
NOTICE OF PUBLICATION

REGULATION 32-102 RESPECTING REGISTRATION EXEMPTIONS FOR NON-RESIDENT INVESTMENT FUND MANAGERS

POLICY STATEMENT TO REGULATION 32-102 RESPECTING REGISTRATION EXEMPTIONS FOR NON-RESIDENT INVESTMENT FUND MANAGERS

July 5, 2012

Introduction

The Ontario Securities Commission, the Autorité des marchés financiers and the Financial Services Regulation Division, Service NL, Government of Newfoundland and Labrador (collectively, we) are implementing *Regulation 32-102 respecting Registration Exemptions for Non-Resident Investment Fund Managers* (the Regulation or Regulation 32-102) and *Policy Statement to Regulation 32-102 respecting Registration Exemptions for Non-Resident Investment Fund Managers* (the Policy Statement or Policy Statement 32-102). We refer collectively to the Regulation and the Policy Statement as the Regulatory Material.

The purpose of this Notice is to summarize and explain the Regulatory Material as well as the changes made following the publication of the Regulatory Material for comment on February 10, 2012 (the 2012 Proposal). We received and reviewed the 24 comment letters, and thank everyone who provided their input.

Regulation 32-102 is subject to approvals, including ministerial approvals in Ontario and Québec. Provided all necessary approvals are obtained, Regulation 32-102 will come into force on **September 28, 2012**.

Substance and purpose of the Regulatory Material

The Regulation and the Policy Statement will apply in Ontario, Québec and Newfoundland and Labrador (collectively, the jurisdictions, and individually, the local jurisdiction) and relate to registration exemptions for persons acting as investment fund managers for one or more investment funds and that

- do not have their head office or their principal place of business in a jurisdiction of Canada (international investment fund managers); and
- do not have a place of business in the local jurisdiction (domestic non-resident investment fund managers).

We refer to international and domestic non-resident investment fund managers, collectively, as non-resident investment fund managers.

The Regulation does not require non-resident investment fund managers to register in the local jurisdiction in circumstances where there are no significant connecting factors to the local jurisdiction. Exemptions from the investment fund manager registration requirement are provided, as follows:

- an exemption in circumstances where there are no security holders of any of the investment funds managed by the investment fund manager, or active solicitation, after September 27, 2012, by either the investment fund manager or any of the investment funds it manages, of residents in the local jurisdiction; and
- an exemption, available only to an international investment fund manager without a place of business in Canada, in circumstances where all of the Canadian distribution of the securities of the investment funds managed by the investment fund manager was restricted to permitted clients.

Background

The 2012 Proposal was made following the prior consultation by the Canadian Securities Administrators (the CSA) on October 15, 2010 (the CSA 2010 Proposal). The CSA 2010 Proposal related to amendments to *Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations* (Regulation 31-103) and to *Policy Statement to Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations* on the registration requirement for non-resident investment fund managers.

The CSA 2010 Proposal provided that

- a non-resident international investment fund manager who carries out investment fund management activities from a location outside of Canada would need to register in the relevant province or territory, if the international fund it manages has security holders that are local residents and the international investment fund manager or the fund it manages, has actively solicited local residents to purchase securities of the fund; and
- a domestic investment fund manager who carries out investment fund management activities would also need to register in another province or territory in addition to the province or territory where its head office is located, if the domestic fund has security holders that are local residents and the domestic investment fund manager, or the fund it manages, has actively solicited local residents to purchase securities of the funds.

The CSA 2010 Proposal also provided for certain exemptions from the requirement to register as an investment fund manager.

In Ontario, Québec and Newfoundland and Labrador, we are maintaining the approach initially outlined in the CSA 2010 Proposal, although we give effect to comments received on certain conditions of the then proposed exemptions, such as thresholds.

This continuity reflects our regulatory objective of investor protection. The Regulatory Material is therefore substantially consistent with the CSA 2010 Proposal.

Summary of written comments to the 2012 Proposal

The comment period for the 2012 Proposal ended on April 10, 2012. Copies of the comment letters are posted on the Ontario Securities Commission website at www.osc.gov.on.ca and on the Autorité des marchés financiers website at www.lautorite.qc.ca. A summary of comments on the 2012 Proposal, together with our responses, is contained in Annex A to this Notice.

Summary of changes to the Regulatory Material

We made changes to the Regulatory Material in response to the comments received and to give better effect to our original intent. As these changes are not material, we are not republishing the Regulatory Material for a further comment period. A description of the changes we made to the Regulatory Material is contained in Annex B of this Notice.

Contents of this Notice

This Notice is organized into the following sections:

1. Key issues
 - (i) Investor protection initiative
 - (ii) Connecting the non-resident investment fund manager to the local jurisdiction and availability of exemptions
 - (iii) Notice and information requirements
2. Transition
3. Where to find more information
4. Questions

This Notice also contains the following annexes:

- Annex A Summary of comments and responses on the 2012 Proposal
- Annex B Summary of changes to the Regulatory Material
- Annex C Adoption of the Regulatory Material

1. Key issues

(i) Investor protection initiative

We believe the registration of non-resident investment fund managers that do not meet the conditions provided in the exemptions in Regulation 32-102 is an important local investor protection initiative, for the following reasons:

- we think there is no policy rationale for treating investors unequally; in our view, there should be no lessening of investor protection depending on whether the investor has invested in an investment fund managed by a non-resident or a domestic investment fund manager;
- we also think that all investment fund managers participating in our markets should be subject to the same registration regime, as a matter of fairness, when the investment funds which are managed by the investment fund manager have distributed their securities to residents of the local jurisdiction;
- the tests which apply to non-resident investment fund managers as provided in the exemptions in Regulation 32-102 are objective, bright-line tests with determinative factors, because we believe that non-resident investment fund managers should be in a position to easily determine whether they are required to register or whether they can avail themselves of one of the exemptions in Regulation 32-102; and
- we have a mandate to register investment fund managers, as prescribed in our legislation, irrespective of the location of the physical place of business of the person acting as an investment fund manager and within the parameters of our jurisdictional authority.

(ii) Connecting the non-resident investment fund manager to the local jurisdiction and availability of exemptions

Triggering registration in the case of non-resident investment fund managers will depend on whether the manager acts as an investment fund manager and whether that manager is managing one or more investment funds that have distributed securities to residents of the local jurisdiction. If these two conditions are met, we consider that the registration requirement applies, subject to available exemptions in Regulation 32-102. Policy Statement 32-102 provides guidance for determining whether a person is acting as an investment fund manager, according to a series of examples of functions and activities that are indicative of investment fund management.

To the extent the person is acting as an investment fund manager, the next question is whether the non-resident investment fund manager is managing one or more investment funds that have distributed securities to residents in the local jurisdiction. Whether or not the distribution process is continuous, by way of a prospectus or under a prospectus exemption, is not relevant to this connecting factor, since the investment fund is an issuer over which the regulator in the local jurisdiction has authority.

It is the fact that there has been a distribution to security holders in the local jurisdiction, and not how the distribution was carried out, that connects the non-resident investment fund manager to the jurisdiction. Investors in investment funds managed by non-resident investment fund managers face the same risks as those who invest in local investment funds.

The following are the key questions in order to determine whether registration is required and whether an exemption is available. These questions are in chart form in Appendix A to the Policy Statement.

1	Is the person acting as an investment fund manager? To respond, consider the functions and activities set out in Part 1 <i>Fundamental Concepts</i> of Policy Statement 32-102, under the sub-heading <i>Requirement to register as an investment fund manager</i> . If the answer is no, registration as an investment fund manager is not required.
2	If the person is acting as an investment fund manager, have any of the funds managed by the investment fund manager been distributed in the local jurisdiction? If the answer is no, registration as an investment fund manager is not required.
3	If any of the funds managed by the investment fund manager has been distributed in local the jurisdiction, the registration requirement applies but an exemption may nonetheless be available.
4	To determine whether an exemption is available, the initial question is whether any of the investment funds managed by the investment fund manager has security holders who are resident of the local jurisdiction.
5	If there are security holders resident in the local jurisdiction, are these security holders exclusively permitted clients? <ul style="list-style-type: none"> • If so, the exemption in section 4 of Regulation 32-102 is available provided all conditions are met. • If the security holders are not exclusively permitted clients, the exemption in section 3 of Regulation 32-102 is available only if there has been no any active solicitation since the coming into force of Regulation 32-102.

Generally, a non-resident investment fund manager will not be required to register if:

- the investment fund no longer has security holders in the local jurisdiction, notwithstanding a distribution of securities in the past;
- the investment fund has security holders in the local jurisdiction but has not actively solicited residents in the local jurisdiction after September 27, 2012;
- the security holders are permitted clients, provided all of the conditions in section 4 are met.

(iii) Notice and information requirements

We are maintaining the notice requirements in Regulation 32-102 as they were proposed in the 2012 Proposal. The notices are required in connection with the exemption based on permitted clients, as follows:

- notice of reliance on the exemption to the securities regulatory authority, including disclosure of the assets under management attributable to investors in the local jurisdiction;
- notice of regulatory action to the securities regulatory authority regarding disciplinary history, settlement agreements and ongoing investigations of the investment fund manager
- notice to permitted clients indicating that the investment fund manager is not registered in the local jurisdiction together with certain prescribed disclosure; and

In addition, registered international investment fund managers are required to provide notice to investors, starting March 31, 2013, including, in substance, the disclosure required pursuant to section 14.5 of Regulation 31-103.

2. Transition regime

On July 5, 2012, the CSA members issued parallel orders (the “orders”) to extend the transition provisions in the following sections of Part 16 of Regulation 31-103:

- section 16.5 [*Temporary exemption for Canadian investment fund manager registered in its principal jurisdiction*]
- section 16.6 [*Temporary exemption for foreign investment fund managers*]

We have therefore removed the transition provisions which were provided in sections 6 and 7 of Regulation 32-102. As a result of the orders, domestic non-resident investment fund managers and international non-resident investment fund managers will have a 3 month extension from September 28, 2012 to December 31, 2012 to apply for registration. Please refer to CSA Staff Notice 31-330 *Omnibus/Blanket Orders Extending Certain Transition Provisions Relating to the Investment Fund Manager Registration Requirement and the Obligation to Provide Dispute Resolution Services*.

3. Where to find more information

The Regulatory Material is available on the following websites:

www.lautorite.qc.ca
www.osc.gov.on.ca

4. Questions

Please refer your questions to any of the following CSA staff:

Mandi Epstein
Senior Legal Counsel, Compliance and Registrant Regulation
Ontario Securities Commission
Tel: 416-593-2397
mepstein@osc.gov.on.ca

Carlin Fung
Senior Accountant, Compliance and Registrant Regulation
Ontario Securities Commission
Tel: 416-593-8226
cfung@osc.gov.on.ca

Sophie Jean
Senior Policy Adviser
Direction des pratiques de distribution et des OAR
Autorité des marchés financiers
Tel: 514-395-0337, ext. 4786
Toll-free: 1-877-525-0337
sophie.jean@lautorite.qc.ca

Craig Whalen
Manager of Licensing, Registration and Compliance
Financial Services Regulation Division, Service NL
Government of Newfoundland and Labrador
Tel: 709-729-5661
cwhalen@gov.nl.ca

ANNEX A

SUMMARY OF COMMENTS AND RESPONSES ON THE 2012 PROPOSAL

This annex summarizes the written public comments received following the publication on February 10, 2012 (the 2012 Proposal) of draft *Regulation 32-102 respecting Registration Exemptions for Non-Resident Investment Fund Managers* (the Regulation or Regulation 32-102) and draft *Policy Statement to Regulation 32-102 respecting Registration Exemptions for Non-Resident Investment Fund Managers* (the Policy Statement or Policy Statement 32-102).

We have consolidated and summarized the comments and our responses by theme. We do not provide responses to the comments we received that are fact specific. We also do not provide responses to comments relating to topics which are beyond the scope of the 2012 Proposal, including registration fees and exemptions for federally regulated financial institutions outside of Ontario.

In addition, we generally do not respond to the comments previously dealt with in the summary of comments and responses to the amendments proposed by the CSA on October 15, 2010 (the CSA 2010 Proposal) to *Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations* (Regulation 31-103) and *Policy Statement to Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations* related to the registration requirement for non-resident investment fund managers.

Responses to Comments Received

Lack of harmonization

Many commenters expressed disappointment that there is no harmonized regulation for all jurisdictions regarding non-resident investment fund manager registration. A number of the commenters suggested that we should consider adopting the proposed Multilateral Policy 31-202 *Registration Requirement for Investment Fund Managers* (MP 31-202). We are maintaining the position expressed in the CSA 2010 Proposal and submit that the 2012 Proposal is therefore consistent with investor protection policy objectives contained in the harmonized amendments to Regulation 31-103 that were published by the CSA.

In addition, we believe that the bright-line tests in Regulation 32-102, which list exemptions from the investment fund manager registration requirement for non-resident investment fund managers, provide clarity and ease of use for both industry and regulators. We have carefully considered both approaches for the registration of non-resident investment fund managers, and have come to the conclusion that since non-resident investment fund manager registration is an investor protection measure, the presence of investors in the local jurisdiction is clearly a relevant consideration and the 2012 Proposal has the appropriate policy outcome.

Registration Requirement

Registration trigger

Some of the commenters stated that the presence of security holders as a connecting factor to the local jurisdiction is overly expansive and that distribution should not form part of the non-resident investment fund manager registration requirement.

We do not agree. Regulation 32-102 is an investor protection initiative. Triggering registration in the case of non-resident investment fund managers in the local jurisdictions will depend on whether the manager acts as an investment fund manager and whether that manager is managing one or more investment funds that have distributed securities to residents of the local jurisdiction. If an investment fund has security holders in the local jurisdiction, this gives rise to investment fund management activities in the jurisdiction, including activities reflecting the relationship between the fund, the investment fund manager (who is responsible for directing those activities) and the security holders. Such activities include the delivery of financial statements, calculating net assets values and fulfilling redemption and dividend payment obligations.

There will be significant investor protection concerns if these activities are not properly performed by the investment fund manager and this could, for example, result in incorrect calculation of net asset value,

particularly where the investment funds hold hard-to-value investments, and incorrect or untimely preparation of financial statements and reports to security holders. Our view is that where an investment fund manager has an appropriate connection to a jurisdiction, investors should receive protection from these risks regardless of where the investment fund manager is located.

One commenter stated that there should be a clearer distinction between activities that do not trigger the registration requirement (no security holders or no active solicitation) and activities that would otherwise require registration, but are being exempted pursuant to Regulation 32-102. Please refer to the chart provided in Appendix A to Policy Statement 32-102.

Additional investor protection

One of the commenters asked for the rationale for our view that dealer registration requirements and prospectus requirements do not provide the same ongoing protections or address the same risks as Regulation 32-102.

Our view is that the dealer registration and prospectus requirements do not provide the same ongoing protections or address the same risks of an investment fund manager managing an investment fund for the reasons set out above.

A number of commenters stated that given the investment fund manager registration requirement in Regulation 31-103 for domestic non-resident investment fund managers, there is no incremental protection in having them register outside of their home province.

Considering the operational risks associated with investment fund manager activities, as outlined above, we disagree that registration of the investment fund manager in the jurisdiction will not increase investor protection. Our view is that the approach taken in Regulation 32-102 is consistent with the registration of dealers and advisers in each jurisdiction where they trade securities or act as an adviser.

Grandfathering clause

Some commenters have expressed concerns that Regulation 32-102 will apply retroactively to non-resident investment fund managers that previously solicited investors in the jurisdiction but ceased doing so prior to the coming into force of Regulation 32-102 and have existing security holders in the jurisdiction.

We have added a grandfathering clause so that a non-resident investment fund manager would not need to register in the jurisdiction if it has not actively solicited clients after September 27, 2012.

Exemptions from the investment fund manager registration requirement

Notice to regulator of reliance on the permitted client exemption

Certain commenters have indicated they are concerned that the notification to the securities regulatory authority of reliance on the permitted client exemption, which requires disclosure of the assets under management attributable to residents of the local jurisdiction, would result in the identification of their clients and that this information could be subject to disclosure under a freedom of information request.

We do not agree. Since the information to be submitted should be based on the total assets under management that are attributable to local residents in the jurisdiction, we do not expect an international investment fund manager to provide us with a breakdown of the total assets under management by individual client. Clients need not be identified in the notice.

Notice to permitted client

Some of the commenters questioned the usefulness of providing a written notice to the permitted client as a condition of the permitted client registration exemption on the basis that the investment fund manager does not have a relationship with security holders of the funds and that the permitted clients are sophisticated and do not require this disclosure.

We believe that the notice to the permitted client is useful, given that investment fund management activities may give rise to investor protection concerns. The notice to permitted clients under Regulation 32-102 is the same as the notice that is currently required to be provided by international dealers under section 8.18 of Regulation 31-103 and international advisers under section 8.26 of Regulation 31-103 and it is our view that for consistency, it should also be provided by non-resident investment fund managers who rely on the permitted client exemption.

Notice of regulatory action

Some of the commenters raised concerns that the notice of regulatory action that is required to be filed by non-resident investment fund managers relying on the permitted client exemption under Regulation 32-102 is onerous and could result in non-resident investment fund managers prohibiting permitted client investors from investing in their funds. In addition, certain commenters stated that the requirement to file the notice of regulatory action within 10 days will be onerous and may result in incomplete and inaccurate reporting.

We disagree. The required information under the notice of regulatory action is limited to disciplinary history, settlement agreements and ongoing investigations of the investment fund manager and certain related entities with other securities regulators for the past 7 years and does not require any additional information regarding legal actions or other matters.

One of the commenters indicated that there is no definition of the word "parent" in the notice of regulatory action form. The definition of parent has now been added to the form.

Regulatory burden

Limited investment opportunities for investors

Some of the commenters have stated that the increased regulatory burden of an international investment fund manager being required to register in the jurisdiction could deter them from registering and reduce investment choices and opportunities for investors.

The registration requirements for non-resident investment fund managers are similar to those for resident investment fund managers. The investment fund manager category of registration is designed to address risks to investors associated with their investment in an investment fund by imposing regulatory requirements, including capital, insurance, financial reporting and proficiency requirements, which aim to ensure that the investment fund manager has adequate resources to carry out its functions. Where an investment fund manager has an appropriate connection to the jurisdiction, investors should receive protection from these risks. This approach strikes an appropriate balance between providing an efficient system of registration and protecting investors.

In addition, we note that Regulation 32-102 provides a registration exemption if the securities of the investment fund have been distributed to permitted clients and, as a result, we do not believe that international investment fund managers would be discouraged from making those investors in the jurisdictions aware of their product offerings.

Proficiency and other registration requirements

One of the commenters expressed concerns that the investment fund manager registration requirements related to compliance, proficiency, working capital and insurance could deter non-resident investment fund managers from doing business in the local jurisdiction.

We do not agree, as there are currently many foreign entities registered in other categories of registration that are subject to the registration requirements of Regulation 31-103, including the proficiency requirements.

Increased complexity and costs

Some commenters suggested that a non-harmonized regulatory landscape in respect of non-resident investment fund manager registration requirements would result in confusion and uncertainty for non-resident investment fund managers and increased compliance costs.

We disagree, as Regulation 32-102 provides bright-line tests, which make it clear for non-resident investment fund managers whether they must register in the jurisdiction. These bright-line tests have the effect of eliminating any possible confusion about registration requirements in the jurisdiction, since they are well defined and objective. In addition, Regulation 32-102 provides exemptions from the investment fund manager registration requirement based on clear, determinative conditions.

There are currently many foreign entities registered in other categories of registration that are subject to the registration requirements of Regulation 31-103, including the proficiency requirement. Our view is that the 2012 Proposal strikes an appropriate balance between providing an efficient system of registration and protecting investors.

Other comments

Fee rule in Ontario

Certain commenters have stated that changes should be made to OSC Rule 13-502 *Fees* (Rule 13-502), which requires unregistered investment fund managers to pay capital markets participation fees in Ontario. One of those commenters said that Rule 13-502 should only impose capital markets participation fees on non-resident investment fund managers who rely on the permitted client exemption under Regulation 32-102.

We agree, and OSC Staff will request approval to publish for comment a proposed amendment to the definition of “unregistered investment fund manager”, to exclude investment fund managers who have no security holders or no active solicitation in the jurisdiction from the requirement to pay capital markets participation fees in Ontario.

Costs and benefits, alternatives and comment period

Certain commenters stated that the issue of increased costs to investors resulting from Regulation 32-102 has not been addressed in anticipated costs and benefits in the 2012 Proposal.

We do not agree, as costs and benefits were considered, including in consultation papers, prior to the implementation of the investment fund manager registration category in Regulation 31-103. The anticipated investor protection benefits of the 2012 Proposal are set out above and would outweigh the costs of the non-resident investment fund manager registration requirement. It is noted that the costs of investment fund manager registration would be reduced through registration exemptions available under Regulation 32-102.

In addition, some of the commenters indicated that the proposed MP 31-202 should have been considered as an alternative to the 2012 Proposal.

We disagree. While we considered various alternatives within our respective rule-making authority and were aware of the policy position being taken by a number of the other jurisdictions, we were not aware of any appropriate alternatives to deal with non-resident investment fund managers.

Furthermore, one of the commenters questioned the reason for the 60-day comment period for the 2012 Proposal rather than a 90-day comment period.

Since non-resident investment fund manager registration was originally dealt with in the CSA 2010 Proposal with proposed amendments that were the subject of a 90-day comment period, in accordance with statutory requirements, there was no minimum comment period for the 2012 Proposal. A 60-day comment period for a second publication to comment is appropriate and not unusual.

Transition

Some commenters have questioned whether the September 28, 2012 transition period, by which date non-resident investment fund managers would need to apply for registration under Regulation 32-102, is realistic. We agree. On July 5, 2012, the CSA members issued parallel orders to extend the transition provisions. Non-resident investment fund managers will have until December 31, 2012 to apply for registration under Regulation 32-102.

List of commenters

- Alternative Investment Management Association
- Blake, Cassels & Graydon LLP
- Borden Ladner Gervais LLP
- Canada Pension Plan Investment Board
- Canadian Bankers Association
- Canadian Imperial Bank of Commerce
- Franklin Templeton Investments Corp.
- GD-1 Management Inc. and Global Digit II Management Inc.
- Greystone Managed Investments Inc.
- IGM Financial Inc.
- Invesco Canada Ltd.
- Investment Advisor Association
- Investment Funds Institute of Canada
- Landry Morin Investment Managers
- Manulife Asset Management Limited
- Nexus Investment Management Inc.
- Orbis Investment Management Limited
- Osler, Hoskin & Harcourt LLP
- Placements Banque Nationale
- Portfolio Management Association of Canada
- RBC Global Asset Management Inc.
- RESP Dealers Association of Canada
- Stikeman Elliot LLP
- Tradex Management Inc.

ANNEX B

SUMMARY OF CHANGES TO THE REGULATORY MATERIAL

This annex describes the key changes that we made to draft *Regulation 32-102 respecting Registration Exemptions for Non-Resident Investment Fund Managers* (the Regulation or Regulation 32-102) and draft *Policy Statement to Regulation 32-102 respecting Registration Exemptions for Non-Resident Investment Fund Managers* (the Policy Statement or Policy Statement 32-102) published for comment on February 10, 2012. Provided all necessary approvals are obtained, the Regulation will come into force on September 28, 2012. In this annex, we reference the sections of Regulation 32-102 except where otherwise indicated.

Exemption from investment fund manager registration in the absence of security holders or active solicitation in the local jurisdiction

We have changed section 3 as follows:

- we have clarified that an investment fund manager may manage one or more investment funds, and that the exemption will only apply if all of the investment funds so managed meet the conditions of the exemption; and
- we have restricted the active solicitation condition in time, thereby “grandfathering” any such solicitation made prior to September 28, 2012.

Exemption from investment fund manager registration in respect of permitted clients

We have clarified in section 4, as in section 3, that an investment fund manager may manage one or more investment funds.

Transition

On July 5, 2012, the CSA members issued parallel orders (the “orders”) to extend the transition provisions in the following sections of Part 16 of *Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations*:

- section 16.5 [*Temporary exemption for Canadian investment fund manager registered in its principal jurisdiction*]
- section 16.6 [*Temporary exemption for foreign investment fund managers*]

We have therefore removed the transition provisions which were provided in sections 6 and 7 of Regulation 32-102. As a result of the orders, domestic non-resident investment fund managers and international non-resident investment fund managers have until December 31, 2012 to apply for registration. Please refer to CSA Staff Notice 31-330 *Omnibus/Blanket Orders Extending Certain Transition Provisions Relating to the Investment Fund Manager Registration Requirement and the Obligation to Provide Dispute Resolution Services*.

Changes to Policy Statement 32-102

We have clarified the guidance on the registration trigger for non-resident investment fund managers, and have added a chart in a new Appendix A to Policy Statement 32-102 illustrating the requirement to register as an investment fund manager for those investment fund managers who are non-residents, as well as the availability of the exemptions provided in Regulation 32-102.

ANNEX C

ADOPTION OF THE REGULATORY MATERIAL

The Ontario Securities Commission, the Autorité des marchés financiers and the Financial Services Regulation Division, Service NL, Government of Newfoundland and Labrador (collectively, we) are implementing *Regulation 32-102 respecting Registration Exemptions for Non-Resident Investment Fund Managers* (the Regulation or Regulation 32-102) and *Policy Statement to Regulation 32-102 respecting Registration Exemptions for Non-Resident Investment Fund Managers* (the Policy Statement or Policy Statement 32-102).

The Regulation will be implemented as a rule in each of Newfoundland and Labrador and Ontario, and as a regulation in Québec. The Policy Statement will be adopted as a policy in each of the jurisdictions of Newfoundland and Labrador, Ontario and Québec.

In Ontario, the Regulation and other required materials were delivered to the Minister of Finance on July 3, 2012. The Minister may approve or reject the Rule or return it for further consideration. If the Minister approves the Rule or does not take any further action, the Regulation will come into force on September 28, 2012.

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