

CSA Notice of Publication

Regulation to amend Regulation 14-101 respecting Definitions

Consequential Amendments

June 15, 2023**PART 1 – Introduction**

The Canadian Securities Administrators (**CSA** or **we**) are adopting 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**)*

(collectively, the **Initial Amendments**).

The CSA is also adopting amendments to:

- *Regulation 33-109 respecting Registration Information (**Regulation 33-109**)*;
- *Policy Statement to Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards (**Policy Statement 52-107**)*;
- *Regulation 81-102 respecting Investment Funds (**Regulation 81-102**)*

(collectively, the **Additional Amendments**)

(the Initial Amendments and the Additional Amendments are collectively the **Amendments**.)

In some jurisdictions, ministerial approvals are required for the adoption of the Amendments. Provided all necessary ministerial approvals are obtained, the Amendments will come into force on September 13, 2023 in all CSA jurisdictions. Annex B of this Notice provides information about each jurisdiction's approval process.

Annex A is being published in any local jurisdiction that is proposing related changes to local securities laws in that jurisdiction.

The text of the Amendments is published with this Notice.

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

www.bcsc.bc.ca
www.albertasecurities.com
www.fcaa.gov.sk.ca
www.mbsecurities.ca
www.osc.gov.on.ca
www.lautorite.qc.ca
www.fcnb.ca
nssc.novascotia.ca

PART 2 – Substance and Purpose

The two central Amendments to Regulation 14-101 are:

- Canadian financial institution: The amendment to Regulation 14-101, and consequential amendments to other instruments, provide a uniform definition of “Canadian financial institution” that applies to all national and multilateral instruments. The consequential amendments also repeal existing definitions of the same expression contained in certain national instruments.
- Handbook: The amendment to Regulation 14-101 introduces a revised definition of “Handbook” to reflect the separate publications of the Chartered Professional Accountants of Canada (CPAC) that set out the Canadian accounting and assurance frameworks. The consequential amendments to other instruments replace the terms “CICA Handbook”, “CPA Canada Handbook”, “Canadian Institute of Chartered Accountants (the Handbook)” and “CICA Handbook – Assurance” with “Handbook” where those terms are in reference to the definition.

PART 3 – Background

The 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 instruments and to repeal definitions of that expression elsewhere in the national instruments.

The 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 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 amendments to the definition of “Handbook” concurrently with the amendments to the definition of “Canadian financial institution.”

PART 4 – Summary of the Amendments

Regulation 14-101

The 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**). Prior to this revision, the definition of “Canadian financial institution” in Regulation 14-101 included 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 (which definition is being repealed as part of the Amendments) 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.

The revised definition of “Handbook” reflects that the CPAC have separate publications dealing with accounting and assurance.

Consequential Amendments

We are repealing the definitions of “Canadian financial institution” from Regulation 31-103, Regulation 45-106 and Regulation 94-102. These definitions are no longer required in those national instruments, as the definition of that expression in Regulation 14-101 will apply to these national instruments.

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 amended definition of “Canadian financial institution” in Regulation 14-101.

The following are consequential amendments to Regulation 31-103 and Regulation 45-106:

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

Subsequent to the Initial Amendments being published for comment, CSA staff determined that the following Additional Amendments, all of which are technical in nature, are required to be made to Regulation 31-103, 33-109F6, Policy Statement 52-107 and Regulation 81-102:

- Reference to “CICA Handbook” in Regulation 31-103 is being replaced with “Handbook”.
- Reference to “CPA Canada Handbook” in Regulation 33-109 is being replaced with “Handbook”.
- Reference to “Handbook of the Canadian Institute of Chartered Accountants (the Handbook)” in Policy Statement 52-107 is being replaced with “Handbook”.
- Reference to “CICA Handbook – Assurance” in Regulation 81-102 is being replaced with “Handbook”.

The terms mentioned above are in reference to the definition of “Handbook” and therefore the new definition of “Handbook” in Regulation 14-101 will apply in place of these terms.

PART 5- Comments and Changes

We published the proposed Initial Amendments for comment on April 22, 2021 for a 90-day comment period. We received no comment letters on the proposed Initial Amendments.

We have made a few changes to the proposed Amendments, of which, the notable changes are summarized below:

- We have added subsection 1.1(1) (d) to Regulation 62-103 to ensure that the reference to a Schedule III bank in this national instrument reflects the reference to a Schedule III bank in other national instruments.
- We have made consequential amendments to Regulation 31-103, Form 33-109F6, Policy Statement 52-107 and Regulation 81-102, so that the terms “CICA Handbook”, “CPA Canada Handbook”, “Handbook of the Canadian Institute of Chartered Accountants (the Handbook)” and “CICA Handbook – Assurance” in these instruments match the revised definition of “Handbook” in Regulation 14-101.
- We have amended subsection 1.1(3) of Regulation 14-101, and in particular, the meaning of a “trust, loan or insurance corporation” in subsection (e) of “Canadian financial institution” by deleting the word “incorporated” and reverting to the current “authorized to carry on business” wording in Regulation 14-101.

In addition to the changes summarized above, the Amendments also include technical drafting changes. Since the above-noted changes are not material, most jurisdictions are not publishing the changes for a further comment period.

In addition to changes to the proposed Amendments, consequential amendments will also be made to Québec's *Regulation 91-507 respecting Trade Repositories and Derivatives Data Reporting* and Manitoba's *Rule 91-507 Trade Repositories and Derivatives Data Reporting* (together **Local Regulation 91-507**). CSA staff determined that, in order to maintain the status quo for the data reporting requirements, an amendment (**Local Amendment**) was required to section 25 of Rule 91-507 to specifically include a reference to Schedule III Banks given the exclusion of Schedule III Banks from the amended definition of "Canadian financial institution" in Regulation 14-101. A 30-day consultation period regarding the Local Amendments will be conducted in Québec and Manitoba, commencing on the same date as the final publication of the Amendments. The Local Amendments will come into force on the same day as the Amendments, namely September 13, 2023.

PART 6– Local Matters

Annex A is being published in any local jurisdiction that is making related changes to local securities law, including local notices or other policy instruments in that jurisdiction. It also includes any additional information that is relevant to that jurisdiction only.

PART 7– Questions

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

Mathieu Laberge
Autorité des marchés financiers
Senior Legal Counsel, Legal Affairs
514 395-0337 ext.2537
mathieu.laberge@lautorite.qc.ca

Noreen Bent
British Columbia Securities Commission
Chief, Corporate Finance Legal Services
604 899-6741
NBent@bcsc.bc.ca

Jennifer Smith
Alberta Securities Commission
Senior Legal Counsel
Office of the General Counsel
403 355-3898
jennifer.smith@asc.ca

Namita Balgi
Ontario Securities Commission
Legal Counsel
General Counsel's Office
416 204-8985
nbalgi@osc.gov.on.ca

ANNEX A

LOCAL MATTERS – QUÉBEC

In Québec, subject to Ministerial approval, the *Securities Regulation* (chapter V-1.1, r. 50) will be amended as follows:

- 1. *The Securities Regulation, chapter V-1.1, r.50, is amended by this Regulation.***
- 2. *Schedule VII is amended by replacing, in paragraph 4 of Part I, “CICA Handbook” by “Handbook”.***
3. This Regulation comes into force on 13 September 2023.

We are also publishing, for a 30-day comment period, consequential amendments to *Regulation 91-507 respecting Trade Repositories and Derivatives Data Reporting* (chapter I-14.01, r. 1.1). These amendments are intended to specifically include Schedule III Banks to maintain the status quo given the new definition of “Canadian financial institution” in *Regulation 14-101 respecting Definitions* (chapter V-1.1, r.3).

A regulation of the Autorité des marchés financiers (the “Authority”) must be submitted to the Minister of Finance for approval, with or without modification, at the end of a period of 30 days from its publication in the Bulletin of the Authority.

ANNEX B

ADOPTION OF THE REGULATIONS

The Amendments are being implemented as:

- a rule in each of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island and Yukon
- a regulation in Québec
- a commission regulation in Saskatchewan

In Ontario, the Amendments, as well as other required materials, were delivered to the Minister of Finance on or about June 15, 2023. The Minister may approve or reject the Amendments or return them for further consideration. If the Minister approves the Amendments or does not take any further action, the Amendments will come into force on September 13, 2023.

In Québec, the Amendments are adopted as regulations made under section 331.1 of the *Securities Act* (Québec) and must be approved, with or without amendment, by the Minister of Finance. The regulations will come into force on the date of their publication in the *Gazette officielle du Québec* or on any later date specified in the regulations. They are also published in the Bulletin of the Autorité des marchés financiers.

In British Columbia and Nova Scotia, the adoption of the Amendments is subject to ministerial approval. If all necessary approvals are obtained, the Amendments will come into force on September 13, 2023.

In Saskatchewan, the implementation of the Amendments is subject to ministerial approval. If all necessary approvals are obtained, the Amendments will come into force on September 13, 2023 or, if all necessary approvals are obtained after September 13, 2023, on the day on which they are filed with the Registrar of Regulations.