

APPENDIX C

Summary of Changes to the Proposed Instrument/Policy

This Appendix briefly summarizes the changes made in the Instrument and in the Policy since they were published. The CSA made changes to respond to comments received from industry participants and following the CSA members' staff review.

The Instrument

Part 1 – Definitions

- The definition of *filing requirements* was changed to include requirements applicable to applicants and to exclude any requirement in connection with a renewal of registration.
- The definitions of *filing requirements* and *notice requirements* were reworded to clarify CSA's intent which is that filing and notice requirements only relate to a filer's fit and proper requirements.
- The term *registrant* was replaced with the term *registered filer*, as the term *registrant* is defined differently in securities legislation.
- We removed the definition of *regulator*, as this term is defined in National Instrument 14-101 and as we no longer needed to specifically refer to SROs.
- The definition of *securities legislation* was amended to include the *Act respecting the Agence nationale d'encadrement du secteur financier* (Québec). We also added a reference to the regulations under that act and under the *Act respecting the distribution of financial products and services* (Québec) and the blanket rulings and orders issued by the securities regulatory authority. We also amended the definition to exclude any regulation adopted by or for SROs.
- We removed the definition of *securities regulatory authority* for the same reason that we removed the definition of *regulator*.
- We added a definition for the term *sponsored individual* in order to clearly establish which individuals are associated with a firm.

Part 2 – Application

- We redrafted sections 2.1 and 2.2 to be clearer, but have not made any material changes to the application of the NRS or the eligibility criteria.

- We made the filing of Forms 31-101F1 and 31-101F2 requirements under the Instrument instead of the Policy. We also now require that a new completed Form 31-101F1 be submitted when a registered firm is seeking registration in further jurisdictions.

Part 3 – Local Exemptions

- We redrafted Section 3.1 to be clearer, but have not made any noteworthy changes other than as relates making liability insurance in Québec a conduct rule (see below under *The Policy – Part 1*). For a firm filer submitting an application as a mutual fund dealer with Québec as its principal regulator, the fit and proper, filing and notice requirement exemptions are conditional on that firm filer maintaining insurance or bonding in non-principal jurisdictions.

Form 31-101F1

- This Form was moved from the Policy to the Instrument. We also modified the way that firm filers disclose their reasons for determining the principal regulator by having the firm filers provide a description of these reasons instead of checking boxes.
- We removed the disclosure regarding notice of collection and use of personal information, as it was not necessary, but have added a submission to jurisdiction.
- We added a submission to jurisdiction, which is an existing requirement for every jurisdiction.

Form 31-101F2

- This Form was also moved from the Policy to the Instrument and the disclosure regarding notice of collection and use of personal information was removed.

The Policy

Part 1 – Definitions and Interpretation

- The definition of *conduct rules* was changed to include rules relating to membership with SROs. As well, the requirement to maintain liability insurance for mutual fund dealers registered in Québec is now considered a conduct rule. Therefore, all mutual fund dealers and their sponsored individuals registered in Québec will have to maintain liability insurance in Québec.
- Consequential amendments were made to the interpretation of the term *fit and proper requirements*.

Part 2 – Overview and Application

- Sections 2.1 and 2.2 were redrafted to provide a better description of the NRS, although no substantive changes were made.

- In Section 2.2, we added a clarification to the effect that the CSA does not consider a requirement applicable if a blanket ruling or order providing for general relief from this requirement was issued by the filer's principal regulator.

Part 4 – Filing Materials under the NRS

- We removed the requirement for firm filers to file, with each non-principal regulator, a letter describing the nature of their application and identifying the jurisdictions with which it is submitted. We also clarified that supporting materials for an application are not required to be sent to non-principal regulators.
- In Section 4.3, we added a requirement to file a new completed Form 31-101F1 when seeking registration in further jurisdictions.

Part 5 – Review of Materials

- We removed reference to the review that is made by non-principal regulators, as this reference related to internal relationships between regulators.

Part 6 – Registration

- We modified Section 6.1 to remove the requirement for the principal regulator to wait until the end of a five business-day period before making its determination on an application.
- As the regulators of the Yukon Territory, the Northwest Territories and Nunavut can automatically opt into the NRS with respect to any particular application without sending a confirmation to the principal regulator, we did not subject these regulators to the rule that non-principal regulators must confirm to the principal regulator whether they are opting into the NRS for an application or whether they are opting out. A consequential amendment to Section 8.1 was also made.
- We added a new Section 6.6 on renewals to explain that the NRS no longer covers renewals of registrations as the CSA is of the view that processing renewals through the NRS did not increase efficiency. Filers will have to meet the renewal requirements, if any, of each jurisdiction in which they are registered. *Part 9 – Renewals of Registration* was consequently removed.

Part 9 – Transition

- Section 9.1 was amended to reflect the fact that Québec anticipates being part of the National Registration Database prior to or concurrently with the implementation of the NRS.

Forms 31-201F1 and 31-201F2

- These forms were moved to the Instrument.