

August 31, 2017

Hello;

For proposed national instrument 93-101, NorthPoint Energy Solutions, Inc. would like to submit the following comment:

Whether or not a person or company is in the business of trading or advising in derivatives is dependent on if they meet the definition of a ‘derivative advisor’ or a ‘derivative dealer.’ However, an organization can be exempt from the proposed instrument provided it does not engage in certain activities outlined in section 39. Based on this proposed instrument, we are trying to determine whether the intent of the instrument is to capture firms involved in trading commodities; and specifically whether or not the proposed instrument is applicable to our business.

If a derivative dealer is defined as “a person or company engaging in or holding himself, herself or itself out as engaging in the business of trading in derivatives as principal or agent,” a commodity firm trading contract for differences (a fixed for floating swap) for their own purposes with another commodity firm would be included in this definition. Is the intent of the definition of a ‘derivative dealer’ to capture commodity firms trading amongst themselves in the over the counter market? If not, can there be an exemption put in place to exclude commodity firms trading with one another from the definition of a ‘derivative dealer’?

If a commodity firm meets the definition of a ‘derivative dealer’ and transacts in derivatives for their own end use, they may still not be exempt from the proposed instrument. For example, our firm has ISDA master agreements in place with other firms that allow us to regularly place offers or bids with other firms. We enter into these contracts for speculative and hedging purposes. This type of transaction is not exempt from the proposed instrument as we are quoting prices at which we would be willing to transact. We believe this coincides with question 5: Business Trigger Guidance- Quoting prices or acting as a market maker – The person or company makes a two-way market in a derivative or routinely quotes prices at which they would be willing to transact in a derivative or offers to make a market in a derivative or derivatives. Is the intent of the exemption listed in paragraph 39c to capture commodity firms trading amongst themselves in the over the counter market? If not, can the exemption be worded to exclude commodity firms trading with one another?

Our understanding of the overall intent of the proposed instrument is that it is geared toward protecting investors. Firms entering into the transactions outlined above have a high level of sophistication, the necessary background, and appropriate knowledge to properly understand and assess the risks involved in such transactions. For these reasons, we are asking that our questions be given reasonable consideration.

Thank you;

Drew Broadfoot