

REVOCATION OF THE "NORTHWESTERN EXEMPTION"

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On August 15, 2018, the Canadian Securities Administrators announced in [Multilateral CSA Notice 32-302 Notice of Revocation for Certain Local Orders Providing Registration Exemption for Trades in Connections with Certain Prospectus-Exempt Distributions and Update on BC Instrument 32-517 Exemption from Dealer Registration Requirement for Trades in Securities of Mortgage Investment Entities](#) (the "**CSA Notice**") that securities regulatory authorities of British Columbia, Manitoba, Nunavut, the Northwest Territories and Yukon will be revoking their registration exemptions that form the "Northwestern Exemption". In addition, the British Columbia Securities Commission (the "BCSC") has announced its intention to allow BC Instrument 32-517 – Exemption from Dealer Registration Requirement for Trades in Securities of Mortgage Investment Entities ("**BCI 32-517**") to expire on February 15, 2019.

Northwestern Exemption

The Northwestern Exemption permits finders to place prospectus-exempt (private placement) securities without the requirement to be registered in any jurisdiction. For a summary of the current registration regime see our bulletin "[Finders be Aware - BCSC Proposes to Revoke Trade-Based Exemption](#)".

The local orders that form the Northwestern Exemption were adopted by British Columbia, Alberta, Saskatchewan, Manitoba, Nunavut, the Northwestern Territories and Yukon (collectively, the "**Participating Jurisdictions**"). The Participating Jurisdictions except Alberta and Saskatchewan have agreed to revoke their local orders comprising the Northwestern Exemption effective April 30, 2019. Alberta and Saskatchewan are considering whether to revoke their local orders and will advise of their approach in due course.

The revocation of the Northwestern Exemption will enhance investor protection and lead to greater harmonization between the securities laws of the Participating Jurisdictions other than Alberta and Saskatchewan and the rest of Canada.

BCI 32-517

British Columbia is the only province that has a registration exemption specifically available for Mortgage Investment Entities and by allowing BCI 32-517 to expire on February 15, 2019, the BCSC will achieve greater harmony between the securities laws of British Columbia and the rest of Canada.

Moving Forward in British Columbia

When BC Instrument 32-513 – Registration Exemption for Trades in Connection with Certain Prospectus-Exempt Distributions (“**BCI 32-513**”) and BCI 32-517 expire, any finder who is considered to be in the business of trading securities who places a resident in British Columbia in a private placement will be required to register as a dealer or exempt market dealer, as the case may be. The BCSC is implementing certain transition provisions to allow market participants to complete an orderly wind-up or seek registration. Those relying on BCI 32-513 or BCI 32-517 before they expire may continue operating in reliance on the exemption if:

- the BCSC has received a substantially complete 33-109F6 – Firm Registration by April 30, 2019 and paid the related fees; and
 - the filer is in compliance with the terms of that relief on the expiry date and on an ongoing basis.
- For more information on the CSA Notice, or a list of local orders being revoked, the CSA Notice can be accessed [here](#).

by Marina Tran

A Cautionary Note

The foregoing provides only an overview and does not constitute legal advice. Readers are cautioned against making any decisions based on this material alone. Rather, specific legal advice should be obtained.

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