

1.1.2 Notice of General Order – Ontario Instrument 91-505 Exemptions from the Options Proficiency Requirement for International Dealers, Advisers and Sub-Advisers (Interim Class Order)

NOTICE OF GENERAL ORDER

**ONTARIO INSTRUMENT 91-505
EXEMPTIONS FROM THE OPTIONS PROFICIENCY REQUIREMENT FOR
INTERNATIONAL DEALERS, ADVISERS AND SUB-ADVISERS (INTERIM CLASS ORDER)**

The Ontario Securities Commission (the **Commission**) has made an order under subsection 143.11(2) of the *Securities Act* (Ontario) (the **Act**) providing an exemption from the options proficiency requirement in section 3.1 of OSC Rule 91-502 *Trades in Recognized Options (OSC Rule 91-502)* for certain international firms and their representatives who rely on an exemption from the dealer or adviser registration requirements in the Act or the *Commodity Futures Act* (Ontario) (the **CFA**).

Description of Order

The Commission has made Ontario Instrument 91-505 *Exemptions from the Options Proficiency Requirement for International Dealers, Advisers and Sub-Advisers (Interim Class Order)* (the **Order**) exempting the following persons or companies from the options proficiency requirement in OSC Rule 91-502:

- (a) a person or company exempt from the dealer registration requirement in the Act or the adviser registration requirement in the Act if the person or company complies with the terms and conditions of the exemption from the registration requirement; and
- (b) a person or company exempt from the dealer registration requirement in the CFA or the adviser registration requirement in the CFA if the person or company complies with the terms and conditions of the exemption from the registration requirements in the CFA.

The exemptions in the Order are consistent with the proposed exemptions in the proposed amendment to OSC Rule 91-502 that was published for comment in December 2020 (the **Proposed Amendment**). The Order is intended to provide interim relief to international firms and their institutional clients until the Proposed Amendment can be finalized and implemented.

Reasons for the Order

On December 1, 2020, the Commission published Proposed OSC Rule 32-506 (Commodity Futures Act) *Exemptions for International Dealers, Advisers and Sub-Advisers (Proposed OSC Rule 32-506)* and the Proposed Amendment for a 90-day comment period (collectively, the **Proposed Instrument**).¹

As explained in the Notice and Request for Comment in respect of the Proposed Instrument, the Proposed Instrument is a regulatory burden reduction initiative intended to codify relief that is routinely granted by the Commission under both the Act and OSC Rule 91-502 to international firms. The exemptions in the Proposed Instrument are intended to eliminate the need for international firms to file these applications for relief.

The comment period for the Proposed Instrument expired on March 1, 2021. The Commission received two comment letters on the Proposed Instrument.² Both comment letters were generally supportive of the Proposed Instrument.

One of the commenters requested that the Commission consider issuing an interim class order until such time as the Proposed Instrument comes into force so as to avoid the cost and burden of renewing relief for those firms whose sunset clauses might expire prior to the coming into force of the Proposed Instrument.

Accordingly, this Order is intended to provide interim relief until such time as the Commission has had an opportunity to consider comments, finalize and, subject to Ministerial approval, implement the Proposed Instrument.

In light of the Commission's ongoing initiative to reduce regulatory burden, the Commission is satisfied that, subject to the conditions of the Order, it would not be prejudicial to the public interest to provide, on an interim basis, exemptions from the options proficiency requirement in OSC Rule 91-502 for international firms relying from exemptions from registration under the Act or the CFA.

¹ <https://www.osc.ca/en/securities-law/instruments-rules-policies/3/32-506>

² <https://www.osc.ca/en/securities-law/instruments-rules-policies/3/32-506/proposed-osc-rule-32-506-under-commodity-futures-act-exemptions-international-dealers-advisers-and-comment-letters>

Day on which the Order Ceases to Have Effect

The Order comes into effect on April 15, 2021 and remains in effect until the earlier of the following:

- (a) the date that is 18 months after the date of the Order unless extended by the Commission, and
- (b) the effective date of the Proposed Instrument.