



THE MANITOBA
SECURITIES
COMMISSION

THE SECURITIES ACT)	Order No. 7538
Section 20(1),)	
National Instrument 81-104)	
)	Date: January 25, 2021
)	

Blanket Order 81-506

Exemptions from National Instrument 81-104 Alternative Mutual Funds

WHEREAS:

- (A) The Manitoba Securities Commission (the "Commission") has received an application from the Director to make an order to:
- (1) exempt a mutual fund restricted individual ("MFRI") from the proficiency requirements in section 4.1(1) (the "Proficiency Requirements"), and
 - (2) exempt the individual designated by a principal distributor or participating dealer to be responsible for the supervision of trades of those securities in the local jurisdiction (the "Supervisor") from meeting the supervisory requirements in section 4.1(2) (the "Supervisory Requirements").
- on certain terms and conditions as set out below.
- (B) Terms defined in the Securities Act (Manitoba) ("Act"), National Instrument 14-101 *Definitions*, National Instrument 81-102 *Investment Funds* ("NI 81-102"), and National Instrument 81-104 *Alternative Mutual Funds* ("NI 81-104") have the same meaning in this order.
- (C) Under Part 4 of NI 81-104, no MFRI may trade in a security of an alternative mutual fund unless the MFRI meets the Proficiency Requirements, and no principal distributor or participating dealer may trade in a security of an alternative mutual fund in a local jurisdiction unless the Supervisor meets the Supervisory Requirements. The Commission has recognized that the Proficiency Requirements and Supervisory Requirements have limited retail investor access to alternative investment strategies through the Mutual Fund Dealers Association of Canada dealer channel.
- (D) In recognition of the challenges the Proficiency Requirements and Supervisory Requirements have created for the distribution of alternative mutual funds, providing MFRI's and Supervisors with additional course options that offer

updated and relevant information on alternative mutual funds that would satisfy their Proficiency Requirements or Supervisory Requirements, respectively, will facilitate access to alternative investment strategies for retail investors while maintaining investor protection. These additional course options will expedite retail investor access to alternative mutual funds and better enable retail investors to benefit from additional portfolio diversification opportunities through alternative investment strategies.

- (E) The Commission has determined that it is not prejudicial to the public interest to issue this order, and that the relief is adequately justified in the circumstances.

IT IS ORDERED:

1. **THAT**, under subsection 20(1) of the Act, an MFRI is exempt from section 4.1(1) of NI 81-104, provided that

- (a) the MFRI has received a passing grade in any one of the following courses:
- i. Canadian Securities Institute (CSI) – Alternative Strategies: Hedge Funds and Liquid Alternatives for Mutual Fund Representatives Course (the “CSI Bridge Course”);
 - ii. IFSE Institute – Investing in Alternative Mutual Funds and Hedge Funds (the “IFSE Bridge Course”);
 - iii. CSI – Investment Funds in Canada Course, provided that the passing grade was received upon course materials and an examination that substantially contains the content of the CSI Bridge Course (the “Updated CSI Mutual Funds Course”);
 - iv. IFSE Institute – Canadian Investment Funds Course, provided that the passing grade was received upon course materials and an examination that substantially contains the content of the IFSE Bridge Course (the “Updated IFSE Mutual Funds Course”);

(the CSI Bridge Course, the IFSE Bridge Course, the Updated CSI Mutual Funds Course, and the Updated IFSE Mutual Funds Course are collectively referred to as the “Alternative Mutual Fund Courses”),

- (b) the MFRI trades only in securities of alternative mutual funds that are approved for sale by their registered dealer, and
 - (c) prior to the MFRI relying on this order, the MFRI's registered dealer provides a one-time notification by email addressed to the Director, at registrationmsc@gov.mb.ca, stating that MFRI's registered with the registered dealer intend to rely on this order.
2. **THAT**, under subsection 20(1) of the Act, a principal distributor or participating dealer is exempt from section 4.1(2) of NI 81-104, provided that
- (a) the principal distributor or participating dealer's Supervisor has received a passing grade in any one of the Alternative Mutual Fund Courses, and
 - (b) prior to relying on this order, the principal distributor or participating dealer provides a one-time notification addressed to the Director, at registrationmsc@gov.mb.ca, stating that Supervisors registered with the principal distributor or participating dealer intend to rely on this order.
3. **THAT**, this Order comes into effect on January 28, 2021.

BY ORDER OF THE COMMISSION



Director