

## Chapter 5

# Rules and Policies

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### 5.1.1 National Instrument 31-101 - National Registration System

#### NATIONAL INSTRUMENT 31-101 – NATIONAL REGISTRATION SYSTEM

##### PART 1 DEFINITIONS AND INTERPRETATION

### 1.1 DEFINITIONS

In this Instrument,

“filer” means a firm filer or an individual filer;

“filing requirements” means the requirements, as they apply to filers, contained in the securities legislation of the jurisdictions in which a filer is registered, approved or reviewed or submitting an application for registration, approval or review, pursuant to which the filer must file, as and when required, documents and information with the securities regulatory authorities or regulators of such jurisdictions in connection with the filer’s fit and proper requirements, but does not mean any such requirements in connection with the filer’s renewal of registration;

“firm filer” means a registered firm or a person or company submitting an application to become a registered firm;

“fit and proper requirements” means the requirements and prohibitions, as they apply to registered filers or non-registered individuals, contained in the securities legislation of the jurisdictions in which a registered filer is registered or in which a non-registered individual is approved or reviewed, to ensure the suitability of a filer to be registered or to be approved as a non-registered individual, namely as regards the filer’s solvency, integrity and proficiency, but does not mean

- (a) any requirements to pay fees in connection with a registration or approval, or
- (b) any requirements as they apply to mutual fund dealers and their sponsored individuals who are registered in Québec, contained in the securities legislation of Québec, with respect to liability insurance;

“individual filer” means

- (a) a registered individual,
- (b) an individual submitting an application to become a registered individual, or
- (c) a non-registered individual submitting, or on whose behalf a sponsoring firm is submitting, an application for the approval or review of the individual as director, partner, officer, compliance officer, branch manager or substantial holder of the sponsoring firm;

“investment dealer” means a person or company registered in a category referred to in Appendix A opposite the name of the local jurisdiction under the heading “Investment Dealer”;

“MRRS MOU” means the Memorandum of Understanding relating to the Mutual Reliance Review System signed as of October 14, 1999, as amended, supplemented or replaced from time to time;

“mutual fund dealer” means a person or company registered in a category referred to in Appendix A opposite the name of the local jurisdiction under the heading “Mutual Fund Dealer”;

“National Registration System” or “NRS” means the system implemented pursuant to the MRRS MOU, this Instrument and NP 31-201, to facilitate the registration, approval or review in the jurisdiction of a non-principal regulator of investment dealers, mutual fund dealers, unrestricted advisers and their sponsored individuals;

“non-principal regulator” means, for a filer, a securities regulatory authority or regulator, other than the principal regulator, with whom the filer is registered, approved or reviewed or to whom the filer is submitting an application under NRS to be registered, approved or reviewed;

“non-registered individual” means, for a sponsoring firm, an individual other than a registered individual who is

- (a) a director, partner, officer, compliance officer or branch manager of the firm, or,
- (b) in Alberta, British Columbia and Ontario, a director, partner, officer or substantial holder of the firm;

“notice requirements” means the requirements, as they apply to registered individuals, non-registered individuals or registered firms, contained in the securities legislation of the jurisdictions in which a registered filer is registered or in which a non-registered individual is approved or reviewed, pursuant to which the registered filer or non-registered individual must notify, as and when required, the securities regulatory authorities or regulators of such jurisdictions of changes and events in connection with the filer’s fit and proper requirements;

“NP 31-201” means National Policy 31-201 National Registration System;

“NRS document” means the document issued by the principal regulator for an application made under NRS that evidences that a decision has been made by the principal regulator and the non-principal regulators that have not opted out of NRS for that application, and that evidences the terms and conditions of such decision;

“principal regulator” means,

- (a) for a firm filer, the securities regulatory authority or regulator of the jurisdiction with which the firm filer has the most significant connection, and
- (b) for an individual filer, the securities regulatory authority or regulator of the jurisdiction in which the individual filer’s working office is located;

“registered filer” means a registered firm or registered individual;

“registered firm” means a person or company that is registered in at least one jurisdiction as an investment dealer, a mutual fund dealer or an unrestricted adviser;

“registered individual” means an individual that is registered in at least one jurisdiction to trade or advise on behalf of a registered firm;

“securities legislation” means,

- (b) for a local jurisdiction other than Québec, the statute and other instruments referred to in Appendix B of National Instrument 14-101 Definitions opposite the name of the local jurisdiction, and
- (b) for Québec,
  - (i) the statute and other instruments referred to in Appendix B of National Instrument 14-101 Definitions opposite Québec,
  - (ii) an Act respecting the distribution of financial products and services (R.S.Q., c. D-9.2) and the regulations under that Act and the blanket rulings and orders issued by the securities regulatory authority, and
  - (iii) an Act respecting the Agence nationale d’encadrement du secteur financier (R.S.Q., c. A-7.03) and the regulations under that Act and the blanket rulings and orders issued by the securities regulatory authority,

but does not mean any regulation adopted by or for a self-regulatory organization;

“sponsored individual” means, for a firm filer,

- (a) a registered individual who trades or advises on behalf of the firm filer,

(b) an individual submitting an application to become a registered individual who proposes to trade or advise on behalf of the firm filer, or

(c) a non-registered individual of the firm filer;

“sponsoring firm” means,

(a) for a registered individual, the registered firm on whose behalf the individual trades or advises,

(b) for an individual submitting an application to become a registered individual, the registered firm, or the person or company submitting an application to become a registered firm, on whose behalf the individual proposes to trade or advise,

(c) for a non-registered individual of a registered firm, the registered firm, or

(d) for a non-registered individual of a person or company submitting an application to become a registered firm, the person or company that is submitting the application;

“substantial holder” means any individual who beneficially owns, whether directly or indirectly, or exercises control or direction over, ten percent or more of the voting securities of a firm filer;

“unrestricted adviser” means a person or company registered in a category referred to in Appendix A opposite the name of the local jurisdiction under the heading “Unrestricted Adviser”; and

“working office” means the office of the sponsoring firm from which an individual filer primarily works or proposes to primarily work.

## **1.2 INTERPRETATION**

(1) For the purposes of this Instrument, the term “registration” includes a reinstatement of registration or an amendment to registration, where appropriate.

(2) For the purposes of this Instrument, a category of registration in a jurisdiction corresponds to a category of registration in another jurisdiction if both categories permit the same or substantially the same advising or trading activity.

## **PART 2 APPLICATION**

### **2.1 APPLICATION OF NRS TO FIRM FILERS**

(1) A firm filer may elect to use the National Registration System if the firm filer

(a) has a business office in Canada, and

(b) is

(i) a registered firm in the jurisdiction of its principal regulator and in at least one other jurisdiction,

(ii) submitting an application to become a registered firm in the jurisdiction of its principal regulator and in at least one other jurisdiction, or

(iii) a registered firm in the jurisdiction of its principal regulator and submitting an application to become a registered firm in at least one other jurisdiction,

(iv) in all cases, in corresponding categories of registration.

(2) A firm filer elects to use NRS by submitting to the principal regulator and to all non-principal regulators a completed Form 31-101F1. A new completed Form 31-101F1 must be submitted to the principal regulator and all non-principal regulators when a registered firm is seeking registration in further jurisdictions.

(3) The National Registration System must be used for each application for registration submitted by a firm filer if the firm filer has elected to use NRS.

## 2.1 APPLICATION OF NRS TO INDIVIDUAL FILERS

The National Registration System must be used for each application for registration, approval or review of an individual filer when

- (a) the individual filer resides in Canada,
- (b) the individual filer's sponsoring firm has elected to use NRS, and
- (c) the individual filer, or the individual filer's sponsoring firm, is submitting the application to a non-principal regulator in a category of registration, approval or review which corresponds to the category in which the individual filer is registered or has been approved or reviewed, or for which the individual filer, or the individual filer's sponsoring firm, is submitting an application to be registered, approved or reviewed, in the jurisdiction of the individual filer's principal regulator.

## 2.3 NOTICE OF CHANGE

If the factors considered by a firm filer in determining the jurisdiction with which it has the most significant connection change, the firm filer must immediately notify its principal regulator of such change by submitting a completed Form 31-101F2.

### PART 3 LOCAL EXEMPTIONS

## 3.1 EXEMPTIONS FROM NON-PRINCIPAL REGULATOR REQUIREMENTS

- (1) Except as provided in section 3.3, a filer registered, approved or reviewed or submitting an application for registration, approval or review in a local jurisdiction under NRS, a firm filer electing to use NRS or an individual filer whose sponsoring firm has elected to use NRS, is exempt from the fit and proper requirements, notice requirements and filing requirements of the local jurisdiction if
  - (a) the regulator or securities regulatory authority of the local jurisdiction is a non-principal regulator,
  - (b) the filer complies with the applicable fit and proper requirements, notice requirements and filing requirements of the jurisdiction of the filer's principal regulator, and
  - (c) where the principal regulator of the firm filer is situate in Québec, the firm filer registered or submitting an application for registration as a mutual fund dealer maintains insurance or bonding with respect to registrable activities conducted in the local jurisdiction that meets the requirements prescribed by the rules of the self-regulatory organization of which the firm filer is or must be a member.
- (2) A filer registered under NRS is exempt from the local requirement to hold a certificate of registration or to have received written notice of the registration before conducting an activity for which the filer must be registered, if the filer has received an NRS document from its principal regulator that evidences that the local regulator or securities regulatory authority has registered the filer in a category that permits the filer to carry on the activity.

## 3.2 TEMPORARY EXEMPTION – CHANGE OF PRINCIPAL REGULATOR

If the principal regulator of a registered filer changes, the registered filer is exempt from the fit and proper requirements of the local jurisdiction of the redesignated principal regulator for a period of six months following the effective date of the change of principal regulator, provided that the registered filer continues to satisfy the fit and proper requirements applicable in the jurisdiction of its previous principal regulator during that period.

## 3.3 TERMINATION OF EXEMPTIONS

- (1) The exemptions in subsection 3.1(1) and section 3.2 are no longer available to a registered filer or non-registered individual that ceases to be eligible under NRS or, for a registered firm, that elects to no longer use NRS.
- (2) A filer shall cease to benefit from the exemption set forth in subsection 3.1(1) in any local jurisdiction where a non-principal regulator of the filer opts out of NRS on the filer's application, unless the non-principal regulator opts back in.

**PART 4  
TRANSITION**

**4.1 REGISTRATIONS OR APPROVALS OF INDIVIDUAL FILERS IN QUÉBEC**

An individual filer whose principal regulator is situated in Québec will not be exempt from the filing requirements contained in Multilateral Instrument 33-109 Registration Information and Multilateral Instrument 31-102 National Registration Database, unless similar requirements are applicable in Québec to the individual filer.

**PART 5  
EXEMPTION**

**5.1 EXEMPTION**

- (1) The regulator or securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.
- (2) Despite subsection (1), in Ontario only the regulator may grant such an exemption.

**PART 6  
EFFECTIVE DATE**

**6.1 EFFECTIVE DATE**

This Instrument shall come into force on April 4, 2005.

## APPENDIX A

## REGISTRATION CATEGORY CONCORDANCE

	<u>INVESTMENT DEALER</u>	<u>MUTUAL FUND DEALER</u>	<u>UNRESTRICTED ADVISER</u>
Alberta	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
British Columbia	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
Manitoba	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
New Brunswick	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
Newfoundland & Labrador	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
Nova Scotia	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
Ontario	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
Prince Edward Island	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
Québec	Dealer with an unrestricted practice	Firm in group-savings-plan brokerage	Adviser with an unrestricted practice
Saskatchewan	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
Northwest Territories	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
Nunavut	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
Yukon	Broker	Broker	Broker

FORM 31-101F1

ELECTION TO USE NRS AND DETERMINATION OF PRINCIPAL REGULATOR

General Instructions

- 1. A firm filer must use this form to notify its principal regulator and non-principal regulator(s) of its election to use and to have its individual filers use NRS for an application submitted in more than one jurisdiction or in a jurisdiction of a non-principal regulator.
2. This form must be filed in paper format with the firm filer's principal regulator and non-principal regulator(s) when submitted in connection with an application.
3. If this form is not submitted with a firm filer's application, it may be submitted with the filer's principal regulator and non-principal regulators by e-mail at the following addresses:

Table with 2 columns: Province/Territory and Email Address. Rows include Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland & Labrador, Nova Scotia, Ontario, Prince Edward Island, Québec, Saskatchewan, Northwest Territories, Nunavut, and Yukon Territory.

1. Identification of Filer

NRD # (if applicable): \_\_\_\_

Firm Name: \_\_\_\_

2. Identification of Regulators

The undersigned firm is submitting an application or is registered in the following jurisdictions:

a) Jurisdiction of Principal Regulator: \_\_\_\_\_

b) Jurisdiction(s) of Non-Principal Regulator(s): \_\_\_\_\_

3. Reasons for Designation of Principal Regulator

Provide details on the factors listed under subsection 3.2(4) of NP 31-201 that are taken into consideration in the firm filer's determination of its principal regulator. Other factors may be considered if deemed relevant.

Four horizontal lines for providing details on factors.

Certification and Submission to Jurisdiction

I, the undersigned, certify on behalf of \_\_\_\_\_ [Name of firm] \_\_\_\_\_ (the "Firm") that all statements of

fact provided in this notice are true and, by submitting this form, the Firm irrevocably and unconditionally submits itself to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of each jurisdiction to which this form has been submitted and any administrative proceedings in that jurisdiction, in any action, investigation or

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administrative, disciplinary, criminal, quasi-criminal, penal or other proceeding (each, a proceeding) arising out of or relating to or concerning its activities as a registered filer under the securities legislation of the jurisdiction, and the Firm irrevocably waives any right to raise as a defence in any proceeding any alleged lack of jurisdiction to bring that proceeding.

\_\_\_\_\_  
[Name of firm]

\_\_\_\_\_  
Date

Per: \_\_\_\_\_  
Signature of authorized officer or partner

**FORM 31-101F2**

**NOTICE OF CHANGE**

**General Instructions**

1. This form must be submitted by a firm filer to notify its principal regulator of changes to the factors considered by the firm filer to determine the jurisdiction with which the firm filer has the most significant connection.
2. This form should be submitted with the filer's principal regulator by e-mail at the following address:

Alberta	nrs@seccom.ab.ca
British Columbia	registration@bcsc.bc.ca
Manitoba	securities@gov.mb.ca
New Brunswick	information@nbsc-cvmnb.ca
Newfoundland & Labrador	skmurphy@gov.nl.ca
Nova Scotia	nrs@gov.ns.ca
Ontario	registration@osc.gov.on.ca
Prince Edward Island	mlgallant@gov.pe.ca
Québec	inscription@lautorite.qc.ca
Saskatchewan	dmurrison@sfsc.gov.sk.ca
Northwest Territories	ann_burphy@gov.nt.ca
Nunavut	svangenne@gov.nu.ca
Yukon Territory	corporateaffairs@gov.yk.ca

**1. Identification of Filer**

NRD # (if applicable): \_\_\_\_\_

Firm Name: \_\_\_\_\_

**2. Details of Change**

Provide details of the change to the factors considered by the firm filer to determine the jurisdiction with which the firm filer has the most significant connection.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Certification**

I, the undersigned, on behalf of \_\_\_\_\_ certify that all statements of fact provided in this notice are true.

[Name of firm]

\_\_\_\_\_  
[Name of firm]

Per: \_\_\_\_\_  
Signature of authorized officer or partner

\_\_\_\_\_  
Date