

Blanket Order No. 31-528

**In the Matter of the *Securities Act*, R.S.N.S. 1989,
Chapter 418, as amended**

-and-

**In the Matter of Transitional Relief from the Requirement to
Provide the Relationship Disclosure Information Prescribed by
Section 14.2(1) of National Instrument 31-103 *Registration Requirements,
Exemptions and Ongoing Registrant Obligations* for IIROC Member Firms**

**Order
(Section 151A)**

Interpretation

Unless otherwise defined in this order or the context otherwise requires, terms used in this order that are defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103) or National Instrument 14-101 *Definitions* have the same meaning.

Background

1. Under section 14.2(1) [*relationship disclosure information*] of NI 31-103, a registered firm must deliver to a client all information that a reasonable investor would consider important about the client's relationship with the registrant.
2. Under section 16.14 of NI 31-103, section 14.2 of NI 31-103 did not apply until September 28, 2010, to persons or companies that were registered on September 28, 2009.
3. On September 10, 2010, the Nova Scotia Securities Commission (the Commission) issued Blanket Order No. 31-516, providing temporary relief from the application of section 14.2(1) of NI 31-103 until September 28, 2011, to Investment Industry Regulatory Organization of Canada (IIROC) members. The temporary relief was provided in anticipation of the finalization of the IIROC relationship disclosure information proposal (RDI Proposal).
4. On September 22, 2011, the Commission issued Blanket Order No. 31-523 providing further temporary relief from the application of section 14.2(1) of NI 31-103 until December 31, 2013, to IIROC members (the RDI Order). It was anticipated that the IIROC RDI Proposal would be finalized and new IIROC member rules reflecting the IIROC RDI Proposal would be approved before the end of 2011 with provisions for their implementation in phases over a two-year transition period.
5. On March 26, 2012, the IIROC announced in IIROC Notice 12-0107 *Client*

Relationship Model – Implementation the implementation of, among other things, new IIROC Dealer Member Rule 3500 – *Relationship disclosure* (the IIROC RDI Rule).

6. The IIROC RDI Rule sets out detailed requirements to assist registered firms who are IIROC members to comply with the general principle in section 14.2(1) of NI 31-103.

7. The implementation schedule for the IIROC RDI Rule provided that the provision of relationship disclosure information to: (i) new clients be given a one year transition period, with an effective implementation date of March 26, 2013, and (ii) existing clients be given a two year transition period, with an implementation date of March 26, 2014.

8. If a registered firm that is a member of IIROC is required to comply with section 14.2(1) of NI 31-103 on December 31, 2013, the date when the RDI Order expires, it will be required to prepare detailed relationship disclosure information for its existing clients and may incur significant costs changing its relationship disclosure communications with existing clients when the IIROC RDI Rule is implemented.

9. Since the IIROC RDI Rule will come into effect on March 26, 2014, in respect of the provision of relationship disclosure information to existing clients, the cost that IIROC members will incur by having to comply with section 14.2(1) of NI 31-103 on December 31, 2013, in the interim is not justified.

10. The Commission is of the opinion that to do so is not prejudicial to the public interest.

IT IS ORDERED pursuant to section 151A(1) of the Act that section 14.2(1) of NI 31-103 does not apply to registered firms that are members of IIROC in respect of the provision of relationship disclosure information to existing clients.

This order comes into effect on December 31, 2013, and expires on March 26, 2014.

Dated at Halifax, Nova Scotia, this 18th day of September, 2013.



Sarah P. Bradley, Chair



Paul Radford, Q.C., Vice-chair