

The Ontario Securities Commission

## NOTICE AND REQUEST FOR COMMENTS

# PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 31-103, NATIONAL INSTRUMENT 33-109 AND ONTARIO SECURITIES COMMISSION RULE 33-506

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**NOTICE AND REQUEST FOR COMMENTS**

**PROPOSED AMENDMENTS TO  
NATIONAL INSTRUMENT 31-103,  
NATIONAL INSTRUMENT 33-109  
AND  
ONTARIO SECURITIES COMMISSION RULE 33-506**

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**NOTICE AND REQUEST FOR COMMENTS**

**PROPOSED AMENDMENTS TO  
NATIONAL INSTRUMENT 31-103,  
NATIONAL INSTRUMENT 33-109  
AND  
ONTARIO SECURITIES COMMISSION RULE 33-506**

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**NOTICE OF AND REQUEST FOR COMMENT ON  
PROPOSED AMENDMENTS TO**

**NATIONAL INSTRUMENT 31-103  
*REGISTRATION REQUIREMENTS AND EXEMPTIONS,***

**NATIONAL INSTRUMENT 33-109 *REGISTRATION INFORMATION***

**AND TO RELATED POLICIES AND FORMS**

**Introduction**

The Canadian Securities Administrators (the CSA or we) are seeking comments on proposals to amend the current regulatory framework for dealers, advisers and investment fund managers contained in National Instrument 31-103 *Registration Requirements and Exemptions* (NI 31-103 or the Rule) and in Companion Policy 31-103 CP *Registration Requirements and Exemptions* (the Companion Policy). We refer to the Rule and Companion Policy as the "Instrument".

The Instrument, together with amendments to National Instrument 31-102 *National Registration Database* (NI 31-102) and to National Instrument 33-109 *Registration Information* (NI 33-109), came into force on September 28, 2009 and introduced a new national registration regime that is harmonized, streamlined and modernized.

We indicated in the Notice dated July 17, 2009 (the 2009 Notice) that we would propose amendments to the Instrument if investor protection, market efficiency or other regulatory concerns arose. We are now proposing amendments following our monitoring of the implementation of the Instrument and our continuing dialogue with stakeholders about questions and concerns that have arisen with practical experience of working with the Instrument.

We are also seeking comments on proposals to amend NI 33-109, as well as related policies and forms (collectively, the NRD Amendments). We are not proposing amendments to NI 31-102.

The proposed amendments are indicated in the appendices to this Notice and the more significant among them are summarized below. We are soliciting comments on all of the proposed amendments, as well as some additional proposals that are discussed in this Notice.

We think the effect of the amendments we are proposing, which range from technical adjustments to more substantive matters, would be to enhance investor protection and improve the day-to-day operation of the Instrument for both industry and regulators.

The comment period will end on **September 30, 2010**.

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**Contents of this Notice**

This Notice consists of the following sections

1. Impact on investors
2. Summary and purpose of the proposed amendments to the Instrument
3. Summary and purpose of the proposed NRD Amendments
4. Ongoing CSA work on the framework for registrant regulation
5. Authority for the proposed amendments
6. Alternatives considered
7. Unpublished materials
8. Anticipated costs and benefits
9. Request for comments
10. Where to find more information

This Notice contains the following appendices:

- Appendix A – Amendments to *National Instrument 31-103 Registration Requirements and Exemptions*
- Appendix B – *National Instrument 31-103 Registration Requirement and Exemptions*, blacklined to show changes to NI 31-103
- Appendix C – *Companion Policy 31-103 Registration Requirements and Exemptions*, blacklined to show changes to the current Companion Policy 31-103CP
- Appendix D – Amendments to *National Instrument 33-109 Registration Information*
- Appendix E – *National Instrument 33-109 Registration Information*, blacklined to show changes to NI 33-109
- Appendix F – *Companion Policy 33-109CP Registration Information*, blacklined to show changes to the current Companion Policy 33-109CP, and
- Appendix G – CSA Staff Notice 31-315 *Omnibus / blanket orders exempting registrants from certain provisions of NI 31-103 Registration Requirements and Exemptions*

**1. Impact on investors**

We expect that the following proposed amendments will be of particular interest to investors:

- the proposed guidance in the Companion Policy on the firm's complaint handling policies and procedures and the proposed changes to the dispute resolution service requirements (summarized under "Complaints"), and
- our request for comments on the question as to what securities should be included in account statements sent to clients (see the discussion under "Account activity reporting").

**2. Summary and purpose of the proposed amendments to the Instrument**

The amendments we propose include proposals to

- make various minor drafting changes to the Rule and clarifications to the guidance in the Companion Policy in order to give better effect to our original intent and to codify staff administrative practice that is in keeping with the original intent of NI 31-103 and NI 33-109

- give effect to omnibus / blanket relief orders described in CSA Staff Notice 31-315 *Omnibus / blanket orders exempting registrants from certain provisions of NI 31-103 Registration Requirements and Exemptions* (attached as Appendix G to this Notice); most of these relief orders address issues relating to the transition from the old registration regime to the new regime introduced with the Instrument
- incorporate into the Companion Policy some of the guidance which we published on December 18, 2009 and February 5, 2010 as *Frequently Asked Questions* (FAQ); these FAQs are available on the websites of most of the CSA members
- add an obligation for registered representatives to understand the structure, features and risks of each security they recommend
- propose guidance in the Companion Policy which would guide registrants in meeting the requirement to document complaints and to fairly and effectively respond to them
- amend the requirement to the obligation of the registered firm to ensure independent resolution or mediation services in cases where the complaint relates to a trading or advising activity, a breach of client confidentiality, theft, fraud, misappropriation or forgery, misrepresentation, an undisclosed or prohibited conflict of interest or personal financial dealings with a client
- add obligations for investment fund managers to deliver trade confirmations and account statements to investors who deal directly with them, rather than through a dealer
- address the impact of the coming introduction of International Financial Reporting Standards (IFRS) on the valuation of securities for purposes of NI 31-103
- remove certain non harmonized provisions with respect to the mutual fund dealer category
- grant additional exemptions to members of self regulatory organizations (SROs) where the SRO rules adequately cover the same regulatory risks, and
- extend certain exemptions to circumstances that are consistent with the original policy intent of the rule

We summarize in this section and in section 3 of this Notice the more significant proposed amendments and additional matters for which we would like to receive comments. We follow, in this section, the same order as the provisions in the Instrument.

#### ***Title of the Rule***

We intend to change the title of NI 31-103 to *Registration Requirements, Exemptions and Ongoing Registrant Obligations* in order to better reflect its breadth and scope, which extends beyond initial registration.

#### ***Amendments relating to International Financial Reporting Standards (IFRS)***

We are proposing to update the terminology used in NI 31-103 and the Companion Policy by replacing the term *market value* with the term *fair value* in view of the upcoming changeover to IFRS. As a result of this change, where a person or company is required in NI 31-103 to determine the fair value of a security, the fair value must be determined in accordance with IFRS.

This change is proposed in

- section 8.22 [*Small security holder selling and purchase arrangements*] of NI 31-103
- section 14.14 [*Account statements*] of NI 31-103
- Form 31-103 F1 *Calculation of excess working capital*, and
- section 1.2 of the Companion Policy, in the guidance relating to the determination of assets under paragraph (o) of the definition of permitted clients

See *Account activity reporting – Fair value in account statements* in this Notice for a detailed discussion of the proposed changes to section 14.14 of NI 31-103 and of the guidance we propose to add in the Companion Policy.

See also section 3 of this Notice, *Summary and purpose of the proposed NRD Amendments*, for a description of the change to fair value in

- Form 33-109F4 *Registration of Individuals and Review of Permitted Individuals*
- Form 33-109F7 *Reinstatement of Registered Individuals and Permitted Individuals*

### Proficiency requirements

(a) Section 3.3 – Time limits on examination requirements

#### Elimination of the 12 month period within the 36 month time limit

We do not propose to change the 36 month time limit for the currency of the examinations but we do propose clarifications to this regime. We have received comments on the level of complexity of section 3.3 of NI 31-103, for which we propose a new formulation. We have also considered a recommendation that the individual be registered *at any time* during the 36 months before the date the individual applied for registration, rather than for any 12 months during the 36 month period. We agree and propose to amend section 3.3(2)(a) of NI 31-103 accordingly.

#### Suspensions during the 36 month period

We also propose to add a new subsection (3) to section 3.3 of NI 31-103 which would clarify that for purposes of calculating the 36 month time limit, an individual would not be considered to have been registered during any period in which the individual's registration was suspended. Our intent remains that the individual was actively registered at any time during the 36 month period.

We propose to add guidance in the Companion Policy to the effect that the regulator may consider the length of time between any suspension and reinstatement of registration during the 36 month period.

#### CFA Charter and Canadian Investment Manager (CIM) designation

We also received comments indicating that it is not practical to expect an individual who currently holds the CFA Charter or the CIM designation to complete these programs again after the expiry of the 36 month period. We agree and propose to amend section 3.3 of NI 31-103 in order to repeal references to these programs. The time limits would therefore not apply to the CFA Charter or the CIM designation.

(b) Proficiency – initial and on going

We propose to add in section 3.4 of NI 31-103 a requirement that the registered representative understand the structure, features and risks of each security the individual recommends to the client. This proposed change reflects the CSA's view that in depth knowledge of all securities a registrant recommends is a fundamental component of the proficiency requirement.

(c) Codification of February 26, 2010 omnibus / blanket relief orders relating to the proficiency transition provisions in sections 16.9(2) and 16.10(1)

We propose to codify the omnibus / blanket relief order issued by each member of the CSA on February 26, 2010 in order to entrench the proficiencies which are the object of the transition provisions in sections 16.9(2) and 16.10(1) of NI 31-103.

These changes would apply to chief compliance officers of mutual fund dealers and exempt market dealers, and to their dealing representatives, and would continue the transition/grandfathering provisions for certain chief compliance officers and certain dealing or advising representatives where their firm adds registration in another jurisdiction.

See Appendix G to this Notice for details of the relief order.

(d) Proposed exemption from the Canadian Securities Course (CSC) Exam for chief compliance officers of portfolio managers and investment fund managers

Under this proposal, individuals having the CFA Charter would not be required to pass the CSC Exam in order to meet the proficiency requirements of the chief compliance officer of a portfolio manager or an investment fund manager. We consider that substantially all matters covered by the CSC are also covered in the CFA Charter. We therefore propose to amend sections 3.13 and 3.14 of NI 31-103 accordingly.

**Restrictions on registered individuals**

We propose to include in section 4.1 of NI 31-103 a new sub-paragraph (2)(b), which would prohibit an advising, associate advising and dealing representative from being registered with another registered firm.

Our view is that the conflicts of interest in such cases are generally too serious to permit an individual to be sponsored by different firms, and our intent is not to allow for such multiple registrations except in exceptional circumstances. This was the case in some jurisdictions before NI 31-103 was adopted.

We are proposing guidance in the Companion Policy on how we would deal with exemption applications from section 4.1(2)(b) on a case by case basis, noting that affiliation of the firms may be a relevant factor in our evaluation.

**Categories of registration for firms – mutual fund dealers****(a) Labour-sponsored investment fund corporations and labour-sponsored capital corporations in Québec**

We propose to repeal the exception for Québec mutual fund dealers in section 7.1(2)(b)(ii), in order to harmonize with the other CSA jurisdictions in this area.

**(b) Scholarship plans, educational plans and educational trusts in British Columbia**

We propose to repeal section 7.1(3) of NI 31-103 since we are now confident that no members of the Mutual Fund Dealers Association of Canada (MFDA) in British Columbia employ salespersons who trade scholarship or educational plans without the dealer also being registered as a scholarship plan dealer, and that no mutual fund dealers who are not MFDA members employ any salespersons who also trade scholarship or educational plans. This change would be made to harmonize with the other CSA jurisdictions in this area.

**Registration exemptions**

We are proposing amendments to the following registration exemptions:

**(a) Section 8.6 [Adviser – non-prospectus qualified investment fund]**

We propose to eliminate the restriction of this exemption to non-prospectus qualified investment funds, and allow all investment fund securities to be traded by an adviser to managed accounts of the adviser's clients without the adviser having to register as a dealer. We have concluded that there is not a sufficient distinction between prospectus-qualified funds and pooled funds in the context of a managed account relationship to warrant treating them differently for purposes of this exemption. The section would be re-titled *Investment fund trades by adviser to managed accounts*. We do not propose to change the other conditions to the exemption.

**(b) Section 8.18 [International dealer]****Technical change**

We propose to repeal sub-paragraphs (e) and (f) from section 8.18(2) since we think these sub-paragraphs are redundant with sub-paragraphs (b), (c) and (d) of section 8.18(2) which deal with permitted clients, including by definition an investment dealer.

**Clarifying the Canadian residency requirement for permitted clients**

We propose to add an express Canadian residency requirement in the conditions of this exemption, by reformulating subsection 8.18(3)(d) to add that the permitted client must be a resident of Canada; this change is proposed to clarify our intent that the exemption may not be relied upon to trade with foreign clients. A corresponding change is also proposed in section 8.26 [International adviser] of NI 31-103.

**Client notice requirement**

We seek to clarify the contents of the notice which must be provided to clients before any advice can be given to the client. The changes we propose are indicated in the following chart:

Current section 8.18	Proposed change	Comment
(4)(b)(i) the person is not registered in Canada	(4)(b)(i) the dealer is not registered in the <u>local jurisdiction</u> to make the trade	The exemption in section 8.18 of NI 31-103 is available to a firm that is registered in the local jurisdiction or elsewhere in Canada, as we indicated in our response to question 21 in the FAQ.
(4)(b)(ii) the person's jurisdiction of residence	(4)(b)(ii) <u>the foreign jurisdiction in which the head office or principal place of business of the person or company is located</u>	We propose this formulation to add clarity to the disclosure to clients.
4(b)(iii) the name and address of the agent for service of process of the person in the local jurisdiction	This subsection would become (4)(b)(v)	This would not be a substantive change.
4(b)(iv) there may be difficulty enforcing legal rights against the person because it is resident outside Canada and all or substantially all of its assets may be situated outside of Canada.	4(b)(iii) all or substantially all of the assets of the person or company may be situated outside of Canada <hr/> 4(b)(iv) there may be difficulty enforcing legal rights against the person or company because of the above	We propose to separate the current subsection 4(b)(iv) into two distinct sections, for clarity.

Corresponding changes are also proposed in section 8.26 [*International adviser*] of NI 31-103.

#### Annual notice

We propose changing the date on which the regulator must be notified annually of the reliance on this exemption, to December 1. We are of the view that this change would simplify the administrative process. A corresponding change is also proposed in section 8.26 [*International adviser*] of NI 31-103.

#### Adviser registration exemption for advice given in connection with an activity or trade under the international dealer exemption

We propose to add, in a new subsection 8.18(7) of NI 31-103, an adviser registration exemption for the person or company relying on the section 8.18 dealer registration exemption. This exemption would be restricted to advice provided to the client in connection with trading activity permitted under section 8.18, and would not extend to a managed account of a client.

This new exemption parallels the adviser registration exemption for a registered dealer in section 8.23 of NI 31-103 and is proposed to provide greater certainty that it is not our intention for a dealer relying on section 8.18 to have to register as an adviser only because there is an element of advising associated with recommending trades made on reliance upon this exemption.

#### Exemption from other NI 31-103 requirements if the other requirements apply only to activities or trades under the international dealer exemption

We propose to clarify, in a new subsection 8.18(8) of NI 31-103, our intent that if a person or company relies on the registration exemption in section 8.18 for trades with permitted clients, but is also registered to conduct other activities in Canada, requirements applicable to its registration do not apply where it acts in reliance on the exemption.

For example, a foreign firm might register as a portfolio manager and also conduct trades contemplated under section 8.18. In respect of its portfolio management activities, the foreign firm would be required to provide the notice to clients required under section 14.5, and like all portfolio managers, to provide account statements to the clients.

However, the foreign firm would not be required to do so for the permitted clients on whose behalf it trades under the international dealer exemption, so long as it complied with the conditions of section 8.18.

A corresponding change is also proposed in section 8.26 [*International adviser*] of NI 31-103.

(c) Section 8.22 [Small security holder selling and purchase arrangements]

As indicated above, we propose to replace the term *market value* with *fair value* in section 8.22(2)(d) in view of the upcoming changeover to IFRS.

(d) Section 8.26 [International adviser]

**Aggregate consolidated gross revenue**

We propose to clarify, in section 8.26(4)(d) of NI 31-103, our intent that the adviser’s aggregate consolidated gross revenue is to be determined as at the end of its most recently completed financial year, rather than on an ongoing basis during that year.

**Clarifying Canadian residency requirement for permitted clients**

We propose to add a Canadian residency requirement in the conditions of this exemption, by adding subsection 8.26(4)(g) of NI 31-103. Expressly stating that the permitted client must be a resident of Canada clarifies our intent that the exemption may not be relied upon to trade with foreign clients.

A corresponding change is also proposed in section 8.18 [*International dealer*] of NI 31-103.

**Client notice requirement**

We seek to clarify the contents of the notice which must be provided to clients before any advice can be given to the client. The changes we propose are indicated in the following chart:

Current section 8.26	Proposed change	Comment
(4)(e)(i) the adviser is not registered in Canada	(4)(e)(i) the adviser is not registered in the <u>local jurisdiction</u> to provide the advice described under subsection (3);	We take the view that the exemption in section 8.26 of NI 31-103 is available to a firm that is registered in the local jurisdiction or elsewhere in Canada, as we indicated in our response to question 27 in the FAQ.
(4)(e)(ii) the jurisdiction of residence of the adviser	(4)(e)(ii) <u>the foreign jurisdiction in which the adviser’s head office or principal place of business is located</u>	We propose this formulation to add clarity to the disclosure to clients.
4(e)(iii) the name and address of the adviser’s agent for service of process in the local jurisdiction	This subsection would become (4)(e)(v)	This would not be a substantive change.
4(e)(iv) there may be difficulty enforcing legal rights against the adviser because it is resident outside Canada and all or substantially all of its assets may be situated outside of Canada.	4(e)(iii) all or substantially all of the adviser’s assets of the person or company may be situated outside of Canada <hr/> 4(e)(iv) (iv) there may be difficulty enforcing legal rights against the adviser because of the above	We propose to separate the current subsection 4(e)(iv) into two distinct sections, for clarity.

Corresponding changes are also proposed in section 8.18 [*International dealer*] of NI 31-103.

**Annual notice**

We propose changing the date on which the regulator must be notified annually of the reliance on this exemption, to December 1. We are of the view that this change would simplify the administrative process. A corresponding change is also proposed in section 8.18 [*International dealer*] of NI 31-103.

## Incidental advice on Canadian securities

We are proposing additional guidance on section 8.26(3) in the Companion Policy concerning what is meant by advice with respect to Canadian securities which is “incidental” to providing advice on a foreign security. We clarify that this is not a ‘carve out’ that allows some portion of a permitted client’s portfolio to be made up of Canadian securities chosen by the international adviser without restriction.

### ***Membership in a self regulatory organization (SRO)***

(a) *Expanding the exemptions from certain requirements of NI 31-103 for SRO members*

#### **Lending to clients**

We propose to provide the MFDA with the same exemption provided to members of the Investment Industry Regulatory Association of Canada (IIROC) relating to the prohibition on lending to clients set out in section 13.12 on NI 31-103. This proposal is made on the basis that MFDA has a member rule prohibiting lending to clients except in very limited circumstances.

#### **Handling complaints**

As stated in the 2009 Notice, we take the view that SROs have a critical role in setting registration requirements and standards for their members. Following recent SRO rule amendments, we propose expanding the exemptions for SRO members by adding section 13.15 [*Handling complaints*] to sections 9.3 and 9.4 of NI 31-103.

#### **Client accounts**

We are considering providing an exemption from the application of section 14.14 [*Client statements*] for SRO members. Our final recommendation will depend on whether the SROs have rule amendments, which correlate with the amendments we are proposing to section 14.14, in force by the time the proposed amendments to NI 31-103 would come into force. We discuss the alternatives for changes to section 14.14 in this Notice (see *Account Statements* in this Notice).

(b) *MFDA member firms registered in other categories*

#### **General principle**

We remind firms that if an SRO member is registered in another category, sections 9.3 and proposed section 9.4 do not exempt them from their obligations as a registrant in that other category. To make this intent clear, we propose to add a Rule provision which would provide that a firm that is a member of the MFDA and is also registered as an exempt market dealer, investment fund manager or scholarship plan dealer, is not exempt from certain sections of Part 12 *Financial Condition* of NI 31-103.

#### **Specific exemption**

We propose to allow SRO members to use the Financial Questionnaire and Report of their SRO instead of Form 31-103F1 *Calculation of Excess Working Capital* for the purpose of their annual and quarterly financial filings (subsections 12.12(2.1), 12.14(4) and 12.14(5)) and for the purpose of calculating excess working capital (subsections 12.1(5) and (6)) provided certain conditions are met.

(c) *Mutual fund dealers registered in Québec*

We propose to amend the drafting of section 9.3(6) (which would be renumbered 9.4(5)) to clarify the non application of certain provisions of the Rule to mutual fund dealers registered in Québec (Québec mutual fund dealers). Québec mutual fund dealers are not required to be members of the MFDA. The requirements listed in subsection 9.3(1) do not apply to Québec mutual fund dealers if equivalent requirements are applicable to them under the regulations in Québec. If no such equivalent requirements are applicable, they must comply with the provisions of NI 31-103.

#### **Compliance system**

#### **Proposed revised guidance**

We are proposing enhanced guidance in the Companion Policy on the risks that may be mitigated by a firm’s internal controls and the distinction between monitoring and supervision.

**Designating an ultimate designated person (UDP)**

We propose to amend section 11.2 of NI 31-103 by adding a new subsection which would clarify that if the firm does not have a chief executive officer (CEO), the firm may designate, as its UDP, an individual acting in a capacity similar to a CEO.

We are also proposing to clarify in section 11.2 that the officer in charge of a division of the firm may be designated as the firm's UDP, but only to the extent that the firm has significant other business activities.

Finally, we propose enhanced guidance in the Companion Policy on the UDP designation.

**Know your client (KYC)**

Paragraph 13.2(2)(b) of NI 31-103 provides that a registrant must take reasonable steps to establish whether a client is an insider of a reporting issuer or any other issuer whose securities are publicly traded. We propose to

- codify in section 13.2 of NI 31-103 the omnibus / blanket relief order granted on February 26, 2010 by each CSA member in respect of mutual fund dealers and mutual fund dealer representatives; see Appendix G to this Notice for additional information on the omnibus / blanket relief order
- extend this exemption to scholarship plan dealers as well as their representatives, and
- include as a condition of the exemption that the registrant not be registered in any other category, as indicated in proposed section 13.2(7) of NI 31-103

The purpose of the omnibus / blanket relief order and the proposed amendment is to recognize that only in very rare circumstances will a trade in mutual fund or scholarship plan securities give rise to insider trading concerns. We think it would be a good practice when selling highly concentrated pooled funds to enquire whether a client is an insider of securities in the fund, notwithstanding this exemption, and we propose this practice as guidance in the Companion Policy.

**Suitability**

We propose to amend the Companion Policy to set out expressly our view that in all cases, we expect registrants to be able to demonstrate a process for making suitability determinations that are appropriate in the circumstances.

**Conflicts of interest**

We propose to amend section 13.5 of NI 31-103 by deleting the word *registered* before the word *adviser* in order for this section to apply to all advisers, including registered dealers that are members of IIROC and that conduct advising activities (IIROC advisers). IIROC advisers are not necessarily registered in the adviser category but we are of the view that they should be held to the same standards and restrictions on managed account transactions. Section 13.5 of NI 31-103 would therefore apply to both registered advisers and IIROC advisers. We expect that the IIROC rules would be amended to reflect this change.

We propose amending the Companion Policy by adding guidance on individuals who serve on a board of directors, by including guidance on section 4.1 of NI 31-103.

**Referral arrangements**

We propose to amend sections 13.8, 13.9 and 13.10 of NI 31-103 in order to

- clarify section 13.8(a) by stating that a registered firm, or a registered individual whose registration is sponsored by the registered firm (instead of the *registrant*), must not participate in a referral arrangement *with another person or company*
- clarify the contractual arrangement requirements: our intent is that only the registered firm is required to be a party to a written agreement, and therefore paragraph (a) of section 13.8 would require only a written agreement between the *registered firm* and the person or company
- provide in paragraph (b) of section 13.8 that the registered firm is required to record all referral fees, but repeal the words *on its records* in paragraph (b) of section 13.8 in favour of additional guidance on keeping records of referral fees

- adjusting the due diligence requirements in section 13.9 by providing that the registered firm, and not the *registrant*, is held to the due diligence requirement with respect of the qualifications of the person or company to whom the referral is made
- replacing the words *referral arrangement* with *agreement* in section 13.10 of NI 31-103, which better reflects our intent

We propose to further amend the guidance on referral arrangements in the Companion Policy in order to indicate that registered firms are responsible for monitoring and supervising all of their referral arrangements to ensure that they are compliant with the requirements of NI 31-103 and other applicable securities laws, and continue to be compliant for so long as they remain in place.

### **Complaints**

#### **Handling complaints**

We stated in the 2009 Notice that the CSA was working with the SROs on a harmonized complaint handling regime. We indicated that once this harmonization work was completed, we would propose amendments to the Rule and the Companion Policy to give effect to the harmonized framework for handling complaints for non-SRO members.

We have now completed our development work with the SROs, whose rules and policies on complaints are now in force, and are proposing amendments to the Companion Policy which would guide registrants in meeting the requirement to document complaints and to fairly and effectively respond to them.

This guidance covers what the firm's complaint handling policies and procedures should include, recommendations as to the manner of responding to both verbal complaints and complaints in writing, as well as the time within which the complaint should be dealt with.

We are currently preparing a proposal for reporting complaints to the regulator, which we will publish subsequently.

#### **Dispute resolution service**

We propose an amendment to section 13.16 of NI 31-103 which would change the obligation of the registered firm to ensure independent dispute resolution or mediation services. These services would need to be made available with respect to complaints relating to the following matters:

- a trading or advising activity
- a breach of client confidentiality
- theft, fraud, misappropriation or forgery
- misrepresentation
- an undisclosed or prohibited conflict of interest
- personal financial dealings with a client

#### **Québec registrants**

We remind Québec registrants that they must comply at all times with sections 168.1.1 to 168.1.3 of the *Securities Act* (Québec).

#### **Notice to clients by non-resident registrants**

We propose to amend section 14.5 of NI 31-103 to codify the omnibus / blanket relief order issued by each member of the CSA on February 26, 2010 in order to exempt firms whose head office is in Canada from the requirement to provide the notice to clients required in section 14.5 if the firm has a physical place of business in the jurisdiction where the client resides.

The notice requirement in this section is more appropriate to a registrant that does not have a physical place of business in the jurisdiction.

See Appendix G to this Notice for details of the omnibus / blanket relief order.

### **Account activity reporting**

#### **(a) Trade confirmations and account statements**

We propose to amend section 14.12(1) of NI 31-103 in order to allow a registered dealer to send a trade confirmation directly to the adviser acting for the client, if the client consents in writing to this arrangement.

We also propose to require, by adding subsection (5) to section 14.12, that a registered investment fund manager send a trade confirmation to a security holder when the investment fund manager executes a redemption order received directly from the security holder.

We think these changes would reflect current industry practice since security holders can address redemption orders to investment fund managers directly and there is, in our opinion, no policy rationale for clients not to receive a trade confirmation from the investment fund manager in these circumstances. We propose new guidance on section 14.12 in the Companion Policy.

Finally, we propose to require, by adding section 14.14(3.1) that the investment fund manager send an account statement to the security holder, at least once every 12 months, if there is no dealer of record for the security holder on the records of the investment fund manager.

We specifically invite comments on whether investment fund managers do or can have systems in place to send an account statement to the security holder if there is no dealer of record for the security holder on the records of the investment fund manager.

#### **(b) Fair value in account statements**

We propose to amend section 14.14 by adding subsection (5.1) in order to require registered firms, except in limited circumstances, to use fair value under IFRS for valuing securities in client statements. We are proposing detailed guidance in the Companion Policy on how we expect this requirement to be met, including the limited circumstances where a registered dealer or adviser concludes it is not able to determine a reliable fair value after using all reasonable efforts to apply IFRS valuation techniques.

We are also considering amending NI 31-103 in the future to codify that where the fair value of a security in an account statement is determined other than by reference to an active market, registered firms should provide additional disclosure concerning the valuation methodology used, including an explanation that fair value is not market value and is not necessarily representative of the amount that the client will receive should they sell the security. This is currently proposed as guidance in the Companion Policy.

#### **(c) Reporting on each security position in the account**

### **Should registered firms be required to include client name securities on account statements?**

Section 14.14 requires a registered firm to deliver periodic account statements to each of its clients. The statements list the securities owned by a client that have been purchased through the registered firm. Currently, all registered firms report on securities they hold or control. They may or may not also report on securities that they have sold to clients, but do not hold or control, for example, securities registered in a client's name on an issuer's books ("client name" securities) or securities held in certificate form by the client.

Mutual fund dealers and scholarship plan dealers typically provide statements to clients that include all securities sold to them, regardless of how the securities are held. This is also the common practice for portfolio managers. Investment dealers do not usually include client name securities in their account statements. Currently, there is no established practice for the new category of exempt market dealer. Exempt market securities are typically held in client name.

We are considering amending section 14.14 to clarify whether client statements only need to include securities held or controlled by a firm or whether they need to also include client name securities.

Requiring registered firms to report on client name securities would provide investors with more complete information about the securities sold to them by a registered firm, including the fair value of their portfolio. It would also standardize client account reporting among registered firms.

We recognize that including client name securities in account statements would place a burden on registered firms to collect and send information about securities that they do not hold or control. We are seeking comments on how to balance what is a potential benefit to investors with the anticipated costs to industry of requiring client name securities to be included in account statements.

We would like your feedback on the following questions. We also welcome your comments on any other factors that we should consider and on this proposal in general. Until any new requirements relating to this issue come into force, we encourage registered firms that currently report on client name securities to continue to do so according to their existing practice. We will not consider registered firms that do not currently report on client name securities to have a compliance deficiency if they continue not to report on client name securities.

While our questions are directed with reference to dealers and advisers, investment fund managers are encouraged to comment on this issue as well, as we are also proposing to add a new requirement for them to provide account statements where there is no dealer of record for a security holder (see section 14.14(3.1)). Depending on the outcome of these amendments, we may need to revise the requirement for investment fund managers to provide account statements where there is no dealer of record to ensure the requirement meets its objective.

### Questions

1. Investors may not be aware that securities are held in different ways or understand the implications for account reporting of holding securities in one way or another. To what extent would investors benefit from including client name securities on their account statements? For example, would including client name securities ensure that account statements provide investors with a more complete picture of their portfolio?
2. If client name securities were required in account statements we would require registered firms to use IFRS to determine the fair value of client name securities. Some securities held in client name are illiquid and do not have a value that can be determined by reference to an active market. Would including the fair value of illiquid securities on account statements be useful to investors?
3. We understand that many registered firms that currently include client name securities in their account statements have arrangements with the issuer to regularly update them on the securities owned by a client. In what circumstances does this practice work? In what circumstances might this practice be impractical or unduly burdensome? How common are those circumstances?
4. Other than entering into an arrangement with the issuer, how else could registered firms collect information on what client name securities a client owns? How would these alternatives work and what costs would be involved?
5. What changes would registered firms need to make to their account statement procedures to include client name securities? How difficult or costly would these be?
6. Under section 14.14, registered firms are only required to provide account statements to "clients". When do you consider a client relationship to start and end? What factors should be considered in determining whether a client relationship has ended?
7. If client name securities were required in account statements, are there any circumstances where a registered firm should be exempt from the requirement to provide reporting on client name securities? For example, should certain types of clients, investment products or transactions be exempt? Why? (We would expect to exempt client name securities held in certificate form by the client, in Delivery against Payment (DAP) accounts and in Receipt against Payment (RAP) accounts.)
8. If client name securities were required in account statements, should there be a transition period to give registered firms time to change their account statement procedures? How long should the transition period be?

### 3. Summary and purpose of the proposed NRD Amendments

#### Definition of permitted individuals

Except in Québec and Alberta where this amendment is not necessary because it was made on September 28, 2009, we propose an amendment to the definition of permitted individual in section 1.1 of NI 33-109, by removing the word *and* between paragraphs (a) and (b), since a permitted individual who has beneficial ownership of, or direct or indirect control or direction

over, 10 percent or more of the voting securities of a firm can also be a director, chief executive officer, chief financial officer, or chief operating officer of a firm, or who performs the functional equivalent of any of those positions.

### **Voluntary resignation**

We propose to add the words “resigned voluntarily” in section 2.3(2)(b) to correlate with Form 33-109F7 *Reinstatement of Registered Individuals and Permitted Individuals*.

### **Amendments to certain forms**

#### **Fair value**

We propose to amend question b) in new Schedule N to Form 33-109F4 *Registration of Individuals and Review of Permitted Individuals* as well as question b) in Schedule E of Form 33-109F7 *Reinstatement of Registered Individuals and Permitted Individuals* in order to replace *market* value with *fair* value, in view of the upcoming changeover to IFRS.

The question would therefore read as follows: *State the fair value (approximate, if necessary) of any subordinated debentures or bonds of the firm to be held by you or any other subordinated loan to be made by you to the firm.*

### **Other proposed amendments**

We also propose certain technical changes to the following forms to add clarity:

- Form 33-109F1 *Notice of Termination of Registered Individuals and Permitted Individuals*
- Form 33-109F2 *Change or Surrender of Individual Categories*
- Form 33-109F4 *Registration of Individuals and Review of Permitted Individuals*
- Form 33-109F6 *Firm Registration*, and
- Form 33-109F7 *Reinstatement of Registered Individuals and Permitted Individuals*

## **4. Ongoing CSA work on the framework for registrant regulation**

We continue our work on the matters that we indicated in the 2009 Notice would be addressed separately, including

- the application of the investment fund manager registration requirement with respect to an entity that directs the operation of an investment fund, from a head office or other physical location that is outside the jurisdiction
- the exemption for sub-advisers; for the time being, the exemption remains in section 7.3 of OSC Rule 35-502 *Non Resident Advisers*, and discretionary relief on a similar basis will continue to be granted in other jurisdictions
- the exemption for capital accumulation plans, and
- the requirements and guidance on cost disclosure and performance reporting to clients as part of our development of the client relationship model (CRM)

We may publish CSA staff notices or propose amendments to the Instrument with respect to these specific projects in the future.

## **5. Authority for the proposed amendments**

In Ontario, the rule making authority for the proposed amendments is in the following paragraphs of subsection 143(1) of the *Securities Act*: 1, 1.1, 2, 3, 5, 7, 8, and 8.1.

## **6. Alternatives considered**

The alternative to many of the proposed amendments is to not change the Instrument but continue to issue exemptive relief, whether on an omnibus / blanket basis or on a case by case basis, and to issue frequently asked questions (FAQs). We however think this alternative would be inappropriate considering the cost of exemptive relief and the immediate need to update

the Instrument. As stated in this Notice, we are continuing to work on the framework for registrant regulation, and anticipate making further proposals to amend the Instrument.

#### 7. Unpublished materials

In developing the proposed amendments, we have not relied on any significant unpublished study, report or other written materials.

#### 8. Anticipated costs and benefits

The proposed amendments will make the Instrument clearer and the ongoing requirements more targeted, to the benefit of registrants and the investors they serve. The NRD Amendments will create efficiencies in the registration regime. We also anticipate that the proposed amendments will reduce the necessity to request exemptive relief.

Except where noted, the proposed amendments should not result in any additional costs to registrants. We are of the view that the reduced need for regulatory exemptions will result in reduced regulatory costs.

#### 9. Request for comments

We would like your input on the Instrument and related amendments. We need to continue our open dialogue with all stakeholders if we are to achieve our regulatory objectives while balancing the interests of investors and registrants.

All comments will be posted on the Ontario Securities Commission website at [www.osc.gov.on.ca](http://www.osc.gov.on.ca) and on the Autorité des marchés financiers website at [www.lautorite.gc.ca](http://www.lautorite.gc.ca).

**All comments will be made publicly available.**

**Please note that we cannot keep submissions confidential because securities legislation in certain provinces requires publication of a summary of the written comments received during the comment period. In this context, you should be aware that some information which is personal to you, such as your e-mail and residential or business address, may appear in the websites. It is important that you state on whose behalf you are making the submission.**

Thank you in advance for your comments.

#### Deadline for comments

Your comments must be submitted in writing by **September 30, 2010**.

Please send your comments electronically in Word, Windows format.

#### Where to send your comments

Please address your comments to all CSA members, as follows:

British Columbia Securities Commission  
Alberta Securities Commission  
Saskatchewan Financial Services Commission  
Manitoba Securities Commission  
Ontario Securities Commission  
Autorité des marchés financiers  
New Brunswick Securities Commission  
Registrar of Securities, Prince Edward Island  
Nova Scotia Securities Commission  
Superintendent of Securities, Newfoundland and Labrador  
Registrar of Securities, Northwest Territories  
Superintendent of Securities, Yukon Territory  
Registrar of Securities, Nunavut

Please send your comments **only** to the addresses below. Your comments will be forwarded to the remaining CSA member jurisdictions.

John Stevenson, Secretary  
Ontario Securities Commission  
20 Queen Street West, Suite 1903, Box 55  
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### Questions

Please refer your questions to any of:

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**10. Where to find more information**

We are publishing the proposed amendments with this Notice, as well as a blackline version of the Instrument, the NRD Amendments and the forms. The proposed amendments are also available on websites of CSA members, including:

[www.lautorite.qc.ca](http://www.lautorite.qc.ca)  
[www.albertasecurities.com](http://www.albertasecurities.com)  
[www.bcsc.bc.ca](http://www.bcsc.bc.ca)  
[www.msc.gov.mb.ca](http://www.msc.gov.mb.ca)  
[www.gov.ns.ca/hssc](http://www.gov.ns.ca/hssc)  
[www.nbsc-cvmnb.ca](http://www.nbsc-cvmnb.ca)  
[www.sfsc.gov.sk.ca](http://www.sfsc.gov.sk.ca)

**June 25, 2010**

**APPENDIX A**  
**AMENDMENTS TO**  
**NATIONAL INSTRUMENT 31-103**  
**REGISTRATION REQUIREMENTS AND EXEMPTIONS**

1. **National Instrument 31-103 Registration Requirements and Exemptions is amended by this Instrument.**
2. **The title is amended by replacing “Registration Requirements and Exemptions” with “Registration Requirements, Exemptions and Ongoing Registrant Obligations”.**
3. **Paragraph (f) in the definition of “permitted client” under section 1.1 is amended by replacing “analogous” with “similar”.**
4. **Subsection 1.3 (1) is amended**
  - (a) **in paragraphs (a) and (b) by replacing “registered firm” with “person or company”,**
  - (b) **in subparagraph (b)(i) by replacing wherever it occurs “firm” with “person or company”, and**
  - (c) **in subparagraph (b)(ii) by replacing “firm’s” with “person or company’s”.**
5. **Part 1 is amended by adding the following after section 1.3:**
  - 1.4 **Use IFRS to determine a security’s fair value**

In this Instrument, where a person or company is required to determine the fair value of a security, the fair value must be determined in accordance with International Financial Reporting Standards.
6. **Section 3.1 is amended**
  - (a) **by replacing “Canadian Investment Funds Exam” with “Canadian Investment Funds Course Exam”, and**
  - (b) **by replacing “Investment Funds Institute of Canada” wherever it occurs with “IFSE Institute”.**
7. **Section 3.3 is replaced with the following:**
  - 3.3 **Time limits on examination requirements**
    - (1) An individual applying for registration or reinstatement of registration must have passed an examination required under this Part not more than 36 months before the date of his or her application.
    - (2) Subsection (1) does not apply if the individual passed the examination more than 36 months before the date of his or her application and has met one of the following conditions:
      - (a) the individual was registered in the same category in any jurisdiction of Canada at any time during the 36-month period before the date of his or her application;
      - (b) the individual has gained 12 months of relevant securities industry experience during the 36-month period before the date of his or her application.
    - (3) For the purpose of paragraph (2)(a), an individual is not considered to have been registered during any period in which the individual’s registration was suspended.
8. **Subsection 3.4 (1) is amended by adding “and to understand the structure, features and risks of each security the individual recommends” after “competently”.**
9. **Section 3.5 is amended**
  - (a) **by replacing “one or both” with “any”,**

(b) **in paragraph (a) by replacing “Canadian Investment Funds Exam” with “Canadian Investment Funds Course Exam”,**

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

(c) the representative is exempt from section 3.11 [*portfolio manager – advising representative*] because of subsection 16.10(1) [*proficiency for dealing and advising representatives*].

**10. Section 3.6 is amended**

(a) **in subparagraph (a)(i) by replacing “Canadian Investment Funds Exam” with “Canadian Investment Funds Course Exam”,**

(b) **by adding the following after paragraph (b):**

(c) section 3.13 [*portfolio manager – chief compliance officer*] does not apply in respect of the individual because of subsection 16.9(2) [*registration of chief compliance officers*].

**11. Section 3.9 is amended**

(a) **by replacing “individual” wherever it occurs with “representative”,**

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

(d) the representative is exempt from section 3.11 [*portfolio manager – advising representative*] because of subsection 16.10(1) [*proficiency for dealing and advising representatives*].

**12. Section 3.10 is amended**

(a) **by adding the following after paragraph (b):**

(c) section 3.13 [*portfolio manager – chief compliance officer*] does not apply in respect of the individual because of subsection 16.9(2) [*registration of chief compliance officers*].

**13. Section 3.13 is amended**

(a) **by replacing subparagraph (a)(ii) with the following:**

(ii) passed the PDO Exam and, unless the individual has earned the CFA Charter, the Canadian Securities Course Exam, and

(b) **in clause (a)(iii)(B) by replacing “in” with “to”,**

(c) **in clause (a)(iii)(B) by adding “also” after “and”, and**

(d) **in subparagraph (b)(ii) by adding “also” after “and”.**

**14. Section 3.14 is amended**

(a) **by replacing subparagraph (a)(ii) with the following:**

(ii) passed the PDO Exam and, unless the individual has earned the CFA Charter, the Canadian Securities Course Exam, and

(b) **in clause (a)(iii)(B) by replacing “in” with “to”,**

(c) **in clause (a)(iii)(B) by adding “also” after “and”,**

(d) **in subparagraph (b)(i) by replacing “Canadian Investment Funds Exam” with “Canadian Investment Funds Course Exam”, and**

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

- (d) section 3.13 [*portfolio manager – chief compliance officer*] does not apply in respect of the individual because of subsection 16.9(2) [*registration of chief compliance officers*].

**15. Section 3.15 is amended**

- (a) *in subsection (1) by adding “that is a member of IIROC” after “dealer”, and*
- (b) *in subsection (2) by adding “that is a member of the MFDA” after “dealer”.*

**16. Subsection 3.16 (3) is replaced with the following:**

- (3) In Québec, the requirements listed in subsection (2) do not apply to a registered individual who is a dealing representative of a mutual fund dealer to the extent equivalent requirements to those listed in subsection (2) are applicable to the registered individual under the regulations in Québec.

**17. Section 4.1 is replaced with the following:**

**4.1 Restriction on acting for another registered firm**

- (1) An individual registered as a dealing, advising or associate advising representative of a registered firm must not
- (a) act as an officer, partner or director of another registered firm that is not an affiliate of the first-mentioned registered firm, or
- (b) be registered as a dealing, advising or associate advising representative of another registered firm.
- (2) Paragraph (1)(b) does not apply to a representative in respect of a registration that was granted before [the date this amendment comes into force].

**18. Section 6.7 is replaced with the following:**

**6.7 Exception for individuals involved in a hearing or proceeding**

Despite section 6.6, if a hearing or proceeding concerning a suspended registrant is commenced under securities legislation or under the rules of an SRO, the registrant's registration remains suspended.

**19. Section 7.1 is amended**

- (a) *in subparagraph (2)(b)(ii) by striking out “except in Quebec,”, and*
- (b) *by repealing subsection (3).*

**20. Section 8.6 is amended**

- (a) *by replacing the heading with “Investment fund trades by adviser to managed account”,*
- (b) *in subsection (1) by replacing “a non-prospectus qualified” with “an”, and*
- (c) *in subsection (2) by striking out “a non-prospectus qualified”.*

**21. Subsection 8.16 (1) is amended by striking out “ “control person” has the same meaning as in section 1.1 of NI 45-106;”.**

**22. Subsection 8.17 (5) is amended by replacing “8.3.1” with “8.4”.**

**23. Section 8.18 is amended**

- (a) *in subsection (2) by repealing paragraph (e),*
- (b) *in subsection (2) by repealing paragraph (f),*
- (c) *by replacing paragraph (3)(d) with the following:*

- (d) the person or company is acting as principal or as agent for
  - (i) the issuer of the securities
  - (ii) a permitted client who is a resident of Canada, or
  - (iii) a person or company that is not a resident of Canada;

**(d) by replacing paragraph (4)(b) with the following:**

- (b) the person or company has notified the permitted client of all of the following:
  - (i) the person or company is not registered in the local jurisdiction to make the trade;
  - (ii) the foreign jurisdiction in which the head office or principal place of business of the person or company is located;
  - (iii) all or substantially all of the assets of the person or company may be situated outside of Canada;
  - (iv) there may be difficulty enforcing legal rights against the person or company because of the above;
  - (v) the name and address of the agent for service of process of the person or company in the local jurisdiction.

**(e) by replacing subsection (5) with the following:**

- (5) By December 1 of each year, a person or company must notify the regulator if it is relying on an exemption available in this section.

**(f) by repealing subsection (6), and**

**(g) by adding the following after subsection (6):**

(7) The adviser registration requirement does not apply to a person or company that is exempt from the dealer registration requirement under this section if the person or company provides advice to a client and the advice is

- (a) in connection with an activity or trade described under subsection (2), and
- (b) not in respect of a managed account of the client.

(8) If a registered firm is exempt from the dealer registration requirement under this section, the firm is exempt from a requirement of this Instrument if the requirement applies only because the firm performs an activity or trade described under subsection (2).

**24. Paragraph 8.22 (2)(d) is amended**

- (a) by replacing "market" with "fair", and
- (b) by replacing "\$25 000" with "\$25,000".

**25. The note to section 8.25 is amended by replacing "7.24" with "8.25".**

**26. Section 8.26 is amended**

- (a) in paragraph (4)(d) by replacing "during" with "as at the end of",
- (b) by replacing paragraph (4)(e) with the following:
  - (e) before advising a client, the adviser notifies the client of all of the following:

- (i) the adviser is not registered in the local jurisdiction to provide the advice described under subsection (3);
  - (ii) the foreign jurisdiction in which the adviser's head office or principal place of business is located;
  - (iii) all or substantially all of the adviser's assets may be situated outside of Canada;
  - (iv) there may be difficulty enforcing legal rights against the adviser because of the above;
  - (v) the name and address of the adviser's agent for service of process in the local jurisdiction;
- (c) **in subsection (4) by adding the following after paragraph (f):**
- (g) the permitted client is a resident of Canada.
- (d) **by replacing subsection (5) with the following:**
- (5) By December 1 of each year, a person or company must notify the regulator if it is relying on an exemption available in this section.
- (e) **by repealing subsection (6), and**
- (f) **by adding the following after subsection (6):**
- (7) If a registered firm is exempt from the adviser registration requirement under this section, the firm is exempt from a requirement of this Instrument if the requirement applies only because the firm advises in the manner described under subsection (3).

**27. Section 8.29 is amended by adding the following after subsection (2):**

- (3) This section does not apply in Ontario.

Note: In Ontario, subsection 35.1 of the *Securities Act* (Ontario) provides a general exemption from the registration requirement for trust companies, trust corporations and other specified financial institutions.

**28. Section 9.3 is amended**

- (a) **in the heading by replacing "SRO" with "IIROC",**
- (b) **in subsection (1) by replacing "An investment dealer" with "Subject to subsection (2), a registered firm",**
- (c) **in subsection (1) by inserting the following after paragraph (l):**
  - (l.1) section 13.15 [*handling complaints*];
- (d) **by replacing subsection (2) with the following:**
  - (2) If a registered firm is a member of IIROC and is registered as an investment fund manager, the firm is exempt from the following requirements:
    - (a) section 12.3 [*insurance – dealer*];
    - (b) section 12.6 [*global bonding or insurance*];
    - (c) section 12.12 [*delivering financial information – dealer*];
    - (d) subsection 13.2(3) [*know your client*];
    - (e) section 13.3 [*suitability*];
    - (f) section 13.12 [*restriction on lending to clients*];

- (g) section 13.13 [*disclosure when recommending the use of borrowed money*];
- (h) section 13.15 [*handling complaints*];
- (i) subsection 14.2(2) [*relationship disclosure information*];
- (j) section 14.6 [*holding client assets in trust*];
- (k) section 14.8 [*securities subject to a safekeeping agreement*];
- (l) section 14.9 [*securities not subject to a safekeeping agreement*];
- (m) section 14.12 [*content and delivery of trade confirmation*].

(e) **by repealing subsection (3),**

(f) **by repealing subsection (4), and**

(g) **by repealing subsection (5).**

**29. Part 9 is amended by adding the following after section 9.3:**

**9.4 Exemptions from certain requirements for MFDA members**

(1) Subject to subsections (2) and (3), a registered firm that is a member of the MFDA is exempt from the following requirements to the extent the provisions apply to the activities of a mutual fund dealer:

- (a) section 12.1 [*capital requirements*];
- (b) section 12.2 [*notifying the regulator of a subordination agreement*];
- (c) section 12.3 [*insurance – dealer*];
- (d) section 12.6 [*global bonding or insurance*];
- (e) section 12.7 [*notifying the regulator of a change, claim or cancellation*];
- (f) section 12.10 [*annual financial statements*];
- (g) section 12.11 [*interim financial information*];
- (h) section 12.12 [*delivering financial information – dealer*];
- (i) section 13.3 [*suitability*];
- (j) section 13.12 [*restriction on lending to clients*];
- (k) section 13.13 [*disclosure when recommending the use of borrowed money*];
- (l) section 13.15 [*handling complaints*];
- (m) subsection 14.2(2) [*relationship disclosure information*];
- (n) section 14.6 [*holding client assets in trust*];
- (o) section 14.8 [*securities subject to a safekeeping agreement*];
- (p) section 14.9 [*securities not subject to a safekeeping agreement*];
- (q) section 14.12 [*content and delivery of trade confirmation*].

(2) If a registered firm is a member of the MFDA and is registered as an investment fund manager, the firm is exempt from the following requirements:

- (a) section 12.3 [*insurance – dealer*];
- (b) section 12.6 [*global bonding or insurance*];
- (c) section 12.12 [*delivering financial information – dealer*];
- (d) section 13.3 [*suitability*];
- (e) section 13.12 [*restriction on lending to clients*];
- (f) section 13.13 [*disclosure when recommending the use of borrowed money*];
- (g) section 13.15 [*handling complaints*];
- (h) subsection 14.2(2) [*relationship disclosure information*];
- (i) section 14.6 [*holding client assets in trust*];
- (j) section 14.8 [*securities subject to a safekeeping agreement*];
- (k) section 14.9 [*securities not subject to a safekeeping agreement*];
- (l) section 14.12 [*content and delivery of trade confirmation*].

(3) If a registered firm is a member of the MFDA and is registered as an exempt market dealer or scholarship plan dealer, the firm is exempt from the following requirements:

- (a) section 12.3 [*insurance – dealer*];
- (b) section 12.6 [*global bonding or insurance*];
- (c) section 13.3 [*suitability*];
- (d) section 13.12 [*restriction on lending to clients*].;
- (e) section 13.13 [*disclosure when recommending the use of borrowed money*];
- (f) section 13.15 [*handling complaints*];
- (g) subsection 14.2(2) [*relationship disclosure information*];
- (h) section 14.6 [*holding client assets in trust*];
- (i) section 14.8 [*securities subject to a safekeeping agreement*];
- (j) section 14.9 [*securities not subject to a safekeeping agreement*];
- (k) section 14.12 [*content and delivery of trade confirmation*].

(4) Subsections (1), (2) and (3) do not apply in Québec.

(5) In Québec, the requirements listed in subsection (1) do not apply to a mutual fund dealer to the extent equivalent requirements to those listed in subsection (1) are applicable to the mutual fund dealer under the regulations in Québec.

**30. Section 10.6 is amended**

- (a) **in the heading by adding “or proceeding” after “hearing”,**
- (b) **by adding “or proceeding” after “hearing”.**

31. **Subsection 11.2 (2) is replaced with the following:**
- (2) A registered firm must designate an individual under subsection (1) who is one of the following:
    - (a) the chief executive officer of the registered firm or, if the firm does not have a chief executive officer, an individual acting in a capacity similar to a chief executive officer;
    - (b) the sole proprietor of the registered firm;
    - (c) the officer in charge of a division of the registered firm, if the activity that requires the firm to register occurs only within the division and the firm has significant other business activities.
32. **The heading of s. 11.4 is amended by replacing “board” with “the board of directors”.**
33. **The note to s. 11.6 is amended by replacing “require” with “required”.**
34. **Subsection 11.9 (3) is amended**
- (a) **in paragraph (a) by striking out “in connection with an amalgamation, merger, arrangement, reorganization or treasury issue”, and**
  - (b) **in paragraph (b) by striking out “that are listed and posted for trading on an exchange”.**
35. **Section 11.10 is amended**
- (a) **in subsection (3) by replacing “amalgamation, merger, arrangement, reorganization or treasury issue” with “acquisition”,**
  - (b) **in subsection (3) by adding “, or direct or indirect control or direction over,” after “of”, and**
  - (c) **in subsection (4) by replacing “transaction” with “acquisition”.**
36. **Section 12.1 is amended**
- (a) **in subsection (4) by replacing “Section 8.6 [advisor – non prospectus qualified investment fund]” with “Section 8.6 [investment fund trades by advisor to managed account]”, and**
  - (b) **by adding the following after subsection (4):**
    - (5) This section does not apply to a registered firm that is a member of IIROC and is registered as an investment fund manager if all of the following apply:
      - (a) the firm is required under IIROC rules to have minimum capital of not less than \$100,000 for the purpose of completing IIROC Form 1 *Joint Regulatory Financial Questionnaire and Report*;
      - (b) the firm notifies the regulator as soon as possible if, at any time, the firm’s risk adjusted capital, as calculated in accordance with IIROC Form 1 *Joint Regulatory Financial Questionnaire and Report* is less than zero;
      - (c) the firm ensures that its risk adjusted capital, as calculated in accordance with IIROC Form 1 *Joint Regulatory Financial Questionnaire and Report*, is not less than zero for 2 consecutive days.
    - (6) This section does not apply to a mutual fund dealer that is a member of the MFDA if it is also registered as an exempt market dealer, a scholarship plan dealer or an investment fund manager and if all of the following apply:
      - (a) for the purpose of completing MFDA Form 1 *MFDA Financial Questionnaire and Report*, the firm is required under MFDA rules to have minimum capital of not less than
        - (i) \$50,000, if the firm is registered as an exempt market dealer or scholarship plan dealer,

- (ii) \$100,000, if the firm is registered as an investment fund manager;
- (b) the firm notifies the regulator as soon as possible if, at any time, the firm's risk adjusted capital, as calculated in accordance with MFDA Form 1 *MFDA Financial Questionnaire and Report* is less than zero;
- (c) the firm ensures that its risk adjusted capital, as calculated in accordance with MFDA Form 1 *MFDA Financial Questionnaire and Report*, is not less than zero for 2 consecutive days.

**37. Subsection 12.3 (2) is amended**

- (a) **by striking out** "and" **after** "Appendix A",
- (b) **in paragraph (a) by replacing** "or \$200,000, whichever is less" **with** "to a maximum of \$200,000", **and**
- (c) **by replacing** "or \$25,000,000, whichever is less" **wherever it occurs with** "to a maximum of \$25,000,000".

**38 Section 12.4 is amended**

- (a) **by striking out** "and" **wherever it occurs after** "Appendix A", **and**
- (b) **by replacing** "or \$25,000,000, whichever is less" **wherever it occurs with** "to a maximum of \$25,000,000".

**39. Subsection 12.5 (2) is amended**

- (a) **by striking out** "and" **after** "Appendix A", **and**
- (b) **by replacing** "or \$25,000,000, whichever is less" **wherever it occurs with** "to a maximum of \$25,000,000".

**40. Section 12.8 is amended by replacing** "submit" **with** "deliver".

**41. Section 12.12 is amended**

- (a) **by inserting the following after subsection (2):**

(2.1) If a registered firm is a member of the MFDA and is registered as an exempt market dealer or scholarship plan dealer, the firm is exempt from paragraphs (1)(b) and (2)(b) if all of the following apply:

- (a) the firm is required under MFDA rules to have minimum capital of not less than \$50,000 for the purpose of completing MFDA Form 1 *MFDA Financial Questionnaire and Report*;
- (b) the firm delivers to the regulator a completed MFDA Form 1 *MFDA Financial Questionnaire and Report* no later than the 90<sup>th</sup> day after the end of its financial year that shows the calculation of the firm's risk adjusted capital as at the end of the financial year and as at the end of the immediately preceding financial year, if any;
- (c) the firm delivers to the regulator a completed MFDA Form 1 *MFDA Financial Questionnaire and Report* no later than the 30<sup>th</sup> day after the end of the first, second and third quarter of its financial year that shows the calculation of the firm's risk adjusted capital as at the end of the quarter and as at the end of the immediately preceding month, if any.

- (b) **in subsection (3) by adding** "unless it is also registered in another category" **after** "dealer".

**42. Section 12.14 is amended by adding the following after subsection (3):**

(4) If a registered firm is a member of IIROC and is registered as an investment fund manager, the firm is exempt from paragraphs (1)(b) and (2)(b) if

- (a) the firm is required under IIROC rules to have minimum capital of not less than \$100,000 for the purpose of completing IIROC Form 1 *Joint Regulatory Financial Questionnaire and Report*,
- (b) the firm delivers to the regulator a completed IIROC Form 1 *Joint Regulatory Financial Questionnaire and Report* no later than the 90<sup>th</sup> day after the end of its financial year that shows the calculation of

the firm's risk adjusted capital as at the end of the financial year and as at the end of the immediately preceding financial year, if any, and

- (c) the firm delivers to the regulator a completed IIROC Form 1 *Joint Regulatory Financial Questionnaire and Report* no later than the 30<sup>th</sup> day after the end of the first, second and third quarter of its financial year that shows the calculation of the firm's risk adjusted capital as at the end of the quarter and as at the end of the immediately preceding month, if any.

(5) If a registered firm is a member of the MFDA and is registered as an investment fund manager, the firm is exempt from paragraphs (1)(b) and (2)(b) if

- (a) the firm is required under MFDA rules to have minimum capital of not less than \$100,000 for the purpose of completing MFDA Form 1 *MFDA Financial Questionnaire and Report*,
- (b) the firm delivers to the regulator a completed MFDA Form 1 *MFDA Financial Questionnaire and Report* no later than the 90<sup>th</sup> day after the end of its financial year that shows the calculation of the firm's risk adjusted capital as at the end of the financial year and as at the end of the immediately preceding financial year, if any, and
- (c) the firm delivers to the regulator a completed MFDA Form 1 *MFDA Financial Questionnaire and Report* no later than the 30<sup>th</sup> day after the end of the first, second and third quarter of its financial year that shows the calculation of the firm's risk adjusted capital as at the end of the quarter and as at the end of the immediately preceding month, if any.

43. **Section 13.1 is amended by adding** "in respect of its activities as an investment fund manager" **after** "manager".

44. **Section 13.2 is amended by adding the following after subsection (6):**

(7) Paragraph (2)(b) does not apply to a registrant if the registrant is registered in only one or more of the following categories:

- (a) a mutual fund dealer or a dealing representative, chief compliance officer or ultimate designated person of a mutual fund dealer;
- (b) a scholarship fund dealer or a dealing representative, chief compliance officer or ultimate designated person of a scholarship fund dealer;
- (c) an investment fund manager or a chief compliance officer or ultimate designated person of an investment fund manager.

45. **Section 13.5 is amended**

- (a) **in subsection (1) by replacing** "a registered adviser" **with** "an adviser",
- (b) **in subsection (2) by adding** ", or a registered dealer that is a member of IIROC and conducts advising activities in accordance with the rules of IIROC," **after** "registered advisor".

46. **Paragraph 13.6 (b) is amended by adding** ", or is managed by an affiliate of," **after** "affiliate of".

47. **Section 13.8 is replaced with the following:**

#### 13.8 Permitted referral arrangements

A registered firm, or a registered individual whose registration is sponsored by the registered firm, must not participate in a referral arrangement with another person or company unless,

- (a) before a client is referred by or to the registrant, the terms of the referral arrangement are set out in a written agreement between the registered firm and the person or company;
- (b) the registered firm records all referral fees, and

- (c) the registrant ensures that the information prescribed by subsection 13.10(1) [*disclosing referral arrangements to clients*] is provided to the client in writing before the party receiving the referral either opens an account for the client or provides services to the client.

**48. Section 13.9 is amended**

- (a) **by replacing** “registrant that refers” **with** “registered firm, or a registered individual whose registration is sponsored by the registered firm, must not refer”,
- (b) **by replacing** “must take” **with** “unless the firm first takes”, **and**
- (c) **by striking out** “himself, herself, or”.

**49. Subsection 13.10 (1) is amended**

- (a) **in paragraph (a) by replacing** “referral arrangement” **with** “agreement referred to in paragraph 13.8(a)”,
- (b) **in paragraph (b) by replacing** “referral arrangement” **with** “agreement”, **and**
- (c) **in paragraph (c) by replacing** “referral arrangement” **with** “agreement”.

**50. Subsection 13.13 (2) is amended**

- (a) **by adding** “one of the following applies” **after** “if”,
- (b) **by repealing paragraph (b).**

**51. Subsection 13.14 (1) is amended by adding** “an investment fund manager in respect of its activities as” **after** “to”.

**52. Section 13.16 is amended**

- (a) **in subsection (1) by striking out** “any trading or advising activity of”,
- (b) **in subsection (1) by replacing** “representatives.” **With the following:**

representatives in respect of any of the following:

- (a) a trading or advising activity;
- (b) a breach of client confidentiality;
- (c) theft, fraud, misappropriation or forgery;
- (d) misrepresentation;
- (e) an undisclosed or prohibited conflict of interest;
- (f) personal financial dealings with the client.
- (c) **in subsection (2) by striking out** “any trading or advising activity of”, **and**
- (d) **in subsection (2) by adding** “in respect of any activity listed in subsection (1)” **after** “representatives”.

**53. Section 14.1 is replaced with the following:**

**14.1 Investment fund managers exempt from Part 14**

Other than sections 14.6 [*holding client assets in trust*], 14.12(5) [*content and delivery of trade confirmation*] and 14.14 [*account statements*], this Part does not apply to an investment fund manager in respect of its activities as an investment fund manager.

**54. Subsection 14.2 (2) is amended**

- (a) *in paragraph (j) by adding “registered” after “at the”, and*
- (b) *in paragraph (k) by adding “registered” after “that the”.*

**55. Section 14.5 is replaced by the following:****14.5 Notice to clients by non-resident registrants**

(1) A registered firm whose head office is not located in the local jurisdiction must provide its clients in the local jurisdiction with a statement in writing disclosing the following:

- (a) the non-resident status of the firm;
- (b) the firm's jurisdiction of residence;
- (c) the name and address of the agent for service of process of the firm in the local jurisdiction;
- (d) the nature of risks to clients that legal rights may not be enforceable in the local jurisdiction.

(2) This section does not apply to a registered firm whose head office is in Canada if the firm has a physical place of business in the local jurisdiction.

**56. Section 14.12 is amended**

- (a) *in subsection (1) by replacing “Subject to subsection (2), a” with “A”,*
- (b) *in subsection (1) by adding “or, if the client consents in writing, to a registered adviser acting for the client,” after “deliver to the client”, and*
- (c) *by adding the following after subsection (4):*

(5) A registered investment fund manager that has executed a redemption order received directly from a security holder must promptly deliver to the security holder a written confirmation of the redemption, setting out the following:

- (a) the quantity and description of the security redeemed;
- (b) the price per security received by the client;
- (c) the commission, sales charge, service charge and any other amount charged in respect of the redemption;
- (d) the settlement date of the redemption.

**57. Section 14.13 is amended**

- (a) *in the heading by replacing “Semi-annual confirmations” with “Confirmations”, and*
- (b) *by repealing paragraph (d).*

**58. Section 14.14 is amended**

- (a) *in the heading by replacing “Client” with “Account”,*
- (b) *by adding the following after subsection (3):*

(3.1) If there is no dealer of record for a security holder on the records of a registered investment fund manager, the investment fund manager must deliver a statement to the security holder at least once every 12 months.

**(c) by replacing subsection (4) with the following:**

**(4)** A statement delivered under subsection (1), (2), (3) or (3.1) must include all of the following information for each transaction made for the client or security holder during the period covered by the statement:

- (a) the date of the transaction;
- (b) the type of transaction;
- (c) the name of the security;
- (d) the number of securities;
- (e) the price per security;
- (f) the total value of the transaction.

**(d) by replacing subsection (5) with the following:**

**(5)** A statement delivered under subsection (1), (2), (3) or (3.1) must include all of the following information about the client's or security holder's account as at the end of the period for which the statement is made:

- (a) the name and quantity of each security in the account;
- (b) the fair value of each security in the account;
- (c) the total fair value of each security position in the account;
- (d) any cash balance in the account;
- (e) the total fair value of all cash and securities in the account.

**(e) by adding the following after subsection (5):**

**(5.1)** After having determined the fair value of a security, if the registered firm, acting reasonably, determines that the fair value is not reliable, the registrant must do both of the following:

- (a) for the purpose of paragraphs (5)(b) and (c), indicate that the fair value of the security is not determinable;
- (b) exclude the security from the calculation described under paragraph (5)(e) and indicate that the security has been excluded from this calculation.

**(5.2)** Despite the requirement under subsection (5) to use the fair value of a security as at the end of the period for which the statement is made, a registered firm may use a fair value that was determined not more than 3 months before the end of the period for which the statement is made if both of the following apply:

- (a) the security does not trade on an active market, as that term is defined in International Financial Reporting Standards;
- (b) on a statement delivered to the client within the last 3 months, the firm used the fair value of the security as at the end of the period for which that statement was made.

**59. Section 16.4 is amended**

**(a) by repealing subsection (2), and**

**(b) in subsection (3) by adding "a" after "or".**

**60. Subsection 16.9 (2) is amended by adding "in a jurisdiction of Canada" before "on the date".**

61. **Subsection 16.10 (1) is amended by adding “in a jurisdiction of Canada” after “is registered”.**
62. **Subsection 16.16(1) is amended by adding “in a jurisdiction of Canada” after “registered firm”.**
63. **Section 16.17 is replaced by the following:**
- 16.17 Account statements – mutual fund dealers**
- (1) Section 14.14 [*account statements*] does not apply to a person or company that was, on September 28, 2009, either of the following:
- (a) a member of the MFDA;
  - (b) a mutual fund dealer in Québec, unless it was also a portfolio manager in Québec.
- (2) Subsection (1) is repealed on September 28, 2011.
64. **Form 31-103F1 is amended by replacing “market value” wherever it occurs with “fair value”.**
65. **The notes to Form 31-103F1 are amended by adding the following after “basis.”:**
- Line 5. Related-party debt** – Refer to the CICA Handbook for the definition of “related party” for publicly accountable enterprises..
66. **Schedule 1 of Form 31-103F1 is amended**
- (a) **in paragraph (d) by replacing “Where securities” with “Securities”,**
  - (b) **in paragraph (d) by striking out “, the margin required is”,**
  - (c) **after the heading in paragraph (e) by replacing “On securities (other than bonds and debentures) including rights and warrants listed on any exchange in Canada or the United States” with the following:**  
  
In this paragraph, “securities” includes rights and warrants and does not include bonds and debentures.”
- (i) On securities listed on any exchange in Canada or the United States:
- (d) **by replacing subparagraph (e)(ii) with the following:**
- (ii) For positions in securities that are constituent securities on a major broadly-based index of one of the following exchanges, 50% of the fair value:
    - (a) Australian Stock Exchange Limited
    - (b) Bolsa de Valores de Sao Paulo
    - (c) Borsa Italiana
    - (d) Euronext Amsterdam
    - (e) Euronext Brussels
    - (f) Euronext Paris S.A.
    - (g) Frankfurt Stock Exchange
    - (h) London International Financial Futures and Options Exchange
    - (i) London Stock Exchange
    - (j) New Zealand Exchange Limited
    - (k) Swiss Exchange
    - (l) The Stock Exchange of Hong Kong Limited
    - (m) Tokyo Stock Exchange
67. **Form 31-103F3 is amended by replacing “Registration Requirements and Exemptions” with “Registration Requirements, Exemptions and Ongoing Registrant Obligations”.**
68. **Appendix B is amended by replacing “Registration Requirements and Exemptions” with “Registration Requirements, Exemptions and Ongoing Registrant Obligations”.**

## APPENDIX B

### **NATIONAL INSTRUMENT 31-103 REGISTRATION REQUIREMENTS AND EXEMPTIONS, BLACKLINED TO SHOW CHANGES TO NI 31-103**

#### **NATIONAL INSTRUMENT 31-103 REGISTRATION REQUIREMENTS AND EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS**

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**Part 1 Interpretation****1.1 Definitions of terms used throughout this Instrument**

In this Instrument

“Canadian financial institution” has the same meaning as in section 1.1 of NI 45-106;

“connected issuer” has the same meaning as in section 1.1 of National Instrument 33-105 *Underwriting Conflicts*;

“debt security” has the same meaning as in section 1.1 of NI 45-106;

“eligible client” means a client of a person or company if any of the following apply:

- (a) the client is an individual and was a client of the person or company immediately before becoming resident in the local jurisdiction;
- (b) the client is the spouse or a child of a client referred to in paragraph (a);
- (c) except in Ontario, the client is a client of the person or company on September 27, 2009 pursuant to the person or company’s reliance on an exemption from the registration requirement under Part 5 of Multilateral Instrument 11-101 *Principal Regulator System* on that date;

“exempt market dealer” means a person or company registered in the category of exempt market dealer;

“IIROC” means the Investment Industry Regulatory Organization of Canada;

“investment dealer” means a person or company registered in the category of investment dealer;

“managed account” means an account of a client for which a person or company makes the investment decisions if that person or company has discretion to trade in securities for the account without requiring the client’s express consent to a transaction;

“marketplace” has the same meaning as in section 1.1 of National Instrument 21-101 *Marketplace Operation*;

“MFDA” means the Mutual Fund Dealers Association of Canada;

“mutual fund dealer” means a person or company registered in the category of mutual fund dealer;

“NI 45-106” means National Instrument 45-106 *Prospectus and Registration Exemptions*;

“permitted client” means any of the following:

- (a) a Canadian financial institution or a Schedule III bank;
- (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada);
- (c) a subsidiary of any person or company referred to in paragraph (a) or (b), if the person or company owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of the subsidiary;
- (d) a person or company registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer, other than as a scholarship plan dealer or a restricted dealer;
- (e) a pension fund that is regulated by either the federal Office of the Superintendent of Financial Institutions or a pension commission or similar regulatory authority of a jurisdiction of Canada or a wholly-owned subsidiary of such a pension fund;
- (f) an entity organized in a foreign jurisdiction that is ~~analogous~~ similar to any of the entities referred to in paragraphs (a) to (e);
- (g) the Government of Canada or a jurisdiction of Canada, or any Crown corporation, agency or wholly-owned entity of the Government of Canada or a jurisdiction of Canada;

- (h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government;
- (i) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec;
- (j) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a managed account managed by the trust company or trust corporation, as the case may be;
- (k) a person or company acting on behalf of a managed account managed by the person or company, if the person or company is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction;
- (l) an investment fund if one or both of the following apply:
  - (i) the fund is managed by a person or company registered as an investment fund manager under the securities legislation of a jurisdiction of Canada;
  - (ii) the fund is advised by a person or company authorized to act as an adviser under the securities legislation of a jurisdiction of Canada;
- (m) in respect of a dealer, a registered charity under the *Income Tax Act* (Canada) that obtains advice on the securities to be traded from an eligibility adviser, as defined in section 1.1 of NI 45-106, or an adviser registered under the securities legislation of the jurisdiction of the registered charity;
- (n) in respect of an adviser, a registered charity under the *Income Tax Act* (Canada) that is advised by an eligibility adviser, as defined in section 1.1 of NI 45-106, or an adviser registered under the securities legislation of the jurisdiction of the registered charity;
- (o) an individual who beneficially owns financial assets, as defined in section 1.1 of NI 45-106, having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$5 million;
- (p) a person or company that is entirely owned by an individual or individuals referred to in paragraph (o), who holds the beneficial ownership interest in the person or company directly or through a trust, the trustee of which is a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction;
- (q) a person or company, other than an individual or an investment fund, that has net assets of at least \$25 million as shown on its most recently prepared financial statements;
- (r) a person or company that distributes securities of its own issue in Canada only to persons or companies referred to in paragraphs (a) to (q);

“portfolio manager” means a person or company registered in the category of portfolio manager;

“principal jurisdiction” means

- (a) for a person or company other than an individual, the jurisdiction of Canada in which the person or company's head office is located, and
- (b) for an individual, the jurisdiction of Canada in which the individual's working office is located;

“registered firm” means a registered dealer, a registered adviser, or a registered investment fund manager;

“registered individual” means an individual who is registered

- (a) in a category that authorizes the individual to act as a dealer or an adviser on behalf of a registered firm,

- (b) as ultimate designated person, or
- (c) as chief compliance officer;

“related issuer” has the same meaning as in section 1.1 of National Instrument 33-105 *Underwriting Conflicts*;

“restricted dealer” means a person or company registered in the category of restricted dealer;

“restricted portfolio manager” means a person or company registered in the category of restricted portfolio manager;

“Schedule III bank” means an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

“scholarship plan dealer” means a person or company registered in the category of scholarship plan dealer;

“sponsoring firm” means the registered firm on whose behalf an individual acts as a dealer, an underwriter, an adviser, a chief compliance officer or an ultimate designated person;

“subsidiary” has the same meaning as in section 1.1 of NI 45-106;

“working office” means the office of the sponsoring firm where an individual does most of his or her business.

## 1.2 Interpretation of “securities” in Alberta, British Columbia, New Brunswick and Saskatchewan

In Alberta, British Columbia, New Brunswick and Saskatchewan, a reference to “securities” in this Instrument includes “exchange contracts”, unless the context otherwise requires.

## 1.3 Information may be given to the principal regulator

~~(1)~~ (1) In this section, “principal regulator” means

- ~~(a)~~ (a) for a ~~registered firm~~ person or company whose head office is in a jurisdiction of Canada, the securities regulatory authority or regulator of that jurisdiction, and
- ~~(b)~~ (b) for a ~~registered firm~~ person or company whose head office is not in Canada, the securities regulatory authority or regulator of,
  - ~~(i)~~ (i) if the ~~firm~~ person or company has not completed its first financial year since being registered, the jurisdiction of Canada in which the ~~firm~~ person or company expects most of its clients to be resident at the end of its current financial year, and
  - ~~(ii)~~ (ii) in all other circumstances, the jurisdiction of Canada in which most of the ~~firm~~ person or company’s clients were resident at the end of its most recently completed financial year.

~~(2)~~ (2) Except under the following sections, for the purpose of a requirement in this Instrument to notify the regulator or the securities regulatory authority, the person or company may notify the regulator or the securities regulatory authority by notifying the person or company’s principal regulator:

- (a) section 8.18 [*international dealer*];
- (b) section 8.26 [*international adviser*];
- (c) section 11.9 [*registrant acquiring a registered firm’s securities or assets*];
- (d) section 11.10 [*registered firm whose securities are acquired*].

~~(3)~~ (3) For the purpose of a requirement in this Instrument to deliver or submit a document to the regulator or the securities regulatory authority, the person or company may deliver or submit the document by delivering or submitting it to the person or company’s principal regulator.

## 1.4 Use IFRS to determine a security’s fair value

In this Instrument, where a person or company is required to determine the fair value of a security, the fair value must be determined in accordance with International Financial Reporting Standards.

**Part 2 Categories of registration for individuals****2.1 Individual categories**

(1) The following are the categories of registration for an individual who is required, under securities legislation, to be registered to act on behalf of a registered firm:

- (a) dealing representative;
- (b) advising representative;
- (c) associate advising representative;
- (d) ultimate designated person;
- (e) chief compliance officer.

(2) An individual registered in the category of

- (a) dealing representative may act as a dealer or an underwriter in respect of a security that the individual's sponsoring firm is permitted to trade or underwrite,
- (b) advising representative may act as an adviser in respect of a security that the individual's sponsoring firm is permitted to advise on,
- (c) associate advising representative may act as an adviser in respect of a security that the individual's sponsoring firm is permitted to advise on if the advice has been approved under subsection 4.2(1) [*associate advising representatives – pre-approval of advice*],
- (d) ultimate designated person must perform the functions set out in section 5.1 [*responsibilities of the ultimate designated person*], and
- (e) chief compliance officer must perform the functions set out in section 5.2 [*responsibilities of the chief compliance officer*].

(3) Subsection (1) does not apply in Ontario.

{Note: In Ontario, the same categories of registration for individuals as in subsection 2.1(1) are set out under section 25 of the *Securities Act* (Ontario).}

**2.2 Client mobility exemption – individuals**

(1) The registration requirement does not apply to an individual if all of the following apply:

- (a) the individual is registered as a dealing, advising or associate advising representative in the individual's principal jurisdiction;
- (b) the individual's sponsoring firm is registered in the firm's principal jurisdiction;
- (c) the individual does not act as a dealer, underwriter or adviser in the local jurisdiction other than as he or she is permitted to in his or her principal jurisdiction according to the individual's registration in that jurisdiction;
- (d) the individual does not act as a dealer, underwriter or adviser in the local jurisdiction other than for 5 or fewer eligible clients;
- (e) the individual complies with Part 13 [*dealing with clients – individuals and firms*];
- (f) the individual deals fairly, honestly and in good faith in the course of his or her dealings with an eligible client;

- (g) before first acting as a dealer or adviser for an eligible client, the individual's sponsoring firm has disclosed to the client that the individual, and if the firm is relying on section 8.30 [*client mobility exemption – firms*], the firm,
- (i) is exempt from registration in the local jurisdiction, and
- (ii) is not subject to requirements otherwise applicable under local securities legislation.

(2) If an individual relies on the exemption in this section, the individual's sponsoring firm must submit a completed Form 31-103F3 *Use of Mobility Exemption* to the securities regulatory authority of the local jurisdiction as soon as possible after the individual first relies on this section.

### 2.3 Individuals acting for investment fund managers

The investment fund manager registration requirement does not apply to an individual acting on behalf of a registered investment fund manager.

## Part 3 Registration requirements – individuals

### Division 1 General proficiency requirements

#### 3.1 Definitions

In this Part

“Branch Manager Proficiency Exam” means the examination prepared and administered by the RESP Dealers Association of Canada and so named on the day this Instrument comes into force, and every examination that preceded that examination, or succeeded that examination, that does not have a significantly reduced scope and content when compared to the scope and content of the first-mentioned examination;

“Canadian Investment Funds Course Exam” means the examination prepared and administered by the ~~Investment Funds~~ IFSE Institute of Canada and so named on the day this Instrument comes into force, and every examination that preceded that examination, or succeeded that examination, that does not have a significantly reduced scope and content when compared to the scope and content of the first-mentioned examination;

“Canadian Investment Manager designation” means the designation earned through the Canadian investment manager program prepared and administered by CSI Global Education Inc. and so named on the day this Instrument comes into force, and every program that preceded that program, or succeeded that program, that does not have a significantly reduced scope and content when compared to the scope and content of the first-mentioned program;

“Canadian Securities Course Exam” means the examination prepared and administered by CSI Global Education Inc. and so named on the day this Instrument comes into force, and every examination that preceded that examination, or succeeded that examination, that does not have a significantly reduced scope and content when compared to the scope and content of the first-mentioned examination;

“CFA Charter” means the charter earned through the Chartered Financial Analyst program prepared and administered by the CFA Institute and so named on the day this Instrument comes into force, and every program that preceded that program, or succeeded that program, that does not have a significantly reduced scope and content when compared to the scope and content of the first-mentioned program;

“Exempt Market Products Exam” means the examination prepared and administered by the IFSE Institute and so named on the day this Instrument comes into force, and every examination that preceded that examination, or succeeded that examination, that does not have a significantly reduced scope and content when compared to the scope and content of the first-mentioned examination;

“Investment Funds in Canada Course Exam” means the examination prepared and administered by CSI Global Education Inc. and so named on the day this Instrument comes into force, and every examination that preceded that examination, or succeeded that examination, that does not have a significantly reduced scope and content when compared to the scope and content of the first-mentioned examination;

“Mutual Fund Dealers Compliance Exam” means the examination prepared and administered by the IFSE Institute and so named on the day this Instrument comes into force, and every examination that preceded that examination, or succeeded that

examination, that does not have a significantly reduced scope and content when compared to the scope and content of the first-mentioned examination;

“New Entrants Course Exam” means the examination prepared and administered by CSI Global Education Inc. and so named on the day this Instrument comes into force, and every examination that preceded that examination, or succeeded that examination, that does not have a significantly reduced scope and content when compared to the scope and content of the first-mentioned examination;

“PDO Exam” means

- (a) the Officers’, Partners’ and Directors’ Exam prepared and administered by the ~~Investment Funds~~ IFSE Institute of Canada and so named on the day this Instrument comes into force, and every examination that preceded that examination, or succeeded that examination, that does not have a significantly reduced scope and content when compared to the scope and content of the first-mentioned examination, or
- (b) the Partners, Directors and Senior Officers Course Exam prepared and administered by CSI Global Education Inc. and so named on the day this Instrument comes into force, and every examination that preceded that examination, or succeeded that examination, that does not have a significantly reduced scope and content when compared to the scope and content of the first-mentioned examination;

“Sales Representative Proficiency Exam” means the examination prepared and administered by the RESP Dealers Association of Canada and so named on the day this Instrument comes into force, and every examination that preceded that examination, or succeeded that examination, that does not have a significantly reduced scope and content when compared to the scope and content of the first-mentioned examination;

“Series 7 Exam” means the examination prepared and administered by the Financial Industry Regulatory Authority in the United States of America and so named on the day this Instrument comes into force, and every examination that preceded that examination, or succeeded that examination, that does not have a significantly reduced scope and content when compared to the scope and content of the first-mentioned examination.

### 3.2 U.S. equivalency

In this Part, an individual is not required to have passed the Canadian Securities Course Exam if the individual has passed the Series 7 Exam and the New Entrants Course Exam.

### 3.3 Time limits on examination requirements

~~(1) For the purposes of this Part, an individual is deemed to have not passed an examination, and is deemed to have not successfully completed a program, unless the individual passed the examination or successfully completed the program within 36 months before the date the individual applied for registration, applying for registration or reinstatement of registration must have passed an examination required under this Part not more than 36 months before the date of his or her application.~~

(2) Subsection (1) does not apply if the individual passed the examination ~~or successfully completed the program~~ more than 36 months before the date ~~the individual applied for registration and one or both~~ of his or her application and has met one of the following apply conditions:

- (a) ~~for any 12 months during the 36-month period before the date the individual applied for registration in a category, the individual was registered in the same category in any jurisdiction of Canada at any time during the 36-month period before the date of his or her application;~~
- (b) the individual has gained 12 months of relevant securities industry experience during the 36-month period before the date ~~the individual applied for registration~~ of his or her application.

~~(3) In Québec, the examinations provided for in subsections (4) and (6) of section 45 of Policy Q-9 *Dealers, Advisers and Representatives*, as it read on September 27, 2009, are deemed to be relevant examinations for purposes of subsection (2).~~

(3) For the purpose of paragraph (2)(a), an individual is not considered to have been registered during any period in which the individual’s registration was suspended.

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*Division 2 Education and experience requirements***3.4 Proficiency – initial and ongoing**

(1) An individual must not perform an activity that requires registration unless the individual has the education, training and experience that a reasonable person would consider necessary to perform the activity competently and to understand the structure, features and risks of each security the individual recommends.

(2) A chief compliance officer must not perform an activity set out in section 5.2 [*responsibilities of the chief compliance officer*] unless the individual has the education, training and experience that a reasonable person would consider necessary to perform the activity competently.

**3.5 Mutual fund dealer – dealing representative**

A dealing representative of a mutual fund dealer must not act as a dealer on behalf of the mutual fund dealer unless ~~one or both~~ any of the following apply:

- (a) the representative has passed the Canadian Investment Funds Course Exam, the Canadian Securities Course Exam or the Investment Funds in Canada Course Exam;
- (b) the representative has met the requirements of section 3.11 [*portfolio manager – advising representative*];
- (c) the representative is exempt from section 3.11 [*portfolio manager – advising representative*] because of subsection 16.10(1) [*proficiency for dealing and advising representatives*].

**3.6 Mutual fund dealer – chief compliance officer**

A mutual fund dealer must not designate an individual as its chief compliance officer under subsection 11.3(1) [*designating a chief compliance officer*] unless any of the following apply:

- (a) the individual has passed
  - (i) the Canadian Investment Funds Course Exam, the Canadian Securities Course Exam or the Investment Funds in Canada Course Exam, and
  - (ii) the PDO Exam or the Mutual Fund Dealers Compliance Exam;
- (b) the individual has met the requirements of section 3.13 [*portfolio manager – chief compliance officer*];
- (c) section 3.13 [*portfolio manager – chief compliance officer*] does not apply in respect of the individual because of subsection 16.9(2) [*registration of chief compliance officers*].

**3.7 Scholarship plan dealer – dealing representative**

A dealing representative of a scholarship plan dealer must not act as a dealer on behalf of the scholarship plan dealer unless the representative has passed the Sales Representative Proficiency Exam.

**3.8 Scholarship plan dealer – chief compliance officer**

A scholarship plan dealer must not designate an individual as its chief compliance officer under subsection 11.3(1) [*designating a chief compliance officer*] unless the individual has passed all of the following:

- (a) the Sales Representative Proficiency Exam;
- (b) the Branch Manager Proficiency Exam;
- (c) the PDO Exam.

### 3.9 Exempt market dealer – dealing representative

A dealing representative of an exempt market dealer must not act as a dealer on behalf of the exempt market dealer unless any of the following apply:

- (a) the ~~individual representative~~ has passed the Canadian Securities Course Exam;
- (b) the ~~individual representative~~ has passed the Exempt Market Products Exam;
- (c) the ~~individual representative~~ satisfies the conditions set out in section 3.11 [*portfolio manager – advising representative*];~~;~~
- ~~(d) the representative is exempt from section 3.11 [*portfolio manager – advising representative*] because of subsection 16.10(1) [*proficiency for dealing and advising representatives*].~~

### 3.10 Exempt market dealer – chief compliance officer

An exempt market dealer must not designate an individual as its chief compliance officer under subsection 11.3(1) [*designating a chief compliance officer*] unless any of the following apply:

- (a) the individual has passed the PDO Exam and any of the following:
  - (i) the Canadian Securities Course Exam;
  - (ii) the Exempt Market Products Exam;
- (b) the individual has met the requirements of section 3.13 [*portfolio manager – chief compliance officer*];~~;~~
- ~~(c) section 3.13 [*portfolio manager – chief compliance officer*] does not apply in respect of the individual because of subsection 16.9(2) [*registration of chief compliance officers*].~~

### 3.11 Portfolio manager – advising representative

An advising representative of a portfolio manager must not act as an adviser on behalf of the portfolio manager unless any of the following apply:

- (a) the representative has earned a CFA Charter and has 12 months of relevant investment management experience in the 36-month period before applying for registration;
- (b) the representative has received the Canadian Investment Manager designation and has 48 months of relevant investment management experience, 12 months of which was in the 36-month period before applying for registration.

### 3.12 Portfolio manager – associate advising representative

An associate advising representative of a portfolio manager must not act as an adviser on behalf of the portfolio manager unless any of the following apply:

- (a) the representative has completed Level 1 of the Chartered Financial Analyst program and has 24 months of relevant investment management experience;
- (b) the representative has received the Canadian Investment Manager designation and has 24 months of relevant investment management experience.

### 3.13 Portfolio manager – chief compliance officer

A portfolio manager must not designate an individual as its chief compliance officer under subsection 11.3(1) [*designating a chief compliance officer*] unless any of the following apply:

- (a) the individual has
  - (i) earned a CFA Charter or a professional designation as a lawyer, Chartered Accountant, Certified General Accountant or Certified Management Accountant in a jurisdiction of Canada, a notary in Québec, or the equivalent in a foreign jurisdiction,
  - (ii) passed the PDO Exam and, unless the individual has earned the CFA Charter, the Canadian Securities Course Exam and the PDO Exam, and
  - (iii) either
    - (A) gained 36 months of relevant securities experience while working at an investment dealer, a registered adviser or an investment fund manager, or
    - (B) provided professional services into the securities industry for 36 months and also worked at a registered dealer, a registered adviser or an investment fund manager for 12 months;
- (b) the individual has passed the Canadian Securities Course Exam and the PDO Exam and any of the following apply:
  - (i) the individual has worked at an investment dealer or a registered adviser for 5 years, including for 36 months in a compliance capacity;
  - (ii) the individual has worked for 5 years at a Canadian financial institution in a compliance capacity relating to portfolio management and also worked at a registered dealer or a registered adviser for 12 months;
- (c) the individual has passed the PDO Exam and has met the requirements of section 3.11 [*portfolio manager – advising representative*].

### 3.14 Investment fund manager – chief compliance officer

An investment fund manager must not designate an individual as its chief compliance officer under subsection 11.3(1) [*designating a chief compliance officer*] unless any of the following apply:

- (a) the individual has
  - (i) earned a CFA Charter or a professional designation as a lawyer, Chartered Accountant, Certified General Accountant or Certified Management Accountant in a jurisdiction of Canada, a notary in Québec, or the equivalent in a foreign jurisdiction,
  - (ii) passed the PDO Exam and, unless the individual has earned the CFA Charter, the Canadian Securities Course Exam and the PDO Exam, and
  - (iii) either
    - (A) gained 36 months of relevant securities experience while working at a registered dealer, a registered adviser or an investment fund manager, or
    - (B) provided professional services into the securities industry for 36 months and also worked in a relevant capacity at an investment fund manager for 12 months;
- (b) the individual has
  - (i) passed the Canadian Investment Funds Course Exam, the Canadian Securities Course Exam, or the Investment Funds in Canada Course Exam,
  - (ii) passed the PDO Exam, and
  - (iii) gained 5 years of relevant securities experience while working at a registered dealer, registered adviser or an investment fund manager, including 36 months in a compliance capacity;

- (c) the individual has met the requirements of section 3.13 [*portfolio manager – chief compliance officer*];
- (d) section 3.13 [*portfolio manager – chief compliance officer*] does not apply in respect of the individual because of subsection 16.9(2) [*registration of chief compliance officers*].

### Division 3 Membership in a self-regulatory organization

#### 3.15 Who must be approved by an SRO before registration

- (1) A dealing representative of an investment dealer that is a member of IIROC must be an “approved person” as defined under the rules of IIROC.
- (2) Except in Québec, a dealing representative of a mutual fund dealer that is a member of the MFDA must be an “approved person” as defined under the rules of the MFDA.

#### 3.16 Exemptions from certain requirements for SRO-approved persons

- (1) The following sections do not apply to a registered individual who is a dealing representative of a member of IIROC:
  - (a) subsection 13.2(3) [*know your client*];
  - (b) section 13.3 [*suitability*];
  - (c) section 13.13 [*disclosure when recommending the use of borrowed money*].
- (2) The following sections do not apply to a registered individual who is a dealing representative of a member of the MFDA:
  - (a) section 13.3 [*suitability*];
  - (b) section 13.13 [*disclosure when recommending the use of borrowed money*].
- (3) In Québec, the requirements listed in subsection (2) do not apply to a registered individual who is a dealing representative of a mutual fund dealer ~~if to the extent equivalent requirements to those listed in subsection (2) are applicable to the registered individual~~ complies with under the applicable regulations on mutual fund dealers in Québec.

### Part 4 Restrictions on registered individuals

#### 4.1 Restriction on acting for another registered firm

- (1) An individual registered as a dealing, advising or associate advising representative of a registered firm must not
  - (a) ~~An individual registered as a dealing, advising or associate advising representative of a registered firm must not~~ act as an officer, partner or director of another registered firm that is not an affiliate of the first-mentioned registered firm; or
  - (b) be registered as a dealing, advising or associate advising representative of another registered firm.
- (2) Paragraph (1)(b) does not apply to a representative in respect of a registration that was granted before [the date this amendment comes into force].

#### 4.2 Associate advising representatives – pre-approval of advice

- (1) An associate advising representative of a registered adviser must not advise on securities unless, before giving the advice, the advice has been approved by an individual designated by the registered firm under subsection (2).
- (2) A registered adviser must designate, for an associate advising representative, an advising representative to review the advice of the associate advising representative.

(3) No later than the 7th day following the date of a designation under subsection (2), a registered adviser must provide the regulator with the names of the advising representative and the associate advising representative who are the subject of the designation.

## **Part 5 Ultimate designated person and chief compliance officer**

### **5.1 Responsibilities of the ultimate designated person**

The ultimate designated person of a registered firm must do all of the following:

- (a) supervise the activities of the firm that are directed towards ensuring compliance with securities legislation by the firm and each individual acting on the firm's behalf;
- (b) promote compliance by the firm, and individuals acting on its behalf, with securities legislation.

### **5.2 Responsibilities of the chief compliance officer**

The chief compliance officer of a registered firm must do all of the following:

- (a) establish and maintain policies and procedures for assessing compliance by the firm, and individuals acting on its behalf, with securities legislation;
- (b) monitor and assess compliance by the firm, and individuals acting on its behalf, with securities legislation;
- (c) report to the ultimate designated person of the firm as soon as possible if the chief compliance officer becomes aware of any circumstances indicating that the firm, or any individual acting on its behalf, may be in non-compliance with securities legislation and any of the following apply:
  - (i) the non-compliance creates, in the opinion of a reasonable person, a risk of harm to a client;
  - (ii) the non-compliance creates, in the opinion of a reasonable person, a risk of harm to the capital markets;
  - (iii) the non-compliance is part of a pattern of non-compliance;
- (d) submit an annual report to the firm's board of directors, or individuals acting in a similar capacity for the firm, for the purpose of assessing compliance by the firm, and individuals acting on its behalf, with securities legislation.

## **Part 6 Suspension and revocation of registration – individuals**

### **6.1 If individual ceases to have authority to act for firm**

If a registered individual ceases to have authority to act as a registered individual on behalf of his or her sponsoring firm because of the end of, or a change in, the individual's employment, partnership, or agency relationship with the firm, the individual's registration with the firm is suspended until reinstated or revoked under securities legislation.

### **6.2 If IIROC approval is revoked or suspended**

If IIROC revokes or suspends a registered individual's approval in respect of an investment dealer, the individual's registration as a dealing representative of the investment dealer is suspended until reinstated or revoked under securities legislation.

### **6.3 If MFDA approval is revoked or suspended**

Except in Québec, if the MFDA revokes or suspends a registered individual's approval in respect of a mutual fund dealer, the individual's registration as a dealing representative of the mutual fund dealer is suspended until reinstated or revoked under securities legislation.

#### 6.4 If sponsoring firm is suspended

If a registered firm's registration in a category is suspended, the registration of each registered dealing, advising or associate advising representative acting on behalf of the firm in that category is suspended until reinstated or revoked under securities legislation.

#### 6.5 Dealing and advising activities suspended

If an individual's registration in a category is suspended, the individual must not act as a dealer, an underwriter or an adviser, as the case may be, under that category.

#### 6.6 Revocation of a suspended registration – individual

If a registration of an individual has been suspended under this Part and it has not been reinstated, the registration is revoked on the 2<sup>nd</sup> anniversary of the suspension.

#### 6.7 Exception for individuals involved in a hearing or proceeding

Despite section 6.6, if a hearing or proceeding concerning a suspended registrant is commenced under securities legislation or ~~a proceeding concerning the registrant is commenced~~ under the rules of an SRO, the registrant's registration remains suspended.

#### 6.8 Application of Part 6 in Ontario

Other than section 6.5 [*dealing and advising activities suspended*], this Part does not apply in Ontario.

{Note: In Ontario, measures governing suspension in section 29 of the *Securities Act* (Ontario) are similar to those in Parts 6 and 10.}

### Part 7 Categories of registration for firms

#### 7.1 Dealer categories

(1) The following are the categories of registration for a person or company that is required, under securities legislation, to be registered as a dealer:

- (a) investment dealer;
- (b) mutual fund dealer;
- (c) scholarship plan dealer;
- (d) exempt market dealer;
- (e) restricted dealer.

(2) A person or company registered in the category of

- (a) investment dealer may act as a dealer or an underwriter in respect of any security,
  - (i) mutual fund dealer may act as a dealer in respect of any security of
  - (ii) a mutual fund, or
- (b) ~~except in Québec,~~ an investment fund that is a labour-sponsored investment fund corporation or labour-sponsored venture capital corporation under legislation of a jurisdiction of Canada,
- (c) scholarship plan dealer may act as a dealer in respect of a security of a scholarship plan, an educational plan or an educational trust,

- (d) exempt market dealer may
  - (i) act as a dealer by trading a security that is distributed under an exemption from the prospectus requirement, whether or not a prospectus was filed in respect of the distribution,
  - (ii) act as a dealer by trading a security that, if the trade were a distribution, would be exempt from the prospectus requirement,
  - (iii) receive an order from a client to sell a security that was acquired by the client in a circumstance described in subparagraph (i) or (ii), and may act or solicit in furtherance of receiving such an order, and
  - (iv) act as an underwriter in respect of a distribution of securities that is made under an exemption from the prospectus requirement;
- (e) restricted dealer may act as a dealer or an underwriter in accordance with the terms, conditions, restrictions or requirements applied to its registration.

~~(3) Despite paragraph (2)(b), in British Columbia a mutual fund dealer may also act as a dealer in respect of securities of any of the following: repealed~~

- ~~(a) scholarship plans;~~
- ~~(b) educational plans;~~
- ~~(c) educational trusts.~~

(4) Subsection (1) does not apply in Ontario.

{Note: In Ontario, the same categories of registration for firms acting as dealers as in subsection 7.1(1) are set out under subsection 26(2) of the *Securities Act* (Ontario).}

## 7.2 Adviser categories

(1) The following are the categories of registration for a person or company that is required, under securities legislation, to be registered as an adviser:

- (a) portfolio manager;
- (b) restricted portfolio manager.

(2) A person or company registered in the category of

- (a) portfolio manager may act as an adviser in respect of any security, and
- (b) restricted portfolio manager may act as an adviser in respect of any security in accordance with the terms, conditions, restrictions or requirements applied to its registration.

(3) Subsection (1) does not apply in Ontario.

{Note: In Ontario, the same categories of registration for firms acting as advisers as in subsection 7.2(1) are set out under subsection 26(6) of the *Securities Act* (Ontario).}

## 7.3 Investment fund manager category

The category of registration for a person or company that is required, under securities legislation, to be registered as an investment fund manager is "investment fund manager".

## Part 8 Exemptions from the requirement to register

### Division 1 Exemptions from dealer and underwriter registration

#### 8.1 Interpretation of “trade” in Québec

In this Part, in Québec, “trade” refers to any of the following activities:

- (a) the activities described in the definition of “dealer” in section 5 of the *Securities Act* (R.S.Q., c. V-1.1), including the following activities:
  - (i) the sale or disposition of a security by onerous title, whether the terms of payment are on margin, installment or otherwise, but does not include a transfer or the giving in guarantee of securities in connection with a debt or the purchase of a security, except as provided in paragraph (b);
  - (ii) participation as a trader in any transaction in a security through the facilities of an exchange or a quotation and trade reporting system;
  - (iii) the receipt by a registrant of an order to buy or sell a security;
- (b) a transfer or the giving in guarantee of securities of an issuer from the holdings of a control person in connection with a debt.

#### 8.2 Definition of “securities” in Alberta, British Columbia, New Brunswick and Saskatchewan

Despite section 1.2, in Alberta, British Columbia, New Brunswick and Saskatchewan, a reference to “securities” in this Division excludes “exchange contracts”.

#### 8.3 Interpretation – exemption from underwriter registration requirement

In this Division, an exemption from the dealer registration requirement is an exemption from the underwriter registration requirement.

#### 8.4 Person or company not in the business of trading in British Columbia, Manitoba and New Brunswick

- (1) In British Columbia and New Brunswick, a person or company is exempt from the dealer registration requirement if the person or company
  - (a) is not engaged in the business of trading in securities or exchange contracts as a principal or agent, and
  - (b) does not hold himself, herself or itself out as engaging in the business of trading in securities or exchange contracts as a principal or agent.
- (2) In Manitoba, a person or company is exempt from the dealer registration requirement if the person or company
  - (a) is not engaged in the business of trading in securities as a principal or agent, and
  - (b) does not hold himself, herself or itself out as engaging in the business of trading in securities as a principal or agent.

#### 8.5 Trades through or to a registered dealer

The dealer registration requirement does not apply to a person or company in respect of a trade by the person or company if one of the following applies:

- (a) the trade is made solely through an agent who is a registered dealer, if the dealer is registered in a category that permits the trade;
- (b) the trade is made to a registered dealer who is purchasing as principal, if the dealer is registered in a category that permits the trade.

**8.6 ~~Adviser – non-prospectus-qualified investment fund~~ Investment fund trades by adviser to managed account**

(1) The dealer registration requirement does not apply to a registered adviser, or an adviser that is exempt from registration under section 8.26 [*international adviser*], in respect of a trade in a security of ~~a non-prospectus-qualified~~ an investment fund if both of the following apply:

- (a) the adviser acts as the fund's adviser and investment fund manager;
- (b) the trade is to a managed account of a client of the adviser.

(2) The exemption in subsection (1) is not available if the managed account or ~~non-prospectus-qualified~~ investment fund was created or is used primarily for the purpose of qualifying for the exemption.

(3) An adviser that relies on subsection (1) must provide written notice to the regulator that it is relying on the exemption within 7 days of its first use of the exemption.

**8.7 Investment fund reinvestment**

(1) Subject to subsections (2), (3), (4) and (5), the dealer registration requirement does not apply to an investment fund, or the investment fund manager of the fund, in respect of a trade in a security with a security holder of the investment fund if the trade is permitted by a plan of the investment fund and is in a security of the investment fund's own issue and if any of the following apply:

- (a) a dividend or distribution out of earnings, surplus, capital or other sources payable in respect of the investment fund's securities is applied to the purchase of the security that is of the same class or series as the securities to which the dividends or distributions are attributable;
- (b) the security holder makes an optional cash payment to purchase the security of the investment fund and both of the following apply:
  - (i) the security is of the same class or series of securities described in paragraph (a) that trade on a marketplace;
  - (ii) the aggregate number of securities issued under the optional cash payment does not exceed, in the financial year of the investment fund during which the trade takes place, 2 per cent of the issued and outstanding securities of the class to which the plan relates as at the beginning of the financial year.

(2) The exemption in subsection (1) is not available unless the plan that permits the trade is available to every security holder in Canada to which the dividend or distribution is available.

(3) The exemption in subsection (1) is not available if a sales charge is payable on a trade described in the subsection.

(4) At the time of the trade, if the investment fund is a reporting issuer and in continuous distribution, the investment fund must have set out in the prospectus under which the distribution is made

- (a) details of any deferred or contingent sales charge or redemption fee that is payable at the time of the redemption of the security, and
- (b) any right that the security holder has to elect to receive cash instead of securities on the payment of a dividend or making of a distribution by the investment fund and instructions on how the right can be exercised.

(5) At the time of the trade, if the investment fund is a reporting issuer and is not in continuous distribution, the investment fund must provide the information required by subsection (4) in its prospectus, annual information form or a material change report.

**8.8 Additional investment in investment funds**

The dealer registration requirement does not apply to an investment fund, or the investment fund manager of the fund, in respect of a trade in a security of the investment fund's own issue with a security holder of the investment fund if all of the following apply:

- (a) the security holder initially acquired securities of the investment fund as principal for an acquisition cost of not less than \$150,000 paid in cash at the time of the acquisition;
- (b) the trade is in respect of a security of the same class or series as the securities initially acquired, as described in paragraph (a);
- (c) the security holder, as at the date of the trade, holds securities of the investment fund and one or both of the following apply:
  - (i) the acquisition cost of the securities being held was not less than \$150,000;
  - (ii) the net asset value of the securities being held is not less than \$150,000.

### 8.9 Additional investment in investment funds if initial purchase before September 14, 2005

The dealer registration requirement does not apply in respect of a trade by an investment fund in a security of its own issue to a purchaser that initially acquired a security of the same class as principal before September 14, 2005 if all of the following apply:

- (a) the security was initially acquired under any of the following provisions:
  - (i) in Alberta, sections 86(e) and 131(1)(d) of the *Securities Act* (Alberta) as they existed prior to their repeal by sections 9(a) and 13 of the *Securities Amendment Act* (Alberta), 2003 SA c.32 and sections 66.2 and 122.2 of the *Alberta Securities Commission Rules* (General);
  - (ii) in British Columbia, sections 45(2) (5) and (22), and 74(2) (4) and (19) of the *Securities Act* (British Columbia);
  - (iii) in Manitoba, sections 19(3) and 58(1)(a) of the *Securities Act* (Manitoba) and section 90 of the *Securities Regulation* MR 491/88R;
  - (iv) in New Brunswick, section 2.8 of Local Rule 45-501 *Prospectus and Registration Exemptions*;
  - (v) in Newfoundland and Labrador, sections 36(1)(e) and 73(1)(d) of the *Securities Act* (Newfoundland and Labrador);
  - (vi) in Nova Scotia, sections 41(1)(e) and 77(1)(d) of the *Securities Act* (Nova Scotia);
  - (vii) in Northwest Territories, section 3(c) and (z) of Blanket Order No. 1;
  - (viii) in Nunavut, section 3(c) and (z) of Blanket Order No. 1;
  - (ix) in Ontario, sections 35(1)5 and 72(1)(d) of the *Securities Act* (Ontario) and section 2.12 of Ontario Securities Commission Rule 45-501 *Exempt Distributions* that came into force on January 12, 2004;
  - (x) in Prince Edward Island, section 2(3)(d) of the former *Securities Act* (Prince Edward Island) and Prince Edward Island Local Rule 45-512 *Exempt Distributions - Exemption for Purchase of Mutual Fund Securities*;
  - (xi) in Québec, former sections 51 and 155.1(2) of the *Securities Act* (Québec);
  - (xii) in Saskatchewan, sections 39(1)(e) and 81(1)(d) of *The Securities Act, 1988* (Saskatchewan);
- (b) the trade is for a security of the same class or series as the initial trade;
- (c) the security holder, as at the date of the trade, holds securities of the investment fund that have one or both of the following characteristics:
  - (i) an acquisition cost of not less than the minimum amount prescribed by securities legislation referred to in paragraph (a) under which the initial trade was conducted;

- (ii) a net asset value of not less than the minimum amount prescribed by securities legislation referred to in paragraph (a) under which the initial trade was conducted.

### 8.10 Private investment club

The dealer registration requirement does not apply in respect of a trade in a security of an investment fund if all of the following apply:

- (a) the fund has no more than 50 beneficial security holders;
- (b) the fund does not seek and has never sought to borrow money from the public;
- (c) the fund does not distribute and has never distributed its securities to the public;
- (d) the fund does not pay or give any remuneration for investment management or administration advice in respect of trades in securities, except normal brokerage fees;
- (e) the fund, for the purpose of financing its operations, requires security holders to make contributions in proportion to the value of the securities held by them.

### 8.11 Private investment fund – loan and trust pools

(1) The dealer registration requirement does not apply in respect of a trade in a security of an investment fund if all of the following apply:

- (a) the fund is administered by a trust company or trust corporation that is registered or authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;
- (b) the fund has no promoter or investment fund manager other than the trust company or trust corporation referred to in paragraph (a);
- (c) the fund commingles the money of different estates and trusts for the purpose of facilitating investment.

(2) Despite subsection (1), a trust company or trust corporation registered under the laws of Prince Edward Island that is not registered under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in another jurisdiction of Canada is not a trust company or trust corporation for the purpose of paragraph (1)(a).

### 8.12 Mortgages

(1) In this section, “syndicated mortgage” means a mortgage in which two or more persons or companies participate, directly or indirectly, as lenders in the debt obligation that is secured by the mortgage.

(2) Subject to subsection (3), the dealer registration requirement does not apply in respect of a trade in a mortgage on real property in a jurisdiction of Canada by a person or company who is registered or licensed, or exempted from registration or licensing, under mortgage brokerage or mortgage dealer legislation of that jurisdiction.

(3) In Alberta, British Columbia, Manitoba, Québec and Saskatchewan, subsection (2) does not apply in respect of a trade in a syndicated mortgage.

(4) This section does not apply in Ontario.

{Note: In Ontario a similar exemption from the dealer registration requirement is provided under subsection 35(4) of the *Securities Act* (Ontario).}

### 8.13 Personal property security legislation

(1) The dealer registration requirement does not apply in respect of a trade to a person or company, other than an individual in a security evidencing indebtedness secured by or under a security agreement, secured in accordance with personal property security legislation of a jurisdiction of Canada that provides for the granting of security in personal property.

(2) This section does not apply in Ontario.

{Note: In Ontario a similar exemption from the dealer registration requirement is provided under subsection 35(2) of the *Securities Act* (Ontario).}

#### 8.14 Variable insurance contract

(1) In this section

“contract”, “group insurance”, “insurance company”, “life insurance” and “policy” have the respective meanings assigned to them in the legislation referenced opposite the name of the local jurisdiction in Appendix A of NI 45-106;

“variable insurance contract” means a contract of life insurance under which the interest of the purchaser is valued for purposes of conversion or surrender by reference to the value of a proportionate interest in a specified portfolio of assets.

(2) The dealer registration requirement does not apply in respect of a trade in a variable insurance contract by an insurance company if the variable insurance contract is

- (a) a contract of group insurance,
- (b) a whole life insurance contract providing for the payment at maturity of an amount not less than 75% of the premium paid up to age 75 years for a benefit payable at maturity,
- (c) an arrangement for the investment of policy dividends and policy proceeds in a separate and distinct fund to which contributions are made only from policy dividends and policy proceeds, or
- (d) a variable life annuity.

#### 8.15 Schedule III banks and cooperative associations – evidence of deposit

(1) The dealer registration requirement does not apply in respect of a trade in an evidence of deposit issued by a Schedule III bank or an association governed by the *Cooperative Credit Associations Act* (Canada).

(2) This section does not apply in Ontario.

{Note: In Ontario, subsection 8.15(1) is not required because the security described in the exemption is excluded from the definition of “security” in subsection 1(1) of the *Securities Act* (Ontario).}

#### 8.16 Plan administrator

(1) In this section

“consultant” has the same meaning as in section 2.22 of NI 45-106;

“control person” has the same meaning as in section 1.1 of NI 45-106;

“executive officer” has the same meaning as in section 1.1 of NI 45-106;

“permitted assign” has the same meaning as in section 2.22 of NI 45-106;

“plan” means a plan or program established or maintained by an issuer providing for the acquisition of securities of the issuer by employees, executive officers, directors or consultants of the issuer or of a related entity of the issuer;

“plan administrator” means a trustee, custodian, or administrator, acting on behalf of, or for the benefit of, employees, executive officers, directors or consultants of an issuer or of a related entity of an issuer;

“related entity” has the same meaning as in section 2.22 of NI 45-106.

(2) The dealer registration requirement does not apply in respect of a trade made pursuant to a plan of the issuer in a security of an issuer, or an option to acquire a security of the issuer, made by the issuer, a control person of the issuer, a related entity of the issuer, or a plan administrator of the issuer with any of the following:

- (a) the issuer;
- (b) a current or former employee, executive officer, director or consultant of the issuer or a related entity of the issuer;
- (c) a permitted assign of a person or company referred to in paragraph (b).

(3) The dealer registration requirement does not apply in respect of a trade in a security of an issuer, or an option to acquire a security of the issuer, made by a plan administrator of the issuer if

- (a) the trade is pursuant to a plan of the issuer, and
- (b) the conditions in section 2.14 of National Instrument 45-102 *Resale of Securities* are satisfied.

### 8.17 Reinvestment plan

(1) Subject to subsections (3), (4) and (5), the dealer registration requirement does not apply in respect of the following trades by an issuer, or by a trustee, custodian or administrator acting for or on behalf of the issuer, to a security holder of the issuer if the trades are permitted by a plan of the issuer:

- (a) a trade in a security of the issuer's own issue if a dividend or distribution out of earnings, surplus, capital or other sources payable in respect of the issuer's securities is applied to the purchase of the security;
- (b) subject to subsection (2), a trade in a security of the issuer's own issue if the security holder makes an optional cash payment to purchase the security of the issuer that trades on a marketplace.

(2) The aggregate number of securities issued under the optional cash payment referred to in subsection (1)(b) must not exceed, in any financial year of the issuer during which the trade takes place, 2% of the issued and outstanding securities of the class to which the plan relates as at the beginning of the financial year.

(3) A plan that permits the trades described in subsection (1) must be available to every security holder in Canada to which the dividend or distribution out of earnings, surplus, capital or other sources is available.

(4) This section is not available in respect of a trade in a security of an investment fund.

(5) Subject to section ~~8-3-18.4~~ [transition – reinvestment plan] of NI 45-106, if the security traded under a plan described in subsection (1) is of a different class or series than the class or series of the security to which the dividend or distribution is attributable, the issuer or the trustee, custodian or administrator must have provided to each participant that is eligible to receive a security under the plan either a description of the material attributes and characteristics of the security traded under the plan or notice of a source from which the participant can obtain the information without charge.

### 8.18 International dealer

(1) In this section, "foreign security" means

- (a) a security issued by an issuer incorporated, formed or created under the laws of a foreign jurisdiction, or
- (b) a security issued by a government of a foreign jurisdiction.

(2) Subject to subsections (3) and (4), the dealer registration requirement does not apply in respect of the following:

- (a) an activity, other than a sale of a security, that is reasonably necessary to facilitate a distribution of securities that are offered primarily in a foreign jurisdiction;
- (b) a trade in a debt security with a permitted client during the security's distribution, if the debt security is offered primarily in a foreign jurisdiction and a prospectus has not been filed with a Canadian securities regulatory authority for the distribution;

- (c) a trade in a debt security that is a foreign security with a permitted client, other than during the security's distribution;
- (d) a trade in a foreign security with a permitted client, unless the trade is made during the security's distribution under a prospectus that has been filed with a Canadian securities regulatory authority;
- ~~(e) a trade in a foreign security with an investment dealer;~~
- ~~(f) a trade in any security with an investment dealer that is acting as principal.~~
- (3) The exemptions under subsection (2) are not available to a person or company unless all of the following apply:
- (a) the head office or principal place of business of the person or company is in a foreign jurisdiction;
- (b) the person or company is registered under the securities legislation of the foreign jurisdiction in which its head office or principal place of business is located in a category of registration that permits it to carry on the activities in that jurisdiction that registration as a dealer would permit it to carry on in the local jurisdiction;
- (c) the person or company engages in the business of a dealer in the foreign jurisdiction in which its head office or principal place of business is located;
- (d) the person or company is acting as principal or as agent for
- (i) the issuer of the securities, for
- (ii) a permitted client, ~~or for~~ who is a resident of Canada, or
- (iii) a person or company that is not a resident of Canada;
- (e) the person or company has submitted to the securities regulatory authority a completed Form 31-103F2 *Submission to Jurisdiction and Appointment of Agent for Service*.
- (4) The exemptions under subsection (2) are not available to a person or company in respect of a trade with a permitted client unless one of the following applies:
- (a) the permitted client is a person or company registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer;
- (b) the person or company has notified the permitted client of all of the following:
- (i) the person or company is not registered in ~~Canada~~ the local jurisdiction to make the trade;
- (ii) the foreign jurisdiction in which the head office or principal place of business of the person or company's jurisdiction of residence is located;
- (iii) all or substantially all of the assets of the person or company may be situated outside of Canada;
- (iv) there may be difficulty enforcing legal rights against the person or company because of the above;
- (v) ~~(iii)~~ the name and address of the agent for service of process of the person or company in the local jurisdiction;
- ~~(iv) there may be difficulty enforcing legal rights against the person or company because it is resident outside Canada and all or substantially all of its assets may be situated outside of Canada.~~
- (5) ~~A person or company relying on subsection (2)~~ By December 1 of each year, a person or company must notify the regulator 12 months after it first submits a Form 31-103F2 under paragraph (3)(e), and each year thereafter, if it continues to rely on subsection (2) if it is relying on an exemption available in this section.

**(6)** [repealed]

**(7)** ~~(6) In Ontario, subsection (5) The adviser registration requirement does not apply to a person or company that complies with the filing and fee payment requirements applicable to an unregistered exempt international firm under Ontario Securities Commission Rule 13-502 Fees is exempt from the dealer registration requirement under this section if the person or company provides advice to a client and the advice is~~

~~(a) in connection with an activity or trade described under subsection (2), and~~

~~(b) not in respect of a managed account of the client.~~

**(8)** If a registered firm is exempt from the dealer registration requirement under this section, the firm is exempt from a requirement of this Instrument if the requirement applies only because the firm performs an activity or trade described under subsection (2).

**8.19 Self-directed registered education savings plan**

**(1)** In this section

“self-directed RESP” means an educational savings plan registered under the *Income Tax Act* (Canada)

(a) that is structured so that contributions by a subscriber to the plan are deposited directly into an account in the name of the subscriber, and

(b) under which the subscriber maintains control and direction over the plan that enables the subscriber to direct how the assets of the plan are to be held, invested or reinvested subject to compliance with the *Income Tax Act* (Canada).

**(2)** The dealer registration requirement does not apply in respect of a trade in a self-directed RESP to a subscriber if both of the following apply:

(a) the trade is made by any of the following:

(i) a dealing representative of a mutual fund dealer who is acting on behalf of the mutual fund dealer;

(ii) a Canadian financial institution;

(iii) in Ontario, a financial intermediary;

(b) the self-directed RESP restricts its investments in securities to securities in which the person or company who trades the self-directed RESP is permitted to trade.

**8.20 Exchange contract — Alberta, British Columbia, New Brunswick and Saskatchewan**

**(1)** In Alberta, British Columbia and New Brunswick, the dealer registration requirement does not apply in respect of the following trades in exchange contracts:

(a) a trade by a person or company made

(i) solely through an agent who is a registered dealer, if the dealer is registered in a category that permits the trade, or

(ii) to a registered dealer who is purchasing as principal, if the dealer is registered in a category that permits the trade;

(b) subject to subsection (2), a trade resulting from an unsolicited order placed with an individual who is not a resident of, and does not carry on business in, the local jurisdiction.

**(2)** An individual referred to in subsection (1)(b) must not do any of the following:

(a) advertise or engage in promotional activity that is directed to persons or companies in the local jurisdiction during the 6 months preceding the trade;

- (b) pay any commission or finder's fee to any person or company in the local jurisdiction in connection with the trade.

(3) In Saskatchewan, the dealer registration requirement does not apply in respect of either of the following:

- (a) a trade in an exchange contract made solely through an agent who is a registered dealer, if the dealer is registered in a category that permits the trade;
- (b) a trade in an exchange contract made to a registered dealer who is purchasing as principal, if the dealer is registered in a category that permits the trade.

#### 8.21 Specified debt

(1) In this section

“approved credit rating” has the same meaning as in National Instrument 81-102 *Mutual Funds*;

“approved credit rating organization” has the same meaning as in National Instrument 81-102 *Mutual Funds*;

“permitted supranational agency” means any of the following:

- (a) the African Development Bank, established by the Agreement Establishing the African Development Bank which came into force on September 10, 1964, that Canada became a member of on December 30, 1982;
- (b) the Asian Development Bank, established under a resolution adopted by the United Nations Economic and Social Commission for Asia and the Pacific in 1965;
- (c) the Caribbean Development Bank, established by the Agreement Establishing the Caribbean Development Bank which came into force on January 26, 1970, as amended, that Canada is a founding member of;
- (d) the European Bank for Reconstruction and Development, established by the Agreement Establishing the European Bank for Reconstruction and Development and approved by the *European Bank for Reconstruction and Development Agreement Act (Canada)*, that Canada is a founding member of;
- (e) the Inter-American Development Bank, established by the Agreement establishing the Inter-American Development Bank which became effective December 30, 1959, as amended from time to time, that Canada is a member of;
- (f) the International Bank for Reconstruction and Development, established by the Agreement for an International Bank for Reconstruction and Development approved by the *Bretton Woods and Related Agreements Act (Canada)*;
- (g) the International Finance Corporation, established by Articles of Agreement approved by the *Bretton Woods and Related Agreements Act (Canada)*.

(2) The dealer registration requirement does not apply in respect of a trade in any of the following:

- (a) a debt security issued by or guaranteed by the Government of Canada or the government of a jurisdiction of Canada;
- (b) a debt security issued by or guaranteed by a government of a foreign jurisdiction if the debt security has an approved credit rating from an approved credit rating organization;
- (c) a debt security issued by or guaranteed by a municipal corporation in Canada;
- (d) a debt security secured by or payable out of rates or taxes levied under the law of a jurisdiction of Canada on property in the jurisdiction and collectible by or through the municipality in which the property is situated;

- (e) a debt security issued by or guaranteed by a Canadian financial institution or a Schedule III bank, other than debt securities that are subordinate in right of payment to deposits held by the issuer or guarantor of those debt securities;
- (f) a debt security issued by the Comité de gestion de la taxe scolaire de l'île de Montréal;
- (g) a debt security issued by or guaranteed by a permitted supranational agency if the debt securities are payable in the currency of Canada or the United States of America.

(3) Paragraphs (2)(a), (c) and (d) do not apply in Ontario.

{Note: In Ontario, exemptions from the dealer registration requirement similar to those in paragraphs 8.21(a), (c) and (d) are provided under paragraph 2 of subsection 35(1) of the *Securities Act* (Ontario).}

## 8.22 Small security holder selling and purchase arrangements

(1) In this section

“exchange” means

- (a) TSX Inc.,
- (b) TSX Venture Exchange Inc., or
- (c) an exchange that
  - (i) has a policy that is substantially similar to the policy of the TSX Inc., and
  - (ii) is designated by the securities regulatory authority for the purpose of this section;

“policy” means,

- (a) in the case of TSX Inc., sections 638 and 639 [*Odd lot selling and purchase arrangements*] of the TSX Company Manual, as amended from time to time,
- (b) in the case of the TSX Venture Exchange Inc., Policy 5.7 Small Shareholder Selling and Purchase Arrangements, as amended from time to time, or
- (c) in the case of an exchange referred to in paragraph (c) of the definition of “exchange”, the rule, policy or other similar instrument of the exchange on small shareholder selling and purchase arrangements.

(2) The dealer registration requirement does not apply in respect of a trade by an issuer or its agent, in securities of the issuer that are listed on an exchange, if all of the following apply:

- (a) the trade is an act in furtherance of participation by the holders of the securities in an arrangement that is in accordance with the policy of that exchange;
- (b) the issuer and its agent do not provide advice to a security holder about the security holder's participation in the arrangement referred to in paragraph (a), other than a description of the arrangement's operation, procedures for participation in the arrangement, or both;
- (c) the trade is made in accordance with the policy of that exchange, without resort to an exemption from, or variation of, the significant subject matter of the policy;
- (d) at the time of the trade after giving effect to a purchase under the arrangement, the ~~market fair~~ value of the maximum number of securities that a security holder is permitted to hold in order to be eligible to participate in the arrangement is not more than ~~\$25,000~~ 25,000.

(3) For the purposes of subsection (2)(c), an exemption from, or variation of, the maximum number of securities that a security holder is permitted to hold under a policy in order to be eligible to participate in the arrangement provided for in the policy is not an exemption from, or variation of, the significant subject matter of the policy.

*Division 2 Exemptions from adviser registration***8.23 Dealer without discretionary authority**

The adviser registration requirement does not apply to a registered dealer, or a dealing representative acting on behalf of the dealer, that provides advice to a client if the advice is

- (a) in connection with a trade in a security that the dealer and the representative are permitted to make under his, her or its registration,
- (b) provided by the representative, and
- (c) not in respect of a managed account of the client.

**8.24 IIROC members with discretionary authority**

The adviser registration requirement does not apply to a registered dealer, or a dealing representative acting on behalf of the dealer, that acts as an adviser in respect of a client's managed account if the registered dealer is a member of IIROC and the advising activities are conducted in accordance with the rules of IIROC.

**8.25 Advising generally**

(1) For the purposes of subsections (3) and (4), "financial or other interest" includes the following:

- (a) ownership, beneficial or otherwise, in the security or in another security issued by the same issuer;
- (b) an option in respect of the security or another security issued by the same issuer;
- (c) a commission or other compensation received, or expected to be received, from any person or company in connection with the trade in the security;
- (d) a financial arrangement regarding the security with any person or company;
- (e) a financial arrangement with any underwriter or other person or company who has any interest in the security.

(2) The adviser registration requirement does not apply to a person or company that acts as an adviser if the advice the person or company provides does not purport to be tailored to the needs of the person or company receiving the advice.

(3) If a person or company that is exempt under subsection (2) recommends buying, selling or holding a specified security, a class of securities or the securities of a class of issuers in which any of the following has a financial or other interest, the person or company must disclose the interest concurrently with providing the advice:

- (a) the person or company;
- (b) any partner, director or officer of the person or company;
- (c) any other person or company that would be an insider of the first-mentioned person or company if the first-mentioned person or company were a reporting issuer.

(4) If the financial or other interest of the person or company includes an interest in an option described in paragraph (b) of the definition of "financial or other interest" in subsection (1), the disclosure required by subsection (3) must include a description of the terms of the option.

(5) This section does not apply in Ontario.

{Note: In Ontario, measures similar to those in section ~~7-248.25~~ are in section 34 of the *Securities Act* (Ontario).}

**8.26 International adviser**

(1) Despite section 1.2, in Alberta, British Columbia, New Brunswick and Saskatchewan, a reference to "securities" in this section excludes "exchange contracts".

## (2) In this section

“aggregate consolidated gross revenue” does not include the gross revenue of an affiliate of the adviser if the affiliate is registered in a jurisdiction of Canada;

“foreign security” means

- (a) a security issued by an issuer incorporated, formed or created under the laws of a foreign jurisdiction, and
- (b) a security issued by a government of a foreign jurisdiction;

“permitted client” has the meaning given to the term in section 1.1 [*definitions*] except that it excludes a person or company registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer.

(3) The adviser registration requirement does not apply to a person or company in respect of its acting as an adviser to a permitted client if the adviser does not advise in Canada on securities of Canadian issuers, unless providing that advice is incidental to its providing advice on a foreign security.

(4) The exemption under subsection (3) is not available unless all of the following apply:

- (a) the adviser’s head office or principal place of business is in a foreign jurisdiction;
- (b) the adviser is registered, or operates under an exemption from registration, under the securities legislation of the foreign jurisdiction in which its head office or principal place of business is located, in a category of registration that permits it to carry on the activities in that jurisdiction that registration as an adviser would permit it to carry on in the local jurisdiction;
- (c) the adviser engages in the business of an adviser in the foreign jurisdiction in which its head office or principal place of business is located;
- (d) ~~during~~ at the end of its most recently completed financial year, not more than 10% of the aggregate consolidated gross revenue of the adviser, its affiliates and its affiliated partnerships was derived from the portfolio management activities of the adviser, its affiliates and its affiliated partnerships in Canada;
- (e) before advising a client, the adviser notifies the client of all of the following:
  - (i) ~~the adviser is not registered in Canada~~ the local jurisdiction to provide the advice described under subsection (3);
  - (ii) ~~the foreign jurisdiction of residence of in which~~ the adviser’s head office or principal place of business is located;
  - (iii) all or substantially all of the adviser’s assets may be situated outside of Canada;
  - (iv) ~~there may be difficulty enforcing legal rights against the adviser because of the above;~~
  - (v) ~~the name and address of the adviser’s agent for service of process in the local jurisdiction;~~ that there may be difficulty enforcing legal rights against the adviser because it is resident outside Canada and all or substantially all of its assets may be situated outside of Canada;
- (f) the adviser has submitted to the securities regulatory authority a completed Form 31-103F2 *Submission to Jurisdiction and Appointment of Agent for Service*; ~~;~~
- (g) the permitted client is a resident of Canada.

(5) ~~By December 1 of each year, a person or company relying on subsection (3) must notify the regulator 12 months after it first submits a Form 31-103F2 under paragraph (4)(f), and each year thereafter, if it continues to rely on subsection (3) if it is relying on an exemption available in this section.~~

~~(6) In Ontario, subsection (5) does not apply to a person or company that complies with the filing and fee payment requirements applicable to an unregistered exempt international firm under Ontario Securities Commission Rule 13-502 Fees. If a registered firm is exempt from the adviser registration requirement under this section, the firm is exempt from a requirement of this Instrument if the requirement applies only because the firm advises in the manner described under subsection (3).~~

*Division 3 Exemptions from investment fund manager registration*

**8.27 Private investment club**

The investment fund manager registration requirement does not apply to a person or company in respect of its acting as an investment fund manager for an investment fund if all of the following apply:

- (a) the fund has no more than 50 beneficial security holders;
- (b) the fund does not seek and has never sought to borrow money from the public;
- (c) the fund does not distribute and has never distributed its securities to the public;
- (d) the fund does not pay or give any remuneration for investment management or administration advice in respect of trades in securities, except normal brokerage fees;
- (e) the fund, for the purpose of financing its operations, requires security holders to make contributions in proportion to the value of the securities held by them.

**8.28 Capital accumulation plan exemption**

(1) In this section, “capital accumulation plan” means a tax assisted investment or savings plan, including a defined contribution registered pension plan, a group registered retirement savings plan, a group registered education savings plan, or a deferred profit-sharing plan, established by a plan sponsor that permits a member to make investment decisions among two or more investment options offered within the plan, and in Quebec and Manitoba, includes a simplified pension plan.

(2) The investment fund manager registration requirement does not apply to a person or company that acts as an investment fund manager for an investment fund if the person or company is only required to be registered as an investment fund manager because the investment fund is an investment option in a capital accumulation plan.

**8.29 Private investment fund – loan and trust pools**

(1) The investment fund manager registration requirement does not apply to a trust company or trust corporation that administers an investment fund if all of the following apply:

- (a) the trust company or trust corporation is registered or authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;
- (b) the fund has no promoter or investment fund manager other than the trust company or trust corporation;
- (c) the fund commingles the money of different estates and trusts for the purpose of facilitating investment.

(2) The exemption in subsection (1) is not available to a trust company or trust corporation registered under the laws of Prince Edward Island unless it is also registered under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in another jurisdiction of Canada.

(3) This section does not apply in Ontario.

Note: In Ontario, subsection 35.1 of the *Securities Act* (Ontario) provides a general exemption from the registration requirement for trust companies, trust corporations and other specified financial institutions.

*Division 4      Mobility exemption – firms*

**8.30      Client mobility exemption – firms**

The dealer registration requirement and the adviser registration requirement do not apply to a person or company if all of the following apply:

- (a) the person or company is registered as a dealer or adviser in its principal jurisdiction;
- (b) the person or company does not act as a dealer, underwriter or adviser in the local jurisdiction other than as it is permitted to in its principal jurisdiction according to its registration;
- (c) the person or company does not act as a dealer, underwriter or adviser in the local jurisdiction other than in respect of 10 or fewer eligible clients;
- (d) the person or company complies with Parts 13 [*dealing with clients – individuals and firms*] and 14 [*handling client accounts – firms*];
- (e) the person or company deals fairly, honestly and in good faith in the course of its dealings with an eligible client.

**Part 9      Membership in a self-regulatory organization**

**9.1      IIROC membership for investment dealers**

An investment dealer must not act as a dealer unless the investment dealer is a “Dealer Member”, as defined under the rules of IIROC.

**9.2      MFDA membership for mutual fund dealers**

Except in Québec, a mutual fund dealer must not act as a dealer unless the mutual fund dealer is a “member”, as defined under the rules of the MFDA.

**9.3      Exemptions from certain requirements for ~~SRO~~IIROC members**

(1) ~~An investment dealer~~ Subject to subsection (2), a registered firm that is a member of IIROC is exempt from the following requirements to the extent the provisions apply to the activities of an investment dealer:

- (a) section 12.1 [*capital requirements*];
- (b) section 12.2 [*notifying the regulator of a subordination agreement*];
- (c) section 12.3 [*insurance – dealer*];
- (d) section 12.6 [*global bonding or insurance*];
- (e) section 12.7 [*notifying the regulator of a change, claim or cancellation*];
- (f) section 12.10 [*annual financial statements*];
- (g) section 12.11 [*interim financial information*];
- (h) section 12.12 [*delivering financial information – dealer*];
- (i) subsection 13.2(3) [*know your client*];
- (j) section 13.3 [*suitability*];
- (k) section 13.12 [*restriction on lending to clients*];
- (l) section 13.13 [*disclosure when recommending the use of borrowed money*];
- (l.1) section 13.15 [*handling complaints*];

- (m) subsection 14.2(2) [*relationship disclosure information*];
- (n) section 14.6 [*holding client assets in trust*];
- (o) section 14.8 [*securities subject to a safekeeping agreement*];
- (p) section 14.9 [*securities not subject to a safekeeping agreement*];
- (q) section 14.12 [*content and delivery of trade confirmation*].

(2) ~~Despite subsection (1), if~~ a registered firm is a member of IIROC and is registered as an investment fund manager, the firm is ~~not~~ exempt from the following requirements:

- (a) ~~section 12.1 [*capital requirements*]~~ 12.3 [*insurance – dealer*];
- (b) ~~section 12.2 [*notifying the regulator of a subordination agreement*];~~ 12.6 [*global bonding or insurance*];
- (c) ~~section 12.7 [*notifying the regulator of a change, claim or cancellation*];~~ 12.12 [*delivering financial information – dealer*];
- (d) ~~section 12.10 [*annual financial statements*];~~ subsection 13.2(3) [*know your client*];
- (e) ~~section 12.11 [*interim financial information*];~~ 13.3 [*suitability*];
- (f) section 13.12 [*restriction on lending to clients*];
- (g) section 13.13 [*disclosure when recommending the use of borrowed money*];
- (h) section 13.15 [*handling complaints*];
- (i) subsection 14.2(2) [*relationship disclosure information*];
- (j) section 14.6 [*holding client assets in trust*];
- (k) section 14.8 [*securities subject to a safekeeping agreement*];
- (l) section 14.9 [*securities not subject to a safekeeping agreement*];
- (m) section 14.12 [*content and delivery of trade confirmation*].

(3) ~~\_\_\_\_\_~~ [*repealed*]

(4) ~~\_\_\_\_\_~~ [*repealed*]

(5) ~~\_\_\_\_\_~~ [*repealed*]

#### **9.4 Exemptions from certain requirements for MFDA members**

(1) ~~\_\_\_\_\_~~ Subject to subsections (2) and (3), a registered firm that is a member of the MFDA is exempt from ~~each requirement listed in subsection (1) that applies to~~ the following requirements to the extent the provisions apply to the activities of a mutual fund dealer other than the following:

- (a) ~~\_\_\_\_\_~~ subsection 13.2(3) [*know your client*];
- (b) ~~\_\_\_\_\_~~ section 13.12 [*restriction on lending to clients*]. (4) ~~\_\_\_\_\_~~ Despite subsection (3), if a registered firm is a member of the MFDA and is registered as an investment fund manager, the firm is not exempt from the following requirements:
  - (a) section 12.1 [*capital requirements*];
  - (b) section 12.2 [*notifying the regulator of a subordination agreement*];

- (c) section 12.3 [insurance – dealer];
- (d) section 12.6 [global bonding or insurance];
- (e) section 12.7 [notifying the regulator of a change, claim or cancellation];
- (f) ~~(e)~~-section 12.10 [annual financial statements];
- (g) ~~(e)~~-section 12.11 [interim financial information];
- (h) section 12.12 [delivering financial information – dealer];
- (i) section 13.3 [suitability];
- (j) section 13.12 [restriction on lending to clients];
- (k) section 13.13 [disclosure when recommending the use of borrowed money];
- (l) section 13.15 [handling complaints];
- (m) subsection 14.2(2) [relationship disclosure information];
- (n) section 14.6 [holding client assets in trust];
- (o) section 14.8 [securities subject to a safekeeping agreement];
- (p) section 14.9 [securities not subject to a safekeeping agreement];
- (q) section 14.12 [content and delivery of trade confirmation].

(5) — Subsection (3) does 2) If a registered firm is a member of the MFDA and is registered as an investment fund manager, the firm is exempt from the following requirements:

- (a) section 12.3 [insurance – dealer];
- (b) section 12.6 [global bonding or insurance];
- (c) section 12.12 [delivering financial information – dealer];
- (d) section 13.3 [suitability];
- (e) section 13.12 [restriction on lending to clients];
- (f) section 13.13 [disclosure when recommending the use of borrowed money];
- (g) section 13.15 [handling complaints];
- (h) subsection 14.2(2) [relationship disclosure information];
- (i) section 14.6 [holding client assets in trust];
- (j) section 14.8 [securities subject to a safekeeping agreement];
- (k) section 14.9 [securities not subject to a safekeeping agreement];
- (l) section 14.12 [content and delivery of trade confirmation].

(3) If a registered firm is a member of the MFDA and is registered as an exempt market dealer or scholarship plan dealer, the firm is exempt from the following requirements:

- (a) section 12.3 [insurance – dealer];
- (b) section 12.6 [global bonding or insurance];

- (c) section 13.3 [suitability];
- (d) section 13.12 [restriction on lending to clients];
- (e) section 13.13 [disclosure when recommending the use of borrowed money];
- (f) section 13.15 [handling complaints];
- (g) subsection 14.2(2) [relationship disclosure information];
- (h) section 14.6 [holding client assets in trust];
- (i) section 14.8 [securities subject to a safekeeping agreement];
- (j) section 14.9 [securities not subject to a safekeeping agreement];
- (k) section 14.12 [content and delivery of trade confirmation].

**(4)** Subsections (1), (2) and (3) do not apply in Québec.

**(65)** In Québec, the requirements listed in subsection (1), other than subsection 13.2(3) [know your client] and section 13.12 [restriction on lending to clients], do not apply to a mutual fund dealer if the registrant complies with the applicable regulations onto the extent equivalent requirements to those listed in subsection (1) are applicable to the mutual fund dealer under the regulations in Québec.

## Part 10 Suspension and revocation of registration – firms

*Division 1 When a firm's registration is suspended*

### 10.1 Failure to pay fees

**(1)** In this section, “annual fees” means

- (a) ~~(a)~~—in Alberta, the fees required under section 2.1 of the Schedule – Fees in Alta. Reg. 115/95 – Securities Regulation,
- (b) in British Columbia, the annual fees required under section 22 of the Securities Regulation, B.C. Reg. 196/97,
- (c) in Manitoba, the fees required under paragraph 1.(2)(a) of the *Manitoba Fee Regulation*, M.R. 491/88R,
- (d) in New Brunswick, the fees required under section 2.2 (c) of Local Rule 11-501 *Fees*,
- (e) in Newfoundland and Labrador, the fees required under section 143 of the *Securities Act*,
- (f) in Nova Scotia, the fees required under Part XIV of the Regulations,
- (g) in Northwest Territories, the fees required under sections 1(c) and 1(e) of the Securities Fee regulations, R-066-2008;
- (h) in Nunavut, the fees required under section 1(a) of the Schedule to R-003-2003 to the Securities Fee regulation, R.R.N.W.T. 1990, c.20,
- (i) in Prince Edward Island, the fees required under section 175 of the *Securities Act* R.S.P.E.I., Cap. S-3.1,
- (j) in Québec, the fees required under section 271.5 of the Québec Securities Regulation,
- (k) in Saskatchewan, the annual registration fees required to be paid by a registrant under section 176 of The Securities Regulations (Saskatchewan), and
- (l) in Yukon, the fees required under O.I.C. 2009/66, pursuant to section 168 of the *Securities Act*.

(2) If a registered firm has not paid the annual fees by the 30th day after the date the annual fees were due, the registration of the firm is suspended until reinstated or revoked under securities legislation.

#### 10.2 If IIROC membership is revoked or suspended

If IIROC revokes or suspends a registered firm's membership, the firm's registration in the category of investment dealer is suspended until reinstated or revoked under securities legislation.

#### 10.3 If MFDA membership is revoked or suspended

Except in Québec, if the MFDA revokes or suspends a registered firm's membership, the firm's registration in the category of mutual fund dealer is suspended until reinstated or revoked under securities legislation.

#### 10.4 Activities not permitted while a firm's registration is suspended

If a registered firm's registration in a category is suspended, the firm must not act as a dealer, an underwriter, an adviser, or an investment fund manager, as the case may be, under that category.

*Division 2 Revoking a firm's registration*

#### 10.5 Revocation of a suspended registration – firm

If a registration has been suspended under this Part and it has not been reinstated, the registration is revoked on the 2<sup>nd</sup> anniversary of the suspension.

#### 10.6 Exception for firms involved in a hearing or proceeding

Despite section 10.5, if a hearing or proceeding concerning a suspended registrant is commenced under securities legislation or under the rules of an SRO, the registrant's registration remains suspended.

#### 10.7 Application of Part 10 in Ontario

Other than section 10.4 [*activities not permitted while a firm's registration is suspended*], this Part does not apply in Ontario.

{Note: In Ontario, measures governing suspension in section 29 of the *Securities Act* (Ontario) are similar to those in Parts 6 and 10.}

### Part 11 Internal controls and systems

*Division 1 Compliance*

#### 11.1 Compliance system

A registered firm must establish, maintain and apply policies and procedures that establish a system of controls and supervision sufficient to

- (a) provide reasonable assurance that the firm and each individual acting on its behalf complies with securities legislation, and
- (b) manage the risks associated with its business in accordance with prudent business practices.

#### 11.2 Designating an ultimate designated person

(1) A registered firm must designate an individual who is registered under securities legislation in the category of ultimate designated person to perform the functions described in section 5.1 [*responsibilities of the ultimate designated person*].

(2) A registered firm must ~~not designate an individual to act as the firm's ultimate designated person unless the individual~~ under subsection (1) who is one of the following:

- (a) the chief executive officer of the registered firm or, if the firm does not have a chief executive officer, an individual acting in a capacity similar to a chief executive officer;

(b) ~~the~~ sole proprietor of the registered firm;

(b)c) ~~an~~the officer in charge of a division of the registered firm, if the activity that requires the firm to register occurs only within the division;~~(e) — an individual acting in a capacity similar to that of an officer described in paragraph (a) or (b) and the firm has significant other business activities.~~

(3) If an individual who is registered as a registered firm's ultimate designated person ceases to meet any of the conditions listed in subsection (2), the registered firm must designate another individual to act as its ultimate designated person.

### 11.3 Designating a chief compliance officer

(1) A registered firm must designate an individual who is registered under securities legislation in the category of chief compliance officer to perform the functions described in section 5.2 [*responsibilities of the chief compliance officer*].

(2) A registered firm must not designate an individual to act as the firm's chief compliance officer unless the individual has satisfied the applicable conditions in Part 3 [*registration requirements – individuals*] and the individual is one of the following:

- (a) an officer or partner of the registered firm;
- (b) the sole proprietor of the registered firm.

(3) If an individual who is registered as a registered firm's chief compliance officer ceases to meet any of the conditions listed in subsection (2), the registered firm must designate another individual to act as its chief compliance officer.

### 11.4 Providing access to the board of directors

A registered firm must permit its ultimate designated person and its chief compliance officer to directly access the firm's board of directors, or individuals acting in a similar capacity for the firm, at such times as the ultimate designated person or the chief compliance officer may consider necessary or advisable in view of his or her responsibilities.

#### Division 2 Books and records

### 11.5 General requirements for records

(1) A registered firm must maintain records to

- (a) accurately record its business activities, financial affairs, and client transactions, and
- (b) demonstrate the extent of the firm's compliance with applicable requirements of securities legislation.

(2) The records required under subsection (1) include, but are not limited to, records that do the following:

- (a) permit timely creation and audit of financial statements and other financial information required to be filed or delivered to the securities regulatory authority;
- (b) permit determination of the registered firm's capital position;
- (c) demonstrate compliance with the registered firm's capital and insurance requirements;
- (d) demonstrate compliance with internal control procedures;
- (e) demonstrate compliance with the firm's policies and procedures;
- (f) permit the identification and segregation of client cash, securities, and other property;
- (g) identify all transactions conducted on behalf of the registered firm and each of its clients, including the parties to the transaction and the terms of the purchase or sale;
- (h) provide an audit trail for
  - (i) client instructions and orders, and
  - (ii) each trade transmitted or executed for a client or by the registered firm on its own behalf;

- (i) permit the generation of account activity reports for clients;
- (j) provide securities pricing as may be required by securities legislation;
- (k) document the opening of client accounts, including any agreements with clients;
- (l) demonstrate compliance with sections 13.2 [*know your client*] and 13.3 [*suitability*];
- (m) demonstrate compliance with complaint-handling requirements;
- (n) document correspondence with clients;
- (o) document compliance and supervision actions taken by the firm.

### 11.6 Form, accessibility and retention of records

- (1) A registered firm must keep a record that it is required to keep under securities legislation
- (a) for 7 years from the date the record is created,
  - (b) in a safe location and in a durable form, and
  - (c) in a manner that permits it to be provided to the regulator or the securities regulatory authority in a reasonable period of time.
- (2) A record required to be provided to the regulator or the securities regulatory authority must be provided in a format that is capable of being read by the regulator or the securities regulatory authority.
- (3) Paragraph (1)(c) does not apply in Ontario.

{Note: In Ontario, how quickly a registered firm is ~~required~~required to provide information to the regulator is addressed in subsection 19(3) of the *Securities Act* (Ontario).}

### Division 3 Certain business transactions

#### 11.7 Tied settling of securities transactions

A registered firm must not require a person or company to settle that person's or company's transaction with the registered firm through that person's or company's account at a Canadian financial institution as a condition, or on terms that would appear to a reasonable person to be a condition, of supplying a product or service, unless this method of settlement would be, to a reasonable person, necessary to provide the specific product or service that the person or company has requested.

#### 11.8 Tied selling

A dealer, adviser or investment fund manager must not require another person or company

- to buy, sell or hold a security as a condition, or on terms that would appear to a reasonable person to be a condition, of supplying or continuing to supply a product or service, or
- to buy, sell or use a product or service as a condition, or on terms that would appear to a reasonable person to be a condition, of buying or selling a security.

#### 11.9 Registrant acquiring a registered firm's securities or assets

- (1) A registrant must give the regulator written notice in accordance with subsection (2) if it proposes to acquire any of the following:
- (a) beneficial ownership of, or direct or indirect control or direction over, a security of a registered firm;
  - (b) beneficial ownership of, or direct or indirect control or direction over, a security of a person or company of which a registered firm is a subsidiary;

- (c) all or a substantial part of the assets of a registered firm.

(2) The notice required under subsection (1) must be delivered to the regulator at least 30 days before the proposed acquisition and must include all relevant facts regarding the acquisition sufficient to enable the regulator to determine if the acquisition is

- (a) likely to give rise to a conflict of interest,
- (b) likely to hinder the registered firm in complying with securities legislation,
- (c) inconsistent with an adequate level of investor protection, or
- (d) otherwise prejudicial to the public interest.

(3) Subsection (1) does not apply to the following:

- (a) a proposed acquisition ~~in connection with an amalgamation, merger, arrangement, reorganization or treasury issue~~ if the beneficial ownership of, or direct or indirect control or direction over, the person or company whose security is to be acquired will not change;
- (b) a registrant who, alone or in combination with any other person or company, proposes to acquire securities that, together with the securities already beneficially owned, or over which direct or indirect control or direction is already exercised, do not exceed more than 10% of any class or series of securities ~~that are listed and posted for trading on an exchange~~.

(4) Except in Ontario and British Columbia, if, within 30 days of the regulator's receipt of a notice under subsection (1), the regulator notifies the registrant making the acquisition that the regulator objects to the acquisition, the acquisition must not occur until the regulator approves it.

(5) In Ontario, if, within 30 days of the regulator's receipt of a notice under subsection (1)(a) or (c), the regulator notifies the registrant making the acquisition that the regulator objects to the acquisition, the acquisition must not occur until the regulator approves it.

(6) Following receipt of a notice of objection under subsection (4) or (5), the person or company who submitted the notice to the regulator may request an opportunity to be heard on the matter.

#### 11.10 Registered firm whose securities are acquired

(1) A registered firm must give the regulator written notice in accordance with subsection (2) if it knows or has reason to believe that any person or company, alone or in combination with any other person or company, is about to acquire, or has acquired, beneficial ownership of, or direct or indirect control or direction over, 10% or more of any class or series of voting securities of any of the following:

- (a) the registered firm;
- (b) a person or company of which the registered firm is a subsidiary.

(2) The notice required under subsection (1) must,

- (a) be delivered to the regulator as soon as possible,
- (b) include the name of each person or company involved in the acquisition, and
- (c) after the registered firm has applied reasonable efforts to gather all relevant facts, include facts regarding the acquisition sufficient to enable the regulator to determine if the acquisition is
  - (i) likely to give rise to a conflict of interest,
  - (ii) likely to hinder the registered firm in complying with securities legislation,
  - (iii) inconsistent with an adequate level of investor protection, or
  - (iv) otherwise prejudicial to the public interest.

(3) This section does not apply to an ~~amalgamation, merger, arrangement, reorganization or treasury issue~~ acquisition in which the beneficial ownership of, or direct or indirect control or direction over, a registered firm does not change.

(4) This section does not apply if notice of the ~~transaction~~ acquisition was provided under section 11.9 [*registrant acquiring a registered firm's securities or assets*].

(5) Except in British Columbia and Ontario, if, within 30 days of the regulator's receipt of a notice under subsection (1), the regulator notifies the person or company making the acquisition that the regulator objects to the acquisition, the acquisition must not occur until the regulator approves it.

(6) In Ontario, if, within 30 days of the regulator's receipt of a notice under subsection (1)(a), the regulator notifies the person or company making the acquisition that the regulator objects to the acquisition, the acquisition must not occur until the regulator approves it.

(7) Following receipt of a notice of objection under subsection (5) or (6), the person or company proposing to make the acquisition may request an opportunity to be heard on the matter.

## Part 12 Financial condition

### Division 1 Working capital

#### 12.1 Capital requirements

(1) If, at any time, the excess working capital of a registered firm, as calculated using Form 31-103F1 *Calculation of Excess Working Capital*, is less than zero, the registered firm must notify the regulator as soon as possible.

(2) A registered firm must ensure that its excess working capital, as calculated using Form 31-103F1 *Calculation of Excess Working Capital*, is not less than zero for 2 consecutive days.

(3) For the purpose of completing Form 31-103F1 *Calculation of Excess Working Capital*, the minimum capital is

- (a) \$25,000, for a registered adviser that is not also a registered dealer or a registered investment fund manager,
- (b) \$50,000, for a registered dealer that is not also a registered investment fund manager, and
- (c) \$100,000, for a registered investment fund manager.

(4) Paragraph (3)(c) does not apply to a registered investment fund manager that is exempt from the dealer registration requirement under section 8.6 [~~adviser — non-prospectus-qualified investment fund trades by adviser to managed account~~] in respect of all investment funds for which it acts as adviser.

(5) This section does not apply to a registered firm that is a member of IIROC and is registered as an investment fund manager if all of the following apply:

- (a) the firm is required under IIROC rules to have minimum capital of not less than \$100,000 for the purpose of completing IIROC Form 1 *Joint Regulatory Financial Questionnaire and Report*;
- (b) the firm notifies the regulator as soon as possible if, at any time, the firm's risk adjusted capital, as calculated in accordance with IIROC Form 1 *Joint Regulatory Financial Questionnaire and Report* is less than zero;
- (c) the firm ensures that its risk adjusted capital, as calculated in accordance with IIROC Form 1 *Joint Regulatory Financial Questionnaire and Report*, is not less than zero for 2 consecutive days.

(6) This section does not apply to a mutual fund dealer that is a member of the MFDA if it is also registered as an exempt market dealer, a scholarship plan dealer or an investment fund manager and if all of the following apply:

- (a) for the purpose of completing MFDA Form 1 *MFDA Financial Questionnaire and Report*, the firm is required under MFDA rules to have minimum capital of not less than
  - (i) \$50,000, if the firm is registered as an exempt market dealer or scholarship plan dealer,

- (ii) \$100,000, if the firm is registered as an investment fund manager;
- (b) the firm notifies the regulator as soon as possible if, at any time, the firm's risk adjusted capital, as calculated in accordance with MFDA Form 1 MFDA Financial Questionnaire and Report is less than zero;
- (c) the firm ensures that its risk adjusted capital, as calculated in accordance with MFDA Form 1 MFDA Financial Questionnaire and Report, is not less than zero for 2 consecutive days.

## 12.2 Notifying the regulator of a subordination agreement

If a registered firm has executed a subordination agreement, the effect of which is to exclude an amount from its long-term related party debt as calculated on Form 31-103F1 *Calculation of Excess Working Capital*, the firm must notify the regulator 5 days before it

- (a) repays the loan or any part of the loan, or
- (b) terminates the agreement.

### Division 2 Insurance

## 12.3 Insurance – dealer

- (1) A registered dealer must maintain bonding or insurance
  - (a) that contains the clauses set out in Appendix A [*bonding and insurance clauses*], and
  - (b) that provides for a double aggregate limit or a full reinstatement of coverage.
- (2) A registered dealer must maintain bonding or insurance in respect of each clause set out in Appendix A ~~and~~ in the highest of the following amounts for each clause:
  - (a) \$50,000 per employee, agent and dealing representative or \$200,000, whichever is less to a maximum of \$200,000;
  - (b) one per cent of the total client assets that the dealer holds or has access to, as calculated using the dealer's most recent financial records, ~~or \$25,000,000, whichever is less to a maximum of \$25,000,000;~~
  - (c) one per cent of the dealer's total assets, as calculated using the dealer's most recent financial records, ~~or \$25,000,000, whichever is less to a maximum of \$25,000,000;~~
  - (d) the amount determined to be appropriate by a resolution of the dealer's board of directors, or individuals acting in a similar capacity for the firm.
- (3) In Québec, this section does not apply to a scholarship plan dealer or a mutual fund dealer registered only in Québec.

## 12.4 Insurance – adviser

- (1) A registered adviser must maintain bonding or insurance
  - (a) that contains the clauses set out in Appendix A [*bonding and insurance clauses*], and
  - (b) that provides for a double aggregate limit or a full reinstatement of coverage.
- (2) A registered adviser that does not hold or have access to client assets must maintain bonding or insurance in respect of each clause set out in Appendix A ~~and~~ in the amount of \$50,000 for each clause.
- (3) A registered adviser that holds or has access to client assets must maintain bonding or insurance in respect of each clause set out in Appendix A ~~and~~ in the highest of the following amounts for each clause:

- (a) one per cent of assets under management that the adviser holds or has access to, as calculated using the adviser's most recent financial records, ~~or \$25,000,000, whichever is less~~ to a maximum of \$25,000,000;
- (b) one per cent of the adviser's total assets, as calculated using the adviser's most recent financial records, ~~or \$25,000,000, whichever is less~~ to a maximum of \$25,000,000;
- (c) \$200,000;
- (d) the amount determined to be appropriate by a resolution of the adviser's board of directors or individuals acting in a similar capacity for the firm.

### 12.5 Insurance – investment fund manager

(1) A registered investment fund manager must maintain bonding or insurance

- (a) that contains the clauses set out in Appendix A [*bonding and insurance clauses*], and
- (b) that provides for a double aggregate limit or a full reinstatement of coverage.

(2) A registered investment fund manager must maintain bonding or insurance in respect of each clause set out in Appendix A ~~and~~ in the highest of the following amounts for each clause:

- (a) one per cent of assets under management, as calculated using the investment fund manager's most recent financial records, ~~or \$25,000,000, whichever is less~~ to a maximum of \$25,000,000;
- (b) one per cent of the investment fund manager's total assets, as calculated using the investment fund manager's most recent financial records, ~~or \$25,000,000, whichever is less~~ to a maximum of \$25,000,000;
- (c) \$200,000;
- (d) the amount determined to be appropriate by a resolution of the investment fund manager's board of directors or individuals acting in a similar capacity for the firm.

### 12.6 Global bonding or insurance

A registered firm may not maintain bonding or insurance under this Division that benefits, or names as an insured, another person or company unless the bond provides, without regard to the claims, experience or any other factor referable to that other person or company, the following:

- (a) the registered firm has the right to claim directly against the insurer in respect of losses, and any payment or satisfaction of those losses must be made directly to the registered firm;
- (b) the individual or aggregate limits under the policy may only be affected by claims made by or on behalf of
  - (i) the registered firm, or
  - (ii) a subsidiary of the registered firm whose financial results are consolidated with those of the registered firm.

### 12.7 Notifying the regulator of a change, claim or cancellation

A registered firm must, as soon as possible, notify the regulator in writing of any change in, claim made under, or cancellation of any insurance policy required under this Division.

*Division 3 Audits*

### 12.8 Direction by a regulator to conduct an audit or review

A registered firm must direct its auditor in writing to conduct any audit or review required by the regulator during its registration and must ~~submit~~ deliver a copy of the direction to the regulator

- (a) with its application for registration, and
- (b) no later than the 7th day after the registered firm changes its auditor.

### 12.9 Co-operating with the auditor

A registrant must not withhold, destroy or conceal any information or documents or otherwise fail to cooperate with a reasonable request made by an auditor of the registered firm in the course of an audit.

#### Division 4 Financial reporting

### 12.10 Annual financial statements

- (1) The annual financial statements delivered to the regulator under this Division must include the following:
- (a) an income statement, a statement of retained earnings and a cash flow statement, each prepared for the most recently completed financial year and the financial year immediately preceding the most recently completed financial year, if any;
  - (b) a balance sheet, signed by at least one director of the registered firm, as at the end of the most recently completed financial year and the financial year immediately preceding the most recently completed financial year, if any;
  - (c) notes to the financial statements.
- (2) The annual financial statements delivered to the regulator under this Division must be audited.
- (3) The annual financial statements delivered to the regulator under this Division must be prepared in accordance with National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*, except that the statements must be prepared on a non-consolidated basis.

### 12.11 Interim financial information

- (1) The interim financial information delivered to the regulator under this Division may be limited to the following:
- (a) an income statement for the interim period and for the same period of the immediately preceding financial year, if any;
  - (b) a balance sheet, signed by at least one director of the registered firm, as at the end of the interim period and for the same period of the immediately preceding financial year, if any.
- (2) The interim financial information delivered to the regulator under this Division must be prepared using the same accounting principles that the registered firm uses to prepare its annual financial statements.

### 12.12 Delivering financial information – dealer

- (1) A registered dealer must deliver the following to the regulator no later than the 90th day after the end of its financial year:
- (a) its annual financial statements for the financial year;
  - (b) a completed Form 31-103F1 *Calculation of Excess Working Capital*, showing the calculation of the dealer's excess working capital as at the end of the financial year and as at the end of the immediately preceding financial year, if any.
- (2) A registered dealer must deliver the following to the regulator no later than the 30th day after the end of the first, second and third quarter of its financial year:
- (a) its interim financial information for the quarter;
  - (b) a completed Form 31-103F1 *Calculation of Excess Working Capital*, showing the calculation of the dealer's excess working capital as at the end of the quarter and as at the end of the immediately preceding quarter, if any.

**(2.1)** If a registered firm is a member of the MFDA and is registered as an exempt market dealer or scholarship plan dealer, the firm is exempt from paragraphs (1)(b) and (2)(b) if all of the following apply:

- (a) the firm is required under MFDA rules to have minimum capital of not less than \$50,000 for the purpose of completing MFDA Form 1 *MFDA Financial Questionnaire and Report*;
- (b) the firm delivers to the regulator a completed MFDA Form 1 *MFDA Financial Questionnaire and Report* no later than the 90<sup>th</sup> day after the end of its financial year that shows the calculation of the firm's risk adjusted capital as at the end of the financial year and as at the end of the immediately preceding financial year, if any;
- (c) the firm delivers to the regulator a completed MFDA Form 1 *MFDA Financial Questionnaire and Report* no later than the 30<sup>th</sup> day after the end of the first, second and third quarter of its financial year that shows the calculation of the firm's risk adjusted capital as at the end of the quarter and as at the end of the immediately preceding month, if any.

**(3)** Subsection (2) does not apply to an exempt market dealer unless it is also registered in another category.

### **12.13 Delivering financial information – adviser**

A registered adviser must deliver the following to the regulator no later than the 90th day after the end of its financial year:

- (a) its annual financial statements for the financial year;
- (b) a completed Form 31-103F1 *Calculation of Excess Working Capital*, showing the calculation of the adviser's excess working capital as at the end of the financial year and as at the end of the immediately preceding financial year, if any.

### **12.14 Delivering financial information – investment fund manager**

**(1)** A registered investment fund manager must deliver the following to the regulator no later than the 90th day after the end of its financial year:

- (a) its annual financial statements for the financial year;
- (b) a completed Form 31-103F1 *Calculation of Excess Working Capital*, showing the calculation of the investment fund manager's excess working capital as at the end of the financial year and as at the end of the immediately preceding financial year, if any;
- (c) a description of any net asset value adjustment made in respect of an investment fund managed by the investment fund manager during the financial year.

**(2)** A registered investment fund manager must deliver the following to the regulator no later than the 30th day after the end of the first, second and third quarter of its financial year:

- (a) its interim financial information for the quarter;
- (b) a completed Form 31-103F1 *Calculation of Excess Working Capital*, showing the calculation of the investment fund manager's excess working capital as at the end of the quarter and as at the end of the immediately preceding quarter, if any;
- (c) a description of any net asset value adjustment made in respect of an investment fund managed by the investment fund manager during the quarter.

**(3)** A description of a net asset value adjustment referred to in this section must include the following:

- (a) the name of the fund;
- (b) assets under administration of the fund;
- (c) the cause of the adjustment;
- (d) the dollar amount of the adjustment;

- (e) the effect of the adjustment on net asset value per unit or share and any corrections made to purchase and sale transactions affecting either the investment fund or security holders of the investment fund.

**(4)** If a registered firm is a member of IIROC and is registered as an investment fund manager, the firm is exempt from paragraphs (1)(b) and (2)(b) if

- (a) the firm is required under IIROC rules to have minimum capital of not less than \$100,000 for the purpose of completing IIROC Form 1 *Joint Regulatory Financial Questionnaire and Report*.
- (b) the firm delivers to the regulator a completed IIROC Form 1 *Joint Regulatory Financial Questionnaire and Report* no later than the 90<sup>th</sup> day after the end of its financial year that shows the calculation of the firm's risk adjusted capital as at the end of the financial year and as at the end of the immediately preceding financial year, if any, and
- (c) the firm delivers to the regulator a completed IIROC Form 1 *Joint Regulatory Financial Questionnaire and Report* no later than the 30<sup>th</sup> day after the end of the first, second and third quarter of its financial year that shows the calculation of the firm's risk adjusted capital as at the end of the quarter and as at the end of the immediately preceding month, if any.

**(5)** If a registered firm is a member of the MFDA and is registered as an investment fund manager, the firm is exempt from paragraphs (1)(b) and (2)(b) if

- (a) the firm is required under MFDA rules to have minimum capital of not less than \$100,000 for the purpose of completing MFDA Form 1 *MFDA Financial Questionnaire and Report*.
- (b) the firm delivers to the regulator a completed MFDA Form 1 *MFDA Financial Questionnaire and Report* no later than the 90<sup>th</sup> day after the end of its financial year that shows the calculation of the firm's risk adjusted capital as at the end of the financial year and as at the end of the immediately preceding financial year, if any, and
- (c) the firm delivers to the regulator a completed MFDA Form 1 *MFDA Financial Questionnaire and Report* no later than the 30<sup>th</sup> day after the end of the first, second and third quarter of its financial year that shows the calculation of the firm's risk adjusted capital as at the end of the quarter and as at the end of the immediately preceding month, if any.

## Part 13 Dealing with clients – individuals and firms

### Division 1 *Know your client and suitability*

#### 13.1 Investment fund managers exempt from this Division

This Division does not apply to an investment fund manager in respect of its activities as an investment fund manager.

#### 13.2 Know your client

(1) For the purpose of paragraph 2(b) in Ontario, Nova Scotia and New Brunswick, “insider” has the meaning ascribed to that term in the *Securities Act* except that “reporting issuer”, as it appears in the definition of “insider”, is to be read as “reporting issuer or any other issuer whose securities are publicly traded”.

(2) A registrant must take reasonable steps to

- (a) establish the identity of a client and, if the registrant has cause for concern, make reasonable inquiries as to the reputation of the client,
- (b) establish whether the client is an insider of a reporting issuer or any other issuer whose securities are publicly traded,
- (c) ensure that it has sufficient information regarding all of the following to enable it to meet its obligations under section 13.3 or, if applicable, the suitability requirement imposed by an SRO:
  - (i) the client's investment needs and objectives;

- (ii) the client's financial circumstances;
  - (iii) the client's risk tolerance, and
  - (d) establish the creditworthiness of the client if the registered firm is financing the client's acquisition of a security.
- (3) For the purpose of establishing the identity of a client that is a corporation, partnership or trust under paragraph (2)(a), the registrant must establish the following:
- (a) the nature of the client's business;
  - (b) the identity of any individual who,
    - (i) in the case of a corporation, is a beneficial owner of, or exercises direct or indirect control or direction over, more than 10% of the voting rights attached to the outstanding voting securities of the corporation, or
    - (ii) in the case of a partnership or trust, exercises control over the affairs of the partnership or trust.
- (4) A registrant must take reasonable steps to keep the information required under this section current.
- (5) This section does not apply if the client is a registered firm, a Canadian financial institution or a Schedule III bank.
- (6) Paragraph (2)(c) does not apply to a registrant in respect of a permitted client if
- (a) the permitted client has waived, in writing, the requirements under subsections 13.3(1) and (2), and
  - (b) the registrant does not act as an adviser in respect of a managed account of the permitted client.
- (7) Paragraph (2)(b) does not apply to a registrant if the registrant is registered in only one or more of the following categories:
- (a) a mutual fund dealer or a dealing representative, chief compliance officer or ultimate designated person of a mutual fund dealer;
  - (b) a scholarship fund dealer or a dealing representative, chief compliance officer or ultimate designated person of a scholarship fund dealer;
  - (c) an investment fund manager or a chief compliance officer or ultimate designated person of an investment fund manager.

### 13.3 Suitability

- (1) A registrant must take reasonable steps to ensure that, before it makes a recommendation to or accepts an instruction from a client to buy or sell a security, or makes a purchase or sale of a security for a client's managed account, the purchase or sale is suitable for the client.
- (2) If a client instructs a registrant to buy, sell or hold a security and in the registrant's reasonable opinion following the instruction would not be suitable for the client, the registrant must inform the client of the registrant's opinion and must not buy or sell the security unless the client instructs the registrant to proceed nonetheless.
- (3) This section does not apply if the client is a registered firm, a Canadian financial institution or a Schedule III bank.
- (4) This section does not apply to a registrant in respect of a permitted client if
- (a) the permitted client has waived, in writing, the requirements under this section, and
  - (b) the registrant does not act as an adviser in respect of a managed account of the permitted client.

## Division 2 Conflicts of interest

**13.4 Identifying and responding to conflicts of interest**

(1) A registered firm must take reasonable steps to identify existing material conflicts of interest, and material conflicts of interest that the registered firm in its reasonable opinion would expect to arise, between the firm, including each individual acting on the firm's behalf, and a client.

(2) A registered firm must respond to an existing or potential conflict of interest identified under subsection (1).

(3) If a reasonable investor would expect to be informed of a conflict of interest identified under subsection (1), the registered firm must disclose, in a timely manner, the nature and extent of the conflict of interest to the client whose interest conflicts with the interest identified.

(4) This section does not apply to an investment fund manager in respect of an investment fund that is subject to National Instrument 81-107 *Independent Review Committee for Investment Funds*.

**13.5 Restrictions on certain managed account transactions**

(1) In this section, "responsible person" means, for a ~~registered~~ an adviser,

- (a) the adviser,
- (b) a partner, director or officer of the adviser, and
- (c) each of the following who has access to, or participates in formulating, an investment decision made on behalf of a client of the adviser or advice to be given to a client of the adviser:
  - (i) an employee or agent of the adviser;
  - (ii) an affiliate of the adviser;
  - (iii) a partner, director, officer, employee or agent of an affiliate of the adviser.

(2) A registered adviser, or a registered dealer that is a member of IIROC and conducts advising activities in accordance with the rules of IIROC, must not knowingly cause an investment portfolio managed by it, including an investment fund for which it acts as an adviser, to do any of the following:

- (a) purchase a security of an issuer in which a responsible person, or an associate of a responsible person is a partner, officer or director unless
  - (i) this fact is disclosed to the client, and
  - (ii) the written consent of the client to the purchase is obtained before the purchase;
- (b) purchase or sell a security from or to the investment portfolio of any of the following:
  - (i) a responsible person;
  - (ii) an associate of a responsible person;
  - (iii) an investment fund for which a responsible person acts as an adviser;
- (c) provide a guarantee or loan to a responsible person or an associate of a responsible person.

**13.6 Disclosure when recommending related or connected securities**

A registered firm must not make a recommendation in any medium of communication to buy, sell or hold a security issued by the registered firm, a security of a related issuer or, during the security's distribution, a security of a connected issuer of the registered firm, unless any of the following apply:

- (a) the firm discloses, in the same medium of communication, the nature and extent of the relationship or connection between the firm and the issuer;

- (b) the recommendation is in respect of a security of a mutual fund, a scholarship plan, an educational plan or an educational trust that is an affiliate of, or is managed by an affiliate of, the registered firm and the names of the registered firm and the fund, plan or trust, as the case may be, are sufficiently similar to indicate that they are affiliated.

Division 3 Referral arrangements

### 13.7 Definitions – referral arrangements

In this Division

“client” includes a prospective client;

“referral arrangement” means any arrangement in which a registrant agrees to pay or receive a referral fee;

“referral fee” means any form of compensation, direct or indirect, paid for the referral of a client to or from a registrant.

### 13.8 Permitted referral arrangements

A ~~registrant~~ registered firm, or a registered individual whose registration is sponsored by the registered firm, must not participate in a referral arrangement with another person or company unless,

- (a) before a client is referred by or to the registrant, the terms of the referral arrangement are set out in a written agreement between the registered firm and the person or company:
- (i) ~~the registrant,~~
  - (ii) ~~the person or company making or receiving the referral, and~~
  - (iii) ~~if the registrant is a registered individual, the registered firm on whose behalf the registered individual acts,~~
- (b) ~~the registrant or, if the registrant acts on behalf of a registered firm, the registered firm,~~ records all referral fees ~~on its records,~~ and
- (c) the registrant ensures that the information prescribed by subsection 13.10(1) [*disclosing referral arrangements to clients*] is provided to the client in writing before the ~~earlier of the opening of party receiving the referral either opens an account for the client’s account or any~~ provides services are provided to the client by the person or company receiving the referral.

### 13.9 Verifying the qualifications of the person or company receiving the referral

A ~~registrant that refers~~ registered firm, or a registered individual whose registration is sponsored by the registered firm, must not ~~refer~~ a client to another person or company ~~must take unless the firm first takes~~ reasonable steps to satisfy ~~himself, herself or~~ itself that the person or company has the appropriate qualifications to provide the services, and if applicable, is registered to provide those services.

### 13.10 Disclosing referral arrangements to clients

(1) The written disclosure of the referral arrangement required by subsection 13.8(c) [*permitted referral arrangements*] must include the following:

- (a) the name of each party to the ~~referral arrangement~~ agreement referred to in paragraph 13.8(a);
- (b) the purpose and material terms of the ~~referral arrangement~~ agreement, including the nature of the services to be provided by each party;
- (c) any conflicts of interest resulting from the relationship between the parties to the ~~referral arrangement~~ agreement and from any other element of the referral arrangement;
- (d) the method of calculating the referral fee and, to the extent possible, the amount of the fee;

- (e) the category of registration of each registrant that is a party to the agreement with a description of the activities that the registrant is authorized to engage in under that category and, giving consideration to the nature of the referral, the activities that the registrant is not permitted to engage in;
- (f) if a referral is made to a registrant, a statement that all activity requiring registration resulting from the referral arrangement will be provided by the registrant receiving the referral;
- (g) any other information that a reasonable client would consider important in evaluating the referral arrangement.

(2) If there is a change to the information set out in subsection (1), the registrant must ensure that written disclosure of that change is provided to each client affected by the change as soon as possible and no later than the 30th day before the date on which a referral fee is next paid or received.

### 13.11 Referral arrangements before this Instrument came into force

(1) This Division applies to a referral arrangement entered into before this Instrument came into force if a referral fee is paid under the referral arrangement after this Instrument comes into force.

(2) Subsection (1) does not apply until 6 months after this Instrument comes into force.

#### Division 4 Loans and margin

### 13.12 Restriction on lending to clients

A registrant must not lend money, extend credit or provide margin to a client.

### 13.13 Disclosure when recommending the use of borrowed money

(1) If a registrant recommends that a client should use borrowed money to finance any part of a purchase of a security, the registrant must, before the purchase, provide the client with a written statement that is substantially similar to the following:

*“Using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources only. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the securities purchased declines.”*

(2) Subsection (1) does not apply if one of the following applies:

- (a) the registrant has provided the client with the statement described under subsection (1) no earlier than the 180th day before the date of the proposed purchase;
- (b) ~~the proposed purchase is on margin and the client’s margin account is maintained at a registered firm that is a member of IIROC or the MFDA, or~~ repealed
- (c) the client is a permitted client.

#### Division 5 Complaints

### 13.14 Application of this Division

(1) This Division does not apply to an investment fund manager in respect of its activities as an investment fund manager.

(2) A registered firm in Québec is deemed to comply with this Division if it complies with sections 168.1.1 to 168.1.3 of the *Securities Act* (Québec).

### 13.15 Handling complaints

A registered firm must document and, in a manner that a reasonable investor would consider fair and effective, respond to each complaint made to the registered firm about any product or service offered by the firm or a representative of the firm.

**13.16 Dispute resolution service**

(1) A registered firm must ensure that independent dispute resolution or mediation services are made available, at the firm's expense, to a client to resolve a complaint made by the client about ~~any trading or advising activity~~ of the firm or one of its representatives. In respect of any of the following:

- (a) a trading or advising activity;
- (b) a breach of client confidentiality;
- (c) theft, fraud, misappropriation or forgery;
- (d) misrepresentation;
- (e) an undisclosed or prohibited conflict of interest;
- (f) personal financial dealings with the client.

(2) If a person or company makes a complaint to a registered firm about ~~any trading or advising activity~~ of the firm or one of its representatives in respect of any activity listed in subsection (1), the registered firm must as soon as possible inform the person or company of how to contact and use the dispute resolution or mediation services which are provided to the firm's clients.

**Part 14 Handling client accounts – firms**

*Division 1 Exemption for investment fund managers*

**14.1 Investment fund managers exempt from Part 14**

Other than ~~sections~~ sections 14.6 [holding client assets in trust], 14.12(5) [content and delivery of trade confirmation] and 14.14 [account statements], this Part does not apply to an investment fund manager in respect of its activities as an investment fund manager.

*Division 2 Disclosure to clients*

**14.2 Relationship disclosure information**

(1) A registered firm must deliver to a client all information that a reasonable investor would consider important about the client's relationship with the registrant.

(2) The information required to be delivered under subsection (1) includes all of the following:

- (a) a description of the nature or type of the client's account;
- (b) a discussion that identifies the products or services the registered firm offers to a client;
- (c) a description of the types of risks that a client should consider when making an investment decision;
- (d) a description of the risks to a client of using borrowed money to finance a purchase of a security;
- (e) a description of the conflicts of interest that the registered firm is required to disclose to a client under securities legislation;
- (f) disclosure of all costs to a client for the operation of an account;
- (g) a description of the costs a client will pay in making, holding and selling investments;
- (h) a description of the compensation paid to the registered firm in relation to the different types of products that a client may purchase through the registered firm;
- (i) a description of the content and frequency of reporting for each account or portfolio of a client;

- (j) disclosure that independent dispute resolution or mediation services are available to a client, at the registered firm's expense, to mediate any dispute that might arise between the client and the firm about a product or service of the firm;
  - (k) a statement that the registered firm has an obligation to assess whether a purchase or sale of a security is suitable for a client prior to executing the transaction or at any other time;
  - (l) the information a registered firm must collect about the client under section 13.2 [*know your client*].
- (3) A registered firm must deliver to a client the information in subsection (1) before the firm first
- (a) purchases or sells a security for the client, or
  - (b) advises the client to purchase, sell or hold a security.
- (4) If there is a significant change to the information delivered to a client under subsection (1), the registered firm must take reasonable steps to notify the client of the change in a timely manner and, if possible, before the firm next
- (a) purchases or sells a security for the client, or
  - (b) advises the client to purchase, sell or hold a security.
- (5) This section does not apply if the client is a registered firm, a Canadian financial institution or a Schedule III bank.
- (6) This section does not apply to a registrant in respect of a permitted client if
- (a) the permitted client has waived, in writing, the requirements under this section, and
  - (b) the registrant does not act as an adviser in respect of a managed account of the permitted client.

#### 14.3 Disclosure to clients about the fair allocation of investment opportunities

A registered adviser must deliver to a client a summary of the policies required under section 11.1 [*compliance system*] that provide reasonable assurance that the firm and each individual acting on its behalf complies with section 14.10 [*allocating investment opportunities fairly*] and that summary must be delivered

- (a) when the adviser opens an account for the client, and
- (b) if there is a significant change to the summary last delivered to the client, in a timely manner and, if possible, before the firm next
  - (i) purchases or sells a security for the client, or
  - (ii) advises the client to purchase, sell or hold a security.

#### 14.4 When the firm has a relationship with a financial institution

(1) If a registered firm opens a client account to trade in securities, in an office or branch of a Canadian financial institution or a Schedule III bank, the registered firm must give the client a written notice stating that it is a separate legal entity from the Canadian financial institution or Schedule III bank and, unless otherwise advised by the registrant, securities purchased from or through the registrant

- (a) are not insured by a government deposit insurer,
- (b) are not guaranteed by the Canadian financial institution or Schedule III bank, and
- (c) may fluctuate in value.

(2) A registered firm that is subject to subsection (1) must receive a written confirmation from the client that the client has read and understood the notice before the registered firm

- (a) purchases or sells a security for the client, or

(b) advises the client to purchase, sell or hold a security.

(3) This section does not apply to a registered firm if the client is a permitted client.

#### 14.5 Notice to clients by non-resident registrants

(1) A registered firm whose head office is not located in the local jurisdiction must provide its clients in the local jurisdiction with a statement in writing disclosing the following:

- (a) the non-resident status of the registrant firm;
- (b) the registrant firm's jurisdiction of residence;
- (c) the name and address of the agent for service of process of the registrant firm in the local jurisdiction;
- (d) the nature of risks to clients that legal rights may not be enforceable in the local jurisdiction.

(2) This section does not apply to a registered firm whose head office is in Canada if the firm has a physical place of business in the local jurisdiction.

#### Division 3 Client assets

#### 14.6 Holding client assets in trust

A registered firm that holds client assets must hold the assets

- (a) separate and apart from its own property,
- (b) in trust for the client, and
- (c) in the case of cash, in a designated trust account at a Canadian financial institution, a Schedule III bank, or a member of IIROC.

#### 14.7 Holding client assets – non-resident registrants

- (1) A registered firm whose head office is not located in a jurisdiction of Canada must ensure that all client assets are held
- (a) in the client's name,
  - (b) on behalf of the client by a custodian or sub-custodian that
    - (i) meets the guidelines prescribed for acting as a sub-custodian of the portfolio securities of a mutual fund in Part 6 of National Instrument 81-102 *Mutual Funds*, and
    - (ii) is subject to the Bank for International Settlements' framework for international convergence of capital measurement and capital standards, or
  - (c) on behalf of the client by a registered dealer that is a member of an SRO and that is a member of Canadian Investor Protection Fund or other comparable compensation fund or contingency trust fund.

(2) Section 14.6 [*holding client assets in trust*] does not apply to a registered firm that is subject to subsection (1).

#### 14.8 Securities subject to a safekeeping agreement

A registered firm that holds unencumbered securities for a client under a written safekeeping agreement must

- (a) segregate the securities from all other securities,
- (b) identify the securities as being held in safekeeping for the client in
  - (i) the registrant's security position record,

- (ii) the client's ledger, and
- (iii) the client's statement of account, and
- (c) release the securities only on an instruction from the client.

#### 14.9 Securities not subject to a safekeeping agreement

(1) A registered firm that holds unencumbered securities for a client other than under a written safekeeping agreement must

- (a) segregate and identify the securities as being held in trust for the client, and
- (b) describe the securities as being held in segregation on
  - (i) the registrant's security position record,
  - (ii) the client's ledger, and
  - (iii) the client's statement of account.

(2) Securities described in subsection (1) may be segregated in bulk.

#### Division 4 Client accounts

#### 14.10 Allocating investment opportunities fairly

A registered adviser must ensure fairness in allocating investment opportunities among its clients.

#### 14.11 Selling or assigning client accounts

If a registered firm proposes to sell or assign a client's account in whole or in part to another registrant, the registered firm must, prior to the sale or assignment, give a written explanation of the proposal to the client and inform the client of the client's right to close the client's account.

#### Division 5 Account activity reporting

#### 14.12 Content and delivery of trade confirmation

(1) ~~Subject to subsection (2), a~~ registered dealer that has acted on behalf of a client in connection with a purchase or sale of a security must promptly deliver to the client or, if the client consents in writing, to a registered adviser acting for the client, a written confirmation of the transaction, setting out the following:

- (a) the quantity and description of the security purchased or sold;
- (b) the price per security paid or received by the client;
- (c) the commission, sales charge, service charge and any other amount charged in respect of the transaction;
- (d) whether the registered dealer acted as principal or agent;
- (e) the date and the name of the marketplace, if any, on which the transaction took place, or if applicable, a statement that the transaction took place on more than one marketplace or over more than one day;
- (f) the name of the dealing representative, if any, in the transaction;
- (g) the settlement date of the transaction;
- (h) if applicable, that the security is a security of the registrant, a security of a related issuer of the registrant or, if the transaction occurred during the security's distribution, a security of a connected issuer of the registered dealer.

(2) If a transaction under subsection (1) involved more than one transaction or if the transaction took place on more than one marketplace the information referred to in subsection (1) may be set out in the aggregate if the confirmation also contains a statement that additional details concerning the transaction will be provided to the client upon request and without additional charge.

(3) Paragraph (1)(h) does not apply if the security is a security of a mutual fund that is an affiliate of the registered dealer and the names of the dealer and the fund are sufficiently similar to indicate that they are affiliated.

(4) For the purpose of paragraph (1)(f), a dealing representative may be identified by means of a code or symbol if the confirmation also contains a statement that the name of the dealing representative will be provided to the client on request of the client.

(5) A registered investment fund manager that has executed a redemption order received directly from a security holder must promptly deliver to the security holder a written confirmation of the redemption, setting out the following:

- (a) the quantity and description of the security redeemed;
- (b) the price per security received by the client;
- (c) the commission, sales charge, service charge and any other amount charged in respect of the redemption;
- (d) the settlement date of the redemption.

#### 14.13 ~~Semi-annual confirmations~~Confirmations for certain automatic plans

The requirement under section 14.12 [*content and delivery of trade confirmation*] to deliver a confirmation promptly does not apply to a registered dealer in respect of a transaction if all of the following apply:

- (a) the client gave the dealer prior written notice that the transaction is made pursuant to the client's participation in an automatic payment plan, including a dividend reinvestment plan, or an automatic withdrawal plan in which a transaction is made at least monthly;
- (b) the registered dealer delivered a confirmation as required under section 14.12 [*content and delivery of trade confirmation*] for the first transaction made under the plan after receiving the notice referred to in paragraph (a);
- (c) the transaction is in a security of a mutual fund, scholarship plan, educational plan or educational trust;
- (d) ~~the registered dealer delivers the information required under section 14.12 [*content and delivery of trade confirmation*] for the transaction semi annually to the client or, if the client consents, to a registered adviser acting for the client.~~[repealed]

#### 14.14 ~~Client~~Account statements

(1) A registered dealer must deliver a statement to a client at least once every 3 months.

(2) Despite subsection (1), a registered dealer, other than a mutual fund dealer, must deliver a statement to a client at the end of a month if any of the following apply:

- (a) the client has requested receiving statements on a monthly basis;
- (b) during the month, a transaction was effected in the account other than a transaction made under an automatic withdrawal plan or an automatic payment plan, including a dividend reinvestment plan.

(3) Except if the client has otherwise directed, a registered adviser must deliver a statement to a client at least once every 3 months.

(3.1) If there is no dealer of record for a security holder on the records of a registered investment fund manager, the investment fund manager must deliver a statement to the security holder at least once every 12 months.

(4) A statement delivered under subsection (1), (2) ~~or~~ (3) or (3.1) must include all of the following information for each transaction made for the client or security holder during the period covered by the statement:

- (a) the date of the transaction;
- (b) ~~whether the type of transaction was a purchase, sale or transfer;~~
- (c) the name of the security ~~purchased or sold;~~
- (d) the number of securities ~~purchased or sold;~~
- (e) the price per security ~~paid or received by the client;~~
- (f) the total value of the transaction.

(5) A statement delivered under subsection (1), (2) ~~or~~ (3) or (3.1) must include all of the following information about the client's or security holder's account as at the end of the period for which the statement is made:

- (a) the name and quantity of each security in the account;
- (b) the ~~market~~fair value of each security in the account;
- (c) the total ~~market~~fair value of each security position in the account;
- (d) any cash balance in the account;
- (e) the total ~~market~~fair value of all cash and securities in the account.

(5.1) After having determined the fair value of a security, if the registered firm, acting reasonably, determines that the fair value is not reliable, the registrant must do both of the following:

- (a) for the purpose of paragraphs (5)(b) and (c), indicate that the fair value of the security is not determinable;
- (b) exclude the security from the calculation described under paragraph (5)(e) and indicate that the security has been excluded from this calculation.

(5.2) Despite the requirement under subsection (5) to use the fair value of a security as at the end of the period for which the statement is made, a registered firm may use a fair value that was determined not more than 3 months before the end of the period for which the statement is made if both of the following apply:

- (a) the security does not trade on an active market, as that term is defined in International Financial Reporting Standards;
- (b) on a statement delivered to the client within the last 3 months, the firm used the fair value of the security as at the end of the period for which that statement was made.

(6) Subsections (1) and (2) do not apply to a scholarship plan dealer if the dealer delivers to the client a statement at least once every 12 months that provides the information in subsections (4) and (5).

## Part 15 Granting an exemption

### 15.1 Who can grant an exemption

(1) The regulator or the 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.

(3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction.

**Part 16 Transition****16.1 Change of registration categories – individuals**

On the day this Instrument comes into force, an individual registered in a category referred to in

- (a) column 1 of Appendix C [*new category names – individuals*], opposite the name of the local jurisdiction, is registered as a dealing representative,
- (b) column 2 of Appendix C [*new category names – individuals*], opposite the name of the local jurisdiction, is registered as an advising representative, and
- (c) column 3 of Appendix C [*new category names – individuals*], opposite the name of the local jurisdiction, is registered as an associate advising representative.

**16.2 Change of registration categories – firms**

On the day this Instrument comes into force, a person or company registered in a category referred to in

- (a) column 1 of Appendix D [*new category names – firms*], opposite the name of the local jurisdiction, is registered as an investment dealer,
- (b) column 2 of Appendix D [*new category names – firms*], opposite the name of the local jurisdiction, is registered as a mutual fund dealer,
- (c) column 3 of Appendix D [*new category names – firms*], opposite the name of the local jurisdiction, is registered as a scholarship plan dealer,
- (d) column 4 of Appendix D [*new category names – firms*], opposite the name of the local jurisdiction, is registered as a restricted dealer,
- (e) column 5 of Appendix D [*new category names – firms*], opposite the name of the local jurisdiction, is registered as a portfolio manager, and
- (f) column 6 of Appendix D [*new category names – firms*], opposite the name of the local jurisdiction, is registered as a restricted portfolio manager.

**16.3 Change of registration categories – limited market dealers**

(1) This section applies in Ontario and Newfoundland and Labrador.

(2) On the day this Instrument comes into force, a person or company registered as a limited market dealer is registered as an exempt market dealer.

(3) On the day this Instrument comes into force, an individual registered to trade on behalf of a limited market dealer is registered as a dealing representative of the dealer.

(4) Sections 12.1 [*capital requirements*] and 12.2 [*notifying the regulator of a subordination agreement*] do not apply to a person or company registered as an exempt market dealer under subsection (2) until one year after this Instrument comes into force.

(5) Sections 12.3 [*insurance – dealer*] and 12.7 [*notifying the regulator of a change, claim or cancellation*] do not apply to a person or company registered as an exempt market dealer under subsection (2) until 6 months after this Instrument comes into force.

**16.4 Registration for investment fund managers active when this Instrument comes into force**

(1) The requirement to register as an investment fund manager does not apply to a person or company that is acting as an investment fund manager on the day this Instrument comes into force

- (a) until one year after this Instrument comes into force, or

- (b) if the person or company applies for registration as an investment fund manager within one year after this Instrument comes into force, until the regulator has accepted or refused the registration.

(2) ~~Subsection (1) is [repealed one year after this Instrument comes into force.]~~

(3) Section 12.5 [*insurance – investment fund manager*] does not apply to a registered dealer or a registered adviser that is acting as an investment fund manager on the day this Instrument comes into force.

(4) Subsection (3) is repealed one year after this Instrument comes into force.

#### **16.5 Temporary exemption for Canadian investment fund manager registered in its principal jurisdiction**

(1) An investment fund manager is not required to register in the local jurisdiction if it is registered, or has applied for registration, in the jurisdiction of Canada in which its head office is located.

(2) Subsection (1) is repealed 2 years after this Instrument comes into force .

#### **16.6 Temporary exemption for foreign investment fund managers**

(1) The investment fund manager registration requirement does not apply to a person or company that is acting as an investment fund manager if its head office is in not in a jurisdiction of Canada.

(2) Subsection (1) is repealed 2 years after this Instrument comes into force .

#### **16.7 Registration of exempt market dealers**

(1) This section does not apply in Ontario and Newfoundland and Labrador.

(2) In this section, “the exempt market” means those trading and underwriting activities listed in subparagraph 7.1(2)(d) [*dealer categories*].

(3) The requirement to register as an exempt market dealer does not apply to a person or company that acts as a dealer in the exempt market on the day this Instrument comes into force

- (a) until one year after this Instrument comes into force, or

- (b) if the person or company applies for registration as an exempt market dealer within one year after this Instrument comes into force, until the regulator has accepted or refused the registration.

(4) The requirement to register as a dealing representative of an exempt market dealer does not apply to an individual who acts as a dealer in the exempt market on the day this Instrument comes into force

- (a) until one year after this Instrument comes into force, or

- (b) if the individual applies to be registered as a dealing representative of an exempt market dealer within one year after this Instrument comes into force, until the regulator has accepted or refused the registration.

#### **16.8 Registration of ultimate designated persons**

If a person or company is a registered firm on the day this Instrument comes into force, section 11.2 [*designating an ultimate designated person*] does not apply to the firm

- (a) until 3 months after this Instrument comes into force, or

- (b) if an individual applies to be registered as the ultimate designated person of the firm within 3 months after this Instrument comes into force, until the regulator has accepted or refused the registration.

#### **16.9 Registration of chief compliance officers**

(1) If a person or company is a registered firm on the date this Instrument comes into force, section 11.3 [*designating a chief compliance officer*] does not apply to the firm

- (a) until 3 months after this Instrument comes into force, or
- (b) if an individual applies to be registered as the chief compliance officer of the firm within 3 months after this Instrument comes into force, until the regulator has accepted or refused the registration.

(2) If an individual applies to be registered as the chief compliance officer of a registered firm within 3 months after this Instrument comes into force and the individual was identified on the National Registration Database as the firm's compliance officer in a jurisdiction of Canada on the date this Instrument came into force, the following sections do not apply in respect of the individual so long as he or she remains registered as the firm's chief compliance officer:

- (a) section 3.6 [*mutual fund dealer – chief compliance officer*], if the registered firm is a mutual fund dealer;
- (b) section 3.8 [*scholarship plan dealer – chief compliance officer*], if the registered firm is a scholarship plan dealer;
- (c) section 3.13 [*portfolio manager – chief compliance officer*], if the registered firm is a portfolio manager.

(3) If an individual applies to be registered as the chief compliance officer of a registered firm within 3 months after this Instrument comes into force and the individual was not identified on the National Registration Database as the firm's compliance officer on the date this Instrument came into force, the following sections do not apply in respect of the individual until one year after this Instrument comes into force:

- (a) section 3.6 [*mutual fund dealer – chief compliance officer*], if the registered firm is a mutual fund dealer;
- (b) section 3.8 [*scholarship plan dealer – chief compliance officer*], if the registered firm is a scholarship plan dealer;
- (c) section 3.10 [*exempt market dealer – chief compliance officer*], if the registered firm is an exempt market dealer;
- (d) section 3.13 [*portfolio manager – chief compliance officer*], if the registered firm is a portfolio manager.

(4) In Ontario and Newfoundland and Labrador, despite paragraph (3)(c), if an individual applies to be registered as the chief compliance officer of an exempt market dealer within 3 months after this Instrument comes into force, section 3.10 [*exempt market dealer – chief compliance officer*] does not apply in respect of the individual until one year after this Instrument comes into force.

#### 16.10 Proficiency for dealing and advising representatives

(1) Subject to subsections (2) and (3), if an individual is registered in a jurisdiction of Canada as a dealing or advising representative in a category referred to in a section of Division 2 of Part 3 [*education and experience requirements*] on the day this Instrument comes into force, that section does not apply to the individual so long as the individual remains registered in the category.

(2) Section 3.7 [*scholarship plan dealer – dealing representative*] does not apply to an individual until one year after this Instrument comes into force if the individual is registered as a dealing representative of a scholarship plan dealer on the day this Instrument comes into force.

(3) In Ontario and Newfoundland and Labrador, section 3.9 [*exempt market dealer – dealing representative*] does not apply to an individual until one year after this Instrument comes into force if the individual is registered as a dealing representative of an exempt market dealer on the day this Instrument comes into force.

#### 16.11 Capital requirements

(1) A person or company that is a registered firm on the day this Instrument comes into force is exempt from sections 12.1 [*capital requirements*] and 12.2 [*notifying the regulator of a subordination agreement*] if it complies with each provision listed in Appendix E [*non-harmonized capital requirements*] across from the name of the firm's principal jurisdiction.

(2) Subsection (1) is repealed one year after this Instrument comes into force.

**16.12 Continuation of existing discretionary relief**

A person or company that was entitled to rely on an exemption, waiver or approval granted to it by a regulator or securities regulatory authority relating to a requirement under securities legislation or securities directions existing immediately before this Instrument came into force is exempt from any substantially similar provision of this Instrument to the same extent and on the same conditions, if any, as contained in the exemption, waiver or approval.

**16.13 Insurance requirements**

(1) A person or company that is a registered firm on the day this Instrument comes into force is exempt from sections 12.3 [*insurance – dealer*] to 12.7 [*notifying the regulator of a change, claim or cancellation*] if it complies with each provision listed in Appendix F [*non-harmonized insurance requirements*] across from the name of the firm's principal jurisdiction.

(2) In Québec, subsection (1), does not apply to a registered firm that is a mutual fund dealer or a scholarship plan dealer on the day this Instrument comes into force.

(3) Subsections (1) and (2) are repealed 6 months after this Instrument comes into force.

**16.14 Relationship disclosure information**

(1) Section 14.2 [*relationship disclosure information*] does not apply to a person or company that is a registrant on the day this Instrument comes into force.

(2) Subsection (1) is repealed one year after this Instrument comes into force.

**16.15 Referral arrangements**

(1) Division 3 [*referral arrangements*] of Part 13 does not apply to a person or company that is a registrant on the day this Instrument comes into force.

(2) Subsection (1) is repealed 6 months after this Instrument comes into force.

**16.16 Complaint handling**

(1) In each jurisdiction of Canada except Québec, section 13.16 [*dispute resolution service*] does not apply to a person or company that is a registered firm in a jurisdiction of Canada on the day this Instrument comes into force.

(2) Subsection (1) is repealed 2 years after this Instrument comes into force .

**16.17 ~~Client~~Account statements – mutual fund dealers**

(1) Section 14.14 [*client*account statements] does not apply to a person or company that is ~~a mutual fund dealer on the day this Instrument comes into force~~ was, on September 28, 2009, either of the following:

(a) a member of the MFDA;

(b) a mutual fund dealer in Québec, unless it was also a portfolio manager in Québec.

(2) Subsection (1) is repealed ~~2 years after this Instrument comes into force~~ on September 28, 2011.

**16.18 Transition to exemption – international dealers**

(1) This section applies in Ontario and Newfoundland and Labrador.

(2) If a person or company is registered in the category of international dealer on the day this Instrument comes into force, its registration in that category is revoked.

(3) If a person or company is registered in the category of international dealer on the day this Instrument comes into force, paragraphs 8.18(3)(e) and 8.18(4)(b) [*international dealer*] do not apply to the person or company until one month after this Instrument comes into force.

**16.19 Transition to exemption – international advisers**

- (1) This section applies in Ontario.
- (2) If a person or company is registered in the category of international adviser on the day this Instrument comes into force, its registration in that category is revoked one year after this Instrument comes into force.
- (3) If the registration of a person or company is revoked under subsection (2), the registration of each individual registered to act as an adviser on behalf of the person or company is revoked.
- (4) If a person or company is registered in the category of international adviser on the day this Instrument comes into force, paragraphs (e) and (f) of subsection 8.26(4) [*international adviser*] do not apply to the person or company until one year after this Instrument comes into force.

**16.20 Transition to exemption – portfolio manager and investment counsel (foreign)**

- (1) This section applies in Alberta.
- (2) If a person or company is registered in the category of portfolio manager and investment counsel (foreign) on the day this Instrument comes into force, its registration in that category is revoked one year after this Instrument comes into force.
- (3) If the registration of a person or company is revoked under subsection (2), the registration of each individual registered to act as an adviser on behalf of the person or company is revoked.
- (4) If a person or company is registered in the category of portfolio manager and investment counsel (foreign) on the day this Instrument comes into force, paragraphs (e) and (f) of subsection 8.26(4) [*international adviser*] do not apply to the person or company until one year after this Instrument comes into force.

**Part 17 When this Instrument comes into force****17.1 Effective date**

- (1) Except in Ontario, this Instrument comes into force on September 28, 2009.
- (2) In Ontario, this Instrument comes into force on the later of the following:
  - (a) September 28, 2009;
  - (b) the day on which sections 4, 5 and subsections 20(1) to (11) of Schedule 26 of the *Budget Measures Act, 2009* are proclaimed in force.

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**FORM 31-103F1 CALCULATION OF EXCESS WORKING CAPITAL**

\_\_\_\_\_

Firm Name

Capital Calculation  
(as at \_\_\_\_\_ with comparative figures as at \_\_\_\_\_)

	<b>Component</b>	<b>Current period</b>	<b>Prior period</b>
1.	Current assets		
2.	Less current assets not readily convertible into cash (e.g., prepaid expenses)		
3.	Adjusted current assets Line 1 minus line 2 =		
4.	Current liabilities		
5.	Add 100% of long-term related party debt unless the firm and the lender have executed a subordination agreement in the form set out in Appendix B and the firm has delivered a copy of the agreement to the regulator		
6.	Adjusted current liabilities Line 4 plus line 5 =		
7.	Adjusted working capital Line 3 minus line 6 =		
8.	Less minimum capital		
9.	Less market risk		
10.	Less any deductible under the firm's bonding or insurance policy		
11.	Less Guarantees		
12.	Less unresolved differences		
13.	<b>Excess working capital</b>		

**Notes:**

This form must be prepared on an unconsolidated basis.

**Line 5. Related-party debt** – Refer to the CICA Handbook for the definition of “related party” for publicly accountable enterprises.

**Line 8. Minimum Capital** – The amount on this line must be not less than (a) \$25,000 for an adviser, (b) \$50,000 for a dealer, and (c) \$100,000 for an investment fund manager.

**Line 9. Market Risk** – The amount on this line must be calculated according to the instructions set out in Schedule 1 to this Form.

**Line 11. Guarantees** – If the registered firm is guaranteeing the liability of another party, the total amount of the guarantee must be included in the capital calculation. If the amount of a guarantee is included in the firm’s balance sheet as a current liability and is reflected in line 4, do not include the amount of the guarantee on line 11.

**Line 12. Unresolved differences** – Any unresolved differences that could result in a loss from either firm or client assets must be included in the capital calculation.

The examples below provide guidance as to how to calculate unresolved differences:

- (i) If there is an unresolved difference relating to client securities, the amount to be reported on Line 12 will be equal to the market fair value of the client securities that are short, plus the applicable margin rate for those securities.
- (ii) If there is an unresolved difference relating to the registrant’s investments, the amount to be reported on Line 12 will be equal to the market fair value of the investments (securities) that are short.
- (iii) If there is an unresolved difference relating to cash, the amount to be reported on Line 12 will be equal to the amount of the shortfall in cash.

**Management Certification**

**Registered Firm Name:** \_\_\_\_\_

We have examined the attached capital calculation and certify that the firm is in compliance with the capital requirements as at \_\_\_\_\_.

Name and Title	Signature	Date
1. _____ _____	_____	_____
2. _____ _____	_____	_____

**Schedule 1 of Form 31-103F1 Calculation of Excess Working Capital  
(calculating line 9 [market risk])**

For each security whose value is included in line 1, Current Assets, multiply the market fair value of the security by the margin rate for that security set out below. Add up the resulting amounts for all of the securities you hold. The total is the "market risk" to be entered on line 9.

**(a) Bonds, Debentures, Treasury Bills and Notes**

- (i) Bonds, debentures, treasury bills and other securities of or guaranteed by the Government of Canada, of the United Kingdom, of the United States of America and of any other national foreign government (provided such foreign government securities are currently rated Aaa or AAA by Moody's Investors Service, Inc. or Standard & Poor's Corporation, respectively), maturing (or called for redemption):
- |                          |  |
|--------------------------|--|
| within 1 year            | 1% of <u>market fair</u> value multiplied by the fraction determined by dividing the number of days to maturity by 365 |
| over 1 year to 3 years   | 1 % of <u>market fair</u> value  |
| over 3 years to 7 years  | 2% of <u>market fair</u> value   |
| over 7 years to 11 years | 4% of <u>market fair</u> value   |
| over 11 years            | 4% of <u>market fair</u> value   |
- (ii) Bonds, debentures, treasury bills and other securities of or guaranteed by any province of Canada and obligations of the International Bank for Reconstruction and Development, maturing (or called for redemption):
- |                          |  |
|--------------------------|--|
| within 1 year            | 2% of <u>market fair</u> value multiplied by the fraction determined by dividing the number of days to maturity by 365 |
| over 1 year to 3 years   | 3 % of <u>market fair</u> value  |
| over 3 years to 7 years  | 4% of <u>market fair</u> value   |
| over 7 years to 11 years | 5% of <u>market fair</u> value   |
| over 11 years            | 5% of <u>market fair</u> value   |
- (iii) Bonds, debentures or notes (not in default) of or guaranteed by any municipal corporation in Canada or the United Kingdom maturing:
- |                          |  |
|--------------------------|--|
| within 1 year            | 3% of <u>market fair</u> value multiplied by the fraction determined by dividing the number of days to maturity by 365 |
| over 1 year to 3 years   | 5 % of <u>market fair</u> value  |
| over 3 years to 7 years  | 5% of <u>market fair</u> value   |
| over 7 years to 11 years | 5% of <u>market fair</u> value   |
| over 11 years            | 5% of <u>market fair</u> value   |
- (iv) Other non-commercial bonds and debentures, (not in default):
- 10% of market fair value
- (v) Commercial and corporate bonds, debentures and notes (not in default) and non-negotiable and non-transferable trust company and mortgage loan company obligations registered in the registered firm's name maturing:
- |                          |                                 |
|--------------------------|---------------------------------|
| within 1 year            | 3% of <u>market fair</u> value  |
| over 1 year to 3 years   | 6 % of <u>market fair</u> value |
| over 3 years to 7 years  | 7% of <u>market fair</u> value  |
| over 7 years to 11 years | 10% of <u>market fair</u> value |
| over 11 years            | 10% of <u>market fair</u> value |

**(b) Bank Paper**

Deposit certificates, promissory notes or debentures issued by a Canadian chartered bank (and of Canadian chartered bank acceptances) maturing:

- |               |  |
|---------------|--|
| within 1 year | 2% of <u>market fair</u> value multiplied by the fraction determined by dividing the number of days to maturity by 365 |
|---------------|--|

over 1 year      apply rates for commercial and corporate bonds, debentures and notes

**(c) Acceptable foreign bank paper**

Deposit certificates, promissory notes or debentures issued by a foreign bank, readily negotiable and transferable and maturing:

within 1 year      2% of ~~market~~fair value multiplied by the fraction determined by dividing the number of days to maturity by 365

over 1 year      apply rates for commercial and corporate bonds, debentures and notes

“Acceptable Foreign Bank Paper” consists of deposit certificates or promissory notes issued by a bank other than a Canadian chartered bank with a net worth (i.e., capital plus reserves) of not less than \$200,000,000.

**(d) Mutual Funds**

~~Where securities~~Securities of mutual funds qualified by prospectus for sale in any province of Canada, ~~the margin required is:~~

- (i) 5% of the ~~market~~fair value of the fund, where the fund is a money market mutual fund as defined in National Instrument 81-102; or
- (ii) the margin rate determined on the same basis as for listed stocks multiplied by the ~~market~~fair value of the fund.

**(e) Stocks**

~~(i) On in this paragraph, “securities (other than” includes rights and warrants and does not include bonds and debentures) including rights and warrants.~~

~~(i) On securities~~ listed on any exchange in Canada or the United States:

Long Positions – Margin Required

Securities selling at \$2.00 or more – 50% of ~~market~~fair value

Securities selling at \$1.75 to \$1.99 – 60% of ~~market~~fair value

Securities selling at \$1.50 to \$1.74 – 80% of ~~market~~fair value

Securities selling under \$1.50 – 100% of ~~market~~fair value

Short Positions – Credit Required

Securities selling at \$2.00 or more – 150% of ~~market~~fair value

Securities selling at \$1.50 to \$1.99 - \$3.00 per share

Securities selling at \$0.25 to \$1.49 – 200% of ~~market~~fair value

Securities selling at less than \$0.25 – ~~market~~fair value plus \$0.25 per shares

~~(ii) For positions in securities (other than bonds and debentures but including warrants and rights), 50% of the market value if the security is a constituent security that are constituent securities on a major broadly-based index of one of the following exchanges, 50% of the fair value:~~

- ~~(a) American Stock Exchange~~
- ~~(a) (b) Australian Stock Exchange Limited~~
- ~~(b) (c) Bolsa de Valores de Sao Paulo~~
- ~~(c) (d) Borsa Italiana~~
- ~~(e) Boston Stock Exchange~~
- ~~(f) Chicago Board of Options Exchange~~
- ~~(g) Chicago Board of Trade~~
- ~~(h) Chicago Mercantile Exchange~~

- ~~(i) Chicago Stock Exchange~~
- ~~(d) (j)-Euronext Amsterdam~~
- ~~(e) (k)-Euronext Brussels~~
- ~~(f) (l)-Euronext Paris S.A.~~
- ~~(g) (m)-Frankfurt Stock Exchange~~
- ~~(h) (n)-London International Financial Futures and Options Exchange~~
- ~~(i) (o)-London Stock Exchange~~
- ~~(p) Montreal Exchange~~
- ~~(q) New York Mercantile Exchange~~
- ~~(r) New York Stock Exchange~~
- ~~(j) (s)-New Zealand Exchange Limited~~
- ~~(t) Pacific Exchange~~
- ~~(k) (u)-Swiss Exchange~~
- ~~(l) (v)-The Stock Exchange of Hong Kong Limited~~
- ~~(m) (w)-Tokyo Stock Exchange~~
- ~~(x) Toronto Stock Exchange~~
- ~~(y) TSX Venture Exchange~~

**(f) For all other securities – 100% of market fair value.**

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**FORM 31-103F2 SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE**

**(sections 8.18 [international dealer] and 8.26 [international adviser])**

1. Name of person or company ("International Firm"):
2. Jurisdiction of incorporation of the International Firm:
3. Head office address of the International Firm:
4. Section of NI 31-103 the International Firm is relying on:
  - Section 8.18 [international dealer]
  - Section 8.26 [international adviser]
  - Other
5. Name of agent for service of process (the "Agent for Service"):
6. Address for service of process on the Agent for Service:
7. The International Firm designates and appoints the Agent for Service at the address stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a "Proceeding") arising out of or relating to or concerning the International Firm's activities in the local jurisdiction and irrevocably waives any right to raise as a defense in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.
8. The International Firm irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of the local jurisdiction in any Proceeding arising out of or related to or concerning the International Firm's activities in the local jurisdiction.
9. Until 6 years after the International Firm ceases to rely on section 8.18 [international dealer] or section 8.26 [international adviser], the International Firm must submit to the securities regulatory authority
  - a. a new Submission to Jurisdiction and Appointment of Agent for Service in this form no later than the 30th day before the date this Submission to Jurisdiction and Appointment of Agent for Service is terminated; and
  - b. an amended Submission to Jurisdiction and Appointment of Agent for Service no later than the 30th day before any change in the name or above address of the Agent for Service.
10. This Submission to Jurisdiction and Appointment of Agent for Service is governed by and construed in accordance with the laws of the local jurisdiction.

Dated: \_\_\_\_\_

\_\_\_\_\_  
(Signature of the International Firm or authorized signatory)

\_\_\_\_\_  
(Name and Title of authorized signatory)

**Acceptance**

The undersigned accepts the appointment as Agent for Service of (Insert name of International Firm) under the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service.

Dated: \_\_\_\_\_

\_\_\_\_\_  
(Signature of Agent for Service or authorized signatory)

\_\_\_\_\_  
(Name and Title of authorized signatory)

**FORM 31-103F3 USE OF MOBILITY EXEMPTION****(section 2.2 [client mobility exemption – individuals])**

This is to notify the securities regulatory authority that the individual named in paragraph 1 is relying on the exemption in section 2.2 [*client mobility exemption – individuals*] of National Instrument 31-103 *Registration Requirements and Exemptions and Ongoing Registrant Obligations*.

**1. Individual information**

Name of individual: \_\_\_\_\_

NRD number of individual: \_\_\_\_\_

The individual is relying on the client mobility exemption in each of the following jurisdictions of Canada:

\_\_\_\_\_

**2. Firm information**

Name of the individual's sponsoring firm:

\_\_\_\_\_

NRD number of firm: \_\_\_\_\_

Dated: \_\_\_\_\_

\_\_\_\_\_  
(Signature of an authorized signatory of the individual's sponsoring firm)\_\_\_\_\_  
(Name and title of authorized signatory)

**APPENDIX A – BONDING AND INSURANCE CLAUSES**

*(section 12.3 [insurance – dealer], section 12.4 [insurance – adviser]  
and section 12.5 [insurance – investment fund manager])*

<b>Clause</b>	<b>Name of Clause</b>	<b>Details</b>
A	Fidelity	This clause insures against any loss through dishonest or fraudulent act of employees.
B	On Premises	This clause insures against any loss of money and securities or other property through robbery, burglary, theft, hold-up, or other fraudulent means, mysterious disappearance, damage or destruction while within any of the insured's offices, the offices of any banking institution or clearing house or within any recognized place of safe-deposit.
C	In Transit	This clause insures against any loss of money and securities or other property through robbery, burglary, theft, hold-up, misplacement, mysterious disappearance, damage or destruction, while in transit in the custody of any employee or any person acting as messenger except while in the mail or with a carrier for hire other than an armoured motor vehicle company.
D	Forgery or Alterations	This clause insures against any loss through forgery or alteration of any cheques, drafts, promissory notes or other written orders or directions to pay sums in money, excluding securities.
E	Securities	This clause insures against any loss through having purchased or acquired, sold or delivered, or extended any credit or acted upon securities or other written instruments which prove to have been forged, counterfeited, raised or altered, or lost or stolen, or through having guaranteed in writing or witnessed any signatures upon any transfers, assignments or other documents or written instruments.

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**APPENDIX B – SUBORDINATION AGREEMENT**

*(Line 5 of Form 31-103F1 Calculation of excess working capital)*

**SUBORDINATION AGREEMENT**

**THIS AGREEMENT** is made as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_

**BETWEEN:**

*[insert name]*

(the “**Lender**”)

**AND**

*[insert name]*

(the “**Registered Firm**”, which term shall include all successors and assigns of the Registered Firm)

(collectively, the “**Parties**”)

**This Agreement** is entered into by the Parties under National Instrument 31-103 *Registration Requirements and Exemptions and Ongoing Registrant Obligations* (“**NI 31-103**”) in connection with a loan made on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by the Lender to the Registered Firm in the amount of \$ \_\_\_\_\_ (the “**Loan**”) for the purpose of allowing the Registered Firm to carry on its business.

**For good and valuable consideration**, the Parties agree as follows:

**1. Subordination**

The repayment of the loan and all amounts owned thereunder are subordinate to the claims of the other creditors of the Registered Firm.

**2. Dissolution, winding-up, liquidation, insolvency or bankruptcy of the Registered Firm**

In the event of the dissolution, winding-up, liquidation, insolvency or bankruptcy of the Registered Firm:

- (a) the creditors of the Registered Firm shall be paid their existing claims in full in priority to the claims of the Lender;
- (b) the Lender shall not be entitled to make any claim upon any property belonging or having belonged to the Registered Firm, including asserting the right to receive any payment in respect to the Loan before the existing claims of the other creditors of the Registered Firm have been settled.

**3. Terms and conditions of the Loan**

During the term of this Agreement:

- (a) interest can be paid at the agreed upon rate and time, provided that the payment of such interest does not result in a capital deficiency under NI 31-103;
- (b) any loan or advance or posting of security for a loan or advance by the Registered Firm to the Lender, shall be deemed to be a payment on account of the Loan.

**4. Notice to the Securities Regulatory Authority**

The Registered Firm must notify the Securities Regulatory Authority prior to the full or partial repayment of the loan. Further documentation may be requested by the Securities Regulatory Authority after receiving the notice from the Registered Firm.

**5. Termination of this Agreement**

This Agreement may only be terminated by the Lender once the notice required pursuant to Section 4 of this Agreement is received by the Securities Regulatory Authority.

The Parties have executed and delivered this Agreement as of the date set out above.

**[Registered Firm]**

\_\_\_\_\_  
Authorized signatory

\_\_\_\_\_  
Authorized signatory

**[Lender]**

\_\_\_\_\_  
Authorized signatory

\_\_\_\_\_  
Authorized signatory

## APPENDIX C – NEW CATEGORY NAMES = INDIVIDUALS

(Section 16.1 [change of registration categories – individuals])

	<b>Column 1 [dealing representative]</b>	<b>Column 2 [advising representative]</b>	<b>Column 3 [associate advising representative]</b>
<b>Alberta</b>	Officer (Trading) Salesperson Partner (Trading)	Officer (Advising) Advising Employee Partner (Trading)	Junior Officer (Advising)
<b>British Columbia</b>	Salesperson Trading Partner Trading Director Trading Officer	Advising Employee Advising Partner Advising Director Advising Officer	--
<b>Manitoba</b>	Salesperson Branch Manager Trading Partner Trading Director Trading Officer	Advising Employee Advising Officer Advising Director Advising Partner	Associate Advising Officer Associate Advising Director Associate Advising Partner Associate Advising Employee
<b>New Brunswick</b>	Salesperson Officer (trading) Partner (trading)	Representative (advising) Officer (advising) Partner (advising) Sole proprietor (advising)	Associate officer (advising), Associate partner (advising), Associate representative (advising)
<b>Newfoundland and Labrador</b>	Sales Person Officer (Trading) Partner (Trading)	Officer (Advising) Partner (Advising)	
<b>Nova Scotia</b>	Salesperson Officer – trading Partner- trading Director - trading	Officer- advising Officer – counseling Partner- advising Partner- counseling Director- advising Director- counseling	
<b>Ontario</b>	Salesperson Officer (Trading) Partner (Trading) Sole Proprietor	Advising Representative Officer (Advising) Partner (Advising) Sole Proprietor	--
<b>Prince Edward Island</b>	Salesperson Officer (Trading) Partner (Trading)	Counselling Officer (Officer) Counselling Officer (Partner) Counselling Officer (Other)	--
<b>Québec</b>	Representative, Representative - Group Savings Plan (salesperson), Representative - Scholarship Plan (salesperson)	Representative (Portfolio Manager), Representative (Advising), Representative – Options, Representative - Futures	
<b>Saskatchewan</b>	Officer (Trading) Partner (Trading) Salesperson	Officer (Advising) Partner (Advising) Employee (Advising)	
<b>Northwest Territories</b>	Salesperson Officer (Trading) Partner (Trading)	Representative (Advising) Officer (Advising) Partner (Advising)	

	<b>Column 1</b> <b>[<i>dealing representative</i>]</b>	<b>Column 2</b> <b>[<i>advising representative</i>]</b>	<b>Column 3</b> <b>[<i>associate advising representative</i>]</b>
<b>Nunavut</b>	Salesperson Officer (Trading) Partner (Trading)	Representative (Advising) Officer (Advising) Partner (Advising)	--
<b>Yukon</b>	Salesperson Officer (Trading) Partner (Trading) Sole proprietor (Trading)	Representative (Advising) Officer (Advising) Partner (Advising)	

## APPENDIX D – NEW CATEGORY NAMES = FIRMS

(Section 16.2 [change of registration categories – firms])

	<b>Column 1 [investment dealer]</b>	<b>Column 2 [mutual fund dealer]</b>	<b>Column 3 [scholarship plan dealer]</b>	<b>Column 4 [restricted dealer]</b>	<b>Column 5 [portfolio manager]</b>	<b>Column 6 [restricted portfolio manager]</b>
<b>Alberta</b>	investment dealer	mutual fund dealer	scholarship plan dealer	dealer, dealer (exchange contracts), dealer (restricted)	investment counsel and/or portfolio manager	portfolio manager/ investment counsel (exchange contracts)
<b>British Columbia</b>	investment dealer	mutual fund dealer	scholarship plan dealer	exchange contracts dealer,  special limited dealer	investment counsel or portfolio manager	
<b>Manitoba</b>	investment dealer	mutual fund dealer	scholarship plan dealer	--	investment counsel or portfolio manager	--
<b>New Brunswick</b>	investment dealer	mutual fund dealer	scholarship plan dealer	--	investment counsel and portfolio manager	--
<b>Newfoundland and Labrador</b>	investment dealer	mutual fund dealer	scholarship plan dealer	--	investment counsel or portfolio manager	--
<b>Nova Scotia</b>	investment dealer	mutual fund dealer	scholarship plan dealer	--	investment counsel or portfolio manager	--
<b>Ontario</b>	investment dealer	mutual fund dealer	scholarship plan dealer	--	investment counsel or portfolio manager	--
<b>Prince Edward Island</b>	investment dealer	mutual fund dealer	scholarship plan dealer	--	investment counsel or portfolio manager	--
<b>Québec</b>	unrestricted practice dealer,  unrestricted practice dealer	firm in group savings-plan brokerage	scholarship plan dealer	Québec Business investment company (QBIC) Debt	unrestricted practice adviser,  unrestricted practice adviser (International)	restricted practice advisor

	<b>Column 1 [investment dealer]</b>	<b>Column 2 [mutual fund dealer]</b>	<b>Column 3 [scholarship plan dealer]</b>	<b>Column 4 [restricted dealer]</b>	<b>Column 5 [portfolio manager]</b>	<b>Column 6 [restricted portfolio manager]</b>
	(introducing broker),  unrestricted practice dealer (International Financial Centre),  discount broker			securities dealer restricted practice Dealer firm in investment contract brokerage unrestrict- ed practice dealer (Nasdaq)	Financial Centre)	
<b>Saskatchewan</b>	investment dealer	mutual fund dealer	scholarship plan dealer	--	investment counsel or portfolio manager	--
<b>Northwest Territories</b>	investment dealer	mutual fund dealer	scholarship plan dealer	--	investment counsel or portfolio manager	--
<b>Nunavut</b>	investment dealer	mutual fund dealer	scholarship plan dealer	--	investment counsel or portfolio manager	--
<b>Yukon</b>	broker	broker	scholarship plan dealer	--	broker	--

## APPENDIX E – NON-HARMONIZED CAPITAL REQUIREMENTS

*(Section 12.1 [capital requirements])*

<b>Alberta</b>	Sections 23 and 24 of the <i>Alberta Securities Commission Rules</i> (General)
<b>British Columbia</b>	Sections 19, 20, 24 and 25 of the <i>Securities Rules</i> . Sections 2.1(i), 2.3(i), 9.4, 13.3, 15.4 and 16.3 of BC Policy 31-601 <i>Registration Requirements</i> .
<b>Manitoba</b>	None in the Act or Regulations – Handled through terms and conditions
<b>New Brunswick</b>	Sections 7.1, 7.2, 7.3, 7.4 and 7.5 of New Brunswick Local Rule 31-501 <i>Registration Requirements</i> , as those sections read immediately before revocation
<b>Newfoundland and Labrador</b>	Sections 84, 85, 95, 96, 97 and 99 of the Securities Regulations under the <i>Securities Act</i> (O.C. 96-286)
<b>Nova Scotia</b>	Section 23 of the <i>General Securities Rules</i> , as the section read immediately before revocation
<b>Ontario</b>	Sections 96, 97, 107, 111 of the Ontario Regulation 1015 made under the <i>Securities Act</i> , as those sections read immediately before revocation
<b>Prince Edward Island</b>	Section 34 of the former <i>Securities Act Regulations</i> and incorporated by reference by Local Rule 31-501 ( <i>Transitional Registration Requirements</i> )
<b>Québec</b>	Sections 207 to 209, 211 and 212 of the Québec <i>Securities Regulation</i> or sections 8 to 11 of the Regulation respecting the trust accounts of financial resources of securities firms as those sections read immediately before repeal
<b>Saskatchewan</b>	Sections 19 and 24 of <i>The Securities Regulations</i> (Saskatchewan) as those sections read immediately before revocation
<b>Northwest Territories</b>	None in the Act, Regulations, or local rules – Handled through terms and conditions
<b>Nunavut</b>	None in the Act, Regulations, or local rules – Handled through terms and conditions
<b>Yukon</b>	Local Rule 31-501 <i>Registration Requirements</i>

## APPENDIX F – NON-HARMONIZED INSURANCE REQUIREMENTS

*(Section 16.13 [insurance requirements])*

<b>Alberta</b>	Sections 25 and 26 of the <i>Alberta Securities Commission Rules</i> (General)
<b>British Columbia</b>	Sections 21 and 22 of the <i>Securities Rules</i> Sections 2.1(h), 2.3(h) and 2.5(h) of BC Policy 31-601 <i>Registration Requirements</i>
<b>Manitoba</b>	Subsection 7(4) of the <i>Securities Act</i> – general requirement at Director's discretion
<b>New Brunswick</b>	Sections 8.1, 8.2, 8.3 and 8.7 of New Brunswick Local Rule 31-501 <i>Registration Requirements</i> , as those sections read immediately before revocation
<b>Newfoundland and Labrador</b>	Sections 95, 96, and 97 of the Securities Regulations under the <i>Securities Act</i> (O.C. 96-286)
<b>Nova Scotia</b>	Section 24 of the <i>General Securities Rules</i> , as the section read immediately before revocation
<b>Ontario</b>	Sections 96, 97, 108, 109 of the Ontario Regulation 1015 made under the <i>Securities Act</i> , as those sections read immediately before revocation
<b>Prince Edward Island</b>	Section 35 of the former <i>Securities Act Regulations</i> and incorporated by reference by Local Rule 31-501 ( <i>Transitional Registration Requirements</i> )
<b>Québec</b>	Section 213 and 214 of the Québec <i>Securities Regulation</i> as those sections read immediately before repeal
<b>Saskatchewan</b>	Section 33 of <i>The Securities Act, 1988</i> (Saskatchewan), as that section read immediately before repeal Sections 20, 21 and 22 of <i>The Securities Regulations</i> (Saskatchewan), as those sections read immediately before revocation
<b>Northwest Territories</b>	Section 4 of Local Rule 31-501 <i>Registration</i>
<b>Nunavut</b>	None in the Act, Regulations, or local rules – Handled through terms and conditions
<b>Yukon</b>	Local Rule 31-501 <i>Registration Requirements</i>

## APPENDIX C

### COMPANION POLICY 31-103 REGISTRATION REQUIREMENTS AND EXEMPTIONS, BLACKLINED TO SHOW CHANGES TO THE CURRENT COMPANION POLICY 31-103CP

#### Companion Policy 31-103 CP ~~REGISTRATION REQUIREMENTS AND~~ EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS

#### Part 1 Definitions and fundamental concepts

##### 1.1 Introduction

This Companion Policy sets out how the Canadian Securities Administrators (the CSA or we) interpret or apply the provisions of National Instrument 31-103 ~~Registration Requirements and Exemptions~~ and Ongoing Registrant Obligations (NI 31-103) and related securities legislation.

Except for Part 1, the numbering of Parts, Divisions and sections in this Companion Policy correspond to the numbering in NI 31-103. Any general guidance for a Part or a Division appears immediately after the Part or Division name. Any specific guidance on sections in NI 31-103 follows any general guidance. If there is no guidance for a Part, Division or section, the numbering in this Companion Policy will skip to the next provision that does have guidance.

All references in this Companion Policy to sections, Parts and Divisions are to NI 31-103, unless otherwise noted.

For additional requirements that may apply to them, registrants should refer to:

- National Instrument 31-102 *National Registration Database* (NI 31-102) and the Companion Policy to NI 31-102
- National Instrument 33-109 *Registration Information* (NI 33-109) and the Companion Policy to NI 33-109
- National Policy 11-204 *Process for Registration in Multiple Jurisdictions* (NP 11-204), and
- securities and derivatives legislation in their jurisdiction

Registrants that are members of a self-regulatory organization (SRO) must also comply with their SRO's requirements.

#### Delivering disclosure and notices

~~Registrants~~ Under section 1.3, registrants must deliver all disclosure and notices required under NI 31-103 to the registrant's principal regulator, ~~except for~~ This does not apply to notices under sections:

- 8.18 *International dealer*
- 8.26 *International adviser*
- 11.9 *Registrant acquiring a registered firm's securities or assets*, and
- 11.10 *Registered firm whose securities are acquired*

Registrants must deliver these notices to the regulator in each jurisdiction where they are registered.

These documents may be delivered electronically. Registrants should refer to National Policy 11-201 *Delivery of Documents by Electronic Means* and, in Québec, Notice 11-201 *Delivery of Documents by Electronic Means*.

See Appendix A for contact information for each regulator.

##### 1.2 Definitions

Unless defined in NI 31-103, terms used in NI 31-103 and in this Companion Policy have the meaning given to them in the securities legislation of each jurisdiction or in National Instrument 14-101 *Definitions*. See Appendix B for a list of some terms that are not defined in NI 31-103 or this Companion Policy but are defined in other securities legislation.

In this Companion Policy, “regulator” means the regulator or securities regulatory authority in a jurisdiction.

### **Permitted client**

The following discussion provides guidance on the term “permitted client”, which is defined in section 4.1 of NI 31-103-1.1.

“Permitted client” is used in the following sections:

- 8.18 *International dealer*
- 8.26 *International adviser*
- 13.2 *Know your client*
- 13.3 *Suitability*
- 13.13 *Disclosure when recommending the use of borrowed money*
- 14.2 *Relationship disclosure information*, and
- 14.4 *When the firm has a relationship with a financial institution*

### **Exemptions from registration when dealing with permitted clients**

NI 31-103 exempts international dealers and international advisers from the registration requirement if they deal with certain permitted clients and meet certain other conditions.

### **Exemptions from other requirements when dealing with permitted clients**

Under section 13.3, permitted clients may waive their right to have a registrant determine that a trade is suitable. In order to rely on this exemption, the registrant must determine that a client is a permitted client at the time the client waives their right to suitability.

Under sections 13.13, 14.2 and 14.4, registrants do not have to provide certain disclosures to permitted clients. In order to rely on these exemptions, registrants must determine that a client is a permitted client at the time the client opens an account.

### **Determining assets**

The definition of permitted client includes monetary thresholds based on the value of the client’s assets. The monetary thresholds in paragraphs (o) and (q) of the definition are intended to create “bright-line” standards. Investors who do not satisfy these thresholds do not qualify as permitted clients under the applicable paragraph.

### **Paragraph (o) of the definition**

Paragraph (o) refers to an individual who beneficially owns financial assets with an aggregate realizable value that exceeds \$5 million, before taxes but net of any related liabilities.

In general, determining whether financial assets are beneficially owned by an individual should be straightforward. However, this determination may be more difficult if financial assets are held in a trust or in other types of investment vehicles for the benefit of an individual.

Factors indicating beneficial ownership of financial assets include:

- possession of evidence of ownership of the financial asset
- entitlement to receive any income generated by the financial asset
- risk of loss of the value of the financial asset, and
- the ability to dispose of the financial asset or otherwise deal with it as the individual sees fit

For example, securities held in a self-directed RRSP for the sole benefit of an individual are beneficially owned by that individual. Securities held in a group RRSP are not beneficially owned if the individual cannot acquire and deal with the securities directly.

“Financial assets” is defined in section 1.1 of National Instrument 45-106 *Prospectus and Registration Exemptions* (NI 45-106).

Realizable value is typically the amount that would be received by selling an asset. ~~Value may be used to estimate realizable value when a market for an asset exists.~~ The value attributed to assets should reasonably reflect their estimated fair value.

### **Paragraph (q) of the definition**

Paragraph (q) refers to a person or company that has net assets of at least \$25 million. “Net assets” under this paragraph is total assets minus total liabilities. The value attributed to assets should reasonably reflect their estimated fair value.

## **1.3 Fundamental concepts**

This section describes the fundamental concepts that form the basis of the registration regime:

- requirement to register
- business trigger for trading and advising, and
- fitness for registration

A registered firm is responsible for the conduct of the individuals whose registration it sponsors. A registered firm

- must undertake due diligence before sponsoring an individual to be registered to act on its behalf (see further guidance in Part 4 *Due diligence by firms* of the Companion Policy to NI 33-109)
- has an ongoing obligation to monitor and supervise its registered individuals in an effective manner (see further guidance in section 11.1 of this Companion Policy)

Failure of a registered firm to take reasonable steps to discharge these responsibilities may be relevant to the firm's own continued fitness for registration.

### **Requirement to register**

The requirement to register is found in securities legislation. Firms must register if they are:

- in the business of trading
- in the business of advising
- holding themselves out as being in the business of trading or advising
- acting as an underwriter, or
- acting as an investment fund manager

Individuals must register if they trade, underwrite or advise on behalf of a registered dealer or adviser, or act as the ultimate designated person (UDP) or chief compliance officer (CCO) of a registered firm. ~~Individuals~~ Except for the UDP and the CCO, individuals who act on behalf of a registered investment fund manager do not have to register.

There is no renewal requirement for registration, but fees must be paid every year to maintain registration.

### **Multiple categories**

Registration in more than one category may be necessary. For example, an adviser that also manages an investment fund may have to register as a portfolio manager and an investment fund manager. An adviser that manages a portfolio and distributes units of an investment fund may have to register as a portfolio manager and as a dealer.

### **Registration exemptions**

NI 31-103 provides exemptions from the registration requirement. There may be additional exemptions in securities legislation. Some exemptions do not need to be applied for if the conditions of the exemption are met. In other cases, on receipt of an application, the regulator has discretion to grant exemptions for specified dealers, advisers or investment fund managers, or activities carried out by them if registration is required but specific circumstances indicate that it is not otherwise necessary for investor protection or market integrity.

### **Business trigger for trading and advising**

We refer to trading or advising in securities for a business purpose as the “business trigger” for registration.

We look at the type of activity and whether it is carried out for a business purpose to determine if an individual or firm must register. We consider the factors set out below, among others, to determine if the activity is for a business purpose. For the most part, these factors are from case law and regulatory decisions that have interpreted the business purpose test for securities matters.

### **Factors in determining business purpose**

This section describes factors that we consider relevant in determining whether an individual or firm is trading or advising in securities for a business purpose and, therefore, subject to the dealer or adviser registration requirement.

This is not a complete list. We do not automatically assume that any one of these factors on its own will determine whether an individual or firm is in the business of trading or advising in securities.

#### **(a) Engaging in activities similar to a registrant**

We usually consider an individual or firm engaging in activities similar to those of a registrant to be trading or advising for a business purpose. Examples include promoting securities or stating in any way that the individual or firm will buy or sell securities. If an individual or firm sets up a business to carry out any of these activities, we may consider them to be trading or advising for a business purpose.

#### **(b) Intermediating trades or acting as a market maker**

In general, we consider intermediating a trade between a seller and a buyer of securities to be trading for a business purpose. This typically takes the form of the business commonly referred to as a broker. Making a market in securities is also generally considered to be trading for a business purpose.

#### **(c) Directly or indirectly carrying on the activity with repetition, regularity or continuity**

Frequent or regular transactions are a common indicator that an individual or firm may be engaged in trading or advising for a business purpose. The activity does not have to be their sole or even primary endeavour for them to be in the business.

We consider regularly trading or advising in any way that produces, or is intended to produce, profits to be for a business purpose. We also consider any other sources of income and how much time an individual or firm spends on all activities associated with the trading or advising.

#### **(d) Being, or expecting to be, remunerated or compensated**

Receiving, or expecting to receive, any form of compensation for carrying on the activity, including whether the compensation is transaction or value based, indicates a business purpose. It does not matter if the individual or firm actually receives compensation or in what form. Having the capacity or the ability to carry on the activity to produce profit is also a relevant factor.

#### **(e) Directly or indirectly soliciting**

Contacting anyone to solicit securities transactions or to offer advice may reflect a business purpose. Solicitation includes contacting someone by any means, including advertising that proposes buying or selling securities or participating in a securities transaction, or that offers services or advice for these purposes.

### **Business trigger examples**

This section explains how the business trigger might apply to some common situations.

**(a) Securities issuers**

A securities issuer is an entity that issues or trades in its own securities. In general, securities issuers with an active non-securities business do not have to register as a dealer if they:

- do not hold themselves out as being in the business of trading in securities
- trade in securities infrequently
- are not, or do not expect to be, compensated for trading in securities
- do not act as intermediaries, and
- do not produce, or intend to produce, a profit from trading in securities

However, securities issuers may have to register as a dealer if they:

- frequently trade in securities
- employ or otherwise contract individuals to perform activities on their behalf that are similar to those performed by a registrant (other than underwriting in the normal course of a distribution or trading for their own account)
- solicit investors actively, or
- act as an intermediary by investing client money in securities

For example, an investment fund manager that carries out the activities described above may have to register as a dealer.

Securities issuers that are in the business of trading should consider whether they qualify for the exemption from the registration requirement for trades through a registered dealer in section ~~8.5 of NI 31-103~~ 8.5.

In most cases, securities issuers are subject to the prospectus requirements in securities legislation. Regulators have the discretionary authority to require an underwriter for a prospectus distribution.

**(b) Venture capital and private equity**

This guidance does not apply to labour sponsored or venture capital funds as defined in National ~~instrument~~ Instrument 81-106 *Investment Fund Continuous Disclosure* (NI 81-106).

Venture capital and private equity investing are distinguished from other forms of investing by the role played by venture capital and private equity management companies (collectively, VCs). This type of investing includes a range of activities that may require registration.

Vcs typically raise money under one of the prospectus exemptions in NI 45-106, including for trades to “accredited investors”. The investors typically agree that their money will remain invested for a period of time. The VC uses this money to invest in securities of companies that are not publicly traded. The VC usually becomes actively involved in the management of the company, often over several years.

Examples of active management in a company include the VC having:

- representation on the board of directors
- direct involvement in the appointment of managers
- a say in material management decisions

The VC looks to realize on the investment either through a public offering of the company’s securities, or a sale of the business. At this point, the investors’ money can be returned to them, along with any profit.

Investors rely on the VC’s expertise in selecting and managing the companies it invests in. In return, the VC receives a management fee or “carried interest” in the profits generated from these investments. They do not receive compensation for raising capital or trading in securities.

Applying the business trigger factors to the VC activities as described above, there would be no requirement for the VC to register as:

- a portfolio manager, if the advice provided in connection with the purchase and sale of companies is incidental to the VC's active management of these companies, or
- a dealer, if both the raising of money from investors and the investing of that money in companies are occasional and uncompensated activities

If the VC is actively involved in the management of the companies it invests in, the investment portfolio would generally not be considered an investment fund. As result, the VC would not need to register as an investment fund manager.

The business trigger factors and investment fund manager analysis may apply differently if the VC engages in activities other than those described above.

**(c) One-time activities**

In general, we do not require registration for one-time trading or advising activities. This includes trading or advising that:

- is carried out by an individual or firm acting as a trustee, executor, administrator, personal or other legal representative, or
- relates to the sale of a business

**(d) Incidental activities**

If trading or advising activity is incidental to a firm's primary business, we may not consider it to be for a business purpose.

For example, merger and acquisition specialists that advise the parties to a transaction between companies are not normally required to register as dealers or advisers in connection with that activity, even though the transaction may result in trades in securities and they will be compensated for the advice. The primary business purpose in this example is to carry out the transaction. Any advice on trades in the securities is incidental to that purpose and is limited to the parties to the transaction.

Another example is professionals, such as lawyers, accountants, engineers, geologists and teachers, who may provide advice on securities in the normal course of their professional activities. We do not consider them to be advising on securities for a business purpose. For the most part, any advice on securities will be incidental to their professional activities. This is because they:

- do not regularly advise on securities
- are not compensated separately for advising on securities
- do not solicit clients on the basis of their securities advice, and
- do not hold themselves out as being in the business of advising on securities

**Registration trigger for investment fund managers**

Investment fund managers are subject to a registration trigger. This means that if a firm carries on the activities of an investment fund manager, it must register. However, investment fund managers are not subject to the business trigger.

**Fitness for registration**

The regulator will only register an applicant if they appear to be fit for registration. Following registration, individuals and firms must maintain their fitness in order to remain registered. If the regulator determines that a registrant has become unfit for registration, the regulator may suspend or revoke the registration. See Part 6 of this Companion Policy for guidance on suspension and revocation of individual registration. See Part 10 of this Companion Policy for guidance on suspension and revocation of firm registration.

**Terms and conditions**

The regulator may impose terms and conditions on a registration at the time of registration or at any time after registration. Terms and conditions imposed at the time of registration are generally permanent, for example, in the case of a restricted dealer who is limited to specific activities. Terms and conditions imposed after registration are generally temporary. For example, if a registrant does not maintain the required capital, it may have to file monthly financial statements and capital calculations until the regulator's concerns are addressed.

**Opportunity to be heard**

Applicants and registrants have an opportunity to be heard by the regulator before their application for registration is denied. They also have an opportunity to be heard before the regulator imposes terms and conditions on their registration if they disagree with the terms and conditions.

**Assessing fitness for registration - firms**

We assess whether a firm is or remains fit for registration through the information it is required to provide on registration application forms and as a registrant, and through compliance reviews. Based on this information, we consider whether the firm is able to carry out its obligations under securities legislation. For example, registered firms must be financially viable. A firm that is insolvent or has a history of bankruptcy may not be fit for registration.

In addition, when determining whether a firm whose head office is outside Canada is, and remains, fit for registration, we will consider whether the firm maintains registration or regulatory organization membership in the foreign jurisdiction that is appropriate for the securities business it carries out there.

**Assessing fitness for registration - individuals**

We use three fundamental criteria to assess whether an individual is or remains fit for registration:

- proficiency
- integrity, and
- solvency

**(a) Proficiency**

Individual applicants must meet the applicable education, training and experience requirements prescribed by securities legislation and demonstrate knowledge of securities legislation and the ~~products~~securities they recommend.

Registered individuals should continually update their knowledge and training to keep pace with new ~~products~~securities, services and developments in the industry that are relevant to their business. See section 3.4 of this Companion Policy for more specific guidance on proficiency.

**(b) Integrity**

Registered individuals must conduct themselves with integrity and have an honest character. The regulator will assess the integrity of individuals through the information they are required to provide on registration application forms and as registrants, and through compliance reviews. For example, applicants are required to disclose information about conflicts of interest, such as other employment or partnerships, service as a member of a board of directors, or relationships with affiliates, and about any regulatory or legal actions against them.

**(c) Solvency**

The regulator will assess the overall financial condition of an individual applicant or registrant. An individual that is insolvent or has a history of bankruptcy may not be fit for registration. Depending on the circumstances, the regulator may consider the individual's contingent liabilities. The regulator may take into account an individual's bankruptcy or insolvency when assessing their continuing fitness for registration.

## **1.4 Use IFRS to determine the fair value of securities**

Where NI 31-103 requires the determination of the fair value of securities, it must be determined in accordance with International Financial Reporting Standards (IFRS). For guidance with respect to the use of fair value in account statements, see section 14.14 of this Companion Policy.

### **Part 2 Categories of registration for individuals**

#### **2.1 Individual categories**

##### **Multiple individual categories**

Individuals who carry on more than one activity requiring registration on behalf of a registered firm must:

- register in all applicable categories, and
- meet the proficiency requirements of each category

For example, an advising representative of a portfolio manager who is also the firm's CCO must register in the categories of advising representative and CCO. They must meet the proficiency requirements of both of these categories.

##### **Multiple firms**

~~We will not usually register an individual as a dealing, advising or associate advising representative for more than one registered firm even if the firms are affiliated. We will consider applications for individuals to act as a representative of more than one firm on a case by case basis. Before we approve an application, we must be satisfied that:~~

- ~~• there are valid business reasons for the individual to be registered with both firms~~
- ~~• the applicant's sponsoring firms have demonstrated that they have policies and procedures addressing any conflicts of interest that may arise as a result of the dual registration, and~~
- ~~• the sponsoring firms will be able to deal with these conflicts~~

~~We may consider other relevant factors.~~

##### **Individual registered in a firm category**

An individual can be registered in both a firm and individual category. For example, a sole proprietor who is registered in the firm category of portfolio manager must also be registered in the individual category of advising representative.

#### **2.2 Client mobility exemption – individuals**

##### **Conditions of the exemption**

The mobility exemption in section 2.2 ~~of NI 31-103~~ allows registered individuals to continue dealing with and advising clients who move to another jurisdiction, without registering in that other jurisdiction. Section 8.30 *Client mobility exemption – firms* contains a similar exemption for registered firms.

The exemption becomes available when the client (not the registrant) moves to another jurisdiction. An individual may deal with up to five "eligible" clients in each other jurisdiction. Each of the client, their spouse and any children are an eligible client.

An individual may only rely on the exemption if:

- they and their sponsoring firm are registered in their principal jurisdiction
- they and their sponsoring firm only act as a dealer, underwriter or adviser in the other jurisdiction as permitted under their registration in their principal jurisdiction
- they comply with Part 13 *Dealing with clients – individuals and firms*
- they act fairly, honestly and in good faith in their dealings with the eligible client, and

- their sponsoring firm has disclosed to the eligible client that the individual and if applicable, their sponsoring firm, are exempt from registration in the other jurisdiction and are not subject to the requirements of securities legislation in that jurisdiction

As soon as possible after an individual first relies on this exemption, their sponsoring firm must complete and file Form 31-103F3 *Use of mobility exemption* (Form 31-103F3) with the other jurisdiction.

### Limits on the number of clients

Sections 2.2 and 8.30 are independent of each other: individuals may rely on section 2.2 in circumstances where they are not registered in the local jurisdiction even though their sponsoring firm does not rely on section 8.30 because the firm is registered in the local jurisdiction. The limits are per jurisdiction. For example a firm using the exemption could have 10 clients in each of several local jurisdictions where it is not registered. An individual could also be using the exemption to have 5 clients in each of several jurisdictions where the individual is not registered.

The individual limits are per individual. For example several individuals working for a firm could each have 5 clients in the same local jurisdiction, if their firm was registered in the jurisdiction. Even if a firm is registered in a local jurisdiction and has more than 10 clients served by registered individuals it can have unregistered individuals using the exemption in the jurisdiction. If a firm is not registered in a jurisdiction, the firm may not exceed its 10 client limit, shared among its representatives.

## Part 3 Registration requirements – individuals

### *Division 1 General proficiency requirements*

Individuals must pass exams – not courses – to meet the education requirements in Part 3. For example, an individual must pass the Canadian Securities Course Exam, but does not have to complete the Canadian Securities Course. Individuals are responsible for completing the necessary preparation to pass an exam and for proficiency in all areas covered by the exam. Certain charters and designations such as Chartered Financial Analyst (CFA) and Canadian Investment Manager (CIM) may also be recognized. The regulator is required to determine the individual's fitness for registration and may exercise discretion in doing so.

### 3.3 Time limits on examination requirements

~~Under section 3.3 of NI 31-103, 3.3, there is a time limit on the validity of exams prescribed in Part 3. Individuals must pass an exam within 36 months before they apply for registration. However, ~~the~~this time limit does not apply if the individual:~~

- ~~was registered in an active capacity (i.e., not suspended), in the same category in a jurisdiction of Canada for a total of 12 months at any time during the 36-month period, before the date of their application;~~ or
- ~~has gained relevant securities industry experience for a total of 12 months during the 36-month period before the date of their application; these months do not have to be consecutive, or with the same firm or organization~~

~~The 12 months of registration and relevant securities industry experience referred to in subsection 3.3(2) do not have to be consecutive, or with the same firm or organization. The individual must have been registered for a total of 12 months or obtained a total of 12 months of experience within the 36-month period before the date they apply for registration.~~

~~These time limits do not apply when individuals transfer to a new firm. This is because they do not have to apply for registration when they transfer. To the CFA Charter or the CIM designation.~~

When assessing an individual's fitness for registration, the regulator may consider

- the date on which the relevant examination was passed, and
- the length of time between any suspension and reinstatement of registration during the 36 month period

See Part 6 of this Companion Policy for guidance on ~~individuals who transfer to a new firm.~~ the meaning of "suspension" and "reinstatement".

### Relevant securities industry experience

The securities industry experience under subsection 3.3(2)(b) should be relevant to the category applied for. It may include experience acquired:

- during employment at a registered dealer, a registered adviser or an investment fund manager
- in related investment fields, such as investment banking, securities trading on behalf of a financial institution, securities research, portfolio management, investment advisory services or supervision of those activities
- in legal, accounting or consulting practices related to the securities industry
- in other professional service fields that relate to the securities industry, or
- in a securities-related business in a foreign jurisdiction

#### *Division 2 Education and experience requirements*

See Appendix C for a chart that sets out the proficiency requirements for each individual category of registration.

#### **Granting exemptions**

The regulator may grant an exemption from any of the education and experience requirements in Division 2 if it is satisfied that an individual has qualifications or relevant experience that is equivalent to, or more appropriate in the circumstances than, the prescribed requirements.

#### **Proficiency for representatives of investment dealers**

IIROC sets the proficiency requirements for dealing representatives of its members.

#### **Proficiency for representatives of restricted dealers and restricted portfolio managers**

The regulator will decide on a case-by-case basis what education and experience are required for registration as:

- a dealing representative or CCO of a restricted dealer, and
- an advising representative or CCO of a restricted portfolio manager

The regulator will determine these requirements when it assesses the individual's fitness for registration.

### **3.4 Proficiency – initial and ongoing**

#### **Proficiency principle**

Under section 3.4 of NI 31-103, registered individuals, ~~including CCOs, must not perform an activity that requires registration unless they have the education, training and experience that a reasonable person would consider necessary to perform the activity competently and to understand the structure, features and risks of each security they recommend to a client.~~

CCOs must also not perform an activity that requires registration unless they have the education, training and experience that a reasonable person would consider necessary to perform the activity competently. ~~Registered firms should ensure that~~

#### **Responsibility of the firm**

The responsibility of registered firms to oversee the compliance of registered individuals acting on their behalf meet this requirement at all times extends to ensuring that they are proficient at all times. A registered firm must not permit an individual they sponsor to perform an activity if the proficiency requirements are not met.

~~For example, firms~~ Firms should perform their own analysis of all ~~products~~ securities they recommend to clients and provide product training to ensure their registered representatives have a sufficient understanding of the ~~products~~ securities and their risks to meet their suitability obligations under section 13.3. Similarly, registered individuals should have a thorough understanding of a ~~product~~ security before they recommend it to a client.

#### **3.11 Portfolio manager – advising representative**

#### **3.12 Portfolio manager – associate advising representative**

The 12 months of relevant investment management experience referred to in section 3.11 ~~of NI 31-103~~ and 24 months of relevant investment management experience referred to in section 3.12 do not have to be consecutive, or with the same firm or

organization. The individual must obtain a total of this experience within the 36-month period before the date they apply for registration.

For individuals with a CFA charter, the regulator will decide on a case-by-case basis whether the experience they gained to earn the charter qualifies as relevant investment management experience.

### **Relevant investment management experience**

Relevant investment management experience under sections 3.11 and 3.12 may vary according to the level of specialization of the individual. It may include:

- securities research and analysis experience, demonstrating an ability in, and understanding of, portfolio analysis or portfolio security selection, or
- management of investment portfolios on a discretionary basis, including investment decision making, rebalancing and evaluating performance

### **Advising representatives**

Advising representatives may acquire relevant investment management experience during employment in a portfolio management capacity with a registered investment dealer or adviser firm.

### **Associate advising representatives**

Relevant investment management experience for associate advising representatives may include working at:

- an unregistered portfolio manager of a Canadian financial institution
- an adviser that is registered in another jurisdiction of Canada, or
- an adviser in a foreign jurisdiction

*Division 3 Membership in a self-regulatory organization*

### **3.16 Exemptions from certain requirements for SRO approved persons**

Section 3.16 exempts registered individuals who are dealing representatives of IIROC or MFDA members from the requirements in NI 31-103 for suitability and disclosure when recommending the use of borrowed money. This is because IIROC and the MFDA have their own rules for these matters.

In Québec, these requirements do not apply to dealing representatives of a mutual fund dealer ~~who comply with the applicable Québec regulations to the extent that equivalent requirements are applicable to those dealing representatives under regulations in Québec.~~

This section also exempts registered individuals who are dealing representatives of IIROC from the know your client obligations in section 13.2.

## **Part 4 Restrictions on registered individuals**

### **4.1 Restrictions on acting for another registered firm**

An individual may not be registered as a dealing, advising or associate advising representative for more than one registered firm (even if the firms are affiliated). We will consider exemption applications for individuals on a case by case basis. When considering an application for relief from this restriction, we will require evidence that:

- there are valid business reasons for the individual to be registered with both firms
- the individual will have sufficient time to adequately serve both firms
- the applicant's sponsoring firms have demonstrated that they have policies and procedures addressing any conflicts of interest that may arise as a result of the dual registration, and

- the sponsoring firms will be able to deal with these conflicts

Affiliation of the firms may be one of the factors that we would consider.

Under section 4.1, a registered individual must not act as a director of another registered firm that is not an affiliate of the individual's sponsoring firm. See section 13.4 [Identifying and responding to conflicts of interests of this Companion Policy for further guidance on individuals who serve on boards of directors.

#### **4.2 Associate advising representatives – pre-approval of advice**

The associate advising representative category is primarily meant to be an apprentice category for individuals who intend to become an advising representative but who do not meet the education or experience requirements for that category when they apply for registration. It allows an individual to work at a registered adviser while completing the proficiency requirements for an advising representative. For example, a previously registered advising representative could work in an advising capacity while acquiring the relevant work experience required for an advising representative under section 3.11 of NI 31-103-3.11.

However, associate advising representatives are not required to subsequently register as a full advising representative. They can remain as an associate advising representative indefinitely. This category also accommodates, for example, individuals who provide specific advice to clients, but do not manage client portfolios without supervision.

As required by section 4.2, registered firms must designate an advising representative to approve the advice provided by an associate advising representative. The designated advising representative must approve the advice before the associate advising representative gives it to the client. The appropriate processes for approving the advice will depend on the circumstances, including the associate advising representative's level of experience.

Registered firms that have associate advising representatives must:

- document their policies and procedures for meeting the supervision and approval obligations as required under section 11.1
- implement controls as required under section 11.1
- maintain records as required under section 11.5, and
- notify the regulator of the names of the advising representative and the associate advising representative whose advice they are approving no later than the seventh day after the advising representative is designated

#### **Part 5 Ultimate designated person and chief compliance officer**

Sections 11.2 and 11.3 of NI 31-103 require registered firms to designate a UDP and a CCO. The UDP and CCO must be registered and perform the compliance functions set out in sections 5.1 and 5.2. While the UDP and CCO have specific compliance functions, they are not solely responsible for compliance – it is the responsibility of the firm as a whole.

##### **The same person as UDP and CCO**

The UDP and the CCO can be the same person if they meet the requirements for both registration categories. We prefer firms to separate these functions, but we recognize that it might not be practical for some registered firms.

##### **UDP or CCO as advising or dealing representative**

The UDP or CCO may also be registered in trading or advising categories. For example, a small registered firm might conclude that one individual can adequately function as UDP and CCO, while also carrying on advising and trading activities. We may have concerns about the ability of a UDP or CCO of a large firm to conduct these additional activities and carry out their UDP, CCO and advising responsibilities at the same time.

##### **5.1 Responsibilities of the ultimate designated person**

The UDP is responsible for promoting a culture of compliance and overseeing the effectiveness of the firm's compliance system. They do not have to be involved in the day-to-day management of the compliance group. There are no specific education or experience requirements for the UDP. However, they are subject to the proficiency principle in section 3.4.

## 5.2 Responsibilities of the chief compliance officer

The CCO is an operating officer who is responsible for the monitoring and oversight of the firm's compliance system. This includes:

- establishing or updating policies and procedures for the firm's compliance system, and
- managing the firm's compliance monitoring and reporting according to the policies and procedures

At the firm's discretion, the CCO may also have authority to take supervisory or other action to resolve compliance issues.

The CCO must meet the proficiency requirements set out in Part 3. No other compliance staff have to be registered unless they are also advising or trading. The CCO may set the knowledge and skills necessary or desirable for individuals who report to them.

If a firm is registered in multiple categories, the CCO must meet the most stringent of the proficiency requirements of the firm's categories of registration.

Firms must designate one CCO. However, in large firms, the scale and kind of activities carried out by different operating divisions may warrant the designation of more than one CCO. We will consider applications, on a case-by-case basis, for different individuals to act as the CCO of a firm's operating divisions.

We will not usually register the same person as CCO of more than one firm unless the firms are affiliated, and the scale and kind of activities carried out make it reasonable for the same person to act as CCO of more than one firm. We will consider applications, on a case-by-case basis, for the CCO of one registered firm to act as the CCO of another registered firm.

Subsection 5.2(c) of NI 31-103 requires the CCO to report to the UDP any instances of non-compliance with securities legislation that:

- create a reasonable risk of harm to a client or to the market, or
- are part of a pattern of non-compliance

The CCO should report non-compliance to the UDP even if it has been corrected.

Subsection 5.2(d) requires the CCO to submit an annual report to the board of directors.

## **Part 6 Suspension and revocation of registration – individuals**

The requirements for surrendering registration and additional requirements for suspending and revoking registration are found in the securities legislation of each jurisdiction. The guidance for Part 6 relates to requirements under both securities legislation and NI 31-103.

There is no renewal requirement for registration. A registered individual may carry on the activities for which they are registered until their registration is:

- suspended automatically under NI 31-103
- suspended by the regulator under certain circumstances, or
- surrendered by the individual

### **6.1 If individual ceases to have authority to act for firm**

Under section ~~6.1 of NI 31-103~~ 6.1, if a registered individual ceases to have authority to act on behalf of their sponsoring firm because their working relationship with the firm ends or changes, the individual's registration with the registered firm is suspended until reinstated or revoked under securities legislation. This applies whether the individual or the firm ends the relationship.

If a registered firm terminates its working relationship with a registered individual for any reason, the firm must complete and file a notice of termination on Form 33-109F1 *Notice of Termination of Registered Individuals and Permitted Individuals* (Form 33-

109F1) no later than ~~five~~<sup>seven</sup> days after the effective date of the individual's termination. This includes when an individual resigns, is dismissed or retires.

The firm must file additional information about the individual's termination prescribed in Part 5 of Form 33-109F1 if:

- ~~(except where the individual resigned (either voluntarily or at the firm's request)~~
- ~~the individual was dismissed (whether or not for cause), or~~
- ~~the firm indicates "other" as the reason for termination on Form 33-109F1. The firm must file this information if the individual is deceased),~~ no later than 30 days after the date of termination. The regulator uses this information to determine if there are any concerns about the individual's conduct that may be relevant to their ongoing fitness for registration. Under NI 33-109, the firm must provide this information to the individual on request.

### Suspension

An individual whose registration is suspended must not carry on the activity they are registered for. The individual otherwise remains a registrant and is subject to the jurisdiction of the regulator. A suspension remains in effect until the regulator reinstates or revokes the individual's registration.

If an individual who is registered in more than one category is suspended in one of the categories, the regulator will consider whether to suspend the individual's registration in other categories or to impose terms and conditions, subject to an opportunity to be heard.

#### **Automatic suspension**

An individual's registration will automatically be suspended if:

- they cease to have a working relationship with their sponsoring firm
- the registration of their sponsoring firm is suspended or revoked, or
- they cease to be an approved person of an SRO

An individual must have a sponsoring firm to be registered. If an individual leaves their sponsoring firm for any reason, their registration is automatically suspended. Automatic suspension is effective on the day that an individual no longer has authority to act on behalf of their sponsoring firm.

Individuals do not have an opportunity to be heard by the regulator in the case of any automatic suspension.

#### **Suspension in the public interest**

An individual's registration may be suspended if the regulator exercises its power under securities legislation and determines that it is no longer in the public interest for the individual to be registered. The regulator may do this if it has serious concerns about the ongoing fitness of the individual. For example, this may be the case if an individual is charged with a crime, in particular fraud or theft.

### Reinstatement

"Reinstatement" means that a suspension on a registration has been lifted. Once reinstated, an individual may resume carrying on the activity they are registered for. If a suspended individual joins a new sponsoring firm, they will have to apply for reinstatement under the process set out in NI 33-109. In certain cases, the reinstatement or transfer to the new firm will be automatic.

#### **Automatic transfers**

Subject to certain conditions set out in NI 33-109, an individual's registration may be automatically reinstated if they:

- transfer directly from one sponsoring firm to another registered firm in the same jurisdiction
- join the new sponsoring firm within 90 days of leaving their former sponsoring firm

- seek registration in the same category as the one previously held, and
- complete and file Form 33-109F7 *Reinstatement of Registered Individuals and Permitted Individuals* (Form 33-109F7)

This allows individuals to engage in activities requiring registration from their first day with the new sponsoring firm.

Individuals are not eligible for an automatic reinstatement if they:

- have new information to disclose regarding regulatory, criminal, civil or financial matters as described in Item 9 of Form 33-109F7, or
- as a result of allegations of criminal activity, breach of securities legislation or breach of SRO rules:
  - were dismissed by their former sponsoring firm, or
  - were asked by their former sponsoring firm to resign

In these cases, the individual must apply to have their registration reinstated under NI 33-109 using Form 33-109F4 *Registration of Individuals and Review of Permitted Individuals*.

## **6.2 If IIROC approval is revoked or suspended**

## **6.3 If MFDA approval is revoked or suspended**

Registered individuals acting on behalf of member firms of an SRO are required to be an approved person of the SRO.

If an SRO suspends or revokes its approval of an individual, the individual's registration in the category requiring SRO approval will be automatically suspended. This automatic suspension of individuals does not apply to mutual fund dealers registered only in Québec.

If an SRO suspends an individual for reasons that do not involve significant regulatory concerns and subsequently reinstates the individual's approval, the individual's registration will usually be reinstated by the regulator as soon as possible.

## **Revocation**

### **6.6 Revocation of a suspended registration – individual**

If an individual's registration has been suspended under Part 6 of NI 31-103 but not reinstated, it will be automatically revoked on the second anniversary of the suspension.

"Revocation" means that the regulator has terminated the individual's registration. An individual whose registration has been revoked must submit a new application if they want to be registered again.

## **Surrender**

"Surrender" means an individual wants to terminate their registration in some, but not all, of the jurisdictions in which they are registered. An individual may apply to surrender their registration at any time by completing Form 33-109F2 *Change or Surrender of Individual Categories* (Form 33-109F2) and having their sponsoring firm file it.

An individual who is registered in one or more jurisdictions and wants to terminate their registration in all jurisdictions does not have to file Form 33-109F2. This is because their sponsoring firm is required to file Form 33-109F1.

## **Part 7 Categories of registration for firms**

The categories of registration for firms have two main purposes:

- to specify the type of business that the firm may conduct, and
- to provide a framework for the requirements the registrant must meet

## Firms registered in more than one category

A firm may be required to register in more than one category. For example, a portfolio manager that manages an investment fund must register both as a portfolio manager and as an investment fund manager.

## Individual registered in a firm category

An individual can be registered in both a firm and individual category. For example, a sole proprietor who is registered in the firm category of portfolio manager must also be registered in the individual category of advising representative.

### 7.1 Dealer categories

Underwriting is a subset of dealing activity for specified categories. Investment dealers may underwrite any securities. Exempt market dealers may underwrite securities in limited circumstances.

#### Exempt market dealer

Under subsection 7.1(2)(d) of NI 31-103, exempt market dealers may only act as a dealer in the “exempt market”. The permitted activities of an exempt market dealer are determined with reference to the prospectus exemptions in NI 45-106 and include trades to “accredited investors” and purchasers of at least \$150,000 of a security and trades to anyone under the offering memorandum exemption.

Exempt market dealers can sell investment funds (whether or not they are prospectus-qualified) under these exemptions without registering as a mutual fund dealer or being a member of the MFDA.

#### Restricted dealer

The restricted dealer category in subsection 7.1(2)(e) permits specialized dealers that may not qualify under another dealer category to carry on a limited trading business. It is intended to be used only if there is a compelling case for the proposed trading to take place outside the other registration categories.

The regulator will impose terms and conditions that restrict the dealer’s activities. The CSA will co-ordinate terms and conditions for restricted dealers.

### 7.2 Adviser categories

The registration requirement in section 7.2 of NI 31-103 applies to advisers who give “specific advice”. Advice is specific when it is tailored to the needs and circumstances of a client or potential client. For example, an adviser who recommends a security to a client is giving specific advice.

#### Restricted portfolio manager

The restricted portfolio manager category in subsection 7.2(2)(b) permits individuals or firms to advise in specific securities, classes of securities or securities of a class of issuers.

The regulator will impose terms and conditions on a restricted portfolio manager’s registration that limit the manager’s activities to For example, a restricted portfolio manager might be limited to advising in respect of a specific area, for example, sector, such as securities of oil and gas issuers.

### 7.3 Investment fund manager category

Investment fund managers direct the business, operations or affairs of an investment fund. They organize the fund and are responsible for its management and administration.

If an entity is uncertain about whether it must register as an investment fund manager, it should consider whether the fund is an “investment fund” for the purposes of securities legislation. See section 1.2 of the Companion Policy to NI 81-106 for guidance on the general nature of investment funds.

An investment fund manager may:

- advertise to the general public a fund it manages without being registered as an adviser, and
- promote the fund to registered dealers without being registered as a dealer

If an investment fund manager acts as portfolio manager for a fund it manages, it should consider whether it may have to be registered as an adviser. If it distributes units of the fund directly to investors, it should consider whether it may have to be registered as a dealer.

An investment fund manager may delegate or outsource certain functions to other service providers. However, the investment fund manager is responsible for these functions and must supervise the service provider. See Part 11 of this Companion Policy for more guidance on outsourcing.

### Limited partnerships

Investment funds organized as limited partnerships of investment vehicles should consider which entity or entities may need to be registered as an investment fund manager. Multiple registrations may not be necessary if each general partner in the affiliated group enters into a contract with a single registered investment fund manager within the group. In this case, the investment fund manager may not be one of the general partners.

## Part 8 Exemptions from the requirement to register

NI 31-103 provides several exemptions from the registration requirement. There may be additional exemptions in securities legislation. If a firm is exempt from registration, the individuals acting on its behalf are also exempt from registration.

### *Division 1 Exemptions from dealer and underwriter registration*

We provide no specific guidance for the following exemptions because there is guidance on them in the Companion Policy to NI 45-106:

- 8.12 *Mortgages*
- 8.17 *Reinvestment plan*
- 8.20 *Exchange contract – Alberta, British Columbia, New Brunswick and Saskatchewan*

### 8.5 Trades through or to a registered dealer

Section 8.5 provides an exemption from the dealer registration requirement for trades made

- solely through an appropriately registered dealer or
- to an appropriately registered dealer that is purchasing for its own account

The exemption is available in respect of a trade through a registered dealer so long as there is no intervening dealing activity by a third party that is not registered or exempt from registration for such activity. This is typically the case, for example, where an individual trades through their account with an investment dealer or a company issues its own securities through an investment dealer. The exemption is not available where a person or company conducts dealing activities for which they are not registered or exempt from registration and then directs the execution of those trades by a registered dealer.

#### **Cross-border “jitneys”**

The exemption requires that all trading activity that occurs within the local jurisdiction is done through or to a dealer registered in that jurisdiction. On that basis, the execution of a trade through or to an appropriately registered dealer by a dealer located in another jurisdiction would qualify under the exemption in section 8.5. However, if the dealer in the other jurisdiction engages in other trading activities in the local jurisdiction in connection with the transaction, the trade is no longer a trade made solely through or to a registered dealer and the exemption would not be available.

A trade is not solely through a registered dealer if the dealer in the other jurisdiction (or its client) interacts directly with the purchaser in the local jurisdiction. For example, if a dealer in the United States that is not registered in Alberta contacts a potential purchaser in Alberta to solicit the purchase of securities, this trade does not qualify for this exemption. The dealer in the United States must instead solicit the purchase by contacting a dealer registered in Alberta, and have that dealer contact potential purchasers in Alberta.

**Plan administrators**

This exemption is available when no intermediary is involved in a trade, for example, when an individual or firm trades their own securities directly with a registered dealer. An individual or firm will have to register, however, if they trade another party's securities with a registered dealer.

A plan administrator can rely on the exemption in section 8.5 to place sell orders with dealers in respect of shares of issuers held by plan participants. Section 8.16 [Plan administrator] covers the activity of the plan administrator receiving sell orders from plan participants.

**8.6 — Adviser — non-prospectus qualified investment fund**  
**8.6 — Investment fund trades by adviser to managed account**

Registered advisers often create and use investment funds as a way to efficiently invest their clients' money. In issuing units of those funds to managed account clients, they are in the business of trading in securities. Under the exemption in section 8.6 of NI 31-103, 8.6, registered advisers do not have to register as a dealer for a trade in a security of a non-prospectus qualified investment fund if they:

- act as the fund's adviser and investment fund manager, and
- distribute units of the fund only into their clients' managed accounts

The exemption is also available to those who qualify for the international adviser exemption under section 8.26.

Registered advisers often create non-prospectus qualified investment funds as a way to efficiently invest their clients' money. In issuing units of those funds to clients, they are in the business of trading in securities.

Subsection 8.6(2) limits the availability of this exemption to legitimate fully-managed accounts. We do not intend for the exemption to be used to distribute the adviser's own non-prospectus qualified investment funds on a retail basis. Advisers relying on the exemption in section 8.6 should consider whether they may have to register as an investment fund manager.

**8.18 — International dealer****General principle**

This exemption allows non-Canadian dealers to provide limited services to Canadian permitted clients, without having to register in Canada. Non-Canadian dealers that seek wider access to Canadian investors must register in an appropriate category.

**Firm also registered to conduct other activities in Canada**

If a person or company relies on the registration exemption in section 8.18 for trades with permitted clients, but is registered to conduct other activities in Canada, the requirements under NI 31-103 applicable to its registerable activities do not apply to its activities under the exemption. For example, a foreign firm that is registered as a portfolio manager and also conducts trades contemplated under this exemption must provide the notice to clients required under section 14.5, and like all portfolio managers, provide account statements to the clients. However, it is not required to provide any of these documents to its permitted clients on whose behalf it trades under the international dealer exemption, so long as it complies with the conditions of section 8.18.

**Notice requirement**

If a firm is relying on the exemption in more than one jurisdiction, it must provide an initial notice by filing a Form 31-103F2 *Submission to Jurisdiction and Appointment of Agent for Service* (F2) with the regulator in each jurisdiction where it relies on the exemption. If there is any change to the information in the firm's F2, it must update it by filing a replacement F2 with them.

So long as the firm continues to rely on the exemption, it must file an annual notice with each regulator. Subsection 8.18(5) does not prescribe a form of annual notice. An email or letter will therefore be acceptable.

In Ontario, compliance with the filing and fee payment requirements applicable to an unregistered exempt international dealer under Ontario Securities Commission Rule 13-502 *Fees* satisfies the annual notification requirement in subsection (5).

### 8.19 Self-directed registered education savings plan

We consider the creation of a self-directed registered education savings plan, as defined in section ~~8.19 of NI 31-103~~8.19, to be a trade in a security, whether or not the assets held in the plan are securities. This is because the definition of “security” in securities legislation of most jurisdictions includes “any document constituting evidence of an interest in a scholarship or educational plan or trust”.

Section 8.19 provides an exemption from the dealer registration requirement for the trade when the plan is created but only under the conditions described in subsection 8.19(2).

*Division 2 Exemptions from adviser registration*

### 8.25 Advising generally

Section 8.25 of ~~NI 31-103~~ contains an exemption from the requirement to register as an adviser if the advice is not tailored to the needs of the recipient.

In general, we would not consider advice about specific securities to be tailored to the needs of the recipient if it:

- is a general discussion of the merits and risks of the security
- is delivered through investment newsletters, articles in general circulation newspapers or magazines, websites, e-mail, Internet chat rooms, bulletin boards, television or radio, and
- does not claim to be tailored to the needs and circumstances of any recipient

This type of general advice can also be given at conferences. However, if a purpose of the conference is to solicit the audience and generate specific trades in specific securities, we may consider the advice to be tailored or we may consider the individual or firm giving the advice to be engaged in trading activity.

Under subsection 8.25(3), if an individual or firm relying on the exemption has a financial or other interest in the securities they recommend, they must disclose the interest to the recipient when they make the recommendation.

### 8.26 International adviser

This exemption allows non-Canadian advisers to provide limited services to Canadian permitted clients, without having to register in Canada. Non-Canadian advisers that seek wider access to Canadian investors must register in an appropriate category.

#### Incidental advice on Canadian securities

An international adviser relying on the exemption in section 8.26 may advise in Canada on foreign securities without having to register. It may also advise in Canada on securities of Canadian issuers, if providing the advice is incidental to its providing advice on a foreign security. However, this is not a ‘carve out’ that allows some portion of a permitted client’s portfolio to be made up of Canadian securities chosen by the international adviser without restriction. Any advice with respect to Canadian securities must be directly related to the activity of advising on foreign securities. For example, an international adviser may recommend a foreign investment fund that primarily holds foreign securities, but which also holds some Canadian securities, and still meet the conditions of the exemption.

#### Revenue derived in Canada

An international adviser is only permitted to undertake a prescribed amount of business in Canada. In making the calculation required under paragraph 8.26(4)(d), it is necessary to include all revenues derived from portfolio management activities in Canada, which would include any sub-adviser arrangements. However, the calculation of aggregate consolidated gross revenue derived in Canada does not include the gross revenue of affiliates that are registered in a jurisdiction of Canada. An international adviser is not required to monitor Canadian revenue on an ongoing basis. Eligibility for the exemption is assessed with reference to revenues as of the end of the adviser’s financial year. The 10% threshold in paragraph 8.26(4)(d) is determined by looking back at the revenue of the firm and its affiliates “during its most recently completed financial year”.

**Notice requirement**

If a firm is relying on the exemption in more than one jurisdiction, it must provide an initial notice by filing a Form 31-103F2 Submission to Jurisdiction and Appointment of Agent for Service (F2) with the regulator in each jurisdiction where it relies on the exemption. If there is any change to the information in the firm's F2, it must update it by filing a replacement F2 with them.

So long as the firm continues to rely on the exemption, it must file an annual notice with each regulator. Subsection 8.26(5) does not prescribe a form of annual notice. An email or letter will therefore be acceptable.

In Ontario, compliance with the filing and fee payment requirements applicable to an unregistered exempt international firm under Ontario Securities Commission Rule 13-502 Fees satisfies the annual notification requirement in subsection (5).

*Division 3 Exemptions from investment fund manager registration*

**8.28 Capital accumulation plan exemption**

Section 8.28 of NI 31-103 provides an exemption from the investment fund manager registration requirement to an individual or firm that administers a capital accumulation plan. If an investment fund manager is also required to register as a dealer or adviser, this exemption only applies to their activities as an investment fund manager.

*Division 4 Mobility exemption – firms*

**8.30 Client mobility exemption – firms**

The mobility exemption in section 8.30 of NI 31-103 allows registered firms to continue dealing with and advising clients who move to another jurisdiction, without registering in that other jurisdiction. Section 2.2 *Client mobility exemption – individuals* contains a similar exemption for registered individuals.

The exemption becomes available when the client (not the registrant) moves to another jurisdiction. A registered firm may deal with up to 10 “eligible” clients in each other jurisdiction. Each of the client, their spouse and any children are an eligible client.

A firm may only rely on the exemption if:

- it is registered in its principal jurisdiction
- it only acts as a dealer, underwriter or adviser in the other jurisdiction as permitted under its registration in its principal jurisdiction
- the individual acting on its behalf is eligible for the exemption in section 2.2
- it complies with Parts 13 [*Dealing with clients – individuals and firms*] and 14 [*Handling client accounts – firms*], and
- it acts fairly, honestly and in good faith in its dealings with the eligible client

**Firm's responsibilities for individuals relying on the exemption**

In order for a registered individual to rely on the exemption in section 2.2, their sponsoring firm must disclose to the eligible client that the individual and if applicable, the firm, are exempt from registration in the other jurisdiction and are not subject to the requirements of securities legislation in that jurisdiction.

As soon as possible after an individual first relies on the exemption in section 2.2, their sponsoring firm must complete and file Form 31-103F3 in the other jurisdiction.

The registered firm must have appropriate policies and procedures for supervising individuals who rely on a mobility exemption. Registered firms must also keep appropriate records to demonstrate they are complying with the conditions of the mobility exemption.

See the guidance in section 2.2 of this Companion Policy on the client mobility exemption available to individuals.

## Part 9 Membership in a self-regulatory organization

### 9.3 Exemptions from certain requirements for SRO members

### 9.4 Exemptions from certain requirements for MFDA members

Section 9.3 of NI 31-103 contains and 9.4 contain an exemption from certain requirements for investment dealers that are IIROC members and, except in Québec, for mutual fund dealers that are MFDA members and in Québec, for mutual fund dealers to the extent equivalent requirements are applicable under the regulations in Québec. However, if an SRO member is registered in another category, ~~this section does~~ these sections do not exempt them from their obligations as a registrant in that category.

For example, if a firm is registered as an investment fund manager and as an investment dealer with IIROC, section 9.3 does not exempt them from their obligations as an investment fund manager under NI 31-103.

## Part 10 Suspension and revocation of registration – firms

The requirements for surrendering registration and additional requirements for suspending and revoking registration are found in the securities legislation of each jurisdiction. The guidance for Part 10 relates to requirements under both securities legislation and NI 31-103.

There is no renewal requirement for registration but firms must pay fees every year to maintain their registration and the registration of individuals acting on their behalf. A registered firm may carry on the activities for which it is registered until its registration is:

- suspended automatically under NI 31-103
- suspended by the regulator under certain circumstances, or
- surrendered by the firm

*Division 1 When a firm's registration is suspended*

### Suspension

A firm whose registration has been suspended must not carry on the activity it is registered for. The firm otherwise remains a registrant and is subject to the jurisdiction of the regulator. A suspension remains in effect until the regulator reinstates or revokes the firm's registration.

If a firm that is registered in more than one category is suspended in one of the categories, the regulator will consider whether to suspend the firm's registration in other categories or to impose terms and conditions, subject to an opportunity to be heard.

### Automatic suspension

A firm's registration will automatically be suspended if:

- it fails to pay its annual fees within 30 days of the due date
- it ceases to be a member of IIROC, or
- except in Québec, it ceases to be a member of the MFDA

Firms do not have an opportunity to be heard by the regulator in the case of any automatic suspension.

### 10.1 Failure to pay fees

Under section 40.1 of NI 31-103, 10.1, a firm's registration will be automatically suspended if it has not paid its annual fees within 30 days of the due date.

### 10.2 If IIROC membership is revoked or suspended

Under section 40.2 of NI 31-103, 10.2, if IIROC suspends or revokes a firm's membership, the firm's registration as an investment dealer is suspended until reinstated or revoked.

### 10.3 If MFDA membership is revoked or suspended

Under section ~~40.3 of NI 31-103~~, 10.3, if the MFDA suspends or revokes a firm's membership, the firm's registration as a mutual fund dealer is suspended until reinstated or revoked. Section 10.3 does not apply in Québec.

#### ***Suspension in the public interest***

A firm's registration may be suspended if the regulator exercises its power under securities legislation and determines that it is no longer in the public interest for the firm to be registered. The regulator may do this if it has serious concerns about the ongoing fitness of the firm or any of its registered individuals. For example, this may be the case if a firm or one or more of its registered or permitted individuals is charged with a crime, in particular fraud or theft.

#### ***Reinstatement***

"Reinstatement" means that a suspension on a registration has been lifted. Once reinstated, a firm may resume carrying on the activity it is registered for.

*Division 2 Revoking a firm's registration*

### Revocation

#### **10.5 Revocation of a suspended registration – firm**

#### **10.6 Exception for firms involved in a hearing**

Under sections 10.5 and ~~40.6 of NI 31-103~~, 10.6, if a firm's registration has been suspended under Part 10 and has not been reinstated, it is revoked on the second anniversary of the suspension, except if a hearing or proceeding concerning the suspended registrant has commenced. In this case the registration remains suspended.

"Revocation" means that the regulator has terminated the firm's registration. A firm whose registration has been revoked must submit a new application if it wants to be registered again.

### Surrender

A firm may apply to surrender its registration in one or more categories at any time. There is no prescribed form for an application to surrender. A firm should file an application to surrender registration with its principal regulator. If Ontario is a non-principal jurisdiction, it should also file the application with the regulator in Ontario. See the Companion Policy to Multilateral Instrument 11-102 *Passport System* for more details on filing an application to surrender.

Before the regulator accepts a firm's application to surrender registration, the firm must provide the regulator with evidence that the firm's clients have been dealt with appropriately. This evidence does not have to be provided when a registered individual applies to surrender registration. This is because the sponsoring firm will continue to be responsible for meeting obligations to clients who may have been served by the individual.

The regulator does not have to accept a firm's application to surrender its registration. Instead, the regulator can act in the public interest by suspending, or imposing terms and conditions on, the firm's registration.

When considering a registered firm's application to surrender its registration, the regulator typically considers the firm's actions, the completeness of the application and the supporting documentation.

#### ***The firm's actions***

The regulator may consider whether the firm:

- has stopped carrying on activity requiring registration
- proposes an effective date to stop carrying on activity requiring registration that is within six months of the date of the application to surrender, and
- has paid any outstanding fees and submitted any outstanding filings at the time of filing the application to surrender

**Completeness of the application**

Among other things, the regulator may look for:

- the firm's reasons for ceasing to carry on activity requiring registration
- satisfactory evidence that the firm has given all of its clients reasonable notice of its intention to stop carrying on activity requiring registration, including an explanation of how it will affect them in practical terms, and
- satisfactory evidence that the firm has given appropriate notice to the SRO, if applicable

**Supporting documentation**

The regulator may look for:

- evidence that the firm has resolved all outstanding client complaints, settled all litigation, satisfied all judgments or made reasonable arrangements to deal with and fund any payments relating to them, and any subsequent client complaints, settlements or liabilities
- confirmation that all money or securities owed to clients has been returned or transferred to another registrant, where possible, according to client instructions
- up-to-date audited financial statements with an auditor's comfort letter
- evidence that the firm has satisfied any SRO requirements for withdrawing membership, and
- an officer's or partner's certificate supporting these documents

**Part 11 Internal controls and systems****General business practices – outsourcing**

Registered firms are responsible and accountable for all functions that they outsource to a service provider. Firms should have a written, legally binding contract that includes the expectations of the parties to the outsourcing arrangement.

Registered firms should follow prudent business practices and conduct a due diligence analysis of prospective third-party service providers. This includes third-party service providers that are affiliates of the firm. Due diligence should include an assessment of the service provider's reputation, financial stability, relevant internal controls and ability to deliver the services.

Firms should also:

- ensure that third-party service providers have adequate safeguards for keeping information confidential and, where appropriate, disaster recovery capabilities
- conduct ongoing reviews of the quality of outsourced services
- develop and test a business continuity plan to minimize disruption to the firm's business and its clients if the third-party service provider does not deliver its services satisfactorily, and
- note that other legal requirements, such as privacy laws, may apply when entering into outsourcing arrangements

The regulator, the registered firm and the firm's auditors should have the same access to the work product of a third-party service provider as they would if the firm itself performed the activities. Firms should ensure this access is provided and include a provision requiring it in the contract with the service provider, if necessary.

*Division 1 Compliance***11.1 Compliance system****General principles**

Section 11.1 of NI 31-103 requires registered firms to establish, maintain and apply policies and procedures that establish a system of controls and supervision (a compliance system) that:

- provides assurance that the firm and individuals acting on its behalf comply with securities legislation, and
- manages the risks associated with the firm's business risks in accordance with prudent business practices

Operating an effective compliance system is essential to a registered firm's continuing fitness for registration. It provides reasonable assurance that the firm is meeting, and will continue to meet, all requirements of applicable securities laws and SRO rules and is managing risk prudently in accordance with prudent business practices. A compliance system should include internal controls and mechanisms monitoring systems that are reasonably likely to identify non-compliance at an early stage and supervisory systems that allow the firm to correct non-compliant conduct in a timely manner.

~~Compliance~~ The responsibilities of the UDP are set out in section 5.1 and those of the CCO in section 5.2. However, compliance is not only a responsibility of a specific individual or a compliance department of the firm, but rather is a firm-wide responsibility and an integral part of the firm's activities. Everyone in the firm should understand the standards of conduct for their role. This includes the board of directors, partners, management, employees and agents, whether or not they are registered.

Having a UDP and CCO, and in larger firms, a compliance group and other supervisory staff, does not relieve anyone else in the firm of the obligation to report and act on compliance issues. A compliance system should identify those who will act as alternates in the absence of the UDP or CCO.

**Elements of an effective compliance system**

While policies and procedures are essential, they do not make an acceptable compliance system on their own. An effective compliance system also includes internal controls, day-to-day and systemic monitoring, and supervision elements.

**Internal controls**

Internal controls are an important part of a firm's compliance system. They should mitigate risk and protect firm and client assets. They should be designed to assist firms in monitoring compliance with securities legislation and managing the risks that affect their business, including risks that may ~~arise from~~ relate to:

- safeguarding of client and firm assets
- accuracy of books and records
- trading, including personal and proprietary trading
- conflicts of interest
- money laundering
- ~~trading~~
- business interruption
- hedging strategies
- marketing and sales practices, and
- the firm's overall financial viability

**Supervision****Monitoring and supervision**

Supervision is an essential component of a firm's compliance system. ~~It consists of day-to-day monitoring and supervision, and overall systemic monitoring.~~ Monitoring and supervision are essential components of a firm's compliance system. They consist of day-to-day monitoring and supervision, and overall systemic monitoring.

**(a) Day-to day monitoring and supervision**

~~Day-to-day~~ In our view, an effective monitoring and supervision system includes:

- ~~identifying monitoring to identify specific cases of non-compliance or internal control weaknesses that might lead to non-compliance~~
- referring non-compliance or internal control weaknesses to management or other individuals with authority to take supervisory action to correct them
- taking supervisory action to correct them, and
- minimizing the compliance risk in key areas of a firm's operations

In our view, effective day-to-day monitoring should include, among other things

- approving new account documents
- reviewing and, in some cases, approving transactions
- approving marketing materials, and
- Minimizing risk usually involves approving new account documents, monitoring and in some cases, approving transactions, approving marketing materials and preventing inappropriate use or disclosure of non-public information.

Firms can use a risk-based approach to monitoring, such as reviewing an appropriate sample of transactions.

The firm's management is responsible for the supervisory element of correcting non-compliance or internal control weaknesses. However, at a firm's discretion, its CCO may be given supervisory authority, but this is not a necessary component of the CCO's role.

Anyone who supervises registered individuals has a responsibility on behalf of the firm to take all reasonable measures to ensure that each of these individuals:

- deals fairly, honestly and in good faith with their clients
- complies with securities legislation
- complies with the firm's policies and procedures, and
- maintains an appropriate level of proficiency

**(b) Systemic monitoring**

Systemic monitoring involves assessing, and advising and reporting on the effectiveness of the firm's compliance system. This includes ensuring that:

- the firm's day-to-day supervision is reasonably effective in identifying and promptly correcting cases of non-compliance deficiencies and internal control weaknesses
- policies and procedures are enforced and kept up to date, and
- everyone at the firm generally understands and complies with the policies and procedures, and with securities legislation

**Specific elements**

More specific elements of an effective compliance system include:

**(a) Visible commitment**

Senior management and the board of directors or partners should demonstrate a visible commitment to compliance.

**(b) Sufficient resources and training**

The firm should have sufficient resources to operate an effective compliance system. Qualified individuals (including anyone acting as an alternate during absences) should have the responsibility and authority to monitor the firm's compliance, identify any instances of non-compliance and take supervisory action to correct them.

The firm should provide training to ensure that everyone at the firm understands the standards of conduct and their role in the compliance system, including ongoing communication and training on changes in regulatory requirements or the firm's policies and procedures.

**(c) Detailed policies and procedures**

The firm should have detailed written policies and procedures that:

- identify the internal controls the firm will use to ensure compliance with legislation and manage risk
- set out the firm's standards of conduct for compliance with securities and other applicable legislation and the systems for monitoring and enforcing compliance with those standards
- clearly outline who is expected to do what, when and how
- are readily accessible by everyone who is expected to know and follow them
- are updated when regulatory requirements and the firm's business practices change, and
- take into consideration the firm's obligation under securities legislation to deal fairly, honestly and in good faith with its clients

**(d) Detailed records**

The firm should keep records of activities conducted to identify compliance deficiencies and the action taken to correct them.

**Setting up a compliance system**

It is up to each registered firm to determine the most appropriate compliance system for its operations. Registered firms should consider the size and scope of their operations, including products, types of clients or counterparties, risks and compensating controls, and any other relevant factors.

For example, a large registered firm with diverse operations may require a large team of compliance professionals with several divisional heads of compliance reporting to a CCO dedicated entirely to a compliance role.

All firms must have policies, procedures and systems to demonstrate compliance. However, some of the elements noted above may be unnecessary or impractical for smaller registered firms.

We encourage firms to meet or exceed industry best practices in complying with regulatory requirements.

**11.2 Designating an ultimate designated person**

Under subsection 11.2(1) of NI 31-103, registered firms must designate an individual to be the UDP. Firms should ensure that the individual understands and is able to perform the obligations of a UDP under section 5.1. The UDP must be:

- the chief executive officer of the registered firm or the individual acting in a similar capacity, if the firm does not have a CEO. The person acting in a similar capacity to a CEO is the most senior decision maker in the firm, who might have the title of managing partner or president, for example

- the sole proprietor of the registered firm, or
- anthe officer in charge of a division of the firm that carries on all of the activity that requires registration-registerable activity if the firm also has significant other business activities, such as insurance, conducted in different divisions. This is not an option if the core business of the firm is trading or advising in securities and it only has some other minor operations conducted in other divisions. In this case, the UDP must be the CEO or equivalent.

To designate someone else as the UDP requires an exemptive relief order. Given that the intention of section 11.2 is to ensure that responsibility for its compliance system rests at the very top of a firm, we will only grant relief in rare cases.

~~• an individual acting in a similar capacity~~

We note that in larger organizations, the UDP is sometimes supported by an officer who has a compliance oversight role and title within the organization and who is more senior than the CCO. We have no objection to such arrangements, but it must be understood that they can in no way diminish the UDP's regulatory responsibilities.

If the person designated as the UDP no longer meets these requirements, and the registered firm is unable to designate another UDP, the firm should promptly advise the regulator of the actions it is taking to designate a new UDP who ~~does satisfy~~meets those requirements.

### 11.3 Designating a chief compliance officer

Under subsection 11.3(1) of NI 31-103, registered firms must designate an individual to be the CCO. Firms should ensure that the individual understands and is able to perform the obligations of a CCO under section 5.2.

The CCO must meet the applicable proficiency requirements in Part 3 of NI 31-103 and be:

- an officer or partner of the registered firm, or
- the sole proprietor of the registered firm

If the CCO no longer meets any of the above conditions and the registered firm is unable to designate another CCO, the firm should promptly advise the regulator of the actions it is taking to designate an appropriate CCO.

#### *Division 2 Books and records*

Under securities legislation, the regulator may access, examine and take copies of a registered firm's records. The regulator may also conduct regular and unscheduled compliance reviews of registered firms.

### 11.5 General requirements for records

Under subsection 11.5(1) of NI 31-103, registered firms must maintain records to accurately record their business activities, financial affairs and client transactions, and demonstrate compliance with securities legislation.

The following discussion provides guidance for the various elements of the records described in subsection 11.5(2).

#### **Financial affairs**

The records required under subsections 11.5(2)(a), (b) and (c) are records firms must maintain to help ensure they are able to prepare and file financial information, determine their capital position, including the calculation of excess working capital, and generally demonstrate compliance with the capital and insurance requirements.

#### **Client transactions**

The records required under subsections 11.5(2)(g), (h), (i), (l) and (n) are records firms must maintain to accurately and fully document transactions entered into on behalf of a client. We expect firms to maintain notes of oral communications with clients, and all e-mail, regular mail, fax and other written communications with clients to the extent these communications could have an impact on the client's account or the client's relationship with the firm. However, we do not expect registered firms to save every voicemail or e-mail, or to record all telephone conversations with clients.

The records required under subsection 11.5(2)(g) should document buy and sell transactions, referrals, margin transactions and any other activities relating to a client's account. They include records of all actions leading to trade execution, settlement and

clearance, such as trades on exchanges, alternative trading systems, over-the-counter markets, debt markets, and distributions and trades in the prospectus-exempt market.

Examples of these records are:

- trade confirmation statements
- summary information about account activity
- communications between a registrant and its client about particular transactions, and
- records of transactions resulting from securities a client holds, such as dividends or interest paid, or dividend reinvestment program activity

Subsection 11.5(2)(l) requires firms to maintain records that demonstrate compliance with the know your client obligations in section 13.2 and the suitability obligations in section 13.3. This includes records for unsuitable trades in subsection 13.3(2).

### **Client relationship**

The records required under subsection 11.5(2)(k) and (m) should document information about a registered firm's relationship with its client and relationships that any representatives have with that client.

These records include:

- communication between the firm and its clients, such as disclosure provided to clients and agreements between the registrant and its clients
- account opening information
- change of status information provided by the client
- disclosure and other relationship information provided by the firm
- margin account agreements
- communications regarding a complaint made by the client
- actions taken by the firm regarding a complaint
- communications that do not relate to a particular transaction, and
- conflicts records

Each record required under subsection 11.5(2)(k) should clearly indicate the name of the account holder and the account the record refers to. A record should include information only about the accounts of the same account holder or group. For example, registrants should have separate records for an individual's personal accounts and for accounts of a legal entity that the individual owns or jointly holds with another party.

Where applicable, the financial details should note whether the information is for an individual or a family. This includes spousal income and net worth. The financial details for accounts of a legal entity should note whether the information refers to the entity or to the owner(s) of the entity.

If the registered firm permits clients to complete new account forms themselves, the forms should use language that is clear and avoids terminology that may be unfamiliar to unsophisticated clients.

### **Internal controls**

The records required under subsection 11.5(2)(d), (e), (f), (j) and (o) are records firms must maintain to support the internal controls and supervision components of their compliance system.

## 11.6 Form, accessibility and retention of records

### Third party access to records

Subsection 11.6(1)(b) of ~~NI 31-103~~ requires registered firms to keep their records in a safe location. This includes ensuring that no one has unauthorized access to information, particularly confidential client information. Registered firms should be particularly vigilant if they maintain books and records in a location that may be accessible by a third party. In this case, the firm should have a confidentiality agreement with the third party.

*Division 3 Certain business transactions*

## 11.8 Tied selling

Section 11.8 of ~~NI 31-103~~ prohibits an individual or firm from engaging in abusive sales practices such as selling a security on the condition that the client purchase another product or service from the registrant or one of its affiliates. These types of practices are known as “tied selling”. In our view, this section would be contravened if, for example, a financial institution agreed to lend money to a client only if the client acquired securities of mutual funds sponsored by the financial institution.

However, section 11.8 is not intended to prohibit relationship pricing or other beneficial selling arrangements similar to relationship pricing. Relationship pricing refers to the practice of industry participants offering financial incentives or advantages to certain clients.

## 11.9 Registrant acquiring a registered firm’s securities or assets

Under section ~~11.9 of NI 31-103~~, 11.9, registrants must give the regulator notice if they propose to purchase securities or assets of a registered firm or the parent of a registered firm. For purposes of this section, a registered firm’s book of business would be a substantial part of the assets of the registered firm. This notice gives the regulator an opportunity to consider ownership issues that may affect a firm’s fitness for registration.

Subsection 11.9(4) does not apply in British Columbia. However, the regulator in British Columbia may exercise discretion under section 36 or 161 of the BC *Securities Act* (BCSA) to impose conditions, restrictions or requirements on the registrant’s registration or to suspend or revoke the registration if it decides that an acquisition would affect the registrant’s fitness for registration or be prejudicial to the public interest. In these circumstances, the registrant would be entitled to an opportunity to be heard, except if the regulator issues a temporary order under section 161 of the BCSA.

## 11.10 Registered firm whose securities are acquired

Under section ~~11.10 of NI 31-103~~, 11.10, registered firms must notify the regulator if they know or have reason to believe that any individual or firm is about to purchase more than 10% of the voting securities of the firm or the firm’s parent. This notice gives the regulator an opportunity to consider ownership issues that may affect a firm’s fitness for registration.

We expect any individual or firm that buys assets of a registered firm and is not already a registrant will have to apply for registration. We will assess their fitness for registration when they apply.

Subsection 11.10(5) does not apply in British Columbia. However, the regulator in British Columbia may exercise discretion under section 36 or 161 of the BCSA to impose conditions, restrictions or requirements on the registrant’s registration or to suspend or revoke the registration if it decides that an acquisition would affect the registrant’s fitness for registration or be prejudicial to the public interest. In these circumstances, the registrant would be entitled to an opportunity to be heard, except if the regulator issues a temporary order under section 161 of the BCSA.

## Part 12 Financial condition

*Division 1 Working capital*

## 12.1 Capital requirements

Section 12.1 of ~~NI 31-103~~ requires registered firms to notify the regulator if their excess working capital is less than zero.

Registered firms should know their working capital position at all times. This may require a firm to calculate its working capital every day. The frequency of working capital calculations depends on many factors, including the size of the firm, the nature of its business and the stability of the components of its working capital. For example, it may be sufficient for a sole proprietor firm with a dedicated and stable source of working capital to do the calculation on a monthly basis.

Except as otherwise provided in NI 31-103, IIROC and MFDA member firms that are also registered in a category that does not require SRO membership must still comply with the financial filing requirements in Part 12 [Financial condition] even if they are relying on the exemptions in sections 9.3 and 9.4.

For example, if the SRO firm is also an investment fund manager, it will need to report any net asset value (NAV) adjustments quarterly in order to comply with the investment fund manager requirements, notwithstanding that its SRO has no such requirements. See sections 12.12 and 12.14 for the requirements on delivery of working capital calculations for SRO members that are registered in multiple categories.

### **Working capital requirements are not cumulative**

The working capital requirements for registered firms set out in section 12.1 are not cumulative. If a firm is registered in more than one category, it must meet the highest capital requirement of its categories of registration, except for those investment fund managers who are also registered as portfolio managers and meet the requirements of the exemption in section 8.6. These investment fund managers need only meet the lower capital requirement for portfolio managers.

### **If a registrant becomes insolvent or declares bankruptcy**

The regulator will review the circumstances of a registrant's insolvency or bankruptcy on a case-by-case basis. If the regulator has concerns, it may impose terms and conditions on the registrant's registration, such as close supervision and delivering progress reports to the regulator, or it may suspend the registrant's registration.

*Division 2 Insurance*

### **Insurance coverage limits**

Registrants must maintain bonding or insurance that provides for a "double aggregate limit" or a "full reinstatement of coverage" (also known as "no aggregate limit"). The insurance provisions state that the registered firm must "maintain" bonding or insurance in the amounts specified. We do not expect that the calculation would differ materially from day-to-day. If there is a material change in a firm's circumstances, it should consider the potential impact on its ability to meet its insurance requirements.

Most insurers offer aggregate limit policies that contain limits based on a single loss and on the number or value of losses that occur during the coverage period.

Double aggregate limit policies have a specified limit for each claim. The total amount that may be claimed during the coverage period is twice that limit. For example, if an adviser maintains a financial institution bond of \$50,000 for each clause with a double aggregate limit, the adviser's coverage is \$50,000 for any one claim and \$100,000 for all claims during the coverage period.

Full reinstatement of coverage policies and no aggregate limit policies have a specified limit for each claim but no limit on the number of claims or losses during the coverage period. For example, if an adviser maintains a financial institution bond of \$50,000 for each clause with a full reinstatement of coverage provision, the adviser's maximum coverage is \$50,000 for any one claim, but there is no limit on the total amount that can be claimed under the bond during the coverage period.

### **Insurance requirements not cumulative**

Insurance requirements are not cumulative. For a firm registered in the categories of portfolio manager and investment fund manager, insurance coverage must be for the higher amount required for either registration category. Despite being registered as both a portfolio manager and an investment fund manager, when calculating the investment fund manager insurance requirement under subsection 12.5(2), an investment fund manager should only include the total assets under management of its own investment funds. It is only with respect to its own funds that the registrant is acting as an investment fund manager.

## **12.4 Insurance – adviser**

The insurance requirements for advisers depend in part on whether the adviser holds or has access to client assets.

An adviser will be considered to hold or have access to client assets if they do any of the following:

- hold client securities or cash for any period
- accept funds from clients, for example, a cheque made payable to the registrant

- accept client money from a custodian, for example, client money that is deposited in the registrant's bank or trust accounts before the registrant issues a cheque to the client
- have the ability to gain access to client assets
- have, in any capacity, legal ownership of, or access to, client funds or securities
- have the authority, such as under a power of attorney, to withdraw funds or securities from client accounts
- have authority to debit client accounts to pay bills other than investment management fees
- act as a trustee for clients, or
- act as fund manager or general partner for investment funds

## 12.6 Global bonding or insurance

Registered firms may be covered under a global insurance policy. Under this type of policy, the firm is insured under a parent company's policy that covers the parent and its subsidiaries or affiliates. Firms should ensure that the claims of other entities covered under a global insurance policy do not affect the limits or coverage applicable to the firm.

*Division 4 Financial reporting*

## 12.14 Delivering financial information – investment fund manager

### NAV errors and adjustments

Section 12.14 of NI 31-103 requires investment fund managers to periodically deliver to the regulator, among other things, a description of any net asset value (NAV) adjustment. A NAV adjustment is necessary when there has been a material error and the NAV per unit does not accurately reflect the actual NAV per unit at the time of computation.

Some examples of the causes of NAV errors are:

- mispricing of a security
- corporate action recorded incorrectly
- incorrect numbers used for issued and outstanding units
- incorrect expenses and income used or accrued
- incorrect foreign exchange rates used in the valuation, and
- human error, such as inputting an incorrect value

We expect investment fund managers to have policies that clearly define what constitutes a material error that requires an adjustment, including threshold levels, and how to correct material errors. If an investment fund manager does not have a threshold in place, it may wish to consider the threshold in IFIC Bulletin Number 22 *Correcting Portfolio NAV Errors* or adopt a more stringent policy.

## Part 13 Dealing with clients – individuals and firms

*Division 1 Know your client and suitability*

## 13.2 Know your client

### General principles

Registrants act as gatekeepers of the integrity of the capital markets. They should not, by act or omission, facilitate conduct that brings the market into disrepute. As part of their gatekeeper role, registrants are required to establish the identity of, and conduct due diligence on, their clients under the know your client (KYC) obligation in section 13.2 of NI 31-103.13.2. Complying with the KYC obligation can help ensure that trades are completed in accordance with securities laws.

KYC information forms the basis for determining whether trades in securities are suitable for investors. This helps protect the client, the registrant and the integrity of the capital markets. The KYC obligation requires registrants to take reasonable steps to obtain and periodically update information about their clients.

### Verifying a client's reputation

Subsection 13.2(2)(a) requires registrants to make inquiries if they have cause for concern about a client's reputation. The registrant must make all reasonable inquiries necessary to resolve the concern. This includes making a reasonable effort to determine, for example, the nature of the client's business.

### Identifying insiders

Under subsection 13.2(2)(b), a registrant must take reasonable steps to establish whether the client is an insider of a reporting issuer or any other issuer whose securities are publicly traded.

We consider "reasonable steps" to include explaining to the client what an insider is and what it means for securities to be publicly traded.

For purposes of this paragraph, "reporting issuer" has the meaning given to it in securities legislation and "other issuer" means any issuer whose securities are traded in any public market. This includes domestic, foreign, exchange-listed and over-the-counter markets. This definition does not include issuers whose securities have been distributed through a private placement and are not freely tradeable.

You do not need to ascertain whether your client is an insider if an individual or firm's only registration categories are a combination of those listed in section 13.2(7) (a) to (c). Any registered firm relying on this exemption or any individual registered to act on its behalf may not ignore information that it may become aware of concerning insider trading.

In addition, we encourage firms, when selling highly concentrated pooled funds, to enquire whether a client is an insider of the issuer of any securities held by the fund, notwithstanding the exemption provided in subsection 13.2(7).

This exemption does not change an insider's reporting and conduct responsibilities.

### Keeping KYC information current

Under subsection 13.2(4), registrants are required to make reasonable efforts to keep their clients' KYC information current.

We consider information to be current if it is sufficiently up-to-date to support a suitability determination. For example, a portfolio manager with discretionary authority should update its clients' KYC information frequently. A dealer that only occasionally recommends trades to a client should ensure that the client's KYC information is up-to-date at the time a proposed trade or recommendation is made.

## 13.3 Suitability

### Suitability obligation

Subsection 13.3(1) ~~of NI 31-103~~ requires registrants to take reasonable steps to ensure that a proposed trade is suitable for a client before making a recommendation or accepting instructions from the client. To meet this suitability obligation, registrants should have in-depth knowledge of all ~~products~~securities that they buy and sell for, or recommend to, their clients. This is often referred to as the "know your product" or KYP obligation.

Registrants should know each ~~product~~security well enough to understand and explain to their clients the ~~product~~security's risks, key features, and initial and ongoing costs and fees. Having the registered firm's approval for representatives to sell a product does not mean that the product will be suitable for all clients. Individual registrants must still determine the suitability of each transaction for every client.

Registrants should also be aware of, and act in compliance with, the terms of any exemption being relied on for the trade or distribution of the ~~product~~Security.

In all cases, we expect registrants to be able to demonstrate a process for making suitability determinations that are appropriate in the circumstances.

**Suitability obligations cannot be delegated**

Registrants may not:

- delegate their suitability obligations to anyone else, or
- satisfy the suitability obligation by simply disclosing the risks involved with a trade

Only permitted clients may waive their right to a suitability determination. Registrants must make a suitability determination for all other clients. If a client instructs a registrant to make a trade that is unsuitable, the registrant may not allow the trade to be completed until they warn the client as required under subsection 13.3(2).

**KYC information for suitability depends on circumstances**

The extent of KYC information a registrant needs to determine suitability of a trade will depend on the:

- client's circumstances
- type of security
- client's relationship to the registrant, and
- registrant's business model

In some cases, the registrant will need extensive KYC information, for example, if the registrant is a portfolio manager with discretionary authority. In these cases, the registrant should have a comprehensive understanding of the client's:

- investment needs and objectives, including the client's time horizon for their investments
- overall financial circumstances, including net worth, income, current investment holdings and employment status, and
- risk tolerance for various types of securities and investment portfolios, taking into account the client's investment knowledge

In other cases, the registrant may need less KYC information, for example, if the registrant only occasionally deals with a client who makes small investments relative to their overall financial position.

If the registrant recommends securities traded under the prospectus exemption for accredited investors in NI 45-106, the registrant should determine whether the client qualifies as an accredited investor.

If a client is opening more than one account, the registrant should indicate whether the client's investment objectives and risk tolerance apply to a particular account or to the client's whole portfolio of accounts.

**Registered firm and financial institution clients**

Under subsection 13.3(3), there is no obligation to make a suitability determination for a client that is a registered firm, a Canadian financial institution or a Schedule III bank.

**Permitted clients**

Under subsection 13.3(4), registrants do not have to make a suitability determination for a permitted client if:

- the permitted client has waived their right to suitability in writing, and
- the registrant does not act as an adviser for a managed account of the permitted client

A permitted client may waive their right to suitability for all trades under a blanket waiver.

**SRO exemptions**

SRO rules may also provide conditional exemptions from the suitability obligation, for example, for dealers who offer order execution only services.

*Division 2 Conflicts of interest***13.4 Identifying and responding to conflicts of interest**

Section 13.4 of NI 31-103 covers a broad range of conflicts of interest. It requires registered firms to take reasonable steps to identify existing material conflicts of interest and material conflicts that the firm reasonably expects to arise between the firm and a client. As part of identifying these conflicts, a firm should collect information from the individuals acting on its behalf regarding the conflicts they expect to arise with their clients.

We consider a conflict of interest to be any circumstance where the interests of different parties, such as the interests of a client and those of a registrant, are inconsistent or divergent.

**Responding to conflicts interest**

A registered firm's policies and procedures for managing conflicts should allow the firm and its staff to:

- identify conflicts of interest that should be avoided
- determine the level of risk that a conflict of interest raises, and
- respond appropriately to conflicts of interest

When responding to any conflict of interest, registrants should consider their standard of care for dealing with clients and apply consistent criteria to similar types of conflicts of interest.

In general, three methods are used to respond to conflicts of interest:

- avoidance
- control, and
- disclosure

If a registrant allows a serious conflict of interest to continue, there is a high risk of harm to clients or to the market. If the risk of harming a client or the integrity of the markets is too high, the conflict needs to be avoided. If a registered firm does not avoid a conflict of interest, it should take steps to control or disclose the conflict, or both. The firm should also consider what internal structures or policies and procedures it should use or have to reasonably respond to the conflict of interest.

***Avoiding conflicts of interest***

Registrants must avoid all conflicts of interest that are prohibited by law. If a conflict of interest is not prohibited by law, registrants should avoid the conflict if it is sufficiently contrary to the interests of a client that there can be no other reasonable response.

For example, some conflicts of interest are so contrary to another person's or company's interest that a registrant cannot use controls or disclosure to respond to them. In these cases, the registrant should avoid the conflict, stop providing the service or stop dealing with the client.

***Controlling conflicts of interest***

Registered firms should design their organizational structures, lines of reporting and physical locations to control conflicts of interest effectively. For example, the following situations would likely raise a conflict of interest:

- advisory staff reporting to marketing staff
- compliance or internal audit staff reporting to a business unit, and
- registered representatives and investment banking staff in the same physical location

Depending on the conflict of interest, registered firms may control the conflict by:

- assigning a different representative to provide a service to the particular client

- creating a group or committee to review, develop or approve responses
- monitoring trading activity, or
- using information barriers for certain internal communication

### ***Disclosing conflicts of interest***

#### **(a) *When disclosure is appropriate***

Registered firms should ensure that their clients are adequately informed about any conflicts of interest that may affect the services the firm provides to them. This is in addition to any other methods the registered firm may use to manage the conflict.

#### **(b) *Timing of disclosure***

Under subsection 13.4(3), if a reasonable investor would expect to be informed of a conflict, a registered firm must disclose the conflict in a timely manner. Registered firms and their representatives should disclose conflicts of interest to their clients before or at the time they recommend the transaction or provide the service that gives rise to the conflict. This is to give clients a reasonable amount of time to assess the conflict.

For example, if a registered individual recommends a security that they own, they this may constitute a material conflict which should disclose that be disclosed to the client before or at the time of the recommendation.

#### **(c) *When disclosure is not appropriate***

Disclosure may not be appropriate if a conflict of interest involves confidential or commercially sensitive information, or the information amounts to “inside information” under insider trading provisions in securities legislation.

In these situations, registered firms will need to assess whether there are other methods to adequately respond to the conflict of interest. If not, the firm may have to decline to provide the service to avoid the conflict of interest.

Registered firms should also have specific procedures for responding to conflicts of interest that involve inside information and for complying with insider trading provisions.

#### **(d) *How to disclose a conflict of interest***

Registered firms should provide disclosure about material conflicts of interest to their clients if a reasonable investor would expect to be informed about them. When a registered firm provides this disclosure, it should:

- be prominent, specific, clear and meaningful to the client, and
- explain the conflict of interest and how it could affect the service the client is being offered

Registered firms should not:

- provide generic disclosure
- give partial disclosure that could mislead their clients, or
- obscure conflicts of interest in overly detailed disclosure

### **Examples of conflicts of interest**

This section describes specific situations where a registrant could be in a conflict of interest and how to manage the conflict.

#### ***Relationships with related or connected issuers***

When a registered firm trades in, or recommends securities of, a related or connected issuer, it should respond to the resulting conflict of interest by disclosing it to the client.

To provide disclosure about conflicts with related issuers, a registered firm may maintain a list of the related issuers for which it acts as a dealer or adviser. It may make the list available to clients by:

- posting the list on its website and keeping it updated
- providing the list to the client at the time of account opening, or
- explaining to the client at the time of account opening how to contact the firm to request a copy of the list free of charge

The list may include examples of the types of issuers that are related or connected and the nature of the firm's relationship with those issuers. For example, a firm could generally describe the nature of its relationship with an investment fund within a family of investment funds. This would mean that the firm may not have to update the list when a new fund is added to that fund family.

However, this type of disclosure may not meet the expectations of a reasonable investor when a specific conflict with a related or connected issuer arises, for example, when a registered individual recommends a trade in the securities of a related issuer. In these circumstances, a registered firm should provide the client with disclosure about the specific conflict with that issuer. This disclosure should include a description of the nature of the firm's relationship with the issuer.

Like all disclosure, information regarding a conflict with a related or connected issuer should be made available to clients before or at the time of the advice or trade giving rise to the conflict, so that clients have a reasonable amount of time to assess it. Registrants should use their judgment for the best way and time to inform clients about these conflicts. Previous disclosure may no longer be relevant to, or remembered by, a client, while disclosure of the same conflict more than once in a short time may be unnecessary and confusing.

Firms do not have to disclose to clients their relationship with a related or connected issuer that is a mutual fund ~~and managed~~ by an affiliate of the firm if the names of the firm and the fund are similar enough that a reasonable person would conclude they are affiliated.

### ***Relationships with other issuers***

Firms should assess whether conflicts of interest may arise in relationships with issuers that do not fall within the definitions of related or connected issuers. Examples include non-corporate issuers such as a trust, partnership or special purpose vehicle or conduit issuing asset-backed commercial paper. This is especially important if a registered firm or its affiliates are involved in sponsoring, manufacturing, underwriting or distributing these securities.

The registered firm should disclose the relationship with these types of issuers if it may give rise to a conflict of interest that a reasonable client would expect to be informed about.

### ***Competing interests of clients***

If clients of a registered firm have competing interests, the firm should make reasonable efforts to be fair to all clients. Firms should have internal systems to evaluate the balance of these interests.

For example, a conflict of interest can arise between investment banking clients, who want the highest price, lowest interest rate or best terms in general for their issuances of securities, and retail clients who will buy the product. The firm should consider whether the product meets the needs of retail clients and is competitive with alternatives available in the market.

### ***Individuals who serve on a board of directors***

#### **(a) Board of directors of another registered firm**

Under section 4.1, a registered individual must not act as a director of another registered firm that is not an affiliate of the individual's sponsoring firm.

#### **(b) Board of directors of non registered persons or companies**

ConflictsSection 4.1 does not apply to registered individuals who act as directors of a unregistered firm. However, significant conflicts of interest can arise when registered individuals serve on a board of directors. Examples include conflicting fiduciary duties owed to the company and to a registered firm or client, possible receipt of inside information and conflicting demands on the representative's time.

Registered firms should consider controlling the conflict by:

- requiring their representatives to seek permission from the firm to serve on the board of directors of an issuer, and

- having policies for board participation that identify the circumstances where the activity would not be in the best interests of the firm or its clients

The regulator will take into account the potential conflicts of interest that may arise when an individual serves on a board of directors when assessing that individual's application for registration or continuing fitness for registration.

#### **Individuals who have outside business activities**

Conflicts can arise when registered individuals are involved in outside business activities, for example, because of the compensation they receive for these activities or because of the nature of the relationship between the individual and the outside entity. Before approving any of these activities, registered firms should consider potential conflicts of interest. If the firm cannot properly control a potential conflict of interest, it should not permit the outside activity.

The regulator will take into account the potential conflicts of interest that may arise as a result of an individual's outside business activities when assessing that individual's application for registration or continuing fitness for registration.

#### **Compensation practices**

Registered firms should consider whether any particular benefits, compensation or remuneration practices are inconsistent with their obligations to clients, especially if the firm relies heavily on commission-based remuneration. For example, if there is a complex product that carries a high commission, the firm may decide that it is not appropriate to offer that product.

#### **13.5 Restrictions on certain managed account transactions**

Section 13.5 of NI 31-103 prohibits a registered adviser and a registered dealer that is a member of IIROC and conducts advising activities from engaging in certain transactions in investment portfolios it manages for clients on a discretionary basis where the relationship may give rise to a conflict of interest or a perceived conflict of interest. The prohibited transactions include trades in securities in which a responsible person or an associate of a responsible person may have an interest or over which they may have influence or control.

#### **Disclosure when responsible person is partner, director or officer of issuer**

Subsection 13.5(2)(a) prohibits a registered adviser and a registered dealer that is a member of IIROC and conducts advising activities from purchasing securities of an issuer in which a responsible person or an associate of a responsible person is a partner, officer or director for a client's managed account. The prohibition applies unless the conflict is disclosed to the client and the client's written consent is obtained prior to the purchase.

If the client is an investment fund, the disclosure should be provided to, and the consent obtained from, each security holder of the investment fund in order for it to be meaningful. This disclosure may be provided in the offering memorandum that is provided to security holders. Like all disclosure about conflicts, it should be prominent, specific, clear and meaningful to the client. Consent may be obtained in the investment management agreement signed by security holders.

This approach may not be practical for prospectus qualified mutual funds. Investment fund managers and advisers of these funds should also consider the specific exemption from the prohibition under section 6.2 of National Instrument 81-107 *Independent Review Committee for Investment Funds* (NI 81-107) for prospectus-qualified investment funds.

#### **Restrictions on trades with certain investment portfolios**

Subsection 13.5(2)(b) prohibits certain trades, including, for example, those between the managed account of a client and the managed account of:

- a spouse of the adviser
- a trust for which a responsible person is the trustee, or
- a corporation in which a responsible person beneficially owns 10% or more of the voting securities

It also prohibits inter-fund trades. An inter-fund trade occurs when the adviser for an investment fund knowingly directs a trade in portfolio securities to another investment fund that it acts for or instructs the dealer to execute the trade with the other investment fund. Investment fund managers and their advisers should also consider the exemption from the prohibition that exists for inter-fund trades by public investment funds under section 6.1 of NI 81-107.

### 13.6 Disclosure when recommending related or connected securities

Section 13.6 of NI 31-103 restricts the ability of a registered firm to recommend a trade in a security of a related or connected issuer. The restrictions apply to recommendations made in any medium of communication. This includes recommendations in newsletters, articles in general circulation newspapers or magazines, websites, e-mail, Internet chat rooms, bulletin boards, television and radio.

It does not apply to oral recommendations made by registered individuals to their clients. These recommendations are subject to the requirements of section 13.4.

#### *Division 3 Referral arrangements*

Division 3 sets out the requirements for permitted referral arrangements. Regulators want to ensure that under any referral arrangements:

- individuals and firms that engage in registerable activities are appropriately registered
- the roles and responsibilities of the parties to the written agreement are clear, including responsibility for compliance with securities legislation, and
- clients are provided with disclosure about the referral arrangement to help them evaluate the referral arrangement and the extent of any conflicts of interest

Registered firms have a responsibility to monitor and supervise all of their referral arrangements to ensure that they comply with the requirements of NI 31-103 and other applicable securities laws and continue to so comply for so long as the arrangement remains in place.

#### **Obligations to clients**

A client who is referred to an individual or firm becomes the client of that individual or firm for the purposes of the services provided under the referral arrangement.

The registrant receiving a referral must meet all of its obligations as a registrant toward its referred clients, including know your client and suitability determinations.

Registrants involved in referral arrangements should manage any related conflicts of interest in accordance with the applicable provisions of Part 13 *Dealing with clients – individuals and firms*. For example, if the registered firm is not satisfied that the referral fee is reasonable, it should assess whether an unreasonably high fee may create a conflict that could motivate its representatives to act contrary to their duties toward their clients.

### 13.7 Definitions – referral arrangements

Section 13.7 of NI 31-103 defines “referral arrangement” in broad terms. The definition is not limited to referrals for providing investment products, financial services or services requiring registration. It also includes receiving a referral fee for providing a client name and contact information to an individual or firm. “Referral fee” is also broadly defined. It includes sharing or splitting any commission resulting from the purchase or sale of a security.

### 13.8 Permitted referral arrangements

Under section 13.8 of NI 31-103, 13.8, parties to a referral arrangement are required to set out the terms of the arrangement in a written agreement. This is intended to ensure that each party’s roles and responsibilities are made clear. This includes obligations for registered firms involved in referral arrangements to keep records of referral fees. Payments do not necessarily have to go through a registered firm, but a record of all payments related to a referral arrangement must be kept.

We expect referral agreements to include:

- the roles and responsibilities of each party
- limitations on any party that is not a registrant (to ensure that it is not engaging in any activities requiring registration)
- the disclosure to be provided to referred clients, and

- who provides the disclosure to referred clients

If the individual or firm receiving the referral is a registrant, they are responsible for:

- carrying out all activity requiring registration that results from the referral arrangement, and
- communicating with referred clients

Registered firms are required to be parties to referral agreements entered into by their representatives. This ensures that they are aware of these arrangements so they can adequately supervise their representatives and monitor compliance with the agreements. This does not preclude the individual registrant from also being a party to the agreement.

A party to a referral arrangement may need to be registered depending on the activities that the party carries out. Registrants cannot use a referral arrangement to assign, contract out of or otherwise avoid their regulatory obligations.

### 13.9 Verifying the qualifications of the person or company receiving the referral

Section 13.9 of NI 31-103 requires the registrant making a referral to satisfy itself that the party receiving the referral is appropriately qualified to perform the services, and if applicable, is appropriately registered. The registrant is responsible for determining the steps that are appropriate in the particular circumstances. For example, this may include an assessment of the types of clients that the referred services would be appropriate for. ~~This is consistent with the registrant's obligation to act in the best interest of its clients.~~

### 13.10 Disclosing referral arrangements to clients

The disclosure of information to clients required under section 13.10 of NI 31-103 is intended to help clients make an informed decision about the referral arrangement and to assess any conflicts of interest. The disclosure should be provided to clients before or at the time the referred services are provided. A registered firm, and any registered individuals who are directly participating in the referral arrangement, should take reasonable steps to ensure that clients understand:

- which entity they are dealing with
- what they can expect that entity to provide to them
- the registrant's key responsibilities to them
- the limitations of the registrant's registration category
- any relevant terms and conditions imposed on the registrant's registration
- the extent of the referrer's financial interest in the referral arrangement, and
- the nature of any potential or actual conflict of interest that may arise from the referral arrangement

#### Division 5 Complaints

Registered firms in Québec ~~comply with Division 5 if they must~~ comply with sections 168.1.1 to 168.1.3 of the Québec *Securities Act*, which has provided a substantially similar regime since 2002. The guidance in Division 5 of this Companion Policy applies to firms registered in any jurisdiction, including Québec.

### 13.15 Handling complaints

#### General duty to document and respond to complaints

Section 13.15 of NI 31-103 requires registered firms to document complaints, and to effectively and fairly respond to them. ~~Registered firms must consider all complaints, not just those relating to possible violations of securities legislation. NI 31-103 does not indicate from whom a complaint must be received to be so documented, treated and responded to. We are of the view that registered firms should consider all complaints received from a client, a former client or a prospective client who has dealt with the registered firm (complainant).~~

Firms are reminded that they are required to maintain records which demonstrate compliance with complaint handling requirements under subsection 11.5(2)(m).

**Complaint handling policies**

An effective complaint system deals should deal with all formal and informal complaints or disputes internally, or refers them to the appropriate external person or process in a timely and fair manner. To achieve the objective of handling complaints fairly, the firm's complaint system should include standards allowing for objective factual investigation and analysis of the matters specific to the complaint.

We take the view that registered firms should take a balanced approach to the gathering of facts that objectively considers the interests of

- the complainant
- the registered representative, and
- the firm

Registered firms should not limit their consideration and handling of complaints to those relating to possible violations of securities legislation.

**Complaint monitoring**

The firm's complaint handling policy should provide for specific procedures for reporting the complaints to superiors, in order to allow the detection of frequent and repetitive complaints made with respect to the same matter which may, on a cumulative basis, indicate a serious problem. Firms should take appropriate measures to deal with such problems as they arise.

**Responding to complaints****Types of complaints**

All complaints relating to one of the following matters should be responded to by the firm by providing an initial and substantive response, both in writing and within a reasonable time:

- a trading or advising activity
- a breach of client confidentiality
- theft, fraud, misappropriation or forgery
- misrepresentation
- an undisclosed or prohibited conflict of interest, or
- personal financial dealings with a client

Firms may determine that a complaint relating to matters other than the matters listed above is nevertheless of a sufficiently serious nature to be responded in the manner described below. This determination should be made, in all cases, by considering if an investor, acting reasonably, would expect a written response to their complaint.

Complaints relating to the matters listed above may be escalated to the dispute resolution service at the firm's expense under section 13.16.

**When complaints are not made in writing**

We would not expect that complaints relating to matters other than those listed above, when made verbally and when not otherwise considered serious based on an investor's reasonable expectation, would need to be responded to in writing. However, we do expect that verbal complaints be given as much attention as written complaints. If a complaint is made verbally and is not clearly expressed, the firm may request the complainant to put the complaint in writing and we expect firms to offer reasonable assistance to do so.

Firms are entitled to expect the complainant to put unclear verbal issues into written format in order to try to resolve confusion about the nature of the issue. If the verbal complaint is clearly frivolous, we do not expect firms to offer assistance to put the complaint in writing. The firm may nonetheless ask the complainant to put the complaint in writing on his or her own.

**Timeline for responding to complaints**Firms should

- promptly send an initial written response to a complainant: we consider that an initial response provided to the complainant within five business days of receipt of the complaint constitutes a reasonable delay
- provide a substantive response to all complaints relating to the matters listed above, indicating the firm's decision on the complaint

We encourage firms to resolve complaints relating to the matters listed above within 90 days.

**13.16 Dispute resolution service**

If a registered firm receives a complaint about any of its trading or advising activities, it must ensure that the complainant is aware of the dispute resolution or mediation services that are available to them and that the firm will pay for the services. Registered firms should know all applicable mechanisms and processes for dealing with different types of complaints, including those prescribed by the applicable SRO.

**Québec registrants**

In Québec, registrants must inform each complainant, in writing and without delay, that if the complainant is dissatisfied with how the complaint is handled or with the outcome, they may request the registrant to forward a copy of the complaint file to the Autorité des marchés financiers. The registrant must forward a copy of the complaint file to the Autorité des marchés financiers, which will examine the complaint. The Autorité des marchés financiers may act as a mediator if it considers it appropriate to do so and the parties agree.

**Registrants who do business in other sectors**

Some registrants are also registered or licensed to do business in other sectors, such as insurance. These registrants should inform their clients of the complaint mechanisms for each sector in which they do business and how to use them.

**Part 14 Handling client accounts – firms***Division 2 Disclosure to clients*

Registrants should ensure that clients understand who they are dealing with. They should carry on all registerable activities in their full legal or registered trade name. Contracts, confirmation and account statements, among other documents, should contain the registrant's full legal name.

**14.2 Relationship disclosure information****Content of relationship disclosure information**

There is no prescribed form for the relationship disclosure information required under section ~~14.2 of NI 31-103~~ 14.2. A registered firm may provide this information in a single document or in separate documents, which together give the client the prescribed information.

**Disclosure of costs**

Under subsection 14.2(2)(g), registered firms must provide clients with a description of the costs they will pay in making, holding and selling investments. We expect this description to include all costs a client may pay during the course of holding a particular investment. For example, for a mutual fund, the description should briefly explain each of the following and how they may affect the investment:

- the management expense ratio
- the sales charge options available to the client
- the trailing commission
- any short-term trading fees

- any switch or change fees

### Permitted clients

Under subsection 14.2(6), registrants do not have to provide relationship disclosure information to permitted clients if:

- the permitted client has waived the requirements in writing, and
- the registrant does not act as an adviser for a managed account of the permitted client

### Promoting client participation

Registered firms should help their clients understand the registrant-client relationship. They should encourage clients to actively participate in the relationship and provide them with clear, relevant and timely information and communications.

In particular, registered firms should encourage clients to:

- **Keep the firm up to date.** Clients should provide full and accurate information to the firm and the registered individuals acting for the firm. Clients should promptly inform the firm of any change to information that could reasonably result in a change to the types of investments appropriate for them, such as a change to their income, investment objectives, risk tolerance, time horizon or net worth.
- **Be informed.** Clients should understand the potential risks and returns on investments. They should carefully review sales literature provided by the firm. Where appropriate, clients should consult professionals, such as a lawyer or an accountant, for legal or tax advice.
- **Ask questions.** Clients should ask questions and request information from the firm to resolve questions about their account, transactions or investments, or their relationship with the firm or a registered individual acting for the firm.
- **Stay on top of their investments.** Clients should pay for securities purchases by the settlement date. They should review all account documentation provided by the firm and regularly review portfolio holdings and performance.

#### 14.4 When the firm has a relationship with a financial institution

As part of their duty to clients, registrants who have a relationship with a financial institution should ensure that their clients understand which legal entity they are dealing with. In particular, clients may be confused if more than one financial services firm is carrying on business in the same location. Registrants may differentiate themselves through various methods, including signage and disclosure.

*Division 3 Client assets*

#### 14.6 Holding client assets in trust

Section 14.6 of NI 31-103 requires a registered firm to segregate client assets and hold them in trust. We consider it prudent for registrants who are not members of an SRO to hold client assets in client name only. This is because the capital requirements for non-SRO members are not designed to reflect the added risk of holding client assets in nominee name.

*Division 4 Client accounts*

#### 14.10 Allocating investment opportunities fairly

If the adviser allocates investment opportunities among its clients, the firm's fairness policy should, at a minimum, indicate the method used to allocate the following:

- price and commission among client orders when trades are bunched or blocked
- block trades and initial public offerings among client accounts
- block trades and initial public offerings among client orders that are partially filled, such as on a pro-rata basis

The fairness policy should also address any other situation where investment opportunities must be allocated.

*Division 5 Account activity reporting*

Each trade should be reported in the currency in which it was executed. If a trade is executed in a foreign currency through a Canadian account, the exchange rate should be reported to the client.

**14.12 Content and delivery of trade confirmation**

A dealer may enter into an outsourcing arrangement with an investment fund manager for the sending of trade confirmations to its clients. Guidance concerning outsourcing arrangements is provided in Part 11 of this Companion Policy. We expect that dealers will conduct due diligence and will document such arrangements. The extent of the due diligence that is reasonable where an investment fund manager sends trade confirmations will vary depending, among other things, on the extent to which the investment fund manager has an established record of providing such services to dealers. MFDA members should refer to supplemental guidance from their SRO with respect to such arrangements.

**14.14 Client Account statements****Account statements generally**

Section 14.14 of NI 31-103 requires registered dealers and advisers to deliver statements to clients at least once every three months. There is no prescribed form for these statements but they must contain the information in subsections 14.14(4) and (5). The types of transactions that must be disclosed in an account statement include any purchase, sale or transfer of securities, dividend or interest payment received or reinvested, any fee or charge, and any other account activity.

We expect all dealers and advisers to provide client account statements. For example, an exempt market dealer should provide an account statement that contains the information prescribed for all transactions the exempt market dealer has entered into or arranged on a client's behalf.

**Fair value of securities in account statements****IFRS valuation techniques**

Section 14.14(5) provides that registered dealers and advisers must, except in limited circumstances, use fair value under IFRS for valuing securities in account statements. IFRS provides detailed guidance for determining the fair value of securities.

Registered dealers and advisers are expected to determine the fair values of securities in an active market as frequently as necessary to ensure that an up-to-date valuation is included in all account statements. In an active market, the fair value of listed equity securities, debt securities, commodity futures contracts, etc., is readily determinable. If a marketplace for the securities does not exist, or if the marketplace is inactive, IFRS provides that the fair value of a security is determined by a valuation technique using observable inputs or, if there are no observable inputs, using unobservable inputs and assumptions.

Where the fair value of a security in an account statement is determined other than by reference to an active market, registered dealers and advisers should provide additional disclosure concerning the valuation methodology used, including an explanation that fair value is not market value and is not necessarily representative of the amount that the client will receive should they sell the security.

**Reporting if value not determinable**

There may be limited circumstances where a registered dealer or adviser concludes it is not able to determine a reliable fair value after using all reasonable efforts to apply IFRS valuation techniques. Subsection 14.14(5.1) provides that in these limited cases, the registrant may instead report in the account statement that the fair value of the security is not determinable. This is not a default option for securities that are difficult to value. It is a last recourse where, after applying IFRS valuation techniques, the registered dealer or adviser has concluded that the nature of the assumptions or estimations required do not allow for the result to be reliable.

Any securities whose fair value is shown as not determinable in an account statement should be assigned a value of zero for any performance calculations disclosed in marketing material prepared by or for a registered dealer or adviser.

**When to report valuations**

Where a registered dealer or adviser provides account statements more frequently than quarterly, it may choose not to update the valuation of a security whose fair value cannot be determined by reference to an active market. Instead, the statement may assign the same value to the security as in a previous statement that was delivered to the client no more than 3 months earlier. The statement must clearly indicate each instance where the valuation of a security has not been updated since a previous

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statement and the date of that previous statement. In any event, the client must receive a statement that includes an updated valuation of the security (or report that its value is not determinable) at the intervals prescribed in section 14.14.

**Books and records requirements for fair value determinations**

Registered dealers and advisers must maintain, as part of their books and records, adequate documentation to support:

- their valuations of securities whether they are determined by reference to an active market or otherwise
- their efforts to determine fair values for securities that are ultimately reported as not having a determinable value

We expect that a security shown in an account statement and also held in a registered dealer or adviser's inventory will be assigned the same value for both purposes.

**Appendix A**  
**Contact information**

<b>Jurisdiction</b>	<b>E-mail</b>	<b>Fax</b>	<b>Address</b>
Alberta	<a href="mailto:registration@asc.ca">registration@asc.ca</a>	(403) 297-4113	Alberta Securities Commission, 4th Floor, 300 - 5th Avenue S.W. Calgary, AB T2P 3C4 Attention: Registration
British Columbia	<a href="mailto:registration@bcsc.bc.ca">registration@bcsc.bc.ca</a>	(604) 899-6506	British Columbia Securities Commission P.O. Box 10142, Pacific Centre 701 West Georgia Street Vancouver, BC V7Y 1L2 Attention: Registration
Manitoba	<a href="mailto:registrationmsc@gov.mb.ca">registrationmsc@gov.mb.ca</a>	(204) 945-0330	The Manitoba Securities Commission 500-400 St. Mary Avenue Winnipeg, MB R3C 4K5 Attention: Registrations
New Brunswick	<a href="mailto:nrs@nbsc-cvmnb.ca">nrs@nbsc-cvmnb.ca</a>	(506) 658-3059	New Brunswick Securities Commission Suite 300, 85 Charlotte Street Saint John, NB E2L 2J2 Attention: Registration Officer
Newfoundland & Labrador	<a href="mailto:scon@gov.nl.ca">scon@gov.nl.ca</a>	(709) 729-6187	Financial Services Regulation Division Department of Government Services Government of Newfoundland and Labrador P.O. Box 8700, 2nd Floor, West Block Confederation Building St. John's, NL A1B 4J6 Attention: Registration Section
Northwest Territories	<a href="mailto:SecuritiesRegistry@gov.nt.ca">SecuritiesRegistry@gov.nt.ca</a>	(867) 873-0243	Government of the Northwest Territories P.O. Box 1320 Yellowknife, NWT X1A 2L9 Attention: Deputy Superintendent of Securities
Nova Scotia	<a href="mailto:nrs@gov.ns.ca">nrs@gov.ns.ca</a>	(902) 424-4625	Nova Scotia Securities Commission 2nd Floor, Joseph Howe Building 1690 Hollis Street P.O. Box 458 Halifax, NS B3J 2P8 Attention: Deputy Director, Capital Markets
Nunavut	<a href="mailto:CorporateRegistrations@gov.nu.ca">CorporateRegistrations@gov.nu.ca</a>	(867) 975-6590 (Faxing to NU is unreliable. The preferred method is e-mail.)	Legal Registries Division Department of Justice Government of Nunavut P.O. Box 1000 Station 570 Iqaluit, NU X0A 0H0 Attention: Deputy Registrar
Ontario	<a href="mailto:registration@osc.gov.on.ca">registration@osc.gov.on.ca</a>	(416) 593-8283	Ontario Securities Commission Suite 1903, Box 55 20 Queen Street West Toronto, ON M5H 3S8 Attention: Registrant Regulation
Prince Edward Island	<a href="mailto:ccis@gov.pe.ca">ccis@gov.pe.ca</a>	(902) 368-6288	Consumer and Corporate Services Division, Office of the Attorney General P.O. Box 2000, 95 Rochford Street Charlottetown, PE C1A 7N8 Attention: Superintendent of Securities

Jurisdiction	E-mail	Fax	Address
Québec	<a href="mailto:inscription@lautorite.qc.ca">inscription@lautorite.qc.ca</a>	(514) 873-3090	Autorité des marchés financiers Service de l'encadrement des intermédiaires 800 square Victoria, 22e étage C.P 246, Tour de la Bourse Montréal (Québec) H4Z 1G3
Saskatchewan	<a href="mailto:registrationsfsc@gov.sk.ca">registrationsfsc@gov.sk.ca</a>	(306) 787-5899	Saskatchewan Financial Services Commission Suite 601 1919 Saskatchewan Drive Regina, SK S4P 4H2 Attention: Registration
Yukon	<a href="mailto:corporateaffairs@gov.yk.ca">corporateaffairs@gov.yk.ca</a>	(867) 393-6251	Department of Community Services Yukon Yukon Securities Office P.O. Box 2703 C-6 Whitehorse, YT Y1A 2C6 Attention: Superintendent of Securities

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**Appendix B**  
**Terms not defined in NI 31-103 or this Companion Policy**

Terms defined in National Instrument 14-101 *Definitions*:

- adviser registration requirement
- Canadian securities regulatory authority
- dealer registration requirement
- foreign jurisdiction
- jurisdiction or jurisdiction of Canada
- local jurisdiction
- investment fund manager registration requirement
- prospectus requirement
- registration requirement
- regulator
- securities directions
- securities legislation
- securities regulatory authority
- SRO
- underwriter registration requirement

Terms defined in National Instrument 45-106 *Prospectus and Registration Exemptions*:

- accredited investor
- eligibility adviser
- financial assets

Terms defined in National Instrument 81-102 *Mutual Funds*:

- money market fund

Terms defined in the Securities Act of most jurisdictions:

- adviser
- associate
- company
- control person
- dealer
- director
- distribution
- exchange contract (BC, AB, SK and NB only)
- insider
- individual
- investment fund
- investment fund manager
- issuer
- mutual fund
- officer
- person
- promoter
- records
- registrant
- reporting issuer
- security
- trade
- underwriter

**Appendix C**  
**Proficiency requirements for individuals acting on behalf of a registered firm**

The tables in this Appendix set out the education and experience requirements, by firm registration category, for individuals who are applying for registration under securities legislation.

An individual must not perform an activity that requires registration unless the individual has the education, training and experience that a reasonable person would consider necessary to perform the activity competently. And, in the case of registered representatives, to understand the structure and features of security the individual recommends.

CCOs must also not perform an activity set out in section 5.2 unless they have the education, training and experience that a reasonable person would consider necessary to perform the activity competently.

**Acronyms used in the tables**

BMP	Branch Manager Proficiency Exam	CSC	Canadian Securities Course Exam
CA	Chartered Accountant	EMP	Exempt Market Products Exam
CCO	Chief Compliance Officer	IFIC	Investment Funds in Canada Course Exam
CFA	CFA Charter	MFDC	Mutual Funds Dealer Compliance Exam
CGA	Certified General Accountant	PDO	Officers', Partners' and Directors' Exam/Partners, Directors and Senior Officers Course Exam
CMA	Certified Management Accountant	SRP	Sales Representative Proficiency Exam
CIF	Canadian Investment Funds Exam		
CIM	Canadian Investment Manager designation		

<b>Investment dealer</b>	
<b>Dealing representative</b>	<b>CCO</b>
Proficiency requirements set by IIROC	Proficiency requirements set by IIROC
<b>Mutual fund dealer</b>	
<b>Dealing representative</b>	<b>CCO</b>
One of these four options: 1. CIF 2. CSC 3. IFIC 4. Advising representative requirements – portfolio manager <u>or exempt from these under section 16.10(1)</u>	One of these two options: 1. CIF, CSC or IFIC; and PDO or MFDC 2. CCO requirements – portfolio manager <u>or exempt from these under section 16.9(2)</u>
<b>Exempt market dealer</b>	
<b>Dealing representative</b>	<b>CCO</b>
One of these three options: 1. CSC 2. EMP 3. Advising representative requirements – portfolio manager <u>or exempt from these under section 16.10(1)</u>	One of these three options: 1. PDO and CSC 2. PDO and EMP 3. CCO requirements – portfolio manager <u>or exempt from these under section 16.9(2)</u>
<b>Scholarship plan dealer</b>	
<b>Dealing representative</b>	<b>CCO</b>
SRP	SRP, BMP and PDO

<b>Restricted dealer</b>	
<b>Dealing representative</b>	<b>CCO</b>
Regulator to determine on a case-by-case basis	Regulator to determine on a case-by-case basis

<b>Portfolio manager</b>		
<b>Advising representative</b>	<b>Associate advising representative</b>	<b>CCO</b>
<p>One of these two options:</p> <ol style="list-style-type: none"> <li>CFA and 12 months of relevant investment management experience in the 36-month period before applying for registration</li> <li>CIM and 48 months of relevant investment management experience (12 months gained in the 36-month period <del>for</del><u>before</u> applying for registration)</li> </ol>	<p>One of these two options:</p> <ol style="list-style-type: none"> <li>Level 1 of the CFA and 24 months of relevant investment management experience</li> <li>CIM and 24 months of relevant investment management experience</li> </ol>	<p>One of these three options:</p> <ol style="list-style-type: none"> <li><u>CSC except if the individual has the CFA or CIM designation</u>, PDO, and CFA or a professional designation as a lawyer, CA, CGA, CMA, notary in Quebec or the equivalent in a foreign jurisdiction, and:                     <ul style="list-style-type: none"> <li>36 months of relevant securities experience working at an investment dealer, registered adviser or investment fund manager, or</li> <li>36 months providing professional services in the securities industry and 12 months working at a registered dealer, registered adviser or investment fund manager, for a total of 48 months</li> </ul> </li> <li><u>CSC except if the individual has the CFA or CIM designation</u>, PDO and five years working at:                     <ul style="list-style-type: none"> <li>an investment dealer or a registered adviser (including 36 months in a compliance capacity), or</li> <li>a Canadian financial institution in a compliance capacity relating to portfolio management and 12 months at a registered dealer or registered adviser, for a total of six years</li> </ul> </li> <li>PDO and advising representative requirements – portfolio manager</li> </ol>

<b>Restricted portfolio manager</b>		
<b>Advising representative</b>	<b>Associate advising representative</b>	<b>CCO</b>
Regulator to determine on case-by-case basis	Regulator to determine on case-by-case basis	Regulator to determine on case-by-case basis

Investment fund manager	
CCO	
One of these three options:	
1.	CSC <u>except if the individual has the CFA or CIM designation</u> , PDO, and CFA or a professional designation as a lawyer, CA, CGA, CMA, notary in Quebec or the equivalent in a foreign jurisdiction, and: <ul style="list-style-type: none"><li>• 36 months of relevant securities experience working at a registered dealer, registered adviser or investment fund manager, or</li><li>• 36 months providing professional services in the securities industry and 12 months working in a relevant capacity at an investment fund manager, for a total of 48 months</li></ul>
2.	CIF, CSC or IFIC; PDO and five years of relevant securities experience working at a registered dealer, registered adviser or an investment fund manager (including 36 months in a compliance capacity)
3.	CCO requirements for portfolio manager

## APPENDIX D

### AMENDMENTS TO NATIONAL INSTRUMENT 33-109 *REGISTRATION INFORMATION*

1. **National Instrument 33-109 Registration Information is amended by this Instrument.**
2. **The definition of “NI 31-103” in section 1.1 is amended by replacing “Registration Requirements and Exemptions” with “Registration Requirements, Exemptions and Ongoing Registrant Obligations”.**
3. **Paragraph (a) in the definition of “permitted individual” in section 1.1 is amended by replacing “and” with “or”.**
4. **Paragraph 2.3 (2)(b) is amended by adding “resigned voluntarily,” after “resign,”.**
5. **Subsection 2.5 (2) is amended by replacing “sponsoring and” with “sponsoring firm and”.**
6. **Subsection 4.1 (4) is amended by adding the following after paragraph (b):**
  - (c) the removal or the addition of a category of registration.
7. **Section 4.2 is amended**
  - (a) **in paragraph (1)(b) by replacing “or retirement of the individual or the completion or expiry of an employment or agency contract” with “of the individual”, and**
  - (b) **by replacing “person or company” wherever it occurs with “registered firm”.**
8. **Subsection 5.1 (1) is amended by adding “sponsoring” after “A”.**
9. **Section 6.2 is amended by replacing “Instrument” wherever it occurs with “Instrument”.**
10. **Form 33-109F1 is amended**
  - (a) **in the general instructions under “Terms” by replacing “,” with “.”,**
  - (b) **in the general instructions under “When to submit the form” by replacing “five business days” with “seven days”,**
  - (c) **in the general instructions under “When to submit the form” by replacing “termination date” with “effective date of the termination”,**
  - (d) **in Item 5 by replacing the instructions above “[For NRD Format only:]” with the following:**

Complete Item 5 except where the individual is deceased. In the space below:

    - state the reason(s) for the cessation / termination and
    - provide details if the answer to any of the following questions is “Yes”.
  - (e) **in Item 5 under “[For NRD Format only:]” by replacing “completed temporary employment contract, retired or” with “individual is”, and**
  - (f) **by repealing Item 6.**
11. **Schedule A to Form 33-109F1 is repealed.**
12. **Form 33-109F2 is amended**
  - (a) **by replacing Item 2 with the following:**

Item 2	Registration jurisdictions
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1. Are you filing this form under the passport system / interface for registration?

Choose "no" if you are registered in:

- (a) only one jurisdiction in Canada
- (b) more than one jurisdiction in Canada and you are requesting a surrender in a non-principal jurisdiction or jurisdictions, but not in your principal jurisdiction.
- (c) more than one jurisdiction in Canada and you are requesting a change only in your principal jurisdiction

(b) **by replacing Item 4 with the following:**

**Item 4 Adding categories**

1. Categories

What categories are you seeking to add?

\_\_\_\_\_

2. Professional liability insurance (Québec mutual fund dealers and Québec scholarship plan dealers)

If you are seeking registration as a representative of a mutual fund dealer or of a scholarship plan dealer in Québec, are you covered by your sponsoring firm's professional liability insurance?

Yes  No

If "No", state:

The name of your insurer \_\_\_\_\_

Your policy number \_\_\_\_\_

**Relevant securities experience**

If you have not been registered in the last 36 months and you passed the required examination more than 36 months ago, do you consider that you have gained 12 months of relevant securities industry experience during the 36 month period?

Yes  No  N/A

If you are an individual applying for IIROC approval, select "Not Applicable" above.

If "yes", complete Schedule A.

13. **Schedule A to Form 33-109F2 is replaced with the following:**

**SCHEDULE A  
Relevant securities experience (Item 4)**

Describe your level of responsibility in areas relating to the category you are applying for:

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

What is the percentage of your time devoted to these activities?

\_\_\_\_\_ %

Indicate the continuing education activities which you have participated in and which are relevant to the category of registration you are applying for:

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**14. The following is added after Schedule A to Form 33-109F2:**

**Schedule B  
Contact information for  
Notice of collection and use of personal information**

**Alberta**

Alberta Securities Commission,  
4th Floor, 300 - 5th Avenue SW  
Calgary, AB T2P 3C4  
Attention: Information Officer  
Telephone: (403) 355-4151

**British Columbia**

British Columbia Securities Commission  
P.O. Box 10142, Pacific Centre  
701 West Georgia Street  
Vancouver, BC V7Y 1L2  
Attention: Freedom of Information Officer  
Telephone: (604) 899-6500 or (800) 373-6393 (in BC)

**Manitoba**

The Manitoba Securities Commission  
500 - 400 St. Mary Avenue  
Winnipeg, MB R3C 4K5  
Attention: Director of Registrations  
Telephone (204) 945-2548  
Fax (204) 945-0330

**New Brunswick**

New Brunswick Securities Commission  
Suite 300, 85 Charlotte Street  
Saint John, NB E2L 2J2  
Attention: Director, Regulatory Affairs  
Telephone: (506) 658-3060

**Newfoundland and Labrador**

Securities NL  
Financial Services Regulation Division  
Department of Government Services  
P.O. Box 8700, 2nd Floor, West Block  
Confederation Building  
St. John's, NL A1B 4J6  
Attention: Manager of Registrations  
Tel: (709) 729-5661

**Nunavut**

Legal Registries Division  
Department of Justice  
Government of Nunavut  
P.O. Box 1000 Station 570  
Iqaluit, NU X0A 0H0  
Attention: Deputy Registrar of Securities  
Telephone: (867) 975-6590

**Ontario**

Ontario Securities Commission  
Suite 1903, Box 55  
20 Queen Street West  
Toronto, ON M5H 3S8  
Attention: FOI Coordinator  
Telephone: (416) 593-8314

**Prince Edward Island**

Securities Registry  
Office of the Attorney General B Consumer,  
Corporate and Insurance Services Division  
P.O. Box 2000  
Charlottetown, PE C1A 7N8  
Attention: Deputy Registrar of Securities  
Telephone: (902) 368-6288

**Québec**

Autorité des marchés financiers  
800, square Victoria, 22e étage  
C.P. 246, tour de la Bourse  
Montréal (Québec) H4Z 1G3  
Attention : Responsable de l'accès à l'information  
Telephone: (514) 395-0337 or (877) 525-0337 (in Québec)

**Nova Scotia**

Nova Scotia Securities Commission  
 2nd Floor, Joseph Howe Building  
 1690 Hollis Street  
 P.O. Box 458  
 Halifax, NS B3J 2P8  
 Attention: Deputy Director, Capital Markets  
 Telephone: (902) 424-7768

**Northwest Territories**

Government of the Northwest Territories  
 P.O. Box 1320  
 Yellowknife, NWT X1A 2L9  
 Attention: Deputy Superintendent of Securities  
 Telephone: (867) 920-8984

**Saskatchewan**

Saskatchewan Financial Services Commission  
 Suite 601, 1919 Saskatchewan Drive  
 Regina, SK S4P 4H2  
 Attention: Director  
 Telephone: (306) 787-5842

**Yukon**

Yukon Securities Office  
 Department of Community Services  
 P.O. Box 2703 C-6  
 Whitehorse, YT Y1A 2C6  
 Attention: Superintendent of Securities  
 Telephone: (867) 667-5225

**Self-regulatory organization**

Investment Industry Regulatory Organization of  
 Canada  
 121 King Street West, Suite 1600  
 Toronto, Ontario M5H 3T9  
 Attention: Privacy Officer  
 Telephone: (416) 364-6133  
 E-mail: PrivacyOfficer@iiroc.ca

**15. Form 33-109F4 is amended**

(a) **in the definition of “Approved person” under “Terms” by replacing “member of the IIROC (Member)” with “member (Member) of the Investment Industry Regulatory Organization of Canada (IIROC)”**,

(b) **in section 2 of Item 8 by adding the following after “Advocis (formerly CAIFA):”**:

RESP Dealers Association of Canada: \_\_\_\_\_

Other: \_\_\_\_\_

(c) **in Item 8 by adding the following after section 3:**

**4. Relevant securities experience**

If you are an individual applying for IIROC approval, select “Not Applicable below”.

If you have not been registered in the last 36 months and you passed the required examination more than 36 months ago, do you consider that you have gained 12 months of relevant securities industry experience during the 36 month period?

Yes  No  N/A

If “yes”, complete Schedule F.

(d) **in Item 14 by replacing “Immigration Act” with “Immigration and Refugee Protection Act”, and**

(e) **in Item 14 by replacing “Young Offenders Act” wherever it occurs with “former Young Offenders Act”.**

**16. Item 1.3 of Schedule A to Form 33-109F4 is amended by adding the following after “No ”:**

N/A

**17. Schedule C to Form 33-109F4 is amended by replacing “Investment Industry Regulatory Organisation of Canada” with “IIROC”.**

18. **Schedule F to Form 33-109F4 is amended**

- (a) **in the heading by replacing "Item 8.3" with "Items 8.3 and 8.4", and**
- (b) **by adding the following after Item 8.3:**

**Item 8.4 Relevant securities experience**

Describe your level of responsibility in areas relating to the category applied for:

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What is the percentage of your time devoted to these activities?

\_\_\_\_\_ %

Indicate the continuing education activities which you have participated in and which are relevant to the category of registration you are applying for:

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19. **Schedule G to Form 33-109F4 is amended by replacing section 5 with the following:**

**5. Conflicts of interest**

If you have more than one employer or are engaged in business related activities:

Disclose any potential for confusion by clients and any potential for conflicts of interest arising from your multiple employment or business related activities or proposed business related activities.

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B. Indicate whether or not any of your employers or organizations where you engage in business related activities are listed on an exchange.

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C. Confirm whether the firm has procedures for minimizing potential conflicts of interest and if so, confirm that you are aware of these procedures.

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D. State the name of the person at your sponsoring firm who has reviewed and approved your multiple employment or business related activities or proposed business related activities

E. If you do not perceive any conflicts of interest arising from this employment, explain why.

20. **Paragraph (b) of Schedule N to Form 33-109F4 is amended by replacing “market value” with “fair value”.**

21. **The instructions to Form 33-109F6 are amended**

- (a) **in the definition for “NI 31-103” by replacing “Registration Requirements and Exemptions” with “Registration Requirements, Exemptions and Ongoing Registrant Obligations”,**
- (b) **under “Contents of the form” by replacing “Alberta and Manitoba” with “Alberta, Manitoba, and New Brunswick”, and**
- (c) **under “How to complete and submit the form” by deleting “and fees” after “all supporting documents”.**

22. **Part 1 of Form 33-109F6 is amended**

- (a) **in section 1.3 by replacing “Questions 1.1, 1.2, 1.4, 1.5, 2.4, and Part 9” with “Questions 1.1, 1.2, 1.4, 1.5, 2.4, 3.9, 5.4, 5.6\*, and Part 9”,**
- (b) **in section 1.3 by replacing “Questions 1.1, 1.2, 1.4, 1.5, 5.1, 5.4, 5.5, 5.6, 5.7, 5.8, Part 6 and Part 9” with “Questions 1.1, 1.2, 1.4, 1.5, 3.1, 5.1, 5.4, 5.5, 5.6, 5.7, 5.8, Part 6 and Part 9”,**
- (b) **in section 1.3 by adding the following after “Part 6 and Part 9”:**
  - \* If the firm is adding Québec as a jurisdiction for registration in the category of mutual fund dealer or scholarship plan dealer, complete question 5.6.
- (d) **in the table in section 1.4 under “Jurisdiction” by replacing “NT” with “NS”,**
- (e) **in the table in section 1.4 under “Jurisdiction” by replacing “NS” with “NT”,**
- (f) **in the table in section 1.5 under “Jurisdiction(s) where the firm has applied for the exemption” by replacing “NT” with “NS”, and**
- (g) **in the table in section 1.5 under “Jurisdiction(s) where the firm has applied for the exemption” by replacing “NS” with “NT”.**

23. **Part 2 of Form 33-109F6 is amended**

- (a) **in the table in paragraph 2.2 (b) by replacing “NT” with “NS”,**
- (b) **in the table in paragraph 2.2 (b) by replacing “NS” with “NT”, and**

(c) **by replacing**

Title
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**wherever it occurs with the following:**

Officer title
Telephone number
E-mail address

24. **Section 3.3 in Part 3 of Form 33-109F6 is amended by replacing “Alberta or Manitoba” with “Alberta, Manitoba, or New Brunswick”.**

25. **Part 5 of Form 33-109F6 is amended**

(a) **by replacing section 5.1 with the following:****5.1 Calculation of excess working capital**

Attach the firm’s calculation of excess working capital.

- Investment dealers must use the capital calculation form required by the Investment Industry Regulatory Organization of Canada (IIROC).
- Mutual fund dealers must use the capital calculation form required by the Mutual Fund Dealers Association of Canada (MFDA), except for mutual fund dealers registered in Québec only
- Firms that are not members of either IIROC or the MFDA must use Form 31-103F1 *Calculation of Excess Working Capital*. See Schedule C.

(b) **in section 5.4 by replacing “NT” with “NS”,**

(c) **in section 5.4 by replacing “NS” with “NT”,**

(d) **in section 5.5 by adding the following after “Annual aggregate coverage (\$)”:**

Total coverage (\$)	
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(e) **in section 5.5 by replacing “Renewal date” with “Expiry date”,**

(f) **in section 5.6 by adding the following after “Annual aggregate coverage (\$)”:**

Total coverage (\$)	
---------------------	--

(g) **in section 5.6 under “Jurisdictions covered:” by replacing “NT” with “NS”, and**

(h) **in section 5.6 under “Jurisdictions covered:” by replacing “NS” with “NT”.**

26. **Schedule C to Form 33-109F6 is amended by replacing “market value” wherever it occurs with “fair value”.**

27. **The notes in Schedule C to Form 33-109F6 are amended by adding the following after “basis.”:**

**Line 5. Related-party debt** – Refer to the CICA Handbook for the definition of “related party” for publicly accountable enterprises..

**28. Schedule 1 of Schedule C to Form 33-109F6 is amended**

- (a) **in paragraph (d) by replacing “Where securities” with “Securities”,**
- (b) **in paragraph (d) by striking out “, the margin required is”,**
- (c) **after the heading in paragraph (e) by replacing “On securities (other than bonds and debentures) including rights and warrants listed on any exchange in Canada or the United States” with the following:**

In this paragraph, “securities” includes rights and warrants and does not include bonds and debentures.”

- (i) On securities listed on any exchange in Canada or the United States:
- (d) **by replacing subparagraph (e)(ii) with the following:**
  - (ii) For positions in securities that are constituent securities on a major broadly-based index of one of the following exchanges, 50% of the fair value:
    - (a) Australian Stock Exchange Limited
    - (b) Bolsa de Valores de Sao Paulo
    - (c) Borsa Italiana
    - (d) Euronext Amsterdam
    - (e) Euronext Brussels
    - (f) Euronext Paris S.A.
    - (g) Frankfurt Stock Exchange
    - (h) London International Financial Futures and Options Exchange
    - (i) London Stock Exchange
    - (j) New Zealand Exchange Limited
    - (k) Swiss Exchange
    - (l) The Stock Exchange of Hong Kong Limited
    - (m) Tokyo Stock Exchange

**29. Form 33-109F7 is amended**

- (a) **in the general instructions by adding “the end of” after “on or before”,**
- (b) **in the general instructions by replacing “termination” with “cessation”,**
- (c) **in the general instructions by deleting “dismissed, or was”,**
- (d) **in the general instructions by adding “resigned voluntarily or was dismissed,” after “resign,”,**
- (e) **in the definition for “you”, “your” and “individual” under “Terms” by adding “or their status as a permitted individual” after “registration”,**
- (f) **in section 5 of Item 5 by deleting “Date on which you will become authorized to act on behalf of the new sponsoring firm as a registered individual or permitted individual \_\_\_\_\_YYYY/MM/DD)”, and**
- (g) **in paragraph 2 (b) of Item 9 by adding “or resigned voluntarily” after “resign”.**

**30. Schedule B to Form 33-109F7 is amended by replacing “Investment Industry Regulatory Organization of Canada” with “IIROC”.**

31. **Section 5 of Schedule D to Form 33-109F7 is replaced with the following:**

**5. Conflict of Interest**

If you have more than one employer or are engaged in business related activities:

Disclose any potential for confusion by clients and any potential for conflicts of interest arising from your multiple employment or business related activities or proposed business related activities.

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B. Indicate whether or not any of your employers or organizations where you engage in business related activities are listed on an exchange.

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C. Confirm whether the firm has procedures for minimizing potential conflicts of interest and if so, confirm that you are aware of these procedures.

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D. If you do not perceive any conflicts of interest arising from this employment, explain why.

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32. **Paragraph (b) of Schedule E for Form 33-109F7 is amended by replacing “market value” with “fair value”.**

## APPENDIX E

### NATIONAL INSTRUMENT 33-109 *REGISTRATION INFORMATION*, BLACKLINED TO SHOW CHANGES TO NI 33-109

#### NATIONAL INSTRUMENT 33-109 *REGISTRATION INFORMATION*

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2.2	Individual Registration
2.3	Reinstatement
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2.6	Commodity Futures Act Registrants
<b>PART 3</b>	<b>Changes to Registered Firm Information</b>
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3.2	Changes to Business Locations
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**FORM 33-109F1 NOTICE OF TERMINATION OF REGISTERED INDIVIDUALS AND PERMITTED INDIVIDUALS**

**FORM 33-109F2 CHANGE OR SURRENDER OF INDIVIDUAL CATEGORIES**

**FORM 33-109F3 BUSINESS LOCATIONS OTHER THAN HEAD OFFICE**

**FORM 33-109F4 REGISTRATION OF INDIVIDUALS AND REVIEW OF PERMITTED INDIVIDUALS**

**FORM 33-109F5 CHANGE OF REGISTRATION INFORMATION**

**FORM 33-109F6 FIRM REGISTRATION**

**FORM 33-109F7 REINSTATEMENT OF REGISTERED INDIVIDUALS AND PERMITTED INDIVIDUALS**

**NATIONAL INSTRUMENT 33-109**  
**REGISTRATION INFORMATION**

**PART 1 – DEFINITIONS AND INTERPRETATION**

**1.1 Definitions** – In this Instrument

“cessation date” means the first day on which an individual ceased to have authority to act as a registered individual on behalf of their sponsoring firm or ceased to be a permitted individual of their sponsoring firm, because of the end of, or a change in, the individual’s employment, partnership, or agency relationship with the firm;

“firm” means a person or company that is registered, or is seeking registration, as a dealer, adviser or investment fund manager;

“Form 33-109F1” means Form 33-109F1 *Notice of Termination of Registered Individuals and Permitted Individuals*;

“Form 33-109F2” means Form 33-109F2 *Change or Surrender of Individual Categories*;

“Form 33-109F3” means Form 33-109F3 *Business Locations other than Head Office*;

“Form 33-109F4” means Form 33-109F4 *Registration of Individuals and Review of Permitted Individuals*;

“Form 33-109F5” means Form 33-109F5 *Change of Registration Information*;

“Form 33-109F6” means Form 33-109F6 *Firm Registration*;

“Form 33-109F7” means Form 33-109F7 *Reinstatement of Registered Individuals and Permitted Individuals*;

“former sponsoring firm” means the registered firm for which an individual most recently acted as a registered individual or permitted individual;

“NI 31-102” means National Instrument 31-102 *National Registration Database*;

“NI 31-103” means National Instrument 31-103 *Registration Requirements* ~~and~~ Exemptions and Ongoing Registrant Obligations;

“NRD submission number” means the unique number generated by NRD to identify each NRD submission;

“permitted individual” means an individual who is not a registered individual and who is

- (a) a director, chief executive officer, chief financial officer, or chief operating officer of a firm, or who performs the functional equivalent of any of those positions, ~~and/or~~
- (b) an individual who has beneficial ownership of, or direct or indirect control or direction over, 10 percent or more of the voting securities of a firm;

“principal jurisdiction” means,

- (a) for a firm, whose head office is in Canada, the jurisdiction of Canada in which the firm’s head office is located,
- (b) for an individual whose working office is in Canada, the jurisdiction of Canada in which the individual’s working office is located,
- (c) for a firm whose head office is outside Canada, the jurisdiction of the firm’s principal regulator, as identified by the firm on its most recently submitted Form 33-109F5 or Form 33-109F6, and
- (d) for an individual whose working office is outside Canada, the principal jurisdiction of the individual’s sponsoring firm;

“principal regulator” means, for a person or company, the securities regulatory authority or regulator of the person or company’s principal jurisdiction;

“registered firm” means a registered dealer, registered adviser or registered investment fund manager;

“registered individual” means an individual who is registered under securities legislation to do any of the following on behalf of a registered firm:

- (a) act as a dealer, underwriter or adviser;
- (b) act as a chief compliance officer;
- (c) act as an ultimate designated person;

“sponsoring firm” means,

- (a) for a registered individual, the registered firm on whose behalf the individual acts,
- (b) for an individual applying for registration, the firm on whose behalf the individual will act if the individual’s application is approved,
- (c) for a permitted individual of a registered firm, the registered firm, and
- (d) for a permitted individual of a firm that is applying for registration, the applicant firm.

**1.2 Interpretation** – Terms used in this Instrument and that are defined in NI 31-102 have the same meanings as in NI 31-102.

## **PART 2 – APPLICATION FOR REGISTRATION AND REVIEW OF PERMITTED INDIVIDUALS**

**2.1 Firm Registration** – A firm that applies for registration as a dealer, adviser or investment fund manager must submit each of the following to the regulator:

- (a) a completed Form 33-109F6;
- (b) for each business location of the applicant in the local jurisdiction other than the applicant’s head office, a completed Form 33-109F3 in accordance with NI 31-102.

### **2.2 Individual Registration**

- (1) Subject to subsection (2) and sections 2.4 and 2.6, an individual who applies for registration under securities legislation must submit a completed Form 33-109F4 to the regulator in accordance with NI 31-102.
- (2) A permitted individual of a registered firm who applies to become a registered individual with the firm must submit a completed Form 33-109F2 to the regulator in accordance with NI 31-102.

### **2.3 Reinstatement**

- (1) An individual who applies for reinstatement of registration under securities legislation must submit a completed Form 33-109F4 to the regulator in accordance with NI 31-102, unless the individual submits a completed Form 33-109F7 in accordance with subsection (2).
- (2) The registration of an individual suspended under section 6.1 [*If an individual ceases to have authority to act for firm*] of NI 31-103 is reinstated on the date the individual submits a completed Form 33-109F7 to the regulator in accordance with NI 31-102 if all of the following apply:
  - (a) the Form 33-109F7 is submitted on or before the 90th day after the cessation date;
  - (b) the individual’s employment, partnership or agency relationship with the former sponsoring firm did not end because the individual was asked by the firm to resign, resigned voluntarily or was dismissed, following an allegation against the individual of any of the following:
    - (i) criminal activity;
    - (ii) a breach of securities legislation;

- (iii) a breach of a rule of an SRO;
- (c) after the cessation date there have been no changes to the information previously submitted in respect of any of the following items of the individual's Form 33-109F4:
  - (i) item 13 [*Regulatory disclosure*];
  - (ii) item 14 [*Criminal disclosure*];
  - (iii) item 15 [*Civil disclosure*];
  - (iv) item 16 [*Financial disclosure*];
- (d) the individual is seeking reinstatement with a sponsoring firm in the same category of registration in which the individual was registered on the cessation date;
- (e) the new sponsoring firm is registered in the same category of registration in which the individual's former sponsoring firm was registered.

**2.4 Application to Change or Surrender Individual Registration Categories** – A registered individual who applies for registration in an additional category, or to surrender a registration category, must make the application by submitting a completed Form 33-109F2 to the regulator in accordance with NI 31-102.

### 2.5 Permitted Individuals

- (1) A permitted individual must submit a completed Form 33-109F4 to the regulator, in accordance with NI 31-102, no more than 7 days after becoming a permitted individual, unless the individual submits a Form 33-109F7 in accordance with subsection (2).
- (2) An individual who has ceased to be a permitted individual of a former sponsoring firm and becomes a permitted individual of a new sponsoring firm may submit a completed Form 33-109F7 to the regulator if all of the following apply:
  - (a) the Form 33-109F7 is submitted in accordance with NI 31-102
    - (i) no more than 7 days after becoming a permitted individual of the new sponsoring firm, and
    - (ii) no more than 90 days after the cessation date;
  - (b) the individual holds the same permitted individual status with the new sponsoring firm that they held with the former sponsoring firm;
  - (c) the conditions described in paragraphs (b) and (c) of subsection 2.3(2) are met.

### 2.6 Commodity Futures Act Registrants

- (1) In Manitoba and Ontario, despite subsection 2.1(b), if a firm applies for registration under section 2.1 and is registered under the *Commodity Futures Act*, the applicant is not required to submit a completed Form 33-109F3 under section 3.2 for any business location of the applicant that is recorded on NRD.
- (2) In Manitoba and Ontario, despite subsection 2.2(1), if an individual applies for registration under securities legislation and is recorded on NRD with his or her sponsoring firm as registered under the *Commodity Futures Act*, the individual must make the application by submitting a completed Form 33-109F2 to the regulator in accordance with NI 31-102.

## PART 3 – CHANGES TO REGISTERED FIRM INFORMATION

### 3.1 Notice of Change to a Firm's Information

- (1) Subject to subsections (3) or (4), a registered firm must notify the regulator of a change to any information previously submitted in Form 33-109F6 or under this subsection, as follows:

- (a) for a change previously submitted in relation to part 3 of Form 33-109F6, within 30 days of the change;
  - (b) for a change previously submitted in relation to any other part of Form 33-109F6, within 7 days of the change.
- (2) A notice of change referred to in subsection (1) must be made by submitting a completed Form 33-109F5.
- (3) A notice of change is not required under subsection (1) if the change relates to any of the following:
- (a) a business location other than the head office of the firm if the firm submits a completed Form 33-109F3 under section 3.2;
  - (b) a termination, or a change, of a registered firm's employment, partnership or agency relationship with an officer, partner or director of the registered firm if the firm submits a completed Form 33-109F1 under subsection 4.2(1);
  - (c) the addition of an officer, partner, or director to the registered firm if that individual submits either of the following:
    - (i) a completed Form 33-109F4 under subsection 2.2(1) or 2.5(1);
    - (ii) a completed Form 33-109F7 under subsection 2.3(2) or 2.5(2);
  - (d) the information in the supporting documents referred to in any of the following items of Form 33-109F6:
    - (i) item 3.3 [*Business documents*];
    - (ii) item 5.1 [*Calculation of excess working capital*];
    - (iii) item 5.7 [*Directors' resolution for insurance*];
    - (iv) item 5.13 [*Audited financial statements*];
    - (v) item 5.14 [*Letter of direction to auditors*].
- (4) A person or company that submitted a completed Schedule B [*Submission to Jurisdiction and Appointment of Agent for Service*] to Form 33-109F6 must notify the regulator of a change to the information previously submitted in item 3 [*Name of agent for service of process*] or item 4 [*Address for service of process on the agent for service*] of that schedule, by submitting a completed Schedule B no more than 7 days after the change;
- (5) Subsection (4) does not apply to a person or company after they have ceased to be registered for a period of 6 years or more.
- (6) For the purpose of subsections (2) and (4), the person or company may give the notice by submitting it to the principal regulator.

**3.2 Changes to Business Locations** – A registered firm must notify the regulator of the opening of a business location, other than a new head office, or of a change to any information previously submitted in Form 33-109F3, by submitting a completed Form 33-109F3 to the regulator in accordance with NI 31-102, within 7 days of the opening of the business location or change.

## PART 4 – CHANGES TO REGISTERED INDIVIDUAL AND PERMITTED INDIVIDUAL INFORMATION

### 4.1 Notice of Change to an Individual's Information

- (1) Subject to subsection (2), a registered individual or permitted individual must notify the regulator of a change to any information previously submitted in respect of the individual's Form 33-109F4 as follows:
- (a) for a change of information previously submitted in items 4 [*Citizenship*] and 11 [*Previous employment*] of Form 33-109F4, within 30 days of the change;

- (b) ~~\_\_\_\_\_~~ (b) ~~\_\_\_\_\_~~ for a change of information previously submitted in any other items of Form 33-109F4, within 7 days of the change.
- (2) A notice of change is not required under subsection (1) if the change relates to information previously submitted in item 3 [*Personal information*] of Form 33-109F4.
- (3) A notice of change under subsection (1) must be made by submitting a completed Form 33-109F5 to the regulator in accordance with NI 31-102.
- (4) Despite subsection (3), a notice of change referred to in subsection (1) must be made by submitting a completed Form 33-109F2 to the regulator in accordance with NI 31-102, if the change relates to:
- (a) an individual's status as a permitted individual of the sponsoring firm;
- (b) ~~\_\_\_\_\_~~ (b) ~~\_\_\_\_\_~~ a registered individual's status as an officer, partner, director or shareholder of the sponsoring firm ~~\_\_\_\_\_~~;
- (c) ~~\_\_\_\_\_~~ the removal or the addition of a category of registration

#### 4.2 Termination of Employment, Partnership or Agency Relationship

- (1) A registered firm must notify the regulator of the end of, or a change in, a sponsored individual's employment, partnership, or agency relationship with the firm if the individual ceases to have authority to act on behalf of the firm as a registered individual or permitted individual by submitting a Form 33-109F1 to the regulator in accordance with NI 31-102 with
- (a) items 1 through 4 completed, and
- (b) item 5 completed unless the reason for termination under item 4 was death ~~or retirement~~ of the individual ~~or the completion or expiry of an employment or agency contract~~.
- (2) A registered firm must submit to the regulator the information required under
- (a) subsection (1)(a), within 7 days of the cessation date, and
- (b) subsection (1)(b), within 30 days of the cessation date.
- (3) A ~~person or company~~ registered firm must, within 7 days of a request from an individual for whom the ~~person or company~~ registered firm was the former sponsoring firm, provide to the individual a copy of the Form 33-109F1 that the ~~person or company~~ registered firm submitted under subsection (1) in respect of that individual.
- (4) If a ~~person or company~~ registered firm completed and submitted the information in item 5 of a Form 33-109F1 in respect of an individual who made a request under subsection (3) and that information was not included in the initial copy provided to the individual, the ~~person or company~~ registered firm must provide to that individual a further copy of the completed Form 33-109F1, including the information in item 5, within the later of
- (a) 7 days after the request by the individual under subsection (3), and
- (b) 7 days after the submission pursuant to subsection (2)(b).

### PART 5 – DUE DILIGENCE AND RECORD-KEEPING

#### 5.1 Sponsoring Firm Obligations

- (1) A sponsoring firm must make reasonable efforts to ensure the truth and completeness of information that is submitted in accordance with this Instrument for any individual.
- (2) A sponsoring firm must obtain from each individual who is registered to act on behalf of the firm, or who is a permitted individual of the firm, a copy of the Form 33-109F1 most recently submitted by the individual's former sponsoring firm in respect of that individual, if any, within 60 days of the firm becoming the individual's sponsoring firm.

- (3) A sponsoring firm must retain all documents used by the firm to satisfy its obligation under subsection (1) as follows:
  - (a) in the case of a registered individual, for no less than 7 years after the individual ceases to be registered to act on behalf of the firm;
  - (b) in the case of an individual who applied for registration but whose registration was refused by the regulator, for no less than 7 years after the individual applied for registration; or
  - (c) in the case of a permitted individual, for no less than 7 years after the individual ceases to be a permitted individual with the firm.
- (4) Without limiting subsection (3), if a registered individual, an individual applying for registration, or a permitted individual appoints an agent for service, the sponsoring firm must keep the original Appointment of Agent for Service executed by the individual for the period of time set out in paragraph (3)(b).
- (5) A sponsoring firm that retains a document under subsection (3) or (4) in respect of an NRD submission must record the NRD submission number on the first page of the document.

## PART 6 – TRANSITION

**6.1 All Registered Firms to File Form 33-109F6 – September 30, 2010** – A registered firm that was registered before September 28, 2009 must submit a completed Form 33-109F6 to the regulator on or before September 30, 2010.

### 6.2 Notice of Change for Firms Registered before September 28, 2009

- (1) In this section, “Form 3” means the form that a firm submitted before this ~~instrument~~Instrument came into force to apply for registration as a dealer, adviser or underwriter in the jurisdiction that, at the time the application was made, would have been the firm’s principal jurisdiction under this Instrument.
- (2) Subject to subsection (5), a registered firm that was first registered in a jurisdiction of Canada before this ~~instrument~~Instrument came into force and that has not submitted a completed Form 33-109F6 to the regulator, must notify the regulator of a change to any information previously submitted
  - (a) in a notice of agent and address for service, by submitting to the regulator a completed Schedule B to Form 33-109F6, no more than 7 days after the change;
  - (b) in Form 3 or in any notice of change to information in that form submitted to the regulator, as follows:
    - (i) for a change of information equivalent to the information referred to in part 3 of Form 33-109F6, within 30 days of the change;
    - (ii) for a change of information equivalent to the information referred to in any other part of Form 33-109F6, within 7 days of the change.
- (3) A registered firm referred to in subsection (2) must notify the regulator of a change in its auditor or financial year-end within 7 days of the change.
- (4) For the purpose of subsections (2) and (3) the firm may give the notice by submitting it to the principal regulator.
- (5) A notice of change is not required under subsection (2) if the change relates to any of the following:
  - (a) the addition of an officer, partner, or director to the registered firm if that individual
    - (i) submits a completed Form 33-109F4 under subsection 2.2(1) or 2.5(1), or
    - (ii) submits a completed Form 33-109F7 under subsection 2.3(2) or 2.5(2);
  - (b) a termination, or a change, of a registered firm’s employment, partnership or agency relationship with an officer, partner or director of the registered firm if the firm submits a completed Form 33-109F1 under subsection 4.2(1);

- (c) a business location other than the head office of the firm if the firm submits a completed Form 33-109F3 under section 3.2;
- (d) information equivalent to the information referred to in section 3.1(3)(d).

### 6.3 National Registration Database Transition Period

- (1) In this section, “NRD access date” means the first day following September 25, 2009 that an NRD filer has access to NRD to make NRD submissions.
- (2) A notice submitted by an NRD filer before September 25, 2009, and not accepted or denied by the regulator by that date, must be resubmitted, as if the time required for the submission had fallen within the period commencing on September 25, 2009 and ending on the day before the NRD access date, in accordance with subsections (3), (4) and (6) as applicable.
- (3) Except in the case of a notice referred to in subsection (4), if the time required for making either of the following submissions falls within the period commencing on September 25, 2009 and ending on the day before the NRD access date, the time for making the submission is extended to the 45th day following the NRD access date:
  - (a) a notice that is required to be submitted in NRD format;
  - (b) a Form 33-109F4 that is required to be submitted under subsection 2.5(1).
- (4) If the time required for making either of the following submissions falls within the period commencing on September 25, 2009 and ending on the day before the NRD access date, the submission must be made other than through the NRD website:
  - (a) a notice referred to in subsection 4.1(1) if the change relates to previously submitted information about any of the following items of the individual’s Form 33-109F4:
    - (i) item 14 [*Criminal disclosure*];
    - (ii) item 15 [*Civil disclosure*];
    - (iii) item 16 [*Financial disclosure*];
  - (b) a notice of termination referred to in subsection 4.2(1) from a former sponsoring firm, within the time required under subsection 4.2(2), if the individual’s employment, partnership or agency relationship with the firm ended because the individual resigned or was dismissed for cause.
- (5) From September 28, 2009 to the day before the NRD access date, an individual may submit any of the following to the regulator other than through the NRD website:
  - (a) Form 33-109F7;
  - (b) Form 33-109F2;
  - (c) Form 33-109F4 other than under subsection 2.5(1).
- (6) If an NRD filer makes a submission other than through the NRD website under subsection (4) or (5), the NRD filer must resubmit the information in NRD format to the regulator as follows:
  - (a) for a Form 33-109F7 submitted under paragraph (5)(a),
    - (i) if the cessation date was on or after September 28, 2009, by submitting a completed Form 33-109F7 no later than 30 days after the NRD access date;
    - (ii) if the cessation date was before September 28, 2009, by submitting a completed Form 33-109F4 no later than 30 days after the NRD access date;
  - (b) for any other submission no later than 30 days after the NRD access date.

**6.4 Transition – Reinstatement under Subsections 2.3(2) and 2.5(2)**

- (1) Despite subsection 2.3(2), from the NRD access date to December 28, 2009 an individual who seeks reinstatement of registration under subsection 2.3(2) must submit a completed Form 33-109F4 to the regulator in accordance with NI 31-102, if the cessation date occurred before September 28, 2009.
- (2) For greater certainty, the registration of an individual who makes a submission under subsection (1) is reinstated in accordance with subsection 2.3(2) only if all of the conditions in paragraphs (a) through (e) of subsection 2.3(2) are met.
- (3) Subsection 2.5(2) does not apply to a permitted individual whose cessation date occurred before September 28, 2009.

**PART 7 – EXEMPTION****7.1 Exemption**

- (1) The regulator or the 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.
- (3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of National Instrument 14-101 *Definitions*, opposite the name of the local jurisdiction.

**PART 8 – REPEAL AND EFFECTIVE DATE**

- 8.1 Repeal** – National Instrument 33-109 *Registration Information*, which came into force on February 14, 2003, is repealed.
- 8.2 Effective Date** – This Instrument comes into force on the day National Instrument 31-103 *Registration Requirements and Exemptions* comes into force.

**FORM 33-109F1**  
**NOTICE OF TERMINATION OF REGISTERED INDIVIDUALS**  
**AND PERMITTED INDIVIDUALS**  
**(section 4.2)**

**GENERAL INSTRUCTIONS**

Complete and submit this form to notify the relevant regulator(s) or, in Québec, the securities regulatory authority, or self-regulatory organization (SRO) that a registered individual or permitted person has left their sponsoring firm.

**Terms**

In this form, "cessation date" (or "effective date of termination") means the first day on which an individual ceased to have authority to act as a registered individual on behalf of their sponsoring firm or ceased to be a permitted individual of their sponsoring firm, because of the end of, or a change in, the individual's employment, partnership, or agency relationship with the firm.

**How to submit the form**

Submit this form at the National Registration Database (NRD) website in NRD format at [www.nrd.ca](http://www.nrd.ca).

If you are relying on the temporary hardship exemption in section 5.1 of National Instrument 31-102 [*National Registration Database*], you may submit this form in a format other than NRD format.

**When to submit the form**

You must submit the responses to Item 1, Item 2, Item 3 and Item 4 within ~~five business~~seven days of the effective date of termination.

If you are required to complete Item 5, you must submit those responses within 30 days of the effective date of the termination date. If you are submitting the responses to Item 5, in NRD format, after Items 1 to 4 have been submitted at NRD, use the NRD submission type called "Update/Correct Termination Information" to complete Item 5 of this form.

**Item 1 Terminating firm**

1. Name \_\_\_\_\_
2. NRD number \_\_\_\_\_

**Item 2 Terminated individual**

1. Name \_\_\_\_\_
2. NRD number \_\_\_\_\_

**Item 3 Business location of the terminated individual**

1. Address \_\_\_\_\_
2. NRD number \_\_\_\_\_

**Item 4 Date and reason for termination**

1. Cessation date / Effective date of termination \_\_\_\_\_  
(YYYY/MM/DD)

This is the first day that the individual ceased to have authority to act in a registerable capacity on behalf of the firm or ceased to be a permitted individual.

2. Reason for termination / cessation (check one):

Resigned - voluntary

Resigned - at the firm's request

Dismissed in good standing

- Dismissed for cause
- Completed temporary employment contract
- Retired
- Deceased
- Other

**Item 5 Details about the termination**

Complete Item 5 ~~only if except where~~ the individual resigned, was dismissed (whether or not for cause), or if the reason for termination under Item 4.2 was “Other” is deceased. In the space below:

- state the reason(s) for the ~~resignation, dismissal or “Other” reason for~~cessation / termination and
- provide details if the answer to any of the following questions is “Yes”.

[For NRD Format only:]

- This information will be disclosed within 30 days of the effective date of termination
- Not applicable: ~~completed temporary employment contract, retired or~~individual is deceased

Answer the following questions to the best of the firm’s knowledge.

In the past 12 months:

	Yes	No
1. Was the individual charged with any criminal offence?	<input type="checkbox"/>	<input type="checkbox"/>
2. Was the individual the subject of any investigation by any securities or financial industry regulator?	<input type="checkbox"/>	<input type="checkbox"/>
3. Was the individual subject to any significant internal disciplinary measures at the firm or at any affiliate of the firm related to the individual’s activity as a registrant?	<input type="checkbox"/>	<input type="checkbox"/>
4. Were there any written complaints, civil claims and/or arbitration notices filed against the individual or against the firm about the individual’s securities-related activities that occurred while the individual was registered or a permitted individual authorized to act on behalf of the firm?	<input type="checkbox"/>	<input type="checkbox"/>
5. Does the individual have any undischarged financial obligations to clients of the firm?	<input type="checkbox"/>	<input type="checkbox"/>
6. Has the firm or any affiliate of the firm suffered significant monetary loss or harm to its reputation as a result of the individual’s actions?	<input type="checkbox"/>	<input type="checkbox"/>
7. Did the firm or any affiliate of the firm investigate the individual relating to possible material violations of fiduciary duties, regulatory requirements or the compliance policies and procedures of the firm or any affiliate of the firm? Examples include making unsuitable trades or investment recommendations, stealing or borrowing client money or securities, hiding losses from clients, forging client signatures, money laundering, deliberately making false representations and engaging in undisclosed outside business activity.	<input type="checkbox"/>	<input type="checkbox"/>
8. Did the individual repeatedly fail to follow compliance policies and procedures of the firm or any affiliate of the firm?	<input type="checkbox"/>	<input type="checkbox"/>

9. Did the individual engage in discretionary management of client accounts or otherwise engage in registerable activity without appropriate registration or without the firm's authorization?

 

Reasons/Details: \_\_\_\_\_

**Item 6 — Notice of collection and use of personal information**

~~The personal information required under this form is collected on behalf of, and used by, the securities regulatory authorities in the jurisdictions set out in Schedule A to administer and enforce certain provisions of their securities legislation or derivatives legislation or both.~~

~~The personal information required under this form is also collected by and used by the SROs set out in Schedule A to administer and enforce their respective by laws, regulations, rules, rulings and policies.~~

~~By submitting this form, the individual consents to the collection by the securities regulatory authorities or applicable SRO of this personal information, and any police records, records from other government or non governmental regulators or SROs, credit records and employment records about the individual that the securities regulatory authorities or applicable SRO may need to complete their review of the information submitted in this form relating to the individual's continued fitness for registration or approval, if applicable, in accordance with the legal authority of the securities regulatory authorities while the individual is registered with or approved by it as the case may be. Securities regulatory authorities or SROs may contact government and private bodies or agencies, individuals, corporations and other organizations for information about the individual.~~

~~If you have any questions about the collection and use of this information, contact the securities regulatory authorities or applicable SRO in any jurisdiction in which the required information is submitted. See Schedule A for details. In Québec, you can also contact the Commission d'accès à l'information at 1 888 528 7741 or visit its website at [www.cai.gouv.qc.ca](http://www.cai.gouv.qc.ca).~~

**Item 6 [repealed]**

**Item 7 Warning**

**It is an offence under securities legislation and/or derivatives legislation, including commodity futures legislation to give false or misleading information on this form.**

**Item 8 Certification**

**Certification-NRD format:**

- I am making this submission as agent for the firm. By checking this box, I certify that the firm provided me with all of the information on this form.

**Certification-Format other than NRD format:**

By signing below I certify to the regulator or, in Québec, the securities regulatory authority, in each jurisdiction where I am submitting this form for the firm, either directly or through the principal regulator, that:

- I have read this form and understand the questions, and
- all of the information provided on this form is true and complete.

Name of firm \_\_\_\_\_

Name of authorized signing officer or partner \_\_\_\_\_

Title of authorized signing officer or partner \_\_\_\_\_

Signature of authorized signing officer or partner \_\_\_\_\_

Date signed \_\_\_\_\_  
(YYYY/MM/DD)

**Schedule A**  
**Contact information for**  
**Notice of collection and use of personal information**

**Alberta**

Alberta Securities Commission,  
 4th Floor, 300 5th Avenue SW  
 Calgary, AB T2P 3C4  
 Attention: Information Officer  
 Telephone: (403) 355-4154

**British Columbia**

British Columbia Securities Commission  
 P.O. Box 10142, Pacific Centre  
 701 West Georgia Street  
 Vancouver, BC V7Y 1L2  
 Attention: Freedom of Information Officer  
 Telephone: (604) 899-6500 or (800) 373-6393 (in BC)

**Manitoba**

The Manitoba Securities Commission  
 500 400 St. Mary Avenue  
 Winnipeg, MB R3C 4K5  
 Attention: Director of Registrations  
 Telephone (204) 945-2548  
 Fax (204) 945-0330

**New Brunswick**

New Brunswick Securities Commission  
 Suite 300, 85 Charlotte Street  
 Saint John, NB E2L 2J2  
 Attention: Director, Regulatory Affairs  
 Telephone: (506) 658-3060

**Newfoundland and Labrador**

Securities NL  
 Financial Services Regulation Division  
 Department of Government Services  
 P.O. Box 8700, 2nd Floor, West Block  
 Confederation Building  
 St. John's, NL A1B 4J6  
 Attention: Manager of Registrations  
 Tel: (709) 729-5664

**Nova Scotia**

Nova Scotia Securities Commission  
 2nd Floor, Joseph Howe Building  
 1690 Hollis Street  
 P.O. Box 458  
 Halifax, NS B3J 2P8  
 Attention: Deputy Director, Capital Markets  
 Telephone: (902) 424-7768

**Northwest Territories**

Government of the Northwest Territories  
 P.O. Box 1320  
 Yellowknife, NWT X1A 2L9  
 Attention: Deputy Superintendent of Securities  
 Telephone: (867) 920-8984

**Nunavut**

Legal Registries Division  
 Department of Justice  
 Government of Nunavut  
 P.O. Box 1000 Station 570  
 Iqaluit, NU X0A 0H0  
 Attention: Deputy Registrar of Securities  
 Telephone: (867) 975-6590

**Ontario**

Ontario Securities Commission  
 Suite 1903, Box 55  
 20 Queen Street West  
 Toronto, ON M5H 3S8  
 Attention: FOI Coordinator  
 Telephone: (416) 593-8314

**Prince Edward Island**

Securities Registry  
 Office of the Attorney General B Consumer, Corporate and  
 Insurance Services Division  
 P.O. Box 2000  
 Charlottetown, PE C1A 7N8  
 Attention: Deputy Registrar of Securities  
 Telephone: (902) 368-6288

**Québec**

Autorité des marchés financiers  
 800, square Victoria, 22e étage  
 C.P. 246, tour de la Bourse  
 Montréal (Québec) H4Z 1G3  
 Attention: Responsable de l'accès à l'information  
 Telephone: (514) 395-0337 or (877) 525-0337 (in Québec)

**Saskatchewan**

Saskatchewan Financial Services Commission  
 Suite 601, 1919 Saskatchewan Drive  
 Regina, SK S4P 4H2  
 Attention: Director  
 Telephone: (306) 787-5842

**Yukon**

Yukon Securities Office  
 Department of Community Services  
 P.O. Box 2703 C-6  
 Whitehorse, YT Y1A 2C6  
 Attention: Superintendent of Securities  
 Telephone: (867) 667-5225

**Self-regulatory organization**

Investment Industry Regulatory Organization of Canada  
 121 King Street West, Suite 1600  
 Toronto, Ontario M5H 3T9  
 Attention: Privacy Officer  
 Telephone: (416) 364-6133  
 E-mail: PrivacyOfficer@iirec.ca

**FORM 33-109F2**  
**CHANGE OR SURRENDER OF INDIVIDUAL CATEGORIES**  
 (section 4.2 or 2.2(2) or 2.5(2))

**GENERAL INSTRUCTIONS**

Complete and submit this form to notify the relevant regulator(s) or, in Québec, the securities regulatory authority, or self-regulatory organization (SRO) that a registered individual or permitted individual seeks to add and/or remove individual registration categories or permitted activities.

**Terms**

In this form, “you”, “your” and “individual” mean the registered individual or permitted individual who is seeking to add and/or remove registration categories or permitted activities.

**How to submit this form**

Submit this form at the National Registration Database (NRD) website in NRD format at [www.nrd.ca](http://www.nrd.ca).

If you are relying on the temporary hardship exemption in section 5.1 of National Instrument 31-102, you may submit this form in a format other than NRD format.

**Item 1 Individual**

Name of individual \_\_\_\_\_

NRD number of individual \_\_\_\_\_

**Item 2 Registration jurisdictions**

1. Are you filing this form under the passport system / interface for registration?

~~Only choose~~ Choose “no” if you are registered in:

(a) ~~only one jurisdiction of Canada, or in Canada~~

(b) ~~more than one jurisdiction of Canada and you are requesting a change or surrender:~~

(b) ~~(i) more than one jurisdiction in Canada and you are requesting a surrender in a non-principal jurisdiction or jurisdictions, but not in your principal jurisdiction-~~

(c) ~~more than one jurisdiction in Canada and you are requesting a change only in your principal jurisdiction~~

Yes  No

2. Check each jurisdiction where you are seeking the change or surrender of individual categories of registration.

- Alberta
- British Columbia
- Manitoba
- New Brunswick
- Newfoundland and Labrador
- Northwest Territories
- Nova Scotia
- Nunavut
- Ontario
- Prince Edward Island
- Québec
- Saskatchewan
- Yukon

**Item 3 Removing categories**

What categories are you seeking to remove?

---

**Item 4 Adding categories**1. Categories

What categories are you seeking to add?

---

2. Professional liability insurance (Québec mutual fund dealers and Québec scholarship plan dealers)

If you are seeking registration as a representative of a mutual fund dealer or of a scholarship plan dealer in Québec, are you covered by your sponsoring firm's professional liability insurance?

Yes  No

If "No", state:

The name of your insurer \_\_\_\_\_

Your policy number \_\_\_\_\_

**3. Relevant securities experience**

If you have not been registered in the last 36 months and you passed the required examination more than 36 months ago, do you consider that you have gained 12 months of relevant securities industry experience during the 36 month period?

Yes  No  N/A

If you are an individual applying for IIROC approval, select "Not Applicable" above.

If "yes", complete Schedule A.

**Item 5 Reason for surrender**

If you are seeking to remove a category or permitted activity, state the reason for the surrender in the local jurisdiction.

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**Item 6 Notice of collection and use of personal information**

The personal information required under this form is collected on behalf of, and used by, the securities regulatory authorities in the jurisdictions set out in Schedule A to administer and enforce certain provisions of their securities legislation or derivatives legislation or both.

The personal information required under this form is also collected by and used by the SROs set out in Schedule A to administer and enforce their respective by-laws, regulations, rules, rulings and policies.

By submitting this form, the individual consents to the collection by the securities regulatory authorities or applicable SRO of this personal information, and any police records, records from other government or non-governmental regulators or SROs, credit records and employment records about the individual that the securities regulatory authorities or applicable SRO may need to complete their review of the information submitted in this form relating to the individual's continued fitness for registration or approval, if applicable, in accordance with the legal authority of the securities regulatory authorities while the individual is registered with or approved by it. Securities regulatory authorities or SROs may contact government and private bodies or agencies, individuals, corporations and other organizations for information about the individual.

If you have any questions about the collection and use of this information, contact the securities regulatory authorities or applicable SRO in any jurisdiction in which the required information is submitted. See Schedule A for details. In Québec, you can also contact the Commission d'accès à l'information at 1-888-528-7741 or visit its website at [www.cai.gouv.qc.ca](http://www.cai.gouv.qc.ca).

### Item 7 Warning

**It is an offence under securities legislation and/or derivatives legislation, including commodity futures legislation to give false or misleading information on this form.**

### Item 8 Certification

#### Certification-NRD format:

I confirm I have discussed the questions in this form with an officer, branch manager or supervisor of my sponsoring firm. To the best of my knowledge and belief, the officer, branch manager or supervisor was satisfied that I fully understood the questions. I will limit my activities to those permitted by my category of registration.

I am making this submission as agent for the individual identified in this form. By checking this box, I certify that the individual provided me with all of the information on this form.

#### Certification-Format other than NRD format:

By signing below:

1. I certify to the regulator or, in Québec, the securities regulatory authority, in each jurisdiction where I am submitting this form, either directly or through the principal regulator, that:
  - o I have read this form and understand the questions, and
  - o all of the information provided on this form is true, and complete.
2. I confirm I have discussed the questions in this form with an officer, branch manager or supervisor of my sponsoring firm. To the best of my knowledge and belief, the officer, branch manager or supervisor was satisfied that I fully understood the questions. I will limit my activities to those permitted by my category of registration.

Signature of individual \_\_\_\_\_

Date signed \_\_\_\_\_  
(YYYY/MM/DD)

By signing below, I certify to the regulator or, in Québec, the securities regulatory authority, in each jurisdiction where I am submitting this form for the individual, either directly or through the principal regulator, that:

1. the individual identified in this form will be engaged by the firm as a registered individual, or a non registered individual, and
2. I have, or a branch manager or supervisor or another officer or partner has, discussed the questions set out in this form with the individual. To the best of my knowledge and belief, the individual fully understands the questions.

Name of firm \_\_\_\_\_

Name of authorized signing officer or partner \_\_\_\_\_

Title of authorized signing officer or partner \_\_\_\_\_

Signature of authorized signing officer or partner \_\_\_\_\_

Date signed \_\_\_\_\_  
(YYYY/MM/DD)

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**SCHEDULE A**  
**Relevant securities experience (Item 4)**

Describe your level of responsibility in areas relating to the category you are applying for:

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What is the percentage of your time devoted to these activities?

\_\_\_\_\_ %

Indicate the continuing education activities which you have participated in and which are relevant to the category of registration you are applying for:

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**Schedule AB**  
**Contact information for**  
**Notice of collection and use of personal information**

**Alberta**

Alberta Securities Commission,  
 4th Floor, 300 - 5th Avenue SW  
 Calgary, AB T2P 3C4  
 Attention: Information Officer  
 Telephone: (403) 355-4151

**British Columbia**

British Columbia Securities Commission  
 P.O. Box 10142, Pacific Centre  
 701 West Georgia Street  
 Vancouver, BC V7Y 1L2  
 Attention: Freedom of Information Officer  
 Telephone: (604) 899-6500 or (800) 373-6393 (in BC)

**Manitoba**

The Manitoba Securities Commission  
 500 - 400 St. Mary Avenue  
 Winnipeg, MB R3C 4K5  
 Attention: Director of Registrations  
 Telephone (204) 945-2548  
 Fax (204) 945-0330

**New Brunswick**

New Brunswick Securities Commission  
 Suite 300, 85 Charlotte Street  
 Saint John, NB E2L 2J2  
 Attention: Director, Regulatory Affairs  
 Telephone: (506) 658-3060

**Newfoundland and Labrador**

Securities NL  
 Financial Services Regulation Division  
 Department of Government Services  
 P.O. Box 8700, 2nd Floor, West Block  
 Confederation Building  
 St. John's, NL A1B 4J6  
 Attention: Manager of Registrations  
 Tel: (709) 729-5661

**Nova Scotia**

Nova Scotia Securities Commission  
 2nd Floor, Joseph Howe Building  
 1690 Hollis Street  
 P.O. Box 458  
 Halifax, NS B3J 2P8  
 Attention: Deputy Director, Capital Markets  
 Telephone: (902) 424-7768

**Northwest Territories**

Government of the Northwest Territories  
 P.O. Box 1320  
 Yellowknife, NWT X1A 2L9  
 Attention: Deputy Superintendent of Securities  
 Telephone: (867) 920-8984

**Nunavut**

Legal Registries Division  
 Department of Justice  
 Government of Nunavut  
 P.O. Box 1000 Station 570  
 Iqaluit, NU X0A 0H0  
 Attention: Deputy Registrar of Securities  
 Telephone: (867) 975-6590

**Ontario**

Ontario Securities Commission  
 Suite 1903, Box 55  
 20 Queen Street West  
 Toronto, ON M5H 3S8  
 Attention: FOI Coordinator  
 Telephone: (416) 593-8314

**Prince Edward Island**

Securities Registry  
 Office of the Attorney General B Consumer, Corporate and  
 Insurance Services Division  
 P.O. Box 2000  
 Charlottetown, PE C1A 7N8  
 Attention: Deputy Registrar of Securities  
 Telephone : (902) 368-6288

**Québec**

Autorité des marchés financiers  
 800, square Victoria, 22e étage  
 C.P. 246, tour de la Bourse  
 Montréal (Québec) H4Z 1G3  
 Attention : Responsable de l'accès à l'information  
 Telephone: (514) 395-0337 or (877) 525-0337 (in Québec)

**Saskatchewan**

Saskatchewan Financial Services Commission  
 Suite 601, 1919 Saskatchewan Drive  
 Regina, SK S4P 4H2  
 Attention: Director  
 Telephone: (306) 787-5842

**Yukon**

Yukon Securities Office  
 Department of Community Services  
 P.O. Box 2703 C-6  
 Whitehorse, YT Y1A 2C6  
 Attention: Superintendent of Securities  
 Telephone: (867) 667-5225

**Self-regulatory organization**

Investment Industry Regulatory Organization of Canada  
 121 King Street West, Suite 1600  
 Toronto, Ontario M5H 3T9  
 Attention: Privacy Officer  
 Telephone: (416) 364-6133  
 E-mail: PrivacyOfficer@iirc.ca

**FORM 33-109F4**  
**REGISTRATION OF INDIVIDUALS AND**  
**REVIEW OF PERMITTED INDIVIDUALS**  
**(section 2.2)**

**GENERAL INSTRUCTIONS**

Complete and submit this form to the relevant regulator(s) or in Québec, the securities regulatory authority, or self-regulatory organization (SRO) if an individual is seeking registration in individual categories or is seeking to be reviewed as a permitted individual. You only need to complete and submit one of this form regardless of the number of categories you are seeking to be registered in.

**Terms**

In this form, “you”, “your” and “individual” mean the individual who is seeking registration or the individual who is filing this form as a permitted individual under securities legislation or derivatives legislation or both.

“Sponsoring firm” means the registered firm where you will carry out your duties as a registered or permitted individual.

“Derivatives” means financial instruments, such as futures contracts (including exchange traded contracts), futures options and swaps whose market price, value or payment obligations are derived from, or based on, one or more underlying interests. Derivatives can be in the form of instruments, agreements or securities.

“Major shareholder” and “shareholder” mean a shareholder who, in total, directly or indirectly owns voting securities carrying 10 per cent or more of the votes carried by all outstanding voting securities.

“Approved person” means, in respect of a member (Member) of the Investment Industry Regulatory Organization of Canada (IIROC—Member), an individual who is a partner, director, officer, employee or agent of a Member who is approved by the IIROC or another Canadian SRO to perform any function required under any IIROC or another Canadian SRO By-law, Regulation, or Policy.

Several terms used in this form are defined in the securities legislation of your province or territory. Please refer to those definitions.

**How to submit this form*****NRD format***

Submit this form at the National Registration Database (NRD) website in NRD format at [www.nrd.ca](http://www.nrd.ca). You are only required to submit one form regardless of the number of registration categories you are seeking. If you have any questions, contact the compliance, registration or legal department of the sponsoring firm or a legal adviser, or visit the NRD information website at [www.nrd-info.ca](http://www.nrd-info.ca).

***Format, other than NRD format***

If you are relying on the temporary hardship exemption in section 5.1 of National Instrument 31-102 *National Registration Database*, you may submit this form in a format other than NRD format.

If you need more space, use a separate sheet of paper. Clearly identify the Item and question number. Complete and sign the form, and send it to the relevant regulator(s) or, in Québec, the securities regulatory authority, SRO (s) or similar authority. The number of originally signed copies of the form you are required to submit depends on the province or territory, and on the regulator, the securities regulatory authority or SRO.

To avoid delays in processing this form, be sure to answer all of the questions that apply to you. If you have questions, contact the compliance, registration or legal department of the sponsoring firm or a legal adviser, or visit the National Registration Database information website at [www.nrd-info.ca](http://www.nrd-info.ca).



3. Gender Female  Male
4. Eye colour \_\_\_\_\_
5. Hair colour \_\_\_\_\_
6. Height \_\_\_\_\_  in. or \_\_\_\_\_  cm
7. Weight \_\_\_\_\_  lbs. or \_\_\_\_\_  kg

**Item 4 Citizenship**

1. Citizenship information

What is your country of citizenship?

- Canada
- Other, specify: \_\_\_\_\_

2. If you are a citizen of a country other than Canada, complete the following for that citizenship.

- Check here if you do not have a valid passport. Otherwise, provide:

Passport number: \_\_\_\_\_

Date of issue: \_\_\_\_\_  
(YYYY/MM/DD)

Place of issue: \_\_\_\_\_  
(city, province, territory or state, country)

**Item 5 Registration jurisdictions**

1. Are you filing this form under the passport system / interface for registration?

Only choose "no" if:

- (a) you are seeking registration only in your principal jurisdiction,  
(b) you are seeking review as a permitted individual only in your principal jurisdiction

and you are not currently registered under securities legislation in any jurisdiction of Canada,

Yes  No

2. Check each jurisdiction where you are seeking registration or review as a permitted individual:

- All jurisdictions
- Alberta
- British Columbia
- Manitoba
- New Brunswick
- Newfoundland and Labrador
- Northwest Territories
- Nova Scotia
- Nunavut
- Ontario
- Prince Edward Island
- Québec
- Saskatchewan
- Yukon

**Item 6 Individual categories**

- On Schedule C, check each category for which you are seeking registration as an individual or review as a permitted individual. If you are seeking review as a permitted individual, check each category that describes your position with your sponsoring firm.
- If you are seeking registration as a representative of a mutual fund dealer or of a scholarship plan dealer in Québec, are you covered by your sponsoring firm's professional liability insurance?

Yes  No

If "No", state:

The name of your insurer \_\_\_\_\_

Your policy number \_\_\_\_\_

**Item 7 Address and agent for service****1. Address for service**

You must have one address for service in each province or territory where you are submitting this form. A residential address or a business address is acceptable. A post office box is not acceptable. Complete Schedule D for each additional address for service you are providing.

Address for service:

\_\_\_\_\_  
(number, street, city, province or territory, postal code)

Telephone number \_\_\_\_\_

Fax number, if applicable \_\_\_\_\_

E-mail address, if available \_\_\_\_\_

**2. Agent for service**

If you have appointed an agent for service, provide the following information for the agent in each province or territory where you have an agent for service. The address of your agent for service must be the same as the address for service above. If your agent for service is not an individual, provide the name of your contact person.

Name of agent for service: \_\_\_\_\_

Contact person: \_\_\_\_\_  
Last name, First name

**Item 8 Proficiency****1. Course or examination information and other education**

Complete Schedule E to indicate each course and examination that is required for registration or approval and that you have successfully completed or have been exempted from.

- Check here if you are not required under securities legislation or derivatives legislation or both, or the rules of an SRO to satisfy any course or examination requirements.

**2. Student numbers**

If you have a student number for a course that you successfully completed with one of the following organizations, provide it below:

CSI Global Education (formerly Canadian Securities Institute): \_\_\_\_\_

IFSE Institute (formerly IFIC): \_\_\_\_\_

Institute of Canadian Bankers (ICB): \_\_\_\_\_

CFA Institute (formerly AIMR): \_\_\_\_\_

Advocis (formerly CAIFA): \_\_\_\_\_

RESP Dealers Association of Canada: \_\_\_\_\_

Other: \_\_\_\_\_

### 3. Exemption refusal

Has any securities regulator, derivatives regulator or SRO refused to grant you an exemption from a course, examination or experience requirement?

Yes  No

If "Yes", complete Schedule F.

### 4. Relevant securities experience

If you are an individual applying for IIROC approval, select "Not Applicable below".

If you have not been registered in the last 36 months and you passed the required examination more than 36 months ago, do you consider that you have gained 12 months of relevant securities industry experience during the 36 month period?

Yes  No  N/A

If "yes", complete Schedule F.

### Item 9 Location of employment

1. Provide the following information for your new sponsoring firm. If you will be working out of more than one location, provide the following information for the location out of which you will be doing most of your business.

NRD location number: \_\_\_\_\_

Unique Identification Number (optional) : \_\_\_\_\_

Business address: \_\_\_\_\_  
(number, street, city, province, territory or state, country, postal code)

Telephone number: (\_\_\_\_) \_\_\_\_\_ Fax number: (\_\_\_\_) \_\_\_\_\_

2. If the firm has a foreign head office, and/or you are not a resident of Canada, provide the address for the location in which you will be conducting business.

Business address: \_\_\_\_\_  
(number, street, city, province, territory or state, country, postal code)

Telephone number: (\_\_\_\_) \_\_\_\_\_ Fax number: (\_\_\_\_) \_\_\_\_\_

[The following under #3 "Type of location", #4 and #5 is for a Format other than NRD format only]

3. Type of location - for Format other than NRD format only:

Head office  Branch or Business Location  Sub-branch

4. Name of branch manager: \_\_\_\_\_
5.  Check here if the mailing address of the location is the same as the business address provided above. Otherwise, complete the following:

Mailing address: \_\_\_\_\_  
(number, street, city, province, territory or state, country, postal code)

#### Item 10 Current employment, other business activities, officer positions held and directorships

Complete a separate Schedule G for each of your current business and employment activities, including employment and business activities with your sponsoring firm and any employment and business activities outside your sponsoring firm. Also include all business related officer or director positions and any other equivalent positions held, whether you receive compensation or not.

#### Item 11 Previous employment and other activities

On Schedule H, complete your employment and other activities history for the past 10-years.

#### Item 12 Resignations and terminations

Have you ever resigned, been terminated or been dismissed for cause by an employer from a position following allegations that you:

1. Violated any statutes, regulations, rules or standards of conduct?  
Yes  No   
If "Yes", complete Schedule I Item 12.1.
2. Failed to appropriately supervise compliance with any statutes, regulations, rules or standards of conduct?  
Yes  No   
If "Yes", complete Schedule I Item 12.2.
3. Committed fraud or the wrongful taking of property, including theft?  
Yes  No   
If "Yes", complete Schedule I Item 12.3.

#### Item 13 Regulatory disclosure

1. **Securities and derivatives regulation**
- a) Other than a registration or permitted individual status that has been recorded under this NRD number, are you now, or have you ever been, registered or licensed with any securities regulator or derivatives regulator or both in any province, territory, state or country to trade in or advise on securities or derivatives or both?  
Yes  No   
If "Yes", complete Schedule J, Item 13.1(a).
- b) Have you ever been refused registration or a licence to trade in or advise on securities or derivatives or both in any province, territory state or country?  
Yes  No   
If "Yes", complete Schedule J, Item 13.1(b).

- c) Have you ever been denied the benefit of any exemption from registration provided in any securities or derivatives or both legislation or rules in any province, territory, state or country, other than what was disclosed in Item 8(3) of this form?

Yes  No

If "Yes", complete Schedule J, Item 13.1(c).

- d) Are you now, or have you ever been subject to any disciplinary proceedings or any order resulting from disciplinary proceedings under any securities legislation or derivatives legislation or both in any province, territory, state or country?

Yes  No

If "Yes", complete Schedule J, Item 13.1(d).

## 2. SRO regulation

- a) Other than an approval that has been recorded under this NRD number, are you now, or have you ever been, an approved person of an SRO or similar organization in any province, territory, state or country?

Yes  No

If "Yes", complete Schedule J, Item 13.2(a).

- b) Have you ever been refused approved person status by an SRO or similar organization in any province, territory, state or country?

Yes  No

If "Yes", complete Schedule J, Item 13.2(b).

- c) Are you now, or have you ever been, subject to any disciplinary proceedings conducted by any SRO or similar organization in any province, territory, state or country?

Yes  No

If "Yes", complete Schedule J, Item 13.2(c).

## 3. Non-securities regulation

- a) Are you now, or have you ever been, registered or licensed under any legislation which requires registration or licensing to deal with the public in any capacity other than to trade in or advise on securities or derivatives or both in any province, territory, state or country (e.g. insurance, real estate, accountant, lawyer, teacher)?

Yes  No

If "Yes", complete Schedule J, Item 13.3(a)

- b) Have you ever been refused registration or a licence under any legislation relating to your professional activities unrelated to securities or derivatives in any province, territory, state or country?

Yes  No

If "Yes", complete Schedule J, Item 13.3(b).

- c) Are you now, or have you ever been, a subject of any disciplinary actions conducted under any legislation relating to your professional activities unrelated to securities or derivatives in any province, territory, state or country?

Yes  No

If "Yes", complete Schedule J, Item 13.3(c).

**Item 14 Criminal disclosure****Offences you must disclose**

You must disclose all criminal offences committed in any province, territory, state or country. This includes, but is not limited to, criminal offences under federal statutes such as the *Criminal Code* (Canada), *Income Tax Act* (Canada), *the Competition Act* (Canada), *Immigration and Refugee Protection Act* (Canada) and the *Controlled Drugs and Substances Act* (Canada) (or its predecessor, the *Narcotic Control Act* (Canada)). This includes pleas or findings of guilt for impaired driving, which are *Criminal Code* (Canada) matters. If you have been found guilty of a criminal offence, you must disclose the offence even if you have been granted an absolute or conditional discharge.

With respect to questions 14.2 and 14.4, if you or your firm has been found guilty of a criminal offence, or participated in the Alternative Measures Program within the past three years, you must disclose that offence even if an absolute or conditional discharge has been granted, or the charge has been dismissed, withdrawn or stayed. Some exceptions apply to stayed charges, and the Alternative Measures Program which are outlined below.

If you do not disclose a criminal offence under any statute other than the former *Young Offenders Act* (Canada) or the *Youth Criminal Justice Act* (Canada), regulators or, in Québec, the securities regulatory authority or self regulatory organization may treat it as a non-disclosure of material information.

**Offences you do not have to disclose**

The appropriate response is “No” if any of the following circumstances apply.

You are not required to disclose:

- crimes for which you received an absolute or conditional discharge if the crime has been purged from the criminal records in accordance with the *Criminal Records Act* (Canada)
- speeding, parking violations or any offence for which a pardon has been granted under the *Criminal Records Act* (Canada) and the pardon has not been revoked
- stayed charges for summary conviction offences that have been stayed for six months or more
- stayed charges for indictable offences that have been stayed for a year or more, and
- offences under the former *Young Offenders Act* (Canada) or the *Youth Criminal Justice Act* (Canada)

With respect to questions 14.2 and 14.4, you are not required to disclose an offence for which you or your firm was found guilty if you or the firm participated in the Alternative Measures Program more than three years ago for that offence.

1. Are there any outstanding or stayed charges against you alleging a criminal offence that was committed in any province, territory, state or country?

Yes  No

If “Yes”, complete Schedule K, Item 14.1.

2. Have you ever been found guilty, pleaded no contest to, or granted an absolute or conditional discharge from any criminal offence that was committed in any province, territory, state or country?

Yes  No

If “Yes”, complete Schedule K, Item 14.2.

3. To the best of your knowledge, are there any outstanding charges against any firm of which you were, at the time the criminal offence was alleged to have taken place in any province, territory, state or country, a partner, director, officer or major shareholder?

Yes  No

If “Yes”, complete Schedule K, Item 14.3.

4. To the best of your knowledge, has any firm, when you were a partner, officer, director or major shareholder, ever been found guilty, pleaded no contest to or granted an absolute or conditional discharge from a criminal offence that was committed in any province, territory, state or country?

Yes  No

If "Yes", complete Schedule K, Item 14.4 .

#### Item 15 Civil disclosure

1. Are there currently any outstanding civil actions alleging fraud, theft, deceit, misrepresentation or similar misconduct against you or a firm where you are or were a partner, director, officer or major shareholder in any province, territory, state or country?

Yes  No

If "Yes", complete Schedule L, Item 15.1.

2. Have you or a firm where you are or were a partner, director, officer or major shareholder ever been a defendant or respondent in any civil proceeding in which fraud, theft, deceit, misrepresentation or similar misconduct is, or was, successfully established in a judgment in any province, territory, state or country?

Yes  No

If "Yes", complete Schedule L, Item 15.2.

#### Item 16 Financial disclosure

##### 1. Bankruptcy

Under the laws of any applicable jurisdiction, have you or has any firm when you were a partner, director, officer or major shareholder of that firm:

- a) Had a petition in bankruptcy issued or made a voluntary assignment in bankruptcy or any similar proceeding?

Yes  No

If "Yes", complete Schedule M, Item 16.1(a).

- b) Made a proposal under any legislation relating to bankruptcy or insolvency or any similar proceeding?

Yes  No

If "Yes", complete Schedule M, Item 16.1(b).

- c) Been subject to proceedings under any legislation relating to the winding up or dissolution of the firm, or under the *Companies' Creditors Arrangement Act* (Canada)?

Yes  No

If "Yes", complete Schedule M, Item 16.1(c).

- d) Been subject to or initiated any proceedings, arrangement or compromise with creditors? This includes having a receiver, receiver-manager, administrator or trustee appointed by or at the request of creditors, privately, through court process or by order of a regulatory authority, to hold your assets.

Yes  No

If "Yes", complete Schedule M, Item 16.1(d).

**2. Debt obligations**

Over the past 10 years, have you failed to meet a financial obligation of \$5,000 or more as it came due or, to the best of your knowledge, has any firm, while you were a partner, director, officer or major shareholder of that firm, failed to meet any financial obligation of \$5,000 or more as it came due?

Yes  No

If "Yes", complete Schedule M, Item 16.2.

**3. Surety bond or fidelity bond**

Have you ever been refused for a surety or fidelity bond?

Yes  No

If "Yes", complete Schedule M, Item 16.3.

**4. Garnishments, unsatisfied judgments or directions to pay**

Has any federal, provincial, territorial, state authority or court ever issued any of the following against you regarding your indebtedness or, to the best of your knowledge, the indebtedness of a firm where you are or were a partner, director, officer or major shareholder:

	Yes	No
Garnishment	<input type="checkbox"/>	<input type="checkbox"/>
Unsatisfied judgment	<input type="checkbox"/>	<input type="checkbox"/>
Direction to pay	<input type="checkbox"/>	<input type="checkbox"/>

If "Yes", complete Schedule M, Item 16.4.

**Item 17 Ownership of securities and derivatives firms**

Are you now, or have you ever been, a partner or major shareholder of any firm (including your sponsoring firm) whose business is trading in or advising on securities or derivatives or both?

Yes  No

If "Yes", complete Schedule N.

**Item 18 Agent for service**

By submitting this form, you certify that in each jurisdiction of Canada where you have appointed an agent for service, you have completed the appointment of agent for service required in that jurisdiction.

**Item 19 Submission to jurisdiction**

By submitting this form, you agree to be subject to the securities legislation or derivatives legislation or both of each jurisdiction of Canada, and to the by-laws, regulations, rules, rulings and policies (collectively referred to as "rules" in this form) of the SROs to which you have submitted this form. This includes the jurisdiction of any tribunals or any proceedings that relate to your activities as a registrant or a partner, director or officer of a registrant under that securities legislation or derivatives legislation or both or as an Approved Person under SRO rules.

**Item 20 Notice of collection and use of personal information**

The personal information required under this form is collected on behalf of, and used by, the securities regulatory authorities in the jurisdictions set out in Schedule O to administer and enforce certain provisions of their securities legislation or derivatives legislation or both.

By submitting this form, the individual consents to the collection by the securities regulatory authorities of this personal information, and any police records, records from other government or non-governmental regulators or SROs, credit records and

employment records about the individual that the securities regulatory authorities may need to complete their review of the information submitted in this form relating to the individual's continued fitness for registration or approval, if applicable, in accordance with the legal authority of the securities regulatory authorities while the individual is registered with or approved by it. Securities regulatory authorities may contact government and private bodies or agencies, individuals, corporations and other organizations for information about the individual.

If you have any questions about the collection and use of this information, contact the securities regulatory authority in any jurisdiction in which the required information is submitted. See Schedule O for details. In Québec, you can also contact the Commission d'accès à l'information at 1-888-528-7741 or visit its website at [www.cai.gouv.qc.ca](http://www.cai.gouv.qc.ca).

## **SROs**

The principal purpose for the collection of personal information is to assess your suitability for registration or approval and to assess your continued fitness for registration or approval in accordance with the applicable securities legislation and the rules of the SROs.

By submitting this form, you authorize the SROs to which this form is submitted to collect any information from any source whatsoever. This includes, but is not limited to, personal confidential information about you that is otherwise protected by law such as, police, credit, employment, education and proficiency course completion records, and records from other government or non-governmental regulatory authorities, securities commissions, stock exchanges, or other SROs, private bodies, agencies, individuals or corporations, as may be necessary for the SROs to complete their review of your form or continued fitness for registration or approval in accordance with their rules for the duration of the period you remain so registered or approved. You further consent to and authorize the transfer of confidential information between SROs, securities commissions or stock exchanges from whom you now, or may in the future, seek registration or approval, or with which you are currently registered or approved for the purpose of determining fitness or continued fitness for registration or approval or in connection with the performance of an investigation or other exercise of regulatory authority, whether or not you are registered with or approved by them.

By submitting this form, you certify that you understand the rules of the applicable SROs of which you are seeking registration or approval or of which your sponsoring firm is a member or participating organization. You also undertake to become conversant with the rules of any SROs of which you or your sponsoring firm becomes a member or participating organization. You agree to be bound by, observe and comply with these rules as they are from time to time amended or supplemented, and you agree to keep yourself fully informed about them as they are amended and supplemented. You submit to the jurisdiction of the SROs from whom you are seeking registration or approval, or of which your sponsoring firm is now or in the future becomes a member or participating organization and, wherever applicable, their Governors, Directors and Committees. You agree that any registration or approval granted pursuant to this form may be revoked, terminated or suspended at any time in accordance with the then applicable rules of the respective SROs. In the event of any such revocation or termination, you must terminate all activities which require registration or approval and, thereafter, not perform services that require registration or approval for any member of the SROs or any approved affiliated company or other affiliate of such member without obtaining the approval of or registration with the SROs, in accordance with their rules.

By submitting this form, you undertake to notify the SROs from whom you are seeking registration or approval or with which you are currently or may in the future be registered or approved of any material change to the information herein provided in accordance with their respective rules. You agree to the transfer of this form, without amendment, to other SROs in the event that at some time in the future you seek registration or approval from such other SROs.

You certify that you have discussed the questions in this form, together with this Agreement, with an Officer or Branch Manager of your sponsoring member firm and, to your knowledge and belief, the authorized Officer or Branch Manager was satisfied that you fully understood the questions and the terms of this Agreement. You further certify that your business activities that are subject to securities rules and derivatives rules or both will be limited strictly to those permitted by the category of your registration or approval.

## **Item 21 Warning**

**It is an offence under securities legislation and/or derivatives legislation, including commodity futures legislation to give false or misleading information on this form.**

**Item 22 Certification****1. Certification - NRD format**

I confirm I have discussed the questions in this form with an officer, branch manager or supervisor of my sponsoring firm. To the best of my knowledge, the officer, branch manager or supervisor was satisfied that I fully understood the questions. I will limit my activities to those permitted by my category of registration.

- I am making this submission as agent for the individual identified in this form. By checking this box, I certify that the individual provided me with all of the information on this form.

**2. Certification - Format other than NRD format****Individual**

By signing below, I certify to the regulator, or in Québec the securities regulatory authority, in each jurisdiction where I am filing or submitting this form, either directly or through the principal regulator, that:

- 3.1 I have read this form and understand the questions, and  
 3.2 all of the information provided on this form is true, and complete.

Signature of individual \_\_\_\_\_ Date \_\_\_\_\_

**Authorized partner or officer of the firm**

By signing below, I certify to the regulator, or in Québec the securities regulatory authority, in each jurisdiction where I am submitting this form, either directly or through the principal regulator, for the individual that:

- the individual identified in this form will be engaged by the sponsoring firm as a registered individual or a permitted individual, and
- I have, or a branch manager, or supervisor, or another officer or partner has, discussed the questions set out in this form with the individual and, to the best of my knowledge, the individual fully understands the questions.

Name of firm \_\_\_\_\_

Name of authorized signing officer or partner \_\_\_\_\_

Title of authorized signing officer or partner \_\_\_\_\_

Signature of authorized signing officer or partner \_\_\_\_\_

Date signed \_\_\_\_\_  
 (YYYY/MM/DD)



**Name 2:**

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

Provide the reasons for the use of this other name (for example, trade name or team name):  
\_\_\_\_\_

If this other name is or was used in connection with any sponsoring firm, did the sponsoring firm approve the use of the name?

Yes  No 

When did you use this name?

From:

To:

\_\_\_\_\_  
(YYYY/MM)\_\_\_\_\_  
(YYYY/MM)**Name 3:**

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

Provide the reasons for the use of this other name (for example, trade name or team name):  
\_\_\_\_\_

If this other name is or was used in connection with any sponsoring firm, did the sponsoring firm approve the use of the name?

Yes  No 

When did you use this name?

From:

To:

\_\_\_\_\_  
(YYYY/MM)\_\_\_\_\_  
(YYYY/MM)



**SCHEDULE C**  
**Individual Categories (Item 6)**

Check each category for which you are seeking registration, approval or review as a permitted individual.

**Categories common to all jurisdictions under securities legislation**

***Firm categories [Format other than NRD format only]***

- Investment Dealer
- Mutual Fund Dealer
- Scholarship Plan Dealer
- Exempt Market Dealer
- Restricted Dealer
- Portfolio Manager
- Restricted Portfolio Manager
- Investment Fund Manager

***Individual categories and permitted activities***

- Dealing Representative
- Advising Representative
- Associate Advising Representative
- Ultimate Designated Person
- Chief Compliance Officer
- Officer – Specify title:
- Director
- Partner
- Shareholder
- Branch Manager (MFDA members only)
- IIROC approval only

**~~Investment Industry Regulatory Organization of Canada~~ IIROC**

***Approval categories***

- Executive
- Director (Industry)
- Director (Non-Industry)
- Supervisor
- Investor
- Registered Representative
- Investment Representative
- Trader

***Additional approval categories***

- Chief Compliance Officer
- Chief Financial Officer
- Ultimate Designated Person

***Products***

- Non-Trading
- Securities
- Options
- Futures Contracts and Futures Contract Options
- Mutual Funds only

***Customer type***

- Retail
- Institutional
- Not Applicable

***Portfolio management***

- Portfolio Management

**Categories under local commodity futures and derivatives legislation**

**Ontario**

***Firm categories***

- Commodity Trading Adviser
- Commodity Trading Counsel
- Commodity Trading Manager

Futures Commission Merchant

**Individual categories and permitted activities**

- Advising Representative  
 Salesperson  
 Branch Manager  
 Officer – Specify title:  
 Director  
 Partner  
 Shareholder  
 IIROC approval only

**Manitoba**

**Firm categories**

- Dealer (Merchant)  
 Dealer (Futures Commission Merchant)  
 Dealer (Floor Broker)  
 Adviser  
 Local

**Individual categories and permitted activities**

- Floor Trader  
 Salesperson  
 Branch Manager  
 Adviser  
 Officer – Specify title:  
 Director  
 Partner  
 Futures Contracts Portfolio Manager  
 Associate Futures Contracts Portfolio Manager  
 IIROC approval only  
 Local

**Québec - activities relating to derivatives**

**For information purposes, indicate whether you will carry on activities as a representative of:**

- An Investment Dealer Acting as a Derivatives Dealer  
 A Portfolio Manager Acting as a Derivatives Portfolio Manager

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**SCHEDULE D**  
**Address and agent for service (Item 7)**

**Item 7.1 Address for service**

You must have one address for service in each province or territory in which you are now, or are seeking to become, a registered individual or permitted individual. A post office box is not an acceptable address for service.

Address for service: \_\_\_\_\_  
(number, street, city, province or territory, postal code)

Telephone number: (\_\_\_\_) \_\_\_\_\_ Fax number: (\_\_\_\_) \_\_\_\_\_

E-mail address: \_\_\_\_\_

**Item 7.2 Agent for service**

If you have appointed an agent for service, provide the following information about the agent. The address for service provided above must be the address of the agent named below.

Name of agent for service: \_\_\_\_\_

*(if applicable)*

Contact person: \_\_\_\_\_  
Last name, First name

**SCHEDULE E**  
**Proficiency (Item 8)****Item 8.1 Course or examination information and other education**

<b>Course or examination or other education</b>	<b>Date completed (YYYY/MM/DD)</b>	<b>Date exempted (YYYY/MM/DD)</b>	<b>Regulator / securities regulatory authority granting the exemption</b>

**SCHEDULE F**  
**Proficiency (~~Item~~Items 8.3 and 8.4)**

**Item 8.3 Exemption refusal**

Complete the following for each exemption that was refused.

1. Which securities regulator, derivatives regulator or SRO refused to grant the exemption?

\_\_\_\_\_

State the name of the course, examination or experience requirement:

\_\_\_\_\_

State the reason given for not being granted the exemption:

\_\_\_\_\_

Date exemption refused: \_\_\_\_\_  
(YYYY/MM/DD)

2. Which securities regulator, derivatives regulator or SRO refused to grant the exemption?

\_\_\_\_\_

State the name of the course, examination or experience requirement:

\_\_\_\_\_

State the reason given for not being granted the exemption:

\_\_\_\_\_

Date exemption refused: \_\_\_\_\_  
(YYYY/MM/DD)

3. Which securities regulator, derivatives regulator or SRO refused to grant the exemption?

\_\_\_\_\_

State the name of the course, examination or experience requirement:

\_\_\_\_\_

State the reason given for not being granted the exemption:

\_\_\_\_\_

Date exemption refused: \_\_\_\_\_  
(YYYY/MM/DD)

**Item 8.4 Relevant securities experience**

Describe your level of responsibility in areas relating to the category applied for:

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

What is the percentage of your time devoted to these activities?

\_\_\_\_\_ %

Indicate the continuing education activities which you have participated in and which are relevant to the category of registration you are applying for:

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**SCHEDULE G**  
**Current employment, other business activities, officer positions held and directorships**  
**(Item 10)**

Complete a separate Schedule G for each of your current business and employment activities with your sponsoring firm and with all other organizations. This includes any business related officer or director positions held, or any other equivalent positions held, whether you receive compensation or not.

**1. Start date** \_\_\_\_\_  
(YYYY/MM/DD)

**2. Firm information**

Check here if this activity is employment with your sponsoring firm.

If the activity is with your sponsoring firm, you are not required to indicate the firm name and address information below:

Name of business or employer: \_\_\_\_\_

Address of business or employer: \_\_\_\_\_  
(number, street, city, province, territory or state, country)

Name and title of your immediate supervisor: \_\_\_\_\_

**3. Description of duties**

Describe all employment and business activities related to this employer. Include the nature of the business and your duties, title or relationship with the business. If you are seeking registration that requires specific experience, include details with this firm such as level of responsibility, value of accounts under direct supervision, number of years of experience, and percentage of time spent on each activity.

**4. Number of work hours per week**

How many hours per week do you devote to this business or employment? \_\_\_\_\_

If this activity is employment with your sponsoring firm and you work less than 30 hours per week, explain why.

**5. Conflicts of interest**

If you have more than one employer or are engaged in business related activities, ~~disclose~~

A. Disclose any potential for confusion by clients and any potential for conflicts of interest arising from your multiple employment or business related activities or proposed business related activities. ~~Include~~

B. Indicate whether or not any of your employers or organizations where you engage in business related activities are listed on an exchange.

C. Confirm whether the firm has procedures for minimizing potential conflicts of interest and if so, confirm that you are aware of these procedures.

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D. State the name of the person at your sponsoring firm who has reviewed and approved your multiple employment or business related activities or proposed business related activities

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E. If you do not perceive any conflicts of interest arising from this employment, explain why.

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**SCHEDULE H**  
**Previous employment and other activities (Item 11)**

Provide the following information for each of your employment and other activities in the past 10-years. Account for all of your time, including full-time and part-time employment, self-employment or military service. Include your status for each, such as unemployed, full-time student, or other similar statuses. Do not include short-term employment of four months or less while a student, unless it was in the securities, derivatives or financial industry.

In addition to the information required in the paragraph above, if you were employed or had business activities in the securities or derivatives industry or both during and before the 10-year period, disclose all your securities and derivatives or both employment or business activities (both before and during the 10-year period).

- Unemployed
- Full-time student
- Employed or self-employed

From: \_\_\_\_\_  
(YYYY/MM)

To: \_\_\_\_\_  
(YYYY/MM)

Complete the following only if you are, or were, employed or self-employed during this period.

Name of business or employer:

\_\_\_\_\_

Address of business or employer:

\_\_\_\_\_

(number, street, city, province, territory or state, country)

Name and title of immediate supervisor, if applicable:

\_\_\_\_\_

Describe the firm's business, your position, duties and your relationship to the firm. If you are seeking registration in a category of registration that requires specific experience, include details of that experience. Examples include level of responsibility, value of accounts under direct supervision, number of years of that experience and research experience, and percentage of time spent on each activity.

Reason why you left the firm:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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**SCHEDULE I**  
**Resignations and terminations (Item 12)**

**Item 12.1**

For each allegation of violation of any statutes, regulations, rules or internal/external standards of conduct, state below (1) the name of the firm from which you resigned, were terminated or dismissed for cause, (2) whether you resigned, were terminated or dismissed for cause, (3) the date you resigned, were terminated or dismissed for cause, and (4) the circumstances relating to your resignation, termination or dismissal for cause.

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**Item 12.2**

For each allegation of failure to supervise compliance with any statutes, regulations, rules or standards of conduct, state below, (1) the name of the firm from which you resigned, were terminated or dismissed for cause, (2) whether you resigned, were terminated or dismissed for cause, (3) the date you resigned, were terminated or dismissed for cause, and (4) the circumstances relating to your resignation, termination or dismissal for cause.

---

**Item 12.3**

For each allegation of fraud or the wrongful taking of property, including theft, state below (1) the name of the firm from which you resigned, were terminated or dismissed for cause, (2) whether you resigned, were terminated or dismissed for cause, (3) the date you resigned, were terminated or dismissed for cause, and (4) the circumstances relating to your resignation, termination or dismissal for cause.

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**SCHEDULE J**  
**Regulatory disclosure (Item 13)**

**Item 13.1 Securities and derivatives regulation**

- a) For each registration or licence, state below (1) the name of the firm, (2) the securities or derivatives regulator with which you are, or were, registered or licensed, (3) the type or category of registration or licence, and (4) the period that you held the registration or licence.

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- b) For each registration or licence refused, state below (1) the name of the firm, (2) the securities or derivatives regulator that refused the registration or licence, (3) the type or category of registration or licence refused, (4) the date of the refusal, and (5) the reasons for the refusal.

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- c) For each exemption from registration denied or licence refused, *other than what was disclosed in Item 8(3) of this form*, state below (1) the party that was refused the exemption from registration or licence, (2) the securities or derivatives regulator that refused the exemption from registration or licence, (3) the type or category of registration or licence refused, (4) the date of the refusal, and (5) the reasons for the refusal.

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- d) For each order or disciplinary proceeding, state below (1) the name of the firm, (2) the securities or derivatives regulator that issued the order or is conducting or conducted the proceeding, (3) the date any notice of proceeding was issued, (4) the date any order or settlement was made, (5) a summary of any notice, order or settlement (including any sanctions imposed), (6) whether you are or were a partner, director, officer or major shareholder of the firm and named individually in the order or disciplinary proceeding, and (7) any other relevant details.

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**Item 13.2 SRO regulation**

- a) For each approval, state below (1) the name of the firm, (2) the SRO with which you are or were an approved person, (3) the categories of approval, and (4) the period that you held the approval.

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- b) For each approval refused, state below (1) the name of the firm, (2) the SRO that refused the approval, (3) the category of approval refused, (4) the date of the refusal, and (5) the reasons for the refusal.

---

- c) For each order or disciplinary proceeding, state below (1) the name of the firm, (2) the SRO that issued the order or that is, or was, conducting the proceeding, (3) the date any notice of proceeding was issued, (4) the date any order or settlement was made, (5) a summary of any notice, order or settlement (including any sanctions imposed), (6) whether you are or were a partner, director, officer or major shareholder of the firm and named individually in the order or disciplinary proceeding, and (7) any other information that you think is relevant or that the regulator or, in Québec, the securities regulatory authority may request.

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**Item 13.3 Non-securities regulation**

- a) For each registration or licence, state below (1) the party who is, or was, registered or licensed (if insurance licensed, also indicate the name of the insurance agency), (2) with which regulatory authority, or under what legislation, the party is, or was, registered or licensed, (3) the type or category of registration or licence, and (4) the period that the party held the registration or licence.

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- b) For each registration or licence refused, state below (1) the party that was refused registration or licensing (if insurance licensed, also indicate the name of the insurance agency), (2) with which regulatory authority, or under what legislation, the registration or licence was refused, (3) the type or category of registration or licence refused, (4) the date of the refusal, and (5) the reasons for the refusal.
- 

- c) For each order or disciplinary proceeding, indicate below (1) the party against whom the order was made or the proceeding taken (if insurance licensed, indicate the name of the insurance agency), (2) the regulatory authority that made the order or that is, or was, conducting the proceeding, or under what legislation the order was made or the proceeding is being, or was conducted, (3) the date any notice of proceeding was issued, (4) the date any order or settlement was made, (5) a summary of any notice, order or settlement (including any sanctions imposed), (6) whether you are or were a partner, director, officer or major shareholder of the firm and named individually in the order or disciplinary proceeding and (7) any other information that you think is relevant or that the regulatory authority may request.
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**SCHEDULE K**  
**Criminal disclosure (Item 14)**

**Item 14.1**

For each charge, state below (1) the type of charge, (2) the date of the charge, (3) any trial or appeal dates, and (4) the court location.

---

**Item 14.2**

For each finding of guilty, pleading no contest to, or granting of an absolute or conditional discharge from a criminal offence state below (1) the offence, (2) the date found guilty, and (3) the disposition (any penalty or fine and the date any fine was paid).

---

**Item 14.3**

For each charge, state below (1) the name of the firm, (2) the type of charge, (3) the date of the charge, (4) any trial or appeal dates, and (5) the court location.

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**Item 14.4**

For each finding of guilty, pleading no contest to, or granting of an absolute or conditional discharge from a criminal offence state below (1) the name of the firm, (2) the offence, (3) the date of the conviction, and (4) the disposition (any penalty or fine and the date any fine was paid).

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**SCHEDULE L**  
**Civil disclosure (Item 15)**

**Item 15.1**

For each outstanding civil proceeding, state below (1) the dates the statement of claim and statement of defence were issued, (2) the name of the plaintiff(s) in the proceeding, (3) whether the proceeding is pending or on appeal, (4) whether the proceeding was against a firm where you are, or were, a partner, director, officer or major shareholder and whether you have been named individually in the allegations, and (5) the jurisdiction where the action is being pursued.

---

**Item 15.2**

For each civil proceeding, state below (1) the dates the statement of claim and statement of defence were issued, (2) each plaintiff in the proceeding, (3) the jurisdiction where the action was pursued, (4) whether the proceeding was about a firm where you are, or were, a partner, director, officer or major shareholder and whether you have been named individually in the allegations and (5) a summary of any disposition or any settlement over \$10,000. You must disclose any actions settled without admission of liability.

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**SCHEDULE M**  
**Financial Disclosure (Item 16)**

**Item 16.1 Bankruptcy**

- (a) For each event, state below (1) the date of the petition or voluntary assignment, (2) the person or firm about whom this disclosure is being made, (3) any amounts currently owing, (4) the creditors, (5) the status of the matter, (6) a summary of any disposition or settlement, (7) date of discharge or release, if applicable, and (8) any other information that you think is relevant or that the regulator or, in Québec, the securities regulatory authority may request.
- 

- (b) For each event, state below (1) the date of the proposal, (2) the person or firm about whom this disclosure is being made, (3) any amounts currently owing, (4) the creditors, (5) the status of the matter, (6) a summary of any disposition or settlement, and (7) any other information that you think is relevant or that the regulator or, in Québec, the securities regulatory authority may request.
- 

- (c) For each event, state below (1) the date of the proceeding, (2) the person or firm about whom this disclosure is being made, (3) any amounts currently owing, (4) the creditors, (5) the status of the matter, (6) a summary of any disposition or settlement, and (7) any other information that you think is relevant or that the regulator or, in Québec, the securities regulatory authority may request.
- 

- (d) For each proceeding, arrangement or compromise with creditors, state below (1) the date of proceeding, (2) the person or firm about whom this disclosure is being made, (3) any amounts currently owing, (4) the creditors, (5) the status of the matter, (6) a summary of any disposition or settlement, and (7) any other information that you think is relevant or that the regulator or, in Québec, the securities regulatory authority may request.
- 

**Item 16.2 Debt obligation**

For each event, state below (1) the person or firm that failed to meet its financial obligation, (2) the amount that was owing at the time the person or firm failed to meet its financial obligation, (3) the person or firm to whom the amount is, or was, owing, (4) any relevant dates (for example, when payments are due or when final payment was made), (5) any amounts currently owing, and (6) any other information that you think is relevant or that the regulator or, in Québec, the securities regulatory authority may request, including why obligation has not been met/satisfied.

---

**Item 16.3 Surety bond or fidelity bond**

For each bond refused, state below (1) the name of the bonding company, (2) the address of the bonding company, (3) the date of the refusal, and (4) the reasons for the refusal.

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**Item 16.4 Garnishments, unsatisfied judgments or directions to pay**

For each garnishment, unsatisfied judgment or direction to pay regarding your indebtedness, indicate below (1) the amount that was owing at the time the garnishment, judgment or direction to pay was rendered, (2) the person or firm to whom the amount is, or was, owing, (3) any relevant dates (for example, when payments are due or when final payment was made), (4) the percentage of earnings to be garnished or the amount to be paid, (5) any amounts currently owing, and (6) any other information that you think is relevant or that the regulator or, in Québec, the securities regulatory authority may request.

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**SCHEDULE N**  
**Ownership of securities and derivatives firms (Item 17)**

Firm name:

What is your relationship to the firm? Partner  Major shareholder

What is the period of this relationship?

From: \_\_\_\_\_ To: \_\_\_\_\_ (if applicable)  
 (YYYY/MM) (YYYY/MM)

Provide the following information:

a) State the number, value, class and percentage of securities, or the amount of partnership interest you own or propose to acquire when you are registered or approved as a result of the review of this form. If acquiring shares when you are so approved or registered, state the source (for example, treasury shares, or if upon transfer, state name of transferor).

\_\_\_\_\_

b) State the ~~market~~ fair value (approximate, if necessary) of any subordinated debentures or bonds of the firm to be held by you or any other subordinated loan to be made by you to the firm:

\_\_\_\_\_

c) If another person or firm has provided you with funds to invest in the firm, provide the name of the person or firm and state the relationship between you and that person or firm:

\_\_\_\_\_

d) Are the funds to be invested (or proposed to be invested) guaranteed directly or indirectly by any person or firm?

Yes  No

If "Yes", provide the name of the person or firm and state the relationship between you and that person or firm:

\_\_\_\_\_

e) Have you directly or indirectly given up any rights relating to these securities or this partnership interest, or do you, when you are registered or approved as a result of the review of this form, intend to give up any of these rights (including by hypothecation, pledging or depositing as collateral the securities or partnership interest with any firm or person)?

Yes  No

If "Yes", provide the name of the person or firm, state the relationship between you and that person or firm and describe the rights that have been or will be given up: \_\_\_\_\_

f) Is a person other than you the beneficial owner of the shares, bonds, debentures, partnership units or notes held by you?

Yes  No

If "Yes", complete (g), (h) and (i).

g) Name of beneficial owner:

\_\_\_\_\_  
 Last name First name Second name Third name  
 (if applicable) (if applicable)

h) Residential address:

\_\_\_\_\_

(number, street, city, province, territory or state, country, postal code)

i) Occupation:

\_\_\_\_\_

**Schedule O**  
**Contact information for**  
**Notice of collection and use of personal information**

**Alberta**

Alberta Securities Commission,  
 4th Floor, 300 - 5th Avenue SW  
 Calgary, AB T2P 3C4  
 Attention: Information Officer  
 Telephone: (403) 355-4151

**British Columbia**

British Columbia Securities Commission  
 P.O. Box 10142, Pacific Centre  
 701 West Georgia Street  
 Vancouver, BC V7Y 1L2  
 Attention: Freedom of Information Officer  
 Telephone: (604) 899-6500 or (800) 373-6393 (in BC)

**Manitoba**

The Manitoba Securities Commission  
 500 - 400 St. Mary Avenue  
 Winnipeg, MB R3C 4K5  
 Attention: Director of Registrations  
 Telephone (204) 945-2548  
 Fax (204) 945-0330

**New Brunswick**

New Brunswick Securities Commission  
 Suite 300, 85 Charlotte Street  
 Saint John, NB E2L 2J2  
 Attention: Director, Regulatory Affairs  
 Telephone: (506) 658-3060

**Newfoundland and Labrador**

Securities NL  
 Financial Services Regulation Division  
 Department of Government Services  
 P.O. Box 8700, 2nd Floor, West Block  
 Confederation Building  
 St. John's, NL A1B 4J6  
 Attention: Manager of Registrations  
 Tel: (709) 729-5661

**Nova Scotia**

Nova Scotia Securities Commission  
 2nd Floor, Joseph Howe Building  
 1690 Hollis Street  
 P.O. Box 458  
 Halifax, NS B3J 2P8  
 Attention: Deputy Director, Capital Markets  
 Telephone: (902) 424-7768

**Northwest Territories**

Government of the Northwest Territories  
 P.O. Box 1320  
 Yellowknife, NWT X1A 2L9  
 Attention: Deputy Superintendent of Securities  
 Telephone: (867) 920-8984

**Nunavut**

Legal Registries Division  
 Department of Justice  
 Government of Nunavut  
 P.O. Box 1000 Station 570  
 Iqaluit, NU X0A 0H0  
 Attention: Deputy Registrar of Securities  
 Telephone: (867) 975-6590

**Ontario**

Ontario Securities Commission  
 Suite 1903, Box 55  
 20 Queen Street West  
 Toronto, ON M5H 3S8  
 Attention: FOI Coordinator  
 Telephone: (416) 593-8314

**Prince Edward Island**

Securities Registry  
 Office of the Attorney General B Consumer, Corporate and  
 Insurance Services Division  
 P.O. Box 2000  
 Charlottetown, PE C1A 7N8  
 Attention: Deputy Registrar of Securities  
 Telephone : (902) 368-6288

**Québec**

Autorité des marchés financiers  
 800, square Victoria, 22e étage  
 C.P. 246, tour de la Bourse  
 Montréal (Québec) H4Z 1G3  
 Attention : Responsable de l'accès à l'information  
 Telephone: (514) 395-0337 or (877) 525-0337 (in Québec)

**Saskatchewan**

Saskatchewan Financial Services Commission  
 Suite 601, 1919 Saskatchewan Drive  
 Regina, SK S4P 4H2  
 Attention: Director  
 Telephone: (306) 787-5842

**Yukon**

Yukon Securities Office  
 Department of Community Services  
 P.O. Box 2703 C-6  
 Whitehorse, YT Y1A 2C6  
 Attention: Superintendent of Securities  
 Telephone: (867) 667-5225

**Self-regulatory organization**

Investment Industry Regulatory Organization of Canada  
 121 King Street West, Suite 1600  
 Toronto, Ontario M5H 3T9  
 Attention: Privacy Officer  
 Telephone: (416) 364-6133  
 E-mail: PrivacyOfficer@iicroc.ca

## Form 33 – 109F6 *Firm registration*

### Who should complete this form?

This form is for firms seeking registration under securities legislation, derivatives legislation or both.

Complete and submit this form to seek initial registration as a dealer, adviser or investment fund manager, or to add one or more jurisdiction of Canada or categories to a firm's registration.

### Definitions

Chief compliance officer – see section 2.1 of NI 31-103.

Derivatives – financial instruments, such as futures contracts (including exchange traded contracts), futures options and swaps whose market price, value or payment obligations are derived from or based on one or more underlying interests. Derivatives can be in the form of instruments, agreements or securities.

Firm – the person or company seeking registration.

Form – Form 33-109F6 *Firm registration*.

NI 31-103 – National Instrument 31-103 *Registration Requirements, ~~and~~, Exemptions and Ongoing Registrant Obligations*.

NI 33-109 – National Instrument 33-109 *Registration Information*.

NRD – National Registration Database. For more information, visit [www.nrd-info.ca](http://www.nrd-info.ca).

Parent – a person or company that directly or indirectly has significant control of another person or company.

Permitted individual – see NI 33-109.

Predecessor – any entity listed in question 3.6 of this form.

Principal Regulator – see NI 33-109.

Significant control – a person or company has significant control of another person or company if the person or company:

- directly or indirectly holds voting securities representing more than 20 per cent of the outstanding voting rights attached to all outstanding voting securities of the other person or company, or
- directly or indirectly is able to elect or appoint a majority of the directors (or individuals performing similar functions or occupying similar positions) of the other person or company.

Specified affiliate – a person or company that is a parent of the firm, a specified subsidiary of the firm, or a specified subsidiary of the firm's parent.

Specified subsidiary – a person or company of which another person or company has significant control.

SRO – see National Instrument 14-101 *Definitions*.

Ultimate designated person – see section 2.1 of NI 31-103.

You – the individual who completes, submits, files and/or signs the form on behalf of the firm.

We and the regulator – the securities regulatory authority or regulator in the jurisdiction(s) of Canada where the firm is seeking registration.

## Contents of the form

This form consists of the following:

- Part 1 – Registration details
- Part 2 – Contact information
- Part 3 – Business history and structure
- Part 4 – Registration history
- Part 5 – Financial condition
- Part 6 – Client relationships
- Part 7 – Regulatory action
- Part 8 – Legal action
- Part 9 – Certification
- Schedule A – Contact information for notice of collection and use of personal information
- Schedule B – Submission to jurisdiction and appointment of agent for service
- Schedule C – Form 31-103F1 *Calculation of excess working capital*

You are also required to submit the following supporting documents with your completed form:

1. Schedule B – Submission to Jurisdiction and Appointment of Agent for Service for each jurisdiction where the firm is seeking registration (question 2.4)
2. Business plan, policies and procedures manual, and client agreements (British Columbia, Alberta, and Manitoba and New Brunswick only) (question 3.3)
3. Constatting documents (question 3.7)
4. Organization chart (question 3.11)
5. Ownership chart (question 3.12)
6. Calculation of excess working capital (question 5.1)
7. Directors' resolution approving insurance (question 5.7)
8. Audited financial statements (question 5.13)
9. Letter of direction to auditors (question 5.14)

## How to complete and submit the form

All dollar values are in Canadian dollars. If a question does not apply to the firm, write "n/a" in the space for the answer.

If the firm is seeking registration in more than one jurisdiction of Canada or category, other than in the category of restricted dealer, you only need to complete and submit one form. If the firm is seeking registration as a restricted dealer, submit and file the form with each jurisdiction of Canada where the firm is seeking that registration.

You can complete this form:

- on paper and deliver it to the principal regulator or relevant SRO
- on paper, scan it and e-mail it to the principal regulator or SRO

If the firm is seeking registration in Ontario, and Ontario is not the firm's principal regulator, you must also file a copy of this form, without supporting documents, with the Ontario Securities Commission.

You can find contact information for submitting and filing the form in Appendix B of Companion Policy 33-109CP *Registration Information*.

We may accept the form in other formats. Please check with the regulator before you complete, submit and file the form. If you are completing the form on paper and need more space to answer a question, use a separate sheet of paper and attach it to this form. Clearly identify the question number.

You must include all supporting documents ~~and fees~~ with your submission. We may ask you to provide other information and documents to help determine whether the firm is suitable for registration.

**It is an offence under securities legislation or derivatives legislation to give false or misleading information on this form.**

The firm is required to pay a registration fee in each jurisdiction of Canada where it is submitting and filing this form. Refer to the prescribed fees of the applicable jurisdiction for details.

See Part 3 of NI 33-109.

### Updating the information on the form

The firm is required to notify the regulator, within specified times, of any changes to the information on this form by submitting and filing Form 33-109F5 *Change of Registration Information*.

### Collection and use of personal information

We and the SROs (if applicable) require personal information about the people referred to in this form as part of our review to determine whether the firm is suitable for registration. If the firm is approved, we also require this information to assess whether the firm continues to meet the registration requirements.

We may only:

- collect the personal information under the requirements in securities legislation or derivatives legislation or both
- use this information to administer and enforce provisions of the securities legislation or derivatives legislation or both

We may collect personal information from police records, records of other regulators or SROs, credit records, employment records, government and private bodies or agencies, individuals, corporations, and other organizations. We may also collect personal information indirectly.

We may provide personal information about the individuals referred to in this form to other regulators, securities or derivatives exchanges, SROs or similar organizations, if required for an investigation or other regulatory issue.

If anyone referred to in this form has any questions about the collection and use of their personal information, they can contact the regulator or SRO, if applicable, in the relevant jurisdiction of Canada. See Schedule A for details. In Québec, they can also contact the Commission d'accès à l'information du Québec at 1-888-528-7741 or visit its website at [www.cai.gouv.qc.ca](http://www.cai.gouv.qc.ca).

## Part 1 – Registration details

### 1.1 Firm's full legal name

Provide the full legal name of the firm as it appears on the firm's constating documents required under question 3.7. If the firm is a sole proprietorship, provide your first, last and any middle names.

If the firm's legal name is in English and French, provide both versions.

### 1.2 Firm's NRD number

For more information, visit [www.nrd-info.ca](http://www.nrd-info.ca).

### 1.3 Why are you submitting this form?

To seek initial registration as a firm in one or more jurisdictions of Canada

To add one or more jurisdictions of Canada

To add one or more categories to the firm's registration

#### Complete:

The entire form

Questions 1.1, 1.2, 1.4, 1.5, 2.4, 3.9, 5.4, 5.6\*, and Part 9 to the firm's registration

Questions 1.1, 1.2, 1.4, 1.5, 3.1, 5.1, 5.4, 5.5\*5.6, 5.7, 5.8, Part 6 and Part 9

\* If the firm is adding Québec as a jurisdiction for registration in the category of mutual fund dealer or scholarship plan dealer, complete question 5.6.

**1.4 In what category and jurisdiction is the firm seeking registration? Check all that apply.**

(a) Categories under securities legislation

Abbreviations	Category	Jurisdiction												
		AB	BC	MB	NB	NL	NIS	NST	NU	ON	PE	QC	SK	YT
Alberta (AB)	Investment dealer	<input type="checkbox"/>												
British Columbia (BC)	Mutual fund dealer	<input type="checkbox"/>												
Manitoba (MB)	Scholarship plan dealer	<input type="checkbox"/>												
New Brunswick (NB)	Exempt market dealer	<input type="checkbox"/>												
Newfoundland and Labrador (NL)	Restricted dealer	<input type="checkbox"/>												
Northwest Territories (NT)	Investment fund manager	<input type="checkbox"/>												
Nova Scotia (NS)	Portfolio manager	<input type="checkbox"/>												
Nunavut (NU)	Restricted portfolio manager	<input type="checkbox"/>												
Ontario (ON)														
Prince Edward Island (PE)														
Québec (QC)														
Saskatchewan (SK)														
Yukon (YT)														

(b) Categories under derivatives legislation (Manitoba and Ontario only)

Category	Manitoba	Ontario
Dealer (merchant)	<input type="checkbox"/>	<input type="checkbox"/>
Dealer (futures commission merchant)	<input type="checkbox"/>	<input type="checkbox"/>
Dealer (floor broker)	<input type="checkbox"/>	<input type="checkbox"/>
Local Adviser	<input type="checkbox"/>	<input type="checkbox"/>
Commodity trading adviser	<input type="checkbox"/>	<input type="checkbox"/>
Commodity trading counsel	<input type="checkbox"/>	<input type="checkbox"/>
Commodity trading manager	<input type="checkbox"/>	<input type="checkbox"/>
Futures commission merchant	<input type="checkbox"/>	<input type="checkbox"/>

(c) Investment dealers and portfolio managers (Québec only)

If the firm is seeking registration in Québec as an investment dealer or a portfolio manager, will the firm also act as a:

Derivatives dealer	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
Derivatives portfolio manager	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>

**1.5 Exemptions**

Is the firm applying for any exemptions under securities or derivatives legislation?

Yes  No

If yes, provide the following information for each exemption:

Type of exemption												
Legislation												
Jurisdiction(s) where the firm has applied for the exemption												
AB	BC	MB	NB	NL	<u>NFS</u>	<u>NSI</u>	NU	ON	PE	QC	SK	YT
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Part 2 – Contact information****Addresses****2.1 Head office address**

A post office box on its own is not acceptable for a head office address.

Address line 1	
Address line 2	
City	Province/territory/state
Country	Postal/zip code
Telephone number	Fax number
Website	

If the firm's head office is in Canada, go to question 2.3.

If the firm's head office is not in Canada, go to question 2.2.

**2.2 Firms whose head office is not in Canada**

(a) Does the firm have any business addresses in Canada?

Yes  No

If yes, provide the firm's primary Canadian business address:

Address line 1	
Address line 2	
City	Province/territory
Postal code	

The securities regulatory authority in this jurisdiction of Canada is the firm's principal regulator in Canada.

- (b) If a firm is not registered in a jurisdiction of Canada or has not completed its first financial year since being registered, indicate the jurisdiction of Canada in which the firm expects most of its clients to be resident at the end of its current financial year. In all other circumstances, indicate the jurisdiction of Canada in which most of the firm's clients were resident at the end of its most recently completed financial year.

AB	BC	MB	NB	NL	<del>NT</del> NS	<del>NS</del> NT	NU	ON	PE	QC	SK	YT
<input type="checkbox"/>												

A post office box is acceptable for a mailing address.

**2.3 Mailing address**

Same as the head office address

Address line 1	
Address line 2	
City	Province/territory/state
Country	Postal/zip code

If the firm does not have an office in a jurisdiction of Canada where it is seeking registration, it must appoint an agent for service in that jurisdiction of Canada.

**2.4 Address for service and agent for service**

Attach a completed Schedule B *Submission to Jurisdiction and Appointment of Agent for Service* for each jurisdiction of Canada where the firm is seeking registration and does not have an office.

**Contact names**

**2.5 Ultimate designated person**

A registered firm must have an individual registered in the category of ultimate designated person.

Legal name	
<u>Officer Title</u>	
<u>Telephone number</u>	
<u>E-mail address</u>	
NRD number, if available	
Address <input type="checkbox"/> Same as firm head office address	
Address line 1	
Address line 2	
City	Province/territory/state
Country	Postal/zip code

**2.6 Chief compliance officer**

Same as ultimate designated person

A registered firm must have an individual registered in the category of chief compliance officer.

Legal name	
<u>Officer Title</u>	
<u>Telephone number</u>	
<u>E-mail address</u>	
NRD number, if available	
Address	
<input type="checkbox"/> Same as firm head office address	
Address line 1	
Address line 2	
City	Province/territory/state
Country	Postal/zip code

**Part 3 – Business history and structure****Business activities****3.1 The firm's business**

Provide a description of the firm's proposed business, including its primary business activities, target market, and the products and services it will provide to clients.

--

**3.2 Other names**

In addition to the firm's legal name in question 1.1, does the firm use any other names, such as a trade name?

Yes  No

If yes, list all other names and indicate if each name has been registered:

--

**3.3 Business documents**

Does the firm have the following documents to support its business activities?

	Yes	No
(a) Business plan for at least the next three years		
(b) Policies and procedures manual, including account opening procedures and the firm's policy on fairness in allocation of investment opportunities, if applicable		

If no, explain why the firm does not have the document:

If the regulator in British Columbia, Alberta, ~~or~~ Manitoba or New Brunswick is the principal regulator of the firm seeking registration, attach the firm's business plan, policies and procedures manual and client agreements, including any investment policy statements and investment management agreements.

**History of the firm**

**3.4 When was the firm created?**

Yyyy/mm/dd

**3.5 How was the firm created?**

- New start-up  Go to question 3.7.
- Merger or amalgamation  Go to question 3.6.
- Reorganization  Go to question 3.6.
- Other statutory arrangement  Please specify below and go to question 3.6.

**3.6 Predecessors**

List the entities that were merged, amalgamated, reorganized or otherwise arranged to create the firm.

**3.7 Constatng documents**

Attach the legal documents that established the firm as an entity, for example, the firm's articles and certificate of incorporation, any articles of amendments, partnership agreement or declaration of trust. If the firm is a sole proprietorship, provide a copy of the registration of trade name.

As part of their constating documents, firms whose head office is outside Canada may be required to provide proof of extra-provincial registration.

## Business structure and ownership

### 3.8 Type of legal structure

- Sole proprietorship   
 Partnership   
 Limited partnership  Name of general partner \_\_\_\_\_  
 Corporation   
 Other  Please specify \_\_\_\_\_

### 3.9 Business registration number, if applicable

This is the firm's corporate registration number or Québec enterprise number (NEQ).

List the firm's business registration number for each jurisdiction of Canada where the firm is seeking registration.

Business registration number	Jurisdiction of Canada

### 3.10 Permitted individuals

List all permitted individuals of the firm.

Name	Title	NRD number, if applicable

### 3.11 Organization chart

Attach an organization chart showing the firm's reporting structure. Include all permitted individuals, the ultimate designated person and the chief compliance officer.

### 3.12 Ownership chart

Attach a chart showing the firm's structure and ownership. At a minimum, include all parents, specified affiliates and specified subsidiaries.

Include the name of the person or company, and class, type, amount and voting percentage of ownership of the firm's securities.

## Part 4 – Registration history

The questions in Part 4 apply to any jurisdiction in the world.

### 4.1 Securities registration

In the last seven years, has the firm, or any predecessors or specified affiliates of the firm been registered or licensed to trade or advise in securities or derivatives?

Yes  No

If yes, provide the following information for each registration:

Name of entity	
Registration category	
Regulator/organization	
Date registered or licensed (yyyy/mm/dd)	Expiry date, if applicable (yyyy/mm/dd)
Jurisdiction	

### 4.2 Exemption from securities registration

Is the firm currently relying on any exemptions from registration or licensing to trade or advise in securities or derivatives?

Yes  No

If yes, provide the following information for each exemption:

Type of exemption
Regulator/organization
Date of exemption (yyyy/mm/dd)
Jurisdiction

### 4.3 Membership in an exchange or SRO

In the last seven years, has the firm, or any predecessors or specified affiliates of the firm been a member of a securities or derivatives exchange, SRO or similar organization?

Yes  No

If yes, provide the following information for each membership:

Name of entity	
Organization	
Date of membership (yyyy/mm/dd)	Expiry date, if applicable (yyyy/mm/dd)
Jurisdiction	

**4.4 Exemption from membership in an exchange or SRO**

Is the firm currently relying on any exemptions from membership with a securities or derivatives exchange, SRO or similar organization?

Yes  No

If yes, provide the following information for each exemption:

Type of exemption
Organization
Date of exemption (yyyy/mm/dd)
Jurisdiction

**4.5 Refusal of registration, licensing or membership**

Has the firm, or any predecessors or specified affiliates of the firm ever been refused registration, licensing or membership with a financial services regulator, securities or derivatives exchange, SRO or similar organization?

Yes  No

If yes, provide the following information for each refusal:

Name of entity
Reason for refusal
Regulator/organization
Date of refusal (yyyy/mm/dd)
Jurisdiction

**4.6 Registration for other financial products**

Examples of other financial products include financial planning, life insurance and mortgages.

In the last seven years, has the firm, or any predecessors or specified affiliates of the firm been registered or licensed under legislation that requires registration or licensing to sell or advise in a financial product other than securities or derivatives?

Yes  No

If yes, provide the following information for each registration or licence:

Name of entity	
Type of licence or registration	
Regulator/organization	
Date of registration (yyyy/mm/dd)	Expiry date, if applicable (yyyy/mm/dd)
Jurisdiction	

## Part 5 – Financial condition

### Capital requirements

#### 5.1 Calculation of excess working capital

Attach the firm's calculation of excess working capital.

- Investment dealers Firms that are members of an SRO must use the capital calculation form required by the Investment Industry Regulatory Organization of Canada (IIROC).
- Mutual fund dealers must use the capital calculation form required by the Mutual Fund Dealers Association of Canada (MFDA), except for mutual fund dealers registered in Québec only their SRO.
- Firms that are not members of either IIROC or the MFDA an SRO must use Form 31-103F1 *Calculation of Excess Working Capital*. See Schedule C.

#### 5.2 Sources of capital

List all cash, cash equivalents, debt and equity sources of the firm's capital.

Name of person or entity providing the capital	Type of capital	Amount (\$)

#### 5.3 Guarantors

In relation to its business, does the firm:

	Yes	No
(a) Have any guarantors?		
(b) Act as a guarantor for any party?		

If yes, provide the following information for each guarantee:

Name of party to the guarantee	
NRD number, if applicable	
Relationship to the firm	Amount of guarantee (\$)
Details of the guarantee	

### Bonding and insurance

Questions 5.4 to 5.8 apply to the firm's bonding or insurance coverage or proposed bonding or insurance coverage for securities and derivatives activities only. This in accordance with Part 12, Division 2 of NI 31-103.

See Schedule C  
Form 31-103F1  
*Calculation of  
Excess Working  
Capital.*

**5.4 Jurisdictions covered**

This information is on the financial institution bond.

Where does the firm have bonding or insurance coverage?

- AB
- BC
- MB
- NB
- NL
- NFS
- NST
- NU
- ON
- PE
- QC
- SK
- YT

If the firm's bonding or insurance does not cover all jurisdiction of Canada where it is seeking registration, explain why.

**5.5 Bonding or insurance details**

This information is on the binder of insurance or on the financial institution bond.

Name of insurer	
Bond or policy number	
Specific insuring agreements and clauses	
Coverage for each claim (\$)	Annual aggregate coverage (\$)
<u>Total Coverage (\$)</u>	
Amount of the deductible (\$)	<u>Renewal</u> <del>expiry</del> date (yyyy/mm/dd)

If the firm's insurance or proposed insurance is not in the form of a financial institution bond, explain how it provides equivalent coverage to the bond.

**5.6 Professional liability insurance (Québec only)**

If the firm is seeking registration in Québec as a mutual fund dealer or a scholarship plan dealer, provide the following information about the firm's professional liability insurance:

Name of insurer	
Policy number	
Specific insuring agreements and clauses	
Coverage for each claim (\$)	Annual aggregate coverage (\$)
<u>Total Coverage (\$)</u>	
Amount of the deductible (\$)	Renewal date (yyyy/mm/dd)
Jurisdictions covered:	
AB BC MB NB NL <del>NT</del> <del>NS</del> NU ON PE QC SK YT <del>NS</del> <del>NT</del>	
<input type="checkbox"/>	
Which insurance policy applies to your representatives?	
Firm's policy <input type="checkbox"/> Individual's policy <input type="checkbox"/> Both <input type="checkbox"/>	

**5.7 Directors' resolution approving insurance**

Attach a directors' resolution confirming that the firm has sufficient insurance coverage for its securities or derivatives-related activities.

**5.8 Bonding or insurance claims**

In the last seven years, has the firm made any claims against a bond or on its insurance?

Yes  No

If yes, provide the following information for each claim:

Type of bond or insurance	
Date of claim (yyyy/mm/dd)	Amount (\$)
Reason for claim	
Date resolved (yyyy/mm/dd)	Result
Jurisdiction	

## Solvency

### 5.9 Bankruptcy

In the last seven years, has the firm or any of its specified affiliates declared bankruptcy, made an assignment or proposal in bankruptcy, or been the subject of a petition in bankruptcy, or the equivalent in any jurisdiction?

Yes  No

If yes, provide the following information for each bankruptcy or assignment in bankruptcy:

Name of entity	
Reason for bankruptcy or assignment	
Date of bankruptcy, assignment or petition (yyyy/mm/dd)	Date discharge granted, if applicable (yyyy/mm/dd)
Name of trustee	
Jurisdiction	

If applicable, attach a copy of any discharge, release or equivalent document.

### 5.10 Appointment of receiver

In the last seven years, has the firm or any of its specified affiliates appointed a receiver or receiver manager, or had one appointed, or the equivalent in any jurisdiction?

Yes  No

If yes, provide the following information for each appointment of receiver:

Name of entity	
Date of appointment (yyyy/mm/dd)	Reason for appointment
Date appointment ended (yyyy/mm/dd)	Reason appointment ended
Name of receiver or receiver manager	
Jurisdiction	

## Financial reporting

### 5.11 Financial year-end

(mm/dd)
---------

If the firm has not established its financial year-end, explain why.

--

Provide the name of the individual auditing the financial statements and the name of the firm, if applicable.

**5.12 Auditor**

Name of auditor and accounting firm
-------------------------------------

**5.13 Audited financial statements**

Attach audited financial statements prepared within the last 90 days.

If the firm is a start-up company, you can attach an audited opening balance sheet instead.

**5.14 Letter of direction to auditors**

Attach a letter of direction from the firm authorizing the auditor to conduct any audit or review of the firm that the regulator may request.

We may request an audit of the firm at any time while the firm is registered.

**Part 6 – Client relationships**

**6.1 Client assets**

See Part 14, Division 3 of NI 31-103 and Companion Policy 31-103CP.

Does the firm hold or have access to client assets?

Yes  No

If yes, provide the following information for each financial institution where the trust accounts for client assets are held.

Name of financial institution	
Address line 1	
Address line 2	
City	Province/territory
Postal code	Telephone number

**6.2 Conflicts of interest**

Does the firm have or expect to have any relationships that could reasonably result in any significant conflicts of interest in carrying out its registerable activities in accordance with securities or derivatives legislation?

Yes  No

If yes, complete the following questions:

(a) Provide details about each conflict:

--

(b) Does the firm have policies and procedures to identify and respond to its conflicts of interest?

Yes  No

If no, explain why:

--

## Part 7 – Regulatory action

The questions in Part 7 apply to any jurisdiction in the world.

### 7.1 Settlement agreements

Has the firm, or any predecessors or specified affiliates of the firm ever entered into a settlement agreement with any financial services regulator, securities or derivatives exchange, SRO or similar organization?

Yes  No

If yes, provide the following information for each settlement agreement:

Name of entity
Regulator/organization
Date of settlement (yyyy/mm/dd)
Details of settlement
Jurisdiction

### 7.2 Disciplinary history

Has any financial services regulator, securities or derivatives exchange, SRO or similar organization ever:

	Yes	No
(a) Determined that the firm, or any predecessors or specified affiliates of the firm violated any securities regulations or any rules of a securities or derivatives exchange, SRO or similar organization?		
(b) Determined that the firm, or any predecessors or specified affiliates of the firm made a false statement or omission?		
(c) Issued a warning or requested an undertaking by the firm, or any predecessors or specified affiliates of the firm?		
(d) Suspended or terminated any registration, licensing or membership of the firm, or any predecessors or specified affiliates of the firm?		
(e) Imposed terms or conditions on any registration or membership of the firm, or predecessors or specified affiliates of the firm?		
(f) Conducted a proceeding or investigation involving the firm, or any predecessors or specified affiliates of the firm?		
(g) Issued an order (other than an exemption order) or a sanction to the firm, or any predecessors or specified affiliates of the firm for securities or derivatives-related activity (e.g. cease trade order)?		

If yes, provide the following information for each action:

Name of entity	
Type of action	
Regulator/organization	
Date of action (yyyy/mm/dd)	Reason for action
Jurisdiction	

### 7.3 Ongoing investigations

Is the firm aware of any ongoing investigations of which the firm or any of its specified affiliates is the subject?

Yes  No

If yes, provide the following information for each investigation:

Name of entity
Reason or purpose of investigation
Regulator/organization
Date investigation commenced (yyyy/mm/dd)
Jurisdiction

## Part 8 – Legal action

The firm must disclose offences or legal actions under any statute governing the firm and its business activities in any jurisdiction.

### 8.1 Criminal convictions

Has the firm, or any predecessors or specified affiliates of the firm ever been convicted of any criminal or quasi-criminal offence?

Yes  No

If yes, provide the following information for each conviction:

Name of entity	
Type of offence	
Case name	Case number, if applicable
Date of conviction (yyyy/mm/dd)	
Jurisdiction	

**8.2 Outstanding criminal charges**

Is the firm or any of its specified affiliates currently the subject of any outstanding criminal or quasi-criminal charges?

Yes  No

If yes, provide the following information for each charge:

Name of entity
Type of offence
Date of charge (yyyy/mm/dd)
Jurisdiction

**8.3 Outstanding legal actions**

	Yes	No
(a) Is the firm currently a defendant or respondent (or the equivalent in any jurisdiction) in any outstanding legal action?		
(b) Are any of the firm's specified affiliates currently a defendant or respondent (or the equivalent in any jurisdiction) in any outstanding legal action that involves fraud, theft or securities-related activities, or that could significantly affect the firm's business?		

If yes, provide the following information for each legal action:

Name of entity
Type of legal action
Date of legal action (yyyy/mm/dd)
Current stage of litigation
Remedies requested by plaintiff or appellant
Jurisdiction

**8.4 Judgments**

	Yes	No
(a) Has any judgment been rendered against the firm or is any judgment outstanding in any civil court for damages or other relief relating to fraud, theft or securities-related activities?		
(b) Are any of the firm's specified affiliates currently the subject of any judgments that involve fraud, theft or securities-related activities, or that could significantly affect the firm's business?		

If yes, provide the following information for each judgment:

Name of entity
Type of judgment
Date of judgment (yyyy/mm/dd)
Current stage of litigation, if applicable
Remedies requested by plaintiffs

## Part 9 – Certification

It is an offence under securities legislation or derivatives legislation to give false or misleading information on this form.

By signing below, you:

1. Certify to the regulator in each jurisdiction of Canada where the firm is submitting and filing this form, either directly or through the principal regulator, that:
  - you have read this form, and
  - to the best of your knowledge and after reasonable inquiry, all of the information provided on this form is true and complete.
2. Certify to each regulator in a non-principal jurisdiction of Canada where the firm is submitting and filing this form, either directly or through the principal regulator, that at the date of this submission:
  - the firm has submitted and filed all information required to be submitted and filed under the securities legislation or derivatives legislation or both of the principal jurisdiction of Canada in relation to the firm's registration in that jurisdiction, and
  - this information is true and complete.
3. Authorize the principal regulator to give each non-principal regulator access to any information the firm has submitted or filed with the principal regulator under securities legislation or derivatives legislation or both of the principal jurisdiction of Canada in relation to the firm's registration in that jurisdiction.
4. Acknowledge that the regulator may collect and provide personal information about the individuals referred to in this form under *Collection and use of personal information*.
5. Confirm that the individuals referred to in this form have been notified that their personal information is disclosed on this form, the legal reason for doing so, how it will be used and who to contact for more information.

Name of firm
Name of firm's authorized signing officer or partner
Title of firm's authorized signing officer or partner
Signature
Date (yyyy/mm/dd)

**Witness**

The witness must be a lawyer, notary public or commissioner of oaths.

Name of witness	
Title of witness	
Signature	
Date (yyyy/mm/dd)	

**Schedule A**  
**Contact information for**  
**Notice of collection and use of personal information**

**Alberta**

Alberta Securities Commission,  
 4th Floor, 300 - 5th Avenue SW  
 Calgary, AB T2P 3C4  
 Attention: Information Officer  
 Telephone: (403) 355-4151

**British Columbia**

British Columbia Securities Commission  
 P.O. Box 10142, Pacific Centre  
 701 West Georgia Street  
 Vancouver, BC V7Y 1L2  
 Attention: Freedom of Information Officer  
 Telephone: (604) 899-6500 or (800) 373-6393 (in BC)

**Manitoba**

The Manitoba Securities Commission  
 500 - 400 St. Mary Avenue  
 Winnipeg, MB R3C 4K5  
 Attention: Director of Registrations  
 Telephone (204) 945-2548  
 Fax (204) 945-0330

**New Brunswick**

New Brunswick Securities Commission  
 Suite 300, 85 Charlotte Street  
 Saint John, NB E2L 2J2  
 Attention: Director, Regulatory Affairs  
 Telephone: (506) 658-3060

**Newfoundland and Labrador**

Securities NL  
 Financial Services Regulation Division  
 Department of Government Services  
 P.O. Box 8700, 2nd Floor, West Block  
 Confederation Building  
 St. John's, NL A1B 4J6  
 Attention: Manager of Registrations  
 Tel: (709) 729-5661

**Nova Scotia**

Nova Scotia Securities Commission  
 2nd Floor, Joseph Howe Building  
 1690 Hollis Street  
 P.O. Box 458  
 Halifax, NS B3J 2P8  
 Attention: Deputy Director, Capital Markets  
 Telephone: (902) 424-7768

**Northwest Territories**

Government of the Northwest Territories  
 P.O. Box 1320  
 Yellowknife, NWT X1A 2L9  
 Attention: Deputy Superintendent of Securities  
 Telephone: (867) 920-8984

**Nunavut**

Legal Registries Division  
 Department of Justice  
 Government of Nunavut  
 P.O. Box 1000 Station 570  
 Iqaluit, NU X0A 0H0  
 Attention: Deputy Registrar of Securities  
 Telephone: (867) 975-6590

**Ontario**

Ontario Securities Commission  
 Suite 1903, Box 55  
 20 Queen Street West  
 Toronto, ON M5H 3S8  
 Attention: FOI Coordinator  
 Telephone: (416) 593-8314

**Prince Edward Island**

Securities Registry  
 Office of the Attorney General B Consumer, Corporate and  
 Insurance Services Division  
 P.O. Box 2000  
 Charlottetown, PE C1A 7N8  
 Attention: Deputy Registrar of Securities  
 Telephone : (902) 368-6288

**Québec**

Autorité des marchés financiers  
 800, square Victoria, 22e étage  
 C.P. 246, tour de la Bourse  
 Montréal (Québec) H4Z 1G3  
 Attention : Responsable de l'accès à l'information  
 Telephone: (514) 395-0337 or (877) 525-0337 (in Québec)

**Saskatchewan**

Saskatchewan Financial Services Commission  
 Suite 601, 1919 Saskatchewan Drive  
 Regina, SK S4P 4H2  
 Attention: Director  
 Telephone: (306) 787-5842

**Yukon**

Yukon Securities Office  
 Department of Community Services  
 P.O. Box 2703 C-6  
 Whitehorse, YT Y1A 2C6  
 Attention: Superintendent of Securities  
 Telephone: (867) 667-5225

**Self-regulatory organization**

Investment Industry Regulatory Organization of Canada  
 121 King Street West, Suite 1600  
 Toronto, Ontario M5H 3T9  
 Attention: Privacy Officer  
 Telephone: (416) 364-6133  
 E-mail: PrivacyOfficer@iicroc.ca

**Schedule B  
Submission to jurisdiction and appointment of agent for service**

1. Name of person or company (the "Firm"): \_\_\_\_\_
2. Jurisdiction of incorporation of the person or company: \_\_\_\_\_
3. Name of agent for service of process (the "Agent for Service"): \_\_\_\_\_
4. Address for service of process on the Agent for Service: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
5. The Firm designates and appoints the Agent for Service at the address stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a "Proceeding") arising out of or relating to or concerning the Firm's activities in the local jurisdiction and irrevocably waives any right to raise as a defense in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.
6. The Firm irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of the local jurisdiction and any administrative proceeding in the local jurisdiction, in any proceeding arising out of or related to or concerning the Firm's activities in the local jurisdiction.
7. Until six years after the Firm ceases to be registered, the Firm must file
  - a. a new Submission to Jurisdiction and Appointment of Agent for Service in this form no later than the 7th day after the date this Submission to Jurisdiction and Appointment of Agent for Service is terminated; and
  - b. an amended Submission to Jurisdiction and Appointment of Agent for Service no later than the 7th day after any change in the name or above address of the Agent for Service.
8. This Submission to Jurisdiction and Appointment of Agent for Service is governed by and construed in accordance with the laws of the local jurisdiction.

Dated: \_\_\_\_\_

\_\_\_\_\_  
(Signature of the Firm or authorized signatory)

\_\_\_\_\_  
(Name and Title of authorized signatory)

**Acceptance**

The undersigned accepts the appointment as Agent for Service of (Insert name of the Firm) under the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service.

Dated: \_\_\_\_\_

\_\_\_\_\_  
(Signature of Agent for Service or authorized signatory)

\_\_\_\_\_  
(Name and Title of authorized signatory)

**Schedule C**  
**FORM 31-103F1 Calculation of excess working capital**

**FORM 31-103F1 CALCULATION OF EXCESS WORKING CAPITAL**

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

Capital Calculation  
(as at \_\_\_\_\_ with comparative figures as at \_\_\_\_\_)

	Component	Current period	Prior period
1.	Current assets		
2.	Less current assets not readily convertible into cash (e.g., prepaid expenses)		
3.	Adjusted current assets Line 1 minus line 2 =		
4.	Current liabilities		
5.	Add 100% of long-term related party debt unless the firm and the lender have executed a subordination agreement in the form set out in Appendix B and the firm has delivered a copy of the agreement to the regulator		
6.	Adjusted current liabilities Line 4 plus line 5 =		
7.	Adjusted working capital Line 3 minus line 6 =		
8.	Less minimum capital		
9.	Less market risk		
10.	Less any deductible under the firm's bonding or insurance policy		
11.	Less Guarantees		
12.	Less unresolved differences		
13.	<b>Excess working capital</b>		

**Notes:**

This form must be prepared on an unconsolidated basis.

**Line 5. Related-party debt** – Refer to the CICA Handbook for the definition of “related party” for publicly accountable enterprises.

**Line 8. Minimum Capital** – The amount on this line must be not less than (a) \$25,000 for an adviser, (b) \$50,000 for a dealer, and (c) \$100,000 for an investment fund manager.

**Line 9. Market Risk** – The amount on this line must be calculated according to the instructions set out in Schedule 1 to this Form.

**Line 11. Guarantees** – If the registered firm is guaranteeing the liability of another party, the total amount of the guarantee must be included in the capital calculation. If the amount of a guarantee is included in the firm’s balance sheet as a current liability and is reflected in line 4, do not include the amount of the guarantee on line 11.

**Line 12. Unresolved differences** – Any unresolved differences that could result in a loss from either firm or client assets must be included in the capital calculation.

The examples below provide guidance as to how to calculate unresolved differences:

- (i) If there is an unresolved difference relating to client securities, the amount to be reported on Line 12 will be equal to the market/fair value of the client securities that are short, plus the applicable margin rate for those securities.
- (ii) If there is an unresolved difference relating to the registrant’s investments, the amount to be reported on Line 12 will be equal to the market/fair value of the investments (securities) that are short.
- (iii) If there is an unresolved difference relating to cash, the amount to be reported on Line 12 will be equal to the amount of the shortfall in cash.

**Management Certification**

**Registered Firm Name:** \_\_\_\_\_

We have examined the attached capital calculation and certify that the firm is in compliance with the capital requirements as at \_\_\_\_\_.

Name and Title	Signature	Date
1. _____ _____	_____	_____
2. _____ _____	_____	_____

**Schedule 1 of Form 31-103F1 Calculation of Excess Working Capital  
(calculating line 9 [market risk])**

For each security whose value is included in line 1, Current Assets, multiply the market fair value of the security by the margin rate for that security set out below. Add up the resulting amounts for all of the securities you hold. The total is the "market risk" to be entered on line 9.

**(a) Bonds, Debentures, Treasury Bills and Notes**

- (i) Bonds, debentures, treasury bills and other securities of or guaranteed by the Government of Canada, of the United Kingdom, of the United States of America and of any other national foreign government (provided such foreign government securities are currently rated Aaa or AAA by Moody's Investors Service, Inc. or Standard & Poor's Corporation, respectively), maturing (or called for redemption):
- |                          |  |
|--------------------------|--|
| within 1 year            | 1% of <u>market fair</u> value multiplied by the fraction determined by dividing the number of days to maturity by 365 |
| over 1 year to 3 years   | 1 % of <u>market fair</u> value  |
| over 3 years to 7 years  | 2% of <u>market fair</u> value   |
| over 7 years to 11 years | 4% of <u>market fair</u> value   |
| over 11 years            | 4% of <u>market fair</u> value   |
- (ii) Bonds, debentures, treasury bills and other securities of or guaranteed by any province of Canada and obligations of the International Bank for Reconstruction and Development, maturing (or called for redemption):
- |                          |  |
|--------------------------|--|
| within 1 year            | 2% of <u>market fair</u> value multiplied by the fraction determined by dividing the number of days to maturity by 365 |
| over 1 year to 3 years   | 3 % of <u>market fair</u> value  |
| over 3 years to 7 years  | 4% of <u>market fair</u> value   |
| over 7 years to 11 years | 5% of <u>market fair</u> value   |
| over 11 years            | 5% of <u>market fair</u> value   |
- (iii) Bonds, debentures or notes (not in default) of or guaranteed by any municipal corporation in Canada or the United Kingdom maturing:
- |                          |  |
|--------------------------|--|
| within 1 year            | 3% of <u>market fair</u> value multiplied by the fraction determined by dividing the number of days to maturity by 365 |
| over 1 year to 3 years   | 5 % of <u>market fair</u> value  |
| over 3 years to 7 years  | 5% of <u>market fair</u> value   |
| over 7 years to 11 years | 5% of <u>market fair</u> value   |
| over 11 years            | 5% of <u>market fair</u> value   |
- (iv) Other non-commercial bonds and debentures, (not in default):
- 10% of market fair value
- (v) Commercial and corporate bonds, debentures and notes (not in default) and non-negotiable and non-transferable trust company and mortgage loan company obligations registered in the registered firm's name maturing:
- |                          |                                 |
|--------------------------|---------------------------------|
| within 1 year            | 3% of <u>market fair</u> value  |
| over 1 year to 3 years   | 6 % of <u>market fair</u> value |
| over 3 years to 7 years  | 7% of <u>market fair</u> value  |
| over 7 years to 11 years | 10% of <u>market fair</u> value |
| over 11 years            | 10% of <u>market fair</u> value |

**(b) Bank Paper**

Deposit certificates, promissory notes or debentures issued by a Canadian chartered bank (and of Canadian chartered bank acceptances) maturing:

- |               |  |
|---------------|--|
| within 1 year | 2% of <u>market fair</u> value multiplied by the fraction determined by dividing the number of days to maturity by 365 |
|---------------|--|

over 1 year apply rates for commercial and corporate bonds, debentures and notes

**(c) Acceptable foreign bank paper**

Deposit certificates, promissory notes or debentures issued by a foreign bank, readily negotiable and transferable and maturing:

within 1 year 2% of ~~market~~fair value multiplied by the fraction determined by dividing the number of days to maturity by 365

over 1 year apply rates for commercial and corporate bonds, debentures and notes

“Acceptable Foreign Bank Paper” consists of deposit certificates or promissory notes issued by a bank other than a Canadian chartered bank with a net worth (i.e., capital plus reserves) of not less than \$200,000,000.

**(d) Mutual Funds**

~~Where securities~~Securities of mutual funds qualified by prospectus for sale in any province of Canada, ~~the margin required is:~~

2 5% of the ~~market~~fair value of the fund, where the fund is a money market mutual fund as defined in National Instrument 81-102; or

3 the margin rate determined on the same basis as for listed stocks multiplied by the ~~market~~fair value of the fund.

**(e) Stocks**

~~(i) On in this paragraph, “securities (other than” includes rights and warrants and does not include bonds and debentures) including rights and warrants.~~

(i) On securities listed on any exchange in Canada or the United States:

Long Positions – Margin Required

Securities selling at \$2.00 or more – 50% of ~~market~~fair value

Securities selling at \$1.75 to \$1.99 – 60% of ~~market~~fair value

Securities selling at \$1.50 to \$1.74 – 80% of ~~market~~fair value

Securities selling under \$1.50 – 100% of ~~market~~fair value

Short Positions – Credit Required

Securities selling at \$2.00 or more – 150% of ~~market~~fair value

Securities selling at \$1.50 to \$1.99 - \$3.00 per share

Securities selling at \$0.25 to \$1.49 – 200% of ~~market~~fair value

Securities selling at less than \$0.25 – ~~market~~fair value plus \$0.25 per shares

~~(ii) For positions in securities (other than bonds and debentures but including warrants and rights), 50% of the market value if the security is a constituent security that are constituent securities on a major broadly-based index of one of the following exchanges, 50% of the fair value:~~

~~(a) American Stock Exchange~~

~~(n) (b) Australian Stock Exchange Limited~~

~~(o) (c) Bolsa de Valores de Sao Paulo~~

~~(p) (d) Borsa Italiana~~

~~(e) Boston Stock Exchange~~

~~(f) Chicago Board of Options Exchange~~

~~(g) Chicago Board of Trade~~

~~(h) Chicago Mercantile Exchange~~

- ~~(i) Chicago Stock Exchange~~
- ~~(q) Euronext Amsterdam~~
- ~~(r) Euronext Brussels~~
- ~~(s) Euronext Paris S.A.~~
- ~~(t) Frankfurt Stock Exchange~~
- ~~(u) London International Financial Futures and Options Exchange~~
- ~~(v) London Stock Exchange~~
- ~~(p) Montreal Exchange~~
- ~~(q) New York Mercantile Exchange~~
- ~~(r) New York Stock Exchange~~
- ~~(w) New Zealand Exchange Limited~~
- ~~(t) Pacific Exchange~~
- ~~(x) Swiss Exchange~~
- ~~(y) The Stock Exchange of Hong Kong Limited~~
- ~~(z) Tokyo Stock Exchange~~
- ~~(x) Toronto Stock Exchange~~
- ~~(y) TSX Venture Exchange~~

(f) **For all other securities** – 100% of ~~market~~fair value.

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**FORM 33-109F7**  
**REINSTATEMENT OF REGISTERED INDIVIDUALS AND PERMITTED INDIVIDUALS**  
**(sections 2.3 and 2.5(2))**

### GENERAL INSTRUCTIONS

Complete and submit this form to the relevant regulator(s) or in Québec, the securities regulatory authority, or self-regulatory organization (SRO) if an individual has left a sponsoring firm and is seeking to reinstate their registration in the same category or reinstate their same status of permitted individual as before with a sponsoring firm. You only need to complete and submit one form regardless of the number of registration categories or permitted individual statuses you are seeking to be reinstated in.

An individual may reinstate their registration or permitted individual status by submitting this form. This form may only be used if all of the following apply:

- this form is submitted on or before **the end of** three months after the ~~termination~~**cessation** date of the individual's employment, partnership or agency relationship with the individual's former sponsoring firm,
- there have been no changes to the information previously submitted in respect of Items 13 (Regulatory Disclosure), 14 (Criminal Disclosure), 15 (Civil Disclosure) and 16 (Financial Disclosure) of the individual's Form 33-109F4 since the individual left their former sponsoring firm, and
- the individual's employment, partnership or agency relationship with their former sponsoring firm did not end because the individual was ~~dismissed, or was asked by the firm to resign,~~ **resigned voluntarily or was dismissed**, following an allegation against the individual of criminal activity, a breach of securities legislation, or a breach of the rules of an SRO.

If you do not meet all of the above conditions then you must apply for reinstatement by completing on NRD a Form 33-109F4 by making the NRD submission entitled 'Reactivation of Registration'.

### Terms

In this form, "you", "your" and "individual" means the individual who is seeking to reinstate their registration- **or their status as permitted individual.**

"former sponsoring firm" means the registered firm where you most recently carried out duties as a registered or permitted individual.

"major shareholder" and "shareholder" mean a shareholder who, in total, directly or indirectly owns voting securities carrying 10 per cent or more of the votes carried by all outstanding voting securities.

"new sponsoring firm" means the registered firm where you will begin carrying out duties as a registered or permitted individual when your registration or permitted individual status is reinstated.

Several terms used in this form are defined in the Form 33-109F4 [*Registration of Individuals and Review of Permitted Individuals*] that you submitted when you first became registered or elsewhere in the securities legislation of your province or territory. Please refer to those definitions.

### How to submit this form

#### **NRD format**

Submit this form at the National Registration Database (NRD) website in NRD format at [www.nrd.ca](http://www.nrd.ca). If you have any questions, contact the compliance, registration or legal department of the new sponsoring firm or a legal adviser, or visit the NRD information website at [www.nrd-info.ca](http://www.nrd-info.ca).

#### **Format, other than NRD format**

If you are relying on the temporary hardship exemption in section 5.1 of National Instrument 31-102 *National Registration Database*, you may submit this form in a format other than NRD format.

If you need more space, use a separate sheet of paper. Clearly identify the Item and question number. Complete and sign the form, and send it to the relevant regulator(s) or, in Québec, the securities regulatory authority, SRO (s) or similar authority. The number of originally signed copies of the form you are required to submit depends on the province or territory, and on the regulator, the securities regulatory authority or SRO.

To avoid delays in processing this form, be sure to answer all of the items that apply to you. If you have questions, contact the compliance, registration or legal department of the new sponsoring firm or a legal adviser, or visit the National Registration Database information website at [www.nrd-info.ca](http://www.nrd-info.ca).

**Item 1 Name**

1. **NRD number:** \_\_\_\_\_

2. **Legal name**

\_\_\_\_\_  
 Last name            First name            Second name (N/A )            Third name (N/A )

3. **Date of birth** (YYYY/MM/DD):

4. **Use of other names**

Are you currently using, or have you ever used, operated under, or carried on business under, a name other than the name(s) mentioned above (for example, trade names for sole proprietorships or team names)?

Yes       No

If "yes", complete Schedule A.

**Item 2 Number of jurisdictions**

1. Are you seeking to reinstate your registration or permitted individual status in more than one jurisdiction of Canada?

Yes       No

2. Check each province or territory in which you are seeking reinstatement of registration or reinstatement as a permitted individual:

- All jurisdictions
- Alberta
- British Columbia
- Manitoba
- New Brunswick
- Newfoundland and Labrador
- Northwest Territories
- Nova Scotia
- Nunavut
- Ontario
- Prince Edward Island
- Québec

Saskatchewan

Yukon

### Item 3 Individual categories

1. On Schedule B, check each category for which you are seeking to reinstate your registration or permitted individual status. If you are seeking reinstatement of status as a permitted individual, check each category that describes your position with your new sponsoring firm.

2. If you are seeking reinstatement as a representative of a mutual fund dealer or of a scholarship plan dealer in Québec, are you covered by your new sponsoring firm's professional liability insurance?

Yes  No

If "No", state:

The name of your insurer \_\_\_\_\_

Your policy number \_\_\_\_\_

### Item 4 Address and agent for service

#### 1. Address for service

You must have one address for service in each province or territory where you are submitting this form. A residential or business address is acceptable. A post office box is not acceptable. Complete Schedule C for each additional address for service you are providing.

Address for service:

\_\_\_\_\_  
(number, street, city, province or territory, postal code)

Telephone number \_\_\_\_\_ Fax number, if applicable \_\_\_\_\_

E-mail address, if available \_\_\_\_\_

#### 2. Agent for service

If you have appointed an agent for service, provide the following information for the agent in each province or territory where you have an agent for service. The address of your agent for service must be the same as the address for service above. If your agent for service is not an individual, provide the name of your contact person.

Name of agent for service: \_\_\_\_\_

Contact person: \_\_\_\_\_

Last name, First name

### Item 5 Location of employment

1. Provide the following information for your new sponsoring firm. If you will be working out of more than one location, provide the following information for the location out of which you will be doing most of your business.

Unique Identification Number (optional): \_\_\_\_\_

NRD location number: \_\_\_\_\_

Business address: \_\_\_\_\_

(number, street, city, province, territory or state, country, postal code)

Telephone number: (\_\_\_\_) \_\_\_\_\_ Fax number: (\_\_\_\_) \_\_\_\_\_

2. If the new sponsoring firm has a foreign head office, and/or you are not a resident of Canada, provide the address for the location in which you will be conducting business.

Business address: \_\_\_\_\_  
(number, street, city, province, territory or state, country, postal code)

Telephone number: (\_\_\_\_) \_\_\_\_\_ Fax number: (\_\_\_\_) \_\_\_\_\_

[The following under #3 "Type of location", #4 and #5 is for a Format other than NRD format only]

3. Type of location:

Head office       Branch or Business Location       Sub-branch

4. Name of branch manager: \_\_\_\_\_

5.  Check here if the mailing address of the location is the same as the business address provided above. Otherwise, complete the following:

Mailing address: \_\_\_\_\_  
(number, street, city, province, territory or state, country, postal code)

~~Date on which you will become authorized to act on behalf of the new sponsoring firm as a registered individual or permitted individual~~ \_\_\_\_\_  
(YYYY/MM/DD)

#### Item 6 Previous employment

Provide the following information for your former sponsoring firm.

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

Date on which you were no longer authorized to act on behalf of your former sponsoring firm as a registered individual or permitted individual: \_\_\_\_\_  
(YYYY/MM/DD)

The reason why you left your former sponsoring firm:

\_\_\_\_\_

#### Item 7 Current employment, other business activities, officer positions held and directorships

Name of your new sponsoring firm: \_\_\_\_\_

Complete a separate Schedule D for each of your current business and employment activities, including employment and business activities with your new sponsoring firm and any employment and business activities outside your new sponsoring firm. Also include all business related officer or director positions and any other equivalent positions held, whether you receive compensation or not.

#### Item 8 Ownership of securities in new sponsoring firm

Are you a partner or major shareholder of your new sponsoring firm?

Yes  No

If "Yes", complete Schedule E.

#### Item 9 Confirm permanent record

1. Check the appropriate box to indicate that, since leaving your former sponsoring firm, there has been a change to any information previously submitted for the items of your Form 33-109F4 that are listed below.

- Regulatory disclosure (Item 13)
- Criminal disclosure (Item 14)
- Civil disclosure (Item 15)
- Financial disclosure (Item 16)

2. Check the box below - ***I am eligible to file this Form 33-109F7, only*** if you satisfy both of the following conditions:

(a) there are no changes to any of the disclosure items under Item 9.1 above, and

(b) your employment, partnership or agency relationship with your former sponsoring firm did not end because you were asked by the firm to resign **or resigned voluntarily**, or were dismissed, following an allegation against you of

- criminal activity,
- a breach of securities legislation, or
- a breach of the rules of an SRO.

If you do not meet the above conditions for selecting the box '*I am eligible to file this Form 33-109F7*', then you must apply for reinstatement by completing on NRD a Form 33-109F4 by making the NRD submission entitled '**Reactivation of Registration**'. If you are submitting a Form 33-109F4 in a format other than NRD format you must complete the entire form.

- I am eligible to file this Form 33-109F7.

#### **Item 10 Acknowledgements, submission to jurisdiction and notice of collection and use of personal information**

By submitting this form, you:

- acknowledge that the submission to jurisdiction, consent to collection and use of personal information, and authorization in respect of SROs (to the extent applicable) that you provided in your Form 33-109F4 remain in effect and extend to this form
- consent to the collection and disclosure of your personal information by regulators and by your sponsoring firm, in each case, for registration and other related regulatory purposes.

If you have any questions about the collection and use of your personal information, contact the securities regulatory authority or applicable SRO in the relevant jurisdiction. See Schedule F for details. In Québec, you can also contact the Commission d'accès à l'information at 1-888-528-7741 or visit its website at [www.cai.gouv.qc.ca](http://www.cai.gouv.qc.ca).

You acknowledge and agree that if you are seeking reinstatement of your registration and it was subject to any undischarged terms and conditions when you left your former sponsoring firm, those terms and conditions will remain in effect at your new sponsoring firm.

#### **Item 11 Warning**

**It is an offence under securities legislation and/or derivatives legislation, including commodity futures legislation, to give false or misleading information on this form.**

#### **Item 12 Certification**

##### **1. Certification - NRD format:**

I confirm I have discussed the questions in this form with an officer, branch manager or supervisor of my sponsoring firm. To the best of my knowledge, the officer, branch manager or supervisor was satisfied that I fully understood the questions. I will limit my activities to those permitted by my category of registration.

- I am making this submission as agent for the individual. By checking this box, I certify that the individual provided me with all of the information on this form.

**2. Certification - Format other than NRD format:****Individual**

By signing below, I certify to the regulator, or in Québec the securities regulatory authority, in each jurisdiction where I am submitting this form, either directly or through the principal regulator that:

- I have read the form and understand the questions, and
- all of the information provided on this form is true, and complete.

Signature of individual \_\_\_\_\_ Date signed \_\_\_\_\_  
(YYYY/MM/DD)

**Authorized partner or officer of the new sponsoring firm**

By signing below, I certify to the regulator, or in Québec the securities regulatory authority, in each jurisdiction where I am submitting this form for the individual that:

- the individual will be engaged by the new sponsoring firm as a registered individual or a permitted individual
- I have, or a branch manager or another officer or supervisor has, discussed the questions set out in this form with the individual and, to the best of my knowledge, the individual fully understands the questions, and
- the new sponsoring firm understands that if the individual's reinstatement of registration was subject to any undischarged terms and conditions when the individual left their former sponsoring firm, those terms and conditions remain in effect and agrees to assume any ongoing obligations that apply to the sponsoring firm in respect of the individual under those terms and conditions.

Name of firm \_\_\_\_\_

Name of authorized signing officer or partner \_\_\_\_\_

Title of authorized signing officer or partner \_\_\_\_\_

Signature of authorized signing officer or partner \_\_\_\_\_

Date signed \_\_\_\_\_  
(YYYY/MM/DD)

**SCHEDULE A**  
**Use of other names (Item 1.4)**

**Item 1.4 Use of other names****Name 1:**

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

Provide the reasons for the use of this other name (for example, trade name or team name)?: \_\_\_\_\_

If this other name is or was used in connection with any sponsoring firm, did the sponsoring firm approve the use of the name?

Yes  No 

When did you use this name?

From:

To:

\_\_\_\_\_  
(YYYY/MM)\_\_\_\_\_  
(YYYY/MM)**Name 2:**

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

Provide the reasons for the use of this other name (for example, trade name or team name):

If this other name is or was used in connection with any sponsoring firm, did the sponsoring firm approve the use of the name?

Yes  No 

When did you use this name?

From:

To:

\_\_\_\_\_  
(YYYY/MM)\_\_\_\_\_  
(YYYY/MM)**Name 3:**

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

Provide the reasons for the use of this other name (for example, trade name or team name):

If this other name is or was used in connection with any sponsoring firm, did the sponsoring firm approve the use of the name?

Yes  No 

When did you use this name?

From:

To:

\_\_\_\_\_  
(YYYY/MM)\_\_\_\_\_  
(YYYY/MM)

**SCHEDULE B**  
**Individual Categories (Item 3)**

Check each category for which you are seeking reinstatement of registration, approval or permitted individual status

**Categories Common to all jurisdictions under securities legislation**

***Firm categories [Format other than NRD format only]***

- Investment Dealer
- Mutual Fund Dealer
- Scholarship Plan Dealer
- Exempt Market Dealer
- Restricted Dealer
- Portfolio Manager
- Restricted Portfolio Manager
- Investment Fund Manager

***Individual categories and permitted activities***

- Dealing Representative
- Advising Representative
- Associate Advising Representative
- Ultimate Designated Person
- Chief Compliance Officer
- Officer – Specify title:
- Director
- Partner
- Shareholder
- Branch Manager (MFDA members only)
- IIROC approval only

**~~Investment Industry Regulatory Organization of Canada~~**

**IIROC**

***Approval categories***

- Executive
- Director (Industry)
- Director (Non-Industry)
- Supervisor
- Investor
- Registered Representative
- Investment Representative
- Trader

***Additional approval categories***

- Chief Compliance Officer
- Chief Financial Officer
- Ultimate Designated Person

***Products***

- Non-Trading
- Securities
- Options
- Futures Contracts and Futures Contract Options
- Mutual Funds only

***Customer type***

- Retail
- Institutional
- Not Applicable

***Portfolio management***

- Portfolio Management

**Categories under local commodity futures and derivatives legislation****Ontario*****Firm categories***

- Commodity Trading Adviser
- Commodity Trading Counsel
- Commodity Trading Manager
- Futures Commission Merchant

***Individual categories and permitted activities***

- Advising Representative
- Salesperson
- Branch Manager
- Officer – Specify title:
- Director
- Partner
- Shareholder
- IIROC approval only

**Manitoba*****Firm categories***

- Dealer (Merchant)
- Dealer (Futures Commission Merchant)
- Dealer (Floor Broker)
- Adviser
- Local

***Individual categories and permitted activities***

- Floor Trader
- Salesperson
- Branch Manager
- Adviser
- Officer – Specify title
- Director
- Partner
- Futures Contracts Portfolio Manager
- Associate Futures Contracts Portfolio Manager
- IIROC approval only
- Local

**Québec – activities relating to derivatives*****For information purposes, indicate whether you will carry on activities as a representative of:***

- An Investment Dealer Acting as a Derivatives dealer
- A Portfolio Manager Acting as a Derivatives portfolio manager

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**SCHEDULE C**  
**Address and agent for service (Item 4)**

**Item 4.1 Address for service**

You must have one address for service in each province or territory in which you are now, or are seeking to become, a registered individual or permitted individual. A post office box is not an acceptable address for service.

Address for service:

\_\_\_\_\_

(number, street, city, province or territory, postal code)

Telephone number: (\_\_\_\_) \_\_\_\_\_ Fax number: (\_\_\_\_) \_\_\_\_\_

E-mail address: \_\_\_\_\_

**Item 4.2 Agent for service**

If you have appointed an agent for service, provide the following information for the agent. The address for service provided above must be the address of the agent named below.

Name of agent for service: \_\_\_\_\_

*(if applicable)*

Contact person:

\_\_\_\_\_

Last name, First name

**SCHEDULE D**  
**Current employment, other business activities, officer positions held and directorships**  
**(Item 7)**

Complete a separate Schedule E for each of your current business and employment activities with your sponsoring firm and with all other organizations. This includes any business related officer or director positions held, or any other equivalent positions held, whether you receive compensation or not.

**1. Start date**

\_\_\_\_\_  
(YYYY/MM/DD)

**2. Firm information**

Check here if this activity is employment with your sponsoring firm.

If the activity is with your sponsoring firm, you are not required to indicate the firm name and address information below:

Name of business or employer:  
\_\_\_\_\_

Address of business or employer:  
\_\_\_\_\_  
(number, street, city, province, territory or state, country)

Name and title of your immediate supervisor: \_\_\_\_\_

**3. Description of duties**

Describe all employment and business activities related to this employer. Include the nature of the business and your duties, title or relationship with the business. If you are seeking registration that requires specific experience, include details with this firm such as level of responsibility, value of accounts under direct supervision, number of years of experience, and percentage of time spent on each activity.

\_\_\_\_\_

**4. Number of work hours per week**

How many hours per week do you devote to this business or employment? \_\_\_\_\_

If this activity is employment with your sponsoring firm and you work less than 30 hours per week, explain why.

\_\_\_\_\_

**5. Conflict of Interest**

If you have more than one employer or are engaged in business related activities, ~~disclose~~ disclose:

A. Disclose any potential for confusion by clients and any potential for conflicts of interest arising from your multiple employment or business related activities or proposed business related activities. ~~Include~~

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

**B. Indicate** whether or not any of your employers or organizations where you engage in business related activities are listed on an exchange.

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**C.** Confirm whether the firm has procedures for minimizing potential conflicts of interest and if so, confirm that you are aware of these procedures.

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**D.** If you do not perceive any conflicts of interest arising from this employment, explain why.

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**SCHEDULE E  
Ownership of securities and derivatives firms (Item 8)**

Firm name: \_\_\_\_\_

What is your relationship to the firm? Partner  Major shareholder

What is the period of this relationship?

From: \_\_\_\_\_ To: \_\_\_\_\_ (if applicable)

\_\_\_\_\_  
(YYYY/MM) (YYYY/MM)

Provide the following information:

a) State the number, value, class and percentage of securities, or the amount of partnership interest you own or propose to acquire when you are reinstated or approved as a result of the review of this form. If acquiring shares when you are so approved or registered, state the source (for example, treasury shares, or if upon transfer, state name of transferor).

\_\_\_\_\_

b) State the ~~market~~**fair** value (approximate, if necessary) of any subordinated debentures or bonds of the firm to be held by you or any other subordinated loan to be made by you to the firm:

\_\_\_\_\_

c) If another person or firm has provided you with funds to invest in the firm, provide the name of the person or firm and state the relationship between you and that person or firm:

\_\_\_\_\_

d) Are the funds to be invested (or proposed to be invested) guaranteed directly or indirectly by any person or firm?

Yes  No

If "Yes", provide the name of the person or firm and state the relationship between you and that person or firm:

\_\_\_\_\_

e) Have you directly or indirectly given up any rights relating to these securities or this partnership interest, or do you, when you are registered or approved as a result of the review of this form, intend to give up any of these rights (including by hypothecation, pledging or depositing as collateral the securities or partnership interest with any firm or person)?

Yes  No

If "Yes", provide the name of the person or firm, state the relationship between you and that person or firm and describe the rights that have been or will be given up: \_\_\_\_\_

f) Is a person other than you the beneficial owner of the shares, bonds, debentures, partnership units or notes held by you?

Yes  No

If "Yes", complete (g), (h) and (i).

g) Name of beneficial owner:

_____	_____	_____	_____
Last name	First name	Second name (if applicable)	Third name (if applicable)

h) Residential address:

\_\_\_\_\_

(number, street, city, province, territory or state, country, postal code)

i) Occupation: \_\_\_\_\_

**SCHEDULE F**  
**Contact information for**  
**Notice of collection and use of personal information**

**Alberta**

Alberta Securities Commission,  
 4th Floor, 300 - 5th Avenue SW  
 Calgary, AB T2P 3C4  
 Attention: Information Officer  
 Telephone: (403) 355-4151

**British Columbia**

British Columbia Securities Commission  
 P.O. Box 10142, Pacific Centre  
 701 West Georgia Street  
 Vancouver, BC V7Y 1L2  
 Attention: Freedom of Information Officer  
 Telephone: (604) 899-6500 or (800) 373-6393 (in BC)

**Manitoba**

The Manitoba Securities Commission  
 500 - 400 St. Mary Avenue  
 Winnipeg, MB R3C 4K5  
 Attention: Director of Registrations  
 Telephone (204) 945-2548  
 Fax (204) 945-0330

**New Brunswick**

New Brunswick Securities Commission  
 Suite 300, 85 Charlotte Street  
 Saint John, NB E2L 2J2  
 Attention: Director, Regulatory Affairs  
 Telephone: (506) 658-3060

**Newfoundland and Labrador**

Securities NL  
 Financial Services Regulation Division  
 Department of Government Services  
 P.O. Box 8700, 2nd Floor, West Block  
 Confederation Building  
 St. John's, NL A1B 4J6  
 Attention: Manager of Registrations  
 Tel: (709) 729-5661

**Nova Scotia**

Nova Scotia Securities Commission  
 2nd Floor, Joseph Howe Building  
 1690 Hollis Street  
 P.O. Box 458  
 Halifax, NS B3J 2P8  
 Attention: Deputy Director, Capital Markets  
 Telephone: (902) 424-7768

**Northwest Territories**

Government of the Northwest Territories  
 P.O. Box 1320  
 Yellowknife, NWT X1A 2L9  
 Attention: Deputy Superintendent of Securities  
 Telephone: (867) 920-8984

**Nunavut**

Legal Registries Division  
 Department of Justice  
 Government of Nunavut  
 P.O. Box 1000 Station 570  
 Iqaluit, NU X0A 0H0  
 Attention: Deputy Registrar of Securities  
 Telephone: (867) 975-6590

**Ontario**

Ontario Securities Commission  
 Suite 1903, Box 55  
 20 Queen Street West  
 Toronto, ON M5H 3S8  
 Attention: FOI Coordinator  
 Telephone: (416) 593-8314

**Prince Edward Island**

Securities Registry  
 Office of the Attorney General B Consumer, Corporate  
 and  
 Insurance Services Division  
 P.O. Box 2000  
 Charlottetown, PE C1A 7N8  
 Attention: Deputy Registrar of Securities  
 Telephone: (902) 368-6288

**Québec**

Autorité des marchés financiers  
 800, square Victoria, 22e étage  
 C.P. 246, tour de la Bourse  
 Montréal (Québec) H4Z 1G3  
 Attention: Responsable de l'accès à l'information  
 Telephone: (514) 395-0337 or (877) 525-0337 (in Québec)

**Saskatchewan**

Saskatchewan Financial Services Commission  
 Suite 601, 1919 Saskatchewan Drive  
 Regina, SK S4P 4H2  
 Attention: Director  
 Telephone: (306) 787-5842

**Yukon**

Yukon Securities Office  
 Department of Community Services  
 P.O. Box 2703 C-6  
 Whitehorse, YT Y1A 2C6  
 Attention: Superintendent of Securities  
 Telephone: (867) 667-5225

**Self-regulatory organization**

Investment Industry Regulatory Organization of  
 Canada  
 121 King Street West, Suite 1600  
 Toronto, Ontario M5H 3T9  
 Attention: Privacy Officer  
 Telephone: (416) 364-6133E-mail:  
 PrivacyOfficer@iiroc.ca

## APPENDIX F

### **COMPANION POLICY 33-109CP REGISTRATION INFORMATION, BLACKLINED TO SHOW CHANGES TO THE CURRENT COMPANION POLICY 33-109CP**

#### **COMPANION POLICY ~~Companion Policy~~ 33-109CP REGISTRATION INFORMATION**

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#### **PART 5 — COMMODITY FUTURES ACT SUBMISSIONS**

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**Appendix C** — Discretionary exemption for bulk transfers

**COMPANION POLICY 33-109CP**  
**REGISTRATION INFORMATION**

**PART 1 – GENERAL****1.1 Purpose**

This Companion Policy sets out how the Canadian Securities Administrators interpret or apply National Instrument 33-109 *Registration Information* (the Rule).

The registration requirement in securities legislation provides protection to investors from unfair, improper or fraudulent practices and enhances capital market integrity and efficiency. The information required under the Rule allows regulators to assess a filer's fitness for registration or for permitted individual status, with regard to their solvency, integrity and proficiency. These fitness requirements are the cornerstones of the registration requirement. In each jurisdiction of Canada the registration requirement and the Rule apply to dealers, underwriters, advisers and investment fund managers and to individuals who act on their behalf as registered or permitted individuals.

**1.2 Definition of permitted individuals**

Section 1.1 of the Rule defines a permitted individual as an individual who is not a registered individual and who meets the criteria set forth in either subsection (a) or subsection (b) of the definition, or both. This definition does not prevent a registered individual from also being a permitted individual. For example, the chief executive officer of a registered firm is registered as the firm's ultimate designated person and is also a permitted individual. The definition of permitted individual allows the Rule to separate out the filing requirements which are applicable only to permitted individuals from those which are applicable to registered individuals.

**1.3 Overview of the forms**

The following forms are submitted by firms

- Form 33-109F6 *Firm Registration* – to apply for registration as a dealer, adviser or investment fund manager
- Form 33-109F3 *Business Locations other than Head Office* – to disclose each business location of the firm and any change of location
- Form 33-109F1 *Notice of Termination of Registered Individuals and Permitted Individuals* – to notify the regulator that a registered or permitted individual has ceased to have authority to act on behalf of the firm

The following forms are for individuals and are submitted in NRD format:

- Form 33-109F4 *Registration of Individuals and Review of Permitted Individuals* – to apply for registration or review as a permitted individual
- Form 33-109F2 *Change or Surrender of Individual Categories* – to apply for registration or review in an additional category or to surrender a category
- Form 33-109F7 *Reinstatement of Registered Individuals and Permitted Individuals* – to reinstate an individual's registration or a permitted individual status

**4.31.4 Notice requirements**

Form 33-109F5 *Change of Registration Information* is used by firms and individuals to notify regulators of any change to their registration information. Under sections 3.1 and 4.1 of the Rule a registrant and a permitted individual must keep their registration information current on an ongoing basis by filing notices of change of information within the required time.

Appendix A summarizes the notice requirements, time periods and the forms under the Rule to notify regulators of a change to a firm's or individual's registration information.

**4.41.5 Contact information**

When a firm submits a form F6, supporting documents or a form F5, it can make the submission using e-mail, fax or mail. Appendix B attached to this policy sets out the contact information for the regulator in each jurisdiction of Canada and for the

Investment Industry Regulatory Organization of Canada (IIROC) in those jurisdictions where the securities regulatory authority has delegated, assigned or authorized IIROC to perform registration functions.

## PART 2 – FORMS USED BY INDIVIDUALS

### 2.1 National Registration Database (NRD)

The NRD is the database containing information about all registrants and permitted individuals under securities or commodity futures legislation in each jurisdiction of Canada. The requirement for firms to enrol, and to make certain submissions, on NRD are set out in National Instrument 31-102 National Registration Database. Detailed information about the NRD and the enrolment process is available in the NRD User Guide published at [www.nrd-info.ca](http://www.nrd-info.ca).

### 2.2 Form 33-109F4

The NRD format for submitting a completed form F4 under subsections 2.2(1) or 2.5(1) of the Rule include four distinct NRD submission types that are made in the following circumstances:

- *Initial Registration*, when an individual is seeking registration, or review as a permitted individual, through NRD for the first time
- *Registration in an Additional Jurisdiction*, when an individual is registered or is a permitted individual in a jurisdiction of Canada and is seeking registration, or review as a permitted individual, in an additional jurisdiction;
- *Registration with an Additional Sponsoring Firm*, when an individual is registered, or is a permitted individual, on behalf of one sponsoring firm and applies for registration, or seeks review as a permitted individual, to act on behalf of an additional sponsoring firm
- *Reactivation of registration*, when an individual who has an NRD record is applying for registration, reinstatement of registration or is seeking review as a permitted individual and is not eligible under sections 2.3(2) or 2.5(2) of the Rule to submit a Form 33-109F7

Under subsection 2.5(1) of the Rule, within 7 days of becoming a permitted individual, the individual must submit a form F4 for review by the regulator. An individual whose registration is suspended may apply to reinstate the registration by submitting a completed form F4 to the regulator. This is done with the *Reactivation of registration* submission on NRD. After making this submission the individual may not conduct activities requiring registration unless and until the regulator has approved the application. However, an application for reinstatement or review is not required if the individual meets all of the conditions for automatic reinstatement in subsections 2.3(2) or 2.5(2) of the Rule, which include submitting a completed form F7 to the regulator as described in section 2.5 below.

### 2.3 Form 33-109F2

This form is used by individuals to apply to add or to surrender a registration category or to seek review of a change in their permitted individual category. If an individual has ceased to have authority to act on behalf of their sponsoring firm as a registered or permitted individual in the last jurisdiction of Canada where they were so acting, they cannot submit a form F2. Instead, the individual's sponsoring firm submits a Form 33-109F1 to notify the regulator of the termination or cessation of authority to act on behalf of the firm.

### 2.4 Form 33-109F5 for individuals

When an individual submits a form F5 to update their registration information the NRD will transmit the information to the regulator in each jurisdiction in which the individual is registered or is a permitted individual. However, only the principal regulator processes the submission to update the individual's registration information on NRD, or if necessary to deny or withdraw the submission.

## 2.5 Form 33-109F7 for reinstatement

When an individual leaves a sponsoring firm and joins a new registered firm, they may submit a form F7 to have their registration or permitted individual status automatically reinstated in the same category and jurisdiction(s) as before, subject to all of the conditions set out in subsection 2.3(2) or 2.5(2) of the Rule. An individual who meets all of the applicable conditions will be able to transfer directly from one sponsoring firm to another and start engaging in activities requiring registration from the first day that they submit the form F7.

## 2.6 Ongoing fitness for registration

Every registrant must maintain their fitness for registration on an ongoing basis. Under securities legislation the regulator has discretionary authority to suspend or revoke an individual's registration or to restrict it with terms and conditions at any time. The regulator may do this, for example, if it receives information through a notice of termination from an individual's former sponsoring firm or any other source that raises concerns about the individual's continued fitness for registration. Individuals will be given an opportunity to be heard before a decision is made to suspend or revoke registration or to impose terms and conditions.

## PART 3 – FORMS USED BY FIRMS

### 3.1 Form 33-109F6

When a firm submits a form F6 to apply for registration it may pay the regulatory fees to the applicable regulators by cheque or by using the NRD function called *Resubmit Fee Payment*. A firm that applies in multiple jurisdictions should submit its application to the regulator in the principal jurisdiction or, if Ontario is a non-principal jurisdiction, to the regulators in the principal jurisdiction and in Ontario. For more details refer to National Policy 11-204 *Process for registration in multiple jurisdictions*.

### 3.2 Form 33-109F5

A firm that is registered in multiple jurisdictions may submit a form F5 to its principal regulator only to notify regulators of a change to the firm's registration information, in accordance with subsection 3.1(6) of the Rule.

### 3.3 Form 33-109F3

A firm must notify the regulator of each business location in the jurisdiction, including a residence, where a firm's registered individuals are based for the purpose of carrying out activities that require registration. Firms submit this form through the NRD website.

### 3.4 Discretionary exemption for bulk transfers

Regulators will consider an application for an exemption from certain requirements in the Rule to facilitate a reorganization or combination of firms which would otherwise require a large number of submissions to change locations and transfer individuals. The information required, and the conditions to obtain, this type of exemption application are described in the attached Appendix C.

### 3.5 Form 33-109F1

Under section 4.2 of the Rule, a registered firm must notify the regulator no more than 7 days after an individual ceased to have authority to act on behalf of the firm, as a registered or permitted individual. Typically, this occurs due to the termination of the individual's employment, partnership or agency relationship with the firm. However, it also occurs when an individual is re-assigned to a different position at the firm that does not require registration or is not a permitted individual category. The form F1 is submitted through the NRD website to give notice of the cessation date and the reason for the termination or cessation.

Under paragraph 4.2(1)(b) of the Rule, the information in item 5 [*Details about the termination*] of a form F1 must be submitted unless the cessation of authority to act on behalf of the firm was caused by the death or retirement of the individual or the completion of an employment or agency contract. A firm can submit the information in item 5 either at the time of the making the initial submission on NRD, if the information is available within that 7 day period, or within 30 days of the cessation date, by making an NRD submission entitled *Update / Correct Termination Information*.

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**PART 4 – DUE DILIGENCE BY FIRMS****4.1 Obligations of former sponsoring firm**

After submitting a Form 33-109F1 with regard to a former sponsored individual a firm should promptly send the individual a copy of the completed form F1. Under subsections 4.2(3) and (4) of the Rule, within 7 days of a request by a former sponsored individual a firm must provide the individual with a copy of the form F1 that was submitted, and if necessary, a further copy that includes the information in item 5 of the form F1, within 7 days of submitting that information.

**4.2 Obligations of new sponsoring firm**

(1) In fulfilling its obligations under subsection 5.1(1) of the Rule a firm should make reasonable efforts to do all of the following:

- establish written policies and procedures to verify an individual's information prior to submitting a Form 33-109F4 or Form 33-109F7 on behalf of the individual
- document the firm's review of an individual's information in accordance with the firm's policies and procedures
- regularly remind registered and permitted individuals about their disclosure obligations under the Rule, such as notifying the regulator about changes to their registration information

Under subsection 5.1(2) of the Rule, within 60 days of hiring a sponsored individual a firm must obtain a copy of the most recent Form 33-109F1, if any, for the individual. If a sponsoring firm cannot obtain it from the sponsored individual, as a last resort the individual should request it from the regulator.

The information referred to above will assist the firm in meeting its obligations under subsection 5.1(1) of the Rule and should inform the firm's hiring decisions. If an individual is hired before a completed Form 33-109F1 is available and if the firm discovers an inconsistency in the individual's disclosure to the firm or the regulator, then the firm should take appropriate action. All of the required information should be available within 60 days of hiring the individual, which will often fall within the individual's probation period under their employment or agency contract.

**PART 5 – COMMODITY FUTURES ACT SUBMISSIONS****5.1 Ontario**

In Ontario, if a person or company is required to make a submission under both the Rule and OSC Rule 33-506 (*Commodity Futures Act*) with respect to the same information, the securities regulatory authority is of the view that a single filing on a form required under either rule satisfies both requirements.

**5.2 Manitoba**

In Manitoba, the Rule is a rule under each of the *Securities Act* and the *Commodity Futures Act*. A single submission with respect to the same information will satisfy the requirements of both statutes.

## Appendix A

## Summary of Notice Requirements in National Instrument 33-109

Description of Change	Notice Period	Section	Form submitted
<b>Firms – Form F6 information</b>			<b>by e-mail, fax or mail</b>
Part 1 – Registration details	7 days	3.1(1)(b)	Form F5
Part 2 – Contact information, including head office address (except 2.4)	7 days		
Item 2.4 – Agent and Address for service [items 3 and 4 of Schedule B to Form F6]	7 days	3.1(4)	Schedule B to Form F6 <i>Submission to Jurisdiction</i>
Part 3 – Business history & structure	30 days	3.1(1)(a)	Form F5
Part 4 – Registration history	7 days	3.1(1)(b)	
Part 5 – Financial condition	7 days		
Part 6 – Client relationships	7 days		
Part 7 – Regulatory action	7 days		
Part 8 – Legal action	7 days		
<b>Firms – other notice requirements</b>			
Open / change of business location (other than head office)	7 days	3.2	Form F3
Termination / Cessation of Authority of a registered or permitted individual – items 1 – 4 item 5	7 days	4.2(2)(a)	Form F1
	30 days	4.2(2)(b)	
<b>Individuals – Form F4 information</b>			<b>in NRD format</b>
Item 1 – Name	7 days	4.1(1)(b)	Form F5
Item 2 – Address	7 days		
Item 3 – Personal information	No update required	4.1(2)	
Item 4 – Citizenship	30 days	4.1(1)(a)	
Item 5 – Registration jurisdictions	7 days	4.1(1)(b)	
Item 6 – Individual categories	7 days		
Item 7 – Address for service	7 days		
Item 8 – Proficiency	7 days		
Item 9 – Location of employment	7 days		
Item 10 – Current employment	7 days		
Item 11 – Previous employment	30 days	4.1(1)(a)	
Item 12 – Terminations	7 days	4.1(1)(b)	
Item 13 – Regulatory disclosure	7 days		
Item 14 – Criminal disclosure	7 days		
Item 15 – Civil disclosure	7 days		
Item 16 – Financial disclosure	7 days		
Item 17 – Ownership of securities	7 days		
Change of F4: registrant position or relationship with sponsoring firm / permitted status	7 days	4.1(4)	Form F2
Review of a Permitted individual	7 days after appointment	2.5	Form F4 or F7, subject to conditions
Automatic reinstatement of registration subject to conditions	within 90 days of cessation date	2.3(2)	Form F7

## Appendix B

## Contact Information for the Regulators and IIROC

Part 1 provides the regulators' contact information for registrants in all categories, except for those in the jurisdictions and categories listed in Part 2

Part 2 below, provides IIROC's contact information in the jurisdictions where IIROC performs registration functions for representatives of investment dealers and, in some cases, for investment dealer firms

## PART 1 – Regulators' Contact Information

<p><b>Alberta</b>  e-mail: <a href="mailto:registration@asc.ca">registration@asc.ca</a>  fax: (403) 297-4113  Alberta Securities Commission,  4th Floor, 300 - 5th Avenue S.W.  Calgary, AB T2P 3C4  Registration department</p>	<p><b>British Columbia</b>  e-mail: <a href="mailto:registration@bcsc.bc.ca">registration@bcsc.bc.ca</a>  fax: (604) 899-6506  British Columbia Securities Commission  P.O. Box 10142, Pacific Centre  701 West Georgia Street  Vancouver, BC V7Y 1L2  Attention: Registration</p>
<p><b>Manitoba</b>  e-mail: <a href="mailto:registrationmsc@gov.mb.ca">registrationmsc@gov.mb.ca</a>  fax: (204) 945-0330  The Manitoba Securities Commission  500-400 St. Mary Avenue  Winnipeg, MB R3C 4K5  Attention: Registrations</p>	<p><b>New Brunswick</b>  e-mail: <a href="mailto:nrs@nbsec-cvmnb.ca">nrs@nbsec-cvmnb.ca</a>  fax: (506) 658-3059  Fax: New Brunswick Securities Commission  Suite 300, 85 Charlotte Street  Saint John, NB E2L 2J2  Attention: Registration Officer  <a href="mailto:nrs@nbsec-cvmnb.ca">nrs@nbsec-cvmnb.ca</a></p>
<p><b>Newfoundland and Labrador</b>  e-mail: <a href="mailto:scon@gov.nl.ca">scon@gov.nl.ca</a>  fax: (709) 729-6187  Financial Services Regulation Division  Department of Government Services  Government of Newfoundland and Labrador  P.O. Box 8700, 2nd Floor, West Block  Confederation Building  St. John's, NL A1B 4J6  Attention: Registration Section</p>	<p><b>Northwest Territories</b>  e-mail: <a href="mailto:SecuritiesRegistry@gov.nt.ca">SecuritiesRegistry@gov.nt.ca</a>  fax: (867) 873-0243  Government of the Northwest Territories  P.O. Box 1320  Yellowknife, NWT X1A 2L9  Attention: Exemption Review Staff</p>
<p><b>Nova Scotia</b>  e-mail: <a href="mailto:nrs@gov.ns.ca">nrs@gov.ns.ca</a>  fax: (902) 424-4625  Nova Scotia Securities Commission  2nd Floor, Joseph Howe Building  1690 Hollis Street  P.O. Box 458  Halifax, NS B3J 3J9  Attention: Registration</p>	<p><b>Nunavut</b>  e-mail: <a href="mailto:CorporateRegistrations@gov.nu.ca">CorporateRegistrations@gov.nu.ca</a>  fax: (867) 975-6594  Legal Registries Division  Department of Justice  Government of Nunavut  P.O. Box 1000 Station 570  Iqaluit, NU X0A 0H0  Attention: Deputy Registrar</p>

**PART 1 – Regulators' Contact Information**

<b>Ontario</b> e-mail: <a href="mailto:registration@osc.gov.on.ca">registration@osc.gov.on.ca</a> fax: (416) 593-8283 Ontario Securities Commission Suite 1903, Box 55 20 Queen Street West Toronto, ON M5H 3S8 Attention: Registrant Regulation	<b>Prince Edward Island</b> e-mail: <a href="mailto:ccis@gov.pe.ca">ccis@gov.pe.ca</a> fax: (902) 368-5283 Consumer and Corporate Services Division, Office of the Attorney General P.O. Box 2000, 95 Rochford Street Charlottetown, PE C1A 7N8 Attention: Superintendent of Securities
<b>Québec</b> e-mail: <a href="mailto:inscription@lautorite.qc.ca">inscription@lautorite.qc.ca</a> fax : (514) 873-3090 Autorité des marchés financiers Service de l'encadrement des intermédiaires 800 square Victoria, 22e étage C.P 246, Tour de la Bourse Montréal (Québec) H4Z 1G3	<b>Saskatchewan</b> e-mail: <a href="mailto:registrationsfsc@gov.sk.ca">registrationsfsc@gov.sk.ca</a> fax: (306) 787-5899 Saskatchewan Financial Services Commission Suite 601 1919 Saskatchewan Drive Regina, SK S4P 4H2 Attention: Registration
<b>Yukon Territory</b> e-mail: <a href="mailto:corporateaffairs@gov.yk.ca">corporateaffairs@gov.yk.ca</a> fax: (867) 393-6251 Department of Community Services Yukon Yukon Securities Office P.O. Box 2703 Whitehorse, YT Y1A 2C6 Attention: Superintendent of Securities	

**PART 2 - Investment Industry Regulatory Organization of Canada Contact Information**

\*\* registration of investment dealer firms and their representatives \*\*

\* registration of investment dealer representatives \*

<b>** Alberta – IIROC **</b>  <b>** Saskatchewan- IIROC **</b> e-mail: <a href="mailto:registration@iiloc.ca">registration@iiloc.ca</a> fax: (403) 265-4603 #2300, 355- 4 <sup>th</sup> Avenue SW, Calgary, AB T2P 0J1 Attention: Registration department	<b>**British Columbia – IIROC**</b> e-mail: <a href="mailto:registration@iiloc.ca">registration@iiloc.ca</a> fax: 604-683-3491 1055 West Georgia Street Suite 2800 – Royal Centre Vancouver, BC V6E 3R5 Attention: Registration department
<b>** Newfoundland and Labrador – IIROC **</b>  <b>* Ontario – IIROC *</b> e-mail: <a href="mailto:registration@iiloc.ca">registration@iiloc.ca</a> fax: (416) 364-9177 Suite 1600, 121 King Street West Toronto, ON M5H 3T9 Attention: Registration department	<b>* Québec – IIROC *</b> e-mail: <a href="mailto:registration@iiloc.ca">registration@iiloc.ca</a> fax: (514) 878-0797 Organisme canadien de réglementation du commerce des valeurs mobilières 5 Place Ville Marie Bureau 1550 Montréal (Québec) H3B 2G2 Attention : Service des inscriptions

## Appendix C

### Discretionary Exemption for Bulk Transfers of Locations and Individuals

(1) If a registered firm is acquiring a large number of business locations (for example, as a result of an amalgamation or asset purchase) from one or more other registered firms that are located in the same jurisdiction(s) and registered in the same categories as the acquiring firm, and if a significant number of individuals are associated on NRD with the locations, the regulator will consider granting an exemption from any or all of the following requirements:

- (a) to submit a notice regarding the termination of each employment, partner, or agency relationship under section 4.2 of the Rule;
- (b) to submit a registration application or a reinstatement notice for each individual seeking to be a registered individual under section 2.2 or 2.3 of the Rule;
- (c) to submit a Form 33-109F4 or Form 33-109F7 for each permitted individual under section 2.5 of the Rule;
- (d) to notify the regulator of a change to the business location information in Form 33-109F3 under section 3.2 of the Rule.

(2) The exemption application should be submitted by the registered firm that will acquire control of the business locations at the closing of the transaction and should be submitted well in advance of the date (**transfer date**) on which the business locations will be transferred. It would typically be sufficient if a firm submits the application at least 30 days before the transfer date. An application for this type of exemption should include the following information:

- (a) the name and NRD number of the registered firm that will acquire control of the business locations;
- (b) for each registered firm that is transferring control of the business locations:
  - (i) the name and NRD number of the registered firm,
  - (ii) the address and NRD number of each business location that is being transferred from the registered firm named in (b)(i) to the registered firm named in (a),
  - (iii) the date that the business locations and individuals will be transferred to the registered firm named in (a).

(3) If the exemption is granted, as soon as practicable after the transfer date, the regulator will instruct the NRD administrator to record on NRD the transfer of the business locations, registered individuals and permitted individuals.

(4) Bulk transfers involving firms that are registered in different categories or different jurisdictions may need to take additional steps. Firms involved in such a transaction should contact their principal regulator to discuss what steps are required for the firm to be eligible for a bulk transfer exemption as described above.

(5) A firm applying for this type of exemption in more than one jurisdiction should refer to National Policy 11-203 *Process for Exemption Applications in Multiple Jurisdictions* for guidance on the form of application and the information required. The firm may set out the information referred to in (2) as follows:

- A) Registered firm that will acquire the business locations  
Name:  
Firm NRD number:
- B) Registered firm transferring the business locations  
Name:  
Firm NRD number:  
  
Business locations that will be transferred  
Address of business location:  
NRD number of business location:  
Address of business location:  
NRD number of business location:  
  
(Repeat for each business location as necessary)
- C) Date that business locations will be transferred:

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## APPENDIX G

### CSA STAFF NOTICE 31-315 OMNIBUS / BLANKET ORDERS EXEMPTING REGISTRANTS FROM CERTAIN PROVISIONS OF NATIONAL INSTRUMENT 31-103 *REGISTRATION REQUIREMENTS AND EXEMPTIONS*

Since the coming into force of National Instrument 31-103 *Registration Requirements and Exemptions* (NI 31-103), the Canadian Securities Administrators (the CSA or we) have received applications requesting exemptions from certain provisions of the Instrument. CSA members have issued orders (the "orders") that provide

- The continuation of transition/grandfathering provisions for persons and companies adding a jurisdiction
- Relief from the chief compliance officer (CCO) proficiency requirements for portfolio managers adding a category
- Relief from proficiency requirements for portfolio managers adding registration in the mutual fund dealer or exempt market dealer category
- Relief from the time limits on examination requirements for dealing representatives of exempt market dealers (in Ontario and Newfoundland and Labrador only) and scholarship plan dealers in all jurisdictions who were registered when NI 31-103 came into force
- Relief from client notification requirements under section 14.5 of NI 31-103 for certain Canadian registrants with head offices outside of the local jurisdiction
- Relief from requirements to establish whether a client is an insider under section 13.2(2)(b) of NI 31-103 for mutual fund dealers

This Notice summarizes the orders, which will take effect on February 26, 2010.

We are publishing the orders with this Notice. The orders are also available on websites of CSA members, including:

[www.lautorite.qc.ca](http://www.lautorite.qc.ca)  
[www.albertasecurities.com](http://www.albertasecurities.com)  
[www.bcsc.bc.ca](http://www.bcsc.bc.ca)  
[www.msc.gov.mb.ca](http://www.msc.gov.mb.ca)  
[www.gov.ns.ca/nssc](http://www.gov.ns.ca/nssc)  
[www.nbsc-cvmnb.ca](http://www.nbsc-cvmnb.ca)  
[www.osc.gov.on.ca](http://www.osc.gov.on.ca)  
[www.sfsc.gov.sk.ca](http://www.sfsc.gov.sk.ca)

#### **1. Continuation of transition/grandfathering provisions for persons and companies adding a jurisdiction**

Under several provisions of Part 16 [*Transition*] of NI 31-103, a person or company may be exempt from another provision of NI 31-103. However, as drafted, the exemptions available in Part 16 are only available in a jurisdiction if the person or company was registered in that jurisdiction when NI 31-103 came into force.

Each regulator has issued an order that provides an exemption from a requirement in the jurisdiction of the regulator if the person or company is exempt from the same requirement in another jurisdiction due to the application of a section in Part 16.

#### **2. Relief from CCO proficiency requirements for portfolio managers adding a category**

Paragraphs 3.6(b) [*Mutual fund dealer – chief compliance officer*], 3.10(b) [*Exempt market dealer – chief compliance officer*], and 3.14(c) [*Investment fund manager – chief compliance officer*] of NI 31-103 provide that an individual may be designated as a registrant's chief compliance officer if the individual has met the proficiency requirements for a chief compliance officer of a portfolio manager in section 3.13 [*Portfolio manager – chief compliance officer*].

However, as drafted, NI 31-103 does not allow a mutual fund dealer, exempt market dealer or investment fund manager to designate someone as its chief compliance officer where the individual is exempt from the proficiency in section 3.13 due to the application of subsection 16.9(2) [*Registration of chief compliance officers*].

Each regulator has issued an order that allows a portfolio manager that has added the category mutual fund dealer, exempt market dealer or investment fund manager to its registration to designate an individual as its chief compliance officer if the individual was designated as the firm's chief compliance officer due to the application of subsection 16.9(2) of NI 31-103.

**3. Relief from dealing representative proficiency requirements for portfolio managers adding registration in the mutual fund dealer or exempt market dealer category**

Paragraphs 3.5(b) [*Mutual fund dealer – dealing representative*] and 3.9(c) [*Exempt market dealer – dealing representative*] of NI 31-103 provide that an individual may act as a dealing representative of a mutual fund dealer and exempt market dealer if the individual has met the proficiency requirements of an advising representative of a portfolio manager in section 3.11 [*Portfolio manager – advising representative*]. However, as drafted, NI 31-103 does not allow an individual to act as a dealing representative of a mutual fund dealer or exempt market dealer where the individual is exempt from the proficiency in section 3.11 due to the application of section 16.10(1) [*Proficiency for dealing and advising representatives*].

Each regulator has issued an order that allows an advising representative of a portfolio manager to act as a dealing representative of a mutual fund dealer or exempt market dealer if the individual is exempt from the proficiency in section 3.11 due to the application of section 16.10(1) of NI 31-103.

**4. Relief from the time limits on examination requirements for dealing representatives of scholarship plan dealers and, in Ontario and Newfoundland and Labrador only, exempt market dealers, who were registered when NI 31-103 came into force**

Section 3.3 [*Time limits on examination requirements*] of NI 31-103 provides that an individual is deemed not to have passed an examination or successfully completed a program unless having done so within the time period set out in the section. This section applies to dealing representatives of scholarship plan dealers in all jurisdictions and exempt market dealers in Ontario and Newfoundland only who, due to subsections 16.10(2) and (3) [*Change of registration categories – firms*], have a one year exemption from the proficiency requirements under sections 3.7 [*Scholarship plan dealer – dealing representative*] and 3.9 [*Exempt market dealer – dealing representative*].

Therefore, in order for these dealing representatives to be in compliance with their category's proficiency requirements on September 28, 2010 they must have met the examination or course requirements under those sections within the time period specified in section 3.3 of NI 31-103.

Each regulator has issued an order that exempts a dealing representative of a scholarship plan dealer from section 3.3 if the individual was registered as a dealing representative in that jurisdiction when NI 31-103 came into force and has remained registered since that date. The order in Ontario and Newfoundland and Labrador also exempts a dealing representative of an exempt market dealer if the individual was registered as a dealing representative in those jurisdictions when NI 31-103 came into force and has remained registered since that date.

**5. Relief from client notification requirements under section 14.5 of NI 31-103 for certain Canadian registrants with head offices outside of the local jurisdiction s**

Section 14.5 [*Notice to clients by non-resident registrants*] of NI 31-103 provides that a unless a registered firm's head office is located in the same jurisdiction as a client of the firm, the firm must provide the client with a written statement disclosing information specified in that section.

Each regulator has issued an order that exempts a registered firm from section 14.5 if the firm's head office is in another jurisdiction of Canada and the firm has a physical place of business in the jurisdiction of the regulator.

**6. Relief from the requirement to establish whether a client is an insider under paragraph 13.2(2)(b) of NI 31-103 for mutual fund dealers]**

Paragraph 13.2(2)(b) [*Know your client*] of NI 31-103 provides that a registrant must take reasonable steps to establish whether a client is an insider of a reporting issuer or any other issuer whose securities are publicly traded.

Each regulator has issued an order that exempts a mutual fund dealer from paragraph 13.2(2)(b).

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**Questions**

If you have questions regarding this Notice or the orders please direct them to any of the following:

Michael Brady  
Senior Legal Counsel, Capital Markets Regulation  
British Columbia Securities Commission  
Tel: 604-899-6561  
1-800-373-6393  
[mbrady@bcsc.bc.ca](mailto:mbrady@bcsc.bc.ca)

Navdeep Gill  
Legal Counsel, Market Regulation  
Alberta Securities Commission  
Tel: 403-355-9043  
[navdeep.gill@asc.ca](mailto:navdeep.gill@asc.ca)

Dean Murrison  
Deputy Director, Legal/Registration  
Saskatchewan Financial Services Commission  
Tel: 306-787-5879  
[dean.murrison@gov.sk.ca](mailto:dean.murrison@gov.sk.ca)

Chris Besko  
Legal Counsel, Deputy Director  
The Manitoba Securities Commission  
Tel. (204) 945-2561  
Toll Free (Manitoba only) 1-800-655-5244  
[chris.besko@gov.mb.ca](mailto:chris.besko@gov.mb.ca)

Dirk de Lint  
Senior Legal Counsel  
Registrant Legal Services  
Ontario Securities Commission  
Tel: 416-593-8090  
[ddelint@osc.gov.on.ca](mailto:ddelint@osc.gov.on.ca)

Sophie Jean  
Conseillère en réglementation  
Surintendance de l'assistance à la clientèle et de la distribution  
Autorité des marchés financiers  
Tel: 514-395-0337, ext. 4786  
Toll-free: 1 877 525-0337  
[sophie.jean@lautorite.qc.ca](mailto:sophie.jean@lautorite.qc.ca)

Brian W. Murphy  
Deputy Director, Capital Markets  
Nova Scotia Securities Commission  
Tel: 902-424-4592  
[murphybw@gov.ns.ca](mailto:murphybw@gov.ns.ca)

Susan Powell  
Senior Legal Counsel  
New Brunswick Securities Commission  
Tel: (506) 643-7697  
[Susan.powell@gnb.ca](mailto:Susan.powell@gnb.ca)

Katharine Tummon  
Superintendent of Securities  
Prince Edward Island Securities Office  
Tel: 902-368-4542  
[kptummon@gov.pe.ca](mailto:kptummon@gov.pe.ca)

Craig Whalen  
Manager of Licensing, Registration and Compliance  
Financial Services Regulation Division  
Securities Commission of Newfoundland and Labrador  
Tel: 709-729-5661  
[cwhalen@gov.nl.ca](mailto:cwhalen@gov.nl.ca)

Louis Arki, Director, Legal Registries  
Department of Justice, Government of Nunavut  
Tel: (867) 975-6587  
[larki@gov.nu.ca](mailto:larki@gov.nu.ca)

Donn MacDougall  
Deputy Superintendent, Legal & Enforcement  
Office of the Superintendent of Securities  
Government of the Northwest Territories  
PO Box 1320  
Yellowknife, NT X1A 2L9  
Tel: (867) 920-8984  
[donald.macdougall@gov.nt.ca](mailto:donald.macdougall@gov.nt.ca)

Frederik J. Pretorius  
Manager Corporate Affairs (C-6)  
Dept of Community Services  
Government of Yukon  
Tel: (867) 667-5225  
[Fred.Pretorius@gov.yk.ca](mailto:Fred.Pretorius@gov.yk.ca)

**February 26, 2010**

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## NOTICE OF AND REQUEST FOR COMMENT ON PROPOSED AMENDMENTS TO OSC RULE 33-506 (*COMMODITY FUTURES ACT*) REGISTRATION INFORMATION

### Introduction

The Ontario Securities Commission (the **Commission** or **OSC**) is publishing for comment amendments to OSC Rule 33-506 (*Commodity Futures Act*) *Registration Information* (**OSC Rule 33-506**). The comment period will end on September 30, 2010.

### Substance and purpose of proposed amendments

We are proposing the changes to ensure the forms used under OSC Rule 33-506 match those used under National Instrument 33-109 *Registration Information*, which are also being proposed for amendment at this time. Ensuring that the forms used under these two rules match facilitates a more streamlined registration process.

#### *Definition of permitted individuals*

We propose an amendment to the definition of permitted individual in section 1.1 of OSC Rule 33-506, by removing the word “and” between paragraphs (a) and (b), since a permitted individual who has beneficial ownership of, or direct or indirect control or direction over, 10 percent or more of the voting securities of a firm can also be a director, chief executive officer, chief financial officer, or chief operating officer of a firm, or someone who performs the functional equivalent of any of those positions.

#### *Voluntary resignation*

We propose to add the words “resigned voluntarily” in section 2.3(2)(b) to correlate with Form 33-506F7 *Reinstatement of Registered Individuals and Permitted Individuals*.

#### *Amendments to certain forms*

We propose to amend question b) in new Schedule N to Form 33-506F4 *Registration of Individuals and Review of Permitted Individuals* as well as question b) in Schedule E of Form 33-506F7 *Reinstatement of Registered Individuals and Permitted Individuals* by replacing *market* value with *fair* value, in view of the upcoming changeover to IFRS.

We also propose certain technical changes to the following forms to add clarity:

- Form 33-506F1 *Notice of Termination of Registered Individuals and Permitted Individuals*
- Form 33-506F2 *Change or Surrender of Individual Categories*
- Form 33-506F4 *Registration of Individuals and Review of Permitted Individuals*
- Form 33-506F6 *Firm Registration*, and
- Form 33-506F7 *Reinstatement of Registered Individuals and Permitted Individuals*

### Authority for proposed amendments

The amendments are made under the authority of paragraphs 1, 7 and 22 of subsection 65(1) of the *Commodity Futures Act*.

### Unpublished materials

In proposing the amendments, the Commission has not relied on any significant unpublished study, report, or other written materials.

### Alternatives considered

The Commission did not consider any alternatives to the proposed changes.

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**Anticipated costs and benefits**

We anticipate that the proposed changes will add clarity to the application process and create efficiencies in the registration regime. We do not expect that the changes will add costs to registrants.

**Comments**

Interested parties are invited to make written submissions about these proposed changes. Submissions received by September 30, 2010 will be considered. If you are not sending your submissions by e-mail, please include a diskette or CD containing your submission (in Windows format, Word). Please send them to:

c/o John Stevenson  
Secretary to the Commission  
Ontario Securities Commission  
20 Queen Street West, Suite 1903, Box 55  
Toronto, Ontario  
M5H 3S8  
Fax: (416) 593-2318  
e-mail: [jstevenson@osc.gov.on.ca](mailto:jstevenson@osc.gov.on.ca)

We cannot keep submissions confidential because securities legislation in certain jurisdictions requires that a summary of the written submissions received during the comment period be published.

**Questions**

Please refer your questions to:

Dirk de Lint  
Senior Legal Counsel  
Compliance and Registrant Regulation  
Ontario Securities Commission  
Tel: 416-593-8090  
[ddelint@osc.gov.on.ca](mailto:ddelint@osc.gov.on.ca)

Christopher Jepson  
Senior Legal Counsel  
Compliance and Registrant Regulation  
Ontario Securities Commission  
Tel: 416-593-2379  
[cjepson@osc.gov.on.ca](mailto:cjepson@osc.gov.on.ca)

The text of the proposed amendments follow.

**June 25, 2010**

**AMENDMENTS TO  
ONTARIO SECURITIES COMMISSION RULE 33-506  
REGISTRATION INFORMATION**

1. **Ontario Securities Commission Rule 33-506 (Commodity Futures Act) Registration Information is amended by this Instrument.**
2. **The definition of “NI 31-103” in section 1.1 is amended by replacing “Registration Requirements and Exemptions” with “Registration Requirements, Exemptions and Ongoing Registrant Obligations”.**
3. **Paragraph (a) in the definition of “permitted individual” in section 1.1 is amended by replacing “and” with “or”.**
4. **Part 1 is amended by adding the following after section 1.2:**
  - 1.3 **Use IFRS to determine a security’s fair value**

In this Rule, where a person or company is required to determine the fair value of a security, the fair value must be determined in accordance with International Financial Reporting Standards.
5. **Paragraph 2.3 (2)(b) is amended by adding “resigned voluntarily,” after “resign,”.**
6. **Subsection 4.1 (5) is amended by adding the following after paragraph (b):**
  - (c) the removal or the addition of a category of registration.
7. **Section 4.3 is amended**
  - (a) **in paragraph (1)(b) by replacing “or retirement of the individual or the completion or expiry of an employment or agency contract” with “of the individual”, and**
  - (b) **by replacing “person or company” wherever it occurs with “registered firm”.**
8. **Form 33-506F1 is amended**
  - (a) **in the general instructions under “Terms” by replacing “,” with “.”,**
  - (b) **in the general instructions under “When to submit the form” by replacing “five business days” with “seven days”,**
  - (c) **in the general instructions under “When to submit the form” by replacing “termination date” with “effective date of the termination”,**
  - (d) **in Item 5 by replacing the instructions above “[For NRD Format only:]” with the following:**

Complete Item 5 except where the individual is deceased. In the space below:

    - state the reason(s) for the cessation / termination and
    - provide details if the answer to any of the following questions is “Yes”.
  - (e) **in Item 5 under “[For NRD Format only:]” by replacing “completed temporary employment contract, retired or” with “individual is”, and**
  - (f) **by repealing Item 6.**
9. **Schedule A to Form 33-506F1 is repealed.**
10. **Form 33-506F2 is amended**
  - (a) **by replacing Item 2 with the following:**

**Item 2 Registration jurisdictions**

Are you filing this form under the passport system / interface for registration?

Choose "no" if you are registered in:

- (a) only one jurisdiction in Canada
- (b) more than one jurisdiction in Canada and you are requesting a surrender in a non-principal jurisdiction or jurisdictions, but not in your principal jurisdiction.
- (c) more than one jurisdiction in Canada and you are requesting a change only in your principal jurisdiction

**(b) by replacing Item 4 with the following:**

**Item 4 Adding categories**

Categories

What categories are you seeking to add?

\_\_\_\_\_

Professional liability insurance (Québec mutual fund dealers and Québec scholarship plan dealers)

If you are seeking registration as a representative of a mutual fund dealer or of a scholarship plan dealer in Québec, are you covered by your sponsoring firm's professional liability insurance?

Yes  No

If "No", state:

The name of your insurer \_\_\_\_\_

Your policy number \_\_\_\_\_

**Relevant securities experience**

If you have not been registered in the last 36 months and you passed the required examination more than 36 months ago, do you consider that you have gained 12 months of relevant securities industry experience during the 36 month period?

Yes  No  N/A

If you are an individual applying for IIROC approval, select "Not Applicable" above.

If "yes", complete Schedule A.

**11. Schedule A to Form 33-506F2 is replaced with the following:**

**SCHEDULE A  
Relevant securities experience (Item 4)**

Describe your level of responsibility in areas relating to the category you are applying for:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

What is the percentage of your time devoted to these activities?

\_\_\_\_\_ %

Indicate the continuing education activities which you have participated in and which are relevant to the category of registration you are applying for:

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**12. The following is added after Schedule A to Form 33-506F2:**

**Schedule B  
Contact information for  
Notice of collection and use of personal information**

**Alberta**

Alberta Securities Commission,  
4th Floor, 300 - 5th Avenue SW  
Calgary, AB T2P 3C4  
Attention: Information Officer  
Telephone: (403) 355-4151

**British Columbia**

British Columbia Securities Commission  
P.O. Box 10142, Pacific Centre  
701 West Georgia Street  
Vancouver, BC V7Y 1L2  
Attention: Freedom of Information Officer  
Telephone: (604) 899-6500 or (800) 373-6393 (in BC)

**Manitoba**

The Manitoba Securities Commission  
500 - 400 St. Mary Avenue  
Winnipeg, MB R3C 4K5  
Attention: Director of Registrations  
Telephone (204) 945-2548  
Fax (204) 945-0330

**New Brunswick**

New Brunswick Securities Commission  
Suite 300, 85 Charlotte Street  
Saint John, NB E2L 2J2  
Attention: Director, Regulatory Affairs  
Telephone: (506) 658-3060

**Newfoundland and Labrador**

Securities NL  
Financial Services Regulation Division  
Department of Government Services  
P.O. Box 8700, 2nd Floor, West Block  
Confederation Building  
St. John's, NL A1B 4J6  
Attention: Manager of Registrations  
Tel: (709) 729-5661

**Nunavut**

Legal Registries Division  
Department of Justice  
Government of Nunavut  
P.O. Box 1000 Station 570  
Iqaluit, NU X0A 0H0  
Attention: Deputy Registrar of Securities  
Telephone: (867) 975-6590

**Ontario**

Ontario Securities Commission  
Suite 1903, Box 55  
20 Queen Street West  
Toronto, ON M5H 3S8  
Attention: FOI Coordinator  
Telephone: (416) 593-8314

**Prince Edward Island**

Securities Registry  
Office of the Attorney General B  
Consumer, Corporate and  
Insurance Services Division  
P.O. Box 2000  
Charlottetown, PE C1A 7N8  
Attention: Deputy Registrar of Securities  
Telephone: (902) 368-6288

**Québec**

Autorité des marchés financiers  
800, square Victoria, 22e étage  
C.P. 246, tour de la Bourse  
Montréal (Québec) H4Z 1G3  
Attention: Responsable de l'accès à  
l'information  
Telephone: (514) 395-0337 or (877) 525-  
0337 (in Québec)

**Nova Scotia**

Nova Scotia Securities Commission  
 2nd Floor, Joseph Howe Building  
 1690 Hollis Street  
 P.O. Box 458  
 Halifax, NS B3J 2P8  
 Attention: Deputy Director, Capital Markets  
 Telephone: (902) 424-7768

**Northwest Territories**

Government of the Northwest Territories  
 P.O. Box 1320  
 Yellowknife, NWT X1A 2L9  
 Attention: Deputy Superintendent of Securities  
 Telephone: (867) 920-8984

**Saskatchewan**

Saskatchewan Financial Services  
 Commission  
 Suite 601, 1919 Saskatchewan Drive  
 Regina, SK S4P 4H2  
 Attention: Director  
 Telephone: (306) 787-5842

**Yukon**

Yukon Securities Office  
 Department of Community Services  
 P.O. Box 2703 C-6  
 Whitehorse, YT Y1A 2C6  
 Attention: Superintendent of Securities  
 Telephone: (867) 667-5225

**Self-regulatory organization**

Investment Industry Regulatory  
 Organization of Canada  
 121 King Street West, Suite 1600  
 Toronto, Ontario M5H 3T9  
 Attention: Privacy Officer  
 Telephone: (416) 364-6133  
 E-mail: PrivacyOfficer@iroc.ca

**13. Form 33-506F4 is amended**

- (a) *in the definition of “Approved person” under “Terms” by replacing “member of the IIROC (Member)” with “member (Member) of the Investment Industry Regulatory Organization of Canada (IIROC)”*,
- (b) *in section 2 of Item 8 by adding the following after “Advocis (formerly CAIFA):”*:  
 \_\_\_\_\_

RESP Dealers Association of Canada: \_\_\_\_\_

Other: \_\_\_\_\_

- (c) *in Item 8 by adding the following after section 3:*

**Relevant securities experience**

If you are an individual applying for IIROC approval, select “Not Applicable below”.

If you have not been registered in the last 36 months and you passed the required examination more than 36 months ago, do you consider that you have gained 12 months of relevant securities industry experience during the 36 month period?

Yes  No  N/A

If “yes”, complete Schedule F.

- (d) *in Item 14 by replacing “Immigration Act” with “Immigration and Refugee Protection Act”, and*
- (e) *in Item 14 by replacing “Young Offenders Act” wherever it occurs with “former Young Offenders Act”.*

**14. Item 1.3 of Schedule A to Form 33-506F4 is amended by adding the following after “No ”:**

N/A

15. **Schedule C to Form 33-506F4 is amended by replacing “Investment Industry Regulatory Organisation of Canada” with “IIROC”.**

16. **Schedule F to Form 33-506F4 is amended**

(a) **in the heading by replacing “Item 8.3” with “Items 8.3 and 8.4”, and**

(b) **by adding the following after Item 8.3:**

**Item 8.4 Relevant securities experience**

Describe your level of responsibility in areas relating to the category applied for:

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

What is the percentage of your time devoted to these activities?

\_\_\_\_\_ %

Indicate the continuing education activities which you have participated in and which are relevant to the category of registration you are applying for:

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

17. **Schedule G to Form 33-506F4 is amended by replacing section 5 with the following:**

**Conflicts of interest**

If you have more than one employer or are engaged in business related activities:

Disclose any potential for confusion by clients and any potential for conflicts of interest arising from your multiple employment or business related activities or proposed business related activities.

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

B. Indicate whether or not any of your employers or organizations where you engage in business related activities are listed on an exchange.

\_\_\_\_\_

C. Confirm whether the firm has procedures for minimizing potential conflicts of interest and if so, confirm that you are aware of these procedures.

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

D. State the name of the person at your sponsoring firm who has reviewed and approved your multiple employment or business related activities or proposed business related activities

\_\_\_\_\_

E. If you do not perceive any conflicts of interest arising from this employment, explain why.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

18. Paragraph (b) of Schedule N to Form 33-506F4 is amended by replacing “market value” with “fair value”.

19. The instructions to Form 33-506F6 are amended

- (a) in the definition for “NI 31-103” by replacing “Registration Requirements and Exemptions” with “Registration Requirements, Exemptions and Ongoing Registrant Obligations”,
- (b) under “Contents of the form” by replacing “Alberta and Manitoba” with “Alberta, Manitoba, and New Brunswick”, and
- (c) under “How to complete and submit the form” by deleting “and fees” after “all supporting documents”.

20. Part 1 of Form 33-506F6 is amended

- (a) in section 1.3 by replacing “Questions 1.1, 1.2, 1.4, 1.5, 2.4, and Part 9” with “Questions 1.1, 1.2, 1.4, 1.5, 2.4, 3.9, 5.4, 5.6\*, and Part 9”,
- (b) in section 1.3 by replacing “Questions 1.1, 1.2, 1.4, 1.5, 5.1, 5.4, 5.5, 5.6, 5.7, 5.8, Part 6 and Part 9” with “Questions 1.1, 1.2, 1.4, 1.5, 3.1, 5.1, 5.4, 5.5, 5.6, 5.7, 5.8, Part 6 and Part 9”,
- (c) in section 1.3 by adding the following after “Part 6 and Part 9”:  
  
If the firm is adding Québec as a jurisdiction for registration in the category of mutual fund dealer or scholarship plan dealer, complete question 5.6.
- (e) in the table in section 1.4 under “Jurisdiction” by replacing “NT” with “NS”,
- (f) in the table in section 1.4 under “Jurisdiction” by replacing “NS” with “NT”,
- (g) in the table in section 1.5 under “Jurisdiction(s) where the firm has applied for the exemption” by replacing “NT” with “NS”, and
- (h) in the table in section 1.5 under “Jurisdiction(s) where the firm has applied for the exemption” by replacing “NS” with “NT”.

21. Part 2 of Form 33-506F6 is amended

- (a) in the table in paragraph 2.2 (b) by replacing “NT” with “NS”,
- (b) in the table in paragraph 2.2 (b) by replacing “NS” with “NT”, and
- (c) by replacing

Title

wherever it occurs with the following:

Officer title
Telephone number
E-mail address

22. **Section 3.3 in Part 3 of Form 33-506F6 is amended by replacing “Alberta or Manitoba” with “Alberta, Manitoba, or New Brunswick”.**

23. **Part 5 of Form 33-506F6 is amended**

(a) **by replacing section 5.1 with the following:**

**5.1 Calculation of excess working capital**

Attach the firm’s calculation of excess working capital.

- Investment dealers must use the capital calculation form required by the Investment Industry Regulatory Organization of Canada (IIROC).
- Mutual fund dealers must use the capital calculation form required by the Mutual Fund Dealers Association of Canada (MFDA), except for mutual fund dealers registered in Québec only
- Firms that are not members of either IIROC or the MFDA must use Form 31-103F1 *Calculation of Excess Working Capital*. See Schedule C.

(b) **in section 5.4 by replacing “NT” with “NS”,**

(c) **in section 5.4 by replacing “NS” with “NT”,**

(d) **in section 5.5 by adding the following after “Annual aggregate coverage (\$)”:**

Total coverage (\$)	
---------------------	--

(e) **in section 5.5 by replacing “Renewal date” with “Expiry date”,**

(f) **in section 5.6 by adding the following after “Annual aggregate coverage (\$)”:**

Total coverage (\$)	
---------------------	--

(g) **in section 5.6 under “Jurisdictions covered:” by replacing “NT” with “NS”, and**

(h) **in section 5.6 under “Jurisdictions covered:” by replacing “NS” with “NT”.**

24. **Schedule C to Form 33-506F6 is amended by replacing “market value” wherever it occurs with “fair value”.**

25. **The notes in Schedule C to Form 33-506F6 are amended by adding the following after “basis.”:**

**Line 5. Related-party debt** – Refer to the CICA Handbook for the definition of “related party” for publicly accountable enterprises..

26. **Schedule 1 of Schedule C to Form 33-506F6 is amended**

(a) **in paragraph (d) by replacing “Where securities” with “Securities”,**

(b) **in paragraph (d) by striking out “, the margin required is”,**

- (c) **after the heading in paragraph (e) by replacing** “On securities (other than bonds and debentures) including rights and warrants listed on any exchange in Canada or the United States” **with the following:**

In this paragraph, “securities” includes rights and warrants and does not include bonds and debentures.”

On securities listed on any exchange in Canada or the United States:

- (d) **by replacing subparagraph (e)(ii) with the following:**

For positions in securities that are constituent securities on a major broadly-based index of one of the following exchanges, 50% of the fair value:

- (a) Australian Stock Exchange Limited
- (b) Bolsa de Valores de Sao Paulo
- (c) Borsa Italiana
- (d) Euronext Amsterdam
- (e) Euronext Brussels
- (f) Euronext Paris S.A.
- (g) Frankfurt Stock Exchange
- (h) London International Financial Futures and Options Exchange
- (i) London Stock Exchange
- (j) New Zealand Exchange Limited
- (k) Swiss Exchange
- (l) The Stock Exchange of Hong Kong Limited
- (m) Tokyo Stock Exchange

**27. Form 33-506F7 is amended**

- (a) **in the general instructions by adding** “the end of” **after** “on or before”,
- (b) **in the general instructions by replacing** “termination” **with** “cessation”,
- (c) **in the general instructions by deleting** “dismissed, or was”,
- (d) **in the general instructions by adding** “resigned voluntarily or was dismissed,” **after** “resign,”,
- (e) **in the definition for “you”, “your” and “individual” under “Terms” by adding** “or their status as a permitted individual” **after** “registration”,
- (f) **in section 5 of Item 5 by deleting** “Date on which you will become authorized to act on behalf of the new sponsoring firm as a registered individual or permitted individual \_\_\_\_\_ YYYY/MM/DD)”, **and**
- (g) **in paragraph 2 (b) of Item 9 by adding** “or resigned voluntarily” **after** “resign”.

**28. Schedule B to Form 33-506F7 is amended by replacing** “Investment Industry Regulatory Organization of Canada” **with** “IIROC”.

**29. Section 5 of Schedule D to Form 33-506F7 is replaced with the following:**

**Conflict of Interest**

If you have more than one employer or are engaged in business related activities:

A. Disclose any potential for confusion by clients and any potential for conflicts of interest arising from your multiple employment or business related activities or proposed business related activities.

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B. Indicate whether or not any of your employers or organizations where you engage in business related activities are listed on an exchange.

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C. Confirm whether the firm has procedures for minimizing potential conflicts of interest and if so, confirm that you are aware of these procedures.

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D. If you do not perceive any conflicts of interest arising from this employment, explain why.

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30. **Paragraph (b) of Schedule E for Form 33-506F7 is amended by replacing “market value” with “fair value”.**

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