

CSA Notice 31-357

Blanket Orders/Class Orders in respect of Certain Client Focused Reforms Provisions of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations

April 16, 2020

Introduction

The Client Focused Reforms (**CFRs**) are an important investor protection initiative based on the concept that in the client-registrant relationship, the interests of the client come first. For reasons discussed below, the Canadian Securities Administrators (the **CSA** or **we**) will allow more time for registered firms and individuals (**registrants**) to implement certain provisions of the CFRs. However, we also wish to acknowledge that during volatile times such as those which we now face as a result of the Coronavirus pandemic (**COVID-19**) clients rely on registrants more than ever to provide them with advice that puts their interests first. We therefore encourage registrants, to the extent possible, to follow the implementation timing originally published with regard to the CFRs.

The CSA, along with the Investment Industry Regulatory Organization of Canada and the Mutual Fund Dealers Association of Canada (together, the **SROs**), are actively consulting with numerous industry stakeholders through the CFRs Implementation Committee. Through them, we have learned of the extent to which COVID-19 has disrupted business so that many registrants will not be in a position to implement the CFRs on the timeline originally published. We have also been informed of operational challenges relating to the first phase of the implementation schedule for the CFRs. All members of the CSA have responded by issuing parallel orders extending the timeline for the implementation of amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* that would otherwise have come into effect in the first phase of the implementation of the CFRs on December 31, 2020.

The SROs will harmonize their implementation timelines for conforming changes to their member rules, policies and guidance with the timeline adopted by the CSA.

Background

The CSA published the CFRs, which are relevant to all registrants, on October 3, 2019. The CSA provided for a phased transition period, with the reforms relating to conflicts of interest and relationship disclosure information (**RDI**) provisions taking effect on December 31, 2020, and the remaining reforms taking effect on December 31, 2021.

Summary of Relief Orders*Conflicts of interest CFRs*

The CSA recognizes the significant work many registrants need to undertake to implement the CFRs. We also recognize that the effects of COVID-19 will include disruptions to registrants' access to office facilities, personnel and other key resources, presenting them with serious challenges to their ability to implement the conflict of interest CFRs by December 31, 2020. Under these circumstances, the CSA has decided to grant relief to postpone the effective date by which registrants will have to comply with the conflicts of interest CFRs by six months to June 30, 2021.

RDI CFRs

Through the Implementation Committee, industry stakeholders have informed the CSA of operational challenges associated with changes that registrants will be required to make to their relationship disclosure information pursuant to the CFRs. Accordingly, the CSA has decided to grant relief to extend the time which registrants will have to comply with the RDI CFRs. The implementation of the RDI CFRs will be postponed until December 31, 2021, so that they will come into effect at the same time as the remaining reforms under the CFRs.

We note that when the conflicts of interest CFRs come into effect on June 30, 2021, registrants will be required to disclose material conflicts of interest to clients before opening an account or in a timely manner after they are identified. Registrants may provide these disclosures separately from any other disclosures using stand-alone documents in any form, be it electronic or paper, that meet the plain language requirements in the conflicts of interest CFRs.

Other CFRs

All remaining CFRs will take effect on December 31, 2021, consistent with the notice published on October 3, 2019 and the amending instrument for the CFRs.

Relief Orders

The orders will take effect on December 31, 2020.

For the specific provisions of the relief summarized above, see the applicable orders available on websites of CSA members including:

www.lautorite.qc.ca
www.albertasecurities.com
www.bcsc.bc.ca
www.fcnb.ca
nssc.novascotia.ca
www.osc.gov.on.ca
www.fcaa.gov.sk.ca
www.mbsecurities.ca

Questions

Please refer your questions to any of the following:

Isaac Filaté
Senior Legal Counsel
Capital Markets Regulation
British Columbia Securities Commission
604-899-6573 and 1-800-373-6393
ifilate@bcsc.bc.ca

Bonnie Kuhn
Senior Legal Counsel
Market Regulation
Alberta Securities Commission
403-355-3890
bonnie.kuhn@asc.ca

Liz Kutarna
Deputy Director, Capital Markets
Securities Division
Financial and Consumer Affairs Authority of Saskatchewan
306-787-5871
liz.kutarna@gov.sk.ca

Chris Besko
Director, General Counsel
The Manitoba Securities Commission
204-945-2561 and 1-800-655-5244
(Toll Free (Manitoba only))
chris.besko@gov.mb.ca

Chris Jepson
Senior Legal Counsel
Ontario Securities Commission
416-593-2379
cjepson@osc.gov.on.ca

Annex E2: Blackline Showing Changes to NI 31-103CP

Erin Seed
Senior Legal Counsel
Ontario Securities Commission
416-596-4264
eseed@osc.gov.on.ca

Kat Szybiak
Senior Legal Counsel
Ontario Securities Commission
416-593-3686
kszybiak@osc.gov.on.ca

Martin Picard
Analyste expert à l'encadrement des intermédiaires
Autorité des marchés financiers
514 395-0337 and 1 877 525-0337
martin.picard@lautorite.qc.ca

Chris Pottie
Deputy Director, Registration & Compliance
Nova Scotia Securities Commission
902-424-5393
chris.pottie@novascotia.ca

Steven Dowling
Acting Director
Consumer, Labour and Financial Services Division
Justice and Public Safety
Government of Prince Edward Island
902-368-4551
sddowling@gov.pe.ca

Jason Alcorn
Senior Legal Counsel and Special Advisor to the Executive Director
Financial and Consumer Services Commission of New Brunswick
506-643-7857
jason.alcorn@fcnb.ca

John O'Brien
Superintendent of Securities
Service NL
Government of Newfoundland and Labrador
709-729-4909
johnobrien@gov.nl.ca

Jeff Mason
Director of Legal Registries
Department of Justice, Government of Nunavut
867-975-6591
jmason@gov.nu.ca

Thomas Hall
Superintendent of Securities
Department of Justice
Government of the Northwest Territories
867-767-9305
tom_hall@gov.nt.ca

Rhonda Horte
Deputy Superintendent
Office of the Yukon Superintendent of Securities
867-667-5466
rhonda.horte@gov.yk.ca