

Chapter 5

Rules and Policies

5.1.1 Amendments to National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations

AMENDMENTS TO NATIONAL INSTRUMENT 31-103 *REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS*

1. ***National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, as amended by an amending instrument titled Amendments to National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations (in respect of Reforms to Enhance the Client-Registrant Relationship) (2019), 42 OSCB (Supp-1), is amended by this Instrument.***

2. ***Section 1.1 is amended by adding the following definitions:***

“financial exploitation” means the use or control of, or deprivation of the use or control of, a financial asset of an individual by a person or company through undue influence, unlawful conduct or another wrongful act;

“temporary hold” means a hold that is placed on the purchase or sale of a security on behalf of a client or on the withdrawal or transfer of cash or securities from a client’s account;

“trusted contact person” means an individual identified by a client to a registrant whom the registrant may contact in accordance with the client’s written consent;

“vulnerable client” means a client who might have an illness, impairment, disability or aging-process limitation that places the client at risk of financial exploitation;.

3. ***Subsection 11.5 (2) is amended:***

(a) ***by replacing paragraph (l) with the following:***

(l) demonstrate compliance with sections 13.2, 13.2.01, 13.2.1 and 13.3;.

(b) ***in paragraph (r) by replacing “.” with “,”, and***

(c) ***by adding the following paragraph:***

(s) demonstrate compliance with section 13.19..

4. ***The Instrument is amended by adding the following section:***

13.2.01 Know your client - trusted contact person

(1) Concurrently with taking the reasonable steps required under subsection 13.2(2), a registrant must take reasonable steps to obtain from the client the name and contact information of a trusted contact person, and the written consent of the client for the registrant to contact the trusted contact person to confirm or make inquiries about any of the following:

- (a) the registrant’s concerns about possible financial exploitation of the client;
- (b) the registrant’s concerns about the client’s mental capacity as it relates to the ability of the client to make decisions involving financial matters;
- (c) the name and contact information of a legal representative of the client, if any;
- (d) the client’s contact information.

(2) A registrant must take reasonable steps to keep current the information required under this section, including updating that information within a reasonable time after the registrant becomes aware of a significant change in the client’s information required under subparagraph 13.2(2)(c)(i).

- (3) This section does not apply to a registrant in respect of a client that is not an individual..

5. Part 13 is amended by adding the following Division:

Division 8 Temporary holds

13.19 Conditions for temporary hold

- (1) A registered firm, or a registered individual whose registration is sponsored by the registered firm, must not place a temporary hold on the basis of financial exploitation of a vulnerable client unless the firm reasonably believes all of the following:
- (a) the client is a vulnerable client;
 - (b) financial exploitation of the client has occurred, is occurring, has been attempted or will be attempted.
- (2) A registered firm, or a registered individual whose registration is sponsored by the registered firm, must not place a temporary hold on the basis of a client's lack of mental capacity unless the firm reasonably believes that the client does not have the mental capacity to make decisions involving financial matters.
- (3) If a registered firm or a registered individual places a temporary hold referred to in subsection (1) or (2), the firm must do all of the following:
- (a) document the facts and reasons that caused the firm or individual to place and, if applicable, to continue the temporary hold;
 - (b) provide notice of the temporary hold and the reasons for the temporary hold to the client as soon as possible after placing the temporary hold;
 - (c) review the relevant facts as soon as possible after placing the temporary hold, and on a reasonably frequent basis, to determine if continuing the hold is appropriate;
 - (d) within 30 days of placing the temporary hold and, until the hold is revoked, within every subsequent 30-day period, do either of the following:
 - (i) revoke the temporary hold;
 - (ii) provide the client with notice of the firm's decision to continue the hold and the reasons for that decision..

6. Subsection 14.2 (2) is amended:

(a) by adding the following paragraph:

- (l.1) a description of the circumstances under which a registrant might disclose information about the client or the client's account to a trusted contact person referred to in subsection 13.2.01(1);,

(b) in paragraph (o) by replacing “.” with “,”, and

(c) by adding the following paragraph:

- (p) a general explanation of the circumstances under which a registered firm or registered individual may place a temporary hold under section 13.19 and a description of the notice that will be given to the client if a temporary hold is placed or continued under that section..

7. (1) This Instrument comes into force on December 31, 2021, immediately following the coming into force of the provisions of a separate amending instrument titled *Amendments to National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations* (in respect of Reforms to Enhance the Client-Registrant Relationship) (2019), 42 OSCB (Supp-1), that come into force on the same date.
- (2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after December 31, 2021, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.