

THE SECURITIES ACT)
)
Section 20(1))

Order No. 7416

July 6, 2017

BLANKET ORDER 94-501

Exempting certain counterparties from mandatory clearing

WHEREAS:

Definitions

- A. Terms defined in the *Securities Act* ([Province]) (the Act), in National Instrument 14-101 *Definitions* or in National Instrument 94-101 *Mandatory Central Counterparty Clearing of Derivatives* (NI 94-101) have the same meaning in this Blanket Order.

Background

- B. Subsection 3(1) of NI 94-101 requires a local counterparty to a transaction in a mandatory clearable derivative to submit, or cause to be submitted, the mandatory clearable derivative to a regulated clearing agency that offers clearing services in respect of the mandatory clearable derivative (the Clearing Requirement), if one or more of the following applies to each counterparty:
- (a) effective April 4, 2017, the counterparty
 - (i) is a participant of a regulated clearing agency that offers clearing services in respect of the mandatory clearable derivative, and
 - (ii) subscribes to clearing services for the class of derivatives to which the mandatory clearable derivative belongs;
 - (b) effective October 4, 2017, the counterparty
 - (i) is an affiliated entity of a participant referred to in paragraph (a), and
 - (ii) has had, at any time after the date on which NI 94-101 comes into force, a month-end gross notional amount under all outstanding derivatives exceeding \$1,000,000,000 excluding derivatives to which paragraph 7(1)(a) of NI 94-101 applies;
 - (c) effective October 4, 2017, the counterparty
 - (i) is a local counterparty in any jurisdiction of Canada, other than a counterparty to which paragraph (b) applies, and

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- (ii) has had, at any time after the date on which NI94-101 comes into force, a month-end gross notional amount under all outstanding derivatives, combined with each affiliated entity that is a local counterparty in any jurisdiction of Canada, exceeding \$500,000,000,000 excluding derivatives to which paragraph 7(1)(a) of NI 94-101 applies.
- C. The Commission is considering publishing for comment proposed amendments to NI 94-101. If implemented, these proposed amendments would clarify the scope of application of the Clearing Requirement so that certain counterparties will not be subject to the Clearing Requirement under paragraphs 3(1)(b) and (c) of NI 94-101 (the Proposed Amendments).
- D. Some counterparties that would have been subject to the Clearing Requirement effective October 4, 2017 may not be subject to the Clearing Requirement as a result of the Proposed Amendments. Therefore, exemptive relief is required.
- E. The Commission is of the opinion it would not be prejudicial to the public interest to make the Order.

IT IS ORDERED:

1. **THAT**, under section 20(1) of the Act, a counterparty, to which paragraph (3)(1)(a) of NI 94-101 does not apply and that is required under paragraph 3(1)(b) or (c) of NI 94-101 to clear a mandatory clearable derivative is exempt from that requirement.
2. **THAT**, the exemption under paragraph 1 of this Order is available in respect of a transaction in a mandatory clearable derivative that occurs on or before August 20, 2018.
3. **THAT**, this Order takes effect on October 4, 2017.

BY ORDER OF THE COMMISSION



Director