



**IN THE MATTER OF THE *SECURITIES ACT*
(SY 2007, c. 16 as amended)**

-and-

***Exemption from Proficiency Requirements in National Instrument 81-104 Alternative
Mutual Funds***

SUPERINTENDENT ORDER 2021/05 Y.S.A.

(under section 16 of the *Securities Act*)

WHEREAS under Part 4 of NI 81-104, a mutual fund restricted individual must not trade in a security of an alternative mutual fund unless the mutual fund restricted individual meets the Proficiency Requirements, and a principal distributor or participating dealer must not trade in a security of an alternative mutual fund in a local jurisdiction unless it has a Supervisor that meets the Supervisory Requirements;

AND WHEREAS the Proficiency Requirements and Supervisory Requirements were intended to ensure that a person trading in alternative mutual funds, which are generally more complex than conventional mutual funds, and a Supervisor had adequate proficiency to understand alternative mutual funds and their suitability for investors;

AND WHEREAS the Proficiency Requirements and Supervisory Requirements have resulted in limited retail investor access to alternative investment strategies through the mutual fund dealer channel;

AND WHEREAS the Superintendent has considered the interests of mutual fund restricted individuals, principal distributors and participating dealers in being able to trade in alternative mutual funds and the needs of investors to access alternative means of obtaining investment diversification;

AND WHEREAS the Superintendent is satisfied that providing an exemption from the Proficiency Requirements and Supervisory Requirements, provided the individual or Supervisor, as applicable, has successfully completed alternative courses that offer updated and relevant information on alternative mutual funds, will facilitate access to alternative investment strategies for retail investors while maintaining investor protection;

AND WHEREAS the Superintendent has determined that it would not be prejudicial to the public interest to make this Order;

IT IS ORDERED THAT

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

2. In this Order:

“Proficiency Requirements” mean the requirements in section 4.1(1) of NI 81-104 that apply to a mutual fund restricted individual;

“Supervisor” means the person responsible for the supervision of trades of securities of alternative mutual funds for a principal distributor or participating dealer; and

“Supervisory Requirements” means the requirement in section 4.1(2) of NI 81-104 that the Supervisor have received a passing grade for the Derivatives Fundamentals Course or have successfully completed the Chartered Financial Analyst Program in order for a principal distributor or participating dealer to trade in a security of an alternative mutual fund.

3. That a mutual fund restricted individual is exempt from the Proficiency Requirements provided that:

(a) the individual received a passing grade in any 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 for 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 for 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 individual trades only in securities of alternative mutual funds that are approved for sale by their registered dealer; and

- (c) prior to an individual relying on this Order, the individual's registered dealer provided a one-time notification to the Superintendent by email at securities@yukon.ca stating that one or more mutual fund restricted individuals registered with the registered dealer intend to rely on this Order.
- 4. That a principal distributor and a participating dealer is exempt from the Supervisory Requirements provided that:
 - (a) the distributor or dealer's Supervisor received a passing grade in any one of the Alternative Mutual Fund Courses; and
 - (b) prior to the distributor or dealer relying on this Order, the distributor or dealer provided a one-time notification to the Superintendent by email at securities@yukon.ca stating that the distributor or dealer intends to rely on this Order.

Effective Date

- 5. This order is effective January 28, 2021.

Dated at the City of Whitehorse in Yukon this 26th day of January, 2021.

Fred Pretorius (original signature on file)
Frederik Pretorius
Superintendent of Securities