

# ALBERTA SECURITIES COMMISSION

## BLANKET ORDER 81-508

**Citation: Re Exemptions from National Instrument 81-104 *Alternative Mutual Funds*, 2021 ABASC 7** **Date: 20210125**

### Definitions

1. Terms defined in the *Securities Act* (Alberta) (the **Act**), National Instrument 81-102 *Investment Funds* and National Instrument 81-104 *Alternative Mutual Funds* (**NI 81-104**) have the same meaning in this Blanket Order.

### Background

2. Under Part 4 of NI 81-104, no mutual fund restricted individual (**MFRI**) may trade in a security of an alternative mutual fund unless the MFRI meets the proficiency requirements in section 4.1(1) (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 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**) meets the supervisory requirements in section 4.1(2) (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.
3. In recognition of the challenges the Proficiency Requirements and Supervisory Requirements have created for the distribution of alternative mutual funds, providing MFRI 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.

### Exemption from Proficiency Requirements

4. The Commission, considering that it would not be prejudicial to the public interest to do so, orders under section 213 of the Act that an MFRI is exempt from the Proficiency Requirements, 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 Blanket Order, the MFRI's registered dealer provides a one-time notification by email addressed to the Director, Market Regulation at registration@asc.ca, stating that MFRI's registered with the registered dealer intend to rely on this Blanket Order.

#### **Exemption from Supervisory Requirements**

5. The Commission, considering that it would not be prejudicial to the public interest to do so, orders under section 213 of the Act that a principal distributor or participating dealer is exempt from the Supervisory Requirements, 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 Blanket Order, the principal distributor or participating dealer provides a one-time notification by email addressed to the Director, Market Regulation at registration@asc.ca, stating that Supervisors registered with the principal distributor or participating dealer intend to rely on this Blanket Order.

#### **Effective Date**

6. This Blanket Order comes into effect on January 28, 2021.

#### **For the Commission:**

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Tom Cotter  
Vice-Chair

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Kari Horn  
Vice-Chair