

ORDER NUMBER 74

IN THE MATTER OF THE *SECURITIES ACT* (“the *Act*”)
R.S.N.L. 1990 CHAPTER S-13, AS AMENDED

AND

TRANSITIONAL RELIEF FROM THE REQUIREMENT TO PROVIDE RELATIONSHIP DISCLOSURE
INFORMATION PRESCRIBED BY SECTION 14.2(1) OF NATIONAL INSTRUMENT 31-103
REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS
 (“NI 31-103”) FOR THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA
 (“IIROC”) MEMBER FIRMS

ORDER
(Section 144.(1) of the *Act*)

Definitions

1. Unless otherwise defined in this order or the context otherwise requires, terms used that are defined in the *Act*, National Instrument 14-101 *Definitions* or NI 31-103, have the same meaning in this order.

Background


2. 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.
3. IIROC is currently finalizing its proposal on relationship disclosure information (“the IIROC RDI Proposal”), most recently published on January 7, 2011 in IIROC Notice 11-0005 *Proposals to implement the core principles of the Client Relationship Model - Proposed amendments - New Rule XX00 - Relationship disclosure*.
4. The purpose of the IIROC RDI Proposal is to set 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.
5. Under section 16.14 of NI 31-103, temporary relief from the application of section 14.2(1) of NI 31-103 was available until September 28, 2010 to persons or companies that were registered on the date when NI 31-103 came into effect.
6. On September 28, 2010, the Superintendent of Securities issued Order Number 65, Transitional Relief From The Requirement To Provide The Relationship Disclosure Information Prescribed By Section 14.2(1) Of NI 31-103 For Investment Industry Regulatory Organization Of Canada (“IIROC”) Member Firms, providing further temporary relief from the application of section 14.2(1) of NI 31-103 until September 28, 2011 to IIROC members.

7. The temporary relief was provided in anticipation of the finalization of the IIROC RDI Proposal. It is now anticipated that the IIROC RDI Proposal will be finalized and new IIROC member rules reflecting the IIROC RDI Proposal (the IIROC RDI Rules) will be approved before the end of 2011 with provisions for their implementation in phases over a two-year transition period.
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 September 28, 2011, it will be required to prepare detailed relationship disclosure information and may incur significant costs changing its relationship disclosure communications when the IIROC RDI Rules are implemented.
9. Since the IIROC RDI Rules are likely to come into force before the end of 2011, and be implemented in phases during a two-year transition period, the cost that IIROC members will incur by having to comply with section 14.2(1) of NI 31-103 on September 28, 2011 in the interim is not justified.

Order

10. It is ordered, pursuant to Section 144.(1) of the *Act*, that Section 14.2(1) of NI 31-103 does not apply to registered firms that are members of IIROC, provided that after the IIROC RDI Rules are approved, the IIROC member complies with the IIROC RDI Rules subject to applicable transition periods.
11. This order comes into effect on September 28, 2011 and expires on December 31, 2013.

Dated at St. John's, Newfoundland and Labrador this 22nd day of September, 2011.


Douglas Connolly, C.G.A.
Superintendent of Securities