

July 24, 2014

Introduction

The Alberta Securities Commission is publishing for a 30-day comment period proposed consequential amendments to each of the following rules to harmonize them with yet-to-be proclaimed amendments to the *Securities Act* (Alberta) (the **Act**):

- *Alberta Securities Commission Rules* (General);
- Alberta Securities Commission Rule 15-503 *Production of Records*;
- National Instrument 21-101 *Marketplace Operation*;
- National Instrument 23-102 *Use of Client Brokerage Commissions*;
- National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*; and
- National Instrument 55-104 *Insider Reporting Requirements and Exemptions* (collectively, the **Proposed Amendments**).

Background

The yet-to-be proclaimed statutory amendments are set out in the *Securities Amendment Act, 2014* (Bill 3) which is available on the website of the Legislative Assembly of Alberta. On proclamation, the *Securities Amendment Act, 2014* (Bill 3) will amend the Act to create a framework for derivatives regulation. Among other things, the Act will be amended to add a definition of derivative and to repeal and replace throughout the Act the terms “exchange contract” and “futures contract” with the term “derivative”.

Substance and purpose of the Proposed Amendments

The Proposed Amendments are intended to make conforming changes to each of the rules referenced above to reflect the statutory change in terminology, for example, changing each current reference to the terms “exchange contract” or “futures contract” to the term “derivative”.

The Proposed Amendments are attached as Annexes to this Notice.

Deadline for comments

The Proposed Amendments are published for comment until August 23, 2014.

How to provide your comments

Written comments received will be posted on the Commission's website; accordingly, you should not include personal information in the comment letter. Please state on whose behalf you are making a submission.

Send your written comments on the Proposed Amendments to:

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ANNEX A

Proposed Amendments to Alberta Securities Commission Rules (General)

- 1. The Alberta Securities Commission Rules (General) are amended by this Instrument.**
- 2. The heading to Part 4 is repealed and the following is substituted:**

PART 4
TRADING IN SECURITIES AND DERIVATIVES GENERALLY

- 3. Section 8(1) is amended**
 - (a) by striking out “futures contract” wherever it occurs and substituting “derivative”;**
 - (b) in subclause (a)(ii) by adding “and derivatives” after “securities”; and**
 - (c) in clause (e) by adding “and derivatives” after “securities” wherever it occurs.**
- 4. Section 8(2) is amended by striking out “futures contracts” wherever it occurs and substituting “derivatives”.**
- 5. Section 9(1) is amended**
 - (a) by striking out “an” and substituting “a”; and**
 - (b) by striking out “exchange contract” wherever it occurs and substituting “derivative”.**
- 6. Section 10 is amended by striking out “exchange contract” and substituting “derivative”.**
- 7. Section 11 is amended**
 - (a) by striking out “an” and substituting “a”; and**
 - (b) by striking out “exchange contract” wherever it occurs and substituting “derivative”.**
- 8. Section 12 is amended by striking out “exchange contract” wherever it occurs and substituting “derivative”.**
- 9. Section 13 is amended**
 - (a) by striking out “an” and substituting “a”; and**

(b) by striking out “exchange contract” wherever it occurs and substituting “derivative”.

10. Section 14 is amended by striking out “exchange contracts” wherever it occurs and substituting “derivatives”.

11. Section 16(1)(a) is amended

(a) by striking out “exchange contracts” and substituting “derivatives”; and

(b) by striking out “an exchange contract” and substituting “a derivative”.

12. Section 16(3) is amended

(a) in clause (a) by striking out “an exchange contract” and substituting “a derivative”; and

(b) in clause (b) by striking out “exchange contract” and substituting “derivative”.

13. This Instrument comes into force on ●.

ANNEX B

**Proposed Amendments to
Alberta Securities Commission Rule 15-503 *Production of Records***

- 1. *Alberta Securities Commission Rule 15-503 Production of Records is amended by this Instrument.***
- 2. *Section 1 is amended in the definition of “record” by replacing “exchange contract” with “derivative”.***
- 3. This Instrument comes into force on ●.**

ANNEX C

**Proposed Amendments to
National Instrument 21-101 *Marketplace Operation***

- 1. National Instrument 21-101 Marketplace Operation is amended by this Instrument.***
- 2. Section 1.4(1) is amended by deleting “Alberta and”.***
- 3. This Instrument comes into force on ●.***

ANNEX D

**Proposed Amendments to
National Instrument 23-102 *Use of Client Brokerage Commissions***

- 1. National Instrument 23-102 Use of Client Brokerage Commissions is amended by this *Instrument*.**
- 2. *Section 1.2 is amended***
 - (a) in paragraph (a) by deleting “Alberta,” and deleting “and” at the end of the paragraph,***
 - (b) by adding “, and” at the end of paragraph (b), and***
 - (c) by adding the following paragraph:***
 - (c) in Alberta, “security” includes a derivative..***
- 3. This Instrument comes into force on ●.**

ANNEX E

**Proposed Amendments to
National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations***

- 1. *National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations is amended by this Instrument.***
- 2. *Section 1.2 is amended by deleting “Alberta,”.***
- 3. *Section 1.2 is amended by renumbering it as subsection 1.2(1) and by adding the following subsection:***
 - (2) In Alberta, a reference to “securities” in this Instrument includes “derivatives”, unless the context otherwise requires..
- 4. *Section 8.2 is amended by deleting “Alberta,”.***
- 5. *Section 8.2 is amended by renumbering it as subsection 8.2(1) and by adding the following subsection:***
 - (2) Despite section 1.2, in Alberta a reference to “securities” in this Division excludes derivatives which are traded on an exchange pursuant to standardized terms determined by the exchange and cleared by a clearing agency..
- 6. *Section 8.20 is amended***
 - (a) *in subsection (1) by deleting “Alberta,”,***
 - (b) *by adding the following subsection:***
 - (1.1) In Alberta, the dealer registration requirement does not apply in respect of the following trades in a derivative on an exchange pursuant to standardized terms determined by the exchange and cleared by a clearing agency:
 - (a) a trade by a person made
- 7. solely through an agent who is a registered dealer, if the dealer is registered in a category that permits the trade, or**
 - (ii) to a registered dealer who is purchasing as principal, if the dealer is registered in a category that permits the trade;

- (b) subject to subsection (2), a trade resulting from an unsolicited order placed with an individual who is not a resident of, and does not carry on business in, the local jurisdiction., **and**

(c) in subsection (2) by replacing “subsection (1)(b)” with “subsections (1)(b) and (1.1)(b)”.

8. Section 8.26(1) is amended by deleting “Alberta,”.

9. Section 8.26 is amended by adding the following subsection:

10. Despite section 1.2, in Alberta a reference to “securities” in this section excludes derivatives which are traded on an exchange pursuant to standardized terms determined by the exchange and cleared by a clearing agency..

11. This Instrument comes into force on ●.

ANNEX F

**Proposed Amendments to
National Instrument 55-104 *Insider Reporting Requirements and Exemptions***

1. *National Instrument 55-104 Insider Reporting Requirements and Exemptions is amended by this Instrument.*
2. *Section 1.1(1) is amended in the definition of “derivative”*
 - (a) *in paragraph (a) by adding “Alberta,” before “New Brunswick”, and*
 - (b) *in paragraph (b) by adding “Alberta” before “New Brunswick”.*
3. *Section 1.1(1) is amended in the definition of “exchange contract”*
 - (a) *in paragraph (a) by deleting “Alberta,”, and*
 - (b) *in paragraph (b) by deleting “Alberta,”.*
4. This Instrument comes into force on ●.