



IN THE MATTER OF THE *SECURITIES ACT*  
(S.N.W.T. 2008,c 10, as amended)

IN THE MATTER OF

*Transitional Relief Related to the Elimination of the Deferred Sales Charge Option in respect of Client Focused Reforms Enhanced Conflicts of Interest and Client First Suitability Provisions of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations*

**SUPERINTENDENT ORDER 2021/06**

**BLANKET ORDER**

(under Section 16 of the *Securities Act*)

**WHEREAS** on October 3, 2019, the Canadian Securities Administrators (the CSA) adopted amendments to NI 31-103 to implement reforms to enhance the client-registrant relationship (the Client Focused Reforms) which affect all registrants. The CSA provided for a phased transition period, with reforms relating to conflicts of interest and relationship disclosure information provisions taking effect on December 31, 2020, and the remaining reforms, including client-first suitability requirements, taking effect on December 31, 2021;

**AND WHEREAS** on April 16, 2020, the Superintendent of Securities, in Superintendent Order 31-521 *Relief in respect of Client Focused Reforms Conflict of Interest Provisions of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations*, extended the date for implementation of the conflicts of interest provisions in the Client Focused Reforms from December 31, 2020 to June 30, 2021, subject to certain conditions;

**AND WHEREAS** on October 22, 2020, the Superintendent adopted amendments to NI 81-105 to prohibit the payment by fund organizations of upfront sales commissions to dealers (the upfront commissions ban), which will result in the discontinuation of all forms of a compensation model referred to as the deferred sales charge option, including low-load options (collectively, the DSC option). In order to give dealers time to transition away from the DSC option, the upfront commissions ban will not be effective until June 1, 2022 (the DSC transition period);

**AND WHEREAS** the overlapping periods between the implementation of the enhanced conflicts of interest and client-first suitability requirements of the Client Focused Reforms and the implementation of the upfront commissions ban will present operational challenges for registrants;

**AND WHEREAS** the Superintendent is satisfied that it is not prejudicial to the public interest to make this order.

**IT IS ORDERED THAT:**

1. Terms defined in the *Securities Act*, National Instrument 14-101 *Definitions*, National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103) or National Instrument 81-105 *Mutual Fund Sales Practices* (NI 81-105) have the same meaning in this Order.
2. A registrant, in respect of a trade in a security of an investment fund that results in the payment of an upfront sales commission and is subject to a deferred sales charge, is exempt from the requirements set out in.
  - a. sections 13.4 and 13.4.1 of NI 31-103 (the enhanced conflicts requirements) that the registrant is required to comply with as of June 30, 2021, and
  - b. paragraph 13.3(l)(b) of NI 31-103 (the client-first suitability requirement) that the registrant is required to comply with as of December 31, 2021.
3. The exemptions provided to a registrant by this order are conditional on the registrant complying with:
  - a. the amendments to Part 13 of NI 31-103 that the registrant is required to comply with as of June 30, 2021, except for the enhanced conflicts requirements,
  - b. the amendments to NI 31-103 that the registrant is required to comply with as of December 31, 2021, except for the client-first suitability requirement, when those amendments become effective, and
  - c. section 13.4 of NI 31-103 as it read on December 30, 2020.

This order comes into effect on June 30, 2021 and expires on June 1, 2022.

Dated at the City of Yellowknife in the Northwest Territories this 23<sup>rd</sup> day of June, 2021.



Matthew F. Yap, CD, LL.M.  
Superintendent of Securities

