

Canadian Securities Administrators= Staff Notice 12-302, 81-305

National Policy 12-201  
Mutual Reliance Review System ("MRRS") for Exemptive Relief Applications ("ERA")

ERA and Applications for Approvals or Exemptions  
under National Policy No. 39 "Mutual Funds" ("NP 39")

*Purpose*

The purpose of this notice is to communicate the view of the staff of the Canadian Securities Administrators on how ERA relates to applications for approvals and exemptions made under NP 39, including those applications made under sections 1.02 and 9.02 of NP 39.

*Current Situation*

Currently applications for approvals and exemptions under NP 39 follow the processes set out in NP 39. These applications have not been accepted under ERA because National Instrument 13-101 "System for Electronic Document Analysis and Retrieval" ("SEDAR") mandates the filing of applications under NP 39 on SEDAR and applications under ERA are not filed on SEDAR. However, staff note that in practice the application review process under NP 39 is quite similar to the application review process under ERA.

*Under ERA*

For purposes of consistency of process and transparency, staff will now accept and prefers that all applications for approvals or exemptions under NP 39 be filed under ERA even though these applications must still be filed on SEDAR as required by National Instrument 13-101.

Under ERA, the principal regulator (the "PR") will acknowledge receipt of the application as required by ERA by placing correspondence on SEDAR. Non principal regulators (the "NPRs") will acknowledge receipt of this document by updating the status of the application on SEDAR to "Under Review" ensuring the appropriate "Agency Contact" information is filled in.

NPRs will provide any comments they have on the application by facsimile or e-mail and not on SEDAR within the time deadlines set by the PR (normally 7 business days). The PR will provide comments on the application to filers on SEDAR as it currently does.

Upon completion of the PR's review of the application the PR will place correspondence on SEDAR indicating their recommendation and attaching the draft MRRS decision document

which generally will be drafted as an "approval" letter in accordance with current practice. The PR will concurrently forward their staff memorandum setting out the reasons for the recommendation to NPRs by facsimile or e-mail and not on SEDAR.

If the PR's recommendation is to grant relief on an application, NPRs will indicate they are making the same decision as the PR on the application by updating the status on SEDAR to "Clear for Final". If opting out of ERA for the application, NPRs will update the status on SEDAR to "MRRS - Opt Out" and place correspondence on SEDAR indicating the reasons for opting out. NPRs can opt back into ERA for the application by changing the status on SEDAR to "MRRS - Opt Back In - Clear for Final" within the time frames and as contemplated under ERA.

If the PR's recommendation is to deny relief on the application, NPRs will indicate they are making the same decision as the PR on the application by updating the status on SEDAR to "Refused".

MRRS decision documents on applications will be placed on SEDAR by the PR in all cases, even if the application has been made under section 1.02 of NP 39.

### ***Form of Application and Decision***

Staff has noted that applications for approval or exemption under NP 39 are often made at the same time as applications for other exemptive relief relating to the same transaction and contain similar text. In order to increase efficiency for filers and regulators one form of application should be prepared requesting all relief required. The application should provide submissions, both on why the relief is necessary and why it should be granted. These submissions should address separately and in detail, each section of NP 39 and each provision of other securities legislation from which relief is deemed necessary. Filers should review section 5 of the ERA National Policy in this regard. This section also deals with incomplete or deficient material.

One copy of the application should be filed on SEDAR with respect to the relief required under NP 39, with applicable fees. Another copy should be filed in the usual written form with respect to the remainder of the relief required (as under ERA these applications for additional relief should not be filed on SEDAR), with applicable fees.

The PR will issue two MRRS decision documents, one in the usual form for the NP 39 relief and one in the usual form for the remainder of the relief.

Any approvals granted under NP 39 will generally be subject to the same conditions, if any, as those attaching to the exemptive relief granted in the related application.

***National Instrument 81-102 "Mutual Funds"***

The process for review set out in this notice will also apply to applications made under National Instrument 81-102 "Mutual Funds" when implemented.

***Questions***

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