

13.1.3 IDA By-Law 40, Amendments to Individual Approvals, Notifications and Related Fees and National Registration Database

INVESTMENT DEALERS ASSOCIATION OF CANADA – AMENDMENTS TO BY-LAW 40: INDIVIDUAL APPROVALS, NOTIFICATIONS AND RELATED FEES AND NATIONAL REGISTRATION DATABASE

I OVERVIEW

A -- Current Rules

By-law 40 was implemented September 2, 2004 to formally mandate the use by Members of the National Registration Database ("NRD") to file applications for Approval of individuals, changes of approval category, amendments to registration information, notices of branch and sub-branch openings and closings, terminations of employment or principal/agent relationships with Approved Persons and some applications for exemption from proficiency requirements. It also mandated fee to be paid for approvals and user fees to be paid for the NRD Administrator.

When By-law 40 was implemented all of the Provincial securities administrators in Canada were participants in NRD except the Autorité des marchés financiers (AMF) in Quebec. By-law 40 therefore contained provisions for the filing of applications for Approval by persons in Quebec in paper format.

B -- The Issue

The AMF is joining NRD on January 1, 2005.

C -- Objective

The objective of the proposed changes is to extend its requirements to file through NRD to Quebec Members, applicants and approved persons and provide for the transition from paper to electronic filing.

D -- Effect of Proposed Rules

The proposed rules will require Members to use the NRD for all filings of application for Association approval of individuals and notifications regarding Approved Persons in the Province of Quebec. The proposed rules will require filing of such applications and notifications on NRD forms and within time periods established in the multilateral instruments passed by the securities regulatory authorities and to be adopted by the AMF.

The proposed rules will require Members to enter into NRD information that has already been filed with the AMF or its predecessor, the Commission des valeurs mobilières du Québec (CVMQ), on paper in order to get current approved persons into NRD along with the information being entered for all those in the NRD database.

The proposed rules will also require filings for persons who are already in NRD but are also registered in Quebec to add to NRD the information about their Quebec Registration.

The proposed rules will require Members to pay the same user fees to the operator of the NRD with regard to approved persons in Quebec and applications for approval in Quebec as are paid for approved persons and applications in other jurisdictions.

II DETAILED ANALYSIS

A -- Present Rules, Relevant History and Proposed Policy

By-law 40 refers to and draws definition from Multilateral Instruments 31-102 and 33-109 passed by all Canadian securities regulatory authorities except Quebec and now to be adopted by the AMF. It requires filing on forms and within time frames mandated under those multilateral instruments. Applications to securities regulatory authorities for registration and the Association for approval are made simultaneously on the same forms.

By-law 40.1 contains definitions including those of NRD and Multilateral Instruments 31-102 and 33-109 all of which note that Quebec does not participate. The proposed amendments remove the references to Quebec's non-participation in subsections 40.1(8), (13) and (14).

The proposed amendments add to section 40.1 the definition of a "Quebec transition Member" as a Member registered in Quebec as of January 1, 2005. The transitional requirements to have those registered in Quebec as of January 1, 2005 entered in NRD or have information on their Quebec registrations added to NRD will apply to Quebec transition Members.

By-law 40.2 requires Members to take the preliminary steps required for using the NRD. The proposed amendments remove an exception for and therefore extend its requirements to Members registered solely in Quebec.

By-law 40.3 requires that all applications for Approval of individuals and notifications of the appointment of certain senior compliance personnel be made through the NRD on NRD forms. It also requires the payment of related fees as determined by the Board of Directors, including NRD User fees. The proposed amendments remove exceptions for applications for Approval in Quebec or notifications with regard to Members having their head offices in Quebec.

By-law 40.4 requires that applications for changes in Approval categories be made through the NRD, permits the Board to establish fees for such transactions including NRD User fees and provides that any such fees must be paid through the NRD. It includes exceptions for applications in Quebec, which the proposed amendments remove.

By-law 40.5 requires the filing of material change reports regarding information on Approved Persons, required under Section I.B.1(a) of Policy 8, to be filed through the NRD. The proposed amendments remove an exception for filings regarding persons approved in Quebec.

By-law 40.7 requires that Members notify the Association of the termination of employment or a principal/agency relationship with any Approved Person within the time frames and on the form mandated under Multilateral Instruments 31-102 and 33-109, and requires that they be made through the NRD. The proposed amendments remove exceptions requiring such termination notifications for Approved Persons in the Province of Quebec to be made on paper.

By-law 40.8 requires Members to use NRD to notify the Association of the opening or closing or any material changes regarding branch and sub-branch offices, which notifications are required under By-laws 4.6 and 4.7 respectively. The proposed amendments remove exceptions for branch and sub-branch offices in Quebec.

As of January 1, 2005 no Approved Persons registered solely in Quebec will be included in NRD. There will be no transfer of data on such persons from any existing systems.

New section 40.13 is being added to By-law 40 to deal with the addition of such persons to NRD. This will be effected by filing complete applications as though such persons were applying for Approval for the first time. The AMF will establish a schedule for such filings such that all such persons will be in NRD by December 1, 2005. Proposed By-law 40.13(1) sets the December 1 deadline without prescribing more specific time frames. As all such persons will be included in NRD pursuant to that sub-section and their NRD applications will include their branch office location, they have been excluded from the general requirement to tie Approved Persons to their branch locations under By-law 40.10(2).

Proposed By-law 40.13(2) excepts from the requirement to submit a completed application those whose employment with a Member is terminated before the filing. Such persons will, if transferring to another Member, have to complete a full application with their new Member sponsor under proposed By-law 40.13(5).

Proposed By-law 40.13(3) provides for changes of registration information for an Approved Person registered solely in Quebec and not yet in NRD. Such persons will file the change in paper form within 5 business days and will then have a further 15 business days to file a complete application form.

Proposed By-law 40.13(4) provides for changes in approval category, including addition of a new category or surrender of an existing one, for persons approved only in the Province of Quebec who have not yet submitted a full application. Such persons will be required to submit a full application showing their current categories first, followed by a submission seeking approval of the change.

Proposed By-law 40.13(5) provides that an application to transfer an Approved Person registered solely in Quebec for whom a completed application has not been submitted in NRD pursuant to proposed By-law 40.13(1) must be done through submission of a full application through the NRD.

Proposed By-laws 40.13(6) through (9) deal with persons registered in the Province of Quebec and in another province. As a result of their registration in another province, such persons will already have an NRD record but without a record of their registration in Quebec.

Proposed By-law 40.13(6) requires the submission by December 1, 2005 of applications to add the Quebec registration categories of all such persons to the existing records in NRD. While this is done on the full application Form 33-109F4, if full information on the person is already contained in the NRD it involves only a change to the registration and approval category section to add Quebec information, not re-entry of all the previously entered data.

Proposed By-law 40.13(7) requires that when a Member terminates the employment of or an agency relationship with an Approved Person registered in Quebec and other provinces and has not already filed a submission to add the person's

registration categories in Quebec, it file a termination notice through the NRD with regard to the individual's registration/approval in other provinces and a paper termination notice with regard to his or her registration/approval in Quebec.

Proposed By-laws 40.13(8) and (9) deal respectively with changes of registration information and changes of registration category for Approved Persons registered in Quebec and other provinces if an application to add the individual's registration categories in Quebec has not yet been submitted. They require that a submission adding the Quebec registration categories be made first, following by a submission regarding the change.

Proposed By-law 40.13(10) deals with transfers¹ of Approved Persons previously registered in Quebec and another province for whom an application adding Quebec registration and approval information has not been submitted. It requires that the transfer in the other province or provinces be submitted through the NRD, a paper transfer application be submitted regarding the Quebec registration and approval and that within 15 days of approval of the transfer an application be submitted to the NRD adding the Quebec registration and approval categories.

By-law 40.10 contains requirements regarding the transition to the NRD from existing systems. It includes requirements that, by February 28, 2005, Members add any missing information on branches or sub-branches (section 40.10(1)) and identify the branch or sub-branch location of all Approved Persons in NRD (section 40.10(2)). Proposed section 40.13(11) provides an exception to those sections of By-law 40.10 with regard to branches and sub-branches in the Province of Quebec. The information on those branches and sub-branches will be added to the NRD in the process, to be completed by December 1, 2005, of adding Quebec-only registrants.

B -- Issues and Alternatives Considered

No other alternatives were considered.

C -- Comparison with Similar Provisions

Multilateral Instruments 31-102 and 33-109 passed by all Canadian securities regulatory authorities except Quebec contain similar provisions regarding the filing of registration applications and notifications through the NRD system. The AMF will be adopting those multilateral instruments, making them national instruments, and will also establish transitional requirements for Quebec-only registrants and to make those registered in Quebec who are also registered in other Provinces, and are therefore in NRD, add their Quebec registration information to their NRD information.

D -- Systems Impact of Rule

Quebec-only Members will be required to have Internet access and Web browsers as specified by the NRD Administrator. These are widely accessible and inexpensive and are already in place at all Members who use NRD.

E -- Best Interests of the Capital Markets

The Board has determined that this amendment is not detrimental to the best interests of the capital markets.

F -- Public Interest Objective

The proposal is designed to include Quebec in the NRD system, which will then be the central, authoritative database on approved and registered persons in all jurisdictions. It will eliminate the duplication involved in filing applications and notifications in paper form in Quebec while filing in electronic form for any other jurisdictions.

The proposal does not permit unfair discrimination among customers, issuers, brokers, dealers, members or others. It does not impose any burden on competition that is not necessary or appropriate in furtherance of the above purposes.

III COMMENTARY

A -- Filing in Other Jurisdictions

This proposed amendment will be filed for approval in Alberta, British Columbia, Manitoba, Ontario and Quebec will be filed for information in Nova Scotia and Saskatchewan.

¹ A transfer can be effected up to 90 days after the termination from a previous firm. Thereafter a "reactivation" submission is required, which is treated like an initial application, including payment of all related fees.

B -- Effectiveness

The proposed rule is simple and effective. Filing through NRD will eliminate the paper form filings currently required for Quebec Approved Persons and the duplicative filings on paper in Quebec and electronically through NRD for those approved in Quebec and other provinces.

IV SOURCES

- IDA Bylaw 40

V OSC REQUIREMENT TO PUBLISH FOR COMMENT

The Association has determined that the enactment of the proposed Policy would be in the public interest. Comments are sought on the proposed Policy. Comments should be made in writing. One copy of each comment letter should be delivered within 30 days of the publication of this notice, addressed to the attention of Deborah Wise, Investment Dealers Association of Canada, Suite 1600, 121 King Street West, Toronto, Ontario, M5H 3T9 and one copy addressed to the attention of the Manager of Market Regulation, Ontario Securities Commission, 20 Queen Street West, 19th Floor, Box 55, Toronto, Ontario, M5H 3S8.

Questions may be referred to:

Azza Abdallah

Registration Counsel

Investment Dealers Association of Canada

(416) 943-5839

aabdallah@ida.ca

INVESTMENT DEALERS ASSOCIATION OF CANADA

**AMENDMENTS TO BY-LAW 40 REGARDING INDIVIDUAL APPROVALS, NOTIFICATIONS AND FEES
AND THE NATIONAL REGISTRATION DATABASE**

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby amends the By-laws, Regulations, Forms and Policies of the Association by amending By-law No. 40 as follows:

“40.1 Definitions

For the purposes of this By-law 40,

- (1) "authorized firm representative" or "AFR" means, for a Member, an individual with his or her own NRD user ID and who is authorized by the Member to submit information in NRD format for that Member and individual applicants with respect to whom the Member is the sponsoring Member.
- (2) "chief AFR" means, for a Member filer, an individual who is an AFR and has accepted an appointment as a chief AFR by the Member.
- (3) Form 33-109F1 means the form for the submission through NRD of a Notice of Termination of an individual mandated by NRD Multilateral Instrument 33-109.
- (4) Form 33-109F2 means the form for the submission through NRD of an application for change or surrender of categories of registration mandated by NRD Multilateral Instrument 33-109.
- (5) Form 33-109F3 means the form for the submission through NRD of information regarding business locations of registered dealers mandated by NRD Multilateral Instrument 33-109.
- (6) Form 33-109F4 means the form for submission through NRD of applications for individual registration and information on non-registered individuals mandated by NRD Multilateral Instrument 33-109.
- (7) Form 33-109F5 means the paper form of a notification of a change in information regarding an individual registrant or Member mandated by NRD Multilateral Instrument 33-109.
- (8) "National Registration Database" or "NRD" means the online electronic database of registration and approval information regarding Members, their registered or approved partners, officers, directors, employees or agents and other firms and individuals registered under securities legislation in Canada ~~other than the Province of Quebec~~, and includes the computer system providing for the transmission, receipt, review and dissemination of that registration information by electronic means.
- (9) "NRD account" means an account with a member of the Canadian Payments Association from which fees may be paid with respect to NRD by electronic pre-authorized debit.
- (10) "NRD access date" means the date a Member receives notice that it has access to NRD to make NRD submissions.
- (11) "NRD Administrator" means CDS INC. or a successor appointed by the Canadian securities regulatory authorities and the Association to operate NRD.
- (12) "NRD format" means the electronic format for submitting information through the NRD website.
- (13) "NRD Multilateral Instrument 31-102" means Multilateral Instrument 31-102 National Registration Database adopted by the Canadian securities regulatory authorities ~~except the Autorité des Marchés Financiers~~.
- (14) "NRD Multilateral Instrument 33-109" means Multilateral Instrument 33-109 Registration Information adopted by the Canadian securities regulatory authorities ~~except the Autorité des Marchés Financiers~~.
- (15) "NRD submission" means information that is submitted under this By-law 40 in NRD format, or the act of submitting information under this By-law 40 in NRD format, as the context requires.
- (16) "NRD website" means the website operated by the NRD Administrator for the NRD submissions.
- (17) "transition Member" means a Member that

- (a) was a Member on February 3, 2003, or
- (b) was not a Member on February 3, 2003 and applied for Membership before March 31, 2003.

(18) "Quebec transition Member" means a Member registered in the Province of Quebec as of January 1, 2005.

40.2 Obligations of Members regarding the National Registration Database

- (1) Each Member shall
 - (a) enrol in NRD and pay to the NRD Administrator an enrolment fee calculated as prescribed by the Board of Directors;
 - (b) have one and no more than one chief AFR enrolled with the NRD Administrator;
 - (c) maintain one and no more than one NRD account;
 - (d) notify the NRD Administrator of the appointment of a chief AFR within 5 business days of the appointment;
 - (e) notify the NRD Administrator of any change in the name of the firm's chief AFR within 5 business days of the change; and
 - (f) submit any change in the name of an AFR, other than the firm's chief AFR, in NRD format within 5 business days of the change.
- ~~(2) Subsection 1 does not apply to a Member registered solely under the securities legislation of the Province of Quebec and having no Approved Persons registered under any Canadian securities legislation other than that of the Province of Quebec.~~

40.3 Approvals and Notifications

- (1) Each Member making an application for approval of an individual in any capacity required under any By-law, Regulation or Policy of the Association shall make such application to the Association through the NRD on Form 33-109F4.
- ~~(2) Subsection (1) does not apply to an application for Approval in the Province of Quebec.~~
- ~~(3) Each Member making an application for approval in the Province of Quebec of any individual in any capacity required under any By-law, Regulation or Policy of the Association shall make such application to the Association in paper form on Association Form 1-U-2000 or Form 33-109F4.~~
- (4) Each Member shall notify the Association of the appointment of an Ultimate Designated Person pursuant to By-law 38.1, a Chief Compliance Officer pursuant to By-law 38.3 or a Chief Financial Officer pursuant to By-law 7.5(a) through the NRD on Form 33-109F4.
- ~~(5) Subsection (4) does not apply to a notification by a Member having its head office in the Province of Quebec, which shall be made to the Association in paper form on Association Form 1-U-2000 or Form 33-109F4.~~
- (6) Each Member making an application under subsection (1) ~~or (3)~~ shall be liable for and pay such fees as are prescribed from time to time by the Board of Directors, including but not limited to application fees payable to the NRD Administrator for use of the NRD for the making of such an application.
- (7) Any fees payable to the Association or to the NRD Administrator pursuant to subsection ~~(6)~~ above shall be submitted by electronic pre-authorized debit through NRD.
- ~~(8) Subsection (7) does not apply to fee payable for an application for Approval in the Province of Quebec.~~

40.4 Application for Change of Approval Category

- (1) Each Member making an application for approval of any Approved Person in a different or additional capacity requiring approval under any By-law, Regulation or Policy of the Association or to surrender an existing approval shall make such application to the Association through the NRD on Form 33-109F2.

- (2) Each Member making an application under subsection (1) shall be liable for and pay such change of status fees as are prescribed from time to time by the Board of Directors, including but not limited to application fees payable to the NRD Administrator for use of the NRD for the making of such an application.
- (3) Any fees payable to the Association or the NRD Administrator pursuant to subsection (2) above shall be submitted by electronic pre-authorized debit through NRD.
- ~~(4) Subsection 40.4(1) does not apply to an application for an Approved Person for a change of approval category in the Province of Quebec, which shall be made in paper form on the Association Application for Transfer or Change of Status Form or on Form 33-109F2.~~
- ~~(5) Each Member making an application under subsection (4) shall be liable for and pay such change of status fees as are prescribed from time to time by the Board of Directors.~~

40.5 Report of Changes pursuant to Policy 8

- (1) Each Member making a report of a change regarding an Approved Person required pursuant to section I.B.1(a) of Policy 8 of the Association shall make the report through the NRD on Form 33-109F4 in the time required pursuant to NRD Multilateral Instrument 33-109.
- ~~(2) Subsection (1) does not apply to a report regarding an individual approved in the of the Province of Quebec, which shall be made in paper form to the Association on form 33-109F4 in the time required pursuant to NRD Multilateral Instrument 33-109.~~

40.6 Exemption request

- (1) Each Member making an application for an exemption of an Approved Person or applicant for approval from a proficiency requirement pursuant to the Association's Policy 6 that is submitted with an application for approval made through the NRD shall make such application to the Association through the NRD.
- (2) Each Member making an application under subsection (1) above shall be liable for and pay to the Association an exemption request fee as prescribed from time to time by the Board of Directors.
- (3) Any fees payable to the Association and to the NRD Administrator pursuant to subsection (2) above shall be submitted by electronic pre-authorized debit through NRD.

40.7 Termination of Approved Persons

- (1) Each Member shall notify the Association of the termination of the Member's employment of or principal/agent relationship with any individual approved in any capacity under any By-law, Regulation or Policy of the Association through the NRD on Form 33-109F1 within the time period prescribed in NRD Multilateral Instrument 33-109 for a registered firm, as defined in NRD Multilateral Instrument 33-109, to notify the regulator of the same type of event.
- (2) Each Member shall be liable for and pay to the Association fees in the amounts prescribed from time to time by the Board of Directors for the failure of the Member to file a notification required under subsection (1) above within the time period referred to in subsection (1).
- (3) Any fees payable to the Association pursuant to subsection (2) above shall be submitted by electronic pre-authorized debit through NRD.
- ~~(4) Subsections (1) and (3) do not apply to a notification of termination of employment or a principal/agent relationship to an individual approved in the Province of Quebec, which shall be made in paper form on the Association's Uniform Termination Notice Form or Form 33-109F1 within the time period referred to in subsection (1).~~
- ~~(5) Each Member shall be liable for and pay to the Association fees in the amounts prescribed from time to time by the Board of Directors for the failure of the Member to file a notification required under subsection (4) above within the time period referred to in subsection (4).~~

40.8 Notification of Opening or Closing of Branch or Sub-branch Office

- (1) Each Member required to notify the Association of the opening or closing of a branch pursuant to By-law 4.6 or sub-branch office pursuant to By-law 4.7 shall do so through the NRD on Form 33-109F3 within the time period prescribed in NRD Multilateral Instrument 33-109 for a registered firm, as defined in NRD Multilateral Instrument 33-109, to notify the regulator of the opening or closing, as applicable, of a business location.
- (2) Each Member shall notify the Association through the NRD of any change in the address, type of location or supervision of any branch or sub-branch office within the time period prescribed in NRD Multilateral Instrument 33-109 for a registered firm, as defined in Multilateral Instrument 33-109, to notify the regulator of a change in a business location.
- ~~(3) Subsections (1) and (2) do not apply to a branch or sub-branch office in the Province of Quebec.~~
- ~~(4) Each Member required to notify the Association of the opening or closing of a branch or sub-branch office in the Province of Quebec shall do so in paper form within the time period referred to in subsection (1) and shall also notify the Association in paper form of the Approved Persons to be located in such branch or sub-branch within the time period prescribed in NRD Multilateral Instrument 33-109 for a registered firm, as defined in NRD Multilateral Instrument 33-109, to notify the regulator of a similar type of event.~~
- ~~(5) Each Member shall notify the Association in paper form of any change in the address, type of location or supervision of any branch or sub-branch office located in the Province of Quebec within the time period referred to in subsection (2).~~

40.9 Annual NRD User Fee

- (1) Each Member shall be liable for and pay to the NRD Administrator an annual user fee as prescribed from time to time by the Board of Directors for each person approved in any capacity under any By-law, Regulation or Policy of the Association and recorded as such on the NRD as of the date of calculation of such annual fee as prescribed by the Board of Directors.
- (2) Any fees payable to the NRD Administrator pursuant to subsection (1) above shall be submitted by electronic pre-authorized debit through NRD.

40.10 Transition

- (1) Accuracy of Branch or Sub-branch Information - If the information recorded on NRD for a branch or sub-branch office of a transition Member is missing or inaccurate on the NRD access date, the transition Member must submit a completed Form 33-109F3 in NRD format in respect of that branch or sub-branch by February 28, 2005.
- (2) Identification of Branch or Sub-branch of Approved Persons - Each Member must make submissions through the NRD identifying the branch or sub-branch location of all Approved Persons of the Member by February 28, 2005.
- (3) Approved Persons Included in the Data Transfer
 - (a) Except as provided in subsection (b), in respect of Approved Persons who were recorded on NRD as Approved Persons of a transition Member on the NRD access date, the transition Member must submit completed Forms 33-109F4 in NRD format for
 - (i) 5 percent of those Approved Persons by the end of April 2004,
 - (ii) 10 percent of those Approved Persons by the end of May 2004,
 - (iii) 15 percent of those Approved Persons by the end of June 2004,
 - (iv) 20 percent of those Approved Persons by the end of July 2004,
 - (v) 25 percent of those Approved Persons by the end of August 2004,
 - (vi) 30 percent of those Approved Persons by the end of September 2004,

- (vii) 35 percent of those Approved Persons by the end of October 2004,
 - (viii) 40 percent of those Approved Persons by the end of November 2004,
 - (ix) 45 percent of those Approved Persons by the end of December 2004,
 - (x) 50 percent of those Approved Persons by the end of March 2005,
 - (xi) 55 percent of those Approved Persons by the end of April 2005,
 - (xii) 60 percent of those Approved Persons by the end of May 2005,
 - (xiii) 65 percent of those Approved Persons by the end of June 2005,
 - (xiv) 70 percent of those Approved Persons by the end of July 2005,
 - (xv) 75 percent of those Approved Persons by the end of August 2005,
 - (xvi) 80 percent of those Approved Persons by the end of September 2005,
 - (xvii) 85 percent of those Approved Persons by the end of October 2005,
 - (xviii) 90 percent of those Approved Persons by the end of November 2005,
 - (xix) 95 percent of those Approved Persons by the end of December 2005, and
 - (xx) all of those Approved Persons by the end of March 2006.
- (b) Despite subsection (a), a transition Member is not required to submit a completed Form 33-109F4 in respect of an Approved Person if another Member or a non-Member firm registered under securities legislation has submitted a completed Form 33-109F4 in respect of the Approved Person.
- (4) Reporting Changes to Information regarding Approved Persons
- A transition Member making a report of a change regarding an Approved Person required pursuant to section I.B.1(a) of Policy 8 after the NRD access date for an Approved Person for whom a completed Form 33-109F4 in NRD format has not been submitted pursuant to subsection 40.10(3)(a) shall:
- (a) submit within 5 business days of the change a completed Form 33-109F5 in paper form showing the change, and
 - (b) if the notification concerns any change with regard to:
 - Item 1 of Form 33-109F4 – Name
 - Item 2 of Form 33-109F4 – Residential Address where the change is a move out of province
 - Item 14 of Form 33-109F4 – Criminal Disclosure
 - Item 15 of Form 33-109F4 – Civil Disclosure, or
 - Item 16 of Form 33-109F4 – Financial Disclosuresubmit within 15 days of the submission of the completed Form 33-109F5 a completed Form 33-109F4 in NRD format regarding the Approved Person.
- (5) Currency of Form 33-109F4 - For greater certainty, a completed Form 33-109F4 that is submitted under this section must be current on the date that it is submitted despite any prior submission in paper format.
- (6) Termination of Relationship - Despite a requirement under this section to submit a completed Form 33-109F4, a transition Member is not required to submit a Form 33-109F4 in respect of an Approved Person if the Member has submitted a completed Uniform Termination Notice or Form 33-109F1 in respect of the Approved

Person in paper form before the Member's NRD access date or through the filing of a Form 33-109F1 through the NRD after the Member's NRD access date.

40.11 Temporary Hardship Exemption

- (1) If unanticipated technical difficulties prevent a Member from making a submission in NRD format within the time required under this By-law 40, the Member is exempt from the requirement to make the submission within the required time period, if the Member makes the submission in paper format or NRD format no later than 5 business days after the day on which the information was required to be submitted.
- (2) Form 33-109F5 is the paper format for submitting a notice of a change to Form 33-109F4 information.
- (3) If unanticipated technical difficulties prevent a Member from submitting an application in NRD format, the Member may submit the application in paper format.
- (4) If a Member makes a paper format submission under this section, the Member must include the following legend in capital letters at the top of the first page of the submission:

IN ACCORDANCE WITH IDA BY-LAW 40.11 AND SECTION 5.1 OF MULTILATERAL INSTRUMENT 31-102 NATIONAL REGISTRATION DATABASE (NRD), THIS [SPECIFY DOCUMENT] IS BEING SUBMITTED IN PAPER FORMAT UNDER A TEMPORARY HARDSHIP EXEMPTION.

- (5) If a Member makes a paper format submission under this section, the Member must resubmit the information in NRD format as soon as practicable and in any event within 10 business days after the unanticipated technical difficulties have been resolved.

40.12 Due Diligence and Record Keeping

- (1) Each Member must make reasonable efforts to ensure that information submitted in any submission through the NRD is true and complete.
- (2) Each Member must retain all documents used by the Member to satisfy its obligation under subsection (1) for a period of 7 years after the individual ceases to be an Approved Person of the Member.
- (3) A Member that retains a document under subsection (2) in respect of an NRD submission must record the NRD submission number on the document.

40.13 Transition of Quebec Transition Members

- (1) Each Quebec transition Member having Approved Persons registered solely in the Province of Quebec as of January 1, 2005 shall submit to the Association a completed Form 33-109F4 for each such Approved Person by December 1, 2005.
- (2) Despite subsection (1), a Quebec transition Member is not required to submit a Form 33-109F4 for an Approved Person registered solely in the Province of Quebec if the Member terminates its employment of or principal/agent relationship with the person prior to having submitted a Form 33-109F4 pursuant to subsection (1) and files with the Association a completed Uniform Termination Notice or Form 33-109F1 in paper form.
- (3) A Quebec transition Member making a report of a change regarding an Approved Person required pursuant to section I.B.1(a) of Policy 8 after January 1, 2005 for an Approved Person registered solely in the Province of Quebec for whom a completed Form 33-109F4 in NRD format has not been submitted pursuant to subsection (1) shall:
 - (a) submit within 5 business days of the change a completed Form 33-109F5 in paper form showing the change, and
 - (b) submit within 15 business days of the filing in subsection (a) above through the NRD a completed Form 33-109F4 regarding the Approved Person showing the correct information as of the date of filing.
- (4) A Quebec transition Member applying to make a change of registration or Approval category or add or surrender an Approval category of an Approved Person approved solely in the Province of Quebec as of January 1, 2005 for whom a completed Form 33-109F4 has not been submitted shall:

- (a) submit a Form 33-109F4 through the NRD showing the Approved Persons current registration and Approval categories, and
- (b) submit a Form 33-109F2 through the NRD showing the change, addition or surrender of registration or Approval category for which application is being made.
- (5) A Member applying for transfer of the Approval of a person formerly registered solely in the Province of Quebec for whom a completed Form 33-109F4 has not been submitted through NRD shall make such application by filing a completed Form 33-109F4 through NRD.
- (6) Each Quebec transition Member having Approved Persons registered in the Province of Quebec and in other provinces as of January 1, 2005 shall submit to the Association a completed Form 33-109F4 for each such Approved Person adding the categories of their registration in the Province of Quebec by December 1, 2005.
- (7) A Quebec transition Member that terminates its employment of or principal/agent with an Approved Person registered in the Province of Quebec and one or more other provinces prior to the filing of a completed Form 33-109F4 pursuant to subsection (6) above shall file a Form 33-109F1 through the NRD with respect to the Approved Person's registration in the other provinces and a Uniform Termination Notice or Form 33-109F1 in paper form with respect to the Approved Persons registration in the Province of Quebec.
- 8) A Quebec transition Member required to make a report of a change regarding an Approved Person required pursuant to section I.B.1(a) of Policy 8 after January 1, 2005 for an Approved Person registered in the Province of Quebec and other provinces for whom a completed Form 33-109F4 in NRD format has not been submitted pursuant to subsection (6) above shall submit through the NRD the Form 33-109F4 pursuant to subsection (6) and then a completed Form 33-109F5 regarding the change within 5 business days of the change.
- (9) A Quebec transition Member applying to make a change of registration or Approval category or add or surrender an Approval category of an Approved Person registered in the Province of Quebec and other provinces as of January 1, 2005 for whom a completed Form 33-109F4 pursuant to subsection (6) above has not been submitted shall submit through the NRD the Form 33-109F4 pursuant to subsection (6) showing only the addition of the current registration categories in Quebec and then a Form 33-109F2 with respect to the change, addition or surrender or registration or Approval category.
- (10) A Quebec transition member applying for the transfer of an Approved Person registered and Approved at his or her previous Member firm in Quebec and another province for whom a completed Form 33-109F4 pursuant to subsection (6) above has not been submitted shall:
 - (a) Submit an application for transfer in any other provinces through the NRD system;
 - (b) Submit an application for transfer in Quebec in paper form;
 - (c) Within 15 days of the approval of the transfer in (b) above, submit a Form 33-109F4 pursuant to subsection (6) above adding the registration and Approval categories in Quebec.
- (11) Subsections 40.10(1) and (2) do not apply to the branch and sub-branch offices located in the Province of Quebec of a Quebec transition Member.

PASSED AND ENACTED by the Board of Directors, this 20th day of October 2004, to be effective on a date to be determined by Association staff.