



**Manitoba Securities Commission Notice 2018-22
and Request for Comment on Proposed MSC Local Rule 33-502**

The Manitoba Securities Commission (MSC or we) is publishing for a thirty (30) day comment period proposed MSC Rule 33-502 *Conditions of Registration – Approved Compensation and Contingency Funds*. The comment period will end on August 16, 2018.

The purpose of the proposed rule is to set out a requirement that every registered dealer, other than an exempt market dealer or scholarship plan dealer as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registration Obligations* (NI 31-103) participate in and contribute to a compensation fund or contingency trust fund approved by the Director.

The Commission also anticipates issuing approval orders for compensation funds established by self regulatory organizations recognized by the Commission under section 31 of *The Securities Act* (Manitoba). We believe the proposed local rule and approval orders will enhance investor protection and further align the regulatory approach in Manitoba with those in other Canadian jurisdictions.

Please provide your comments in writing by August 16, 2018 to the following address:

The Manitoba Securities Commission
500 – 400 St. Mary Avenue
Winnipeg, MB R3C 4K5
Attention: Secretary to the Commission
oversight@gov.mb.ca

Please note that comments received may become publicly available.

Please refer your questions to:

Paula White
Deputy Director, Compliance & Oversight
Phone: 204-945-5195
E-mail: paula.white@gov.mb.ca

MANITOBA SECURITIES COMMISSION

Proposed Rule 33-502

(Section 149.1, *The Securities Act*)

CONDITIONS OF REGISTRATION – APPROVED COMPENSATION AND CONTINGENCY FUNDS

Interpretation

1.1 In this Rule, terms defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* have the same meaning in this Rule.

Conditions of registration — approved compensation and contingency funds

1.2 Every dealer, other than an exempt market dealer or scholarship plan dealer as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, shall participate in and contribute to a compensation fund or contingency trust fund approved by the Director and established by,

- (a) a recognized self-regulatory organization referred to in section 31.1 of the Act;
- (b) a recognized exchange; or
- (c) a trust company.

1.3 A dealer must contribute an amount of money to a fund referred to in section (1.2) equal to the amount that the self-regulatory body, exchange or, in the case of a fund established by a trust company, the Director requires.

1.4 The Director may exempt a dealer that does not hold funds or securities of its clients from the requirements of section (1.2).

Exemption

1.5 The Director or the Commission may grant an exemption to this Rule, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

Effective date

1.6 This Rule comes into force effective *****.

1.7 This Rule may be cited as MSC Rule 2018-**.