33-502
CONDITIONS OF REGISTRATION – APPROVED COMPENSATION AND CONTINGENCY FUNDS

Interpretation

1.1 In this Rule, terms defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* have the same meaning in this Rule.

Conditions of registration — approved compensation and contingency fund

1.2 Every dealer, other than an exempt market dealer or scholarship plan dealer as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, shall participate in and contribute to a compensation fund or contingency trust fund approved by the Director and established by,

- (a) a recognized self-regulatory organization referred to in section 31.1 of the Act;
- (b) a recognized exchange; or
- (c) a trust company.

1.3 A dealer must contribute an amount of money to a fund referred to in section (1.2) equal to the amount that the self-regulatory body, exchange or, in the case of a fund established by a trust company, the Director requires.

1.4 The Director may exempt a dealer that does not hold funds or securities of its clients from the requirements of section (1.2).

Exemption

1.5 The Commission may grant an exemption to this Rule, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

Effective date

1.6 This Rule comes into force effective September 19, 2018.

1.7 This Rule may be cited as MSC Rule 2018-13.