

6.1.2 OSC Notice and Request for Comment Relating to Designated Rating Organizations – Proposed Amendments to OSC Rule 33-506 (Commodity Futures Act) Registration Information

**OSC Notice and Request for Comment
Relating to Designated Rating Organizations**

**Proposed Amendments to
OSC Rule 33-506 (Commodity Futures Act) Registration Information**

July 6, 2017

Introduction

The Ontario Securities Commission (the **OSC** or **we**) are publishing for a 90 day comment period proposed amendments (the **Proposed Amendments**) to OSC Rule 33-506 (*Commodity Futures Act*) *Registration Information* (**OSC Rule 33-506**).

The Proposed Amendments:

- relate to designated rating organizations (**DROs**) and credit ratings of DROs,
- are being proposed in conjunction with proposed amendments (the **33-109 Amendments**) to National Instrument 33-109 *Registration Information* (**NI 33-109**), and
- are consequential to, and consistent with, publication today by the Canadian Securities Administrators (**CSA**) of a *Notice and Request for Comment Relating to Designated Rating Organizations* (the **CSA Notice**).

Substance and Purpose

The Proposed Amendments are consequential in nature to the 33-109 Amendments and would maintain consistency between the form requirements under OSC Rule 33-506 and the form requirements under NI 33-109.

Summary of the Proposed Amendments¹

We revised section 1.1 of OSC Rule 33-506 to include a definition of “designated rating organization” and “DRO affiliate”.

We revised subparagraph (a)(i) of Schedule 1 of Schedule C of Form 33-109F6 to:

- Include the applicable long term and short term credit ratings of DBRS Limited and Fitch Ratings, Inc.
- Include the applicable short term credit ratings of S&P Global Ratings Canada and Moody’s Canada Inc.

For additional information, see the section entitled “Drafting approach” in Annex B of the CSA Notice.

Anticipated Costs and Benefits

We anticipate that the Proposed Amendments will maintain existing efficiencies in the registration process by continuing to harmonize the form requirements under OSC Rule 33-506 with the form requirements under NI 33-109. We do not expect that these changes will add significant costs to registrants or investors.

Alternatives Considered

No alternatives to the Proposed Amendments were considered.

Unpublished Materials

In proposing the Proposed Amendments, we have not relied on any significant study, report or other written materials.

¹ On July 7, 2016, the OSC published for comment proposed amendments to OSC Rule 33-506, including proposed amendments to subparagraph (a)(i) of Schedule 1 of Schedule C of Form 33-506F6. It is expected that these amendments will be finalized before the Proposed Amendments.

Authority for Proposed Amendments

The rule making authority for the Proposed Amendments is in paragraphs 1, 7 and 23 of subsection 65(1) of the *Commodity Futures Act* (Ontario).

Request for Comments

We welcome your comments on the Proposed Amendments.

How to Provide Comments

Please submit your comments in writing on or before **October 4, 2017**. If you are not sending your comments by email, an electronic file containing the submissions should also be provided (in Microsoft Word format).

Deliver your comments **only** to the address below.

The Secretary
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Fax: 416-593-2318
comments@osc.gov.on.ca

We cannot keep submissions confidential because applicable legislation requires publication of the written comments received during the comment period. All comments received will be posted on the website of the OSC at www.osc.gov.on.ca. Therefore, you should not include personal information directly in comments to be published. It is important that you state on whose behalf you are making the submission.

Contents of Annex

Annex A sets out the Proposed Amendments.

Questions

Please refer your questions to:

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ANNEX A

**PROPOSED AMENDMENTS TO
ONTARIO SECURITIES COMMISSION RULE 33-506
(COMMODITY FUTURES ACT) REGISTRATION INFORMATION**

1. ***Ontario Securities Commission Rule 33-506 (Commodity Futures Act) Registration Information is amended by this Instrument.***

2. ***Section 1.1 is amended by adding the following definitions:***

“designated rating organization” has the same meaning as in National Instrument 44-101 *Short Form Prospectus Distributions*;

“DRO affiliate” has the same meaning as in National Instrument 25-101 *Designated Rating Organizations*;

3. ***Schedule 1 of Schedule C of Form 33-506F6 Firm Registration is amended by replacing subparagraph (a)(i) with the following:***

(i) Bonds, debentures, treasury bills and other securities of or guaranteed by the Government of Canada, of the United Kingdom, of the United States of America and of any other national foreign government (provided those foreign government securities have a current credit rating described in subparagraph (i.1)) maturing (or called for redemption):

within 1 year:	1% of fair value multiplied by the fraction determined by dividing the number of days to maturing by 365
over 1 year to 3 years:	1% of fair value
over 3 years to 7 years:	2% of fair value
over 7 years to 11 years:	4% of fair value
over 11 years	4% of fair value

(i.1) A credit rating from a designated rating organization listed below, or any of its DRO affiliates, that is at one of the following corresponding rating categories or that is at a category that replaces one of the following corresponding rating categories:

Designated Rating Organization	Long Term Debt	Short Term Debt
DBRS Limited	AAA	R-1(high)
Fitch Ratings, Inc.	AAA	F1+
Moody's Canada Inc.	Aaa	Prime-1
S&P Global Ratings Canada	AAA	A-1+

4. This Instrument comes into force on •.