

Chapter 5

Rules and Policies

5.1.1 Amendments to National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations

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

The amendments set out in sections 9, 11, 12, 13, 15(a) and 24 of this Amending Instrument are not being made in certain CSA jurisdictions because these amendments have already been adopted in those jurisdictions by means of other instruments. This will be reflected in the version of this Amending Instrument that is adopted in those jurisdictions.

1. ***National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations is amended by this Instrument.***
2. ***Section 1.1 is amended by adding the following definitions:***

“Canadian custodian” means any of the following:

- (a) a bank listed in Schedule I, II or III of the *Bank Act* (Canada);
- (b) a trust company that is incorporated under the laws of Canada or a jurisdiction of Canada and licensed or registered under the laws of Canada or a jurisdiction of Canada, and that has equity, as reported in its most recent audited financial statements, of not less than \$10,000,000;
- (c) a company that is incorporated under the laws of Canada or a jurisdiction of Canada, and that is an affiliate of a bank or trust company referred to in paragraph (a) or (b), if either of the following applies:
 - (i) the company has equity, as reported in its most recent audited financial statements, of not less than \$10,000,000;
 - (ii) the bank or trust company has assumed responsibility for all of the custodial obligations of the company for the cash and securities the company holds for a client or investment fund;
- (d) an investment dealer that is a member of IIROC and that is permitted under the rules of IIROC, as amended from time to time, to hold the cash and securities of a client or investment fund;

“foreign custodian” means any of the following:

- (a) an entity that
 - (i) is incorporated or organized under the laws of a country, or a political subdivision of a country, other than Canada,
 - (ii) is regulated as a banking institution or trust company by the government, or an agency of the government, of the country under the laws of which it is incorporated or organized, or a political subdivision of that country, and
 - (iii) has equity, as reported in its most recent audited financial statements, of not less than the equivalent of \$100,000,000;
- (b) an affiliate of an entity referred to in paragraph (a), (b) or (c) of the definition of “Canadian custodian”, or paragraph (a) of this definition, if either of the following applies:
 - (i) the affiliate has equity, as reported in its most recent audited financial statements, of not less than the equivalent of \$100,000,000;

- (ii) the entity referred to in paragraph (a), (b) or (c) of the definition of “Canadian custodian”, or paragraph (a) of this definition, has assumed responsibility for all of the custodial obligations of the affiliate for the cash and securities the affiliate holds for a client or investment fund;

“qualified custodian” means a Canadian custodian or a foreign custodian;.

3. Section 1.2 is replaced with the following:

1.2 Interpretation of “securities” in Alberta, British Columbia, New Brunswick, Nova Scotia and Saskatchewan

- (1) Subject to sections 8.2 and 8.26, in British Columbia, a reference to “securities” in this Instrument includes “exchange contracts”, unless the context otherwise requires.
- (2) Subject to sections 8.2 and 8.26, in Alberta, New Brunswick, Nova Scotia and Saskatchewan, a reference to “securities” in this Instrument includes “derivatives”, unless the context otherwise requires..

4. Subsections 1.2(1) and (2), as amended by section 3 of this Instrument, are amended by replacing “8.2 and 8.26” with “8.2, 8.26 and 14.5.1”.

5. Section 3.16 is amended

- (a) **in subsections (1) and (1.1) by adding “an investment dealer that is” after “a dealing representative of”, and**
- (b) **in subsections (2) and (2.1) by adding “a mutual fund dealer that is” after “a dealing representative of”.**

6. Section 7.1 is amended

- (a) **in subparagraph (2) (d) (i) by deleting “whether or not a prospectus was filed in respect of the distribution,”,**
- (b) **by replacing subparagraph (2) (d) (ii) with the following:**
 - (ii) act as a dealer by trading a security if all of the following apply:
 - (A) the trade is not a distribution;
 - (B) an exemption from the prospectus requirement would be available to the seller if the trade were a distribution;
 - (C) the class of security is not listed, quoted or traded on a marketplace, or , **and**
- (c) **by repealing subsection (5).**

7. Section 8.2 is replaced with the following:

8.2 Definition of “securities” in Alberta, British Columbia, New Brunswick, Nova Scotia and Saskatchewan

Despite section 1.2, in Alberta, British Columbia, New Brunswick, Nova Scotia and Saskatchewan, a reference to “securities” in this Division excludes “exchange contracts”..

8. Subsection 8.6 (1) is amended

- (a) **by replacing “both of the following apply” with “all of the following apply”,**
- (b) **by replacing paragraph (a) with the following:**
 - (a) the adviser or an affiliate of the adviser acts as the fund’s adviser;, **and**
- (c) **by adding the following paragraph:**
 - (a.1) the adviser or an affiliate of the adviser acts as the fund’s investment fund manager;.

9. **Subsection 8.12(3) is amended by adding “New Brunswick,” after “Manitoba,”.**

10. **Paragraph 8.18(2) (b) is replaced with the following:**

- (b) a trade in a debt security with a permitted client if the debt security
 - (i) is denominated in a currency other than the Canadian dollar, or
 - (ii) is or was originally offered primarily in a foreign jurisdiction and a prospectus has not been filed with a Canadian securities regulatory authority for the distribution;.

11. **The heading to section 8.20 is amended by adding “, Nova Scotia” after “New Brunswick”.**

12. **Subsection 8.20(1) is amended by adding “, Nova Scotia” after “New Brunswick”.**

13. **Section 8.20.1 is replaced with the following:**

8.20.1 Exchange contract trades through or to a registered dealer – Alberta, British Columbia, New Brunswick, Nova Scotia and Saskatchewan

In Alberta, British Columbia, New Brunswick, Nova Scotia and Saskatchewan, the dealer registration requirement does not apply to a registered adviser, or an advising representative or associate advising representative acting on behalf of the registered adviser, in respect of trading activities related to exchange contracts that are incidental to its providing advice to a client, if the trade is made through a dealer registered in a category that permits the trade or a dealer operating under an exemption from the dealer registration requirement..

14. **Section 8.24 is amended by adding “is an investment dealer that” after “account if the registered dealer”.**

15. **Section 8.26 is amended**

(a) **in subsection (1) by adding “, Nova Scotia” after “New Brunswick”, and**

(b) **by replacing subsection (3) with the following:**

- (3) The adviser registration requirement does not apply to a person or company if either of the following applies:
 - (a) the person or company provides advice on a foreign security to a permitted client that is not registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer;
 - (b) the person or company provides advice on a security that is not a foreign security and the advice is incidental to the advice referred to in paragraph (a)..

16. **Subsection 9.3 (1) is amended**

(a) **by replacing “a registered firm” with “an investment dealer”,**

(b) **by replacing paragraph (m) with the following:**

- (m) subsections 14.2(2) to (6) [*relationship disclosure information*];,

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

- (m.1) section 14.2.1 [*pre-trade disclosure of charges*];,

(d) **by adding the following paragraphs:**

- (m.2) section 14.5.2 [*restriction on self-custody and qualified custodian requirement*];
- (m.3) section 14.5.3 [*cash and securities held by a qualified custodian*];,

- (e) **by replacing paragraph (n) with the following:**
 - (n) section 14.6 [client and investment fund assets held by a registered firm in trust];,
- (f) **by adding the following paragraphs:**
 - (n.1) section 14.6.1 [custodial provisions relating to certain margin or security interests];
 - (n.2) section 14.6.2 [custodial provisions relating to short sales];,
- (g) **by repealing paragraphs (o) and (p),**
- (h) **by adding the following paragraph:**
 - (p.1) section 14.11.1 [determining market value];,
- (i) **in paragraph (q) by replacing “[content and delivery of trade confirmation].” with “[content and delivery of trade confirmation];” ,and**
- (j) **by adding the following paragraphs:**
 - (r) section 14.14 [account statements];
 - (s) section 14.14.1 [additional statements];
 - (t) section 14.14.2 [security position cost information];
 - (u) section 14.17 [report on charges and other compensation];
 - (v) section 14.18 [investment performance report];
 - (w) section 14.19 [content of investment performance report];
 - (x) section 14.20 [delivery of report on charges and other compensation and investment performance report];.

17. **Subsection 9.3 (1.1) is amended by replacing “(q)” with “(x)”.**

18. **Subsection 9.3 (2) is amended**

- (a) **by replacing “a registered firm” with “an investment dealer”,**
- (b) **by replacing paragraph (i) with the following:**
 - (i) subsections 14.2(2) to (6) [relationship disclosure information];,
- (c) **by adding the following paragraph:**
 - (i.1) section 14.2.1 [pre-trade disclosure of charges];,
- (d) **by adding the following paragraphs:**
 - (i.2) section 14.5.2 [restriction on self-custody and qualified custodian requirement];
 - (i.3) section 14.5.3 [cash and securities held by a qualified custodian];,
- (e) **by replacing paragraph (j) with the following:**
 - (j) section 14.6 [client and investment fund assets held by a registered firm in trust];,
- (f) **by adding the following paragraphs:**
 - (j.1) section 14.6.1 [custodial provisions relating to certain margin or security interests];

(j.2) section 14.6.2 [*custodial provisions relating to short sales*];,

(g) by repealing paragraphs (k) and (l),

(h) by adding the following paragraph:

(l.1) section 14.11.1 [*determining market value*];,

(i) in paragraph (m) by replacing “[content and delivery of trade confirmation].” with “[content and delivery of trade confirmation];”, and

(j) by adding the following paragraphs:

(n) section 14.17 [*report on charges and other compensation*];

(o) section 14.18 [*investment performance report*];

(p) section 14.19 [*content of investment performance report*];

(q) section 14.20 [*delivery of report on charges and other compensation and investment performance report*];.

19. Subsection 9.3 (2.1) is amended by replacing “(m)” with “(q)”.

20. Section 9.4 (1) is amended

(a) by replacing “a registered firm” with “a mutual fund dealer”,

(b) by replacing paragraph (m) with the following:

(m) subsections 14.2(2), (3) and (5.1) [*relationship disclosure information*];,

(c) by adding the following paragraph:

(m.1) section 14.2.1 [*pre-trade disclosure of charges*];,

(d) by adding the following paragraphs:

(m.2) section 14.5.2 [*restriction on self-custody and qualified custodian requirement*];

(m.3) section 14.5.3 [*cash and securities held by a qualified custodian*];,

(e) by replacing paragraph (n) with the following:

(n) section 14.6 [*client and investment fund assets held by a registered firm in trust*];,

(f) by adding the following paragraphs:

(n.1) section 14.6.1 [*custodial provisions relating to certain margin or security interests*];

(n.2) section 14.6.2 [*custodial provisions relating to short sales*];,

(g) by repealing paragraphs (o) and (p),

(h) by adding the following paragraph:

(p.1) section 14.11.1 [*determining market value*];,

(i) in paragraph (q) by replacing “[content and delivery of trade confirmation].” with “[content and delivery of trade confirmation];”, and

(j) by adding the following paragraphs:

- (r) section 14.14 [account statements];
- (s) section 14.14.1 [additional statements];
- (t) section 14.14.2 [security position cost information];
- (u) section 14.17 [report on charges and other compensation];
- (v) section 14.18 [investment performance report];
- (w) section 14.19 [content of investment performance report];
- (x) section 14.20 [delivery of report on charges and other compensation and investment performance report]..

21. Subsection 9.4 (1.1) is amended by replacing “(q)” with “(x)”.

22. Subsection 9.4 (2) is amended

(a) by adding “is a mutual fund dealer that” after “If a registered firm”,

(b) by replacing paragraph (g) with the following:

- (g) subsections 14.2(2), (3) and (5.1) [relationship disclosure information];,

(c) by adding the following paragraph:

- (g.1) section 14.2.1 [pre-trade disclosure of charges];,

(d) by adding the following paragraphs:

- (g.2) section 14.5.2 [restriction on self-custody and qualified custodian requirement];
- (g.3) section 14.5.3 [cash and securities held by a qualified custodian];,

(e) by replacing paragraph (h) with the following:

- (h) section 14.6 [client and investment fund assets held by a registered firm in trust];,

(f) by adding the following paragraphs:

- (h.1) section 14.6.1 [custodial provisions relating to certain margin or security interests];
- (h.2) section 14.6.2 [custodial provisions relating to short sales];,

(g) by repealing paragraphs (i) and (j),

(h) by adding the following paragraph:

- (j.1) section 14.11.1 [determining market value];,

(i) in paragraph (k) by replacing “[content and delivery of trade confirmation].” with “[content and delivery of trade confirmation];”, and

(j) by adding the following paragraphs:

- (l) section 14.17 [report on charges and other compensation];
- (m) section 14.18 [investment performance report];
- (n) section 14.19 [content of investment performance report];

- (o) section 14.20 [*delivery of report on charges and other compensation and investment performance report*].

23. Section 9.4 is amended

- (a) **in subsection (2.1) by replacing “(k)” with “(o)”, and**
- (b) **in subsection (4) by replacing “subsection (1)” with “subsection (1), other than paragraph (1)(h),”.**

24. Paragraph 10.1 (1) (a) is replaced with the following:

- (a) in Alberta, the fees required under section 5 of ASC Rule 13-501 *Fees*.

25. Subsection 12.1 (5) is amended by replacing “a registered firm” with “an investment dealer”.

26. Section 12.12 is amended

- (a) **in subsection (2.1) by adding “is a mutual fund dealer that” after “if a registered firm”, and**
- (b) **by adding the following subsections:**
 - (4) Despite paragraph (1)(b), in Québec, a firm registered only in that jurisdiction and only in the category of mutual fund dealer may deliver to the securities regulatory authority, no later than the 90th day after the end of its financial year, the *Monthly Report on Net Free Capital* provided in Appendix I of the *Regulation respecting the trust accounts and financial resources of securities firms*, as that Appendix read on September 27, 2009, that shows the calculation of the firm’s net free capital as at the end of its financial year and as at the end of the immediately preceding financial year, if any.
 - (5) Despite paragraph (2)(b), in Québec, a firm registered only in that jurisdiction and only in the category of mutual fund dealer may deliver to the securities regulatory authority, no later than the 30th day after the end of the first, second and third interim period of its financial year, the *Monthly Report on Net Free Capital* provided in Appendix I of the *Regulation respecting the trust accounts and financial resources of securities firms*, as that Appendix read on September 27, 2009, that shows the calculation of the firm’s net free capital as at the end of the interim period and as at the end of the immediately preceding interim period, if any.

27. Section 12.14 is amended

- (a) **in subsection (4) by adding “is an investment dealer that” after “if a registered firm”, and**
- (b) **in subsection (5) by adding “is a mutual fund dealer that” after “if a registered firm”.**

28. Subsection 13.17 (1) is amended

- (a) **in paragraph (f) by replacing “[account statements].” with “[account statements];”, and**
- (b) **by adding the following paragraphs:**
 - (g) section 14.14.1 [*additional statements*];
 - (h) section 14.14.2 [*security position cost information*];
 - (i) section 14.17 [*report on charges and other compensation*];
 - (j) section 14.18 [*investment performance report*].

29. Section 14.1 is amended by replacing “section 14.1.1, section 14.6,” with “sections 14.1.1, 14.5.1, 14.5.2, 14.5.3, 14.6, 14.6.1 and 14.6.2,”.

30. Section 14.1.1 is replaced with the following:

14.1.1 Duty to provide information

A registered investment fund manager of an investment fund must, within a reasonable period of time, provide a registered dealer or a registered adviser that has a client that owns securities of the investment fund with the information that is required by the dealer or adviser in order for the dealer or adviser to comply with paragraph 14.12(1)(c), subsections 14.14(4) and (5), 14.14.1(2) and 14.14.2(1) and paragraph 14.17(1)(h)..

31. Subsection 14.2 (2) is amended

(a) **by adding “to a client” after “the information delivered”, and**

(b) **by adding the following paragraphs:**

- (a.1) in the case of a registered firm that holds the client’s assets, or directs or arranges which custodian will hold the client’s assets, disclosure of the location where, and a general description of the manner in which, the client’s assets are held, and a description of the risks and benefits to the client arising from the assets being held at that location and in that manner;
- (a.2) in the case of a registered firm that has access to the client’s assets
 - (i) disclosure of the location where, and a general description of the manner in which, the client’s assets are held, and a description of the risks and benefits to the client arising from the assets being held in that location and in that manner, and
 - (ii) a description of the manner in which the client’s assets are accessible by the registered firm, and a description of the risks and benefits to the client arising from having access to the assets in that manner;.

32. The title of Division 3 of Part 14 is amended by adding “and investment fund assets” after “Client assets”.

33. Division 3 of Part 14 is amended by adding the following sections:

14.5.1 Definition of “securities” in Alberta, British Columbia, New Brunswick, Nova Scotia and Saskatchewan

Despite section 1.2, in Alberta, British Columbia, New Brunswick, Nova Scotia and Saskatchewan, a reference to “securities” in this Division excludes “exchange contracts”..

14.5.2 Restriction on self-custody and qualified custodian requirement

- (1) A registered firm must not be a custodian or sub-custodian for a client of the firm or for an investment fund in respect of the client’s or investment fund’s cash or securities unless the registered firm
 - (a) is a Canadian custodian under paragraph (a), (b) or (d) of the definition of “Canadian custodian”, and
 - (b) has established and maintains a system of controls and supervision that a reasonable person would conclude is sufficient to manage the risks to the client or investment fund associated with the custody of the client’s or investment fund’s cash or securities.
- (2) A registered firm must ensure that any custodian for a client of the firm or for an investment fund managed by the firm in respect of the client’s or investment fund’s cash or securities is a Canadian custodian if the firm
 - (a) directs or arranges which custodian will hold the cash or securities of the client or investment fund, or
 - (b) holds or has access to the cash or securities of the client or investment fund.
- (3) Despite the requirement to use a Canadian custodian in subsection (2), a foreign custodian may be a custodian of the cash or securities of the client or investment fund if a reasonable person would conclude, considering all of the relevant circumstances, including, for greater certainty, the nature of the regulation and the sufficiency of the equity of the foreign custodian, that using the foreign custodian is more beneficial to the client or investment fund than using a Canadian custodian.

- (4) Despite the requirement to use a Canadian custodian in subsection (2), a Canadian financial institution may be a custodian of the cash of the client or investment fund.
- (5) For the purposes of subsections (2) and (3), the registered firm must ensure that the qualified custodian is functionally independent of the registered firm unless
 - (a) the qualified custodian is a Canadian custodian under paragraph (a), (b) or (d) of the definition of “Canadian custodian”, and
 - (b) the registered firm ensures that the qualified custodian has established and maintains a system of controls and supervision that a reasonable person would conclude is sufficient to manage the risks to the client or investment fund associated with the custody of the client’s or investment fund’s cash or securities.
- (6) For the purpose of subsection (4), the registered firm must ensure that the Canadian financial institution is functionally independent of the registered firm.
- (7) This section does not apply to a registered firm in respect of any of the following:
 - (a) an investment fund that is subject to National Instrument 81-102 *Investment Funds*;
 - (b) an investment fund that is subject to National Instrument 41-101 *General Prospectus Requirements*;
 - (c) a security that is recorded on the books of the security’s issuer, or the transfer agent of the security’s issuer, only in the name of the client or investment fund;
 - (d) cash or securities of a permitted client, if the permitted client
 - (i) is not an individual or an investment fund, and
 - (ii) has acknowledged in writing that the permitted client is aware that the requirements in this section that would otherwise apply to the registered firm do not apply;
 - (e) customer collateral subject to custodial requirements under National Instrument 94-102 *Derivatives: Customer Clearing and Protection of Customer Collateral and Positions*;
 - (f) a security that evidences a debt obligation secured by a mortgage registered or published against the title of real estate if
 - (i) the mortgage is registered or published in the name of the client or investment fund as mortgagee, or
 - (ii) in the case of a syndicated mortgage, the mortgage is registered or published in the name of either of the following as mortgagee:
 - (A) a person or company that is registered or licensed under mortgage brokerage, mortgage administrators or mortgage dealer legislation of a jurisdiction of Canada if that mortgage is held in trust for the client or investment fund, as applicable;
 - (B) each investor that is a mortgagee in respect of that mortgage.

14.5.3 Cash and securities held by a qualified custodian

A registered firm that is subject to subsection 14.5.2(2), (3) or (4) must take reasonable steps to ensure that cash and securities of a client or an investment fund,

- (a) except as provided in paragraphs (b) and (c), are held by the qualified custodian or, in respect of cash, the Canadian financial institution using an account number or other designation in the records of the qualified custodian or the Canadian financial institution, as applicable, sufficient to show that the beneficial ownership of the cash or securities of the client or investment fund is vested in that client or investment fund,

- (b) in the case of cash held in an account in the name of the registered firm, is held separate and apart from the registered firm's own property and held by the qualified custodian, or the Canadian financial institution, in a designated trust account in trust for clients or investment funds, or
- (c) in the case of cash or securities held for the purpose of bulk trading, are held in the name of the registered firm in trust for its clients or investment funds if the cash or securities are transferred to the client's or investment fund's account held by that client's or investment fund's qualified custodian or, in respect of cash, Canadian financial institution as soon as possible following a trade..

34. Section 14.6 is replaced with the following:

14.6 Client and investment fund assets held by a registered firm in trust

- (1) If a registered firm holds client assets or investment fund assets other than cash or securities, or if a registered firm holds cash or securities of a client or an investment fund as permitted by section 14.5.2, the registered firm must hold the assets
 - (a) separate and apart from its own property,
 - (b) in trust for the client or investment fund, and
 - (c) in the case of cash, in a designated trust account with a Canadian custodian or Canadian financial institution.
- (2) Despite paragraph (1)(c), a foreign custodian may be a custodian for the cash of the client or investment fund if a reasonable person would conclude, considering all of the relevant circumstances, including, for greater certainty, the nature of the regulation and the sufficiency of the equity of the foreign custodian, that using the foreign custodian is more beneficial to the client or investment fund than using a Canadian custodian or a Canadian financial institution.

14.6.1 Custodial provisions relating to certain margin or security interests

- (1) In this section, "clearing corporation option", "futures exchange", "option on futures", "specified derivative" and "standardized future" have the same meaning as in section 1.1 of National Instrument 81-102 *Investment Funds*.
- (2) Subsection 14.5.2(2) does not apply to a registered firm in respect of cash or securities of a client or investment fund deposited with a dealer as margin for transactions outside of Canada involving clearing corporation options, options on futures or standardized futures if
 - (a) in the case of standardized futures and options on futures, the dealer is a member of a futures exchange or, in the case of clearing corporation options, is a member of a stock exchange, and, as a result in either case, is subject to a regulatory audit,
 - (b) the dealer has a net worth, determined from its most recent audited financial statements, in excess of \$50 million, and
 - (c) a reasonable person would conclude that using the dealer is more beneficial to the client or investment fund than using a Canadian custodian.
- (3) Subsection 14.5.2(2) does not apply to a registered firm in respect of cash or securities of a client or investment fund deposited with the client's or investment fund's counterparty over which the client or investment fund has granted a security interest in connection with a particular specified derivatives transaction.
- (4) The registered firm must take reasonable steps to ensure that any agreement by which cash or securities of a client or investment fund are deposited in accordance with subsection (2) or (3) requires the person or company holding the cash or securities to ensure that its records show that the client or investment fund is the beneficial owner of the cash or securities.

14.6.2 Custodial provisions relating to short sales

Subsection 14.5.2(2) does not apply to a registered firm in respect of cash or securities of a client or investment fund deposited as security in connection with a short sale of securities with a dealer outside of Canada if

- (a) the dealer is a member of a stock exchange and is subject to a regulatory audit,
- (b) the dealer has a net worth, determined from its most recent audited financial statements, in excess of \$50 million, and
- (c) a reasonable person would conclude that using the dealer is more beneficial to the client or investment fund than using a Canadian custodian..

35. **Section 14.7 is repealed.**

36. **Section 14.8 is repealed.**

37. **Section 14.9 is repealed.**

38. **Subsection 14.11.1(2) is amended by replacing “14.14.2 [position cost information]” with “14.14.2 [security position cost information]”.**

39. **Subsection 14.11.1(3) is replaced with the following:**

- (3) If a registered firm reasonably believes that it cannot determine the market value of a security in accordance with subsection (1), the market value of the security must be reported in a statement delivered under section 14.14 [account statements], 14.14.1 [additional statements], 14.14.2 [security position cost information], 14.15 [security holder statements] or 14.16 [scholarship plan dealer statements] as not determinable, and the market value of the security must be excluded from the total market value referred to in paragraphs 14.14(5)(e), 14.14.1(2)(e) and 14.14.2(5)(c)..

40. **Section 14.12 is amended by adding the following subsection:**

- (7) In Newfoundland and Labrador, Ontario and Saskatchewan, a registered dealer that complies with the requirements of this section in respect of a purchase or sale of a security is not subject to any of subsections 37(1), (2) or (3) of the *Securities Act* (Newfoundland and Labrador), subsection 36(1) of the *Securities Act* (Ontario) and subsection 42(1) of *The Securities Act, 1988* (Saskatchewan)..

41. **Section 14.14 is amended**

- (a) **in paragraph (4) (d) by adding “purchased, sold or transferred” after “the number of securities”, and**
- (b) **in paragraph (5) (f) by replacing “covered” with “eligible for coverage”.**

42. **Section 14.14.1 is amended**

- (a) **in paragraph (2) (f) by replacing “the name” with “disclosure in respect”,**
- (b) **in paragraph (2) (g) by replacing “securities are covered” with “securities are, or the account is, eligible for coverage”, and by deleting “and, if they are, the name of the fund”, and**
- (c) **by adding the following subsection:**
 - (2.1) Paragraph (2)(g) does not apply if the party referred to in paragraph (2)(f) is required under section 14.14, or under an IIROC provision or MFDA provision, to deliver a statement to the client in respect of the securities or the account referred to in subsection (1) of this section..

43. **The heading to section 14.14.2 is amended by replacing “Position cost information” with “Security position cost information”.**

44. Section 14.14.2 is amended

(a) by replacing paragraphs (2) (a) and (b) with the following:

- (a) for each security position, in the statement, opened on or after July 15, 2015, presented on an average cost per unit or share basis or an aggregate basis,
 - (i) the cost of the security position, determined as at the end of the period for which the information referred to in subsection 14.14(5) or 14.14.1(2) is provided, or
 - (ii) if the security position was transferred from another registered firm, the information referred to in subparagraph (i) or the market value of the security position as at the date of the transfer of the security position;
- (b) for each security position, in the statement, opened before July 15, 2015, presented on an average cost per unit or share basis or an aggregate basis,
 - (i) the cost of the security position, determined as at the end of the period for which the information referred to in subsection 14.14(5) or 14.14.1(2) is provided, or
 - (ii) the market value of the security position on
 - (A) December 31, 2015, or
 - (B) a date that is earlier than December 31, 2015 if the registered firm reasonably believes accurate, recorded historical position cost information is available for the client's account, and it would not be misleading to the client to provide that information as at the earlier date; **and**

(b) by adding the following subsection:

- (2.1) If a registered firm reports one or more security positions of a client using the market value determined as at the date referred to in subparagraph (2)(a)(ii) or (2)(b)(ii), the firm must disclose in the statement that it is providing the market value of the security position as at the relevant date, instead of the cost of the security position..

45. Paragraph 14.15(c) and section 14.16 are amended by replacing "14.14.2 [position cost information]" with "14.14.2 [security position cost information]"

46. Subsection 14.18 (6) is replaced with the following:

- (6) Despite subsection (1), a registered firm is not required to deliver a report to a client for a 12-month period referred to in that subsection if the firm reasonably believes
 - (a) there are no securities of the client with respect to which information is required to be reported under subsection 14.14(5) [account statements] or subsection 14.14.1(1) [additional statements], or
 - (b) no market value can be determined for any securities of the client in respect to which information is required to be reported under subsection 14.14(5) or 14.14.1(1)..

47. Section 14.19 is amended:

(a) by replacing paragraph (1) (d) with the following:

- (d) the market values determined under subsection (1.1);,

(b) by repealing paragraph (1)(e),

(c) in paragraph (1)(g) by replacing "paragraph (h)" with "subsection (1.2)",

(d) by repealing paragraph (1)(h),

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

- (1.1) For the purposes of paragraph (1)(d), the investment performance report must include the following, as applicable:
- (a) if the client's account was opened on or after July 15, 2015, the market value of all deposits and transfers of cash and securities into the client's account, and the market value of all withdrawals and transfers of cash and securities out of the account, since opening the account;
 - (b) if the client's account was opened before July 15, 2015, and the firm has not delivered an investment performance report for the 12-month period ending December 31, 2016,
 - (i) the market value of all cash and securities in the client's account as at
 - (A) July 15, 2015, or
 - (B) a date that is earlier than July 15, 2015 if the registered firm reasonably believes accurate, recorded historical market value information is available for the client's account, and it would not be misleading to the client to provide that information as at the earlier date, and
 - (ii) the market value of all deposits and transfers of cash and securities into the account, and the market value of all withdrawals and transfers of cash and securities out of the account, since the date referred to in clause (i)(A) or (B), as applicable;
 - (c) if the client's account was opened before July 15, 2015, and the firm delivered an investment performance report for the 12-month period ending December 31, 2016,
 - (i) the market value of all cash and securities in the client's account as at
 - (A) January 1, 2016, or
 - (B) a date that is earlier than January 1, 2016 if the registered firm reasonably believes accurate, recorded historical market value information is available for the client's account, and it would not be misleading to the client to provide that information as at the earlier date, and
 - (ii) the market value of all deposits and transfers of cash and securities into the account, and the market value of all withdrawals and transfers of cash and securities out of the account, since the date referred to in clause (i)(A) or (B), as applicable.
- (1.2) Paragraph (1)(g) does not apply if the client's account was opened before July 15, 2015 and the registered firm includes in the investment performance report the cumulative change in the market value of the account determined using the following formula, instead of the formula in paragraph (g):

$$A - G - H + I$$

where

- A = the market value of all cash and securities in the account as at the end of the 12-month period covered by the investment performance report;
- G = the market value of all cash and securities in the account determined as follows:
 - (a) if the firm has not delivered an investment performance report for the 12-month period ending December 31, 2016, the market value of all cash and securities in the client's account as at
 - (i) July 15, 2015, or
 - (ii) a date that is earlier than July 15, 2015 if the registered firm reasonably believes accurate, recorded historical market value

information is available for the client's account, and it would not be misleading to the client to provide that information as at the earlier date,

- (b) if the firm has delivered an investment performance report for the 12-month period ending December 31, 2016, the market value of all cash and securities in the client's account as at
 - (i) January 1, 2016, or
 - (ii) a date that is earlier than January 1, 2016 if the registered firm reasonably believes accurate, recorded historical market value information is available for the client's account, and it would not be misleading to the client to provide that information as at the earlier date;

H = the market value of all deposits and transfers of cash and securities into the account since the date used for the purposes of the definition of "G"; and

I = the market value of all withdrawals and transfers of cash and securities out of the account since the date used for the purposes of the definition of "G".

(f) by replacing paragraph (2) (e) with the following:

- (e) subject to subsection (3.1), the period since the client's account was opened if the account has been open for more than one year before the date of the report or, if the account was opened before July 15, 2015, the period since
 - (i) July 15, 2015, or
 - (ii) a date that is earlier than July 15, 2015 if the registered firm reasonably believes accurate, recorded annualized total percentage return information is available for the client's account, and it would not be misleading to the client to provide that information as at the earlier date.,
and

(g) by adding the following subsection:

- (3.1) Paragraph (2)(e) does not apply to a registered firm that delivered an investment performance report for the 12-month period ending December 31, 2016 if the firm provides, in the report, the annualized total percentage return information referred to in that paragraph for the period since
 - (a) January 1, 2016, or
 - (b) a date that is earlier than January 1, 2016 if the registered firm reasonably believes accurate, recorded annualized total percentage return information is available for the client's account, and it would not be misleading to the client to provide that information as at the earlier date..

48. Subsection 15.1 (3) is amended by adding "Alberta and" after "Except in".

49. Form 31-103F1 Calculation of Excess Working Capital is amended

- (a) **in the column entitled "Component" in Line 10 of the table by adding** "or, in Québec, for a firm registered only in that jurisdiction and solely in the category of mutual fund dealer, less the deductible under the liability insurance required under section 193 of the Québec Securities Regulation" **after** "National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations",
- (b) **in subparagraph (a)(i) of Schedule 1 by replacing** "Aaa or AAA by Moody's Canada Inc. or its DRO affiliate or Standard & Poor's Rating Services (Canada) or its DRO affiliate, respectively" **with** "Aaa or AAA, or the short-term ratings equivalent of either of those ratings, by a designated rating organization or its DRO affiliate", **and**
- (c) **in paragraph (d) of Schedule 1 by replacing** "Investment Companies Act of 1940" **with** "Investment Company Act of 1940".

50. Appendix G is replaced with the following:

APPENDIX G – EXEMPTIONS FROM CERTAIN REQUIREMENTS FOR IIROC MEMBERS

(Section 9.3 [exemptions from certain requirements for IIROC members])

NI 31-103 Provision	IIROC Provision
section 12.1 [capital requirements]	<ol style="list-style-type: none"> 1. Dealer Member Rule 17.1; and 2. Form 1
section 12.2 [subordination agreement]	<ol style="list-style-type: none"> 1. Dealer Member Rule 5.2; and 2. Dealer Member Rule 5.2A
section 12.3 [insurance – dealer]	<ol style="list-style-type: none"> 1. Dealer Member Rule 17.5 2. Dealer Member Rule 400.2 [Financial Institution Bond]; 3. Dealer Member Rule 400.4 [Amounts Required]; and 4. Dealer Member Rule 400.5 [Provisos with respect to Dealer Member Rules 400.2, 400.3 and 400.4]
section 12.6 [global bonding or insurance]	<ol style="list-style-type: none"> 1. Dealer Member Rule 400.7 [Global Financial Institution Bonds]
section 12.7 [notifying the regulator of a change, claim or cancellation]	<ol style="list-style-type: none"> 1. Dealer Member Rule 17.6; 2. Dealer Member Rule 400.3 [Notice of Termination]; and 3. Dealer Member Rule 400.3B [Termination or Cancellation]
section 12.10 [annual financial statements]	<ol style="list-style-type: none"> 1. Dealer Member Rule 16.2 [Dealer Member Filing Requirements]; and 2. Form 1
section 12.11 [interim financial information]	<ol style="list-style-type: none"> 1. Dealer Member Rule 16.2 [Dealer Member Filing Requirements]; and 2. Form 1
section 12.12 [delivering financial information – dealer]	<ol style="list-style-type: none"> 1. Dealer Member Rule 16.2 [Dealer Member Filing Requirements]
subsection 13.2(3) [know your client]	<ol style="list-style-type: none"> 1. Dealer Member Rule 1300.1(a)-(n) [Identity and Creditworthiness]; 2. Dealer Member Rule 1300.2; 3. Dealer Member Rule 2500, Part II [Opening New Accounts]; 4. Dealer Member Rule 2700, Part II [New Account Documentation and Approval]; and 5. Form 2 New Client Application Form
section 13.3 [suitability]	<ol style="list-style-type: none"> 1. Dealer Member Rule 1300.1(o) [Business Conduct]; 2. Dealer Member Rule 1300.1(p) [Suitability determination required when accepting order]; 3. Dealer Member Rule 1300.1(q) [Suitability determination required when recommendation provided]; 4. Dealer Member Rule 1300.1(r) [Suitability determination required for account positions held when certain events occur]; 5. Dealer Member Rule 1300.1(s) [Suitability of investments in client accounts]; 6. Dealer Member Rule 1300.1(t) – (v) [Exemptions from the suitability assessment requirements] 7. Dealer Member Rule 1300.1(w) [Corporation approval] 8. Dealer Member Rule 2700, Part I [Customer Suitability]; and 9. Dealer Member Rule 3200 [Minimum requirements for Dealer Members seeking approval under Rule 1300.1(t) to offer an order-execution only service]

Rules and Policies

NI 31-103 Provision	IIROC Provision
section 13.12 [<i>restriction on lending to clients</i>]	1. Dealer Member Rule 17.11; and 2. Dealer Member Rule 100 [<i>Margin Requirements</i>]
section 13.13 [<i>disclosure when recommending the use of borrowed money</i>]	1. Dealer Member Rule 29.26
section 13.15 [<i>handling complaints</i>]	1. Dealer Member Rule 2500, Part VIII [<i>Client Complaints</i>]; and 2. Dealer Member Rule 2500B [<i>Client Complaint Handling</i>]
subsection 14.2(2) [<i>relationship disclosure information</i>]	1. Dealer Member Rule 3500.5 [<i>Content of relationship disclosure</i>]
subsection 14.2(3) [<i>relationship disclosure information</i>]	1. Dealer Member Rule 3500.4 [<i>Format of relationship disclosure</i>]
subsection 14.2(4) [<i>relationship disclosure information</i>]	1. Dealer Member Rule 3500.1 [<i>Objective of relationship disclosure requirements</i>]
subsection 14.2(5.1) [<i>relationship disclosure information</i>]	1. Dealer Member Rule 29.8
subsection 14.2(6) [<i>relationship disclosure information</i>]	1. Dealer Member Rule 3500.1 [<i>Objective of relationship disclosure requirements</i>]
section 14.2.1 [<i>pre-trade disclosure of charges</i>]	1. Dealer Member Rule 29.9
section 14.6 [<i>holding client assets in trust</i>]	1. Dealer Member Rule 17.3
section 14.8 [<i>securities subject to a safekeeping agreement</i>]	1. Dealer Member Rule 17.2A 2. Dealer Member Rule 2600 – Internal Control Policy Statement 5 [<i>Safekeeping of Clients' Securities</i>]
section 14.9 [<i>securities not subject to a safekeeping agreement</i>]	1. Dealer Member Rule 17.3; 2. Dealer Member Rule 17.3A; and 3. Dealer Member Rule 200.1(c)
section 14.11.1 [<i>determining market value</i>]	1. Dealer Member Rule 200.1(c); and 2. Definition (g) of the General Notes and Definitions to Form 1
section 14.12 [<i>content and delivery of trade confirmation</i>]	1. Dealer Member Rule 200.2(l) [<i>Trade confirmations</i>]
section 14.14 [<i>account statements</i>]	1. Dealer Member Rule 200.2(d) [<i>Client account statements</i>]; and 2. "Guide to Interpretation of Rule 200.2", Item (d)
section 14.14.1 [<i>additional statements</i>]	1. Dealer Member Rule 200.2(e) [<i>Report on client positions held outside of the Dealer Member</i>]; 2. Dealer Member Rule 200.4 [<i>Timing of sending documents to clients</i>]; and 3. "Guide to Interpretation of Rule 200.2", Item (e)
section 14.14.2 [<i>security position cost information</i>]	1. Dealer Member Rule 200.1(a); 2. Dealer Member Rule 200.1(b); 3. Dealer Member Rule 200.1(e); 4. Dealer Member Rule 200.2(d)(ii)(F) and (H); and 5. Dealer Member Rule 200.2(e)(ii)(C) and (E)
section 14.17 [<i>report on charges and other compensation</i>]	1. Dealer Member Rule 200.2(g) [<i>Fee/ charge report</i>]; and 2. "Guide to Interpretation of Rule 200.2", Item (g)
section 14.18 [<i>investment performance report</i>]	1. Dealer Member Rule 200.2(f) [<i>Performance report</i>]; and 2. "Guide to Interpretation of Rule 200.2", Item (f)

Rules and Policies

NI 31-103 Provision	IIROC Provision
section 14.19 [content of investment performance report]	1. Dealer Member Rule 200.2(f) [Performance report]; and 2. "Guide to Interpretation of Rule 200.2", Item (f)
section 14.20 [delivery of report on charges and other compensation and investment performance report]	1. Dealer Member Rule 200.4 [Timing of the sending of documents to clients]

51. **Appendix G, as amended by section 50 of this Instrument, is amended by adding the following rows in the format indicated by the shaded area before the row commencing with "section 14.6 [holding client assets in trust]":**

NI 31-103 Provision	IIROC Provision
section 14.5.2 [restriction on self-custody and qualified custodian requirement]	1. Dealer Member Rule 17.2A; 2. Dealer Member Rules 17.3, 17.3A, 17.3B and 2000 [Segregation Requirements]; 3. Dealer Member Rule 2600 – Internal Control Policy Statement 4 [Segregation of Clients' Securities]; 4. Dealer Member Rule 2600 – Internal Control Policy Statement 5 [Safekeeping of Clients' Securities]; 5. Dealer Member Rule 2600 – Internal Control Policy Statement 6 [Safeguarding of Securities and Cash]; and 6. Definition of "acceptable securities locations", General Notes and Definitions to Form 1
section 14.5.3 [cash and securities held by a qualified custodian]	1. Dealer Member Rule 200 [Minimum Records]

52. **Appendix G, as amended by section 50 of this Instrument, is amended by replacing "section 14.6 [holding client assets in trust]" with "section 14.6 [client and investment fund assets held by a registered firm in trust]".**

53. **Appendix G, as amended by section 50 of this Instrument, is amended by adding the following rows in the format indicated by the shaded area after the row commencing with "section 14.6 [holding client assets in trust]":**

NI 31-103 Provision	IIROC Provision
section 14.6.1 [custodial provisions relating to certain margin or security interests]	1. Dealer Member Rules 17.2, 17.2A, 17.3, 17.3A, 17.3B, 17.11 and 2000 [Segregation Requirements]; 2. Dealer Member Rule 100 [Margin Requirements]; 3. Dealer Member Rule 2200 [Cash and Securities Loan Transactions]; 4. Dealer Member Rule 2600 – Internal Control Policy Statement 4 [Segregation of Clients' Securities]; 5. Dealer Member Rule 2600 – Internal Control Policy Statement 5 [Safekeeping of Clients' Securities]; 6. Dealer Member Rule 2600 – Internal Control Policy Statement 6 [Safeguarding of Securities and Cash]; and 7. Definitions of "acceptable counterparties", "acceptable institutions", "acceptable securities locations", "regulated entities", General Notes and Definitions to Form 1
section 14.6.2 [custodial provisions relating to short sales]	1. Dealer Member Rule 100 [Margin Requirements]; 2. Dealer Member Rule 2200 [Cash and Securities Loan Transactions]; 3. Dealer Member Rule 2600 – Internal Control Policy Statement 6 [Safeguarding of Securities and Cash]; and

NI 31-103 Provision	IIROC Provision
	4. Definitions of “acceptable counterparties”, “acceptable institutions”, “acceptable securities locations”, “regulated entities”, General Notes and Definitions to Form 1

54. **Appendix G, as amended by section 50 of this Instrument, is amended by repealing the rows commencing with “section 14.8 [securities subject to a safekeeping agreement]” and “section 14.9 [securities not subject to a safekeeping agreement]”.**

55. **Appendix H is replaced with the following:**

APPENDIX H – EXEMPTIONS FROM CERTAIN REQUIREMENTS FOR MFDA MEMBERS

(Section 9.4 [exemptions from certain requirements for MFDA members])

NI 31-103 Provision	MFDA Provision
section 12.1 [capital requirements]	<ol style="list-style-type: none"> 1. Rule 3.1.1 [Minimum Levels]; 2. Rule 3.1.2 [Notice]; 3. Rule 3.2.2 [Member Capital]; 4. Form 1; and 5. Policy No. 4 [Internal Control Policy Statements – Policy Statement 2: Capital Adequacy]
section 12.2 [subordination agreement]	<ol style="list-style-type: none"> 1. Form 1, Statement F [Statement of Changes in Subordinated Loans]; and 2. Membership Application Package – Schedule I (Subordinated Loan Agreement)
section 12.3 [insurance – dealer]	<ol style="list-style-type: none"> 1. Rule 4.1 [Financial Institution Bond]; 2. Rule 4.4 [Amounts Required]; 3. Rule 4.5 [Provisos]; 4. Rule 4.6 [Qualified Carriers]; and 5. Policy No. 4 [Internal Control Policy Statements – Policy Statement 3: Insurance]
section 12.6 [global bonding or insurance]	<ol style="list-style-type: none"> 1. Rule 4.7 [Global Financial Institution Bonds]
section 12.7 [notifying the regulator of a change, claim or cancellation]	<ol style="list-style-type: none"> 1. Rule 4.2 [Notice of Termination]; and 2. Rule 4.3 [Termination or Cancellation]
section 12.10 [annual financial statements]	<ol style="list-style-type: none"> 1. Rule 3.5.1 [Monthly and Annual]; 2. Rule 3.5.2 [Combined Financial Statements]; and 3. Form 1
section 12.11 [interim financial information]	<ol style="list-style-type: none"> 1. Rule 3.5.1 [Monthly and Annual]; 2. Rule 3.5.2 [Combined Financial Statements]; and 3. Form 1
section 12.12 [delivering financial information – dealer]	<ol style="list-style-type: none"> 1. Rule 3.5.1 [Monthly and Annual]
section 13.3 [suitability]	<ol style="list-style-type: none"> 1. Rule 2.2.1 [“Know-Your-Client”]; and 2. Policy No. 2 [Minimum Standards for Account Supervision]

NI 31-103 Provision	MFDA Provision
section 13.12 [restriction on lending to clients]	<ol style="list-style-type: none"> 1. Rule 3.2.1 [Client Lending and Margin]; and 2. Rule 3.2.3 [Advancing Mutual Fund Redemption Proceeds]
section 13.13 [disclosure when recommending the use of borrowed money]	<ol style="list-style-type: none"> 1. Rule 2.6 [Borrowing for Securities Purchases]
section 13.15 [handling complaints]	<ol style="list-style-type: none"> 1. Rule 2.11 [Complaints]; 2. Policy No. 3 [Complaint Handling, Supervisory Investigations and Internal Discipline]; and 3. Policy No. 6 [Information Reporting Requirements]
subsections 14.2(2), (3) and (5.1) [relationship disclosure information]	<ol style="list-style-type: none"> 1. Rule 2.2.5 [Relationship Disclosure]; and 2. Rule 2.4.3 [Operating Charges]
section 14.2.1 [pre-trade disclosure of charges]	<ol style="list-style-type: none"> 1. Rule 2.4.4 [Transaction Fees or Charges]
section 14.6 [holding client assets in trust]	<ol style="list-style-type: none"> 1. Rule 3.3.1 [General]; 2. Rule 3.3.2 [Cash]; and 3. Policy No. 4 [Internal Control Policy Statements – Policy Statement 4: Cash and Securities, and Policy Statement 5: Segregation of Clients’ Securities]
section 14.8 [securities subject to a safekeeping agreement]	<ol style="list-style-type: none"> 1. Rule 3.3.3 [Securities]; and 2. Policy No. 4 [Internal Control Policy Statements – Policy Statement 4: Cash and Securities, and Policy Statement 5: Segregation of Clients’ Securities]
section 14.9 [securities not subject to a safekeeping agreement]	<ol style="list-style-type: none"> 1. Rule 3.3.3 [Securities]
section 14.11.1 [determining market value]	<ol style="list-style-type: none"> 1. Rule 5.3(1)(f) [definition of “market value”]; and 2. Definitions to Form 1 [definition of “market value of a security”]
section 14.12 [content and delivery of trade confirmation]	<ol style="list-style-type: none"> 1. Rule 5.4.1 [Delivery of Confirmations]; 2. Rule 5.4.2 [Automatic Plans]; and 3. Rule 5.4.3 [Content]
section 14.14 [account statements]	<ol style="list-style-type: none"> 1. Rule 5.3.1 [Delivery of Account Statement]; and 2. Rule 5.3.2 [Content of Account Statement]
section 14.14.1 [additional statements]	<ol style="list-style-type: none"> 1. Rule 5.3.1 [Delivery of Account Statement]; and 2. Rule 5.3.2 [Content of Account Statement]
section 14.14.2 [security position cost information]	<ol style="list-style-type: none"> 1. Rule 5.3(1)(a) [definition of “book cost”]; 2. Rule 5.3(1)(c) [definition of “cost”]; and 3. Rule 5.3.2(c) [Content of Account Statement – Market Value and Cost Reporting]
section 14.17 [report on charges and other compensation]	<ol style="list-style-type: none"> 1. Rule 5.3.3 [Report on Charges and Other Compensation]
section 14.18 [investment performance report]	<ol style="list-style-type: none"> 1. Rule 5.3.4 [Performance Report]; and 2. Policy No. 7 Performance Reporting

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NI 31-103 Provision	MFDA Provision
section 14.19 [content of investment performance report]	1. Rule 5.3.4 [Performance Report]; and 2. Policy No. 7 Performance Reporting
section 14.20 [delivery of report on charges and other compensation and investment performance report]	1. Rule 5.3.5 [Delivery of Report on Charges and Other Compensation and Performance Report]

56. **Appendix H, as amended by section 55 of this Instrument, is amended by adding the following rows in the format indicated by the shaded area before the row commencing with “section 14.6 [holding client assets in trust]”:**

NI 31-103 Provision	MFDA Provision
section 14.5.2 [restriction on self-custody and qualified custodian requirement]	1. Rule 3.3.1 [General]; 2. Rule 3.3.2 [Cash]; 3. Rule 3.3.3 [Securities]; and 4. Policy No. 4 [Internal Control Policy Statements – Policy Statement 4: Cash and Securities, and Policy Statement 5: Segregation of Clients’ Securities]
section 14.5.3 [cash and securities held by a qualified custodian]	1. Policy No. 4 [Internal Control Policy Statements – Policy Statement 4: Cash and Securities, and Policy Statement 5: Segregation of Clients’ Securities]

57. **Appendix H, as amended by section 55 of this Instrument, is amended by replacing the row commencing with “section 14.6 [holding client assets in trust]” with the following row in the format indicated by the shaded area:**

NI 31-103 Provision	MFDA Provision
section 14.6 [client and investment fund assets held by a registered firm in trust]	1. Rule 3.3.1 [General]; 2. Rule 3.3.2 [Cash]; 3. Rule 3.3.3 [Securities]; and 4. Policy No. 4 [Internal Control Policy Statements – Policy Statement 4: Cash and Securities, and Policy Statement 5: Segregation of Clients’ Securities]

58. **Appendix H, as amended by section 55 of this Instrument, is amended by adding the following rows in the format indicated by the shaded area after the row commencing with “section 14.6 [holding client assets in trust]”:**

NI 31-103 Provision	MFDA Provision
section 14.6.1 [custodial provisions relating to certain margin or security interests]	1. Rule 3.2.1 [Client Lending and Margin]
section 14.6.2 [custodial provisions relating to short sales]	1. Rule 3.2.1 [Client Lending and Margin]

59. **Appendix H, as amended by section 55 of this Instrument, is amended by repealing the rows commencing with “section 14.8 [securities subject to a safekeeping agreement]” and “section 14.9 [securities not subject to a safekeeping agreement]”.**

60. (1) Subject to subsection (2), this Instrument comes into force on December 4, 2017.

- (2) The following provisions of this Instrument come into force on June 4, 2018:
- (a) section 2;
 - (b) section 4;
 - (c) paragraphs 16(d), (e), (f) and (g);
 - (d) paragraphs 18(d), (e), (f) and (g);
 - (e) paragraphs 20(d), (e), (f) and (g);
 - (f) paragraphs 22(d), (e), (f) and (g);
 - (g) section 29;
 - (h) paragraph 31(b);
 - (i) sections 32 to 37, 51 to 54 and 56 to 59.
- (3) In Saskatchewan, despite subsections (1) and (2), if this Instrument is filed with the Registrar of Regulations after December 4, 2017,
- (a) subject to paragraph (b), this Instrument comes into force on the day on which it is filed with the Registrar of Regulations, and
 - (b) the provisions of this Instrument referenced in subsection (2) come into force six months after that day.