

## Chapter 5

# Rules and Policies

### 5.1.1 CSA Notice of Consequential Amendments to Registration, Prospectus and Continuous Disclosure Rules Related to NI 25-101 Designated Rating Organizations



## CSA NOTICE OF CONSEQUENTIAL AMENDMENTS TO REGISTRATION, PROSPECTUS AND CONTINUOUS DISCLOSURE RULES RELATED TO NATIONAL INSTRUMENT 25-101 *DESIGNATED RATING ORGANIZATIONS*

March 14, 2013

### Introduction

We, the members of the Canadian Securities Administrators (**CSA**), are adopting consequential amendments to the instruments and policies included in the following appendices:

- Appendix B
  - Companion Policy 21-101CP *Marketplace Operation*
- Appendix C
  - National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*
  - Form 31-103F1 *Calculation of Excess Working Capital*
- Appendix D
  - Form 33-109F6 *Firm Registration*
- Appendix E
  - National Instrument 41-101 *General Prospectus Requirements*
- Appendix F
  - National Instrument 44-101 *Short Form Prospectus Distributions*
  - Form 44-101F1 *Short Form Prospectus*
  - Companion Policy 44-101CP *Short Form Prospectus Distributions*
- Appendix G
  - National Instrument 44-102 *Shelf Distributions*
  - Companion Policy 44-102CP *Shelf Distributions*
- Appendix H
  - National Instrument 45-106 *Prospectus and Registration Exemptions*
- Appendix I
  - National Instrument 51-102 *Continuous Disclosure Obligations*

- Appendix J
  - National Policy 51-201 *Disclosure Standards*
- Appendix K
  - National Instrument 81-101 *Mutual Fund Prospectus Disclosure*
- Appendix L
  - National Instrument 81-102 *Mutual Funds*
  - Companion Policy 81-102CP *Mutual Funds*
- Appendix M
  - National Instrument 81-106 *Investment Fund Continuous Disclosure*

(collectively, the **DRO Consequential Amendments**).

The DRO Consequential Amendments are also available on the websites of CSA members, including the following:

- [www.bcsc.bc.ca](http://www.bcsc.bc.ca)
- [www.albertasecurities.com](http://www.albertasecurities.com)
- [www.osc.gov.on.ca](http://www.osc.gov.on.ca)
- [www.lautorite.qc.ca](http://www.lautorite.qc.ca)
- [www.msc.gov.mb.ca](http://www.msc.gov.mb.ca)
- [www.nbsc-cvmnb.ca](http://www.nbsc-cvmnb.ca)
- [www.gov.ns.ca/hssc](http://www.gov.ns.ca/hssc)

In some jurisdictions, ministerial approvals are required for the implementation of the DRO Consequential Amendments. Subject to obtaining all necessary approvals, the DRO Consequential Amendments will come into force on **May 31, 2013**.

### Substance and Purpose of the DRO Consequential Amendments

The DRO Consequential Amendments are adopted in order to fully implement the regulatory framework set out in National Instrument 25-101 *Designated Rating Organizations (NI 25-101)*, which came into effect on April 20, 2012<sup>1</sup>. NI 25-101 imposes requirements on those credit rating agencies or organizations (**CROs**) that wish to have their credit ratings eligible for use in securities legislation by requiring them to apply to become a “designated rating organization” (**DRO**) and adhere to rules concerning conflicts of interest, governance, conduct, compliance, and required filings. This regulatory framework is consistent with international regimes applicable to CROs<sup>2</sup>.

On October 31, 2012, the CSA designated each of DBRS Limited, Fitch, Inc., Moody’s Canada Inc., and Standard & Poor’s Rating Services (Canada) (the **Applicants**) pursuant to the requirements of NI 25-101<sup>3</sup>. The designation orders were granted on the basis that:

- The Applicants are in compliance in all material respects with NI 25-101 and the securities legislation applicable to credit rating organizations in each jurisdiction of Canada,
- The Applicants have filed all documentation required under NI 25-101, and
- Upon being designated as DROs, the Applicants are subject to the requirements set out in securities legislation in each jurisdiction of Canada.

Canadian securities legislation also includes a number of references to credit ratings. The DRO Consequential Amendments replace the current existing references to “approved rating organization”, and “approved credit rating organization” with “designated rating organization”. Similarly, the terms “approved rating” and “approved credit rating” are replaced with “designated rating”.

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<sup>1</sup> Except in Saskatchewan where NI 25-101 came into force on August 15, 2012.

<sup>2</sup> On October 5, 2012, the European Commission granted a decision on the recognition of the legal and supervisory regime for CROs set out in NI 25-101 as equivalent to the requirements of *Regulation (EC) No 1060/2009 on credit rating agencies* for recognizing credit ratings issued by CROs outside of the European Union. A copy of the equivalence decision is available on the website of the Official Journal of the European Union at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:278:0017:0018:EN:PDF>.

<sup>3</sup> The CSA also granted interim designation orders on April 30, 2012, to each Applicant, which designated the Applicant as a DRO and exempted the Applicant from the provisions of NI 25-101 for six months to allow the Applicant to review and amend, if necessary, its policies, practices, and internal controls in order to be compliant in all material respects with NI 25-101.

### Summary of Written Comments Received by the CSA

The comment period for the DRO Consequential Amendments expired on October 24, 2012, and we received submissions from two commenters. We have considered these comments and we thank the commenters. A list of the commenters and a summary of their comments, together with our response, are contained in Appendix A to this notice.

### Summary of Changes to the Proposed Materials

We have added additional guidance to Companion Policy 44-101CP *Short Form Prospectus Distributions (44-101CP)* and Companion Policy 81-102CP *Mutual Funds (81-102CP)* indicating that it is reasonable to interpret the predecessor terms “approved credit rating”, “approved rating” and “approved credit rating organization” as having the same meaning as their respective successor terms, “designated rating” and “designated rating organization”. This additional guidance is intended to clarify that the DRO Consequential Amendments should not impact existing agreements, such as trust indentures or other private contracts, that were entered into before the date the DRO Consequential Amendments come into force.

### Local Notices and Amendments

Certain jurisdictions are publishing other information required by local securities legislation or regarding amendments to local securities legislation in Appendix N to this notice.

### Questions

If you have any questions, please refer them to any of the following:

Frédéric Duguay  
Legal Counsel, Corporate Finance  
Ontario Securities Commission  
416-593-3677  
[fduguay@osc.gov.on.ca](mailto:fduguay@osc.gov.on.ca)

Katie DeBartolo  
Accountant, Corporate Finance  
Ontario Securities Commission  
416-593-2166  
[kdebartolo@osc.gov.on.ca](mailto:kdebartolo@osc.gov.on.ca)

Lucie J. Roy  
Senior Policy Advisor  
Service de la réglementation  
Surintendance aux marchés des valeurs  
Autorité des marchés financiers  
514-395-0337, ext 4464  
[lucie.roy@lautorite.qc.ca](mailto:lucie.roy@lautorite.qc.ca)

Ashlyn D'Aoust  
Legal Counsel, Corporate Finance  
Alberta Securities Commission  
403-355-4347  
[ashlyn.daoust@asc.ca](mailto:ashlyn.daoust@asc.ca)

Sheryl Thomson  
Senior Legal Counsel, Legal Services  
Corporate Finance  
British Columbia Securities Commission  
604-899-6778  
[sthomson@bcsc.bc.ca](mailto:sthomson@bcsc.bc.ca)

**APPENDIX A**  
**SUMMARY OF COMMENTS AND RESPONSE ON NOTICE AND REQUEST FOR COMMENT**  
**PROPOSED DRO CONSEQUENTIAL AMENDMENTS PUBLISHED JULY 26, 2012**

This appendix summarizes the written public comments we received on the DRO Consequential Amendments. It also sets out our response to those comments.

**List of Parties Commenting on the DRO Consequential Amendments**

- Osler, Hoskin & Harcourt LLP
- Stikeman Elliott LLP

**General Comments**

Two commenters are concerned that the DRO Consequential Amendments will create unintended adverse consequences for existing agreements, such as trust indentures or other private contracts, which include references to “approved credit rating” and “approved credit rating organization”. The commenters are concerned that if the DRO Consequential Amendments are adopted as proposed, such agreements may need to be amended, which would create uncertainty and additional costs.

The commenters suggest that we include a provision in the DRO Consequential Amendments that recognizes the terms “approved credit rating” and “approved credit rating organization” as interchangeable with “designated rating” and “designated rating organization or its DRO affiliate” for any agreements entered into before the date the DRO Consequential Amendments come into force.

***Response: We have added language to 44-101CP indicating that it is reasonable to interpret the predecessor terms “approved credit rating”, “approved rating” and “approved credit rating organization” as having the same meaning as their respective successor terms, “designated rating” and “designated rating organization”. We have also added similar language to 81-102CP.***

## APPENDIX B

CHANGES TO COMPANION POLICY 21-101CP  
MARKETPLACE OPERATION

1. *The changes to Companion Policy 21-101CP Marketplace Operation are set out in this Appendix.*
2. *Subsection 10.1(6) is replaced with the following:*

An "investment grade corporate debt security" is a corporate debt security that is rated by a designated rating organization, or its DRO affiliate, that is at or above one of the following rating categories or that is at or above a category that preceded or replaces one of the following rating categories:

<b>Designated Rating Organization</b>	<b>Long Term Debt</b>	<b>Short Term Debt</b>
DBRS Limited	BBB	R-2
Fitch, Inc.	BBB	F3
Moody's Canada Inc.	Baa	Prime-3
Standard & Poor's Ratings Services (Canada)	BBB	A-3

3. The changes become effective on May 31, 2013.

APPENDIX C

AMENDMENTS TO NATIONAL INSTRUMENT 31-103  
REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS

1. **National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations is amended by this Instrument.**
2. **Section 8.21 is amended**
  - (a) **in subsection (1), by**
    - (i) **replacing** “approved credit rating” **with** “designated rating”,
    - (ii) **replacing** “approved credit rating organization” **with** “designated rating organization”,
    - (iii) **adding the following definition:**

“DRO affiliate” has the same meaning as in section 1 of National Instrument 25-101 *Designated Rating Organizations*;, **and**
  - (b) **in paragraph (2)(b), by**
    - (i) **replacing** “an approved credit rating” **with** “a designated rating”, **and**
    - (ii) **replacing** “an approved credit rating organization” **with** “a designated rating organization or its DRO affiliate”.
3. **Schedule 1 of Form 31-103F1 Calculation of Excess Working Capital (calculating line 9 [market risk]) is amended by replacing** “Moody’s Investors Service, Inc. or Standard & Poor’s Corporation” **with** “Moody’s Canada Inc. or its DRO affiliate or Standard & Poor’s Rating Services (Canada) or its DRO affiliate”.
4. This Instrument comes into force on May 31, 2013.

APPENDIX D

AMENDMENTS TO NATIONAL INSTRUMENT 33-109  
REGISTRATION INFORMATION

1. ***National Instrument 33-109 Registration Information is amended by this Instrument.***
2. ***Form 33-109F6 Firm Registration is amended by replacing, in Schedule 1 of Form 31-103F1 Calculation of Excess Working Capital (calculating line 9 [market risk]), “Moody’s Investors Service, Inc. or Standard & Poor’s Corporation” with “Moody’s Canada Inc. or its DRO affiliate or Standard & Poor’s Rating Services (Canada) or its DRO affiliate”.***
3. This Instrument comes into force on May 31, 2013.

APPENDIX E

AMENDMENTS TO NATIONAL INSTRUMENT 41-101  
GENERAL PROSPECTUS REQUIREMENTS

1. **National Instrument 41-101 General Prospectus Requirements is amended by this Instrument.**
2. **Section 1.1 is amended by**
  - (a) **replacing** “approved rating organization” **with** “designated rating organization”,
  - (b) **adding the following definitions:**

“DRO affiliate” has the same meaning as in section 1 of NI 25-101; **and**

“NI 25-101” means National Instrument 25-101 *Designated Rating Organizations*;
3. **Subsection 7.2(2) is amended by replacing** “approved rating organization” **with** “designated rating organization or its DRO affiliate”.
4. **Subsection 10.1(4) is amended by replacing** “an approved rating organization” **with** “a designated rating organization or its DRO affiliate”.
5. This Instrument comes into force on May 31, 2013.



## APPENDIX F

**AMENDMENTS TO NATIONAL INSTRUMENT 44-101  
SHORT FORM PROSPECTUS DISTRIBUTIONS AND COMPANION POLICY**

## Schedule F-1

**AMENDMENTS TO  
NATIONAL INSTRUMENT 44-101 SHORT FORM PROSPECTUS DISTRIBUTIONS**

1. **National Instrument 44-101 Short Form Prospectus Distributions is amended by this Instrument.**

2. **Section 1.1 is amended**

(a) **by replacing the definition of “approved rating” with the following:**

“designated rating” means, for a security, a rating issued by a designated rating organization, or its DRO affiliate, that is at or above one of the following rating categories or that is at or above a category that replaces one of the following rating categories:

Designated Rating Organization	Long Term Debt	Short Term Debt	Preferred Shares
DBRS Limited	BBB	R-2	Pfd-3
Fitch, Inc.	BBB	F3	BBB
Moody’s Canada Inc.	Baa	Prime-3	“baaa”
Standard & Poor’s Ratings Services (Canada)	BBB	A-3	P-3

(b) **in the definition of “cash equivalent”, by**

(i) **replacing “an approved rating” wherever it occurs with “a designated rating”, and**

(ii) **replacing “approved rating organization” with “designated rating organization or its DRO affiliate”, and**

(c) **by adding the following definitions:**

“designated rating organization” means

(a) each of DBRS Limited, Fitch, Inc., Moody’s Canada Inc., Standard & Poor’s Ratings Services (Canada), including their DRO affiliates; or

(b) any other credit rating organization that has been designated under securities legislation; **and**

“DRO affiliate” has the same meaning as in section 1 of National Instrument 25-101 *Designated Rating Organizations*;

3. **Section 2.3 is amended**

(a) **in the title, by replacing “Approved Rating” with “Designated Rating”,**

(b) **in paragraph (1)(e), by**

(i) **replacing “an approved rating” with “a designated rating”,**

(ii) **replacing “the approved rating” with “the designated rating”,**

(iii) **in subparagraph (e)(ii), replacing “an approved rating organization” with “a designated rating organization or its DRO affiliate”, and**

- (iv) **in subparagraph (e)(iii), replacing** “approved rating organization” **with** “designated rating organization or its DRO affiliate”.

**4. Subsection 2.4(1) is amended by**

- (a) **replacing** “an approved rating” **wherever it occurs with** “a designated rating”,
- (b) **replacing** “the approved rating” **wherever it occurs with** “the designated rating”,
- (c) **replacing** “an approved rating organization” **wherever it occurs with** “a designated rating organization or its DRO affiliate”, **and**
- (d) **replacing** “any approved rating organization” **wherever it occurs with** “any designated rating organization or its DRO affiliate”.

**5. Subsection 2.6(1) is amended by**

- (a) **replacing** “an approved rating” **wherever it occurs with** “a designated rating”,
- (b) **replacing** “the approved rating” **wherever it occurs with** “the designated rating”,
- (c) **in subparagraph (c)(ii), replacing** “an approved rating organization” **with** “a designated rating organization or its DRO affiliate”, **and**
- (d) **in subparagraph (c)(iii), replacing** “approved rating organization” **with** “designated rating organization or its DRO affiliate”.

**6. Item 7.9 of Form 44-101F1 is amended by replacing** “securities of the issuer that are outstanding, or will be outstanding,” **with** “the securities being distributed”.

**7. This Instrument comes into force on May 31, 2013.**

Schedule F-2

CHANGES TO  
COMPANION POLICY 44-101CP SHORT FORM PROSPECTUS DISTRIBUTIONS

1. **The changes to Companion Policy 44-101CP Short Form Prospectus Distributions are set out in this Schedule.**
2. **Subsection 1.7(1) is changed**
  - (a) **in the title, by replacing “Approved rating” with “Designated rating”,**
  - (b) **by replacing “an approved rating” wherever it occurs with “a designated rating”,**
  - (c) **by replacing “rating agency” wherever it occurs with “designated rating organization or its DRO affiliate”, and**
  - (d) **by adding the following subsection**

(1.1) *Predecessor terms* – We recognize there are existing contracts that use the predecessor terms “approved credit rating”, “approved rating” and “approved credit rating organization”. The content of the new definitions “designated rating” and “designated rating organization” is substantially the same as the content of their respective predecessor terms, only the terminology has changed. Therefore, it is reasonable to interpret the predecessor terms as having the same meaning as the definition of “designated rating” and “designated rating organization” in NI 44-101, as applicable.
3. **Section 2.2 is changed by replacing “approved rating” with “designated rating”.**
4. **Section 2.4 is changed by**
  - (a) **replacing “an approved rating” wherever it occurs with “a designated rating”, and**
  - (b) **replacing “approved rating organization” with “designated rating organization or its DRO affiliate”.**
5. The changes become effective on May 31, 2013.

APPENDIX G

AMENDMENTS TO NATIONAL INSTRUMENT 44-102  
SHELF DISTRIBUTIONS AND COMPANION POLICY

Schedule G-1

AMENDMENTS TO  
NATIONAL INSTRUMENT 44-102 SHELF DISTRIBUTIONS

1. **National Instrument 44-102 Shelf Distributions is amended by this Instrument.**
2. **Section 2.3 is amended**
  - (a) **in subsection (1), by**
    - (i) **in the title, by replacing** “Approved Rating Non-Convertible Securities” **with** “Designated Rating Non-Convertible Securities”,
    - (ii) **replacing** “approved rating non-convertible securities” **with** “designated rating non-convertible securities”,
    - (iii) **replacing** “an approved rating” **wherever it occurs with** “a designated rating”, **and**
    - (iv) **replacing** “approved rating organization” **with** “designated rating organization or its DRO affiliate”.
  - (b) **in subsection (2), by**
    - (i) **replacing** “an approved rating” **wherever it occurs with** “a designated rating”, **and**
    - (ii) **replacing** “approved rating organization” **with** “designated rating organization or its DRO affiliate”.
  - (c) **in subsection (3), by**
    - (i) **replacing** “approved rating” **wherever it occurs with** “designated rating”,
    - (ii) **replacing** “an approved rating” **wherever it occurs with** “a designated rating”,
    - (iii) **in clause (b)(iv)(B), replacing** “an approved rating organization” **wherever it occurs with** “a designated rating organization or its DRO affiliate”, **and**
    - (iv) **in clause (b)(iv)(C), replacing** “approved rating organization” **wherever it occurs with** “designated rating organization or its DRO affiliate”.
3. **Subsection 2.4(3) is amended by**
  - (a) **replacing** “approved rating” **wherever it occurs with** “designated rating”,
  - (b) **replacing** “an approved rating” **wherever it occurs with** “a designated rating”,
  - (c) **replacing** “an approved rating organization” **wherever it occurs with** “a designated rating organization or its DRO affiliate”, **and**
  - (d) **replacing** “any approved rating organization” **wherever it occurs with** “any designated rating organization or its DRO affiliate”.
4. **Section 2.6 is amended by**
  - (a) **replacing** “approved rating” **wherever it occurs with** “designated rating”,
  - (b) **replacing** “an approved rating” **wherever it occurs with** “a designated rating”,

- (c) **replacing** “an approved rating organization” **wherever it occurs with** “a designated rating organization or its DRO affiliate”, **and**
  - (d) **replacing** “any approved rating organization” **wherever it occurs with** “any designated rating organization or its DRO affiliate”.
3. This Instrument comes into force on May 31, 2013.

Schedule G-2

CHANGES TO  
COMPANION POLICY 44-102CP SHELF DISTRIBUTIONS

1. *The changes to Companion Policy 44-102CP Shelf Distributions are set out in this Schedule.*
2. **Subsection 2.6(2) is changed by replacing** “approved rating organizations” **with** “designated rating organizations or their DRO affiliates”.
3. The changes become effective on May 31, 2013.

APPENDIX H

AMENDMENTS TO NATIONAL INSTRUMENT 45-106  
PROSPECTUS AND REGISTRATION EXEMPTIONS

1. **National Instrument 45-106 Prospectus and Registration Exemptions is amended by this Instrument.**
2. **Section 1.1 is amended by**
  - (a) **replacing** “approved credit rating” **with** “designated rating”,
  - (b) **replacing** “approved credit rating organization” **with** “designated rating organization”, **and**
  - (c) **adding the following definition:**

“DRO affiliate” has the same meaning as in section 1 of National Instrument 25-101 *Designated Rating Organizations*;
3. **Paragraph 2.34(2)(b) is amended by**
  - (a) **replacing** “an approved credit rating” **with** “a designated rating”, **and**
  - (b) **replacing** “an approved credit rating organization” **with** “a designated rating organization or its DRO affiliate”.
4. **Subsection 2.35(b) is amended by**
  - (a) **replacing** “an approved credit rating” **with** “a designated rating”, **and**
  - (b) **replacing** “an approved credit rating organization” **with** “a designated rating organization or its DRO affiliate”.
5. **Paragraph 3.34(2)(b) is amended by**
  - (a) **replacing** “an approved credit rating” **with** “a designated rating”, **and**
  - (b) **replacing** “an approved credit rating organization” **with** “a designated rating organization or its DRO affiliate”.
6. **Subsection 3.35(b) is amended by**
  - (a) **replacing** “an approved credit rating” **with** “a designated rating”, **and**
  - (b) **replacing** “an approved credit rating organization” **with** “a designated rating organization or its DRO affiliate”.
7. This Instrument comes into force on May 31, 2013.

APPENDIX I

AMENDMENTS TO NATIONAL INSTRUMENT 51-102  
CONTINUOUS DISCLOSURE OBLIGATIONS

1. **National Instrument 51-102 Continuous Disclosure Obligations is amended by this Instrument.**
2. **Section 1.1 is amended by**
  - (a) **replacing the definition of “approved rating organization” with the following:**

“designated rating organization” means

    - (a) each of DBRS Limited, Fitch, Inc., Moody’s Canada Inc., Standard & Poor’s Ratings Services (Canada), including their DRO affiliates; or
    - (b) any other credit rating organization that has been designated under securities legislation;, **and**
  - (b) **adding the following definition:**

“DRO affiliate” has the same meaning as in section 1 of National Instrument 25-101 *Designated Rating Organizations*;
3. This Instrument comes into force on May 31, 2013.



APPENDIX J

CHANGES TO NATIONAL POLICY 51-201  
DISCLOSURE STANDARDS

1. *The changes to National Policy 51-201 Disclosure Standards are set out in this Appendix.*
2. *Subsection 3.3(7) is changed by replacing “approved rating agencies” with “designated rating organizations”.*
3. *Footnote 19 is changed by replacing “approved rating” with “designated rating”.*
4. The changes become effective on May 31, 2013.

APPENDIX K

AMENDMENTS TO NATIONAL INSTRUMENT 81-101  
*MUTUAL FUND PROSPECTUS DISCLOSURE*

1. *National Instrument 81-101 Mutual Fund Prospectus Disclosure is amended by this Instrument.*
2. *Subsection 2.6(4) is amended by replacing “an approved rating organization” with “a designated rating organization or its DRO affiliate”.*
3. This Instrument comes into force on May 31, 2013.

APPENDIX L

AMENDMENTS TO NATIONAL INSTRUMENT 81-102  
MUTUAL FUNDS AND COMPANION POLICY

Schedule L-1

AMENDMENTS TO  
NATIONAL INSTRUMENT 81-102 MUTUAL FUNDS

1. **National Instrument 81-102 Mutual Funds is amended by this Instrument.**

2. **Section 1.1 is amended**

(a) **by replacing the definition of “approved credit rating” with the following:**

“designated rating” means, for a security or instrument, a rating issued by a designated rating organization, or its DRO affiliate, that is at or above one of the following rating categories, or that is at or above a category that replaces one of the following rating categories, if

- (a) there has been no announcement by the designated rating organization or its DRO affiliate of which the mutual fund or its manager is or reasonably should be aware that the rating of the security or instrument to which the designated rating was given may be down-graded to a rating category that would not be a designated rating, and
- (b) no designated rating organization or any of its DRO affiliates has rated the security or instrument in a rating category that is not a designated rating:

Designated Rating Organization	Commercial Paper/ Short Term Debt	Long Term Debt
DBRS Limited	R-1 (low)	A
Fitch, Inc.	F1	A
Moody’s Canada Inc.	P-1	A2
Standard & Poor’s Ratings Services (Canada)	A-1 (Low)	A

(b) **by replacing the definition of “approved credit rating organization” with the following:**

“designated rating organization” means

- (a) each of DBRS Limited, Fitch, Inc., Moody’s Canada Inc., Standard & Poor’s Ratings Services (Canada), including their DRO affiliates; or
- (b) any other credit rating organization that has been designated under securities legislation;,

(c) **in the definition of “cash cover”, by replacing “an approved credit rating” with “a designated rating”,**

(d) **in the definition of “cash equivalent”, by**

- (i) **replacing “an approved credit rating” wherever it occurs with “a designated rating”, and**
- (ii) **replacing “an approved credit rating organization” with “a designated rating organization or its DRO affiliate”,**

(e) **by adding the following definition:**

“DRO affiliate” has the same meaning as in section 1 of National Instrument 25-101 *Designated Rating Organizations*;

- (f) **in the definition of “floating rate evidence of indebtedness”, by replacing “an approved credit rating” wherever it occurs with “a designated rating”,**
  - (g) **in the definition of “money market fund”, by replacing “an approved credit rating” with “a designated rating”, and**
  - (h) **in the definition of “qualified security”, by**
    - (i) **replacing “an approved credit rating” wherever it occurs with “a designated rating”, and**
    - (ii) **replacing “an approved credit rating organization” with “a designated rating organization or its DRO affiliate”.**
3. **Section 2.7 is amended**
- (a) **in subsection (1), by replacing “an approved credit rating” wherever it occurs with “a designated rating”, and**
  - (b) **in subsection (2), by replacing “approved credit rating” with “designated rating”.**
4. **Subparagraph 2.12(1)6.(d) is amended by**
- (a) **replacing “an approved credit rating organization” with “a designated rating organization or its DRO affiliate”, and**
  - (b) **replacing “an approved credit rating” with “a designated rating”.**
5. **Subparagraph 2.18(1)(a)(iii) is amended by replacing “an approved credit rating” with “a designated rating”.**
6. **Paragraph 4.1(4)(b) is amended by**
- (a) **replacing “an approved rating” with “a designated rating”, and**
  - (b) **replacing “an approved credit rating organization” with “a designated rating organization or its DRO affiliate”.**
7. **Subsection 4.1(4.1) is amended by replacing “approved rating” with “designated rating”.**
8. **Subsection 15.3(5) is amended**
- (a) **in paragraph (a), by replacing “an approved credit rating organization” with “a designated rating organization or its DRO affiliate”, and**
  - (b) **in paragraphs (b) and (c), by replacing “approved credit rating organization” with “designated rating organization or any of its DRO affiliates”.**
9. This Instrument comes into force on May 31, 2013.

Schedule L-2

CHANGES TO  
COMPANION POLICY 81-102CP *MUTUAL FUNDS*

1. *The changes to Companion Policy 81-102CP Mutual Funds are set out in this Schedule.*
2. *Part 2 is changed by adding the following section after section 2.4*
  - 2.4.1 **Predecessor terms** – We recognize there are existing contracts that use the predecessor terms “approved credit rating”, “approved rating” and “approved credit rating organization”. The content of the new definitions “designated rating” and “designated rating organization” is substantially the same as the content of their respective predecessor terms, only the terminology has changed. Therefore, it is reasonable to interpret the predecessor terms as having the same meaning as the definition of “designated rating” and “designated rating organization” in NI 81-102, as applicable.
3. *Subsection 3.1(4) is changed by*
  - (a) *replacing “approved credit rating organizations” wherever it appears with “designated rating organizations or their DRO affiliates”, and*
  - (b) *replacing “Standard & Poor’s” wherever it appears with “Standard & Poor’s Rating Services (Canada) or its DRO affiliate”.*
4. The changes become effective on May 31, 2013.

APPENDIX M

AMENDMENTS TO NATIONAL INSTRUMENT 81-106  
*INVESTMENT FUND CONTINUOUS DISCLOSURE*

1. *National Instrument 81-106 Investment Fund Continuous Disclosure is amended by this Instrument.*
2. *Paragraph 3.5(6)(d) is amended by replacing “approved credit rating” with “designated rating”.*
3. This Instrument comes into force on May 31, 2013.

APPENDIX N

ADDITIONAL INFORMATION REQUIRED IN ONTARIO

**Notice of Commission Approval**

On March 12, 2013 the Ontario Securities Commission (the **Commission**) approved the publication of the DRO Consequential Amendments pursuant to section 143 of the *Securities Act* (Ontario) (the **Act**).

The DRO Consequential Amendments have an effective date of May 31, 2013.

**Delivery to the Minister**

The DRO Consequential Amendments were delivered to the Minister of Finance on March 13, 2013. The Minister may approve or reject the DRO Consequential Amendments or return them for further consideration. If the Minister approves the DRO Consequential Amendments or does not take any further action by May 13, 2013, the Materials will come into force on May 31, 2013.