

CSA Notice of Consultation

*Draft Regulation to amend Regulation 14-101 respecting Definitions***Draft Consequential Amendments****April 22, 2021****PART 1 – Introduction**

The Canadian Securities Administrators (**CSA** or **we**) are publishing, for a 90-day comment period, draft amendments (collectively, the **Draft Amendments**) to:

- *Regulation 14-101 respecting Definitions (**Regulation 14-101**);*
- *Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations (**Regulation 31-103**);*
- *Regulation 45-106 respecting Prospectus Exemptions (**Regulation 45-106**);*
- *Regulation 62-103 respecting the Early Warning System and Related Take-Over Bid and Insider Reporting Issues (**Regulation 62-103**);*
- *Regulation 94-102 respecting Derivatives: Customer Clearing and Protection of Customer Collateral and Positions (**Regulation 94-102**).*

We are issuing this Notice to solicit your comments on the Draft Amendments.

The public comment period expires on July 21, 2021.

The Draft Amendments are published with this Notice and, as applicable, local matters are published in an annex.

The Draft Amendments are also available on the following websites of CSA jurisdictions:

www.lautorite.qc.ca

www.bcsc.bc.ca

www.albertasecurities.com

www.osc.gov.on.ca

nssc.novascotia.ca

www.fcaa.gov.sk.ca

www.fcnb.ca

www.mbsecurities.ca

PART 2 – Substance and Purpose

We are proposing to make two central Draft Amendments to Regulation 14-101:

- **Canadian financial institution:** We are proposing an amendment to Regulation 14-101, and consequential amendments to other regulations, so that there is a uniform definition of “Canadian financial institution” that applies to all national and multilateral regulations. The draft consequential amendments repeal existing definitions of the same expression contained in certain national regulations.
- **Handbook:** We are proposing an amendment to Regulation 14-101 to introduce a revised definition of “Handbook” to reflect the separate publications of the Chartered Professional Accountants of Canada (**CPAC**) that relate to accounting and assurance. These publications set out the Canadian accounting and assurance frameworks.

PART 3 – Background

The Draft Amendments to the definition of Canadian financial institution were initiated as a result of comments we received for the CSA project on Draft *Regulation 93-101 respecting Derivatives: Business Conduct (Regulation 93-101)*, which suggested that an update be made to the definition of “Canadian financial institution” used in Draft Regulation 93-101.

CSA staff studied this matter and concluded that the preferred approach would be to have a common definition in Regulation 14-101 of “Canadian financial institution” for all CSA regulations and to repeal definitions of that expression elsewhere in the national regulations.

The Draft Amendments to the definition of “Handbook” were identified by CSA staff when the CPAC, formerly, the Canadian Institute of Chartered Accountants (**CICA**), separated the Handbook into two publications in 1999. However, the driving force for the change to the definition of “Handbook” occurred when the CICA became the CPAC in 2013, at which time it was determined that these draft amendments would be published for comment when other amendments to Regulation 14-101 were published. CSA staff determined that it is appropriate to publish the draft amendments to the definition of “Handbook” concurrently with the draft amendments to the definition of “Canadian financial institution.”

PART 4 – Summary of the Draft Amendments

Regulation 14-101

The draft amendments to the definition of “Canadian financial institution” are as follows:

- The revised definition of “Canadian financial institution” does not include a foreign bank listed in Schedule III to the *Bank Act* (Canada) (**Schedule III Bank**). The current definition

of “Canadian financial institution” in Regulation 14-101 includes a “bank”, but “bank” is not defined. CSA staff determined that the definition of “Canadian financial institution” should be revised to specifically indicate that the only banks included are those listed in Schedule I and II to the *Bank Act* (Canada). Schedule III Banks are not included in the revised definition, as it would be counterintuitive to include a foreign bank as a “Canadian financial institution.”

- The revised definition includes, from the current definition of “Canadian financial institution” in Regulation 45-106 an association to which the *Cooperative Credit Associations Act* (Canada) applies, but does not include a reference to subsection 473(1) of that Act because that subsection has been repealed.
- The revised definition retains a reference to a credit union and a caisse populaire and adds a reference to a central credit union, financial services cooperative, credit union league or federation that is incorporated or otherwise authorized to carry on business by or under an Act of the legislature of a jurisdiction to ensure that the definition includes all relevant references.
- The revised definition does not refer to “the Confédération des caisses populaires et d’économie Desjardins de Québec”, as this organization is now included in the revised definition because of that definition’s references to a credit union league and a caisse populaire.

As noted above, the revised definition of “Handbook” reflects that the CPAC have separate publications dealing with accounting and assurance.

Consequential Amendments

We propose to repeal the definitions of the expression “Canadian financial institution” from Regulation 31-103, Regulation 45-106 and Regulation 94-102. These definitions are no longer required in those regulations, as the draft definition of that expression in Regulation 14 101 would then apply to these regulations.

CSA staff determined that, in order to maintain the status quo for the application of the early warning requirements, an amendment was required to Regulation 62-103 to specifically include Schedule III Banks in the definition of “financial institution” given the exclusion of Schedule III Banks from the draft definition of “Canadian financial institution” in Regulation 14-101.

Housekeeping Amendments

We are proposing the following housekeeping amendments in Regulation 31-103 and Regulation 45-106:

- References to “financial intermediary” in Regulation 31-103 and Regulation 45-106 are removed since that expression is narrower than “Canadian financial institution” and thus not necessary.
- The definition of “bank” in Regulation 45-106 is not necessary in light of the proposed exclusion of Schedule III Banks from the definition of “Canadian financial institution” in Regulation 14-101.

PART 5 – Request for Comments

We welcome comments on the Draft Amendments, as well as on the local matters published with this notice, where applicable.

Please submit your comments in writing on or before July 21, 2021.

Address your submission to all of the CSA as follows:

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Nunavut

Deliver your comments only to the addresses listed below. Your comments will be distributed to the other CSA jurisdictions.

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Comments Received will be Publicly Available

We cannot keep submissions confidential because securities legislation in certain provinces requires publication of the written comments received during the comment period. All comments received will be posted on the websites of each of the Alberta Securities Commission at www.albertasecurities.com, the Autorité des marchés financiers at www.lautorite.qc.ca and the Ontario Securities Commission at www.osc.gov.on.ca. Therefore, you should not include personal information directly in comments to be published. It is important that you state on whose behalf you are making the submission.

PART 6 – Questions

If you have any questions, please contact any of the CSA staff listed below.

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