
NOTICE OF AMENDMENTS TO
NATIONAL INSTRUMENT 31-103
REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS,
COMPANION POLICY 31-103CP REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT
OBLIGATIONS,
NATIONAL INSTRUMENT 33-109 REGISTRATION INFORMATION,
and
COMPANION POLICY 33-109CP REGISTRATION INFORMATION

July 27, 2017

Introduction

We, the Canadian Securities Administrators (CSA), are adopting amendments (the Amendments) to the current regulatory framework for dealers, advisers and investment fund managers.

The instruments affected by the Amendments are as follows:

- National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103 or the Rule), including Form 31-103F1 *Calculation of Excess Working Capital* (Form 31-103F1),
- Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (31-103CP or the Companion Policy),
- National Instrument 33-109 *Registration Information* (NI 33-109) including its forms, and
- Companion Policy 33-109CP *Registration Information* (33-109CP).

We refer to NI 31-103, 31-103CP, NI 33-109, and 33-109CP as the “Instrument”.

The Amendments have been, or are expected to be, adopted by each member of the CSA. In some jurisdictions, ministerial approvals are required for the implementation of the Amendments. If all necessary ministerial approvals are obtained, the Amendments, other than the Custody Amendments described below, come into force on December 4, 2017. The Custody Amendments come into force six months later, on June 4, 2018. Further detail can be found in Annex D of this Notice.

Substance and purpose

The Amendments range from technical adjustments to more substantive matters. We have organized the Amendments into four tranches, specifically “Custody Amendments”, “Exempt Market Dealer Amendments”, “Client Relationship Model Phase 2 Amendments” and “Housekeeping Amendments”. The purpose of the Amendments is to promote stronger investor protection, to clarify certain regulatory requirements and to enhance certain market efficiencies.

The Amendments:

- enhance custody requirements applicable to registered firms that are not members of the Investment Industry Regulatory Organization of Canada (IIROC) or the Mutual Fund Dealers Association of Canada (MFDA) (collectively, Non-SRO Firms). IIROC member firms and MFDA member firms will comply with the custodial regimes of IIROC or the MFDA. The Custody Amendments:
 - address potential intermediary risks when Non-SRO Firms are involved in the custody of client assets,
 - enhance the protection of client assets, and
 - codify existing custodial best practices of Non-SRO Firms,
- clarify the activities that may be conducted under the exempt market dealer (EMD) category of registration in respect of trades in prospectus-qualified securities,
- make permanent certain temporary relief granted by the CSA in May 2015 relating to the requirements for client reporting (the CRM2 Requirements) and also add guidance to 31-103CP regarding the CRM2 Requirements, and

- incorporate other changes to the Instrument of a minor housekeeping nature.

Background

We published proposed amendments for comment on July 7, 2016 (the July 2016 Proposal). We made changes to certain of the amendments proposed in the July 2016 Proposal, several of which are described in our responses to the comments. We also made other changes to the Instrument. As these changes are not material, we are not publishing the Amendments for another comment period.

You can find a description of the key changes we made to the Instrument in Annex A of this Notice.

Future proposals to revise the Custody Amendments (including the terminology and the exemptions) may follow as a consequence of the CSA's ongoing policy work in respect of both the modernization of investment fund product regulation under National Instrument 81-102 *Investment Funds* (NI 81-102) and derivatives.

Summary of written comments received by the CSA

We received 21 comment letters on the July 2016 Proposal, and we thank everyone who submitted comments. A summary of the comments, together with our responses, is in Annex B and the names of the commenters are in Annex C of this Notice.

Copies of the comment letters were posted on the following websites:

www.osc.gov.on.ca
www.lautorite.qc.ca

Local matters

In conjunction with the amendments to NI 33-109, the Ontario Securities Commission is making consequential amendments to Ontario Securities Commission Rule 33-506 (*Commodity Futures Act*) *Registration Information* (OSC Rule 33-506). The Ontario Securities Commission is publishing a local notice on these consequential amendments.

In conjunction with the amendments to NI 31-103, the Autorité des marchés financiers is making consequential amendments to its Derivatives Regulation and is publishing a local notice on these consequential amendments.

The Autorité des marchés financiers is also publishing a local staff notice to further explain the amendments made to subsection 9.4(4) and section 12.12 of NI 31-103, as they relate to mutual fund dealers registered only in Québec. This local notice provides guidance in connection with the financial reporting of these dealers.

List of annexes

This Notice contains the following annexes:

- Annex A – Summary of changes to the Instrument relative to existing law and policy
- Annex B – Summary of comments on the July 2016 Proposal and responses
- Annex C – List of commenters
- Annex D – Adoption of the Instrument
- Annex E – Amendments to NI 31-103
- Annex E1 – Blackline showing changes to NI 31-103
- Annex E2 – Changes to 31-103CP
- Annex F – Amendments to NI 33-109
- Annex F1 – Blackline showing changes to NI 33-109
- Annex F2 – Changes to 33-109CP

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Annex A

Summary of changes to the Instrument relative to existing law and policy

This annex summarizes the key changes being made to the Instrument. We reference the sections of NI 31-103 except where otherwise indicated. This annex contains the following sections:

1. Custody Amendments
2. Exempt Market Dealer Amendments
3. Client Relationship Model Phase 2 Amendments
4. Housekeeping Amendments

If all necessary ministerial approvals are obtained, the Amendments, other than the Custody Amendments, come into force on December 4, 2017. The Custody Amendments come into force six months later, on June 4, 2018.

1. CUSTODY AMENDMENTS

Amendments to NI 31-103 and 31-103CP

Part 1 Interpretation

Section 1.1 [definitions of terms used throughout this Instrument]

We added definitions for the following terms in section 1.1:

- Canadian custodian
- foreign custodian
- qualified custodian

Part 9 Membership in a self-regulatory organization

In order to exclude IIROC member firms and MFDA member firms from the Custody Amendments, on the condition that they comply with the corresponding IIROC and MFDA custodial regimes, we amended sections 9.3 [*exemptions from certain requirements for IIROC members*] and 9.4 [*exemptions from certain requirements for MFDA members*]. Appendices G and H were also amended to include any additional IIROC and MFDA provisions, as necessary.

Certain paragraphs in sections 9.3 and 9.4 were repealed as a result of sections 14.8 [*securities subject to a safekeeping agreement*] and 14.9 [*securities not subject to a safekeeping agreement*] being repealed as part of the Custody Amendments.

Part 14 Handling client accounts - firms

Section 14.1 [application of this Part to investment fund managers]

We amended section 14.1 to clarify that the Custody Amendments also apply to investment fund managers. We also clarified the guidance in 31-103CP.

Section 14.2 [relationship disclosure information]

We added paragraph 14.2(2)(a.1) to require registered firms that hold client assets or “direct or arrange” custodial arrangements for clients to confirm where and how the client’s assets are held, and any related risks and benefits. We also added paragraph 14.2(2)(a.2) to require registered firms with access to client assets to disclose to clients where and how client assets are held and accessed, including any related risks and benefits. We added guidance to 31-103CP to outline our expectations in respect of this disclosure.

Section 14.5.1 [definition of “securities” in Alberta, British Columbia, New Brunswick, Nova Scotia and Saskatchewan]

We added section 14.5.1 to clarify that, in respect of certain local securities legislation, the use of the term “securities” in Division 3 excludes “exchange contracts” in Alberta, British Columbia, New Brunswick, Nova Scotia and Saskatchewan.

Section 14.5.2 [restriction on self-custody and qualified custodian requirement]

We added a new section 14.5.2.

With some exceptions, subsection 14.5.2(1) prohibits a registered firm from acting as a custodian or sub-custodian for cash and securities of its clients or the investment funds it manages (i.e., self-custody), and subsection 14.5.2(5) prohibits the use of any custodian (Canadian or foreign) that is not functionally independent of the registered firm. Subsection 14.5.2(2) requires a “Canadian custodian” to hold the cash and securities of a client or an investment fund where a registered firm (a) directs or arranges which custodian will hold the cash or securities, or (b) holds or has access to the cash or securities. However:

- subsection 14.5.2(3) permits a “foreign custodian” to hold the cash and securities of a client or investment fund, but only when it is more beneficial to that client or investment fund to use the “foreign custodian” instead of a “Canadian custodian”, and
- to retain current practices in respect of cash, subsections 14.5.2(4) and (6) permit a Canadian financial institution that is functionally independent of the registered firm to act as a custodian for the cash of a registered firm’s client or investment fund.

We made amendments to the July 2016 Proposal to clarify subsections 14.5.2(2) and 14.5.2(3). Specifically, subsection 14.5.2(2) makes clear that it is permissible for a client or an investment fund subject to the Custody Amendments to use multiple custodians, provided that the registered firm complies with the requirements in the Custody Amendments. Subsection 14.5.2(3) clarifies that the elements of the definition of “foreign custodian” are among the relevant factors that a registered firm must consider when assessing whether the “foreign custodian” is more beneficial to a client or investment fund than a “Canadian custodian”. We also added guidance to 31-103CP regarding the use of a “foreign custodian”. We included a number of factors that we expect registered firms to consider when choosing to use a “foreign custodian”.

We added guidance to 31-103CP (under the title “14.5.2 [restriction on self-custody and qualified custodian requirement]”) to outline our expectations in respect of the new custody requirements. We also clarified that certain investment instruments may be both securities and derivatives, and that the Custody Amendments apply to those instruments (subject to certain exclusions outlined in the Custody Amendments).

We also added guidance to 31-103CP (under the title “14.5.2 [prohibition on self-custody and the use of a custodian that is not functionally independent]”) to describe our expectations for a “system of controls and supervision that a reasonable person would conclude is sufficient to manage the risks to the client or investment fund” associated with custody, in the limited situations where registered firms are either permitted to self-custody or use a custodian that is not functionally independent of the registered firm. In addition, we included guidance for registered firms not subject to the Custody Amendments regarding our expectations.

New paragraphs 14.5.2(7)(a) to (f) set out exemptions from the new custodial requirements for the following:

- investment funds subject to NI 81-102 or National Instrument 41-101 *General Prospectus Requirements* (NI 41-101),
- a security that is recorded on the books of the security’s issuer, or the issuer’s transfer agent, only in the name of the client or investment fund,
- cash or securities of a permitted client that is not an individual or an investment fund, where that permitted client has acknowledged, in writing, that the custodial requirements that would otherwise apply to the registered firm do not apply,
- customer collateral subject to the custodial requirements under National Instrument 94-102 *Derivatives: Customer Clearing and Protection of Customer Collateral and Positions*, and
- mortgages under certain conditions.

We added guidance to 31-103CP to clarify our expectations and rationale in respect of certain of these exemptions.

We also added guidance to 31-103CP (under the title “14.5.2 [general prudent custodial practices]”) to describe general prudent custodial practices when the Custody Amendments do not apply. We also provided our expectations regarding reconciliation with custodians’ records, and client review of custodial statements.

Finally, we also added guidance to 31-103CP under the title “14.5.2 [custodial arrangements]” regarding investment fund managers’ obligations in the selection, and ongoing monitoring, of the custodian for the investment funds that they manage. We also included guidance that dealers and advisers with influence over a client’s selection of a custodian should conduct due diligence similar to that expected of an investment fund manager.

Section 14.5.3 [cash and securities held by a qualified custodian]

We added new section 14.5.3 which sets out requirements regarding how cash and securities of clients and investment funds should be held by a qualified custodian. Registered firms are required to take reasonable steps to ensure that the cash and securities are held as outlined.

We added guidance to 31-103CP (under the title "14.5.3 [cash and securities held by a qualified custodian]") to explain how the requirements in subsection 14.5.3(a) can be satisfied. We also clarified that a qualified custodian may deposit securities with a depository or clearing agency that operates a book-based system.

Section 14.6 [client and investment fund assets held by a registered firm in trust]

We amended section 14.6 so that it applies in situations where the new custody requirements under sections 14.5.2 and 14.5.3 do not apply or where a registered firm is self-custodying as permitted by section 14.5.2. Specifically, amended section 14.6 maintains the minimum client and investment fund asset protection standards of segregation and holding client and investment fund assets in trust for the client or investment fund. Consistent with new section 14.5.2, new subsection 14.6(2) allows for the use of a foreign custodian for cash only when it is more beneficial to the client or investment fund to use that foreign custodian as opposed to a Canadian custodian. We amended subsection 14.6(2) to conform to the amendment we made in subsection 14.5.2(3).

We amended 31-103CP to reflect the changes to section 14.6. We also added guidance for investment fund managers that handle cash-in-transit for investment in, or on the redemption of, the securities of their investment fund. In addition, we provided guidance for outsourcing the function of handling cash-in-transit to a service provider.

Section 14.6.1 [custodial provisions relating to certain margin or security interests] and section 14.6.2 [custodial provisions relating to short sales]

We added new sections 14.6.1 and 14.6.2 which were not part of the July 2016 Proposal. These sections set out acceptable custodial practices for certain margin and security interests, and for short sales, respectively. These amendments reflect our policy intent to codify existing custodial best practices of registered firms. The permissible activities in these sections are similar to the custodial practices for prospectus-qualified funds permitted under NI 81-102 and NI 41-101. We added guidance to 31-103CP to outline our expectations for a registered firm's assessment of a foreign dealer that would hold cash and securities for clients or investment funds as permitted by these sections.

We also added guidance to section 14.6.1 of 31-103CP to confirm certain acceptable custodial practices relating to securities lending, repurchase and reverse repurchase agreements, similar to the permitted practices under NI 81-102 and NI 41-101.

Section 14.7 [holding client assets – non-resident registrants], Section 14.8 [securities subject to a safekeeping agreement] and Section 14.9 [securities not subject to a safekeeping agreement]

Sections 14.7, 14.8 and 14.9 have been repealed to remove outdated provisions.

Coming into Force of the Custody Amendments

The Amendments, other than the Custody Amendments, come into force on December 4, 2017. The Custody Amendments, including new paragraphs 14.2(a.1) and (a.2), and new or amended sections 14.5.1 through 14.6.2 (see Annex E Amendments to NI 31-103), come into force six months later, on June 4, 2018. This is to allow registered firms to prepare for, and accommodate, the new custody requirements.

2. EXEMPT MARKET DEALER AMENDMENTS

Amendments to NI 31-103 and 31-103CP

Part 7 Categories of registration for firms

Section 7.1 [dealer categories]

We amended subsection 7.1(2) as follows:

- We removed the words "whether or not a prospectus was filed in respect of the distribution" from subparagraph 7.1(2)(d)(i) to clarify that EMDs may not participate in offerings of securities under prospectuses in any capacity, including as underwriters and selling group members; this includes securities underlying special warrants that are qualified by a prospectus.
- We amended subparagraph 7.1(2)(d)(ii) to clarify the activities that EMDs may engage in with respect to the resale of securities.

We deleted the restriction currently found in subsection 7.1(5) that restricts EMDs from trading in securities whose classes are listed, quoted or traded on a marketplace, whether on-exchange or off-exchange, as this restriction is now reflected in amended subparagraph 7.1(2)(d)(ii).

We also revised 31-103CP to clarify matters relating to these changes.

Part 8 Exemptions from the requirement to register

Section 8.6 [investment fund trades by adviser to managed account]

We expanded the exemption from the dealer registration requirement in section 8.6 so that registered advisers may trade in the securities of investment funds (including, as is the case today, those distributed under a prospectus) if the adviser or an affiliate of the adviser advises and manages the investment fund and certain conditions are met.

The amendment to section 8.6 will broaden the exemption from dealer registration for advisers that use affiliated investment funds as an efficient way to invest their clients' money.

We also revised 31-103CP to clarify matters relating to these changes.

3. CLIENT RELATIONSHIP MODEL PHASE 2 AMENDMENTS

Amendments to NI 31-103 and 31-103CP

Part 9 Membership in a self-regulatory organization

We amended sections 9.3 and 9.4 to exempt IIROC members and MFDA members from certain CRM2 Requirements, on the condition that they comply with the corresponding IIROC and MFDA provisions. We also amended Appendices G and H to include the corresponding IIROC and MFDA provisions.

Part 13 Dealing with clients – individuals and firms

Section 13.17 [exemption from certain requirements for registered sub-advisers]

We amended section 13.17 to exempt a registered adviser, who is acting as a sub-adviser to a registered adviser or dealer, from certain client reporting requirements in Part 14. Client reporting responsibilities necessary in a sub-advisory arrangement are customized to the relevant business needs and agreed to contractually.

Part 14 Handling client accounts – firms

Section 14.1.1 [duty to provide information]

We amended section 14.1.1 to clarify the requirement for investment fund managers to provide dealers and advisers with certain information that they need to comply with their client reporting obligations. We also added guidance to 31-103CP setting out our expectations about this requirement.

Section 14.2 [relationship disclosure information]

We added guidance to 31-103CP to clarify our expectations concerning a firm's obligation to provide a general description of the products and services it offers to a client under paragraph 14.2(2)(b), including our expectations on disclosure when a firm primarily invests its clients' money in securities issued by related parties.

Section 14.2.1 [pre-trade disclosure of charges]

We added guidance to 31-103CP to clarify our expectations about a firm's pre-trade disclosure obligations in the case of a frequent trader who can reasonably be expected to understand "standard charges".

Section 14.11.1 [determining market value]

We amended subsection 14.11.1(3) to remove references to section 14.18 and subsection 14.19(1). Instead, subsection 14.19(7) addresses the procedure to follow if market value cannot be determined for the purposes of calculating the information required to be delivered in the investment performance report.

We also corrected the paragraph references in subsection 14.11.1(3) that specify when a firm must exclude the market value of a security from calculations of the total value of cash and securities in an account or statement.

We also added guidance to 31-103CP concerning market valuation for client reporting purposes, including determining:

- market value for a liquid security for which a reliable price is quoted on a market place, and

- that the market value of a security is not determinable.

Section 14.14 [account statements]

We amended paragraph 14.14(4)(d) to clarify that the number of securities purchased, sold or transferred must be disclosed in account statements. We also amended paragraph 14.14(5)(f) to clarify requirements relating to investor protection fund (IPF) disclosure in account statements. We added guidance to section 14.14 of 31-103CP concerning our expectations about consolidated statements and supplementary reporting.

Section 14.14.1 [additional statements]

We amended paragraph 14.14.1(2)(g) to clarify requirements relating to IPF disclosure in additional statements and added a new subsection (2.1) exempting a firm from providing this disclosure where a client's securities are held or controlled by an IIROC or MFDA member. This addition was made to avoid the possibility that a client might receive inaccurate information about the extent of IPF coverage from a firm that is not itself a member of the IPF. We also added guidance to 31-103CP about IPF disclosure.

Section 14.14.2 [security position cost information]

We amended section 14.14.2 to allow a firm to disclose, for a security position that was opened before July 15, 2015, market value as at December 31, 2015, or an earlier date, if that earlier date is reasonable based on certain criteria. This amendment has the same effect as the temporary relief provided in parallel orders issued by CSA members in May 2015 and described in CSA Staff Notice 31-341 *Omnibus/Blanket Orders Exempting Registrants from Certain CRM2 Provisions of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations* (the CRM2 Orders). We also added guidance to 31-103CP on determining and reporting security position cost information.

Section 14.17 [report on charges and other compensation]

We added guidance to 31-103CP to clarify our expectations for the disclosure of a firm's operating charges and payments received from issuers of securities.

Section 14.18 [investment performance report]

We amended subsection 14.18(6) to clarify situations under which a firm is not required to deliver an investment performance report to a client.

Section 14.19 [content of investment performance report]

We amended section 14.19 so that the requirement that investment performance reports must include market value information as at and since July 15, 2015, if the account was opened before that date, may instead be met as follows:

- where the firm reports on a calendar year basis (i.e., its first reports covered the period from January 1 to December 31, 2016), by including market value information as at and since: (a) January 1, 2016 (the firm is not required to provide the information for any earlier period), or (b) a date earlier than January 1, 2016 if that earlier date is reasonable based on certain criteria; and
- where the firm does not report on a calendar year basis (i.e., its first reports cover a 12-month period ending no later than July 14, 2017), by including market value information as at and since: (a) July 15, 2015 (the firm is not required to provide the information for any earlier period), or (b) a date earlier than July 15, 2015 if that earlier date is reasonable based on certain criteria.

We also amended section 14.19 so that the requirement that investment performance reports must include annualized total percentage return information since inception or for the period since July 15, 2015 may instead be met as follows, if the account was opened before July 15, 2015:

- where the firm reports on a calendar year basis, by providing the information for the period since January 1, 2016, or a date earlier than January 1, 2016 if that earlier date is reasonable based on certain criteria; and
- where the firm does not report on a calendar year basis, by providing the information for the period since July 15, 2015, or a date earlier than July 15, 2015 if that earlier date is reasonable based on certain criteria.

These amendments have the same effect as the corresponding temporary relief provided in the CRM2 Orders.

We also added guidance to 31-103CP to clarify our expectations concerning certain of the information required to be included in investment performance reports.

Exempt Market Dealers

We added guidance to 31-103CP on how the client reporting requirements in Part 14 may apply to EMDs that are not also registered as advisers or in another category of dealer.

4. HOUSEKEEPING AMENDMENTS

Amendments to NI 31-103

Section 1.2 [interpretation of “securities” in Alberta, British Columbia, New Brunswick, Nova Scotia and Saskatchewan]

We amended this section to reflect in the official version of NI 31-103 adopted by all CSA jurisdictions, jurisdiction-specific changes that have already been adopted in the corresponding local jurisdictions. These changes are described in more detail in CSA Staff Notice 11-335 *Notice of Local Amendments and Changes in Certain Jurisdictions*, dated April 13, 2017 (CSA Staff Notice 11-335).

Section 3.16 [exemptions from certain requirements for SRO-approved persons]

We amended this section where it refers to a member of IIROC to clarify that the referenced member must also be registered as an investment dealer. Similarly, we amended the section where it refers to a member of the MFDA to clarify that the reference member must also be registered as a mutual fund dealer.

Section 8.2 [definition of “securities” in Alberta, British Columbia, New Brunswick, Nova Scotia and Saskatchewan]

We amended this section to reflect, in the official version of NI 31-103 adopted by all CSA jurisdictions, jurisdiction-specific changes that have already been adopted in the corresponding local jurisdictions. These changes are described in more detail in CSA Staff Notice 11-335.

Section 8.12 [mortgages]

Subsection 8.12 (3) was amended to reflect in the official version of NI 31-103 adopted by all CSA jurisdictions, a New Brunswick-specific change that has already been adopted in New Brunswick. By virtue of this change, the exemption from the dealer registration requirement that is provided for in subsection 8.12(2) does not apply in New Brunswick.

Section 8.18 [international dealer]

We amended the international dealer exemption in section 8.18 in response to comments received by a commenter that identified a technical gap in the existing international dealer exemption. This amendment is also intended to address the concerns identified in CSA Staff Notice 31-346 *Guidance as to the Scope of the International Dealer Exemption in relation to Foreign-Currency Fixed Income Offerings by Canadian Issuers* and to codify routinely granted exemptive relief.

Section 8.20 [exchange contract — Alberta, British Columbia, New Brunswick, Nova Scotia and Saskatchewan]

We amended this section to reflect in the official version of NI 31-103 adopted by all CSA jurisdictions, jurisdiction-specific changes that have already been adopted in the corresponding local jurisdictions. These changes are described in more detail in CSA Staff Notice 11-335.

Section 8.20.1 [exchange contract trades through or to a registered dealer — Alberta, British Columbia, New Brunswick, Nova Scotia and Saskatchewan]

We amended this section to reflect, in the official version of NI 31-103 adopted by all CSA jurisdictions, jurisdiction-specific changes that have already been adopted in the corresponding local jurisdictions. These changes are described in more detail in CSA Staff Notice 11-335.

Section 8.24 [IIROC members with discretionary authority]

We amended this section, where it refers to a member of IIROC, to clarify that the referenced member must also be registered as an “investment dealer”.

Section 8.26 [international adviser]

We amended this section to reflect in the official version of NI 31-103 adopted by all CSA jurisdictions, jurisdiction-specific changes that have already been adopted in the corresponding local jurisdictions. These changes are described in more detail in CSA Staff Notice 11-335.

We also amended subsection 8.26(3) to clarify that the relevant advice to a permitted client must be in relation to a foreign security, and cannot be in relation to securities that are not foreign securities (unless providing that advice is incidental to providing advice on a foreign security).

Section 9.3 [exemptions from certain requirements for IIROC members]

We amended the first line of subsections 9.3(1) and 9.3(2), where it refers to a member of IIROC, to clarify that the referenced member must also be registered as an “investment dealer”.

Section 9.4 [exemption from certain requirements for MFDA Members]

We amended the first line of subsections 9.4(1) and 9.4(2), where it refers to a member of the MFDA, to clarify that the referenced member must also be registered as a mutual fund dealer.

We also amended subsection 9.4(4) to make the requirements in section 12.12 [*delivering financial information – dealer*] apply to mutual fund dealers in Québec despite subsection 9.4(4). Exemptions related to other requirements listed in subsection 9.4(1) will continue to apply to the extent equivalent requirements are applicable to the mutual fund dealer under the regulations in Québec.

Section 10.1 [failure to pay fees]

Paragraph 10.1(1)(a) was amended to reflect in the official version of NI 31-103 adopted by all CSA jurisdictions, an Alberta-specific reference change that has already been adopted in Alberta. The change in reference reflects the replacement of Schedule for Fees in Alta. Reg 115/95 Securities Regulation by ASC Rule 13-501 *Fees*.

Section 12.1 [capital requirements]

We amended the first line of subsection 12.1(5), where it refers to a member of IIROC, to clarify that the referenced member must also be registered as an “investment dealer”.

Section 12.12 [delivering financial information — dealer]

We amended the first line of subsection 12.12(2.1), where it refers to a member of the MFDA, to clarify that the referenced member must also be registered as a “mutual fund dealer”.

We also amended section 12.12 by adding new subsections 12.12 (4) and (5) to allow a mutual fund dealer registered only in Québec, that is not a member of the MFDA and that is not registered in any other category, to provide only one calculation of its regulatory capital. Such a firm may deliver to the securities regulatory authority either the *Appendix I- Monthly Report on Net Free Capital* required by the *Regulation respecting the trust accounts and financial resources of securities firms*, as this Appendix read on September 27, 2009, or the Form 31-103F1 under section 12.12 of NI of 31-103 as at the end of the prescribed period.

Section 12.14 [delivering financial information — investment fund manager]

We amended subsection 12.14(4) where it refers to a member of IIROC to clarify that the referenced member must also be registered as an “investment dealer”.

We amended subsection 12.14(5) where it refers to a member of the MFDA to clarify that the referenced member must also be registered as a “mutual fund dealer”.

Section 14.12 [content and delivery of trade confirmation]

We added a new subsection 14.12(7) to state that, in Newfoundland and Labrador, Ontario and Saskatchewan, a registered dealer that complies with the requirements of section 14.12 in respect of the purchase or sale of a security is not subject to the following corresponding statutory provisions: subsections 37 (1), (2) or (3) of the *Securities Act* (Newfoundland and Labrador); subsection 36(1) of the *Securities Act* (Ontario); and subsection 42(1) of *The Securities Act, 1988* (Saskatchewan).

Section 15.1 [granting an exemption]

We amended subsection 15.1(3) to add a reference to Alberta so that it provides: “Except in Ontario and Alberta, an exemption referred to in subsection (1) is granted under the statute referred to Appendix B of National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction.”

Amendments to Form 31-103F1 Calculation of Excess Working Capital

Line 10

We amended Line 10 to provide, in the case of a mutual fund dealer registered only in Québec and that is not registered in any other category, an alternative deduction of the deductible under the firm’s liability insurance instead of the bonding or insurance required under Part 12 of NI 31-103.

Schedule 1

In subparagraph (a)(i), we replaced the present references to specific rating organizations with a reference to “designated rating organization” (which is defined in section 1.1 of NI 31-103 to have the same meaning as in National Instrument 81-102 *Investment Funds*). This has the effect of including certain additional ratings organizations.

In paragraph (d), we have corrected a previous typographical error in the reference to the *Investment Company Act of 1940* by substituting “Company” for “Companies.”

Amendments to 31-103CP

8.26 International adviser

We deleted the second sentence under this heading as it referred to text contained in a previous iteration of subsection 8.26(2) of NI 31-103.

14.12 Content and delivery of trade confirmations

We added a reference to the new exemption in subsection 14.12(7) that may be available to a registered dealer that complies with the requirements of section 14.12 in respect of the purchase or sale of a security. We also state that, for these purposes, a firm that has an exemption from section 14.12 and complies with the terms of that exemption would be considered to have complied with requirements of section 14.12.

Appendix A

We updated contact information in respect of New Brunswick.

Appendix B

We updated the definitional source references for the term “exchange contract” to reflect the fact that, in the case of Alberta, Saskatchewan, New Brunswick and Nova Scotia, the term “exchange contract” is now defined in National Instrument 14-101 *Definitions* (and not the corresponding Securities Act for each of those jurisdictions).

These changes, which have already been adopted in those local jurisdictions, are described in more detail in CSA Staff Notice 11-335.

Amendments to NI 33-109

Section 2.3 [Reinstatement]

As explained in section 2.5 of 33-109CP, when an individual leaves a sponsoring firm and joins a new registered firm, they may submit a Form 33-109F7 *Reinstatement of Registered Individuals and Permitted Individuals* to have their registration or permitted individual status automatically reinstated in one or more of the same categories and jurisdictions as before, subject to all of the conditions specified in subsection 2.3(2) or 2.5(2) of NI 33-109.

Among the specified conditions is a requirement in subparagraph 2.3(2)(c)(i) of NI 33-109 that, after the individual's cessation date, there have been no changes to the information previously submitted in respect of Item 13 [*Regulatory disclosure*] of the individual's Form 33-109F4 *Registration of Individuals and Review of Permitted Individuals*, other than in respect of Item 13.3(c).

We amended subparagraph 2.3(2)(c)(i) of NI 33-109 so that the exception for changes in the information in respect of Item 13 refers to Item 13.3 (a) and not Item 13.3(c).

Section 7.1 [exemption]

We amended subsection 7.1(3) of NI 33-109 to add a reference to Alberta so that it provides: “Except in Ontario and Alberta, an exemption referred to in subsection (1) is granted under the statute referred to Appendix B of National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction.”

Form 33-109F2 Change or Surrender of Individual Categories

We amended Schedule B *Contact information for Notice of collection and use of personal information* to update contact information for New Brunswick, Nunavut and Prince Edward Island.

Form 33-109F3 Business Locations Other than Head Office

We amended Schedule A *Contact information for Notice of collection and use of personal information* to update information for New Brunswick, Nunavut and Prince Edward Island.

Form 33-109F4 Registration of Individuals and Review of Permitted Individuals

Schedule C Individual Categories (Item 6)

In the check-boxes under the heading “Individual categories and permitted activities”, in the check box for “Permitted Individual”, we added “described in paragraph (c) of the definition of “permitted individual” in section 1.1 of National Instrument 33-109 *Registration Information*.” This change will align with the corresponding part of the Form on NRD.

Schedule O Contact information for Notice of collection and use of personal information

We updated information for New Brunswick, Nunavut and Prince Edward Island.

Form 33-109F5 Change of Registration Information

Schedule A Contact information for Notice of collection and use of personal information

We updated information for New Brunswick, Nunavut and Prince Edward Island.

Form 33-109F6 Firm Registration

Item 4.2 Exemption from securities registration

Firms that are seeking registration under securities legislation, derivatives legislation, or both, are required to complete and submit a Form 33-109F6 *Firm Registration*. Item 4.2 of Form 33-109F6 requires the firm to provide information on exemptions from registration or licensing to trade or advise in securities or derivatives. We amended Item 4.2 to eliminate this information requirement if the firm has already notified the securities regulator or, in Québec, the securities regulatory authority, in accordance with the applicable exemption.

Schedule A Contact information for Notice of collection and use of personal information

We updated information for New Brunswick, Nunavut and Prince Edward Island.

Schedule C Form 31-103F1 Calculation of Excess Working Capital

We amended this Schedule to reflect the amendments to Form 31-103 F1 referred to above.

Form 33-109F7 Reinstatement of Registered Individuals and Permitted Individuals

We amended Form 33-109F7 so that in subparagraph 2.3(2)(c)(i) the exception for changes in the information in respect of Item 13 refers to Item 13.3 (a) and not Item 13.3(c), with corresponding changes in the General Instructions and Item 9.1 of Form 33-109F7.

Schedule B Individual Categories (Item 3)

In the check-boxes under the heading “Individual categories and permitted activities”, in the check box for “Permitted Individual”, we have added “described in paragraph (c) of the definition of “permitted individual” in section 1.1 of National Instrument 33-109 *Registration Information*”.

As in the case of corresponding Schedule C *Individual Categories (Item 6)* in Form 33-109F4, this change will align with the corresponding part of the Form on NRD.

Schedule F Contact information for Notice of collection and use of personal information

We updated information for New Brunswick, Nunavut and Prince Edward Island.

Amendments to 33-109CP

In Appendix B, we updated the contact information for New Brunswick and Nunavut.

Annex B

Summary of comments on the July 2016 Proposal and responses

This annex summarizes the written public comments we received on the July 2016 Proposal and our responses to those comments.

This annex contains the following sections:

1. Introduction
2. Responses to comments received on the Custody Amendments
3. Responses to comments received on the Exempt Market Dealer Amendments
4. Responses to comments received on the Client Relationship Model Phase 2 Amendments
5. Responses to comments received on the Housekeeping Amendments

Please refer to Annex A *Summary of changes to the Instrument* for details of the changes we made in response to comments.

1. INTRODUCTION

Drafting suggestions

We received a number of drafting suggestions and comments. While we incorporated many of these suggestions, this summary does not include a detailed list of all the drafting changes we made.

Categories of comments and single response

In this annex, we consolidated and summarized the comments and our responses by the general theme of the comments. We have included section references for convenience.

2. RESPONSES TO COMMENTS RECEIVED ON THE CUSTODY AMENDMENTS

General

Overall, commenters were supportive of enhancing custody requirements for Non-SRO Firms to strengthen the Canadian client asset protection regime. Two commenters specifically commended the CSA for proposing a tailored solution for our Canadian market on this matter.

One commenter thought that registered firms should not be responsible for monitoring the actions and effectiveness of custodians, beyond ensuring compliance with the Custody Amendments. The commenter suggested that the CSA co-ordinate with other regulators such as the Office of the Superintendent of Financial Institutions to ensure that custodians are regulated and monitored appropriately.

The CSA does not expect registered firms to supervise the actions and effectiveness of custodians beyond their obligations under NI 31-103.

One commenter asked why the CSA feels that there is no adequate protection when firms that hold or have access to client assets are already subject to a higher insurance coverage requirement.

NI 31-103 requires registered firms to maintain certain coverage under a financial institution bond or insurance which insures the registered firm against losses under certain situations. However, the bonding or insurance does not insure the firm's clients or investment funds managed by the firm, and does not protect these clients or funds directly against the loss of assets resulting from inappropriate custodial arrangements.

Custody Amendments are different from the custodial requirements under NI 81-102

Some commenters asked for insight as to why the CSA chose to develop custodial provisions for registered firms that are different from those found under NI 81-102. One commenter believes that custodial provisions for prospectus-qualified investment funds should apply to all investment funds.

NI 81-102 sets out the operating requirements and a specific regulatory regime for prospectus-qualified investment funds, while NI 31-103 sets out the obligations of registered firms. Registered firms have a different level of involvement in their clients' custodial arrangements, depending on their registration category and business activities. The CSA is of the view that it is more appropriate to develop custodial provisions that are tailored to the business models and regulatory framework applicable to

registered firms. Therefore, the CSA examined the NI 81-102 custodial provisions and adapted them accordingly as prospectus-exempt investment funds have historically been subject to a different regulatory regime, including custodial requirements and practices, when compared to prospectus-qualified investment funds. Imposing the same custodial requirements found in NI 81-102 on prospectus-exempt investment funds would, for instance, have limited the ability of these funds to use the range of IIROC member firms they use as custodians today.

The CSA developed the Custody Amendments in order to codify existing custodial best practices applicable to registered firms and enhance investor protection without causing major disruption to these registered firms. We believe that our approach achieves the desired regulatory outcome and provides necessary flexibility to various existing business models and regulatory frameworks.

Definition of “foreign custodian”

Two commenters suggested that we broaden the definition of “foreign custodian” to include the foreign equivalent of a Canadian investment dealer because certain client or fund assets are currently custodied at foreign dealers that do not meet the definition of “foreign custodian”. One commenter also suggested that we lower the minimum equity threshold requirement for affiliates of a foreign banking institution or trust company under paragraph (b) of the definition of “foreign custodian” from \$100 million to \$10 million, similar to the condition specified under paragraph (b) of the definition of “Canadian custodian”.

In respect of the current custodial practices of our registered firms, we understand that only a small number of clients or investment funds are currently using a foreign dealer to hold their assets, and these foreign dealers are primarily large and reputable dealers that are affiliated with a large foreign or Canadian financial institution. We expect that these foreign dealers will meet the definition of “foreign custodian”, and do not foresee a significant impact to the existing custodial arrangements of our registered firms’ clients or investment funds.

Limitation on the use of a “foreign custodian”

The Custody Amendments only allow for the use of a “foreign custodian” where a reasonable person would conclude that using the “foreign custodian” is more beneficial to the client or investment fund than using a “Canadian custodian”. We received comments suggesting that the “reasonable person” test is not necessary because custodial provisions in other areas of securities legislation (for instance, NI 81-102) do not employ a “reasonable person” test when providing for the use of a foreign custodian to hold assets. Two commenters submitted that it should be sufficient to have prescribed requirements to use a qualified foreign custodian without the “reasonable person” test to be consistent with the approach in NI 81-102. One commenter also suggested that there should not be any restriction on holding cash directly through a qualified “foreign custodian”.

The Custody Amendments do not intend to replicate the custodial requirements in other areas of securities legislation, including NI 81-102. There are key differences, based on our policy objectives, between the Custody Amendments and the custodial framework under NI 81-102. For example, NI 81-102 requires that, except in very limited circumstances, portfolio assets of prospectus-qualified investment funds be held with a single Canadian custodian and cannot be held with a foreign custodian directly. Prospectus-qualified investment funds can only use foreign sub-custodians under the custodianship of a single Canadian custodian. To meet our policy objectives, we did not propose a requirement to use a single Canadian custodian and we allow for the use of a foreign custodian to directly hold assets of a client or investment fund of a registered firm. However, we recognize that there may be additional risks when a foreign custodian holds assets instead of a Canadian custodian. For instance, there may be difficulties in gaining legal title and repatriating assets from overseas in the event of an insolvency of the foreign custodian. As such, we are of the view that the “reasonable person” test for the use of a foreign custodian to hold cash or securities is necessary under our proposal in order to meet our policy objectives of enhancing client asset protection while codifying existing custodial best practices. Under the “reasonable person” test, we expect registered firms to assess the risks and benefits of using a foreign custodian against the risks and benefits of using a Canadian custodian and determine if using a foreign custodian is more beneficial for the client than using a Canadian custodian.

One commenter pointed out that registered firms’ obligations under Part 11 of NI 31-103 and 31-103CP in dealing with third party service providers would apply equally in the context of selecting a qualified “foreign custodian”. We agree that registered firms are subject to a standard of care and obligations under Part 11 and 31-103CP when dealing with third party service providers. However, these standards do not specifically require registered firms to consider if their client or investment fund may be better served by using a Canadian custodian instead of a foreign custodian.

One commenter asked for clarity about the statement in section 14.5.2 of 31-103CP: “Where a foreign custodian is used, we will assess this practice on a case-by case basis”. In overseeing registered firms’ compliance, CSA staff will assess the use of a foreign custodian on a case-by-case basis by determining whether a reasonable person would conclude that the use of the foreign custodian is more beneficial to the client or investment fund than using a Canadian custodian. CSA staff will make this determination by, among other things, reviewing the risks and benefits considered by the registered firm as well as any risks and benefits associated with using that custodian.

Permitted custodial practices for certain transactions under NI 81-102

Two commenters requested clarification as to whether custodial practices for certain derivative and short sales transactions as permitted under sections 6.8 and 6.8.1 of NI 81-102, and the use of depositories as permitted under subsection 6.5(3) of NI 81-102, are allowed under the Custody Amendments.

It is our intent to allow for custodial practices similar to those permitted under sections 6.8 and 6.8.1 of NI 81-102, and subsection 6.5(3) of NI 81-102 in our Custody Amendments. Including similar provisions in NI 31-103 reflects our policy objective of codifying existing custodial best practices. We revised the Custody Amendments to reflect our intent.

Implication on non-resident clients of non-resident registered firms

Two commenters suggested that non-resident clients of non-resident registered firms be exempted from the Custody Amendments given the absence of any real nexus to Canada other than the firm's registration, and the possibility of disruption to existing custodial arrangements. The commenters are concerned that certain aspects of the Custody Amendments may be too onerous for non-resident registered firms with respect to their non-resident clients.

Registered firms with a head office outside of a jurisdiction of Canada were historically subject to custodial requirements under section 14.7 of NI 31-103 (which we are now repealing). Section 14.7 requires these firms to hold client assets in the client's name, or at a custodian or sub-custodian that meets certain criteria, similar to the criteria outlined in the definition of "qualified custodian" under the Custody Amendments. Section 14.7 applies to assets of all clients of non-resident registered firms, regardless of whether the client was Canadian or not. Therefore, it is our view that the Custody Amendments do not create substantial new requirements for non-resident registered firms and we do not expect major disruptions to existing custodial arrangements of clients of non-resident registered firms.

The CSA recognizes that, under the Custody Amendments, non-resident registered firms will be subject to certain new disclosure requirements regarding where and how client assets are held or accessed and the rationale for using a foreign custodian. At the same time, the CSA are mindful of the potential adverse consequences to clients of non-resident registered firms if these clients are placed in an inappropriate custodial arrangement. Currently, we are not aware of any specific examples where compliance with the new requirements will create a significant issue for non-resident registered firms. Therefore, we do not recommend adding an exemption for non-resident clients of non-registered firms, but we will consider granting exemptive relief on a case-by-case basis.

Interpretation on "holding or having access" to client cash or securities, and on "directing or arranging" the custodial arrangement

One commenter asked for further guidance on when a registered firm is deemed to "hold" the cash and securities of clients or investment funds, specifically when firms are registered owners of securities as nominees on behalf of a client.

The CSA is of the view that the existing guidance under section 14.5.2 of 31-103CP is sufficiently clear. We also believe that subsection 14.14(7) of NI 31-103 is useful in respect of this comment. Under subsection 14.14(7), a security is considered to be held by a registered firm for a client if the firm is the registered owner of the security as nominee on behalf of a client.

One commenter asked if the guidance on "holding or accessing client assets" in the context of insurance requirements for advisers under section 12.4 of 31-103CP serves as general guidance on "holding or accessing client assets" in other contexts. There was also a question as to whether having "view-only" authority on a client's broker account would be considered as "having access" to client assets.

The CSA expects all registered firms to consider the examples listed in section 12.4 of 31-103CP in determining whether they hold or have access to client assets for the purposes of Division 3 of Part 14. If a registered firm has "view-only" authority on a client's broker or custodial account without the ability to withdraw or transfer funds from the account, the CSA generally does not consider this circumstance to constitute "having access" to client assets.

Two commenters asked for clarity as to whether referring clients to a specific custodian would trip the "directing or arranging custodial arrangement" trigger.

When a registered firm refers its clients to a specific custodian or provides its clients with a list of custodians to choose from, the CSA generally considers these actions to constitute "directing or arranging" which custodian will hold the cash or securities of its clients. The Custody Amendments, which include the new relationship disclosure requirements relating to custody, will apply.

Restriction on self-custody

One commenter asked for more insight on the restriction on self-custody.

When a registered firm also acts as the custodian or sub-custodian for its clients or investment funds ("self-custody"), there is heightened custodial risk if the firm does not have the proper controls and supervision in place, including segregation of duties to mitigate such risk. Therefore, the CSA is restricting "self-custody" practices to certain "Canadian custodians" provided that they

have established and maintain a system of controls and supervision that a reasonable person would conclude is sufficient to manage the custodial risk.

Interpretation on “functionally independent” custodian

Two commenters suggested that more clarity on the concept of “functionally independent” custodian would be helpful in providing comfort that certain existing arrangements will not be found to violate the requirement.

Under the heading “Prohibition on self-custody and the use of a custodian that is not functionally independent” of section 14.5.2 of 31-103CP, we reference section 12.4 of 31-103CP. Section 12.4 of 31-103CP discusses situations where a registered firm will be considered to have access to client assets through the use of a non-functionally independent custodian. The CSA is of the view that the current guidance is sufficient.

One commenter thought that there was an inconsistency in the requirement for a functionally independent custodian between client securities and client cash. Subsection 14.5.2(6) states that a Canadian financial institution that is the custodian of cash of the client or investment fund must be functionally independent of the registered firm. However, subsection 14.5.2(5) exempts a qualified custodian of cash and securities from the functional independence requirement if the custodian meets certain requirements.

The CSA confirms that there is no inconsistency in the requirement for a functionally independent custodian between client securities and client cash. For instance, a bank or trust company that is not functionally independent of the registered firm, but meets the requirements under paragraphs (a) and (b) of subsection 14.5.2(5), can hold both client securities and client cash as permitted under subsection 14.5.2(2). Subsections 14.5.2(4) and 14.5.2(6) are designed to allow a Canadian financial institution that does not meet the definition of a “Canadian custodian” to hold client cash provided that it is functionally independent of the registered firm.

Interpretation on “systems of controls and supervision” requirement

One commenter asked for clarity on the scope and nature of the requirement to have a system of controls and supervision in order to “self-custody” under subsection 14.5.2(1) or use a qualified custodian that is not functionally independent under subsection 14.5.2(5).

Under the heading “Prohibition on self-custody and the use of a custodian that is not functionally independent” of section 14.5.2 of 31-103CP, the CSA stated that we would consider a system of controls and supervision for the purposes of paragraphs 14.5.2(1)(b) and 14.5.2(5)(b) to include:

- segregation of duties between the custodial function and other functions
- client asset verification examination performed by a third party

In our view, the wording of paragraph 14.5.2(5)(b) is sufficiently clear; i.e., the qualified custodian needs to establish and maintain the “system of controls and supervision” that a reasonable person would conclude is sufficient to manage risks associated with the custody of client assets.

The same commenter also suggested that we explicitly note that the Statement on Standards for Attestation Engagements No. 16, Reporting on Controls at a Service Organization (SSAE 16), the International Standards on Assurance Engagements (ISAE) 3402 Assurance Reports on Controls at a Service Organization and the Canadian equivalent, the CSAE 3416, will meet the standard expected by the CSA in respect of a third party verification.

The CSA does not object to the use of the above-mentioned third party examinations when a registered firm is considering whether a qualified custodian has established and maintains a system of controls and supervision that a reasonable person would conclude is sufficient to manage custodial risks to the client or investment fund for the purposes of paragraphs 14.5.2(1)(b) and 14.5.2(5)(b).

Use of multiple custodians

One commenter noted that the wording “the custodian” under subsection 14.5.2(2) seems to suggest that a single custodian must be used.

The CSA does not intend to prohibit the use of multiple custodians in the Custody Amendments. We amended subsection 14.5.2(2) to clarify our intent.

Use of sub-custodians

One commenter suggested that we explicitly address the requirements for using sub-custodians in the Custody Amendments.

The CSA recognizes that registered firms are typically not a party to the custodial agreement between their clients and the custodian selected by the client to hold their assets. We believe that it would be too onerous for registered firms to impose

requirements on custodians regarding the use of sub-custodians because most firms do not have the contractual power to control or influence the custodian's use of sub-custodians. We have set out our expectations on the use of sub-custodians under the heading "Custodial Arrangements" in section 14.5.2 of 31-103CP.

Holding non-traditional assets

One commenter suggested that we set out the types of assets that will be exempt from the restriction on self-custody and the qualified custodian requirements, given that custodians have been reluctant to hold unique assets in some instances.

The Custody Amendments are primarily applicable to cash and securities of clients and investment funds. Assets other than cash and securities are not subject to the restriction on self-custody and the qualified custodian requirements. Section 14.6 will still apply in these circumstances. In addition, under the heading "general prudent custodial practices" in section 14.5.2 of 31-103CP, we set out our expectations for assets other than cash and securities.

Carve out for securities recorded in client name on issuer's books

One commenter asked for the reasons for the carve-out for securities recorded only in the name of the client or investment fund under paragraph 14.5.2(7)(c) of NI 31-103.

One of the policy objectives of the Custody Amendments is to mitigate intermediary risks when Non-SRO Firms are involved in the custody chain. When a security is recorded only in the name of the client or the investment fund on the books of the security's issuer or the transfer agent of the security's issuer, custody risk posed by intermediaries is largely reduced, and therefore the CSA does not think that it is necessary to impose the new custody requirements under these circumstances.

However, if a registered firm determines that it is prudent for a custodian to record a security on book-basis, a custodian should be used and this exemption does not suggest otherwise.

Carve out for certain mortgages

One commenter asked us to clarify that the exemption under paragraph 14.5.2(7)(f) of NI 31-103 for certain mortgages is meant to reflect current industry practices.

It is our understanding that the situations described under paragraph 14.5.2(7)(f) reflect current industry practices for holding mortgages. However, if a registered firm determines that it is prudent to have a custodian record any mortgages on book-basis, a custodian should be used and this exemption does not suggest otherwise.

Use of omnibus accounts

One commenter asked for clarity as to whether section 14.5.3 of NI 31-103 would preclude registered firms who hold client assets at a qualified custodian from continuing to use omnibus accounts to hold client assets on an aggregated basis.

Under paragraph 14.5.3(c), registered firms can continue to hold client cash and securities in omnibus accounts on behalf of clients on an aggregated basis, but only on a temporary basis to facilitate bulk trading. Client cash and securities must be transferred to the applicable client's or investment fund's own custodial account as soon as possible following the trades.

The CSA understands that it is uncommon for registered firms to use omnibus accounts other than for bulk trading purposes, therefore we do not foresee a major transition issue.

Holding client assets and investment fund assets in trust

One commenter asked for an explanation on how the new section 14.5.3 interplays with the revised section 14.6. One commenter suggested that the requirement under subsection 14.6(2) should be moved to section 14.5.2 from section 14.6.

The new section 14.5.3 requires registered firms subject to subsections 14.5.2(2), (3) or (4) to ensure that cash and securities of clients and investment funds are held in a particular manner by a qualified custodian or Canadian financial institution, as applicable. Paragraph 14.5.3(a) requires that cash and securities of a client or an investment fund be recorded by the qualified custodian or, with respect to cash, the Canadian financial institution to show that the beneficial ownership is vested in that client or investment fund. Paragraph 14.5.3(b) seeks to preserve the status quo with respect to cash held by a registered firm in a designated trust account in trust for clients or investment funds as was historically permitted under section 14.6 as it appeared prior to the Custody Amendments. To facilitate bulk trading, paragraph 14.5.3(c) permits the use of omnibus accounts to hold cash and securities of clients and investment funds, but only on a temporary basis such that the cash and securities are transferred to the client's or investment fund's own custodial account as soon as possible following the trade.

In situations where the new custody requirements under sections 14.5.2 and 14.5.3 do not apply, revised section 14.6 maintains the minimum client asset protection standards of segregation and holding client and investment fund assets in trust for the client or investment fund. For instance, sections 14.5.2 and 14.5.3 do not apply to client assets that are not cash or securities, or when one of the exemptions under subsection 14.5.2(7) is relied upon. Revised section 14.6 will still be applicable in those situations in order to preserve our previously existing client asset safeguards. Subsection 14.6(2) seeks to achieve consistency with the

approach taken under section 14.5.2 in allowing for the use of a foreign custodian for cash only when it is more beneficial to the client or investment fund to use the foreign custodian as opposed to a Canadian custodian.

Transition period and application

A few commenters requested that the CSA consider extending the six-month transition period, suggesting that material changes may be required to existing longstanding and otherwise secure custodial and sub-custodial arrangements to comply with the new requirements. They also suggested that it is time-consuming for registered firms to determine if a firm has directed or arranged custodial arrangements for clients in the past. They asked for clarity as to when the expected client notifications on existing custodial arrangements, as outlined in the July 2016 Proposal, should take place.

The Custody Amendments are designed to codify existing custodial best practices, therefore the CSA does not foresee any material changes to existing custodial arrangements for the vast majority of our registered firms. We believe that a six-month transition period is sufficient for registered firms to implement any necessary changes to comply with the new requirements, especially given that there were no major implementation challenges raised through the public comment process.

Since the Custody Amendments do not apply retroactively, the six-month transition period does not apply to existing custodial relationships that were previously directed or arranged by a firm. For existing custodial relationships that were directed or arranged by a firm before the Custody Amendments come into force, we expect that registered firms make reasonable efforts to inform their clients of the new custodial requirements within a reasonable time frame. Registered firms should make their clients aware if their existing custodial arrangements do not meet the requirements of the Custody Amendments and direct them to an alternative custodian that meets the new requirements.

Prescribed terms on custodial contracts

In the July 2016 Proposal, the CSA sought feedback on whether our proposed guidance for investment fund managers is sufficiently clear in respect of key terms that they should consider when entering into a written custodial agreement on behalf of the investment funds managed by them, and whether prescribed key terms for custodial agreements in NI 31-103, similar to the requirements found in NI 81-102 and NI 41-101, should be imposed.

A few commenters thought that the guidance was sufficiently clear and that there was no need to impose prescribed terms for custodial agreements. One commenter thought that having prescribed terms would be helpful but also highlighted the challenges of proposing such rules given the broad spectrum of stakeholders involved.

The CSA decided not to make any changes concerning this matter. We will monitor the operation of the new custody requirements once they are in force and assess whether mandating key terms for custodial agreements is necessary.

Due diligence expectations

One commenter asked for clarity on the CSA's expectations regarding investment fund managers' obligations in the ongoing monitoring of the custodian for the investment funds managed by them, in particular, relating to the appointment of a sub-custodian by the custodian.

The CSA expects investment fund managers to conduct a periodic review of custodial arrangements for their investment funds, and consider whether the custodian uses all reasonable diligence, care and skill in the selection and monitoring of its sub-custodians, and whether the sub-custodians would meet the definition of a "qualified custodian".

We expect investment fund managers to consider the selection criteria and monitoring processes of sub-custodians when conducting their initial review and ongoing monitoring of the custodians for the funds.

One commenter asked for clarity on the expectations of a registered firm, other than an investment fund manager, to conduct due diligence and periodic reviews of custodians with which only its client, but not the firm itself, has a contractual arrangement.

The CSA considers it prudent for registered dealers and advisers that have influence over a client's selection of a custodian to conduct due diligence similar to that expected of an investment fund manager. The CSA expects that reasonable efforts be made by these firms to meet this expectation if they are to exert influence over a client's selection of a custodian.

One commenter asked for guidance on situations when clients refuse to use a custodian in a manner contemplated by the Custody Amendments.

Most of the new requirements under the Custody Amendments are triggered by the registered firm directing or arranging the custodial arrangement for clients or investment funds, or holding or having access to the cash or securities of the client or investment fund. If a registered firm does not undertake any of these activities, most of the new requirements under the Custody Amendments, including the requirement to use a "Canadian custodian", would not apply.

Implications for mutual fund dealers in Québec that are not MFDA members

One commenter asked for more details on the implications of the Custody Amendments on firms registered in Québec in the mutual fund dealer (MFD) category who are not members of the MFDA. The commenter expressed concern that MFDs that operate throughout Canada may face administrative and technological challenges due to differences in regulation.

As pointed out in the July 2016 Proposal, the Custody Amendments will prohibit a firm registered in Québec in the MFD category, and that is not a member of the MFDA, from holding cash and securities in nominee form. In the context of the Custody Amendments, not being a member of the MFDA means that a firm is registered as an MFD in Québec only. Therefore, the Custody Amendments will not apply to MFDs that are registered in multiple jurisdictions, including Québec, because such MFDs registered in Québec would also be members of the MFDA. In this regard, we believe that there will not be any inconsistency in regulation.

Before the publication of the July 2016 Proposal, the AMF conducted a survey on the custodial practices of MFDs registered only in Québec. According to the responses received, the Custody Amendments would not have significant impact on their current custodial practices. The CSA also did not receive any comments from MFDs that are only registered in Québec on the Custody Amendments.

Other comments on guidance

One commenter thought that the guidance under “General prudent custodial practices” in 31-103CP, in particular under the headings “Delivery of custodial statements” and “Reconciliation with custodians” are important expectations of the CSA that should be built into the Rule instead of guidance. The commenter also asked for clarity on account statement delivery expectations on registered firms and custodians.

The CSA believes that this guidance essentially confirms our long-standing expectations instead of setting new expectations. Most of these expectations fall under the requirement to have a system of controls and supervision to manage business risks under section 11.1 of NI 31-103, which would include having adequate internal control procedures to mitigate risks associated with safeguarding client assets. The CSA issued CSA Staff Notice 31-347 *Guidance for Portfolio Managers for Service Arrangements with IIROC Dealer Members* on November 17, 2016 which provides guidance to portfolio managers on service arrangements with IIROC member firms, including our expectations on account statement delivery.

3. RESPONSES TO COMMENTS RECEIVED ON EXEMPT MARKET DEALER AMENDMENTS

General

In general, the commenters that provided comments on the July 2016 Proposal were critical of the proposed amendments to Part 7 of NI 31-103 but were supportive of the proposed amendments to s. 8.6 of NI 31-103.

In particular, several commenters suggested that the proposed amendments to Part 7 would have a negative impact on firms registered in the investment fund manager (IFM), portfolio manager (PM) and EMD categories, and that the CSA had not provided any policy rationale for these new restrictions. Several of the commenters also noted that the proposed amendment to broaden the dealer registration exemption in section 8.6 would not, by itself, address the negative impact of these changes.

As explained below, many of the comments appear to reflect a general concern that the Exempt Market Dealer Amendments go beyond what was intended and in fact have the effect of restricting the ability of EMDs to participate in distributions of securities of issuers, including reporting issuers, made under exemptions from the prospectus requirement. This is not the case. We have included additional guidance in the response to comments below and in the Companion Policy to clarify this.

Overview of Comments

One commenter supported the proposed amendments.

Two commenters supported clarifying the scope of permissible activities for EMDs but questioned the policy rationale for prohibiting EMDs from distributing prospectus-qualified securities to the exempt market.

Four commenters requested clarification that firms registered as EMDs, including firms that are registered as IFM/PM/EMDs, could continue to distribute prospectus-qualified securities to the exempt market.

Eight commenters opposed the changes (either outright or if it means firms that are registered as IFM/PM/EMDs cannot continue to distribute prospectus-qualified securities to the exempt market).

Seven commenters indicated either that they relied on their EMD registration to distribute prospectus-qualified securities to investors or suggested the changes would have a significant impact on existing market practice by other firms that do this.

Four commenters noted that the proposed amendments to section 8.6, while welcome, would not resolve this issue since

- it is limited to a managed account context,
- it is limited to distributions by an investment fund that is advised by the adviser and managed by the adviser or an affiliate of the adviser, and
- it is unclear whether a firm registered as an EMD could rely on this exemption because of s. 8.01 of NI 31-103.

Two commenters questioned whether the proposed changes represented a “clarification” of the scope of activities of an EMD and suggested that the proposed amendments represented significant new restrictions on the activities of EMDs.

Six commenters stated that the CSA had failed to provide any policy rationale or evidence of investor harm for further limiting the permissible scope of activities of EMDs.

Four commenters argued EMDs provide a valuable capital-raising function in the exempt market and should be allowed to act as selling group members (but not underwriters) in prospectus offerings.

One commenter argued that a number of dealers (primarily EMDs) provide a service to clients that wish to participate in offerings of flow-through shares for charitable giving purposes. Most flow through offerings are conducted by junior exploration companies which have limited financing options. Removing this segment of the market from participating in prospectus offerings is a significant limitation on these issuers’ access to capital.

One commenter did not oppose restricting EMDs from acting as selling group members (but not underwriters) in prospectus offerings but believes investment funds are different and suggested that the new restrictions should not apply to prospectus distributions of investment funds.

Two commenters were concerned that the proposed changes would have an impact on the ability of EMDs to participate in private placements of securities of reporting issuers/public funds.

Five commenters argued the amendments do not further the purposes or principles of securities legislation.

Three commenters argued it is not a valid purpose of securities legislation to suppress competition/or investor choice (by limiting prospectus offerings to IIROC members).

Two commenters suggested the proposed amendments were contrary to the best interest initiative (that is, the targeted reforms discussed in CSA Consultation Paper *33-404 Proposals to Enhance the Obligations of Advisers, Dealers and Representatives Towards their Clients* (CP 33-404)) in that they restricted the scope of products that EMDs could offer their clients.

CSA Response

The Exempt Market Dealer Amendments do not have any impact on the ability of an EMD to act as a dealer or underwriter in a distribution by an issuer, including a reporting issuer, if the distribution is being made under an exemption from the prospectus requirement (a prospectus-exempt distribution).

The Exempt Market Dealer Amendments are intended to clarify that an EMD may not act as a dealer or underwriter in a distribution that is being made under a prospectus (a prospectus distribution). The CSA takes the view that the investment dealer category or, in the case of a mutual fund prospectus distribution, the investment fund dealer or mutual fund dealer categories, are the appropriate dealer registration categories for prospectus distributions.

Clarification of the term “prospectus-qualified” securities

A number of the commenters questioned whether a firm that holds an EMD registration may distribute “prospectus-qualified securities” to accredited investors or other investors who are otherwise eligible to purchase securities on a prospectus-exempt basis (collectively, exempt market purchasers).

For clarity, an EMD is not permitted to distribute “prospectus-qualified securities” to an exempt market purchaser in the sense that the specific securities that are being distributed to the exempt market purchaser are being distributed under a prospectus and are therefore “prospectus-qualified” securities.

However, an EMD may distribute “prospectus-qualified securities” to an exempt market purchaser in the sense that the specific securities that are being distributed to the exempt market purchaser in reliance on a prospectus exemption are of the same class of securities as are being distributed to other investors through, for example, an investment dealer in a contemporaneous prospectus offering.

In this summary, we use the term “prospectus-qualified securities” to mean securities that have been distributed to an investor (including an investor that may be considered an exempt market purchaser) under a prospectus. If the distribution is made under a prospectus, the issuer of the securities has filed a prospectus with the securities regulatory authorities and obtained a receipt for it. Investors purchasing prospectus-qualified securities have statutory prospectus rights under securities legislation, such as rights of rescission or damages in the event of a misrepresentation in the prospectus, and the securities will be freely trading. If the distribution is made under an exemption from the prospectus requirement, such as the accredited investor exemption in s. 2.3 of NI 45-106 *Prospectus Exemptions* (NI 45-106), the securities will not be prospectus-qualified, investors do not have statutory prospectus rights under securities legislation in the event of a misrepresentation in the prospectus, the securities will typically be subject to resale restrictions and the issuer or underwriter may be required to file a report of exempt distribution under Part 6 of NI 45-106.

Adviser firms that also hold an EMD registration

A person or company registered as an adviser in the category of PM may also obtain registration as an EMD in order to act as a dealer or underwriter in prospectus-exempt distributions. The CSA takes the view that obtaining registration as an EMD does not restrict the activities the adviser may otherwise conduct in the capacity of a PM. For example, a PM may purchase securities on behalf of a managed account in a prospectus offering. If the PM is making the purchase solely in its capacity as a PM (that is, it is simply acting as an investor in a prospectus offering) and the PM is not also acting as a selling group member or receiving a commission or other fee from the issuer or another dealer in connection with the offering, the CSA would not consider the PM to be “acting as a dealer” in a prospectus distribution.

Can a PM/EMD rely on the exemption in section 8.6 of NI 31-103 (or does s. 8.01 preclude this)?

The exemption in section 8.6 is available to an adviser that has obtained registration as an EMD in connection with dealer activities that are not permitted by an EMD registration.

Section 8.01 provides that the exemptions in Division 1 of Part 8 are not available to a person or company if the person or company is registered in the local jurisdiction and if their category of registration permits the person or company to act as a dealer or trade in a security for which the exemption is provided. As described above, under Part 7, an EMD may not act as a dealer or underwriter in a prospectus distribution. Accordingly, an adviser that also holds an EMD registration is not precluded from relying on the exemption in section 8.6 in connection with a prospectus distribution by virtue of its EMD registration.

4. RESPONSES TO COMMENTS RECEIVED ON THE CLIENT RELATIONSHIP MODEL PHASE 2 AMENDMENTS

Non-cash Incentives

There was little support for amending section 14.17 of NI 31-103 to require disclosure of non-cash sales incentives as suggested in the first of the two questions we posed along with the July 2016 Proposal. Several commenters suggested it would be more appropriate for the CSA to address this matter through the targeted reforms discussed in CP 33-404. We also received comments that it would be premature to make further changes to the CRM2 Requirements before the CSA has completed its work to assess the impact of CRM2. Commenters also suggested that existing requirements for the disclosure of conflicts of interest adequately address the issue. Two commenters argued that including non-cash incentives in a report on charges and other compensation would not be meaningful to clients or would be confusing. Others argued that disclosure would not be an effective way of managing conflicts of interest arising from a sales incentive.

We have not amended section 14.17 to include a requirement to disclose non-cash incentives at this time. The CSA will, however, continue to consider issues related to non-cash incentives and their associated conflicts of interest. In 2016, as well as publishing CP 33-404, the CSA published a report on the compensation arrangements and incentive practices that firms use to motivate their representatives and the potential conflicts of interest (CSA Staff Notice 33-318 *Review of Practices Firms Use to Compensate and Provide Incentives to their Representatives*). Further changes to registered firm conduct requirements may be made in the context of this work.

Embedded Fees

There was also little support for amending section 14.17 of NI 31-103 to require disclosure of embedded fees paid to the issuers of securities. As was the case with the question about adding disclosure of non-cash incentives, several commenters suggested it would be more appropriate for the CSA to address this matter through the targeted reforms discussed in CP 33-404, and that it would be premature to make further changes before the impact of CRM2 has been assessed. We also received a number of comments suggesting that this requirement would be duplicative in light of the information required to be included in the Fund Facts of a mutual fund. It was suggested that it would be more appropriate to consider the issue of embedded fees through the regulatory initiatives set out in CSA Discussion Paper and Request for Comment 81-407 *Mutual Fund Fees*. One commenter felt that, because embedded fees are disclosed in other issuer materials, a general notification of the existence and nature of such fees could lead to confusion regarding the total amount of fees being paid.

Single commenters expressed objections that disclosure of this kind

- could leave the investor with a false impression that mutual funds are more expensive to own than competing products with embedded fees that are subject to other regulatory regimes,

- would place an undue emphasis on the effect embedded fees have on investment returns, and
- would be redundant in light of requirements for high-level disclosure of investment costs at account-opening and specific disclosure at point-of-sale.

A small number of commenters felt that disclosure, in some form, would be useful to investors. One commenter recommended a cross industry working group be formed to assess embedded fee disclosure alternatives and provide recommendations to the CSA.

We have not amended section 14.17 to include a requirement to provide information about embedded fees at this time. The CSA will, however, continue to consider issues related to embedded fees and the associated conflicts of interest.

Relationship disclosure information

There were comments that the results would not be meaningful to clients and/or would require changes to information firms are currently providing, if we expanded the guidance in section 14.2 of the Companion Policy to state our expectation concerning disclosure of the following information:

- a firm's relationship to the issuer of investment products,
- management fees associated with mutual funds,
- commissions paid by issuers, and
- bonuses from affiliated companies.

These are not new expectations: they are all consistent with the principle set out in subsection 14.2(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". Nonetheless, we have clarified the guidance about costs and other information that we believe a reasonable investor would consider important and which we would therefore expect to be included in relationship disclosure. We have included guidance as to the level of detail expected at the relationship disclosure stage and at the point-of-sale. We have also added references to the requirements to which this guidance applies.

We did not agree with a suggestion that "related party" should be defined for these purposes. We intend "related party" to have its plain language meaning. An overly technical use of the term would be inappropriate in the context of this guidance.

Pre-trade disclosure of charges - Frequent trader

We received a request for guidance on when a client would be a "frequent trader" as referred to in the proposed addition to section 14.2.1 of the Companion Policy. A bright line test would not be appropriate in the context of this guidance.

Account statements and additional statements

Dividend or Interest Payment

One commenter requested that the proposed addition of the words "dividend or interest payment" to subsection 14.14(4) of NI 31-103 be expanded to read "dividend, distribution or interest payment". We have decided not to make the proposed addition at all. Upon further consideration, we do not wish to imply a prescriptive requirement that might introduce new costs to firms without commensurate benefits to investors. Firms continue to be free to provide more specific information than the currently prescribed minimum.

Investor Protection Fund Disclosure

One commenter found paragraphs 14.14(5)(f) and 14.14.1(2)(g) to be problematic. The commenter did not see value in investors being informed as to whether or not their accounts are covered by an investor protection fund (IPF). We disagree and consider it to be important information for investors. We also note that IIROC and the MFDA require their member firms to be members of specified IPFs and to disclose that fact to clients.

The commenter also thought these proposed amendments would impose new requirements on registered firms. Both provisions were included in the original CRM2 amendments to NI 31-103 published in March 2013. The amendments, which we will be making, are technical and address the fact that it may not always be possible to say that an account *is* covered by an IPF, only that it is *eligible* for coverage. The CRM2 Orders provided certain temporary relief from the coming into effect of IPF disclosure for non-SRO member firms, with an indication that we would be publishing amendments to the requirements. We did so in the July 2016 Proposal, including the technical changes and also a provision introducing permanent relief (new subsection 14.14.1(2.1)) for arrangements where another firm holds or controls the client's securities. As explained in the July 2016 Proposal, this was done to avoid the possibility that a client might receive inaccurate information about the extent of IPF coverage from a registered firm that is not itself a member of the IPF. This was a concern expressed by the Canadian Investor

Protection Fund (CIPF) and it relates to the common arrangement whereby a PM has discretionary authority over a client's account at an IIROC member firm. In this situation, the IIROC firm is better placed than the PM to explain CIPF coverage to the shared client. The net effect of these amendments will be that IIROC members, MFDA members, and PMs in the arrangement described above will all see no change to their current practices with respect to IPF disclosure, while the gap in IPF disclosure for the (relatively small) number of clients who are not served within those channels will now be closed.

The same commenter also described as problematic what they thought was a new requirement in subsection 14.14.2 (2.1). This is not a new requirement. It was previously in subparagraphs 14.14.2(2)(a)(ii) and 14.14.2(2)(b)(ii). It was turned into a stand-alone provision, without any change in substance, because shortening these provisions made them easier to read. The commenter also expressed difficulty with the related guidance proposed for the CP. The guidance was originally included in our CRM2 FAQs and we received no further questions on the topic after it was published. We therefore believe the CP guidance is sufficient.

Security position cost

One commenter suggested that the sentence in section 14.14.2 of the Companion Policy that states that the definition of book cost or original cost must be included in the client statement should be revised to add clarity by adding "or in the separate document". We agree and have done so.

Report on charges and other compensation

Employee Bonuses

We received comments on the proposed addition of guidance in section 14.17 of the Companion Policy about our expectation that firms disclose employee bonuses linked to sales. One industry association expressed concern that it would be extremely challenging to identify the quantum of the employee bonus on a per-client basis for the purpose of reporting it as a line item on the annual report. The same commenter expressed that, on the other hand, disclosing an employee's entire bonus would be misleading to clients as it would not be specifically linked to any client transaction and may also raise privacy concerns.

We generally agree with the comments and have removed the language that was proposed.

Investment performance report

Comparison of Actual Rate of Return to Target Rate of Return

We received comments about the proposed addition of guidance in section 14.19 of the Companion Policy to the effect that a client's personal rate of return should be compared to their target rate of return. Commenters noted that registered firms are not required to provide clients with a target rate of return.

We have revised the guidance to clarify that a client's personal rate of return should be compared to their target rate of return, if they have one, so that progress toward that goal can be assessed.

Inception Date

One commenter asked if firms will be subject, on a compliance review, to an additional standard beyond accuracy of the data used when selecting a "deemed inception date" for their investment performance reports for accounts that were opened before July 15, 2015. We have clarified the requirement: firms must reasonably believe accurate, recorded historical information is available for the client's account, and it must not be misleading to the client to provide that information as at the chosen date. Generally, firms will use the same date for all of their clients. In the Companion Policy, we give examples of situations in which we would think it reasonable for a firm to use different dates for different groups of clients.

Other matters

"Permitted Client" Definition

One commenter requested that we revise the definition of "permitted client" in NI 31-103 to include what the commenter considers to be a commonly thought of "institutional client". This would be outside the scope of the Client Relationship Model Phase 2 Amendments and would involve material rule changes that would have to be published for comment.

Exempt Market Dealers

One commenter requested that we add guidance to the Companion Policy about when an EMD would be required to provide various client statements to its clients. We have added guidance on how the client reporting requirements in Part 14 of NI 31-103 apply to an EMD who is not also registered as an adviser or in another category of dealer. This is substantially the same as the guidance that was included in CSA Staff Notice 31-345 *Cost Disclosure, Performance Reporting and Client Statements – Frequently Asked Questions and Additional Guidance*.

Exemptive Relief

One commenter asked that we include a reference in the Companion Policy to the availability of discretionary exemptive relief from certain of the CRM2 Requirements for institutional clients that are “accredited investors” but do not qualify as “permitted clients”. We have not done so, as general guidance presented in the Companion Policy is not the forum to discuss narrowly targeted relief.

5. RESPONSES TO COMMENTS RECEIVED ON THE HOUSEKEEPING AMENDMENTS

International advisers

We received comments on our proposed amendment to clarify subsection 8.26(3) of NI 31-103. The comments suggested that further clarification was necessary to clarify the intended scope of the exemption and ensure that the proposed amendment was consistent with the stated policy objective. In response to these comments, we made further clarifying changes, including eliminating potential confusion associated with double negatives. One commenter suggested that we not make any changes to the current provision. We did not follow the suggestion since the clarifying changes help eliminate potential ambiguity associated with the fact that the current provision refers to a “Canadian issuer” without including a specific definition for that term. We also declined to pursue at this time the suggestions of one commenter that the CSA provide guidance on what it would consider to be “incidental” in the context of the proposed amendment to subsection 8.26(3) (who also reiterated previously expressed concerns about restricting the availability of the exemption for advice on securities of Canadian issuers). The reason for not pursuing the suggestion is that it was outside the scope of what we published for comment in the July 2016 Proposal.

Form 33-109F6 Firm Registration

Item 4.2 Exemption from securities registration

Firms that are seeking registration under securities legislation, derivatives legislation, or both, are required to complete and submit a Form 33-109F6 *Firm Registration* (Form 33-109F6). Item 4.2 of Form 33-109F6 requires the firm to provide information on exemptions from registration or licensing to trade or advise in securities or derivatives.

The July 2016 Proposal included a proposed amendment to Item 4.2 to eliminate this information requirement if the firm has already notified the securities regulator or, in Québec, the securities regulatory authority, in accordance with the applicable exemption.

One commenter recommended that the CSA further narrow the scope of Item 4.2 of Form 33-109F6 to state that the only exemptions which must be disclosed under this heading are those for which the firm has previously obtained from a securities regulator a discretionary exemption or other decision-based relief. We have not added this further clarification on the basis that this change was outside of the scope of the proposed amendment, and would also not be consistent with the objective of obtaining appropriate information to understand the nature of the trading and advising activities being undertaken by the firm.

The same commenter also proposed that, if the firm was relying upon a discretionary exemption previously granted by a securities regulator, there should be no late fee payable for a late filing of a Form 33-109F5 *Change of Registration Information* relating to the disclosure of that exemption in Item 4.2 of Form 33-109F6. We have declined at this time to pursue this comment on the basis that this is outside the scope of what was published for comment in the July 2016 Proposal.

Another commenter supported the CSA’s proposal to not require separate disclosure of reliance on an exemption in Item 4.2 of Form 33-109F6 if the firm is already required to notify the regulator in accordance with the applicable exemption, on the basis that this avoids redundancy and unnecessary administrative burden. The commenter suggested that this approach of avoiding redundancy and unnecessary administrative burden also be applied to streamline the information that must currently be inputted repeatedly into the system through various channels (e.g., updates to forms F4, F5 and F6). While we did not pursue this comment at this time, on the basis that it is outside the scope of what was published for comment in the July 2016 Proposal, we have taken it under advisement.

Form 33-109F4 Registration of Individuals and Review of Permitted Individuals

Although we did not include in the July 2016 Proposal any proposed amendments to Form 33-109F4 *Registration of Individuals and Review of Permitted Individuals* (Form 33-109F4), one commenter proposed changes to NI 33-109 and Form 33-109F4 to more specifically address in Form 33-109F4 individual trustees and other individuals that have direction or control over voting securities of a registered firm carrying 10 per cent or more of the votes carried by all outstanding voting securities. While we did not pursue at this time these proposed changes, on the basis that these changes are outside of the scope of what was published for comment in the July 2016 Proposal, we have taken them under advisement.

Annex C

List of commenters

1. AUM Law
2. Borden Ladner Gervais LLP
3. Boyle & Co. LLP
4. The Canadian Advocacy Council
5. Canadian Investor Protection Fund
6. Capital International Asset Management (Canada), Inc.
7. FAIR Canada
8. Federation of Mutual Fund Dealers
9. Healthcare of Ontario Pension Plan Trust Fund
10. IGM Financial Inc.
11. Invesco Canada Ltd.
12. The Investment Funds Institute of Canada
13. Investment Industry Association of Canada
14. Pacific Spirit Investment Management Inc.
15. Peartree Securities Inc.
16. Portfolio Management Association of Canada
17. RBC Dominion Securities Inc., RBC Direct Investing Inc., Royal Mutual Funds Inc., RBC Global Asset Management Inc., RBC Philips Hager & North Investment Counsel Inc.
18. Stikeman Elliott LLP
19. Veronica Armstrong Law Corporation

Comment letters received after comment period ended

1. Advocis
2. Private Capital Markets Association of Canada

Annex D

Adoption of the Instrument

The amendments to NI 31-103 and NI 33-109 will be implemented as:

- a rule in each of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island and Yukon
- a regulation in Québec
- a commission regulation in Saskatchewan

The changes to 31-103CP and 33-109CP will be adopted as a policy in each of the CSA member jurisdictions.

In Ontario, the Amendments to NI 31-103, NI 33-109 and OSC Rule 33-506 , as well as other required materials, were delivered to the Minister of Finance on July 25, 2017. The Minister may approve or reject these Amendments or return them for further consideration. If the Minister approves the Amendments or does not take any further action, the Amendments, other than the Custody Amendments, will come into force on December 4, 2017. The Custody Amendments will come into force six months later, on June 4, 2018.

In Québec, the Amendments to NI 31-103 and NI 33-109 are adopted as a regulation made under section 331.1 of the *Securities Act* (Québec) and must be approved, with or without amendment, by the Minister of Finance. Other than the Custody Amendments, the regulations will come into force on the date of its publication in the *Gazette officielle du Québec* or on any later date specified in the regulations. It is also published in the Bulletin of the Autorité des marchés financiers. The Custody Amendments will come into force six months later, on June 4, 2018.

In British Columbia, the implementation of the Amendments to NI 31-103 and NI 33-109 is subject to ministerial approval. If all necessary approvals are obtained, British Columbia expects these Amendments, other than the Custody Amendments, to come into force on December 4, 2017. The Custody Amendments will come into force six months later, on June 4, 2018.

In Saskatchewan, the implementation of the Amendments to NI 31-103 and NI 33-109 is subject to ministerial approval. If all necessary approvals are obtained, these Amendments will come into force on December 4, 2017 or if after December, 4, 2017, on the day on which they are filed with the Registrar of Regulations.

ANNEX E

Except for the Custody Amendments (which are set out in subsection 60(2)), the amendments in this Amending Instrument are expected to come into force on December 4, 2017. The Custody Amendments are expected come into force on June 4, 2018.

The amendments set out in sections 9, 11, 12, 13, 15 and 24 of this Amending Instrument are not being made in certain CSA jurisdictions because these amendments have already been adopted in those jurisdictions by means of other instruments. This will be reflected in the version of this Amending Instrument that is adopted in those jurisdictions.

THE MANITOBA SECURITIES COMMISSION

MSC Rule No. 2017-8

(Section 149.1, *The Securities Act*)

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

1. *National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations is amended by this Instrument.*

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

"**Canadian custodian**" means any of the following:

- (a) a bank listed in Schedule I, II or III of the *Bank Act* (Canada);
- (b) a trust company that is incorporated under the laws of Canada or a jurisdiction of Canada and licensed or registered under the laws of Canada or a jurisdiction of Canada, and that has equity, as reported in its most recent audited financial statements, of not less than \$10,000,000;
- (c) a company that is incorporated under the laws of Canada or a jurisdiction of Canada, and that is an affiliate of a bank or trust company referred to in paragraph (a) or (b), if either of the following applies:
 - (i) the company has equity, as reported in its most recent audited financial statements, of not less than \$10,000,000;
 - (ii) the bank or trust company has assumed responsibility for all of the custodial obligations of the company for the cash and securities the company holds for a client or investment fund;
- (d) an investment dealer that is a member of IIROC and that is permitted under the rules of IIROC, as amended from time to time, to hold the cash and securities of a client or investment fund;

"**foreign custodian**" means any of the following:

- (a) an entity that

(i) is incorporated or organized under the laws of a country, or a political subdivision of a country, other than Canada,

(ii) is regulated as a banking institution or trust company by the government, or an agency of the government, of the country under the laws of which it is incorporated or organized, or a political subdivision of that country, and

(iii) has equity, as reported in its most recent audited financial statements, of not less than the equivalent of \$100,000,000;

(b) an affiliate of an entity referred to in paragraph (a), (b) or (c) of the definition of "Canadian custodian", or paragraph (a) of this definition, if either of the following applies:

(i) the affiliate has equity, as reported in its most recent audited financial statements, of not less than the equivalent of \$100,000,000;

(ii) the entity referred to in paragraph (a), (b) or (c) of the definition of "Canadian custodian", or paragraph (a) of this definition, has assumed responsibility for all of the custodial obligations of the affiliate for the cash and securities the affiliate holds for a client or investment fund;

"**qualified custodian**" means a Canadian custodian or a foreign custodian;

3. *Section 1.2 is replaced with the following:*

Interpretation of "securities" in Alberta, British Columbia, New Brunswick, Nova Scotia and Saskatchewan

1.2(1) Subject to sections 8.2 and 8.26, in British Columbia, a reference to "securities" in this Instrument includes "exchange contracts", unless the context otherwise requires.

1.2(2) Subject to sections 8.2 and 8.26, in Alberta, New Brunswick, Nova Scotia and Saskatchewan, a reference to "securities" in this Instrument includes "derivatives", unless the context otherwise requires.

4. *Subsections 1.2(1) and (2), as amended by section 3 of this Instrument, are amended by replacing 8.2 and 8.26 with 8.2, 8.26 and 14.5.1."*

5. *Section 3.16 is amended*

(a) in subsections (1) and (1.1) by adding "an investment dealer that is" after "a dealing representative of", and

(b) in subsections (2) and (2.1) by adding "a mutual fund dealer that is" after "a dealing representative of".

6. *Section 7.1 is amended*

(a) in subparagraph (2) (d) (i) by deleting "whether or not a prospectus was filed in respect of the distribution,"

(b) by replacing subparagraph (2) (d) (ii) with the following:

(ii) act as a dealer by trading a security if all of the following apply:

(A) the trade is not a distribution;

(B) an exemption from the prospectus requirement would be available to the seller if the trade were a distribution;

(C) the class of security is not listed, quoted or traded on a marketplace, or , *and*

(c) by repealing subsection (5).

7. *Section 8.2 is replaced with the following:*

Definition of "securities" in Alberta, British Columbia, New Brunswick, Nova Scotia and Saskatchewan

8.2 Despite section 1.2, in Alberta, British Columbia, New Brunswick, Nova Scotia and Saskatchewan, a reference to "securities" in this Division excludes "exchange contracts".

8. *Subsection 8.6 (1) is amended*

(a) by replacing "both of the following apply" with "all of the following apply",

(b) by replacing paragraph (a) with the following:

(a) the adviser or an affiliate of the adviser acts as the fund's adviser; and

(c) by adding the following paragraph:

(a.1) the adviser or an affiliate of the adviser acts as the fund's investment fund manager;

9. *Subsection 8.12(3) is amended by adding New Brunswick, "after Manitoba,"*

10. *Paragraph 8.18(2) (b) is replaced with the following:*

(b) a trade in a debt security with a permitted client if the debt security

(i) is denominated in a currency other than the Canadian dollar, or

(ii) is or was originally offered primarily in a foreign jurisdiction and a prospectus has not been filed with a Canadian securities regulatory authority for the distribution;

11. *The heading to section 8.20 is amended by adding "Nova Scotia" after "New Brunswick."*

12. *Subsection 8.20(1) is amended by adding "Nova Scotia" after "New Brunswick."*

13. *Section 8.20.1 is replaced with the following:*

Exchange contract trades through or to a registered dealer - Alberta, British Columbia, New Brunswick, Nova Scotia and Saskatchewan

8.20.1 In Alberta, British Columbia, New Brunswick, Nova Scotia and Saskatchewan, the dealer registration requirement does not apply to a registered adviser, or an advising representative or associate advising representative acting on behalf of the registered adviser, in respect of trading activities related to exchange contracts that are incidental to its providing advice to a client, if the trade is made through a dealer registered in a category that permits the trade or a dealer operating under an exemption from the dealer registration requirement.

14. *Section 8.24 is amended by adding "is an investment dealer that" after "account if the registered dealer."*

15. Section 8.26 is amended

(a) in subsection (1) by adding ", Nova Scotia" after "New Brunswick", and

(b) by replacing subsection (3) with the following:

8.26(3) The adviser registration requirement does not apply to a person or company if either of the following applies:

(a) the person or company provides advice on a foreign security to a permitted client that is not registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer;

(b) the person or company provides advice on a security that is not a foreign security and the advice is incidental to the advice referred to in paragraph (a)..

16. Subsection 9.3 (1) is amended

(a) by replacing "a registered firm" with "an investment dealer",

(b) by replacing paragraph (m) with the following:

(m) subsections 14.2(2) to (6) [relationship disclosure information];

(c) by adding the following paragraph:

(m.1) section 14.2.1 [pre-trade disclosure of charges];

(d) by adding the following paragraphs:

(m.2) section 14.5.2 [restriction on self-custody and qualified custodian requirement];

(m.3) section 14.5.3 [cash and securities held by a qualified custodian];

(e) by replacing paragraph (n) with the following:

(n) section 14.6 [client and investment fund assets held by a registered firm in trust];

(f) by adding the following paragraphs:

(n.1) section 14.6.1 [custodial provisions relating to certain margin or security interests];

(n.2) section 14.6.2 [custodial provisions relating to short sales];

(g) by repealing paragraphs (o) and (p),

(h) by adding the following paragraph:

(p.1) section 14.11.1 [determining market value];

(i) in paragraph (q) by replacing "[content and delivery of trade confirmation]." with "[content and delivery of trade confirmation];" and

(j) by adding the following paragraphs:

- (r) section 14.14 [account statements];
- (s) section 14.14.1 [additional statements];
- (t) section 14.14.2 [security position cost information];
- (u) section 14.17 [report on charges and other compensation];
- (v) section 14.18 [investment performance report];
- (w) section 14.19 [content of investment performance report];
- (x) section 14.20 [delivery of report on charges and other compensation and investment performance report].

17. Subsection 9.3 (1.1) is amended by replacing (q) "with (x)."

18. Subsection 9.3 (2) is amended

(a) by replacing "a registered firm" with "an investment dealer",

(b) by replacing paragraph (i) with the following:

(i) subsections 14.2(2) to (6) [relationship disclosure information];

(c) by adding the following paragraph:

(i.1) section 14.2.1 [pre-trade disclosure of charges];

(d) by adding the following paragraphs:

(i.2) section 14.5.2 [restriction on self-custody and qualified custodian requirement];

(i.3) section 14.5.3 [cash and securities held by a qualified custodian];

(e) by replacing paragraph (j) with the following:

(j) section 14.6 [client and investment fund assets held by a registered firm in trust];

(f) by adding the following paragraphs:

(j.1) section 14.6.1 [custodial provisions relating to certain margin or security interests];

(j.2) section 14.6.2 [custodial provisions relating to short sales];

(g) by repealing paragraphs (k) and (l),

(h) by adding the following paragraph:

(l.1) section 14.11.1 [determining market value];

(i) in paragraph (m) by replacing "[content and delivery of trade confirmation]." with "[content and delivery of trade confirmation];", and

(j) by adding the following paragraphs:

(n) section 14.17 [*report on charges and other compensation*];

(o) section 14.18 [*investment performance report*];

(p) section 14.19 [*content of investment performance report*];

(q) section 14.20 [*delivery of report on charges and other compensation and investment performance report*].

19. Subsection 9.3 (2.1) is amended by replacing (m) "with (q)."

20. Section 9.4 (1) is amended

(a) by replacing "a registered firm" with "a mutual fund dealer",

(b) by replacing paragraph (m) with the following:

(m) subsections 14.2(2), (3) and (5.1) [*relationship disclosure information*];

(c) by adding the following paragraph:

(m.1) section 14.2.1 [*pre-trade disclosure of charges*];

(d) by adding the following paragraphs:

(m.2) section 14.5.2 [*restriction on self-custody and qualified custodian requirement*];

(m.3) section 14.5.3 [*cash and securities held by a qualified custodian*];

(e) by replacing paragraph (n) with the following:

(n) section 14.6 [*client and investment fund assets held by a registered firm in trust*];

(f) by adding the following paragraphs:

(n.1) section 14.6.1 [*custodial provisions relating to certain margin or security interests*];

(n.2) section 14.6.2 [*custodial provisions relating to short sales*];

(g) by repealing paragraphs (o) and (p),

(h) by adding the following paragraph:

(p.1) section 14.11.1 [*determining market value*];

(i) in paragraph (q) by replacing [*content and delivery of trade confirmation*]. "with [*content and delivery of trade confirmation*];" and

(j) by adding the following paragraphs:

(r) section 14.14 [*account statements*];

- (s) section 14.14.1 [*additional statements*];
- (t) section 14.14.2 [*security position cost information*];
- (u) section 14.17 [*report on charges and other compensation*];
- (v) section 14.18 [*investment performance report*];
- (w) section 14.19 [*content of investment performance report*];
- (x) section 14.20 [*delivery of report on charges and other compensation and investment performance report*].

21. Subsection 9.4 (1.1) is amended by replacing (q) "with (x)."

22. Subsection 9.4 (2) is amended

(a) by adding "is a mutual fund dealer that" after "If a registered firm",

(b) by replacing paragraph (g) with the following:

(g) subsections 14.2(2), (3) and (5.1) [*relationship disclosure information*];

(c) by adding the following paragraph:

(g.1) section 14.2.1 [*pre-trade disclosure of charges*];

(d) by adding the following paragraphs:

(g.2) section 14.5.2 [*restriction on self-custody and qualified custodian requirement*];

(g.3) section 14.5.3 [*cash and securities held by a qualified custodian*];

(e) by replacing paragraph (h) with the following:

(h) section 14.6 [*client and investment fund assets held by a registered firm in trust*];

(f) by adding the following paragraphs:

(h.1) section 14.6.1 [*custodial provisions relating to certain margin or security interests*];

(h.2) section 14.6.2 [*custodial provisions relating to short sales*];

(g) by repealing paragraphs (i) and (j),

(h) by adding the following paragraph:

(j.1) section 14.11.1 [*determining market value*];

(i) in paragraph (k) by replacing [*content and delivery of trade confirmation*]. "with [*content and delivery of trade confirmation*];" and

(j) by adding the following paragraphs:

- (l) section 14.17 [*report on charges and other compensation*];
- (m) section 14.18 [*investment performance report*];
- (n) section 14.19 [*content of investment performance report*];
- (o) section 14.20 [*delivery of report on charges and other compensation and investment performance report*].

23. Section 9.4 is amended

- (a) in subsection (2.1) by replacing "(k)" with "(o)", and
- (b) in subsection (4) by replacing "subsection (1)" with "subsection (1), other than paragraph (1)(h),".

24. Paragraph 10.1 (1) (a) is replaced with the following:

- (a) in Alberta, the fees required under section 5 of ASC Rule 13-501 *Fees*,

25. Subsection 12.1 (5) is amended by replacing a registered firm "with an investment dealer."

26. Section 12.12 is amended

- (a) in subsection (2.1) by adding "is a mutual fund dealer that" after "If a registered firm", and
- (b) by adding the following subsections:

12.12(4) Despite paragraph (1)(b), in Québec, a firm registered only in that jurisdiction and only in the category of mutual fund dealer may deliver to the securities regulatory authority, no later than the 90th day after the end of its financial year, the *Monthly Report on Net Free Capital* provided in Appendix I of the *Regulation respecting the trust accounts and financial resources of securities firms*, as that Appendix read on September 27, 2009, that shows the calculation of the firm's net free capital as at the end of its financial year and as at the end of the immediately preceding financial year, if any.

12.12(5) Despite paragraph (2)(b), in Québec, a firm registered only in that jurisdiction and only in the category of mutual fund dealer may deliver to the securities regulatory authority, no later than the 30th day after the end of the first, second and third interim period of its financial year, the *Monthly Report on Net Free Capital* provided in Appendix I of the *Regulation respecting the trust accounts and financial resources of securities firms*, as that Appendix read on September 27, 2009, that shows the calculation of the firm's net free capital as at the end of the interim period and as at the end of the immediately preceding interim period, if any.

27. Section 12.14 is amended

- (a) in subsection (4) by adding "is an investment dealer that" after "If a registered firm", and
- (b) in subsection (5) by adding "is a mutual fund dealer that" after "If a registered firm."

28. Subsection 13.17 (1) is amended

- (a) in paragraph (f) by replacing "[account statements]." with "[account statements];" and
- (b) by adding the following paragraphs:

- (g) section 14.14.1 [*additional statements*];
- (h) section 14.14.2 [*security position cost information*];
- (i) section 14.17 [*report on charges and other compensation*];
- (j) section 14.18 [*investment performance report*].

29. Section 14.1 is amended by replacing section 14.1.1, section 14.6, "with sections 14.1.1, 14.5.1, 14.5.2, 14.5.3, 14.6, 14.6.1 and 14.6.2,"

30. Section 14.1.1 is replaced with the following:

Duty to provide information

14.1.1 A registered investment fund manager of an investment fund must, within a reasonable period of time, provide a registered dealer or a registered adviser that has a client that owns securities of the investment fund with the information that is required by the dealer or adviser in order for the dealer or adviser to comply with paragraph 14.12(1)(c), subsections 14.14(4) and (5), 14.14.1(2) and 14.14.2(1) and paragraph 14.17(1)(h).

31. Subsection 14.2 (2) is amended

(a) by adding "to a client" after "the information delivered", and

(b) by adding the following paragraphs:

(a.1) in the case of a registered firm that holds the client's assets, or directs or arranges which custodian will hold the client's assets, disclosure of the location where, and a general description of the manner in which, the client's assets are held, and a description of the risks and benefits to the client arising from the assets being held at that location and in that manner;

(a.2) in the case of a registered firm that has access to the client's assets

(i) disclosure of the location where, and a general description of the manner in which, the client's assets are held, and a description of the risks and benefits to the client arising from the assets being held in that location and in that manner, and

(ii) a description of the manner in which the client's assets are accessible by the registered firm, and a description of the risks and benefits to the client arising from having access to the assets in that manner;

32. The title of Division 3 of Part 14 is amended by adding "and investment fund assets" after "Client assets."

33. Division 3 of Part 14 is amended by adding the following sections:

Definition of "securities" in Alberta, British Columbia, New Brunswick, Nova Scotia and Saskatchewan

14.5.1 Despite section 1.2, in Alberta, British Columbia, New Brunswick, Nova Scotia and Saskatchewan, a reference to "securities" in this Division excludes "exchange contracts".

Restriction on self-custody and qualified custodian requirement

14.5.2(1) A registered firm must not be a custodian or sub-custodian for a client of the firm or for an investment fund in respect of the client's or investment fund's cash or securities unless the registered firm

(a) is a Canadian custodian under paragraph (a), (b) or (d) of the definition of "Canadian custodian", and

(b) has established and maintains a system of controls and supervision that a reasonable person would conclude is sufficient to manage the risks to the client or investment fund associated with the custody of the client's or investment fund's cash or securities.

14.5.2(2) A registered firm must ensure that any custodian for a client of the firm or for an investment fund managed by the firm in respect of the client's or investment fund's cash or securities is a Canadian custodian if the firm

(a) directs or arranges which custodian will hold the cash or securities of the client or investment fund, or

(b) holds or has access to the cash or securities of the client or investment fund.

14.5.2(3) Despite the requirement to use a Canadian custodian in subsection (2), a foreign custodian may be a custodian of the cash or securities of the client or investment fund if a reasonable person would conclude, considering all of the relevant circumstances, including, for greater certainty, the nature of the regulation and the sufficiency of the equity of the foreign custodian, that using the foreign custodian is more beneficial to the client or investment fund than using a Canadian custodian.

14.5.2(4) Despite the requirement to use a Canadian custodian in subsection (2), a Canadian financial institution may be a custodian of the cash of the client or investment fund.

14.5.2(5) For the purposes of subsections (2) and (3), the registered firm must ensure that the qualified custodian is functionally independent of the registered firm unless

(a) the qualified custodian is a Canadian custodian under paragraph (a), (b) or (d) of the definition of "Canadian custodian", and

(b) the registered firm ensures that the qualified custodian has established and maintains a system of controls and supervision that a reasonable person would conclude is sufficient to manage the risks to the client or investment fund associated with the custody of the client's or investment fund's cash or securities.

14.5.2(6) For the purpose of subsection (4), the registered firm must ensure that the Canadian financial institution is functionally independent of the registered firm.

14.5.2(7) This section does not apply to a registered firm in respect of any of the following:

(a) an investment fund that is subject to National Instrument 81-102 *Investment Funds*;

(b) an investment fund that is subject to National Instrument 41-101 *General Prospectus Requirements*;

(c) a security that is recorded on the books of the security's issuer, or the transfer agent of the security's issuer, only in the name of the client or investment fund;

- (d) cash or securities of a permitted client, if the permitted client
 - (i) is not an individual or an investment fund, and
 - (ii) has acknowledged in writing that the permitted client is aware that the requirements in this section that would otherwise apply to the registered firm do not apply;
- (e) customer collateral subject to custodial requirements under National Instrument 94-102 *Derivatives: Customer Clearing and Protection of Customer Collateral and Positions*;
- (f) a security that evidences a debt obligation secured by a mortgage registered or published against the title of real estate if
 - (i) the mortgage is registered or published in the name of the client or investment fund as mortgagee, or
 - (ii) in the case of a syndicated mortgage, the mortgage is registered or published in the name of either of the following as mortgagee:
 - (A) a person or company that is registered or licensed under mortgage brokerage, mortgage administrators or mortgage dealer legislation of a jurisdiction of Canada if that mortgage is held in trust for the client or investment fund, as applicable;
 - (B) each investor that is a mortgagee in respect of that mortgage.

Cash and securities held by a qualified custodian

14.5.3 A registered firm that is subject to subsection 14.5.2(2), (3) or (4) must take reasonable steps to ensure that cash and securities of a client or an investment fund,

- (a) except as provided in paragraphs (b) and (c), are held by the qualified custodian or, in respect of cash, the Canadian financial institution using an account number or other designation in the records of the qualified custodian or the Canadian financial institution, as applicable, sufficient to show that the beneficial ownership of the cash or securities of the client or investment fund is vested in that client or investment fund,
- (b) in the case of cash held in an account in the name of the registered firm, is held separate and apart from the registered firm's own property and held by the qualified custodian, or the Canadian financial institution, in a designated trust account in trust for clients or investment funds, or
- (c) in the case of cash or securities held for the purpose of bulk trading, are held in the name of the registered firm in trust for its clients or investment funds if the cash or securities are transferred to the client's or investment fund's account held by that client's or investment fund's qualified custodian or, in respect of cash, Canadian financial institution as soon as possible following a trade.

34. Section 14.6 is replaced with the following:

Client and investment fund assets held by a registered firm in trust

14.6(1) If a registered firm holds client assets or investment fund assets other than cash or securities, or if a registered firm holds cash or securities of a client or an investment fund as permitted by section 14.5.2, the registered firm must hold the assets

- (a) separate and apart from its own property,
- (b) in trust for the client or investment fund, and

(c) in the case of cash, in a designated trust account with a Canadian custodian or Canadian financial institution.

14.6(2) Despite paragraph (1)(c), a foreign custodian may be a custodian for the cash of the client or investment fund if a reasonable person would conclude, considering all of the relevant circumstances, including, for greater certainty, the nature of the regulation and the sufficiency of the equity of the foreign custodian, that using the foreign custodian is more beneficial to the client or investment fund than using a Canadian custodian or a Canadian financial institution.

Custodial provisions relating to certain margin or security interests

14.6.1(1) In this section, "clearing corporation option", "futures exchange", "option on futures", "specified derivative" and "standardized future" have the same meaning as in section 1.1 of National Instrument 81-102 *Investment Funds*.

14.6.1(2) Subsection 14.5.2(2) does not apply to a registered firm in respect of cash or securities of a client or investment fund deposited with a dealer as margin for transactions outside of Canada involving clearing corporation options, options on futures or standardized futures if

(a) in the case of standardized futures and options on futures, the dealer is a member of a futures exchange or, in the case of clearing corporation options, is a member of a stock exchange, and, as a result in either case, is subject to a regulatory audit,

(b) the dealer has a net worth, determined from its most recent audited financial statements, in excess of \$50 million, and

(c) a reasonable person would conclude that using the dealer is more beneficial to the client or investment fund than using a Canadian custodian.

14.6.1(3) Subsection 14.5.2(2) does not apply to a registered firm in respect of cash or securities of a client or investment fund deposited with the client's or investment fund's counterparty over which the client or investment fund has granted a security interest in connection with a particular specified derivatives transaction.

14.6.1(4) The registered firm must take reasonable steps to ensure that any agreement by which cash or securities of a client or investment fund are deposited in accordance with subsection (2) or (3) requires the person or company holding the cash or securities to ensure that its records show that the client or investment fund is the beneficial owner of the cash or securities.

Custodial provisions relating to short sales

14.6.2 Subsection 14.5.2(2) does not apply to a registered firm in respect of cash or securities of a client or investment fund deposited as security in connection with a short sale of securities with a dealer outside of Canada if

(a) the dealer is a member of a stock exchange and is subject to a regulatory audit,

(b) the dealer has a net worth, determined from its most recent audited financial statements, in excess of \$50 million, and

(c) a reasonable person would conclude that using the dealer is more beneficial to the client or investment fund than using a Canadian custodian.

35. Section 14.7 is repealed.

36. Section 14.8 is repealed.

37. Section 14.9 is repealed.

38. Subsection 14.11.1(2) is amended by replacing "14.14.2 [position cost information]" with

"14.14.2 [security position cost information]".

39. Subsection 14.11.1(3) is replaced with the following:

14.11.1(3) If a registered firm reasonably believes that it cannot determine the market value of a security in accordance with subsection (1), the market value of the security must be reported in a statement delivered under section 14.14 [account statements], 14.14.1 [additional statements], 14.14.2 [security position cost information], 14.15 [security holder statements] or 14.16 [scholarship plan dealer statements] as not determinable, and the market value of the security must be excluded from the total market value referred to in paragraphs 14.14(5)(e), 14.14.1(2)(e) and 14.14.2(5)(c)..

40. Section 14.12 is amended by adding the following subsection:

14.12(7) In Newfoundland and Labrador, Ontario and Saskatchewan, a registered dealer that complies with the requirements of this section in respect of a purchase or sale of a security is not subject to any of subsections 37(1), (2) or (3) of the *Securities Act* (Newfoundland and Labrador), subsection 36(1) of the *Securities Act* (Ontario) and subsection 42(1) of *The Securities Act, 1988* (Saskatchewan).

41. Section 14.14 is amended

(a) in paragraph (4) (d) by adding "purchased, sold or transferred" after "the number of securities", and

(b) in paragraph (5) (f) by replacing "covered" with "eligible for coverage".

42. Section 14.14.1 is amended

(a) in paragraph (2) (f) by replacing "the name" with "disclosure in respect",

(b) in paragraph (2) (g) by replacing "securities are covered" with "securities are, or the account is, eligible for coverage", and by deleting "and, if they are, the name of the fund", and

(c) by adding the following subsection:

14.14.1(2.1) Paragraph (2)(g) does not apply if the party referred to in paragraph (2)(f) is required under section 14.14, or under an IIROC provision or MFDA provision, to deliver a statement to the client in respect of the securities or the account referred to in subsection (1) of this section.

43. The heading to section 14.14.2 is amended by replacing "Position cost information" with

"Security position cost information".

44. Section 14.14.2 is amended

(a) by replacing paragraphs (2) (a) and (b) with the following:

(a) for each security position, in the statement, opened on or after July 15, 2015, presented on an average cost per unit or share basis or an aggregate basis,

(i) the cost of the security position, determined as at the end of the period for which the information referred to in subsection 14.14(5) or 14.14.1(2) is provided, or

(ii) if the security position was transferred from another registered firm, the information referred to in subparagraph (i) or the market value of the security position as at the date of the transfer of the security position;

(b) for each security position, in the statement, opened before July 15, 2015, presented on an average cost per unit or share basis or an aggregate basis,

(i) the cost of the security position, determined as at the end of the period for which the information referred to in subsection 14.14(5) or 14.14.1(2) is provided, or

(ii) the market value of the security position on

(A) December 31, 2015, or

(B) a date that is earlier than December 31, 2015 if the registered firm reasonably believes accurate, recorded historical position cost information is available for the client's account, and it would not be misleading to the client to provide that information as at the earlier date; *and*

(b) by adding the following subsection:

14.14.2(2.1) If a registered firm reports one or more security positions of a client using the market value determined as at the date referred to in subparagraph (2)(a)(ii) or (2)(b)(ii), the firm must disclose in the statement that it is providing the market value of the security position as at the relevant date, instead of the cost of the security position.

45. Paragraph 14.15(c) and section 14.16 are amended by replacing ¶4.14.2[*position cost information*]"with ¶4.14.2 [*security position cost information*]".

46. Subsection 14.18 (6) is replaced with the following:

14.18(6) Despite subsection (1), a registered firm is not required to deliver a report to a client for a 12-month period referred to in that subsection if the firm reasonably believes

(a) there are no securities of the client with respect to which information is required to be reported under subsection 14.14(5) [*account statements*] or subsection 14.14.1(1) [*additional statements*], or

(b) no market value can be determined for any securities of the client in respect to which information is required to be reported under subsection 14.14(5) or 14.14.1(1).

47. Section 14.19 is amended:

(a) by replacing paragraph (1) (d) with the following:

(d) the market values determined under subsection (1.1);

(b) by repealing paragraph (1)(e),

(c) in paragraph (1)(g) by replacing ¶paragraph (h)"with §subsection (1.2),"

(d) by repealing paragraph (1)(h),

(e) by adding the following subsections:

14.19(1.1) For the purposes of paragraph (1)(d), the investment performance report must include the following, as applicable:

(a) if the client's account was opened on or after July 15, 2015, the market value of all deposits and transfers of cash and securities into the client's account, and the market value of all withdrawals and transfers of cash and securities out of the account, since opening the account;

(b) if the client's account was opened before July 15, 2015, and the firm has not delivered an investment performance report for the 12-month period ending December 31, 2016,

(i) the market value of all cash and securities in the client's account as at

(A) July 15, 2015, or

(B) a date that is earlier than July 15, 2015 if the registered firm reasonably believes accurate, recorded historical market value information is available for the client's account, and it would not be misleading to the client to provide that information as at the earlier date, and

(ii) the market value of all deposits and transfers of cash and securities into the account, and the market value of all withdrawals and transfers of cash and securities out of the account, since the date referred to in clause (i)(A) or (B), as applicable;

(c) if the client's account was opened before July 15, 2015, and the firm delivered an investment performance report for the 12-month period ending December 31, 2016,

(i) the market value of all cash and securities in the client's account as at

(A) January 1, 2016, or

(B) a date that is earlier than January 1, 2016 if the registered firm reasonably believes accurate, recorded historical market value information is available for the client's account, and it would not be misleading to the client to provide that information as at the earlier date, and

(ii) the market value of all deposits and transfers of cash and securities into the account, and the market value of all withdrawals and transfers of cash and securities out of the account, since the date referred to in clause (i)(A) or (B), as applicable.

14.19(1.2) Paragraph (1)(g) does not apply if the client's account was opened before July 15, 2015 and the registered firm includes in the investment performance report the cumulative change in the market value of the account determined using the following formula, instead of the formula in paragraph (g):

$$A - G - H + I$$

where

A = the market value of all cash and securities in the account as at the end of the 12-month period covered by the investment performance report;

G = the market value of all cash and securities in the account determined as follows:

(a) if the firm has not delivered an investment performance report for the 12-month period ending December 31, 2016, the market value of all cash and securities in the client's account as at

(i) July 15, 2015, or

(ii) a date that is earlier than July 15, 2015 if the registered firm reasonably believes accurate, recorded historical market value information is available for the client's account, and it would not be misleading to the client to provide that information as at the earlier date,

(b) if the firm has delivered an investment performance report for the 12-month period ending December 31, 2016, the market value of all cash and securities in the client's account as at

(i) January 1, 2016, or

(ii) a date that is earlier than January 1, 2016 if the registered firm reasonably believes accurate, recorded historical market value information is available for the client's account, and it would not be misleading to the client to provide that information as at the earlier date;

H = the market value of all deposits and transfers of cash and securities into the account since the date used for the purposes of the definition of "G"; and

I = the market value of all withdrawals and transfers of cash and securities out of the account since the date used for the purposes of the definition of "G".,

(f) by replacing paragraph (2) (e) with the following:

(e) subject to subsection (3.1), the period since the client's account was opened if the account has been open for more than one year before the date of the report or, if the account was opened before July 15, 2015, the period since

(i) July 15, 2015, or

(ii) a date that is earlier than July 15, 2015 if the registered firm reasonably believes accurate, recorded annualized total percentage return information is available for the client's account, and it would not be misleading to the client to provide that information as at the earlier date., *and*

(g) by adding the following subsection:

14.9 (3.1) Paragraph (2)(e) does not apply to a registered firm that delivered an investment performance report for the 12-month period ending December 31, 2016 if the firm provides, in the report, the annualized total percentage return information referred to in that paragraph for the period since

(a) January 1, 2016, or

(b) a date that is earlier than January 1, 2016 if the registered firm reasonably believes accurate, recorded annualized total percentage return information is available for the client's account, and it would not be misleading to the client to provide that information as at the earlier date.

48. Subsection 15.1 (3) is amended by adding Alberta and "after Except in."

49. Form 31-103F1 Calculation of Excess Working Capital is amended

(a) in the column entitled "Component" in Line 10 of the table by adding "or, in Québec, for a firm registered only in that jurisdiction and solely in the category of mutual fund dealer, less the deductible under the liability insurance required under section 193 of the Québec Securities Regulation" after "National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations",

(b) in subparagraph (a)(i) of Schedule 1 by replacing "Aaa or AAA by Moody's Canada Inc. or its DRO affiliate or Standard & Poor's Rating Services (Canada) or its DRO affiliate, respectively" with "Aaa or AAA, or the short-term ratings equivalent of either of those ratings, by a designated rating organization or its DRO affiliate", and

(c) in paragraph (d) of Schedule 1 by replacing "Investment Companies Act of 1940" with "Investment Company Act of 1940".

50. Appendix G is replaced with the following:

APPENDIX G – EXEMPTIONS FROM CERTAIN REQUIREMENTS FOR IIROC MEMBERS

(Section 9.3 [exemptions from certain requirements for IIROC members])

| NI 31-103 Provision | IIROC Provision |
|---------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| section 12.1 [capital requirements] | 1. Dealer Member Rule 17.1; and 2. Form 1 |
| section 12.2 [subordination agreement] | 1. Dealer Member Rule 5.2; and 2. Dealer Member Rule 5.2A |
| section 12.3 [insurance – dealer] | 1. Dealer Member Rule 17.5 2. Dealer Member Rule 400.2 [Financial Institution Bond]; 3. Dealer Member Rule 400.4 [Amounts Required]; and 4. Dealer Member Rule 400.5 [Provisos with respect to Dealer Member Rules 400.2, 400.3 and 400.4] |
| section 12.6 [global bonding or insurance] | 1. Dealer Member Rule 400.7 [Global Financial Institution Bonds] |
| section 12.7 [notifying the regulator of a change, claim or cancellation] | 1. Dealer Member Rule 17.6; 2. Dealer Member Rule 400.3 [Notice of Termination]; and 3. Dealer Member Rule 400.3B [Termination or Cancellation] |
| section 12.10 [annual financial statements] | 1. Dealer Member Rule 16.2 [Dealer Member Filing Requirements]; and 2. Form 1 |
| section 12.11 [interim financial information] | 1. Dealer Member Rule 16.2 [Dealer Member Filing Requirements]; and 2. Form 1 |
| section 12.12 [delivering financial information – dealer] | 1. Dealer Member Rule 16.2 [Dealer Member Filing Requirements] |

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|---------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| subsection 13.2(3) [<i>know your client</i>] | <ol style="list-style-type: none"> 1. Dealer Member Rule 1300.1(a)-(n) [<i>Identity and Creditworthiness</i>]; 2. Dealer Member Rule 1300.2; 3. Dealer Member Rule 2500, Part II [<i>Opening New Accounts</i>]; 4. Dealer Member Rule 2700, Part II [<i>New Account Documentation and Approval</i>]; and 5. Form 2 <i>New Client Application Form</i> |
| section 13.3 [<i>suitability</i>] | <ol style="list-style-type: none"> 1. Dealer Member Rule 1300.1(o) [<i>Business Conduct</i>]; 2. Dealer Member Rule 1300.1(p) [<i>Suitability determination required when accepting order</i>]; 3. Dealer Member Rule 1300.1(q) [<i>Suitability determination required when recommendation provided</i>]; 4. Dealer Member Rule 1300.1(r) [<i>Suitability determination required for account positions held when certain events occur</i>]; 5. Dealer Member Rule 1300.1(s) [<i>Suitability of investments in client accounts</i>]; 6. Dealer Member Rule 1300.1(t) – (v) [<i>Exemptions from the suitability assessment requirements</i>] 7. Dealer Member Rule 1300.1(w) [<i>Corporation approval</i>] 8. Dealer Member Rule 2700, Part I [<i>Customer Suitability</i>]; and 9. Dealer Member Rule 3200 [<i>Minimum requirements for Dealer Members seeking approval under Rule 1300.1(t) to offer an order-execution only service</i>] |
| section 13.12 [<i>restriction on lending to clients</i>] | <ol style="list-style-type: none"> 1. Dealer Member Rule 17.11; and 2. Dealer Member Rule 100 [<i>Margin Requirements</i>] |
| section 13.13 [<i>disclosure when recommending the use of borrowed money</i>] | <ol style="list-style-type: none"> 1. Dealer Member Rule 29.26 |
| section 13.15 [<i>handling complaints</i>] | <ol style="list-style-type: none"> 1. Dealer Member Rule 2500, Part VIII [<i>Client Complaints</i>]; and 2. Dealer Member Rule 2500B [<i>Client Complaint Handling</i>] |
| subsection 14.2(2) [<i>relationship disclosure information</i>] | <ol style="list-style-type: none"> 1. Dealer Member Rule 3500.5 [<i>Content of relationship disclosure</i>] |
| subsection 14.2(3) [<i>relationship disclosure information</i>] | <ol style="list-style-type: none"> 1. Dealer Member Rule 3500.4 [<i>Format of relationship disclosure</i>] |
| subsection 14.2(4) [<i>relationship disclosure information</i>] | <ol style="list-style-type: none"> 1. Dealer Member Rule 3500.1 [<i>Objective of relationship disclosure requirements</i>] |
| subsection 14.2(5.1) [<i>relationship disclosure information</i>] | <ol style="list-style-type: none"> 1. Dealer Member Rule 29.8 |
| subsection 14.2(6) [<i>relationship disclosure information</i>] | <ol style="list-style-type: none"> 1. Dealer Member Rule 3500.1 [<i>Objective of relationship disclosure requirements</i>] |
| section 14.2.1 [<i>pre-trade disclosure of charges</i>] | <ol style="list-style-type: none"> 1. Dealer Member Rule 29.9 |
| section 14.6 [<i>holding client assets in trust</i>] | <ol style="list-style-type: none"> 1. Dealer Member Rule 17.3 |

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|-----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| section 14.8 [<i>securities subject to a safekeeping agreement</i>] | <ol style="list-style-type: none"> 1. Dealer Member Rule 17.2A 2. Dealer Member Rule 2600 – Internal Control Policy Statement 5 [<i>Safekeeping of Clients' Securities</i>] |
| section 14.9 [<i>securities not subject to a safekeeping agreement</i>] | <ol style="list-style-type: none"> 1. Dealer Member Rule 17.3; 2. Dealer Member Rule 17.3A; and 3. Dealer Member Rule 200.1(c) |
| section 14.11.1 [<i>determining market value</i>] | <ol style="list-style-type: none"> 1. Dealer Member Rule 200.1(c); and 2. Definition (g) of the General Notes and Definitions to Form 1 |
| section 14.12 [<i>content and delivery of trade confirmation</i>] | <ol style="list-style-type: none"> 1. Dealer Member Rule 200.2(l) [<i>Trade confirmations</i>] |
| section 14.14 [<i>account statements</i>] | <ol style="list-style-type: none"> 1. Dealer Member Rule 200.2(d) [<i>Client account statements</i>]; and 2. "Guide to Interpretation of Rule 200.2", Item (d) |
| section 14.14.1 [<i>additional statements</i>] | <ol style="list-style-type: none"> 1. Dealer Member Rule 200.2(e) [<i>Report on client positions held outside of the Dealer Member</i>]; 2. Dealer Member Rule 200.4 [<i>Timing of sending documents to clients</i>]; and 3. "Guide to Interpretation of Rule 200.2", Item (e) |
| section 14.14.2 [<i>security position cost information</i>] | <ol style="list-style-type: none"> 1. Dealer Member Rule 200.1(a); 2. Dealer Member Rule 200.1(b); 3. Dealer Member Rule 200.1(e); 4. Dealer Member Rule 200.2(d)(ii)(F) and (H); and 5. Dealer Member Rule 200.2(e)(ii)(C) and (E) |
| section 14.17 [<i>report on charges and other compensation</i>] | <ol style="list-style-type: none"> 1. Dealer Member Rule 200.2(g) [<i>Fee/ charge report</i>]; and 2. "Guide to Interpretation of Rule 200.2", Item (g) |
| section 14.18 [<i>investment performance report</i>] | <ol style="list-style-type: none"> 1. Dealer Member Rule 200.2(f) [<i>Performance report</i>]; and 2. "Guide to Interpretation of Rule 200.2", Item (f) |
| section 14.19 [<i>content of investment performance report</i>] | <ol style="list-style-type: none"> 1. Dealer Member Rule 200.2(f) [<i>Performance report</i>]; and 2. "Guide to Interpretation of Rule 200.2", Item (f) |
| section 14.20 [<i>delivery of report on charges and other compensation and investment performance report</i>] | <ol style="list-style-type: none"> 1. Dealer Member Rule 200.4 [<i>Timing of the sending of documents to clients</i>] |

51. Appendix G, as amended by section 50 of this Instrument, is amended by adding the following rows in the format indicated by the shaded area before the row commencing with Section 14.6 [holding client assets in trust]."

| NI 31-103 Provision | IIROC Provision |
|----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| section 14.5.2 [restriction on self-custody and qualified custodian requirement] | <ol style="list-style-type: none"> 1. Dealer Member Rule 17.2A; 2. Dealer Member Rules 17.3, 17.3A, 17.3B and 2000 [Segregation Requirements]; 3. Dealer Member Rule 2600 – Internal Control Policy Statement 4 [Segregation of Clients’ Securities]; 4. Dealer Member Rule 2600 - Internal Control Policy Statement 5 [Safekeeping of Clients’ Securities]; 5. Dealer Member Rule 2600 - Internal Control Policy Statement 6 [Safeguarding of Securities and Cash]; and 6. Definition of "acceptable securities locations", General Notes and Definitions to Form 1 |
| section 14.5.3 [cash and securities held by a qualified custodian] | <ol style="list-style-type: none"> 1. Dealer Member Rule 200 [Minimum Records] |

52. Appendix G, as amended by section 50 of this Instrument, is amended by replacing "section 14.6 [holding client assets in trust]" with Section 14.6 [client and investment fund assets held by a registered firm in trust]."

53. Appendix G, as amended by section 50 of this Instrument, is amended by adding the following rows in the format indicated by the shaded area after the row commencing with Section 14.6 [holding client assets in trust]."

| NI 31-103 Provision | IIROC Provision |
|----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| section 14.6.1 [custodial provisions relating to certain margin or security interests] | <ol style="list-style-type: none"> 1. Dealer Member Rules 17.2, 17.2A, 17.3, 17.3A, 17.3B, 17.11 and 2000 [Segregation Requirements]; 2. Dealer Member Rule 100 [Margin Requirements]; 3. Dealer Member Rule 2200 [Cash and Securities Loan Transactions]; 4. Dealer Member Rule 2600 – Internal Control Policy Statement 4 [Segregation of Clients’ Securities]; 5. Dealer Member Rule 2600 - Internal Control Policy Statement 5 [Safekeeping of Clients’ Securities]; 6. Dealer Member Rule 2600 - Internal Control Policy Statement 6 [Safeguarding of Securities and Cash]; and 7. Definitions of "acceptable counterparties", "acceptable institutions", "acceptable securities locations", "regulated entities", General Notes and Definitions to Form 1 |
| section 14.6.2 [custodial provisions relating to short sales] | <ol style="list-style-type: none"> 1. Dealer Member Rule 100 [Margin Requirements]; 2. Dealer Member Rule 2200 [Cash and Securities Loan Transactions]; 3. Dealer Member Rule 2600 - Internal Control Policy Statement 6 [Safeguarding of Securities and Cash]; and 4. Definitions of "acceptable counterparties", "acceptable institutions", "acceptable securities locations", "regulated entities", General Notes and Definitions to Form 1 |

54. Appendix G, as amended by section 50 of this Instrument, is amended by repealing the rows commencing with §section 14.8 [securities subject to a safekeeping agreement]"and §section 14.9 [securities not subject to a safekeeping agreement]."

55. Appendix H is replaced with the following:

APPENDIX H – EXEMPTIONS FROM CERTAIN REQUIREMENTS FOR MFDA MEMBERS

(Section 9.4 [exemptions from certain requirements for MFDA members])

| NI 31-103 Provision | MFDA Provision |
|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| section 12.1 [<i>capital requirements</i>] | <ol style="list-style-type: none"> 1. Rule 3.1.1 [<i>Minimum Levels</i>]; 2. Rule 3.1.2 [<i>Notice</i>]; 3. Rule 3.2.2 [<i>Member Capital</i>]; 4. Form 1; and 5. Policy No. 4 [<i>Internal Control Policy Statements – Policy Statement 2: Capital Adequacy</i>] |
| section 12.2 [<i>subordination agreement</i>] | <ol style="list-style-type: none"> 1. Form 1, Statement F [<i>Statement of Changes in Subordinated Loans</i>]; and 2. Membership Application Package – Schedule I (Subordinated Loan Agreement) |
| section 12.3 [<i>insurance – dealer</i>] | <ol style="list-style-type: none"> 1. Rule 4.1 [<i>Financial Institution Bond</i>]; 2. Rule 4.4 [<i>Amounts Required</i>]; 3. Rule 4.5 [<i>Provisos</i>]; 4. Rule 4.6 [<i>Qualified Carriers</i>]; and 5. Policy No. 4 [<i>Internal Control Policy Statements – Policy Statement 3: Insurance</i>] |
| section 12.6 [<i>global bonding or insurance</i>] | <ol style="list-style-type: none"> 1. Rule 4.7 [<i>Global Financial Institution Bonds</i>] |
| section 12.7 [<i>notifying the regulator of a change, claim or cancellation</i>] | <ol style="list-style-type: none"> 1. Rule 4.2 [<i>Notice of Termination</i>]; and 2. Rule 4.3 [<i>Termination or Cancellation</i>] |
| section 12.10 [<i>annual financial statements</i>] | <ol style="list-style-type: none"> 1. Rule 3.5.1 [<i>Monthly and Annual</i>]; 2. Rule 3.5.2 [<i>Combined Financial Statements</i>]; and 3. Form 1 |
| section 12.11 [<i>interim financial information</i>] | <ol style="list-style-type: none"> 1. Rule 3.5.1 [<i>Monthly and Annual</i>]; 2. Rule 3.5.2 [<i>Combined Financial Statements</i>]; and 3. Form 1 |
| section 12.12 [<i>delivering financial information – dealer</i>] | <ol style="list-style-type: none"> 1. Rule 3.5.1 [<i>Monthly and Annual</i>] |
| section 13.3 [<i>suitability</i>] | <ol style="list-style-type: none"> 1. Rule 2.2.1 [<i>"Know-Your-Client"</i>]; and 2. Policy No. 2 [<i>Minimum Standards for Account Supervision</i>] |
| section 13.12 [<i>restriction on lending to clients</i>] | <ol style="list-style-type: none"> 1. Rule 3.2.1 [<i>Client Lending and Margin</i>]; and 2. Rule 3.2.3 [<i>Advancing Mutual Fund Redemption Proceeds</i>] |
| section 13.13 [<i>disclosure when recommending the use of borrowed money</i>] | <ol style="list-style-type: none"> 1. Rule 2.6 [<i>Borrowing for Securities Purchases</i>] |

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| section 13.15 [<i>handling complaints</i>] | <ol style="list-style-type: none"> 1. Rule 2.11 [<i>Complaints</i>]; 2. Policy No. 3 [<i>Complaint Handling, Supervisory Investigations and Internal Discipline</i>]; and 3. Policy No. 6 [<i>Information Reporting Requirements</i>] |
| subsections 14.2(2), (3) and (5.1) [<i>relationship disclosure information</i>] | <ol style="list-style-type: none"> 1. Rule 2.2.5 [<i>Relationship Disclosure</i>]; and 2. Rule 2.4.3 [<i>Operating Charges</i>] |
| section 14.2.1 [<i>pre-trade disclosure of charges</i>] | <ol style="list-style-type: none"> 1. Rule 2.4.4 [<i>Transaction Fees or Charges</i>] |
| section 14.6 [<i>holding client assets in trust</i>] | <ol style="list-style-type: none"> 1. Rule 3.3.1 [<i>General</i>]; 2. Rule 3.3.2 [<i>Cash</i>]; and 3. Policy No. 4 [<i>Internal Control Policy Statements – Policy Statement 4: Cash and Securities, and Policy Statement 5: Segregation of Clients’ Securities</i>] |
| section 14.8 [<i>securities subject to a safekeeping agreement</i>] | <ol style="list-style-type: none"> 1. Rule 3.3.3 [<i>Securities</i>]; and 2. Policy No. 4 [<i>Internal Control Policy Statements – Policy Statement 4: Cash and Securities, and Policy Statement 5: Segregation of Clients’ Securities</i>] |
| section 14.9 [<i>securities not subject to a safekeeping agreement</i>] | <ol style="list-style-type: none"> 1. Rule 3.3.3 [<i>Securities</i>] |
| section 14.11.1 [<i>determining market value</i>] | <ol style="list-style-type: none"> 1. Rule 5.3(1)(f) [<i>definition of "market value"</i>]; and 2. Definitions to Form 1 [<i>definition of "market value of a security"</i>] |
| section 14.12 [<i>content and delivery of trade confirmation</i>] | <ol style="list-style-type: none"> 1. Rule 5.4.1 [<i>Delivery of Confirmations</i>]; 2. Rule 5.4.2 [<i>Automatic Plans</i>]; and 3. Rule 5.4.3 [<i>Content</i>] |
| section 14.14 [<i>account statements</i>] | <ol style="list-style-type: none"> 1. Rule 5.3.1 [<i>Delivery of Account Statement</i>]; and 2. Rule 5.3.2 [<i>Content of Account Statement</i>] |
| section 14.14.1 [<i>additional statements</i>] | <ol style="list-style-type: none"> 1. Rule 5.3.1 [<i>Delivery of Account Statement</i>]; and 2. Rule 5.3.2 [<i>Content of Account Statement</i>] |
| section 14.14.2 [<i>security position cost information</i>] | <ol style="list-style-type: none"> 1. Rule 5.3(1)(a) [<i>definition of "book cost"</i>]; 2. Rule 5.3(1)(c) [<i>definition of "cost"</i>]; and 3. Rule 5.3.2(c) [<i>Content of Account Statement – Market Value and Cost Reporting</i>] |
| section 14.17 [<i>report on charges and other compensation</i>] | <ol style="list-style-type: none"> 1. Rule 5.3.3 [<i>Report on Charges and Other Compensation</i>] |
| section 14.18 [<i>investment performance report</i>] | <ol style="list-style-type: none"> 1. Rule 5.3.4 [<i>Performance Report</i>]; and 2. Policy No. 7 [<i>Performance Reporting</i>] |
| section 14.19 [<i>content of investment performance report</i>] | <ol style="list-style-type: none"> 1. Rule 5.3.4 [<i>Performance Report</i>]; and 2. Policy No. 7 [<i>Performance Reporting</i>] |
| section 14.20 [<i>delivery of report on charges and other compensation and investment performance report</i>] | <ol style="list-style-type: none"> 1. Rule 5.3.5 [<i>Delivery of Report on Charges and Other Compensation and Performance Report</i>] |

56. Appendix H, as amended by section 55 of this Instrument, is amended by adding the following rows in the format indicated by the shaded area before the row commencing with §section 14.6 [holding client assets in trust]."

| NI 31-103 Provision | MFDA Provision |
|----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| section 14.5.2 [restriction on self-custody and qualified custodian requirement] | <ol style="list-style-type: none"> 1. Rule 3.3.1 [General]; 2. Rule 3.3.2 [Cash]; 3. Rule 3.3.3 [Securities]; and 4. Policy No. 4 [Internal Control Policy Statements – Policy Statement 4: Cash and Securities, and Policy Statement 5: Segregation of Clients’ Securities] |
| section 14.5.3 [cash and securities held by a qualified custodian] | <ol style="list-style-type: none"> 1. Policy No. 4 [Internal Control Policy Statements – Policy Statement 4: Cash and Securities, and Policy Statement 5: Segregation of Clients’ Securities] |

57. Appendix H, as amended by section 55 of this Instrument, is amended by replacing the row commencing with "section 14.6 [holding client assets in trust]" with the following row in the format indicated by the shaded area:

| NI 31-103 Provision | MFDA Provision |
|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| section 14.6 [client and investment fund assets held by a registered firm in trust] | <ol style="list-style-type: none"> 1. Rule 3.3.1 [General]; 2. Rule 3.3.2 [Cash]; 3. Rule 3.3.3 [Securities]; and 4. Policy No. 4 [Internal Control Policy Statements – Policy Statement 4: Cash and Securities, and Policy Statement 5: Segregation of Clients’ Securities] |

58. Appendix H, as amended by section 55 of this Instrument, is amended by adding the following rows in the format indicated by the shaded area after the row commencing with §section 14.6 [holding client assets in trust]."

| NI 31-103 Provision | MFDA Provision |
|----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| section 14.6.1 [custodial provisions relating to certain margin or security interests] | <ol style="list-style-type: none"> 1. Rule 3.2.1 [Client Lending and Margin] |
| section 14.6.2 [custodial provisions relating to short sales] | <ol style="list-style-type: none"> 1. Rule 3.2.1 [Client Lending and Margin] |

59. Appendix H, as amended by section 55 of this Instrument, is amended by repealing the rows commencing with "section 14.8 [securities subject to a safekeeping agreement]" and "section 14.9 [securities not subject to a safekeeping agreement]".

60.(1) Subject to subsection (2), this Instrument comes into force on December 4, 2017.

60.(2) The following provisions of this Instrument come into force on June 4, 2018:

- (a) section 2;

- (b) section 4;
- (c) paragraphs 16(d), (e), (f) and (g);
- (d) paragraphs 18(d), (e), (f) and (g);
- (e) paragraphs 20(d), (e), (f) and (g);
- (f) paragraphs 22(d), (e), (f) and (g);
- (g) section 29;
- (h) paragraph 31(b);
- (i) sections 32 to 37, 51 to 54 and 56 to 59.

60.(3) In Saskatchewan, despite subsections (1) and (2), if this Instrument is filed with the Registrar of Regulations after December 4, 2017,

(a) subject to paragraph (b), this Instrument comes into force on the day on which it is filed with the Registrar of Regulations, and

(b) the provisions of this Instrument referenced in subsection (2) come into force six months after that day.

61. The Instrument may be cited as MSC Rule 2017-8.

ANNEX E1

BLACKLINE SHOWING CHANGES TO NI 31-103

This Annex shows, by way of blackline, changes to the Ontario version of the unofficial consolidation of NI 31-103 (as of July 27, 2017) after giving effect to the amendments set out in Annex E - Amendments to NI 31-103.

As set out in Annex E – Amendments to NI 31-103, certain of the amendments have already been adopted in some CSA jurisdictions.

The Custody Amendments identified in this Notice are expected come into force on June 4, 2018. The remaining amendments to NI 31-103 are expected come into force on December 4, 2017.

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

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

Part 1 Interpretation

1.1 Definitions of terms used throughout this Instrument

In this Instrument

“book cost” means the total amount paid to purchase a security, including any transaction charges related to the purchase, adjusted for reinvested distributions, returns of capital and corporate reorganizations;

“Canadian custodian” means any of the following:

- (a) a bank listed in Schedule I, II or III of the *Bank Act* (Canada);
- (b) a trust company that is incorporated under the laws of Canada or a jurisdiction of Canada and licensed or registered under the laws of Canada or a jurisdiction of Canada, and that has equity, as reported in its most recent audited financial statements, of not less than \$10,000,000;
- (c) a company that is incorporated under the laws of Canada or a jurisdiction of Canada, and that is an affiliate of a bank or trust company referred to in paragraph (a) or (b), if either of the following applies:
 - (i) the company has equity, as reported in its most recent audited financial statements, of not less than \$10,000,000;
 - (ii) the bank or trust company has assumed responsibility for all of the custodial obligations of the company for the cash and securities the company holds for a client or investment fund;
- (d) an investment dealer that is a member of IIROC and that is permitted under the rules of IIROC, as amended from time to time, to hold the cash and securities of a client or investment fund;

“Canadian financial institution” has the same meaning as in section 1.1 of National Instrument 45-106 *Prospectus Exemptions*;

“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 National Instrument 45-106 *Prospectus Exemptions*;

“designated rating” has the same meaning as in National Instrument 81-102 *Investment Funds*;

“designated rating organization” has the same meaning as in National Instrument 81-102 *Investment Funds*;

“DRO affiliate” means an affiliate of a designated rating organization that issues credit ratings in a foreign jurisdiction and that has been designated as such under the terms of the designated rating organization’s designation;

“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;

“foreign custodian” means any of the following:

- (a) an entity that
 - (i) is incorporated or organized under the laws of a country, or a political subdivision of a country, other than Canada,

(ii) is regulated as a banking institution or trust company by the government, or an agency of the government, of the country under the laws of which it is incorporated or organized, or a political subdivision of that country, and

(iii) has equity, as reported in its most recent audited financial statements, of not less than the equivalent of \$100,000,000;

(b) an affiliate of an entity referred to in paragraph (a), (b) or (c) of the definition of “Canadian custodian”, or paragraph (a) of this definition, if either of the following applies:

(i) the affiliate has equity, as reported in its most recent audited financial statements, of not less than the equivalent of \$100,000,000;

(ii) the entity referred to in paragraph (a), (b) or (c) of the definition of “Canadian custodian”, or paragraph (a) of this definition, has assumed responsibility for all of the custodial obligations of the affiliate for the cash and securities the affiliate holds for a client or investment fund;

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

“IIROC provision” means a by-law, rule, regulation or policy of IIROC named in Appendix G, as amended from time to time;

“interim period” means a period commencing on the first day of the financial year and ending 9, 6 or 3 months before the end of the financial year;

“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;

“MFDA provision” means a by-law, rule, regulation or policy of the MFDA named in Appendix H, as amended from time to time;

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

“operating charge” means any amount charged to a client by a registered firm in respect of the operation, transfer or termination of a client’s account and includes any federal, provincial or territorial sales taxes paid on that amount;

“original cost” means the total amount paid to purchase a security, including any transaction charges related to the purchase;

“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, investment dealer, mutual fund dealer or exempt market 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 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 National Instrument 45-106 *Prospectus Exemptions*, 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 National Instrument 45-106 *Prospectus Exemptions*, 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 National Instrument 45-106 *Prospectus Exemptions*, 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;

“principal regulator” has the same meaning as in section 4A.1 of Multilateral Instrument 11-102 *Passport System*;

[“qualified custodian” means a Canadian custodian or a foreign custodian;](#)

“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 firm registered in a jurisdiction of Canada on whose behalf an individual acts as a dealer, an underwriter, an adviser, a chief compliance officer or an ultimate designated person;

“sub-adviser” means an adviser to

- (a) a registered adviser, or
- (b) a registered dealer acting as a portfolio manager as permitted by section 8.24 [*IIROC members with discretionary authority*];

“subsidiary” has the same meaning as in section 1.1 of National Instrument 45-106 *Prospectus Exemptions*;

“total percentage return” means the cumulative realized and unrealized capital gains and losses of an investment, plus income from the investment, over a specified period of time, expressed as a percentage;

“trailing commission” means any payment related to a client’s ownership of a security that is part of a continuing series of payments to a registered firm or registered individual by any party;

“transaction charge” means any amount charged to a client by a registered firm in respect of a purchase or sale of a security and includes any federal, provincial or territorial sales taxes paid on that amount;

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

1.2 ~~4.2~~ Interpretation of “securities” in Alberta, British Columbia, New Brunswick, Nova Scotia and Saskatchewan

(1) ~~In Alberta, Subject to sections 8.2, 8.26 and 14.5.1, in~~ British Columbia, ~~New Brunswick and Saskatchewan~~, a reference to “securities” in this Instrument includes “exchange contracts”, unless the context otherwise requires.

(2) Subject to sections 8.2, 8.26 and 14.5.1, in Alberta, New Brunswick, Nova Scotia and Saskatchewan, a reference to “securities” in this Instrument includes “derivatives”, unless the context otherwise requires.

1.3 Information may be given to the principal regulator

(1) [*repealed*]

(2) For the purpose of a requirement in this Instrument to notify or to deliver or submit a document to the regulator or the securities regulatory authority, the person or company may notify or deliver or submit the document to the person or company’s principal regulator.

(3) [*repealed*]

(4) Despite subsection (2), for the purpose of the notice and delivery requirements in section 11.9 [*registrant acquiring a registered firm’s securities or assets*], if the principal regulator of the registrant and the principal regulator of the firm identified in paragraph 11.9(1)(a) or 11.9(1)(b), if registered in any jurisdiction of Canada, are not the same, the registrant must deliver the written notice to the following:

- (a) the registrant’s principal regulator; and
- (b) the principal regulator of the firm identified in paragraph 11.9(1)(a) or 11.9(1)(b) as applicable, if registered in any jurisdiction of Canada identified in paragraph 11.9(1)(a) or 11.9(1)(b).

(5) Subsection (2) does not apply to

- (a) section 8.18 [*international dealer*], and
- (b) section 8.26 [*international adviser*].

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.

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| Note: In Ontario, the same categories of registration for individuals as in subsection 2.1(1) are set out under section 25 of the <i>Securities Act</i> (Ontario). |
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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 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;

“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;

“Chief Compliance Officers Qualifying 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 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, 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 purpose of this Part, an individual is deemed to have not passed an examination unless the individual passed the examination not more than 36 months before the date of his or her application for registration.
- (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.
- (4) Subsection (1) does not apply to the examination requirements in:
 - (a) section 3.7 [*scholarship plan dealer – dealing representative*] if the individual was registered in a jurisdiction of Canada as a dealing representative of a scholarship plan dealer on and since September 28, 2009; and
 - (b) section 3.9 [*exempt market dealer – dealing representative*] if the individual was registered as a dealing representative of an exempt market dealer in Ontario or Newfoundland and Labrador on and since September 28, 2009.

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, including understanding 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 in respect of the securities listed in paragraph 7.1(2)(b) unless any of the following apply:

- (a) the individual has passed the Canadian Investment Funds Course Exam, the Canadian Securities Course Exam or the Investment Funds in Canada Course Exam;
- (b) the individual has met the requirements of section 3.11 [*portfolio manager – advising representative*];
- (c) the individual has earned a CFA Charter and has gained 12 months of relevant securities industry experience in the 36-month period before applying for registration;
- (d) the individual 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:
 - (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, the Mutual Fund Dealers Compliance Exam or the Chief Compliance Officers Qualifying Exam; and
 - (iii) gained 12 months of relevant securities industry experience in the 36-month period before applying for registration;
- (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 in respect of the securities listed in paragraph 7.1(2)(c) unless the individual 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:

- (a) passed the Sales Representative Proficiency Exam;
- (b) passed the Branch Manager Proficiency Exam;
- (c) passed the PDO Exam or the Chief Compliance Officers Qualifying Exam, and
- (d) gained 12 months of relevant securities industry experience in the 36-month period before applying for registration.

3.9 Exempt market dealer – dealing representative

A dealing representative of an exempt market dealer must not perform an activity listed in paragraph 7.1(2)(d) unless any of the following apply:

- (a) the individual has passed the Canadian Securities Course Exam;
- (b) the individual has passed the Exempt Market Products Exam;
- (c) the individual has earned a CFA Charter and has gained 12 months of relevant securities industry experience in the 36-month period before applying for registration;
- (d) the individual satisfies the conditions set out in section 3.11 [*portfolio manager – advising representative*];

- (e) the individual 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:
 - (i) passed the Exempt Market Products Exam or the Canadian Securities Course Exam;
 - (ii) passed the PDO Exam or the Chief Compliance Officers Qualifying Exam; and
 - (iii) gained 12 months of relevant securities industry experience in the 36-month period before applying for registration;
- (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 individual has earned a CFA Charter and has gained 12 months of relevant investment management experience in the 36-month period before applying for registration;
- (b) the individual has received the Canadian Investment Manager designation and has gained 48 months of relevant investment management experience, 12 months of which was gained 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 individual has completed Level 1 of the Chartered Financial Analyst program and has gained 24 months of relevant investment management experience;
- (b) the individual has received the Canadian Investment Manager designation and has gained 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 or the Chief Compliance Officers Qualifying Exam and, unless the individual has earned the CFA Charter, the Canadian Securities Course 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 in 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 either the PDO Exam or the Chief Compliance Officers Qualifying 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 either the PDO Exam or the Chief Compliance Officers Qualifying 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 or the Chief Compliance Officers Qualifying Exam and, unless the individual has earned the CFA Charter, the Canadian Securities Course 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 in 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 or the Chief Compliance Officers Qualifying 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 [an investment dealer that is](#) 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*].

- (1.1) Subsection (1) only applies to a registered individual who is a dealing representative of [an investment dealer that is](#) a member of IIROC in respect of a requirement specified in any of paragraphs (1)(a) to (c) if the registered individual complies with the corresponding IIROC provisions that are in effect.
- (2) The following sections do not apply to a registered individual who is a dealing representative of [a mutual fund dealer that is](#) a member of the MFDA:
- (a) section 13.3 [*suitability*];
- (b) section 13.13 [*disclosure when recommending the use of borrowed money*].
- (2.1) Subsection (2) only applies to a registered individual who is a dealing representative of [a mutual fund dealer that is](#) a member of the MFDA in respect of a requirement specified in paragraph (2)(a) or (b) if the registered individual complies with the corresponding MFDA provisions that are in effect.
- (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.

Part 4 Restrictions on registered individuals

4.1 Restriction on acting for another registered firm

- (1) A firm registered in any jurisdiction of Canada must not permit an individual to act as a dealing, advising or associate advising representative of the registered firm if either of the following apply:
- (a) the individual acts as an officer, partner or director of another firm registered in any jurisdiction of Canada that is not an affiliate of the first-mentioned registered firm;
- (b) the individual is registered as a dealing, advising or associate advising representative of another firm registered in any jurisdiction of Canada.
- (2) Paragraph (1)(b) does not apply in respect of a representative whose registration as a dealing, advising or associate advising representative of more than one registered firm was granted before July 11, 2011.

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 7 days following the date of a designation under subsection (2), a registered adviser must provide the regulator or, in Québec, the securities regulatory authority 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 2nd 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 individual is commenced under securities legislation or under the rules of an SRO, the individual'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.

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| Note: In Ontario, measures governing suspension in section 29 of the <i>Securities Act</i> (Ontario) are similar to those in Parts 6 and 10. |
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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,
 - (b) mutual fund dealer may act as a dealer in respect of any security of
 - (i) a mutual fund, or
 - (ii) 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) ~~subject to subsection (5),~~ act as a dealer by trading a security ~~that, if the trade were a distribution, would be exempt from the prospectus requirement, or~~ if all of the following apply:
 - (A) the trade is not a distribution;
 - (B) an exemption from the prospectus requirement would be available to the seller if the trade were a distribution;
 - (C) the class of security is not listed, quoted or traded on a marketplace, or
 - (iii) **[repealed]**
 - (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) **[repealed]**
- (4) Subsection (1) does not apply in Ontario.
- (5) ~~An exempt market dealer must not trade a security if~~ [repealed]
- ~~(a) the security is listed, quoted or traded on a marketplace, and~~
 - ~~(b) the trade in the security does not require reliance on a further exemption from the prospectus requirement.~~

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| <p>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 <i>Securities Act</i> (Ontario).</p> |
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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

8.0.1 General condition to dealer registration requirement exemptions

The exemptions in this Division are not available to a person or company if the person or company is registered in the local jurisdiction and if their category of registration permits the person or company to act as a dealer or trade in a security for which the exemption is provided.

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, [Nova Scotia](#) and Saskatchewan

Despite section 1.2, in Alberta, British Columbia, New Brunswick, [Nova Scotia](#) 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 in a security if either of the following applies:

- (a) the trade is made through a registered dealer, if the dealer is registered in a category that permits the trade unless, in furtherance of the trade, the person or company seeking the exemption solicits or contacts directly any purchaser or prospective purchaser in relation to 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.

8.5.1 Trades through a registered dealer by registered adviser

The dealer registration requirement does not apply to a registered adviser, or an advising representative or associate advising representative acting on behalf of the registered adviser, in respect of trading activities that are incidental to its providing advice to a client, if the trade is made through a dealer registered in a category that permits the trade or a dealer operating under an exemption from the dealer registration requirement.

8.6 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 an investment fund if ~~both~~all of the following apply:
- (a) the adviser or an affiliate of the adviser acts as the fund's adviser ~~and~~ (a.1) the adviser or an affiliate of the adviser acts as the fund's 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 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 or, in Québec, the securities regulatory authority that it is relying on the exemption within 10 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, section 86(e) and paragraph 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, section 19(3) and paragraph 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, paragraphs 36(1)(e) and 73(1)(d) of the *Securities Act* (Newfoundland and Labrador);
 - (vi) in Nova Scotia, paragraphs 41(1)(e) and 77(1)(d) of the *Securities Act* (Nova Scotia);
 - (vii) in Northwest Territories, sections 3(c) and (z) of Blanket Order No. 1;
 - (viii) in Nunavut, sections 3(c) and (z) of Blanket Order No. 1;

- (ix) in Ontario, section 35(1)5 and paragraph 72(1)(d) of the *Securities Act* (Ontario) as they existed prior to their repeal by sections 5 and 11 of the *Securities Act* (Ontario) S.O. 2009, c. 18, Sch. 26 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, paragraph 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 section 51 and subsection 155.1(2) of the *Securities Act* (Québec);
 - (xii) in Saskatchewan, paragraphs 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, [New Brunswick](#), 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 National Instrument 45-106 *Prospectus Exemptions*;

“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 or Alberta.

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).

In Alberta, subsection 8.15(1) is not required because the exemption is provided under subsection 1(ggg)(v)(B) of the *Securities Act* (Alberta).

8.16 Plan administrator

- (1) In this section

“consultant” has the same meaning as in section 2.22 of National Instrument 45-106 *Prospectus Exemptions*;

“executive officer” has the same meaning as in section 1.1 of National Instrument 45-106 *Prospectus Exemptions*;

“permitted assign” has the same meaning as in section 2.22 of National Instrument 45-106 *Prospectus Exemptions*;

“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 National Instrument 45-106 *Prospectus Exemptions*.

- (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 paragraph (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 8.4 [*transition – reinvestment plan*] of National Instrument 45-106 *Prospectus Exemptions*, 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 any 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
 - (i) is denominated in a currency other than the Canadian dollar, or
 - (ii) is or was originally 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 purchasing as principal.
- (3)** The exemption under subsection (2) is 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 trading as principal or agent for
 - (i) the issuer of the securities,
 - (ii) a permitted client, 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 exemption under subsection (2) is 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 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.
- (5)** A person or company that relied on the exemption in subsection (2) during the 12-month period preceding December 1 of a year must notify the regulator or, in Québec, the securities regulatory authority of that fact by December 1 of that year.

- (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*.
- (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.

8.19 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 in respect of securities listed in paragraph 7.1(2)(b);
 - (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, Nova Scotia and Saskatchewan

- (1) In Alberta, British Columbia, New Brunswick, Nova Scotia and Saskatchewan, the dealer registration requirement does not apply to a person or company in respect of a trade in an exchange contract by the person or company if one of the following applies:
 - (a) ~~(a)~~ — the trade is made through a registered dealer, if the dealer is registered in a category that permits the trade unless, in furtherance of the trade, the person or company seeking the exemption solicits or contacts directly any purchaser or prospective purchaser in relation to the trade;
 - (b) ~~(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.

(2) [repealed]

(3) [repealed]

8.20.1 Exchange contract trades through or to a registered dealer - Alberta, British Columbia, New Brunswick, Nova Scotia and Saskatchewan

~~The~~In Alberta, British Columbia, New Brunswick, Nova Scotia and Saskatchewan, the dealer registration requirement does not apply to a registered adviser, or an advising representative or associate advising representative acting on behalf of the registered adviser, in respect of trading activities related to exchange contracts that are incidental to its providing advice to a client, if the trade is made through a dealer registered in a category that permits the trade, or a dealer operating under an exemption from the dealer registration requirement.

8.21 Specified debt

(1) In this section

“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 a designated rating from a designated rating organization or its DRO affiliate;
- (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 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.
- (3) For the purposes of paragraph (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.

8.22.1 Short-term debt

- (1) In this section “short-term debt instrument” means a negotiable promissory note or commercial paper maturing not more than one year from the date of issue.
- (2) Except in Ontario, the dealer registration requirement does not apply to any of the following in respect of a trade in a short-term debt instrument with a permitted client:
- (a) a bank listed in Schedule I, II or III to the *Bank Act* (Canada);
 - (b) an association to which the *Cooperative Credit Associations Act* (Canada) applies or a central cooperative credit society for which an order has been made under subsection 473 (1) of that Act;
 - (c) a loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative or credit union league or federation that is authorized by a statute of Canada or of a jurisdiction in Canada to carry on business in Canada or in any jurisdiction in Canada, as the case may be;
 - (d) the Business Development Bank of Canada;
- (3) The exemption under subsection (2) is not available to a person or company if the short-term debt instrument is convertible or exchangeable into, or accompanied by a right to purchase, another security other than another short-term debt instrument.

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| Note: In Ontario, an exemption from the dealer registration requirement similar to that in section 8.22.1 is provided under section 35.1 of the <i>Securities Act</i> (Ontario). |
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Division 2 Exemptions from adviser registration

8.22.2 General condition to adviser registration requirement exemptions

The exemptions in this Division are not available to a person or company if the person or company is registered in the local jurisdiction in a category of registration that permits the person or company to act as an adviser in respect of the activities for which the exemption is provided.

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 an investment dealer that](#) 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.

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| Note: In Ontario, measures similar to those in section 8.25 are in section 34 of the <i>Securities Act</i> (Ontario). |
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8.26 International adviser

- (1) Despite section 1.2, in Alberta, British Columbia, New Brunswick, [Nova Scotia](#) 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;

(3) The adviser registration requirement does not apply to a person or company if either of the following applies:

(a) ~~(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, other than the person or company provides advice on a foreign security to a permitted client that is a person or company not registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer, if the adviser does not advise that client on securities of Canadian issuers, unless providing that:~~

(b) the person or company provides advice on a security that is not a foreign security and the advice is incidental to its providing advice on a foreign security. the advice referred to in paragraph (a).

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

- (a) ~~(a) —~~ the adviser’s head office or principal place of business is in a foreign jurisdiction;
- (b) the adviser is registered in a category of registration, 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, 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) as 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 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;
- (f) the adviser has submitted to the securities regulatory authority a completed Form 31-103F2 *Submission to jurisdiction and appointment of agent for service*.

(5) A person or company that relied on the exemption in subsection (3) during the 12 month period preceding December 1 of a year must notify the regulator, or, in Québec, the securities regulatory authority of that fact by December 1 of that year.

(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*.

8.26.1 International sub-adviser

(1) The adviser registration requirement does not apply to a sub-adviser if all of the following apply:

- (a) the obligations and duties of the sub-adviser are set out in a written agreement with the registered adviser or registered dealer;

- (b) the registered adviser or registered dealer has entered into a written agreement with its clients on whose behalf investment advice is or portfolio management services are to be provided, agreeing to be responsible for any loss that arises out of the failure of the sub-adviser
 - (i) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the registrant and each client of the registrant for whose benefit the advice is or portfolio management services are to be provided, or
 - (ii) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances.
- (2) The exemption under subsection (1) is not available unless all of the following apply:
- (a) the sub-adviser's head office or principal place of business is in a foreign jurisdiction;
 - (b) the sub-adviser is registered in a category of registration, 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, 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 sub-adviser engages in the business of an adviser in the foreign jurisdiction in which its head office or principal place of business is located.

Division 3 Exemptions from investment fund manager registration

8.26.2 General condition to investment fund manager registration requirement exemptions

The exemptions in this Division are not available to a person or company if the person or company is registered in the local jurisdiction as an investment fund manager.

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

- (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, that permits a plan member to make investment decisions among two or more investment options offered within the plan, and in Québec and Manitoba, includes a simplified pension plan;

“plan member” means a person that has assets in a capital accumulation plan;

“plan sponsor” means an employer, trustee, trade union or association or a combination of them that establishes a capital accumulation plan, and includes a plan service provider to the extent that the plan sponsor has delegated its responsibilities to the plan service provider; and

“plan service provider” means a person that provides services to a plan sponsor to design, establish, or operate a capital accumulation plan.

- (2) The investment fund manager registration requirement does not apply to a plan sponsor or their plan service provider in respect of activities related to 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, section 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 IIROC members

- (1) Unless it is also registered as an investment fund manager, ~~a registered firm~~ an investment dealer that is a member of IIROC is exempt from the following requirements:
 - (a) section 12.1 [*capital requirements*];
 - (b) section 12.2 [*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~~subsections 14.2(2) to (6) [relationship disclosure information];

(m.1) section 14.2.1 [pre-trade disclosure of charges];

(m.2) section 14.5.2 [restriction on self-custody and qualified custodian requirement];

(m.3) section 14.5.3 [cash and securities held by a qualified custodian];

- (n) section 14.6 [~~holding-client~~ and investment fund assets held by a registered firm in trust];

(n.1) section 14.6.1 [custodial provisions relating to certain margin or security interests];

(n.2) section 14.6.2 [custodial provisions relating to short sales];

- (o) ~~section 14.8 [securities subject to a safekeeping agreement];~~ [repealed]

- (p) ~~section 14.9 [securities not subject to a safekeeping agreement];~~ [repealed]

(p.1) section 14.11.1 [determining market value];

- (q) section 14.12 [content and delivery of trade confirmation];

(r) section 14.14 [account statements];

(s) section 14.14.1 [additional statements];

(t) section 14.14.2 [security position cost information];

(u) section 14.17 [report on charges and other compensation];

(v) section 14.18 [investment performance report];

(w) section 14.19 [content of investment performance report];

(x) section 14.20 [delivery of report on charges and other compensation and investment performance report].

- (1.1) Subsection (1) only applies to a registered firm in respect of a requirement specified in any of paragraphs (1)(a) to (ex) if the registered firm complies with the corresponding IIROC provisions that are in effect.

- (2) If ~~a registered firm~~ an investment dealer 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~~subsections 14.2(2) to (6) [*relationship disclosure information*];
 - (i.1) section 14.2.1 [*pre-trade disclosure of charges*];
 - (i.2) section 14.5.2 [*restriction on self-custody and qualified custodian requirement*];
 - (i.3) section 14.5.3 [*cash and securities held by a qualified custodian*];
- (j) section 14.6 [~~holding client~~ and investment fund assets held by a registered firm in trust];
 - (j.1) section 14.6.1 [*custodial provisions relating to certain margin or security interests*];
 - (j.2) section 14.6.2 [*custodial provisions relating to short sales*];
- (k) ~~section 14.8 [securities subject to a safekeeping agreement];~~ [repealed]
- (l) ~~section 14.9 [securities not subject to a safekeeping agreement];~~ [repealed]
 - (l.1) section 14.11.1 [*determining market value*];
- (m) section 14.12 [*content and delivery of trade confirmation*];
- (n) section 14.17 [*report on charges and other compensation*];
- (o) section 14.18 [*investment performance report*];
- (p) section 14.19 [*content of investment performance report*];
- (q) section 14.20 [*delivery of report on charges and other compensation and investment performance report*].

(2.1) Subsection (2) only applies to a registered firm in respect of a requirement specified in any of paragraphs (2)(a) to (mg) if the registered firm complies with the corresponding IIROC provisions that are in effect.

(3) [*repealed*]

(4) [*repealed*]

(5) [*repealed*]

(6) [*repealed*]

9.4 Exemptions from certain requirements for MFDA members

(1) Unless it is also registered as an exempt market dealer, a scholarship plan dealer or an investment fund manager, a ~~registered firm~~mutual fund dealer that is a member of the MFDA is exempt from the following requirements:

- (a) section 12.1 [*capital requirements*];
- (b) section 12.2 [*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~~subsections 14.2(2), (3) and (5.1) [*relationship disclosure information*];
(m.1) section 14.2.1 [pre-trade disclosure of charges];
(m.2) section 14.5.2 [restriction on self-custody and qualified custodian requirement];
(m.3) section 14.5.3 [cash and securities held by a qualified custodian];
- (n) section 14.6 [~~holding-client and investment fund~~ assets held by a registered firm in trust];
(n.1) section 14.6.1 [custodial provisions relating to certain margin or security interests];
(n.2) section 14.6.2 [custodial provisions relating to short sales];
- (o) ~~section 14.8 [securities subject to a safekeeping agreement];~~[repealed]
- (p) ~~section 14.9 [securities not subject to a safekeeping agreement];~~[repealed]
(p.1) section 14.11.1 [determining market value];
- (q) section 14.12 [*content and delivery of trade confirmation*];
- (r) section 14.14 [account statements];
- (s) section 14.14.1 [additional statements];
- (t) section 14.14.2 [security position cost information];
- (u) section 14.17 [report on charges and other compensation];
- (v) section 14.18 [investment performance report];
- (w) section 14.19 [content of investment performance report];
- (x) section 14.20 [delivery of report on charges and other compensation and investment performance report].

(1.1) Subsection (1) only applies to a registered firm in respect of a requirement specified in any of paragraphs (1)(a) to (ex) if the registered firm complies with the corresponding MFDA provisions that are in effect.

(2) If a registered firm is a mutual fund dealer that is a member of the MFDA and is registered as an exempt market dealer, scholarship plan dealer or 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 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~~subsections 14.2(2), (3) and (5.1) [*relationship disclosure information*];
(g.1) section 14.2.1 [pre-trade disclosure of charges];

(g.2) section 14.5.2 [restriction on self-custody and qualified custodian requirement];

(g.3) section 14.5.3 [cash and securities held by a qualified custodian];

(h) section 14.6 [~~holding-client~~ and investment fund assets held by a registered firm in trust];

(h.1) section 14.6.1 [custodial provisions relating to certain margin or security interests];

(h.2) section 14.6.2 [custodial provisions relating to short sales];

(i) ~~section 14.8 [securities subject to a safekeeping agreement];~~ [repealed]

(j) ~~section 14.9 [securities not subject to a safekeeping agreement];~~ [repealed]

(i.1) section 14.11.1 [determining market value];

(k) section 14.12 [content and delivery of trade confirmation];

(l) section 14.17 [report on charges and other compensation];

(m) section 14.18 [investment performance report];

(n) section 14.19 [content of investment performance report];

(o) section 14.20 [delivery of report on charges and other compensation and investment performance report].

- (2.1) Subsection (2) only applies to a registered firm in respect of a requirement specified in any of paragraphs (2)(a) to (k) if the registered firm complies with the corresponding MFDA provisions that are in effect.
- (3) Subsections (1) and (2) do not apply in Québec.
- (4) In Québec, the requirements listed in subsection (1), other than paragraph (1)(h), 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.

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) in Alberta, the fees required under section ~~2.45~~ of ~~the Schedule – Fees in Alta. Reg. 115/95 – Securities Regulation~~ ASC Rule 13-501 Fees,
 - (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 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 2nd 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 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.

(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, in Québec, the securities regulatory authority in a reasonable period of time.
- (2) A record required to be provided to the regulator or, in Québec, 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 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

- (a) 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
- (b) 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 or, in Québec, the securities regulatory authority written notice in accordance with subsection (2) if it proposes to acquire any of the following:
 - (a) for the first time, direct or indirect ownership, beneficial or otherwise, of 10% or more of the voting securities or other securities convertible into voting securities of
 - (i) a firm registered in any jurisdiction of Canada or any foreign jurisdiction, or
 - (ii) a person or company of which a firm registered in any jurisdiction of Canada or any foreign jurisdiction is a subsidiary;
 - (b) all or a substantial part of the assets of a firm registered in any jurisdiction of Canada or any foreign jurisdiction.
- (2) The notice required under subsection (1) must be delivered to the regulator or, in Québec, the securities regulatory authority at least 30 days before the proposed acquisition and must include all relevant facts regarding the acquisition sufficient to enable the regulator or the securities regulatory authority 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) [repealed]

- (4)** Except in Ontario and British Columbia, if, within 30 days of the receipt of a notice under subsection (1), the regulator or, in Québec, the securities regulatory authority notifies the registrant making the acquisition that the regulator or, in Québec, the securities regulatory authority objects to the acquisition, the acquisition must not occur until the regulator or the securities regulatory authority approves it.
- (5)** In Ontario, if, within 30 days of the receipt of a notice under subparagraph (1)(a)(i) or paragraph (1)(b), 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 under subsection (1) may request an opportunity to be heard on the matter by the regulator or, in Québec, the securities regulatory authority objecting to the acquisition.

11.10 Registered firm whose securities are acquired

- (1)** A registered firm must give the regulator or, in Québec, the securities regulatory authority 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, for the first time, direct or indirect ownership, beneficial or otherwise, of 10% or more of the voting securities or other securities convertible into 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 or, in Québec, the securities regulatory authority as soon as possible,
 - (b) include the name of each person or company involved in the acquisition, and
 - (c) include all facts that to the best of the registered firm's knowledge after reasonable inquiry regarding the acquisition are sufficient to enable the regulator or the securities regulatory authority 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) [repealed]**
- (4)** This section does not apply if notice of the 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 receipt of a notice under subsection (1), the regulator or the securities regulatory authority notifies the person or company making the acquisition that the regulator or, in Québec, the securities regulatory authority objects to the acquisition, the acquisition must not occur until the regulator or the securities regulatory authority approves it.
- (6)** In Ontario, if, within 30 days of the receipt of a notice under paragraph (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 by the regulator or, in Québec, the securities regulatory authority objecting to the acquisition.

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 in accordance with Form 31-103F1 *Calculation of Excess Working Capital*, is less than zero, the registered firm must notify the regulator or, in Québec, the securities regulatory authority as soon as possible.
- (2) The excess working capital of a registered firm, as calculated in accordance with Form 31-103F1 *Calculation of Excess Working Capital*, must not be 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 [*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~~ an investment dealer that is a member of IIROC and is registered as an investment fund manager if all of the following apply:
- (a) the firm has a minimum capital of not less than \$100,000 as calculated in accordance with IIROC Form 1 *Joint Regulatory Financial Questionnaire and Report*;
 - (b) the firm notifies the regulator or, in Québec, the securities regulatory authority 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 risk adjusted capital of the firm, 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) the firm has a minimum capital, as calculated in accordance with MFDA Form 1 *MFDA Financial Questionnaire and Report*, 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 or, in Québec, the securities regulatory authority 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 risk adjusted capital of the firm, as calculated in accordance with MFDA Form 1 *MFDA Financial Questionnaire and Report*, is not less than zero for 2 consecutive days.

12.2 Subordination agreement

- (1) If a registered firm has entered into a subordination agreement in the form set out in Appendix B, it may exclude the amount of non-current related party debt subordinated under that agreement from the calculation of its excess working capital on Form 31-103F1 *Calculation of Excess Working Capital*.
- (2) The registered firm must deliver an executed copy of the subordination agreement referred to subsection (1) to the regulator or, in Québec, the securities regulatory authority on the earliest of the following dates:

- (a) 10 days after the date on which the subordination agreement is executed;
 - (b) the date on which the amount of the subordinated debt is excluded from the registered firm's non-current related party debt as calculated on Form 31-103F1 *Calculation of Excess Working Capital*.
- (3) The registered firm must notify the regulator or, in Québec, the securities regulatory authority 10 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 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;
 - (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;
 - (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;
 - (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 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 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;
 - (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;
 - (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 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;
 - (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;
 - (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 must 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 must 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 or the securities regulatory authority of a change, claim or cancellation

A registered firm must, as soon as possible, notify the regulator or, in Québec, the securities regulatory authority 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 the regulator or the securities regulatory authority 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 or, in Québec, the securities regulatory authority during its registration and must deliver a copy of the direction to the regulator or the securities regulatory authority

- (a) with its application for registration, and
- (b) no later than the 10th 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) Annual financial statements delivered to the regulator or, in Québec, the securities regulatory authority under this Division for financial years beginning on or after January 1, 2011 must include the following:
- (a) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows, 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 statement of financial position, 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 or, in Québec, the securities regulatory authority under this Division must be audited.

12.11 Interim financial information

(1) Interim financial information delivered to the regulator or, in Québec, the securities regulatory authority under this Division for interim periods relating to financial years beginning on or after January 1, 2011 may be limited to the following:

(a) a statement of comprehensive income for the 3-month period ending on the last day of the interim period and for the same period of the immediately preceding financial year, if any;

(b) a statement of financial position, signed by at least one director of the registered firm, as at the end of the interim period and as at the end of the same interim period of the immediately preceding financial year, if any.

(2) The interim financial information delivered to the regulator or, in Québec, the securities regulatory authority 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 or, in Québec, the securities regulatory authority 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 or, in Québec, the securities regulatory authority no later than the 30th day after the end of the first, second and third interim period of its financial year:

(a) its interim financial information for the interim period;

(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 interim period and as at the end of the immediately preceding interim period, if any.

(2.1) If a registered firm [is a mutual fund dealer that](#) 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 has a minimum capital of not less than \$50,000 as calculated in accordance with MFDA Form 1 *MFDA Financial Questionnaire and Report*;

(b) the firm delivers to the regulator or, in Québec, the securities regulatory authority a completed MFDA Form 1 *MFDA Financial Questionnaire and Report*, no later than the 90th 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 or, in Québec, the securities regulatory authority a completed MFDA Form 1 *MFDA Financial Questionnaire and Report*, no later than the 30th day after the end of the first, second and third interim period of its financial year, that shows the calculation of the firm's risk adjusted capital as at the end of the interim period 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, other than the portfolio manager or restricted portfolio manager category.

(4) Despite paragraph (1)(b), in Québec, a firm registered only in that jurisdiction and only in the category of mutual fund dealer may deliver to the securities regulatory authority, no later than the 90th day after the end of its financial year, the *Monthly Report on Net Free Capital* provided in Appendix 1 of the *Regulation respecting the trust accounts and financial resources of securities firms*, as that Appendix read on September 27, 2009, that shows the calculation of the firm's net free capital as at the end of its financial year and as at the end of the immediately preceding financial year, if any.

(5) Despite paragraph (2)(b), in Québec, a firm registered only in that jurisdiction and only in the category of mutual fund dealer may deliver to the securities regulatory authority, no later than the 30th day after the end of the first, second and

[third interim period of its financial year, the Monthly Report on Net Free Capital provided in Appendix I of the Regulation respecting the trust accounts and financial resources of securities firms, as that Appendix read on September 27, 2009, that shows the calculation of the firm's net free capital as at the end of the interim period and as at the end of the immediately preceding interim period, if any.](#)

12.13 Delivering financial information – adviser

A registered adviser must deliver the following to the regulator or, in Québec, the securities regulatory authority 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 or, in Québec, the securities regulatory authority 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 completed Form 31-103F4 *Net Asset Value Adjustments* if any net asset value adjustment has been 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 or, in Québec, the securities regulatory authority no later than the 30th day after the end of the first, second and third interim period of its financial year:

- (a) its interim financial information for the interim period;
- (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 interim period and as at the end of the immediately preceding interim period, if any;
- (c) a completed Form 31-103F4 *Net Asset Value Adjustments* if any net asset value adjustment has been made in respect of an investment fund managed by the investment fund manager during the interim period.

(3) **[repealed]**

(4) If a registered firm [is an investment dealer that](#) 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 has a minimum capital of not less than \$100,000, as calculated in accordance with IIROC Form 1 *Joint Regulatory Financial Questionnaire and Report*;
- (b) the firm delivers to the regulator or, in Québec, the securities regulatory authority a completed IIROC Form 1 *Joint Regulatory Financial Questionnaire and Report*, no later than the 90th 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 or, in Québec, the securities regulatory authority a completed IIROC Form 1 *Joint Regulatory Financial Questionnaire and Report*, no later than the 30th day after the end of the first, second and third interim period of its financial year, that shows the calculation of the firm's risk adjusted capital as at the end of the interim period and as at the end of the immediately preceding month, if any.

(5) If a registered firm [is a mutual fund dealer that](#) 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 has a minimum capital of not less than \$100,000, as calculated in accordance with MFDA Form 1 *MFDA Financial Questionnaire and Report*,

- (b) the firm delivers to the regulator or, in Québec, the securities regulatory authority a completed MFDA Form 1 *MFDA Financial Questionnaire and Report*, no later than the 90th 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 or, in Québec, the securities regulatory authority a completed MFDA Form 1 *MFDA Financial Questionnaire and Report*, no later than the 30th day after the end of the first, second and third interim period of its financial year, that shows the calculation of the firm's risk adjusted capital as at the end of the interim period and as at the end of the immediately preceding month, if any.

12.15 [lapsed]

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 [*suitability*] 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, 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 25% 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 in respect of a client for which the registrant only trades securities referred to in paragraphs 7.1(2)(b) and (2)(c).

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 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) partner, director, officer, employee or agent of an affiliate of the adviser.
- (2) A registered adviser 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 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.

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

A registered firm, or a registered individual whose registration is sponsored by the registered firm, must not refer a client to another person or company unless the firm first takes reasonable steps to satisfy 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 paragraph 13.8(c) [*permitted referral arrangements*] must include the following:
- (a) the name of each party to the agreement referred to in paragraph 13.8(a);
 - (b) the purpose and material terms of the 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 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

- (1) A registrant must not lend money, extend credit or provide margin to a client.
- (2) Notwithstanding subsection (1), an investment fund manager may lend money on a short term basis to an investment fund it manages, if the loan is for the purpose of funding redemptions of its securities or meeting expenses incurred by the investment fund in the normal course of its business.

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) **[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) In Québec, a registered firm 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) In this section,

"complaint" means a complaint that

- (a) relates to a trading or advising activity of a registered firm or a representative of the firm, and
- (b) is received by the firm within 6 years of the day when the client first knew or reasonably ought to have known of an act or omission that is a cause of or contributed to the complaint;

"OBSI" means the Ombudsman for Banking Services and Investments.

- (2) If a registered firm receives a complaint from a client, the firm must, as soon as possible, provide the client with a written acknowledgement of the complaint that includes the following:
 - (a) a description of the firm's obligations under this section;
 - (b) the steps that the client must take in order for an independent dispute resolution or mediation service to be made available to the client under subsection (4);
 - (c) the name of the independent dispute resolution or mediation service that will be made available to the client under subsection (4) and contact information for the service.
- (3) If a registered firm decides to reject a complaint or to make an offer to resolve a complaint, the firm must, as soon as possible, provide the client with written notice of the decision and include the information referred to in subsection (2).
- (4) A registered firm must as soon as possible ensure that an independent dispute resolution or mediation service is made available to a client at the firm's expense with respect to a complaint if either of the following apply:
 - (a) after 90 days of the firm's receipt of the complaint, the firm has not given the client written notice of a decision under subsection (3), and the client has notified the independent dispute resolution or mediation service specified under paragraph (2)(c) that the client wishes to have the complaint considered by the service;
 - (b) within 180 days of the client's receipt of written notice of the firm's decision under subsection (3), the client has notified the independent dispute resolution or mediation service specified under paragraph (2)(c) that the client wishes to have the complaint considered by the service.
- (5) Subsection (4) does not apply unless the client agrees that any amount the client will claim for the purpose of the independent dispute resolution or mediation service's consideration of the complaint will be no greater than \$350,000.
- (6) For the purposes of the requirement to make available an independent dispute resolution or mediation service under subsection (4), a registered firm must take reasonable steps to ensure that OBSI will be the service that is made available to the client.
- (7) Subsection (6) does not apply in Québec.
- (8) This section does not apply in respect of a complaint made by a permitted client that is not an individual.

Note: Amendments to Section 13.16 came into force on May 1, 2014. There are transition periods for firms registered before May 1, 2014.

Except in Québec, if a dealer or adviser was registered before September 29, 2009 and a complaint was received by the firm on or before August 1, 2014, section 13.16 does not apply in respect of that complaint.

If a dealer or adviser registered between September 29, 2009 and April 30, 2014 and a complaint was received by the firm on or before August 1, 2014, in respect of that complaint, the dealer or adviser must comply with section 13.16 as it read on April 30, 2014

Division 6 – Registered sub-advisers

13.17 Exemption from certain requirements for registered sub-advisers

- (1) A registered sub-adviser is exempt from the following requirements in respect of its activities as a sub-adviser:
 - (a) section 13.4 [*identifying and responding to conflicts of interest*];
 - (b) division 3 [*referral arrangements*] of Part 13;
 - (c) division 5 [*complaints*] of Part 13;

- (d) section 14.3 [*disclosure to clients about the fair allocation of investment opportunities*];
- (e) section 14.5 [*notice to clients by non-resident registrants*];
- (f) section 14.14 [*account statements*];
- (g) section 14.14.1 [*additional statements*];
- (h) section 14.14.2 [*security position cost information*];
- (i) section 14.17 [*report on charges and other compensation*];
- (j) section 14.18 [*investment performance report*].

(2) The exemption under subsection (1) is not available unless all of the following apply:

- (a) the obligations and duties of the registered sub-adviser are set out in a written agreement with the sub-adviser's registered adviser or registered dealer;
- (b) the registered adviser or registered dealer has entered into a written agreement with its clients on whose behalf investment advice is or portfolio management services are to be provided agreeing to be responsible for any loss that arises out of the failure of the registered sub-adviser
 - (i) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the registrant and each client of the registrant for whose benefit the advice is or portfolio management services are to be provided, or
 - (ii) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances.

Part 14 Handling client accounts – firms

Division 1 Investment fund managers

14.1 Application of this Part to investment fund managers

Other than ~~sections~~ sections 14.1.1, ~~section~~ 14.5.1, 14.5.2, 14.5.3, 14.6, 14.6.1 and 14.6.2, subsection 14.12(5) and section 14.15, this Part does not apply to an investment fund manager in respect of its activities as an investment fund manager.

14.1.1 Duty to provide information

A registered investment fund manager of an investment fund must, within a reasonable period of time, provide a registered dealer, or a registered adviser, ~~who that~~ who has a client that owns securities of the investment fund, with the information ~~concerning deferred sales charges and any other charges deducted from the net asset value of securities, and the information concerning trailing commissions paid to the dealer or adviser,~~ that is required by the dealer or adviser in order for the dealer or adviser to comply with ~~paragraphs~~ paragraph 14.12(1)(c) ~~and, subsections 14.14(4) and (5), 14.14.1(2) and 14.14.2(1) and paragraph~~ 14.17(1)(h).

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) Without limiting subsection (1), the information delivered to a client under that subsection must include the following:
 - (a) ~~(a)~~ a description of the nature or type of the client's account;
 - (a.1) in the case of a registered firm that holds the client's assets, or directs or arranges which custodian will hold the client's assets, disclosure of the location where, and a general description of the manner in which, the client's assets are held, and a description of the risks and benefits to the client arising from the assets being held at that location and in that manner;
 - (a.2) in the case of a registered firm that has access to the client's assets

(i) disclosure of the location where, and a general description of the manner in which, the client's assets are held, and a description of the risks and benefits to the client arising from the assets being held in that location and in that manner, and

(ii) a description of the manner in which the client's assets are accessible by the registered firm, and a description of the risks and benefits to the client arising from having access to the assets in that manner;

- (b) a general description of the products and services the registered firm offers to the client;
 - (c) a general 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 the operating charges the client might be required to pay related to the client's account;
 - (g) a general description of the types of transaction charges the client might be required to pay;
 - (h) a general description of any compensation paid to the registered firm by any other party 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 of the firm's obligations if a client has a complaint contemplated under section 13.16 [*dispute resolution service*] and the steps that the client must take in order for an independent dispute resolution or mediation service to be made available to the client at the firm's expense;
 - (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*];
 - (m) a general explanation of how investment performance benchmarks might be used to assess the performance of a client's investments and any options for benchmark information that might be made available to clients by the registered firm;
 - (n) if the registered firm is a scholarship plan dealer, an explanation of any terms of the scholarship plan offered to the client by the registered firm that, if those terms are not met by the client or the client's designated beneficiary under the plan, might cause the client or the designated beneficiary to suffer a loss of contributions, earnings or government contributions in the plan.
- (3)** A registered firm must deliver the information in subsection (1), if applicable, and subsection (2) to the client in writing, except that the information in paragraph (2)(b) may be provided orally or in writing, 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 in respect of the information delivered to a client under subsections (1) or (2), 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)** [*repealed*]
- (5.1)** A registered firm must not impose any new operating charge in respect of an account of a client, or increase the amount of any operating charge in respect of an account of a client, unless written notice of the new or increased operating charge is provided to the client at least 60 days before the date on which the imposition or increase becomes effective.
- (6)** This section does not apply to a registered firm in respect of a permitted client that is not an individual.

- (7) Except for subsections (5.1), (6) and (8), this section does not apply to a registered dealer in respect of a client for whom the dealer purchases or sells securities only as directed by a registered adviser acting for the client.
- (8) A registered dealer referred to in subsection (7) must deliver the information required under paragraphs (2)(a) and (e) to (j) to the client in writing, and the information in paragraph (2)(b) orally or in writing, before the dealer first purchases or sells a security for the client.

14.2.1 Pre-trade disclosure of charges

- (1) Before a registered firm accepts an instruction from a client to purchase or sell a security in an account other than a managed account, the firm must disclose to the client
 - (a) the charges the client will be required to pay in respect of the purchase or sale, or a reasonable estimate if the actual amount of the charges is not known to the firm at the time of disclosure,
 - (b) in the case of a purchase to which deferred charges apply, that the client might be required to pay a deferred sales charge on the subsequent sale of the security and the fee schedule that will apply, and
 - (c) whether the firm will receive trailing commissions in respect of the security.
- (2) This section does not apply to a registered firm in respect of a permitted client that is not an individual.
- (3) This section does not apply to a dealer in respect of a client for whom the dealer purchases or sells securities only as directed by a registered adviser acting for the 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 a client in the local jurisdiction with a statement in writing disclosing the following:
 - (a) the firm is not resident in the local jurisdiction;

- (b) the jurisdiction in Canada or the foreign jurisdiction in which the head office or the principal place of business of the firm is located;
 - (c) all or substantially all of the assets of the firm may be situated outside the local jurisdiction;
 - (d) there may be difficulty enforcing legal rights against the firm because of the above;
 - (e) the name and address of the agent for service of process of the firm in the local jurisdiction.
- (2) This section does not apply to a registered firm whose head office is in Canada if the firm is registered in the local jurisdiction.

Division 3 Client assets and investment fund assets

14.5.1 Definition of “securities” in Alberta, British Columbia, New Brunswick, Nova Scotia and Saskatchewan

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

14.5.2 Restriction on self-custody and qualified custodian requirement

- (1) A registered firm must not be a custodian or sub-custodian for a client of the firm or for an investment fund in respect of the client’s or investment fund’s cash or securities unless the registered firm
- (a) is a Canadian custodian under paragraph (a), (b) or (d) of the definition of “Canadian custodian”, and
 - (b) has established and maintains a system of controls and supervision that a reasonable person would conclude is sufficient to manage the risks to the client or investment fund associated with the custody of the client’s or investment fund’s cash or securities.
- (2) A registered firm must ensure that any custodian for a client of the firm or for an investment fund managed by the firm in respect of the client’s or investment fund’s cash or securities is a Canadian custodian if the firm
- (a) directs or arranges which custodian will hold the cash or securities of the client or investment fund, or
 - (b) holds or has access to the cash or securities of the client or investment fund.
- (3) Despite the requirement to use a Canadian custodian in subsection (2), a foreign custodian may be a custodian of the cash or securities of the client or investment fund if a reasonable person would conclude, considering all of the relevant circumstances, including, for greater certainty, the nature of the regulation and the sufficiency of the equity of the foreign custodian, that using the foreign custodian is more beneficial to the client or investment fund than using a Canadian custodian.
- (4) Despite the requirement to use a Canadian custodian in subsection (2), a Canadian financial institution may be a custodian of the cash of the client or investment fund.
- (5) For the purposes of subsections (2) and (3), the registered firm must ensure that the qualified custodian is functionally independent of the registered firm unless
- (a) the qualified custodian is a Canadian custodian under paragraph (a), (b) or (d) of the definition of “Canadian custodian”, and
 - (b) the registered firm ensures that the qualified custodian has established and maintains a system of controls and supervision that a reasonable person would conclude is sufficient to manage the risks to the client or investment fund associated with the custody of the client’s or investment fund’s cash or securities.
- (6) For the purpose of subsection (4), the registered firm must ensure that the Canadian financial institution is functionally independent of the registered firm.
- (7) This section does not apply to a registered firm in respect of any of the following:
- (a) an investment fund that is subject to National Instrument 81-102 *Investment Funds*;
 - (b) an investment fund that is subject to National Instrument 41-101 *General Prospectus Requirements*;
 - (c) a security that is recorded on the books of the security’s issuer, or the transfer agent of the security’s issuer, only in the name of the client or investment fund;

- (d) cash or securities of a permitted client, if the permitted client
 - (i) is not an individual or an investment fund, and
 - (ii) has acknowledged in writing that the permitted client is aware that the requirements in this section that would otherwise apply to the registered firm do not apply;
- (e) customer collateral subject to custodial requirements under National Instrument 94-102 *Derivatives: Customer Clearing and Protection of Customer Collateral and Positions*;
- (f) a security that evidences a debt obligation secured by a mortgage registered or published against the title of real estate if
 - (i) the mortgage is registered or published in the name of the client or investment fund as mortgagee, or
 - (ii) in the case of a syndicated mortgage, the mortgage is registered or published in the name of either of the following as mortgagee:
 - (A) a person or company that is registered or licensed under mortgage brokerage, mortgage administrators or mortgage dealer legislation of a jurisdiction of Canada if that mortgage is held in trust for the client or investment fund, as applicable;
 - (B) each investor that is a mortgagee in respect of that mortgage.

14.5.3 Cash and Securities held by a qualified custodian

A registered firm that is subject to subsection 14.5.2(2), (3) or (4) must take reasonable steps to ensure that cash and securities of a client or an investment fund,

- (a) except as provided in paragraphs (b) and (c), are held by the qualified custodian or, in respect of cash, the Canadian financial institution using an account number or other designation in the records of the qualified custodian or the Canadian financial institution, as applicable, sufficient to show that the beneficial ownership of the cash or securities of the client or investment fund is vested in that client or investment fund,
- (b) in the case of cash held in an account in the name of the registered firm, is held separate and apart from the registered firm's own property and held by the qualified custodian, or the Canadian financial institution, in a designated trust account in trust for clients or investment funds, or
- (c) in the case of cash or securities held for the purpose of bulk trading, are held in the name of the registered firm in trust for its clients or investment funds if the cash or securities are transferred to the client's or investment fund's account held by that client's or investment fund's qualified custodian or, in respect of cash, Canadian financial institution as soon as possible following a trade.

14.6 — ~~Holding-client~~ Client and investment fund assets held by a registered firm in trust

(1) ~~If a~~ registered firm ~~that~~ holds client assets or investment fund assets other than cash or securities, or if a registered firm holds cash or securities of a client or an investment fund as permitted by section 14.5.2, the registered firm must hold the assets

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

(2) ~~Despite paragraph (1)(c), a foreign custodian may be a custodian for the cash of the client or investment fund if a reasonable person would conclude, considering all of the relevant circumstances, including, for greater certainty, the nature of the regulation and the sufficiency of the equity of the foreign custodian, that using the foreign custodian is more beneficial to the client or investment fund than using a Canadian custodian or a Canadian financial institution.~~

~~14.7 — Holding-client assets — non-resident registrants~~

14.6.1 Custodial provisions relating to certain margin or security interests

(1) ~~A registered firm whose head office is not located in a jurisdiction of Canada must ensure that all client assets are held~~ In this section, "clearing corporation option", "futures exchange", "option on futures", "specified derivative" and "standardized future" have the same meaning as in section 1.1 of National Instrument 81-102 *Investment Funds*.

(2) Subsection 14.5.2(2) does not apply to a registered firm in respect of cash or securities of a client or investment fund deposited with a dealer as margin for transactions outside of Canada involving clearing corporation options, options on futures or standardized futures if

(a) in the case of standardized futures and options on futures, the dealer is a member of a futures exchange or, in the case of clearing corporation options, is a member of a stock exchange, and, as a result in either case, is subject to a regulatory audit,

(b) the dealer has a net worth, determined from its most recent audited financial statements, in excess of \$50 million, and

(c) a reasonable person would conclude that using the dealer is more beneficial to the client or investment fund than using a Canadian custodian.

(3) Subsection 14.5.2(2) does not apply to a registered firm in respect of cash or securities of a client or investment fund deposited with the client's or investment fund's counterparty over which the client or investment fund has granted a security interest in connection with a particular specified derivatives transaction.

(4) The registered firm must take reasonable steps to ensure that any agreement by which cash or securities of a client or investment fund are deposited in accordance with subsection (2) or (3) requires the person or company holding the cash or securities to ensure that its records show that the client or investment fund is the beneficial owner of the cash or securities.

14.6.2 Custodial provisions relating to short sales

~~(a) in the client's name,~~

Subsection 14.5.2(2) does not apply to a registered firm in respect of cash or securities of a client or investment fund deposited as security in connection with a short sale of securities with a dealer outside of Canada if

~~(b) on behalf of the client by a custodian or sub-custodian that~~

(a) the dealer is a member of a stock exchange and is subject to a regulatory audit,

~~(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 *Investment Funds*, and~~

(b) the dealer has a net worth, determined from its most recent audited financial statements, in excess of \$50 million, and

~~(ii) is subject to the Bank for International Settlements' framework for international convergence of capital measurement and capital standards, or~~

(c) a reasonable person would conclude that using the dealer is more beneficial to the client or investment fund than using a Canadian custodian.

~~(c) on behalf of the client by a registered dealer that is a member of an SRO and that is a member of the 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).~~

14.7 [repealed]

~~14.8 Securities subject to a safekeeping agreement~~14.8 [repealed]

~~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~~14.9 [repealed]

~~(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 Reporting to clients

14.11.1 Determining market value

(1) For the purposes of this Division, the market value of a security

(a) that is issued by an investment fund which is not listed on an exchange must be determined by reference to the net asset value provided by the investment fund manager of the fund on the relevant date,

(b) in any other case, is the amount that the registered firm reasonably believes to be the market value of the security

(i) after referring to a price quotation on a marketplace, if one is published for the security, using the last bid price in the case of a long security and the last ask price in the case of a short security, as shown on a consolidated pricing list or exchange quotation sheet as of the close of business on the relevant date or the last trading day before the relevant date, and after making any adjustments considered by the registered firm to be necessary to accurately reflect the market value,

(ii) if no reliable price for the security is quoted on a marketplace, after referring to a published market report or inter-dealer quotation sheet, on the relevant date or the last trading day before the relevant date, and after making any adjustments considered by the registered firm to be necessary to accurately reflect the market value,

(iii) if the market value for the security cannot be reasonably determined in accordance with subparagraph (i) or (ii), after applying the policy of the registered firm for determining market value, which must include procedures to assess the reliability of valuation inputs and assumptions and provide for

(A) the use of inputs that are observable, and

(B) the use of unobservable inputs and assumptions, if observable inputs are not reasonably available.

(2) If a registered firm determines the market value of a security in accordance with subparagraph (1)(b)(iii), when it refers to the market value in a statement under section 14.14 [*account statements*], 14.14.1 [*additional statements*], 14.14.2 [*security position cost information*], 14.15 [*security holder statements*] or 14.16 [*scholarship plan dealer statements*], the registered firm must include the following notification or a notification that is substantially similar:

"There is no active market for this security so we have estimated its market value."

- (3) If a registered firm reasonably believes that it cannot determine the market value of a security in accordance with subsection (1), the market value of the security must be reported in a statement delivered under section 14.14 [*account statements*], 14.14.1 [*additional statements*], 14.14.2 [*security position cost information*], 14.15 [*security holder statements*] or 14.16 [*scholarship plan dealer statements*] ~~and in an investment performance report delivered under section 14.18 [*investment performance report*]~~ as not determinable, and the market value of the security must be excluded from the ~~calculations~~total market value referred to in paragraphs 14.14(5)(~~b~~e), 14.14.1(2)(~~b~~e) and 14.14.2(5)(~~a~~) ~~and subsection 14.19(1) [*content of investment performance report*]~~c.

14.12 Content and delivery of trade confirmation

- (1) 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;
 - (b.1) in the case of a purchase of a debt security, the security's annual yield;
 - (c) the amount of each transaction charge, deferred sales charge or other charge in respect of the transaction, and the total amount of all charges in respect of the transaction;
 - (c.1) in the case of a purchase or sale of a debt security, either of the following:
 - (i) the total amount of any mark-up or mark-down, commission or other service charges the registered dealer applied to the transaction;
 - (ii) the total amount of any commission charged to the client by the registered dealer and, if the dealer applied a mark-up or mark-down or any service charge other than a commission, the following notification or a notification that is substantially similar:

"Dealer firm remuneration has been added to the price of this security (in the case of a purchase) or deducted from the price of this security (in the case of a sale). This amount was in addition to any commission this trade confirmation shows was charged to you."
 - (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, involved in the transaction;
 - ~~(g) ~~(g)~~ the settlement date of the transaction;~~
 - ~~(h) ~~(h)~~ if applicable, that the security is a security issued by the registered dealer, a security issued by a related issuer of the registered dealer or, if the transaction occurred during the security's distribution, a security issued by 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 all of the following apply:
- (a) the security is a security of a mutual fund that is established and managed by the registered dealer or by an affiliate of the registered dealer, in its capacity as investment fund manager of the mutual fund;
 - (b) the names of the dealer and the mutual fund are sufficiently similar to indicate that they are affiliated or related.
- (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.
- (6) Subsection 14.12 (5) does not apply to trades in a security of an investment fund made in reliance on section 8.6 [*investment fund trades by adviser to managed account*].
- [\(7\) In Newfoundland and Labrador, Ontario and Saskatchewan, a registered dealer that complies with the requirements of this section in respect of a purchase or sale of a security is not subject to any of subsections 37\(1\), \(2\) or \(3\) of the Securities Act \(Newfoundland and Labrador\), subsection 36\(1\) of the Securities Act \(Ontario\) and subsection 42\(1\) of The Securities Act, 1988 \(Saskatchewan\).](#)

14.13 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) [*repealed*]

14.14 Account statements

- (1) A registered dealer must deliver to a client a statement that includes the information referred to in subsections (4) and (5)
- (a) at least once every 3 months, or
 - (b) if the client has requested to receive statements on a monthly basis, for each one-month period.
- (2) A registered dealer must deliver to a client a statement that includes the information referred to in subsections (4) and (5) after the end of any month in which a transaction was effected in securities held by the dealer in the client's account, other than a transaction made under an automatic withdrawal plan or an automatic payment plan, including a dividend reinvestment plan.
- (2.1) Paragraph 1(b) and subsection (2) do not apply to a mutual fund dealer in connection with its activities as a dealer in respect of the securities listed in paragraph 7.1(2)(b) [*dealer categories*].
- (3) A registered adviser must deliver to a client a statement that includes the information referred to in subsections (4) and (5) at least once every 3 months, except that if the client has requested to receive statements on a monthly basis, the adviser must deliver a statement to the client for each one-month period.
- (3.1) [*repealed*]
- (4) If a registered dealer or registered adviser made a transaction for a client during the period covered by a statement delivered under subsection (1), (2) or (3), the statement must include the following:
- (a) the date of the transaction;
 - (b) whether the transaction was a purchase, sale or transfer;
 - (c) the name of the security;

- (d) the number of securities purchased, sold or transferred;
 - (e) the price per security if the transaction was a purchase or sale;
 - (f) the total value of the transaction if it was a purchase or sale.
- (5) If a registered dealer or registered adviser holds securities owned by a client in an account of the client, a statement delivered under subsection (1), (2) or (3) must indicate that the securities are held for the client by the registered firm and must include the following information about the client's account determined 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 value of each security in the account and, if applicable, the notification in subsection 14.11.1(2) [*determining market value*];
 - (c) the total market value of each security position in the account;
 - (d) any cash balance in the account;
 - (e) the total market value of all cash and securities in the account;
 - (f) whether the account is ~~covered~~eligible for coverage under an investor protection fund approved or recognized by the securities regulatory authority and, if it is, the name of the investor protection fund;
 - (g) which securities in the account might be subject to a deferred sales charge if they are sold.
- (6) [*repealed*]
- (7) For the purposes of this section, a security is considered to be held by a registered firm for a client if
- (a) the firm is the registered owner of the security as nominee on behalf of the client, or
 - (b) the firm has physical possession of a certificate evidencing ownership of the security.

14.14.1 Additional statements

- (1) A registered dealer or registered adviser must deliver a statement that includes the information referred to in subsection (2) to a client if any of the following apply in respect of a security owned by the client that is held or controlled by a party other than the dealer or adviser:
- (a) the dealer or adviser has trading authority over the security or the client's account in which the security is held or was transacted;
 - (b) the dealer or adviser receives continuing payments related to the client's ownership of the security from the issuer of the security, the investment fund manager of the issuer or any other party;
 - (c) the security is issued by a scholarship plan, a mutual fund or an investment fund that is a labour-sponsored investment fund corporation, or labour-sponsored venture capital corporation, under legislation of a jurisdiction of Canada and the dealer or adviser is the dealer or adviser of record for the client on the records of the issuer of the security or the records of the issuer's investment fund manager.
- (2) A statement delivered under subsection (1) must include the following in respect of the securities or the account referred to in subsection (1), determined as at the end of the period for which the statement is made:
- (a) the name and quantity of each security;
 - (b) the market value of each security and, if applicable, the notification in subsection 14.11.1(2) [*determining market value*];
 - (c) the total market value of each security position;
 - (d) any cash balance in the account;
 - (e) the total market value of all of the cash and securities;
 - (f) ~~the name~~disclosure in respect of the party that holds or controls each security and a description of the way it is held;

- (g) whether the securities are ~~covered, or the account is, eligible for coverage~~ under an investor protection fund approved or recognized by the securities regulatory authority ~~and, if they are, the name of the fund;~~
- (h) which of the securities might be subject to a deferred sales charge if they are sold.

(2.1) Paragraph (2)(g) does not apply if the party referred to in paragraph (2)(f) is required under section 14.14, or under an IIROC provision or MFDA provision, to deliver a statement to the client in respect of the securities or the account referred to in subsection (1) of this section.

- (3) If subsection (1) applies to a registered dealer or a registered adviser, the dealer or adviser must deliver a statement that includes the information in subsection (2) to a client at least once every 3 months, except that if a client has requested to receive statements on a monthly basis, the adviser must deliver a statement to the client every month.
- (4) If subsection (1) applies to a registered dealer or a registered adviser that is also required to deliver a statement to a client under subsection 14.14(1) or (3), a statement delivered under subsection (1) must be delivered to the client in one of the following ways:
 - (a) combined with a statement delivered to the client under subsection 14.14(1) or (3) for the period ending on the same date;
 - (b) as a separate document accompanying a statement delivered to the client under subsection 14.14(1) or (3) for the period ending on the same date;
 - (c) as a separate document delivered within 10 days after the statement delivered to the client under subsection 14.14(1) or (3) for the period ending on the same date.
- (5) For the purposes of this section, a security is considered to be held for a client by a party other than the registered firm if any of the following apply:
 - (a) the other party is the registered owner of the security as nominee on behalf of the client;
 - (b) ownership of the security is recorded on the books of its issuer in the client's name;
 - (c) the other party has physical possession of a certificate evidencing ownership of the security;
 - (d) the client has physical possession of a certificate evidencing ownership of the security.
- (6) This section does not apply to a registered firm in respect of a permitted client that is not an individual.

14.14.2 ~~Position~~Security position cost information

- (1) If a registered dealer or registered adviser is required to deliver a statement to a client that includes information required under subsection 14.14(5) [*account statements*] or 14.14.1(2) [*additional statements*], the dealer or adviser must deliver the information referred to in subsection (2) to a client at least once every 3 months.
- (2) The information delivered under subsection (1) must disclose the following:
 - (a) ~~(a)~~ for each security position, in the statement, opened on or after July 15, 2015, presented on an average cost per unit or share basis or an aggregate basis.
 - (i) the cost of the security position, determined as at the end of the period for which the information ~~underreferred to in~~ subsection 14.14(5) or 14.14.1(2) is provided, ~~presented on an average cost per unit or share basis or on an aggregate basis,~~ or
 - (ii) if the security position was transferred from another registered firm, the information referred to in subparagraph (i) or the market value of the security position as at the date of the ~~position's transfer if it is also disclosed in the statement that it is the market value as of the transfer date, not the cost of the security position, that is being disclosed;~~ transfer of the security position;
 - (b) ~~(b)~~ for each security position, in the statement, opened before July 15, 2015, presented on an average cost per unit or share basis or an aggregate basis.
 - (i) the cost of the security position, determined as at the end of the period for which the information referred to in subsection 14.14(5) or 14.14.1(2) is provided, or
 - (ii) the market value of the security position on

~~(i) the cost of the position, determined as at the end of the period for which the information under subsection 14.14(5) or 14.14.1(2) is provided, presented on an average cost per unit or share basis or on an aggregate basis, or~~
(A) December 31, 2015, or

~~(B) (ii) the market value of the security position as at July 15, 2015 or an earlier date, if the same date and value are used for all clients of the firm holding that security and it is also disclosed in the statement that it is the market value as of that date, not the cost of the security position, that is being disclosed; a date that is earlier than December 31, 2015 if the registered firm reasonably believes accurate, recorded historical position cost information is available for the client's account, and it would not be misleading to the client to provide that information as at the earlier date;~~

- (c) the total cost of all of the security positions in the statement, determined in accordance with paragraphs (a) and (b);
- (d) for each security position for which the registered firm reasonably believes it cannot determine the cost in accordance with paragraphs (a) and (b), disclosure of that fact in the statement.

(2.1) If a registered firm reports one or more security positions of a client using the market value determined as at the date referred to in subparagraph (2)(a)(ii) or (2)(b)(ii), the firm must disclose in the statement that it is providing the market value of the security position as at the relevant date, instead of the cost of the security position.

- (3) The cost of security positions required to be disclosed under subsection (2) must be either the book cost or the original cost and must be accompanied by the definition of "book cost" in section 1.1 [*definitions of terms used throughout this Instrument*] or the definition of "original cost" in section 1.1, as applicable.
- (4) The information delivered under subsection (1) must be delivered to the client in one of the following ways:
 - (a) combined with a statement delivered to the client that includes the information required under subsection 14.14(5) or 14.14.1(2) for the period ending on the same date;
 - (b) in a separate document accompanying a statement delivered to the client that includes information required under subsection 14.14(5) or 14.14.1(2) for the period ending on the same date;
 - (c) in a separate document delivered within 10 days after a statement delivered to the client that includes information required under subsection 14.14(5) or 14.14.1(2) for the period ending on the same date.
- (5) If the information under subsection (1) is delivered to the client in a separate document in accordance with paragraph (4)(c), the separate document must also include the following:
 - (a) the market value of each security in the statement and, if applicable, the notification in subsection 14.11.1(2) [*determining market value*];
 - (b) the total market value of each security position in the statement;
 - (c) the total market value of all cash and securities in the statement.
- (6) This section does not apply to a registered firm in respect of a permitted client that is not an individual.

14.15 Security holder statements

If there is no dealer or adviser of record for a security holder on the records of a registered investment fund manager, the investment fund manager must deliver to the security holder at least once every 12 months a statement that includes the following:

- (a) the information required under subsection 14.14(4) [*account statements*] for each transaction that the registered investment fund manager made for the security holder during the period;
- (b) the information required under subsection 14.14.1(2) [*additional statements*] for the securities of the security holder that are on the records of the registered investment fund manager;
- (c) the information required under section 14.14.2 [*security position cost information*].

14.16 Scholarship plan dealer statements

Sections 14.14 [*account statements*], 14.14.1 [*additional statements*] and 14.14.2 [*security position cost information*] do not apply to a scholarship plan dealer if both of the following apply:

- (a) ~~(a)~~ — the scholarship plan dealer is not registered in another dealer or adviser category;
- (b) ~~(b)~~ — the scholarship plan dealer delivers to a client a statement at least once every 12 months that provides the information required under subsections 14.14(4) and 14.14.1(2).

14.17 Report on charges and other compensation

(1) For each 12-month period, a registered firm must deliver to a client a report on charges and other compensation containing the following information, except that the first report delivered after a client has opened an account may cover a period of less than 12 months:

- (a) the registered firm's current operating charges which might be applicable to the client's account;
- (b) the total amount of each type of operating charge related to the client's account paid by the client during the period covered by the report, and the total amount of those charges;
- (c) the total amount of each type of transaction charge related to the purchase or sale of securities paid by the client during the period covered by the report, and the total amount of those charges;
- (d) the total amount of the operating charges reported under paragraph (b) and the transaction charges reported under paragraph (c);
- (e) if the registered firm purchased or sold debt securities for the client during the period covered by the report, either of the following:
 - (i) the total amount of any mark-ups, mark-downs, commissions or other service charges the firm applied on the purchases or sales of debt securities;
 - (ii) the total amount of any commissions charged to the client by the firm on the purchases or sales of debt securities and, if the firm applied mark-ups, mark-downs or any service charges other than commissions on the purchases or sales of debt securities, the following notification or a notification that is substantially similar:

"For debt securities purchased or sold for you during the period covered by this report, dealer firm remuneration was added to the price you paid (in the case of a purchase) or deducted from the price you received (in the case of a sale). This amount was in addition to any commissions you were charged."
- (f) if the registered firm is a scholarship plan dealer, the unpaid amount of any enrolment fee or other charge that is payable by the client;
- (g) the total amount of each type of payment, other than a trailing commission, that is made to the registered firm or any of its registered individuals by a securities issuer or another registrant in relation to registerable services to the client during the period covered by the report, accompanied by an explanation of each type of payment;
- (h) if the registered firm received trailing commissions related to securities owned by the client during the period covered by the report, the following notification or a notification that is substantially similar:

"We received \$[amount] in trailing commissions in respect of securities you owned during the 12-month period covered by this report."

Investment funds pay investment fund managers a fee for managing their funds. The managers pay us ongoing trailing commissions for the services and advice we provide you. The amount of the trailing commission depends on the sales charge option you chose when you purchased the fund. You are not directly charged the trailing commission or the management fee. But, these fees affect you because they reduce the amount of the fund's return to you. Information about management fees and other charges to your investment funds is included in the prospectus or fund facts document for each fund."

(2) For the purposes of this section, the information in respect of securities of a client required to be reported under subsection 14.14(5) [*account statements*] must be delivered in a separate report on charges and other compensation for each of the client's accounts.

- (3) For the purposes of this section, the information in respect of securities of a client required to be reported under subsection 14.14.1(1) [*additional statements*] must be delivered in a report on charges and other compensation for the client's account through which the securities were transacted.
- (4) Subsections (2) and (3) do not apply if the registered firm provides a report on charges and other compensation that consolidates, into a single report, the required information for more than one of a client's accounts and any securities of the client required to be reported under subsection 14.14(5) or 14.14.1(1) and if the following apply:
 - (a) the client has consented in writing to the form of disclosure referred to in this subsection;
 - (b) the consolidated report specifies the accounts and securities with respect to which information is required to be reported under subsection 14.14.1(1) [*additional statements*].
- (5) This section does not apply to a registered firm in respect of a permitted client that is not an individual.

14.18 Investment performance report

- (1) A registered firm must deliver an investment performance report to a client every 12 months, except that the first report delivered after a registered firm first makes a trade for a client may be sent within 24 months after that trade.
- (2) For the purposes of this section, the information in respect of securities of a client required to be reported under subsection 14.14(5) [*account statements*] must be delivered in a separate report for each of the client's accounts.
- (3) For the purposes of this section, the information in respect of securities of a client required to be reported under subsection 14.14.1(1) [*additional statements*] must be delivered in the report for each of the client's accounts through which the securities were transacted.
- (4) Subsections (2) and (3) do not apply if the registered firm provides a report that consolidates, into a single report, the required information for more than one of a client's accounts and any securities of the client required to be reported under subsection 14.14(5) or 14.14.1(1) and if the following apply:
 - (a) the client has consented in writing to the form of disclosure referred to in this subsection;
 - (b) the consolidated report specifies the accounts and securities with respect to which information is required to be reported under subsection 14.14.1(1) [*additional statements*].
- (5) This section does not apply to
 - (a) a client's account that has existed for less than a 12-month period;
 - (b) a registered dealer in respect of a client's account in which the dealer executes trades only as directed by a registered adviser acting for the client; and
 - (c) a registered firm in respect of a permitted client that is not an individual.
- (6) ~~Despite subsection (1),~~ a registered firm ~~is not required to deliver a report to a client for a 12-month period referred to in that subsection if the firm~~ reasonably believes

(a) there are no securities of a the client with respect to which information is required to be reported under subsection 14.14(5) [*account statements*] or subsection 14.14.1(1) [*additional statements*] ~~and for which a, or~~

(b) no market value can be determined, ~~the firm is not required to deliver a report to the client for the period for any securities of the client in respect to which information is required to be reported under subsection 14.14(5) or 14.14.1(1).~~

14.19 Content of investment performance report

- (1) An investment performance report required to be delivered under section 14.18 by a registered firm must include all of the following in respect of the securities referred to in a statement in respect of which subsection 14.14(1), (2) or (3) [*account statements*] or 14.14.1(1) [*additional statements*] apply:
 - (a) the market value of all cash and securities in the client's account as at the beginning of the 12-month period covered by the investment performance report;
 - (b) the market value of all cash and securities in the client's account as at the end of the 12-month period covered by the investment performance report;

- (c) the market value of all deposits and transfers of cash and securities into the client's account, and the market value of all withdrawals and transfers of cash and securities out of the account, in the 12-month period covered by the investment performance report;
- (d) ~~subject to paragraph (e), the market value of all deposits and transfers of cash and securities into the client's account, and the market value of all withdrawals and transfers of cash and securities out of the account, since opening the account; the market values determined under subsection (1.1);~~
- ~~(e) if the client's account was opened before July 15, 2015 and the registered firm reasonably believes market values are not available for all deposits, withdrawals and transfers since the account was opened, the following:~~
- ~~(i) the market value of all cash and securities in the client's account as at July 15, 2015;~~
- ~~(ii) the market value of all deposits and transfers of cash and securities into the account, and the market value of all withdrawals and transfers of cash and securities out of the account, since July 15, 2015; e) [repealed]~~
- (f) the annual change in the market value of the client's account for the 12-month period covered by the investment performance report, determined using the following formula

$$A - B - C + D$$

where

- A = the market value of all cash and securities in the account as at the end of the 12-month period covered by the investment performance report;
- B = the market value of all cash and securities in the account at the beginning of that 12-month period;
- C = the market value of all deposits and transfers of cash and securities into the account in that 12-month period; and
- D = the market value of all withdrawals and transfers of cash and securities out of the account in that 12-month period;

- (g) subject to ~~paragraph~~ subsection (h1.2), the cumulative change in the market value of the account since the account was opened, determined using the following formula

$$A - E + F$$

where

- A = the market value of all cash and securities in the account as at the end of the 12-month period covered by the investment performance report;
- E = the market value of all deposits and transfers of cash and securities into the account since account opening; and
- F = the market value of all withdrawals and transfers of cash and securities out of the account since account opening;

- ~~(h) if the registered firm reasonably believes the market value of all deposits and transfers of cash and securities into the account since the account was opened or the market value of all withdrawals and transfers of cash and securities out of the account since the account was opened required in paragraph (g) is not available to the registered firm, the cumulative change in the market value of the account determined using the following formula [repealed]~~

~~$$A - G - H + I$$~~

~~where~~

~~A = the market value of all cash and securities in the account as at the end of the 12-month period covered by the investment performance report;~~

~~G = the market value of all cash and securities in the account as at July 15, 2015;~~

~~H = the market value of all deposits and transfers of cash and securities into the account since July 15, 2015; and~~

~~I = the market value of all withdrawals and transfers of cash and securities out of the account since July 15, 2015;~~

- (i) the amount of the annualized total percentage return for the client's account calculated net of charges, using a money-weighted rate of return calculation method generally accepted in the securities industry;
- (j) the definition of "total percentage return" in section 1.1 and a notification indicating the following:
 - (i) that the total percentage return in the investment performance report was calculated net of charges;
 - (ii) the calculation method used;
 - (iii) a general explanation in plain language of what the calculation method takes into account.

(1.1) For the purposes of paragraph (1)(d), the investment performance report must include the following, as applicable:

(a) if the client's account was opened on or after July 15, 2015, the market value of all deposits and transfers of cash and securities into the client's account, and the market value of all withdrawals and transfers of cash and securities out of the account, since opening the account;

(b) if the client's account was opened before July 15, 2015, and the firm has not delivered an investment performance report for the 12-month period ending December 31, 2016,

(i) the market value of all cash and securities in the client's account as at

(A) July 15, 2015, or

(B) a date that is earlier than July 15, 2015 if the registered firm reasonably believes accurate, recorded historical market value information is available for the client's account, and it would not be misleading to the client to provide that information as at the earlier date, and

(ii) the market value of all deposits and transfers of cash and securities into the account, and the market value of all withdrawals and transfers of cash and securities out of the account, since the date referred to in clause (i)(A) or (B), as applicable;

(c) if the client's account was opened before July 15, 2015, and the firm delivered an investment performance report for the 12-month period ending December 31, 2016,

(i) the market value of all cash and securities in the client's account as at

(A) January 1, 2016, or

(B) a date that is earlier than January 1, 2016 if the registered firm reasonably believes accurate, recorded historical market value information is available for the client's account, and it would not be misleading to the client to provide that information as at the earlier date, and

(ii) the market value of all deposits and transfers of cash and securities into the account, and the market value of all withdrawals and transfers of cash and securities out of the account, since the date referred to in clause (i)(A) or (B), as applicable.

(1.2) Paragraph (1)(g) does not apply if the client's account was opened before July 15, 2015 and the registered firm includes in the investment performance report the cumulative change in the market value of the account determined using the following formula, instead of the formula in paragraph (g):

$$A - G - H + I$$

where

A = the market value of all cash and securities in the account as at the end of the 12-month period covered by the investment performance report;

G = the market value of all cash and securities in the account determined as follows:

(a) if the firm has not delivered an investment performance report for the 12-month period ending December 31, 2016, the market value of all cash and securities in the client's account as at

(i) July 15, 2015, or

(ii) a date that is earlier than July 15, 2015 if the registered firm reasonably believes accurate, recorded historical market value information is available for the client's account, and it would not be misleading to the client to provide that information as at the earlier date.

(b) if the firm has delivered an investment performance report for the 12-month period ending December 31, 2016, the market value of all cash and securities in the client's account as at

(i) January 1, 2016, or

(ii) a date that is earlier than January 1, 2016 if the registered firm reasonably believes accurate, recorded historical market value information is available for the client's account, and it would not be misleading to the client to provide that information as at the earlier date;

H = the market value of all deposits and transfers of cash and securities into the account since the date used for the purposes of the definition of "G"; and

I = the market value of all withdrawals and transfers of cash and securities out of the account since the date used for the purposes of the definition of "G".

(2) The information delivered for the purposes of paragraph (1)(i) must be provided for each of the following periods:

- (a) the 12-month period covered by the investment performance report;
- (b) the 3-year period preceding the end of the 12-month period covered by the report;
- (c) the 5-year period preceding the end of the 12-month period covered by the report;
- (d) the 10-year period preceding the end of the 12-month period covered by the report;
- (e) subject to subsection (3.1), the period since the client's account was opened if the account has been open for more than one year before the date of the report or, if the account was opened before July 15, 2015 and the registered firm reasonably believes the annualized total percentage return for the period before July 15, 2015 is not available, 2015, the period since July 15, 2015.

(i) July 15, 2015, or

(ii) a date that is earlier than July 15, 2015 if the registered firm reasonably believes accurate, recorded annualized total percentage return information is available for the client's account, and it would not be misleading to the client to provide that information as at the earlier date.

(3) Despite subsection (2), if any portion of a period referred to in paragraph (2)(b), (c) or (d) was before July 15, 2015, the registered firm is not required to report the annualized total percentage return for that period.

(3.1) Paragraph (2)(e) does not apply to a registered firm that delivered an investment performance report for the 12-month period ending December 31, 2016 if the firm provides, in the report, the annualized total percentage return information referred to in that paragraph for the period since

(a) January 1, 2016, or

(b) a date that is earlier than January 1, 2016 if the registered firm reasonably believes accurate, recorded annualized total percentage return information is available for the client's account, and it would not be misleading to the client to provide that information as at the earlier date.

- (4) Despite subsection (1), the information a scholarship plan dealer is required to deliver under section 14.18 [*investment performance report*] in respect of each scholarship plan in which a client has invested through the scholarship plan dealer is the following:
- (a) the total amount that the client has invested in the plan as at the date of the investment performance report;
 - (b) the total amount that would be returned to the client if, as at the date of the investment performance report, the client ceased to make prescribed payments into the plan;
 - (c) a reasonable projection of future payments that the plan might pay to the client's designated beneficiary under the plan, or to the client, at the maturity of the client's investment in the plan;
 - (d) a summary of any terms of the plan that, if not met by the client or the client's designated beneficiary under the plan, might cause the client or the designated beneficiary to suffer a loss of contributions, earnings or government contributions in the plan.
- (5) The information delivered under section 14.18 [*investment performance report*] must be presented using text, tables and charts, and must be accompanied by notes in the investment performance report explaining
- (a) the content of the report and how a client can use the information to assess the performance of the client's investments; and
 - (b) the changing value of the client's investments as reflected in the information in the report.
- (6) If a registered firm delivers information required under this section in a report to a client for a period of less than one year, the firm must not calculate the disclosed information on an annualized basis.
- (7) If the registered firm reasonably believes the market value cannot be determined for a security position, the market value must be assigned a value of zero in the calculation of the information delivered under subsection 14.18(1) and the fact that its market value could not be determined must be disclosed to the client.

14.20 Delivery of report on charges and other compensation and investment performance report

- (1) A report under section 14.17 [*report on charges and other compensation*] and a report under section 14.18 [*investment performance report*] must include information for the same 12-month period and the reports must be delivered together in one of the following ways:
- (a) combined with a statement delivered to the client that includes information required under subsection 14.14(1), (2) or (3) [*account statements*], subsection 14.14.1(2) [*additional statements*] or section 14.16 [*scholarship plan dealer statements*];
 - (b) accompanying a statement delivered to the client that includes information required under subsection 14.14(1), (2) or (3) [*account statements*], subsection 14.14.1(2) [*additional statements*] or section 14.16 [*scholarship plan dealer statements*];
 - (c) within 10 days after a statement delivered to the client that includes information required under subsection 14.14(1),(2) or (3) [*account statements*], subsection 14.14.1(2) [*additional statements*] or section 14.16 [*scholarship plan dealer statements*].
- (2) Subsection (1) does not apply in respect of the first report under section 14.17 [*report on charges and other compensation*] and the first report under section 14.18 [*investment performance report*] for a client.

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 [Alberta and](#) 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 [lapsed]

16.2 [lapsed]

16.3 [lapsed]

16.4 [lapsed]

16.5 [lapsed]

16.6 [lapsed]

16.7 [lapsed]

16.8 [lapsed]

16.9 Registration of chief compliance officers

(1) [lapsed]

(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 3.10 [*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.

(3) [lapsed]

(4) [lapsed]

16.10 Proficiency for dealing and advising representatives

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 [*education and experience requirements*] of Part 3 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.

16.11 [lapsed]

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 [lapsed]

16.14 [lapsed]

16.15 [lapsed]

16.16 [lapsed]

16.17 [lapsed]

16.18 [lapsed]

16.19 [lapsed]

16.20 [lapsed]

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.

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 non-current related party debt unless the firm and the lender have executed a subordination agreement in the form set out in Appendix B of National Instrument 31-103 <i>Registration Requirements, Exemptions and Ongoing Registrant Obligations</i> and the firm has delivered a copy of the agreement to the regulator or, in Québec, the securities regulatory authority. See section 12.2 of National Instrument 31-103 <i>Registration Requirements, Exemptions and Ongoing Registrant Obligations</i> . | | |
| 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 bonding or insurance policy required under Part 12 of National Instrument 31-103 <i>Registration Requirements, Exemptions and Ongoing Registrant Obligations</i> <u>or, in Québec, for a firm registered only in that jurisdiction and solely in the category of mutual fund dealer, less the deductible under the liability insurance required under section 193 of the Québec Securities Regulation</u> | | |
| 11. | Less Guarantees | | |
| 12. | Less unresolved differences | | |
| 13. | Excess working capital | | |

Notes:

Form 31-103F1 *Calculation of Excess Working Capital* must be prepared using the accounting principles that you use to prepare your financial statements in accordance with National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*. Section 12.1 of Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations* provides further guidance in respect of these accounting principles.

Line 5. Related-party debt – Refer to the CICA Handbook for the definition of “related party” for publicly accountable enterprises. The firm is required to deliver a copy of the executed subordination agreement to the regulator or, in Québec, the securities regulatory authority on the earlier of a) 10 days after the date the agreement is executed or b) the date an amount subordinated by the agreement is excluded from its calculation of excess working capital on Form 31-103F1 *Calculation of Excess Working Capital*. **The firm must notify the regulator or, in Québec, the securities regulatory authority, 10 days before it repays the loan (in whole or in part), or terminates the subordination agreement.** See section 12.2 of National Instrument 31-103 *Registration Requirements Exemptions and Ongoing Registrant Obligations*.

Line 8. Minimum Capital – The amount on this line must be not less than (a) \$25,000 for an adviser and (b) \$50,000 for a dealer. For an investment fund manager, the amount must be not less than \$100,000 unless subsection 12.1(4) of National Instrument 31-103 *Registration Requirements Exemptions and Ongoing Registrant Obligations* applies.

Line 9. Market Risk – The amount on this line must be calculated according to the instructions set out in Schedule 1 to Form 31-103F1 *Calculation of Excess Working Capital*. A schedule supporting the calculation of any amounts included in Line 9 as market risk should be provided to the regulator or, in Québec, the securities regulatory authority in conjunction with the submission of Form 31-103F1 *Calculation of Excess Working Capital*.

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 statement of financial position 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 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 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.

Please refer to section 12.1 of Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations* for further guidance on how to prepare and file Form 31-103F1 *Calculation of Excess Working Capital*.

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

Schedule 1 of Form 31-103F1 Calculation of Excess Working Capital

(calculating line 9 [market risk])

For purposes of completing this form:

- (1) "Fair value" means the value of a security determined in accordance with Canadian GAAP applicable to publicly accountable enterprises.
- (2) For each security whose value is included in line 1, Current Assets, multiply the 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 Canada Inc., or the short-term ratings equivalent of either of those ratings, by a designated rating organization~~ or its DRO affiliate, ~~or Standard & Poor's Rating Services (Canada) or its DRO affiliate, respectively~~), maturing (or called for redemption):

| | |
|---------------------------|----------------------------------------------------------------------------------------------------------|
| within 1 year: | 1% of fair value multiplied by the fraction determined by dividing the number of days to maturity by 365 |
| over 1 year to 3 years: | 1 % of fair value |
| over 3 years to 7 years: | 2% of fair value |
| over 7 years to 11 years: | 4% of fair value |
| over 11 years: | 4% of fair value |
- (ii) Bonds, debentures, treasury bills and other securities of or guaranteed by any jurisdiction of Canada and obligations of the International Bank for Reconstruction and Development, maturing (or called for redemption):

| | |
|---------------------------|----------------------------------------------------------------------------------------------------------|
| within 1 year: | 2% of fair value multiplied by the fraction determined by dividing the number of days to maturity by 365 |
| over 1 year to 3 years: | 3 % of fair value |
| over 3 years to 7 years: | 4% of fair value |
| over 7 years to 11 years: | 5% of fair value |
| over 11 years: | 5% of fair 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 fair value multiplied by the fraction determined by dividing the number of days to maturity by 365 |
| over 1 year to 3 years: | 5 % of fair value |
| over 3 years to 7 years: | 5% of fair value |
| over 7 years to 11 years: | 5% of fair value |
| over 11 years: | 5% of fair value |
- (iv) Other non-commercial bonds and debentures, (not in default): 10% of 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 fair value |
| over 1 year to 3 years: | 6 % of fair value |
| over 3 years to 7 years: | 7% of fair value |
| over 7 years to 11 years: | 10% of fair value |
| over 11 years: | 10% of fair 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 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

(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 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

Securities of mutual funds qualified by prospectus for sale in any jurisdiction of Canada:

- (i) 5% of the net asset value per security as determined in accordance with National Instrument 81-106 *Investment Fund Continuous Disclosure*, where the fund is a money market mutual fund as defined in National Instrument 81-102 *Investment Funds*; or
- (ii) the margin rate determined on the same basis as for listed stocks multiplied by the net asset value per security of the fund as determined in accordance with National Instrument 81-106 *Investment Fund Continuous Disclosure*.

Securities of mutual funds qualified by prospectus for sale in the United States of America: 5% of the net asset value per security if the fund is registered as an investment company under the *Investment Companies Company Act of 1940*, as amended from time to time, and complies with Rule 2a-7 thereof.

(e) Stocks

In this paragraph, “securities” includes rights and warrants and does not include bonds and debentures.

- (i) On securities including investment fund securities, rights and warrants, listed on any exchange in Canada or the United States of America:

Long Positions – Margin Required

- Securities selling at \$2.00 or more – 50% of fair value
- Securities selling at \$1.75 to \$1.99 – 60% of fair value
- Securities selling at \$1.50 to \$1.74 – 80% of fair value
- Securities selling under \$1.50 – 100% of fair value

Short Positions – Credit Required

- Securities selling at \$2.00 or more – 150% of fair value
- Securities selling at \$1.50 to \$1.99 – \$3.00 per share
- Securities selling at \$0.25 to \$1.49 – 200% of fair value
- Securities selling at less than \$0.25 – fair value plus \$0.25 per share

- (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 Madrid
 - (c) Borsa Italiana
 - (d) Copenhagen Stock Exchange
 - (e) Euronext Amsterdam
 - (f) Euronext Brussels
 - (g) Euronext Paris S.A.
 - (h) Frankfurt Stock Exchange
 - (i) London Stock Exchange
 - (j) New Zealand Exchange Limited
 - (k) Stockholm Stock Exchange
 - (l) SIX Swiss Exchange
 - (m) The Stock Exchange of Hong Kong Limited
 - (n) Tokyo Stock Exchange

(f) Mortgages

- (i) For a firm registered in any jurisdiction of Canada except Ontario:
 - (a) Insured mortgages (not in default): 6% of fair value
 - (b) Mortgages which are not insured (not in default): 12% of fair value.
- (ii) For a firm registered in Ontario:
 - (a) Mortgages insured under the *National Housing Act* (Canada) (not in default): 6% of fair value
 - (b) Conventional first mortgages (not in default): 12% of fair value.

| |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| If you are registered in Ontario regardless of whether you are also registered in another jurisdiction of Canada, you will need to apply the margin rates set forth in (ii) above. |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

- (g) For all other securities – 100% of fair value.**

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. If the International Firm was previously assigned an NRD number as a registered firm or an unregistered exempt international firm, provide the NRD number of the firm.
3. Jurisdiction of incorporation of the International Firm:
4. Head office address of the International Firm:
5. The name, e-mail address, phone number and fax number of the International Firm's chief compliance officer.

Name:

E-mail address:

Phone:

Fax:

6. Section of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* the International Firm is relying on:

Section 8.18 [*international dealer*]

Section 8.26 [*international adviser*]

Other

7. Name of agent for service of process (the "Agent for Service"):
8. Address for service of process on the Agent for Service:
9. 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 defence in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.
10. 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.
11. 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.
12. 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, 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)

FORM 31-103F4 NET ASSET VALUE ADJUSTMENTS

(Section 12.14 [*delivering financial information – investment fund manager*])

This is to notify the regulator or, in Québec, the securities regulatory authority, of a net asset value (NAV) adjustment made in respect of an investment fund managed by the investment fund manager in accordance with paragraph 12.14(1)(c) or paragraph 12.14(2)(c). All of the information requested should be provided on a fund by fund basis. Please attach a schedule if necessary.

1. Name of the investment fund manager:
2. Name of each of the investment funds for which a NAV adjustment occurred:
3. Date(s) the NAV error occurred:
4. Date the NAV error was discovered:
5. Date of the NAV adjustment:
6. Original total NAV on the date the NAV error first occurred:
7. Original NAV per unit on each date(s) the NAV error occurred:
8. Revised NAV per unit on each date(s) the NAV error occurred:
9. NAV error as percentage (%) of the original NAV on each date(s) the NAV error occurred:
10. Total dollar amount of the NAV adjustment:
11. Effect (if any) of the NAV adjustment per unit or share:
12. Total amount reimbursed to security holders, or any corrections made to purchase and redemption transactions affecting the security holders of each investment fund affected, if any:
13. Date of the NAV reimbursement or correction to security holder transactions, if any:
14. Total amount reimbursed to investment fund, if any:
15. Date of the reimbursement to investment fund, if any:
16. Description of the cause of the NAV error:
17. Was the NAV error discovered by the investment fund manager?
Yes No
18. If No, who discovered the NAV error?
19. Was the NAV adjustment a result of a material error under the investment fund manager's policies and procedures? :
Yes No
20. Have the investment fund manager's policies and procedures been changed following the NAV adjustment?
Yes No
21. If Yes, describe the changes:
22. If No, explain why not:
23. Has the NAV adjustment been communicated to security holders of each of the investment funds affected?
Yes No
24. If Yes, describe the communications:

Notes:

Line 2. NAV adjustment – Refers to the correction made to make the investment fund's NAV accurate.

Line 3. NAV error – Refers to the error discovered on the Original NAV. Please refer to Section 12.14 of *Companion Policy 31-103CP Registration Requirements, Exemptions and Ongoing Registrant Obligations* for guidance on NAV error and causes of NAV errors.

Line 3. Date(s) the NAV error occurred – Means the date of the NAV error first occurred and the subsequent dates of the NAV error.

Line 8. Revised NAV per unit – Refers to the NAV per unit calculated after taking into account the NAV error.

Line 9. NAV error as a percentage (%) of the original NAV – Refers to the following calculation:

$$(\text{Revised NAV} / \text{Original NAV}) - 1 \times 100$$

APPENDIX A – BONDING AND INSURANCE CLAUSES

**(section 12.3 [insurance – dealer], section 12.4 [insurance – adviser]
and section 12.5 [insurance – investment fund manager])**

| Clause | Name of Clause | Details |
|---------------|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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. |

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, 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 owed 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 10 days before 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

[lapsed]

APPENDIX D

[lapsed]

APPENDIX E

[lapsed]

APPENDIX F

[lapsed]

APPENDIX G – EXEMPTIONS FROM CERTAIN REQUIREMENTS FOR IIROC MEMBERS

(Section 9.3 [exemptions from certain requirements for IIROC members])

| NI 31-103 Provision | IIROC Provision |
|---------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| section 12.1 [capital requirements] | 1. Dealer Member Rule 17.1; and 2. Form 1 Joint Regulatory Financial Questionnaire and Report – Part I, Statement B, “Notes and Instructions” |
| section 12.2 [subordination agreement] | 1. Dealer Member Rule 5.2; and 2. Dealer Member Rule 5.2A |
| section 12.3 [insurance – dealer] | 1. Dealer Member Rule 17.5 2. Dealer Member Rule 400.2 [Financial Institution Bond]; 2.3. Dealer Member Rule 400.4 [Amounts Required]; and 3.4. Dealer Member Rule 400.5 [Provisos with respect to Dealer Member Rules 400.2, 400.3 and 400.4] |
| section 12.6 [global bonding or insurance] | 1. Dealer Member Rule 400.7 [Global Financial Institution Bonds] |
| section 12.7 [notifying the regulator of a change, claim or cancellation] | 1. Dealer Member Rule 17.6; 2. Dealer Member Rule 400.3 [Notice of Termination]; and 3. Dealer Member Rule 400.3B [Termination or Cancellation] |
| section 12.10 [annual financial statements] | 1. Dealer Member Rule 16.2 [Dealer Member Filing Requirements]; and 2. Form 1 Joint Regulatory Financial Questionnaire and Report |
| section 12.11 [interim financial information] | 1. Dealer Member Rule 16.2 [Dealer Member Filing Requirements]; and 2. Form 1 Joint Regulatory Financial Questionnaire and Report |
| section 12.12 [delivering financial information – dealer] | 1. Dealer Member Rule 16.2 [Dealer Member Filing Requirements] |
| subsection 13.2(3) [know your client] | 1.1. Dealer Member Rule 1300.1(a)-(n) [Identity and Creditworthiness]; 2.2. Dealer Member Rule 1300.2; 3. Dealer Member Rule 2500, Section Part II [Opening New Accounts]; and 4. Dealer Member Rule 2700, Part II [New Account Documentation and Approval] ; and 5. Form 2 New Client Application Form |
| section 13.3 [suitability] | 1. Dealer Member Rule 1300.1(o) [Business Conduct]; 2. Dealer Member Rule 1300.1(p) [Suitability Generally determination required when accepting order]; 3. Dealer Member Rule 1300.1(q) [Suitability Determination Required When Recommendation — Provided determination required when recommendation provided]; 4. Dealer Member Rule 1300.1(r) and Dealer Member Rule 1300.1(s) [Suitability Determination Not Required determination required for account positions held when certain events occur]; 5. Dealer Member Rule 1300.1(t) [Corporation Approvals] [Suitability of investments in client accounts] ; 6. Dealer Member Rule 1300.1(t) – (v) [Exemptions from the suitability assessment requirements] 7. Dealer Member Rule 1300.1(w) [Corporation approval] 6-8. Dealer Member Rule 2700, Section Part I [Customer Suitability]; and 7-9. Dealer Member Rule 3200 [Minimum Requirements requirements for Dealer Members Seeking Approval Under seeking approval under Rule 1300.1(t) for Suitability Relief for Trades not Recommended by the Member to offer an order-execution only service] |
| section 13.12 [restriction on lending to clients] | 1. Dealer Member Rule 17.11 ; and 2. Dealer Member Rule 100 [Margin Requirements] |
| section 13.13 [disclosure when recommending the use of borrowed money] | 1. Dealer Member Rule 29.26 |
| section 13.15 [handling complaints] | 1. Dealer Member Rule 2500, Part VIII [Client Complaints] ; and 2. Dealer Member Rule 2500B [Client Complaint Handling] ; and 2. Dealer Member Rule 2500, Section VIII [Client Complaints] |

| NI 31-103 Provision | IIROC Provision |
|------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| subsection 14.2(2) [<i>relationship disclosure information</i>] | 1. Dealer Member Rules of IIROC that set out the requirements for Rule 3500.5 [Content of relationship disclosure information similar to those contained in IIROC's Client Relationship Model proposal, published for comment on January 7, 2011; 2. Dealer Member Rule 29.8; 3. Dealer Member Rule 200.1(c); 4. Dealer Member Rule 200.1(h); 5. Dealer Member Rule 1300.1(p) [<i>Suitability Generally</i>]; 6. Dealer Member Rule 1300.1(q) [<i>Suitability Determination Required When Recommendation Provided</i>]; 7. Dealer Member Rule 1300.2; and 8. Dealer Member Rule 2500B, Part 4 [<i>Complaint procedures / standards</i>]; 9. Dealer Member Rule 3500 [<i>Relationship Disclosure</i>] 1. |
| subsection 14.2(3) [<i>relationship disclosure information</i>] | 1. Dealer Member Rule 3500.4 [<i>Format of relationship disclosure</i>] |
| subsection 14.2(4) [<i>relationship disclosure information</i>] | 1. Dealer Member Rule 3500.1 [<i>Objective of relationship disclosure requirements</i>] |
| subsection 14.2(5.1) [<i>relationship disclosure information</i>] | 1. Dealer Member Rule 29.8 |
| subsection 14.2(6) [<i>relationship disclosure information</i>] | 1. Dealer Member Rule 3500.1 [<i>Objective of relationship disclosure requirements</i>] |
| section 14.2.1 [<i>pre-trade disclosure of charges</i>] | 1. Dealer Member Rule 29.9 |
| section 14.5.2 [<i>restriction on self-custody and qualified custodian requirement</i>] | 1. Dealer Member Rule 17.2A [<i>Establishment and maintenance of adequate internal controls in accordance with Dealer Member Rule 2600</i>]; 2. Dealer Member Rules 17.3, 17.3A, 17.3B and 2000 [<i>Segregation Requirements</i>]; 3. Dealer Member Rule 2600 – Internal Control Policy Statement 4 [<i>Segregation of Clients' Securities</i>]; 4. Dealer Member Rule 2600 - Internal Control Policy Statement 5 [<i>Safekeeping of Clients' Securities</i>]; 5. Dealer Member Rule 2600 - Internal Control Policy Statement 6 [<i>Safeguarding of Securities and Cash</i>]; and 6. Definition of "acceptable securities locations", General Notes and Definitions to Form 1 |
| section 14.5.3 [<i>cash and securities held by a qualified custodian</i>] | 1. Dealer Member Rule 200 [<i>Minimum Records</i>] |
| section 14.6 [<i>holding client and investment fund</i> <i>assets held by a registered firm in trust</i>] | 1. Dealer Member Rule 17.3 |
| section 14.6.1 [<i>custodial provisions relating to certain margin or security interests</i>] | 1. Dealer Member Rules 17.2, 17.2A, 17.3, 17.3A, 17.3B, 17.11 and 2000 [<i>Segregation Requirements</i>]; 2. Dealer Member Rule 100 [<i>Margin Requirements</i>]; 3. Dealer Member Rule 2200 [<i>Cash and Securities Loan Transactions</i>]; 4. Dealer Member Rule 2600 – Internal Control Policy Statement 4 [<i>Segregation of Clients' Securities</i>]; 5. Dealer Member Rule 2600 - Internal Control Policy Statement 5 [<i>Safekeeping of Clients' Securities</i>]; 6. Dealer Member Rule 2600 - Internal Control Policy Statement 6 [<i>Safeguarding of Securities and Cash</i>]; and |

| NI 31-103 Provision | IIROC Provision |
|------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <ol style="list-style-type: none"> 7. Definitions of “acceptable counterparties”, “acceptable institutions”, “acceptable securities locations”, “regulated entities”, General Notes and Definitions to Form 1 |
| section 14.6.2 [custodial provisions relating to short sales] | <ol style="list-style-type: none"> 1. Dealer Member Rule 100 [Margin Requirements]; 2. Dealer Member Rule 2200 [Cash and Securities Loan Transactions]; 3. Dealer Member Rule 2600 - Internal Control Policy Statement 6 [Safeguarding of Securities and Cash]; and 4. Definitions of “acceptable counterparties”, “acceptable institutions”, “acceptable securities locations”, “regulated entities”, General Notes and Definitions to Form 1 |
| section 14.8 [securities subject to a safekeeping agreement] - [repealed] | <ol style="list-style-type: none"> 1. Dealer Member Rule 17.2A 2. Dealer Member Rule 2600 — Internal Control Policy Statement 5 [Safeguarding of Clients’ Securities] |
| section 14.9 [securities not subject to a safekeeping agreement] - [repealed] | <ol style="list-style-type: none"> 1. Dealer Member Rule 17.3; 2. Dealer Member Rule 17.3A; and 3. Dealer Member Rule 200.1(c) |
| section 14.11.1 [determining market value] | <ol style="list-style-type: none"> 1. Dealer Member Rule 200.1(c); and 2. Definition (g) of the General Notes and Definitions to Form 1 |
| section 14.12 [content and delivery of trade confirmation] | <ol style="list-style-type: none"> 1. Dealer Member Rule 200.4200.2(h) [Trade confirmations] |
| section 14.14 [account statements] | <ol style="list-style-type: none"> 1. Dealer Member Rule 200.2(d) [Client account statements]; and 2. “Guide to Interpretation of Rule 200.2”, Item (d) |
| section 14.14.1 [additional statements] | <ol style="list-style-type: none"> 1. Dealer Member Rule 200.2(e) [Report on client positions held outside of the Dealer Member]; 2. Dealer Member Rule 200.4 [Timing of sending documents to clients]; and 3. “Guide to Interpretation of Rule 200.2”, Item (e) |
| section 14.14.2 [security position cost information] | <ol style="list-style-type: none"> 1. Dealer Member Rule 200.1(a); 2. Dealer Member Rule 200.1(b); 3. Dealer Member Rule 200.1(e); 4. Dealer Member Rule 200.2(d)(ii)(F) and (H); and 5. Dealer Member Rule 200.2(e)(ii)(C) and (E) |
| section 14.17 [report on charges and other compensation] | <ol style="list-style-type: none"> 1. Dealer Member Rule 200.2(g) [Fee/ charge report]; and 2. “Guide to Interpretation of Rule 200.2”, Item (g) |
| section 14.18 [investment performance report] | <ol style="list-style-type: none"> 1. Dealer Member Rule 200.2(f) [Performance report]; and 2. “Guide to Interpretation of Rule 200.2”, Item (f) |
| section 14.19 [content of investment performance report] | <ol style="list-style-type: none"> 1. Dealer Member Rule 200.2(f) [Performance report]; and 2. “Guide to Interpretation of Rule 200.2”, Item (f) |
| section 14.20 [delivery of report on charges and other compensation and investment performance report] | <ol style="list-style-type: none"> 1. Dealer Member Rule 200.4 [Timing of the sending of documents to clients] |

APPENDIX H – EXEMPTIONS FROM CERTAIN REQUIREMENTS FOR MFDA MEMBERS






(Section 9.4 [exemptions from certain requirements for MFDA members])

| NI 31-103 Provision | MFDA Provision |
|-------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| section 12.1 [capital requirements] | <ol style="list-style-type: none"> 1. Rule 3.1.1 [Minimum Levels]; 2. Rule 3.1.2 [Notice]; 3. Rule 3.2.2 [Member Capital]; 4. Form 1 MFDA Financial Questionnaire and Report; and 5. Policy No. 4 [Internal Control Policy Statements – Policy Statement 2: Capital Adequacy] |
| section 12.2 [subordination agreement] | <ol style="list-style-type: none"> 1. Form 1 MFDA Financial Questionnaire and Report,¹ Statement F [Statement of Changes in Subordinated Loans]; and 2. Membership Application Package – Schedule I (Subordinated Loan Agreement) |
| section 12.3 [insurance – dealer] | <ol style="list-style-type: none"> 1. Rule 4.1 [Financial Institution Bond]; 2. Rule 4.4 [Amounts Required]; 3. Rule 4.5 [Provisos]; 4. <u>Rule 4.6 [Qualified Carriers]</u>; and 4-5 Policy No. 4 [Internal Control Policy Statements – Policy Statement 3: Insurance] |
| section 12.6 [global bonding or insurance] | <ol style="list-style-type: none"> 1. Rule 4.7 [Global Financial Institution Bonds] |
| section 12.7 [notifying the regulator of a change, claim or cancellation] | <ol style="list-style-type: none"> 1. Rule 4.2 [Notice of Termination]; and 2. Rule 4.3 [Termination or Cancellation] |
| section 12.10 [annual financial statements] | <ol style="list-style-type: none"> 1. Rule 3.5.1 [Monthly and Annual]; 2. Rule 3.5.2 [Combined Financial Statements]; and 3. Form 1 MFDA Financial Questionnaire and Report |
| section 12.11 [interim financial information] | <ol style="list-style-type: none"> 1. Rule 3.5.1 [Monthly and Annual]; 2. Rule 3.5.2 [Combined Financial Statements]; and 3. Form 1 MFDA Financial Questionnaire and Report |
| section 12.12 [delivering financial information – dealer] | <ol style="list-style-type: none"> 1. Rule 3.5.1 [Monthly and Annual] |
| section 13.3 [suitability] | <ol style="list-style-type: none"> 1. Rule 2.2.1 [“Know-Your-Client”]; and 2. Policy No. 2 [Minimum Standards for Account Supervision] |
| section 13.12 [restriction on lending to clients] | <ol style="list-style-type: none"> 1. Rule 3.2.1 [Client Lending and Margin]; and 2. Rule 3.2.3 [Advancing Mutual Fund Redemption Proceeds] |
| section 13.13 [disclosure when recommending the use of borrowed money] | <ol style="list-style-type: none"> 1. Rule 2.6 [Borrowing for Securities Purchases] |
| section 13.15 [handling complaints] | <ol style="list-style-type: none"> 1. Rule 2.11 [Complaints]; 2. Policy No. 3 [Complaint Handling, Supervisory Investigations and Internal Discipline]; and 3. Policy No. 6 [Information Reporting Requirements] |
| subsection <u>subsections 14.2(2), (3) and (5.1)</u> [relationship disclosure information] | <ol style="list-style-type: none"> 1. Rule 2.2.5 [Relationship Disclosure]; and 2. <u>Rule 2.4.3 [Operating Charges]</u> |
| <u>section 14.2.1 [pre-trade disclosure of charges]</u> | <ol style="list-style-type: none"> 1. <u>Rule 2.4.4 [Transaction Fees or Charges]</u> |
| <u>section 14.5.2 [restriction on self-custody and qualified custodian requirement]</u> | <ol style="list-style-type: none"> 1. <u>Rule 3.3.1 [General];</u> 2. <u>Rule 3.3.2 [Cash];</u> 3. <u>Rule 3.3.3 [Securities]; and</u> 4. <u>Policy No. 4 [Internal Control Policy Statements – Policy Statement 4: Cash and Securities, and Policy Statement 5: Segregation of Clients’ Securities]</u> |
| <u>section 14.5.3 [cash and securities held by a qualified custodian]</u> | <ol style="list-style-type: none"> 1. <u>Policy No. 4 [Internal Control Policy Statements – Policy Statement 4: Cash and Securities, and Policy Statement 5: Segregation of Clients’ Securities]</u> |

| NI 31-103 Provision | MFDA Provision |
|-----------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| section 14.6 [holding client <u>and investment fund</u> assets <u>held by a registered firm</u> in trust] | 1. Rule 3.3.1 [General]; 2. Rule 3.3.2 [Cash]; 3. <u>Rule 3.3.3 [Securities]</u> ; and 3.4. Policy No. 4 [Internal Control Policy Statements – Policy Statement 4: Cash and Securities, and Policy Statement 5: Segregation of Clients’ Securities] |
| <u>section 14.6.1 [custodial provisions relating to certain margin or security interests]</u> | 1. <u>Rule 3.2.1 [Client Lending and Margin]</u> |
| <u>section 14.6.2 [custodial provisions relating to short sales]</u> | 1. <u>Rule 3.2.1 [Client Lending and Margin]</u> |
| section 14.8 [securities subject to a safekeeping agreement] - <u>[repealed]</u> | 1. Rule 3.3.3 [Securities]; and 2. Policy No. 4 [Internal Control Policy Statements – Policy Statement 4: Cash and Securities, and Policy Statement 5: Segregation of Clients’ Securities] |
| section 14.9 [securities not subject to a safekeeping agreement] - <u>[repealed]</u> | 1. Rule 3.3.3 [Securities] |
| <u>section 14.11.1 [determining market value]</u> | 1. <u>Rule 5.3(1)(f) [definition of “market value”]; and</u> 2. <u>Definitions to Form 1 [definition of “market value of a security”]</u> |
| section 14.12 [content and delivery of trade confirmation] | 1. Rule 5.4.1 [Delivery of Confirmations]; 2. Rule 5.4.2 [Automatic- Payment Plans]; and 3. Rule 5.4.3 [Content] |
| <u>section 14.14 [account statements]</u> | 1. <u>Rule 5.3.1 [Delivery of Account Statement]; and</u> 2. <u>Rule 5.3.2 [Content of Account Statement]</u> |
| <u>section 14.14.1 [additional statements]</u> | 1. <u>Rule 5.3.1 [Delivery of Account Statement]; and</u> 2. <u>Rule 5.3.2 [Content of Account Statement]</u> |
| <u>section 14.14.2 [security position cost information]</u> | 1. <u>Rule 5.3(1)(a) [definition of “book cost”];</u> 2. <u>Rule 5.3(1)(c) [definition of “cost”]; and</u> 3. <u>Rule 5.3.2(c) [Content of Account Statement – Market Value and Cost Reporting]</u> |
| <u>section 14.17 [report on charges and other compensation]</u> | 1. <u>Rule 5.3.3 [Report on Charges and Other Compensation]</u> |
| <u>section 14.18 [investment performance report]</u> | 1. <u>Rule 5.3.4 [Performance Report]; and</u> 2. <u>Policy No. 7 Performance Reporting</u> |
| <u>section 14.19 [content of investment performance report]</u> | 1. <u>Rule 5.3.4 [Performance Report]; and</u> 2. <u>Policy No. 7 Performance Reporting</u> |
| <u>section 14.20 [delivery of report on charges and other compensation and investment performance report]</u> | 1. <u>Rule 5.3.5 [Delivery of Report on Charges and Other Compensation and Performance Report]</u> |

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| Insertions | 545 |
| Deletions | 195 |
| Moved from | 26 |
| Moved to | 26 |
| Style change | 0 |
| Format changed | 0 |
| Total changes | 792 |

ANNEX F

The amendments set out in sections 4, 5, 8, 9, 11 and 15 of this Amending Instrument are not being made in certain CSA jurisdictions because these amendments have already been adopted in those jurisdictions by means of other instruments. This will be reflected in the version of this Amending Instrument that is adopted in those jurisdictions.

THE MANITOBA SECURITIES COMMISSION
MSC Rule No. 2017-9
(Section 149.1, *The Securities Act*)

AMENDMENTS TO
NATIONAL INSTRUMENT 33-109
REGISTRATION INFORMATION

1. *National Instrument 33-109 Registration Information is amended by this Instrument.*
2. *Subparagraph 2.3(2)(c)(i) is amended by replacing “Item 13.3(c)” with “Item 13.3(a)”.*
3. *Subsection 7.1 (3) is amended by adding “Alberta and” before “Ontario”.*
4. *Schedule B to Form 33-109F2 is amended*
 - (a) *under the heading “New Brunswick” by replacing “Director of Securities” with “Registration”,*
 - (b) *under the heading “Nunavut” by replacing “Deputy Registrar of Securities” with “Superintendent of Securities”, and*
 - (c) *under the heading “Prince Edward Island” by replacing “Deputy Registrar of Securities” with “Superintendent of Securities”.*
5. *Schedule A to Form 33-109F3 is amended*
 - (a) *under the heading “New Brunswick” by replacing “Director of Securities” with “Registration”,*
 - (b) *under the heading “Nunavut” by replacing “Deputy Registrar of Securities” with “Superintendent of Securities”, and*
 - (c) *under the heading “Prince Edward Island” by replacing “Deputy Registrar of Securities” with “Superintendent of Securities”.*
6. *Form 33-109F4 is amended*
 - (a) *in the “General Instructions” by replacing “regulators(s) or in Québec,” with “regulator(s) or, in Québec,” and*
 - (b) *in Item 22, under the heading “Individual” and under the heading “Authorized partner or officer of the firm”, by replacing “regulator, or in Québec,” with “regulator or, in Québec,”.*
7. *Schedule C to Form 33-109F4 is amended under the heading “Individual categories and permitted activities” by adding “as described in paragraph (c) of the definition of “permitted individual” in section 1.1 of National Instrument 33-109 Registration Information” after “Permitted Individual”.*

8. *Schedule O to Form 33-109F4 is amended*

(a) *under the heading “New Brunswick” by replacing “Director of Securities” with “Registration”,*

(b) *under the heading “Nunavut” by replacing “Deputy Registrar of Securities” with “Superintendent of Securities”, and*

(c) *under the heading “Prince Edward Island” by replacing “Deputy Registrar of Securities” with “Superintendent of Securities”.*

9. *Schedule A to Form 33-109F5 is amended*

(a) *under the heading “New Brunswick” by replacing “Director of Securities” with “Registration”,*

(b) *under the heading “Nunavut” by replacing “Deputy Registrar of Securities” with “Superintendent of Securities”, and*

(c) *under the heading “Prince Edward Island” by replacing “Deputy Registrar of Securities” with “Superintendent of Securities”.*

10. *Section 4.2 of Form 33-109F6 is amended by adding “(other than those exemptions with respect to which the firm has already notified the securities regulator or, in Québec, the securities regulatory authority in accordance with the applicable exemption)” after “trade or advise in securities or derivatives”.*

11. *Schedule A to Form 33-109F6 is amended*

(a) *under the heading “New Brunswick” by replacing “Director of Securities” with “Registration”,*

(b) *under the heading “Nunavut” by replacing “Deputy Registrar of Securities” with “Superintendent of Securities”, and*

(c) *under the heading “Prince Edward Island” by replacing “Deputy Registrar of Securities” with “Superintendent of Securities”.*

12. *Schedule C to Form 33-109F6 is amended*

(a) *in the column entitled “Component” in Line 10 of the table by adding “or, in Québec, for a firm registered only in that jurisdiction and solely in the category of mutual fund dealer, less the deductible under the liability insurance required under section 193 of the Québec Securities Regulation” after “National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations”,*

(b) *in subparagraph (a)(i) of Schedule 1 by replacing “Aaa or AAA by Moody’s Canada Inc. or its DRO affiliate, or Standard & Poor’s Rating Services (Canada) or its DRO affiliate, respectively” with “Aaa or AAA, or the short-term ratings equivalent of either of those ratings, by a designated rating organization or its DRO affiliate”, and*

(c) *in paragraph (d) of Schedule 1 by replacing “Investment Companies Act of 1940” with “Investment Company Act of 1940”.*

13. *Form 33-109F7 is amended*

(a) *in the “General Instructions” by replacing “regulator(s) or in Québec,” with “regulator(s) or, in Québec,”,*

(b) in section 2 of the “General Instructions” and in section 1 of Item 9 by replacing “Item 13.3(c)” with “Item 13.3(a)”, and

(c) in Item 12 under the heading “Individual” and under the heading “Authorized partner or officer of the new sponsoring firm”, by replacing “regulator, or in Québec” with “regulator or, in Québec,”.

14. Schedule B to Form 33-109F7 is amended under the heading “Individual categories and permitted activities” by adding “as described in paragraph (c) of the definition of “permitted individual” in section 1.1 of National Instrument 33-109 Registration Information” after “Permitted Individual”.

15. Schedule F to Form 33-109F7 is amended

(a) under the heading “New Brunswick” by replacing “Director of Securities” with “Registration”,

(b) under the heading “Nunavut” by replacing “Deputy Registrar of Securities” with “Superintendent of Securities”, and

(c) under the heading “Prince Edward Island” by replacing “Deputy Registrar of Securities” with “Superintendent of Securities”.

Coming into force

16.(1) This Instrument comes into force on December 4, 2017.

16.(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after December 4, 2017, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

16.(3) This Instrument may be cited as MSC Rule 2017-9.

ANNEX F1

BLACKLINE SHOWING CHANGES TO NI 33-109

This Annex shows, by way of blackline, changes to the Ontario version of the unofficial consolidation of NI 33-109 (as of July 27, 2017) after giving effect to the amendments set out in Annex F - Amendments to NI 33-109.

As set out in Annex F – Amendments to NI 33-109, certain of the amendments have already been adopted in some CSA jurisdictions.

NATIONAL INSTRUMENT 33-109 REGISTRATION INFORMATION

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FORM 33-109F4 REGISTRATION OF INDIVIDUALS AND REVIEW OF PERMITTED INDIVIDUALS

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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

“business location” means a location where the firm carries out an activity that requires registration, and includes a residence if regular and ongoing activity that requires registration is carried out from the residence or if records relating to an activity that requires registration are kept at the residence;

“cessation date” means the last day on which an individual had authority to act as a registered individual on behalf of their sponsoring firm or was 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;

“NRD submission number” means the unique number generated by NRD to identify each NRD submission;

“permitted individual” means

- (a) a director, chief executive officer, chief financial officer, or chief operating officer of a firm, or a functional equivalent of any of those positions,
- (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, or
- (c) a trustee, executor, administrator or other personal or legal representative, that has 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 National Instrument 31-102 *National Registration Database* have the same meanings as in National Instrument 31-102 *National Registration Database*.

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 National Instrument 31-102 *National Registration Database*.

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 National Instrument 31-102 *National Registration Database*.
- (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 National Instrument 31-102 *National Registration Database*.

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 National Instrument 31-102 *National Registration Database*, 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 National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* is reinstated on the date the individual submits a completed Form 33-109F7 to the regulator in accordance with National Instrument 31-102 *National Registration Database* 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*] (other than Item 13.3(~~ca~~));
 - (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 one or more of the same categories 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 National Instrument 31-102 *National Registration Database*.

2.5 Permitted Individuals

- (1) A permitted individual must submit a completed Form 33-109F4 to the regulator, in accordance with National Instrument 31-102 *National Registration Database*, no more than 10 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 National Instrument 31-102 *National Registration Database*
 - (i) no more than 10 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 paragraph 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 National Instrument 31-102 *National Registration Database*.

PART 3 – CHANGES TO REGISTERED FIRM INFORMATION

3.1 Notice of Change to a Firm's Information

- (1) Subject to subsection (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 10 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 10 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 National Instrument 31-102 *National Registration Database*, within 10 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) for a change of information previously submitted in any other items of Form 33-109F4, within 10 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 National Instrument 31-102 *National Registration Database*.
- (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 National Instrument 31-102 *National Registration Database*, if the change relates to:
 - (a) an individual's status as a permitted individual of the sponsoring firm,
 - (b) the removal or the addition of a category of registration,
 - (c) the surrender of registration in one or more non-principal jurisdictions, or
 - (d) any information on Schedule C of Form 33-109F4.

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 National Instrument 31-102 *National Registration Database* with
 - (a) items 1 through 4 completed, and
 - (b) item 5 completed unless the reason for termination under item 4 was death of the individual.
- (2) A registered firm must submit to the regulator the information required under
 - (a) paragraph (1)(a), within 10 days of the cessation date, and
 - (b) paragraph (1)(b), within 30 days of the cessation date.
- (3) A registered firm must, within 10 days of a request from an individual for whom the registered firm was the former sponsoring firm, provide to the individual a copy of the Form 33-109F1 that the registered firm submitted under subsection (1) in respect of that individual.
- (4) If a 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 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) 10 days after the request by the individual under subsection (3), and
 - (b) 10 days after the submission pursuant to paragraph (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 – [Lapsed]

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 [Alberta and](#) 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 – [Lapsed]

- 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 individual has left their sponsoring firm or has ceased to act in a registerable capacity or as a permitted individual.

Terms

In this form, "cessation date" (or "effective date of termination") means the last day on which an individual had authority to act as a registered individual on behalf of their sponsoring firm or the last day on which an individual was 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.

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 10 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 cessation 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. Business location address _____
2. NRD number _____

Item 4 Date and reason for termination

1. Cessation date / Effective date of termination _____
(YYYY/MM/DD)

This is the last day that the individual had authority to act in a registerable capacity on behalf of the firm, or the last day that the individual was a permitted individual.

2. Reason for termination / cessation (check one):

- | | |
|-----------------------------------------|--------------------------|
| Resigned - voluntary | <input type="checkbox"/> |
| Resigned - at the firm's request | <input type="checkbox"/> |
| Dismissed in good standing | <input type="checkbox"/> |
| Dismissed for cause | <input type="checkbox"/> |
| Completed temporary employment contract | <input type="checkbox"/> |

- Retired
- Deceased
- Other

If "Other", explain: _____

Item 5 Details about the termination

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".

[For NRD Format only:]

- This information will be disclosed within 30 days of the effective date of termination
- Not applicable: 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 or materially 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? | <input type="checkbox"/> | <input type="checkbox"/> |

Reasons/Details: _____

Item 6 [repealed]

Item 7 Warning

It is an offence under securities legislation and 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
[repealed]

FORM 33-109F2
CHANGE OR SURRENDER OF INDIVIDUAL CATEGORIES
(section 2.2(2), 2.4, 2.6(2) or 4.1(4))

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 or provide notice of other changes to the information on Schedule C of Form 33-109F4.

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.

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.

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?

Choose “No” if you are registered in:

- (a) only one jurisdiction of Canada
- (b) more than one jurisdiction of Canada and you are requesting a surrender in a non-principal jurisdiction or jurisdictions, but not in your principal jurisdiction, or
- (c) more than one jurisdiction of 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.

- 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 industry 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 "N/A".

If "Yes", complete Schedule A.

Item 5 Reason for surrender

If you are seeking to remove a registration category or permitted activity, state the reason for the surrender in the local jurisdiction.

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 B 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 SRO set out in Schedule B to administer and enforce its 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 B 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.

Item 7 Warning

It is an offence under securities legislation and 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:
 - I have read this form and understand the questions, and
 - 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)

Schedule A
Relevant securities industry experience (Item 4)

Describe your responsibilities in areas relating to the category you are applying for, including the title(s) you have held, as well as start and end dates:

What is the percentage of your time devoted to these activities?

_____ %

Indicate the continuing education activities in which you have participated during the last 36 months and that are relevant to the category of registration you are applying for:

Schedule B
Contact information for
Notice of collection and use of personal information

Alberta

Alberta Securities Commission
Suite 600, 250–5th St. SW
Calgary, AB T2P 0R4
Attention: Information Officer
Telephone: (403) 297-6454

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 Canada)

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

Financial and Consumer Services Commission of New
Brunswick / Commission des services financiers et des
services aux consommateurs du Nouveau-Brunswick
Suite 300, 85 Charlotte Street
Saint John, NB E2L 2J2
Attention: ~~Director of Securities~~ [Registration](#)
Telephone: (506) 658-3060

Newfoundland and Labrador

Superintendent of Securities, Service NL
Government of Newfoundland and Labrador
P.O. Box 8700
2nd Floor, West Block
Confederation Building
St. John's, NL A1B 4J6
Attention: Manager of Registrations
Telephone: (709) 729-5661

Nova Scotia

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Halifax, NS B3J 1P3
Attention: Deputy Director, Capital Markets
Telephone: (902) 424-7768

Northwest Territories

Government of the Northwest Territories
Department of Justice
1st Floor Stuart M. Hodgson Building
5009 – 49th Street
Yellowknife, NWT X1A 2L9
Attention: Deputy Superintendent of Securities
Telephone: (867) 920-8984

Nunavut

Government of Nunavut
Department of Justice
P.O. Box 1000 Station 570
Iqaluit, NU X0A 0H0
Attention: ~~Deputy Registrar~~ [Superintendent](#) of Securities
Telephone: (867) 975-6590

Ontario

Ontario Securities Commission
22nd Floor
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Compliance and Registrant Regulation
Telephone: (416) 593-8314
e-mail: registration@osc.gov.on.ca

Prince Edward Island

Securities Office
Department of Community Affairs and Attorney General
P.O. Box 2000
Charlottetown, PE C1A 7N8
Attention: ~~Deputy Registrar~~ [Superintendent](#) 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

Saskatchewan

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601, 1919 Saskatchewan Drive
Regina, SK S4P 4H2
Attention: Deputy Director, Capital Markets
Telephone: (306) 787-5871

Yukon

Government of Yukon
Superintendent of Securities
Department of Community Services
P.O. Box 2703 C-6
Whitehorse, YT Y1A 2C6
Attention: Superintendent of Securities
Telephone: (867) 667-5314

Self-regulatory organization

Investment Industry Regulatory Organization of Canada
121 King Street West, Suite 2000
Toronto, Ontario M5H 3T9
Attention: Privacy Officer
Telephone: (416) 364-6133
E-mail: PrivacyOfficer@iirc.ca

FORM 33-109F3
BUSINESS LOCATIONS OTHER THAN HEAD OFFICE
(section 3.2)

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 business location has opened or closed, or information about a business location has changed.

Check one of the following and complete the entire form:

- Opening this business location
- Closing this business location
- Change to the information previously submitted about this business location. Clearly specify the information that has changed.

How to submit this form

Submit this form at the National Registration Database (NRD) website in NRD format at 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 complete and submit this form in a format other than NRD format.

Item 1 Type of business location

- Branch or business location
- Sub-branch (Mutual Fund Dealers Association of Canada members only)

Item 2 Supervisor or branch manager

Name of designated supervisor or branch manager _____

NRD number of the designated supervisor or branch manager _____

Item 3 Business location information

Business location address _____
(a post office box is not a valid business location address)

Mailing address (if different from business location address) _____

Telephone number (_____) _____

Fax number (_____) _____

E-mail address _____

Item 4 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 SRO set out in Schedule A to administer and enforce its 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.

Item 5 Warning

It is an offence under securities legislation and derivatives legislation, including commodity futures legislation, to give false or misleading information on this form.

Item 6 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.
- If the business location is a residence, the individual conducting business from that business location has completed a Form 33-109F4 *Registration of Individuals and Review of Permitted Individuals* certifying that they give their consent for the regulator or, in Québec, the securities regulatory authority to enter the residence for the administration of securities legislation and derivatives legislation, including commodity futures legislation.

Certification - Format other than NRD format:

By signing below, I certify to the securities 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,
- all of the information provided on this form is true, and complete, and
- if the business location specified in this form is a residence, the individual conducting business from that business location has completed a Form 33-109F4 *Registration of Individuals and Review of Permitted Individuals* certifying that they give their consent for the regulator or, in Québec, the securities regulatory authority to enter the residence for the administration of securities legislation and derivatives legislation, including commodity futures legislation.

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
Suite 600, 250–5th St. SW
Calgary, AB T2P 0R4
Attention: Information Officer
Telephone: (403) 297-6454

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 Canada)

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

Financial and Consumer Services Commission of New
Brunswick / Commission des services financiers et des
services aux consommateurs du Nouveau-Brunswick
Suite 300, 85 Charlotte Street
Saint John, NB E2L 2J2
Attention: ~~Director of Securities~~ [Registration](#)
Telephone: (506) 658-3060

Newfoundland and Labrador

Superintendent of Securities, Service NL
Government of Newfoundland and Labrador
P.O. Box 8700
2nd Floor, West Block
Confederation Building
St. John's, NL A1B 4J6
Attention: Manager of Registrations
Telephone: (709) 729-5661

Nova Scotia

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Halifax, NS B3J 1P3
Attention: Deputy Director, Capital Markets
Telephone: (902) 424-7768

Northwest Territories

Government of the Northwest Territories
Department of Justice
1st Floor Stuart M. Hodgson Building
5009 – 49th Street
Yellowknife, NWT X1A 2L9
Attention: Deputy Superintendent of Securities
Telephone: (867) 920-8984

Nunavut

Government of Nunavut
Department of Justice
P.O. Box 1000 Station 570
Iqaluit, NU X0A 0H0
Attention: ~~Deputy Registrar~~ [Superintendent](#) of Securities
Telephone: (867) 975-6590

Ontario

Ontario Securities Commission
22nd Floor
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Compliance and Registrant Regulation
Telephone: (416) 593-8314
e-mail: registration@osc.gov.on.ca

Prince Edward Island

Securities Office
Department of Community Affairs and Attorney General
P.O. Box 2000
Charlottetown, PE C1A 7N8
Attention: ~~Deputy Registrar~~ [Superintendent](#) of Securities
Telephone: (902) 368-6288

Québec

Autorité des marchés financiers
800, square Victoria, 22^e 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

Saskatchewan

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601, 1919 Saskatchewan Drive
Regina, SK S4P 4H2
Attention: Deputy Director, Capital Markets
Telephone: (306) 787-5871

Yukon

Government of Yukon
Superintendent of Securities
Department of Community Services
P.O. Box 2703 C-6
Whitehorse, YT Y1A 2C6
Attention: Superintendent of Securities
Telephone: (867) 667-5314

Self-regulatory organization

Investment Industry Regulatory Organization of Canada
121 King Street West, Suite 2000
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,
- to be reviewed as a permitted individual.

You are only required to submit one form even if you are applying to be registered in several categories. This form is also used if you are seeking to be reviewed as a permitted individual. A post office box is not acceptable as a valid business location address.

Terms

In this form:

“Approved person” means, in respect of a member (Member) of the Investment Industry Regulatory Organization of Canada (IIROC), an individual who is a partner, director, officer, employee or agent of a Member who is approved by IIROC or another Canadian SRO to perform any function required under any IIROC or other Canadian SRO by-law, rule, or policy;

“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;

“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;

“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;

“Sponsoring firm” means the registered firm where you will carry out your duties as a registered or permitted individual; and

“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.

How to submit this form

NRD format

Submit this form at the National Registration Database (NRD) website in NRD format at www.nrd.ca. If you have any questions, contact the compliance, registration or legal department of the sponsoring firm or a legal adviser with securities law experience, or visit the NRD information website at 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 with securities law experience, or visit the NRD information website at www.nrd-info.ca.

Item 1 Name

1. Legal name

Last name First name Second name (N/A) Third name (N/A)

NRD number (if applicable) _____

2. Other personal names

Are you currently, or have you ever been, known by any names other than your full legal name above, for example, nicknames or names due to marriage?

Yes No

If "Yes", complete Schedule A.

3. Use of other names

Are you currently, or have you ever used, operated under, or carried on business under any 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 Residential address

Provide all of your residential addresses, including any foreign residential addresses, for the past 10 years.

1. Current and previous residential addresses

(number, street, city, province, territory or state, country, postal code)

Telephone number _____

Lived at this address since (YYYY/MM) _____

If you have lived at this address for less than 10 years, complete Schedule B.

2. Mailing address

Check here if your mailing address is the same as your current residential address provided above. Otherwise, complete the following:

(number, street, city, province, territory or state, country, postal code)

3. Business e-mail address

Item 3 Personal information

1. Date of birth _____
(YYYY/MM/DD)

2. Place of birth _____
(city, province, territory or state, country)
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

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

1. 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.

2. 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 an acceptable address for service. 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 _____

Business e-mail address

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, examination or designation information and other education

Complete Schedule E to indicate each course, examination and designation 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, examination or designation 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: _____

IFSE Institute: _____

Institute of Canadian Bankers (ICB): _____

CFA Institute: _____

Advocis: _____

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, designation or experience requirement?

Yes No

If "Yes", complete Schedule F.

4. Relevant securities industry experience

If you are an individual applying for IIROC approval, select "N/A".

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 business location, provide the following information for the business location out of which you will be doing most of your business. If you are only filing this form because you are a permitted individual and you are not employed by, or acting as agent for, the sponsoring firm, select "N/A".

NRD location number: _____

Unique Identification Number (optional) : _____

Business location address: _____
(number, street, city, province, territory or state, country, postal code)

Telephone number: (____) _____

Fax number: (____) _____

N/A

2. If the firm has a foreign head office, and/or you are not a resident of Canada, provide the address for the business location in which you will be conducting most of your business. If you are only filing this form because you are a permitted individual and you are not employed by, or acting as agent for, the sponsoring firm, select "N/A".

Business location address: _____
(number, street, city, province, territory or state, country, postal code)

Telephone number: (____) _____

Fax number: (____) _____

N/A

[The following under #3 "Type of business location", #4 and #5 is for a Format other than NRD format only]

3. Type of business location:

- Head office
- Branch or business location
- Sub-branch (members of the Mutual Fund Dealers Association of Canada only)

4. Name of supervisor or branch manager: _____

5. Check here if the mailing address of the business location is the same as the business location 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 officer or director positions and any other equivalent positions held, as well as positions of influence. The information must be provided

- whether or not you receive compensation for such services, and
- whether or not any such position is business related.

Item 11 Previous employment and other activities

On Schedule H, complete your history of employment and other activities 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

The questions below relate to any jurisdiction of Canada and any foreign jurisdiction.

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, 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?

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, 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?

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?

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?

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?

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 (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?

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?

Yes No

If "Yes", complete Schedule J, Item 13.3(c).

Item 14 Criminal disclosure

The questions below apply to offences committed in any jurisdiction of Canada and any foreign jurisdiction.

You must disclose all offences, including:

- a criminal offence 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), even if
 - a record suspension has been ordered under the *Criminal Records Act* (Canada)
 - you have been granted an absolute or conditional discharge under the *Criminal Code* (Canada), and
- a criminal offence, with respect to questions 14.2 and 14.4, of which you or your firm has been found guilty or for which you or your firm have participated in the alternative measures program within the previous three years, even if a record suspension has been ordered under the *Criminal Records Act* (Canada)

You are not required to disclose:

- charges for summary conviction offences that have been stayed for six months or more,
- charges for indictable offences that have been stayed for a year or more,
- offences under the *Youth Criminal Justice Act* (Canada), and
- speeding or parking violations.

Subject to the exceptions above:

1. Are there any outstanding or stayed charges against you alleging a criminal offence that was committed?

Yes No

If "Yes", complete Schedule K, Item 14.1.

2. Have you ever been found guilty, pleaded no contest to, or been granted an absolute or conditional discharge from any criminal offence that was committed?

Yes No

If "Yes", complete Schedule K, Item 14.2.

3. To the best of your knowledge, are there any outstanding or stayed charges against any firm of which you were, at the time the criminal offence was alleged to have taken place, 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 been granted an absolute or conditional discharge from a criminal offence that was committed?

Yes No

If "Yes", complete Schedule K, Item 14.4.

Item 15 Civil disclosure

The questions below relate to any jurisdiction of Canada and any foreign jurisdiction.

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?

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?

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 \$10,000 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 \$10,000 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.

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, Supervisor or Branch Manager of your sponsoring member firm and, to your knowledge and belief, the authorized Officer, Supervisor 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 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. If the business location specified in this form is a residence, I hereby give my consent for the regulator or, in Québec, the securities regulatory authority to enter that residence for the administration of securities legislation and derivatives legislation, including commodity futures legislation.

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 and the certification above.

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:

- I have read this form and understand the questions,
- all of the information provided on this form is true, and complete, and

- if the business location specified in this form is a residence, I hereby give my consent for the regulator or, in Québec, the securities regulatory authority to enter that residence for the administration of securities legislation and derivatives legislation, including commodity futures legislation.

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)

**Schedule A
Names (Item 1)**

Item 1.2 Other personal names

Name 1:

| | | | |
|-----------|------------|---------------------------------------------|--------------------------------------------|
| Last name | First name | Second name (N/A <input type="checkbox"/>) | Third name (N/A <input type="checkbox"/>) |
|-----------|------------|---------------------------------------------|--------------------------------------------|

Provide the reasons for the use of this name (for example, marriage, divorce, court order, commonly used name or nickname):

| | | |
|-----------------------------|-----------|-----------|
| When did you use this name? | From: | To: |
| | <hr/> | <hr/> |
| | (YYYY/MM) | (YYYY/MM) |

Name 2:

| | | | |
|-----------|------------|---------------------------------------------|--------------------------------------------|
| Last name | First name | Second name (N/A <input type="checkbox"/>) | Third name (N/A <input type="checkbox"/>) |
|-----------|------------|---------------------------------------------|--------------------------------------------|

Provide the reasons for the use of this name (for example, marriage, divorce, court order, commonly used name or nickname):

| | | |
|-----------------------------|-----------|-----------|
| When did you use this name? | From: | To: |
| | <hr/> | <hr/> |
| | (YYYY/MM) | (YYYY/MM) |

Name 3:

| | | | |
|-----------|------------|---------------------------------------------|--------------------------------------------|
| Last name | First name | Second name (N/A <input type="checkbox"/>) | Third name (N/A <input type="checkbox"/>) |
|-----------|------------|---------------------------------------------|--------------------------------------------|

Provide the reasons for the use of this name (for example, marriage, divorce, court order, commonly used name or nickname):

| | | |
|-----------------------------|-----------|-----------|
| When did you use this name? | From: | To: |
| | <hr/> | <hr/> |
| | (YYYY/MM) | (YYYY/MM) |

Item 1.3 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 N/A

| | | |
|-----------------------------|-----------|-----------|
| When did you use this name? | From: | To: |
| | <hr/> | <hr/> |
| | (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 N/A

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 N/A

When did you use this name?

From:

To:

(YYYY/MM)

(YYYY/MM)

Schedule B
Residential address (Item 2)

Item 2.1 Current and previous residential addresses

If you have lived at your current address for less than 10 years, list all previous addresses for the past 10 years.

You do not have to include a postal code or ZIP code, or a telephone number for any previous address.

Address 1:

Residential address: _____
(number, street, city, province, territory or state, country)

| | | |
|------------------------------------|-----------|-----------|
| When did you live at this address? | From: | To: |
| | _____ | _____ |
| | (YYYY/MM) | (YYYY/MM) |

Address 2:

Residential address: _____
(number, street, city, province, territory or state, country)

| | | |
|------------------------------------|-----------|-----------|
| When did you live at this address? | From: | To: |
| | _____ | _____ |
| | (YYYY/MM) | (YYYY/MM) |

Address 3:

Residential address: _____
(number, street, city, province, territory or state, country)

| | | |
|------------------------------------|-----------|-----------|
| When did you live at this address? | 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
- Permitted Individual [as described in paragraph \(c\) of the definition of "permitted individual" in section 1.1 of National Instrument 33-109 Registration Information](#)
- Officer – Specify title:
 - Director
 - Partner
 - Shareholder
 - Branch Manager (MFDA members only)
 - IIROC approval only

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 Broker
- Salesperson

- Branch Manager
- Adviser
- Officer – Specify title:
- Director
- Partner
- Futures Contracts Portfolio Manager
- Associate Futures Contracts Portfolio Manager
- IIROC approval only
- Local

Québec

Firm categories

- Derivatives Dealer
- Derivatives Portfolio Manager

Individual categories and permitted activities

- Derivatives Dealing Representative
- Derivatives Advising Representative
- Derivatives Associate Advising Representative

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: (____) _____

Business 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, examination or designation information and other education

| Course, examination, designation or other education | Date completed (YYYY/MM/DD) | Date exempted (YYYY/MM/DD) | Regulator / securities regulatory authority granting the exemption |
|-----------------------------------------------------|-----------------------------|----------------------------|--------------------------------------------------------------------|
| | | | |
| | | | |
| | | | |
| | | | |

If you have listed the CFA Charter in Item 8.1, please indicate by checking "Yes" below if you are a current member of the CFA Institute permitted to use this charter.

Yes No

If "No", please explain why you no longer hold this designation:

If you have listed the Canadian Investment Manager Designation in Item 8.1, please indicate by checking "Yes" below if you are currently permitted to use this designation.

Yes No

If "No", please explain why you no longer hold this designation:

**Schedule F
Proficiency (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, designation 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, designation 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, designation or experience requirement:

State the reason given for not being granted the exemption:

Date exemption refused: _____
(YYYY/MM/DD)

Item 8.4 Relevant securities industry experience

Describe your responsibilities in areas relating to the category you are applying for, including the title(s) you have held, as well as start and end dates:

What is the percentage of your time devoted to these activities?

_____ %

Indicate the continuing education activities in which you have participated during the last 36 months and that are relevant to the category of registration you are applying for:

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, including employment and business activities with your sponsoring firm and any employment and business activities outside your sponsoring firm. Also include all officer or director positions and any other equivalent positions held, as well as positions of influence. The information must be provided

- whether or not you receive compensation for such services, and
- whether or not any such position is business related.

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 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:

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.

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.

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:

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.

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.

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.

- 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.

- 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.

- 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.

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.

- 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.

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.

- 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.
-

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.

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).

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.

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 the 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.

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.

Schedule N
Ownership of securities and derivatives firms (Item 17)

Name of firm (whose business is trading in or advising on securities or derivatives, or both):

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 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 (N/A <input type="checkbox"/>) | Third name (N/A <input type="checkbox"/>) |
|-----------|------------|------------------------------------------------|-----------------------------------------------|

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
Suite 600, 250–5th St. SW
Calgary, AB T2P 0R4
Attention: Information Officer
Telephone: (403) 297-6454

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 Canada)

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

Financial and Consumer Services Commission of New
Brunswick / Commission des services financiers et des
services aux consommateurs du Nouveau-Brunswick
Suite 300, 85 Charlotte Street
Saint John, NB E2L 2J2
Attention: ~~Director of Securities~~ [Registration](#)
Telephone: (506) 658-3060

Newfoundland and Labrador

Superintendent of Securities, Service NL
Government of Newfoundland and Labrador
P.O. Box 8700
2nd Floor, West Block
Confederation Building
St. John's, NL A1B 4J6
Attention: Manager of Registrations
Telephone: (709) 729-5661

Nova Scotia

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Halifax, NS B3J 1P3
Attention: Deputy Director, Capital Markets
Telephone: (902) 424-7768

Northwest Territories

Government of the Northwest Territories
Department of Justice
1st Floor Stuart M. Hodgson Building
5009 – 49th Street
Yellowknife, NWT X1A 2L9
Attention: Deputy Superintendent of Securities
Telephone: (867) 920-8984

Nunavut

Government of Nunavut
Department of Justice
P.O. Box 1000 Station 570
Iqaluit, NU X0A 0H0
Attention: ~~Deputy Registrar~~ [Superintendent](#) of Securities
Telephone: (867) 975-6590

Ontario

Ontario Securities Commission
22nd Floor
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Compliance and Registrant Regulation
Telephone: (416) 593-8314
e-mail: registration@osc.gov.on.ca

Prince Edward Island

Securities Office
Department of Community Affairs and Attorney General
P.O. Box 2000
Charlottetown, PE C1A 7N8
Attention: ~~Deputy Registrar~~ [Superintendent](#) of Securities
Telephone: (902) 368-6288

Québec

Autorité des marchés financiers
800, square Victoria, 22^e 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

Saskatchewan

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601, 1919 Saskatchewan Drive
Regina, SK S4P 4H2
Attention: Deputy Director, Capital Markets
Telephone: (306) 787-5871

Yukon

Government of Yukon
Superintendent of Securities
Department of Community Services
P.O. Box 2703 C-6
Whitehorse, YT Y1A 2C6
Attention: Superintendent of Securities
Telephone: (867) 667-5314

Self-regulatory organization

Investment Industry Regulatory Organization of Canada
121 King Street West, Suite 2000
Toronto, Ontario M5H 3T9
Attention: Privacy Officer
Telephone: (416) 364-6133
E-mail: PrivacyOfficer@iirc.ca

FORM 33-109F5
CHANGE OF REGISTRATION INFORMATION
(sections 3.1 and 4.1)

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) of changes to information in the following forms:

- Form 33-109F6, except for the changes set out in section 3.1 of National Instrument 33-109, or
- Form 33-109F4.

How to submit this form

To report changes to information in a Form 33-109F4, submit this form at the National Registration Database website in NRD format at www.nrd.ca.

Submit this form in a format other than NRD format to report changes to information in a:

- a) Form 33-109F6, or
- b) Form 33-109F4, if the individual is relying on the temporary hardship exemption in section 5.1 of National Instrument 31-102 *National Registration Database*.

Name of firm _____

Registration categories _____

NRD number (firm) _____

Item 1 Type of form

Check the form that is being updated:

Form 33-109F6

If submitting changes to Form 33-109F6, please attach a blackline of the amended sections of the form.

Form 33-109F4 Name of individual _____

Item 2 Details of change

Provide the item number and details for each change to the form selected above:

Item number _____ Details _____

Effective date of change _____
(YYYY/MM/DD)

Item 3 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 SRO set out in Schedule A to administer and enforce its 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.

Item 4 Warning

It is an offence under securities legislation and derivatives legislation, including commodity futures legislation, to give false or misleading information on this form.

Item 5 Certification

1. Use the following certification when submitting this form in NRD format when making changes to Form 33-109F4

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.

2. Use the following certification when submitting this form in a format other than NRD format when making changes to Form 33-109F6

By signing below I certify to each 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 this form and understand the questions, and
- all of the information provided on this form is true, and complete.

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)

3. Use the following certification when submitting this form in a format other than NRD format under the temporary hardship exemption in section 5.1 of NI 31-102 *National Registration Database* when making changes to Form 33-109F4

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 this 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)

Schedule A
Contact information for
Notice of collection and use of personal information

Alberta

Alberta Securities Commission
Suite 600, 250–5th St. SW
Calgary, AB T2P 0R4
Attention: Information Officer
Telephone: (403) 297-6454

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 Canada)

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

Financial and Consumer Services Commission of New
Brunswick / Commission des services financiers et des
services aux consommateurs du Nouveau-Brunswick
Suite 300, 85 Charlotte Street
Saint John, NB E2L 2J2
Attention: [Director of Securities Registration](#)
Telephone: (506) 658-3060

Newfoundland and Labrador

Superintendent of Securities, Service NL
Government of Newfoundland and Labrador
P.O. Box 8700
2nd Floor, West Block
Confederation Building
St. John's, NL A1B 4J6
Attention: Manager of Registrations
Telephone: (709) 729-5661

Nova Scotia

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Halifax, NS B3J 1P3
Attention: Deputy Director, Capital Markets
Telephone: (902) 424-7768

Nunavut

Government of Nunavut
Department of Justice
P.O. Box 1000 Station 570
Iqaluit, NU X0A 0H0
Attention: ~~Deputy Registrar~~ [Superintendent](#) of Securities
Telephone: (867) 975-6590

Ontario

Ontario Securities Commission
22nd Floor
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Compliance and Registrant Regulation
Telephone: (416) 593-8314
e-mail: registration@osc.gov.on.ca

Prince Edward Island

Securities Office
Department of Community Affairs and Attorney General
P.O. Box 2000
Charlottetown, PE C1A 7N8
Attention: ~~Deputy Registrar~~ [Superintendent](#) 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

Saskatchewan

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601, 1919 Saskatchewan Drive
Regina, SK S4P 4H2
Attention: Deputy Director, Capital Markets
Telephone: (306) 787-5871

Yukon

Government of Yukon
Superintendent of Securities
Department of Community Services
P.O. Box 2703 C-6
Whitehorse, YT Y1A 2C6
Attention: Superintendent of Securities
Telephone: (867) 667-5314

Northwest Territories

Government of the Northwest Territories
Department of Justice
1st Floor Stuart M. Hodgson Building
5009 – 49th Street
Yellowknife, NWT X1A 2L9
Attention: Deputy Superintendent of Securities
Telephone: (867) 920-8984

Self-regulatory organization

Investment Industry Regulatory Organization of Canada
121 King Street West, Suite 2000
Toronto, Ontario M5H 3T9
Attention: Privacy Officer
Telephone: (416) 364-6133
E-mail: PrivacyOfficer@iirroc.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

In this form:

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.

Foreign jurisdiction – see National Instrument 14-101 *Definitions*.

Form – Form 33-109F6 *Firm Registration*.

Jurisdiction or jurisdiction of Canada – see National Instrument 14-101 *Definitions*.

NI 31-103 – National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

NI 33-109 – National Instrument 33-109 *Registration Information*.

NI 52-107 – National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*.

NRD – National Registration Database. For more information, visit 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 (except in Ontario) (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

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.

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 with your submission. We may ask you to provide other information and documents to help determine whether the firm is suitable for registration.

In most of this form, answers are required to questions that apply only to Canadian provinces and territories; you will find that the questions are referenced to “jurisdictions” or “jurisdiction of Canada”. These refer to all provinces and territories of Canada. However, the questions in Part 4 – *Registration History* and Part 7 – *Regulatory Action* are to be answered in respect of any jurisdiction in the world.

It is an offence under securities legislation and derivatives legislation, including commodity futures legislation, to give false or misleading information on this form.

Updating the information on the form

See Part 3 of NI 33-109.

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.

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.

1.3 Why are you submitting this form?

Complete:

- To seek initial registration as a firm in one or more jurisdictions of Canada The entire form
- To add one or more jurisdictions of Canada to the firm's registration Questions 1.1, 1.2, 1.4, 1.5, 2.4, 3.9, 5.4, 5.6*, and Part 9
- To add one or more categories 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 | NS | NT | NU | ON | PE | QC | SK | YT |
| Alberta (AB) | Investment dealer | <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"/> |
| British Columbia (BC) | | <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"/> |
| Manitoba (MB) | Mutual fund dealer | <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"/> | |
| New Brunswick (NB) | | <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"/> | |
| Newfoundland and Labrador (NL) | Scholarship plan dealer | <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"/> | |
| Northwest Territories (NT) | | <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"/> | |
| Nova Scotia (NS) | Exempt market dealer | <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"/> | |
| Nunavut (NU) | | <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"/> | |
| Ontario (ON) | Restricted dealer | <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"/> | |
| Prince Edward Island (PE) | | <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"/> | |
| Québec (QC) | Investment fund manager | <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"/> | |
| Saskatchewan (SK) | | <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"/> | |
| Yukon (YT) | Restricted portfolio manager | <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"/> | |

(b) Categories under derivatives legislation (Manitoba and Ontario only)

| Category | Manitoba |
|--------------------------------------|--------------------------|
| Dealer (merchant) | <input type="checkbox"/> |
| Dealer (futures commission merchant) | <input type="checkbox"/> |
| Dealer (floor broker) | <input type="checkbox"/> |
| Local Adviser | <input type="checkbox"/> |
| | Ontario |
| Commodity trading adviser | <input type="checkbox"/> |
| Commodity trading counsel | <input type="checkbox"/> |
| Commodity trading manager | <input type="checkbox"/> |
| Futures commission merchant | <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 No
Derivatives portfolio manager Yes No

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 | | | | | | | | | | | | |
| | BC | MB | NB | NL | NS | NT | NU | ON | PE | QC | SK | YT |
| AB | <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 location addresses in Canada?

Yes No

If yes, provide the firm's primary Canadian business location 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, indicate the jurisdiction of Canada in which the firm expects to conduct most of its activities that require registration as at the end of its current financial year or conducted most of its activities that require registration as at the end of its most recently completed financial year.

| | | | | | | | | | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| AB | BC | MB | NB | NL | NS | NT | 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"/> |

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 | |
| Officer title | |
| Telephone number | |
| E-mail address | |
| 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 | |
| Officer title | |
| Telephone number | |
| E-mail address | |
| 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:

| |
|--|
| |
|--|

Attach the firm's business plan, policies and procedures manual and client agreements, including any investment policy statements and investment management agreements, except if the regulator in Ontario is the principal regulator of the firm seeking registration, unless the regulator in Ontario has requested they be provided.

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

List the firm's business registration number for each jurisdiction of Canada where the firm is seeking registration.

registration number or Québec enterprise number (NEQ).

| | |
|------------------------------|------------------------|
| 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 and any foreign jurisdiction.

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 [\(other than those exemptions with respect to which the firm has already notified the securities regulator or, in Québec, the securities regulatory authority in accordance with the applicable exemption\)](#)?

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 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 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.

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 (\$) |
|------------------------------------------------|-----------------|-------------|
| | | |
| | | |

| | | |
|--|--|--|
| | | |
|--|--|--|

See Schedule
C Form 31-
103F1
*Calculation of
Excess
Working
Capital.*

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.

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
- NS
- NT
- NU
- ON
- PE
- QC
- SK
- YT

If the firm's bonding or insurance does not cover all jurisdictions 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 (\$) |
| Total coverage (\$) | |
| Amount of the deductible (\$) | Expiry 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)

This information is required only if the firm is applying for registration in Québec as a mutual fund dealer or as a scholarship plan dealer.

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 (\$) | | | | | | | | | | | | | | | | | | | | | | | | |
| Total coverage (\$) | | | | | | | | | | | | | | | | | | | | | | | | | |
| Amount of the deductible (\$) | Renewal date (yyyy/mm/dd) | | | | | | | | | | | | | | | | | | | | | | | | |
| Jurisdictions covered: | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table style="width: 100%; border: none;"> <tr> <td style="text-align: center;">BC</td> <td style="text-align: center;">MB</td> <td style="text-align: center;">NB</td> <td style="text-align: center;">NL</td> <td style="text-align: center;">NS</td> <td style="text-align: center;">NT</td> <td style="text-align: center;">NU</td> <td style="text-align: center;">ON</td> <td style="text-align: center;">PE</td> <td style="text-align: center;">QC</td> <td style="text-align: center;">SK</td> <td style="text-align: center;">YT</td> </tr> <tr> <td style="text-align: center;">AB</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> | | BC | MB | NB | NL | NS | NT | NU | ON | PE | QC | SK | YT | AB | <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"/> |
| BC | MB | NB | NL | NS | NT | NU | ON | PE | QC | SK | YT | | | | | | | | | | | | | | |
| AB | <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"/> | | | | | | | | | | | | | | |
| 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

5.12 Auditor

individual auditing the financial statements and the name of the firm, if applicable.

| |
|-------------------------------------|
| Name of auditor and accounting firm |
|-------------------------------------|

5.13 Audited financial statements

- (a) Attach, for your most recently completed year, either
 - (i) non-consolidated audited financial statements; or
 - (ii) audited financial statements prepared in accordance with section 3.2(3) of NI 52-107.
- (b) If the audited financial statements attached for item (a) were prepared for a period ending more than 90 days before the date of this application, also attach an interim financial report for a period of not more than 90 days before the date of this application.

If the firm is a start-up company, you can attach an audited opening statement of financial position instead.

5.14 Letter of direction to auditors

We may request an audit of the firm at any time while the firm is registered.

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.

Part 6 – Client relationships

6.1 Client assets

See Part 14, Division 3 of NI 31-103 and Companion Policy 31-103CP.

Will 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.

For guidance regarding whether a firm will hold or have access to client assets see section 12.4 of Companion Policy 31-103CP.

| | |
|-------------------------------|--------------------|
| 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 registrable 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 and any foreign jurisdiction. The information must be provided in respect of the last 7 years.

7.1 Settlement agreements

Has the firm, or any predecessors or specified affiliates of the firm 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:

| | Yes | No |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|----|
| 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? | | |
| Determined that the firm, or any predecessors or specified affiliates of the firm made a false statement or omission? | | |
| Issued a warning or requested an undertaking by the firm, or any predecessors or specified affiliates of the firm? | | |
| Suspended or terminated any registration, licensing or membership of the firm, or any predecessors or specified affiliates of the firm? | | |
| Imposed terms or conditions on any registration or membership of the firm, or predecessors or specified affiliates of the firm? | | |

| | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|
| Conducted a proceeding or investigation involving the firm, or any predecessors or specified affiliates of the firm? | | |
| 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. The information must be provided in respect of the last 7 years.

8.1 Criminal convictions

Has the firm, or any predecessors or specified affiliates of the firm 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 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|----|
| 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? | | |
| 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 and derivatives legislation, including commodity futures 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
Suite 600, 250–5th St. SW
Calgary, AB T2P 0R4
Attention: Information Officer
Telephone: (403) 297-6454

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 Canada)

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

Financial and Consumer Services Commission of New
Brunswick / Commission des services financiers et des
services aux consommateurs du Nouveau-Brunswick
Suite 300, 85 Charlotte Street
Saint John, NB E2L 2J2
Attention: [Director of Securities Registration](#)
Telephone: (506) 658-3060

Newfoundland and Labrador

Superintendent of Securities, Service NL
Government of Newfoundland and Labrador
P.O. Box 8700
2nd Floor, West Block
Confederation Building
St. John's, NL A1B 4J6
Attention: Manager of Registrations
Telephone: (709) 729-5661

Nova Scotia

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Halifax, NS B3J 1P3
Attention: Deputy Director, Capital Markets
Telephone: (902) 424-7768

Northwest Territories

Government of the Northwest Territories
Department of Justice
1st Floor Stuart M. Hodgson Building
5009 – 49th Street
Yellowknife, NWT X1A 2L9
Attention: Deputy Superintendent of Securities
Telephone: (867) 920-8984

Nunavut

Government of Nunavut
Department of Justice
P.O. Box 1000 Station 570
Iqaluit, NU X0A 0H0
Attention: ~~Deputy Registrar~~ [Superintendent](#) of Securities
Telephone: (867) 975-6590

Ontario

Ontario Securities Commission
22nd Floor
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Compliance and Registrant Regulation
Telephone: (416) 593-8314
e-mail: registration@osc.gov.on.ca

Prince Edward Island

Securities Office
Department of Community Affairs and Attorney General
P.O. Box 2000
Charlottetown, PE C1A 7N8
Attention: ~~Deputy Registrar~~ [Superintendent](#) of Securities
Telephone: (902) 368-6288

Québec

Autorité des marchés financiers
800, square Victoria, 22^e 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

Saskatchewan

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601, 1919 Saskatchewan Drive
Regina, SK S4P 4H2
Attention: Deputy Director, Capital Markets
Telephone: (306) 787-5871

Yukon

Government of Yukon
Superintendent of Securities
Department of Community Services
P.O. Box 2703 C-6
Whitehorse, YT Y1A 2C6
Attention: Superintendent of Securities
Telephone: (867) 667-5314

Self-regulatory organization

Investment Industry Regulatory Organization of Canada
121 King Street West, Suite 2000
Toronto, Ontario M5H 3T9
Attention: Privacy Officer
Telephone: (416) 364-6133
E-mail: PrivacyOfficer@iirc.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: _____

Phone number of 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 10th 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 10th 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

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 non-current related party debt unless the firm and the lender have executed a subordination agreement in the form set out in Appendix B of National Instrument 31-103 <i>Registration Requirements, Exemptions and Ongoing Registrant Obligations</i> and the firm has delivered a copy of the agreement to the regulator or, in Québec, the securities regulatory authority. See section 12.2 of National Instrument 31-103 <i>Registration Requirements, Exemptions and Ongoing Registrant Obligations</i> . | | |
| 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 bonding or insurance policy required under Part 12 of National Instrument 31-103 <i>Registration Requirements, Exemptions and Ongoing Registrant Obligations</i> <u>or, in Québec, for a firm registered only in that jurisdiction and solely in the category of mutual fund dealer, less the deductible under the liability insurance required under section 193 of the Québec Securities Regulation</u> | | |
| 11. | Less Guarantees | | |

| | | | |
|-----|-----------------------------|--|--|
| 12. | Less unresolved differences | | |
| 13. | Excess working capital | | |

Notes:

Form 31-103F1 *Calculation of Excess Working Capital* must be prepared using the accounting principles that you use to prepare your financial statements in accordance with National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*. Section 12.1 of Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations* provides further guidance in respect of these accounting principles.

Line 5. Related-party debt – Refer to the CICA Handbook for the definition of “related party” for publicly accountable enterprises. The firm is required to deliver a copy of the executed subordination agreement to the regulator or, in Québec, the securities regulatory authority on the earlier of a) 10 days after the date the agreement is executed or b) the date an amount subordinated by the agreement is excluded from its calculation of excess working capital on Form 31-103F1 *Calculation of Excess Working Capital*. The firm must notify the regulator or, in Québec, the securities regulatory authority, 10 days before it repays the loan (in whole or in part), or terminates the subordination agreement. See section 12.2 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

Line 8. Minimum Capital – The amount on this line must be not less than (a) \$25,000 for an adviser and (b) \$50,000 for a dealer. For an investment fund manager, the amount must be not less than \$100,000 unless subsection 12.1(4) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* applies.

Line 9. Market Risk – The amount on this line must be calculated according to the instructions set out in Schedule 1 to Form 31-103F1 *Calculation of Excess Working Capital*. A schedule supporting the calculation of any amounts included in Line 9 as market risk should be provided to the regulator or, in Québec, the securities regulatory authority in conjunction with the submission of Form 31-103F1 *Calculation of Excess Working Capital*.

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 statement of financial position 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 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 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.

Please refer to section 12.1 of Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations* for further guidance on how to prepare and file Form 31-103F1 *Calculation of Excess Working Capital*.

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 purposes of completing this form:

(1) "Fair value" means the value of a security determined in accordance with Canadian GAAP applicable to publicly accountable enterprises.

(2) For each security whose value is included in line 1, Current Assets, multiply the 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 Canada Inc., or the short-term ratings equivalent of either of those ratings, by a designated rating organization~~ or its DRO affiliate ~~or Standard & Poor's Rating Services (Canada) or its DRO affiliate, respectively~~), maturing (or called for redemption):

| | |
|---------------------------|----------------------------------------------------------------------------------------------------------|
| within 1 year: | 1% of fair value multiplied by the fraction determined by dividing the number of days to maturity by 365 |
| over 1 year to 3 years: | 1 % of fair value |
| over 3 years to 7 years: | 2% of fair value |
| over 7 years to 11 years: | 4% of fair value |
| over 11 years: | 4% of fair value |

(ii) Bonds, debentures, treasury bills and other securities of or guaranteed by any jurisdiction of Canada and obligations of the International Bank for Reconstruction and Development, maturing (or called for redemption):

| | |
|---------------------------|----------------------------------------------------------------------------------------------------------|
| within 1 year: | 2% of fair value multiplied by the fraction determined by dividing the number of days to maturity by 365 |
| over 1 year to 3 years: | 3 % of fair value |
| over 3 years to 7 years: | 4% of fair value |
| over 7 years to 11 years: | 5% of fair value |
| over 11 years: | 5% of fair 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 fair value multiplied by the fraction determined by dividing the number of days to maturity by 365 |
| over 1 year to 3 years: | 5 % of fair value |
| over 3 years to 7 years: | 5% of fair value |
| over 7 years to 11 years: | 5% of fair value |
| over 11 years: | 5% of fair value |

(iv) Other non-commercial bonds and debentures (not in default): 10% of 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 fair value |
| over 1 year to 3 years: | 6 % of fair value |
| over 3 years to 7 years: | 7% of fair value |
| over 7 years to 11 years: | 10% of fair value |
| over 11 years: | 10% of fair 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 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

(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 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

Securities of mutual funds qualified by prospectus for sale in any jurisdiction of Canada:

- (i) 5% of the net asset value per security as determined in accordance with National Instrument 81-106 *Investment Fund Continuous Disclosure*, where the fund is a money market mutual fund as defined in National Instrument 81-102 *Investment Funds*; or
- (ii) the margin rate determined on the same basis as for listed stocks multiplied by the net asset value per security of the fund as determined in accordance with National Instrument 81-106 *Investment Fund Continuous Disclosure*.

Securities of mutual funds qualified by prospectus for sale in the United States of America: 5% of the net asset value per security if the fund is registered as an investment company under the *Investment Companies Company Act of 1940*, as amended from time to time, and complies with Rule 2a-7 thereof.

(e) Stocks

In this paragraph, “securities” includes rights and warrants and does not include bonds and debentures.

- (i) On securities including investment fund securities, rights and warrants, listed on any exchange in Canada or the United States of America:

Long Positions – Margin Required

- Securities selling at \$2.00 or more – 50% of fair value
- Securities selling at \$1.75 to \$1.99 – 60% of fair value
- Securities selling at \$1.50 to \$1.74 – 80% of fair value
- Securities selling under \$1.50 – 100% of fair value

Short Positions – Credit Required

- Securities selling at \$2.00 or more – 150% of fair value
- Securities selling at \$1.50 to \$1.99 – \$3.00 per share
- Securities selling at \$0.25 to \$1.49 – 200% of fair value
- Securities selling at less than \$0.25 – fair value plus \$0.25 per share

(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 Madrid
- (c) Borsa Italiana
- (d) Copenhagen Stock Exchange
- (e) Euronext Amsterdam
- (f) Euronext Brussels
- (g) Euronext Paris S.A.
- (h) Frankfurt Stock Exchange
- (i) London Stock Exchange
- (j) New Zealand Exchange Limited
- (k) Stockholm Stock Exchange
- (l) SIX Swiss Exchange
- (m) The Stock Exchange of Hong Kong Limited
- (n) Tokyo Stock Exchange

(f) Mortgages

(i) For a firm registered in any jurisdiction of Canada except Ontario:

- (a) Insured mortgages (not in default): 6% of fair value
- (b) Mortgages which are not insured (not in default): 12% of fair value

(ii) For a firm registered in Ontario:

- (a) Mortgages insured under the National Housing Act (Canada) (not in default): 6% of fair value
- (b) Conventional first mortgages (not in default): 12% of fair value.

| |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| If you are registered in Ontario regardless of whether you are also registered in another jurisdiction of Canada, you will need to apply the margin rates set forth in (ii) above. |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

(g) For all other securities – 100% of fair value.

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 one or more of the same categories 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:

1. this form is submitted on or before the 90th day after the cessation date of the individual's employment, partnership or agency relationship with the individual's former sponsoring firm,
2. there have been no changes to the information previously submitted in respect of Items 13 (Regulatory Disclosure), other than changes to Item 13.3(ea), 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
3. the individual's employment, partnership or agency relationship with their 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 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.

How to submit this form

NRD format

Submit this form at the National Registration Database (NRD) website in NRD format at www.nrd.ca. If you have any questions, contact the compliance, registration or legal department of the new sponsoring firm or a legal adviser with securities law experience, or visit the NRD information website at 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 with securities law experience, or visit the National Registration Database information website at 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 _____

Business e-mail address _____

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 business location, provide the following information for the business location out of which you will be doing most of your business. If you are only filing this form because you are a permitted individual and are not employed by, or acting as agent for, the sponsoring firm, select "N/A".

Unique Identification Number (optional): _____

NRD location number: _____

Business location address: _____
(number, street, city, province, territory or state, country, postal code)

Telephone number: (____) _____ Fax number: (____) _____

N/A

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 business location in which you will be conducting most of your business. If you are only filing this form because you are a permitted individual and are not employed by, or acting as agent for, the sponsoring firm, select "N/A".

Business location address: _____
(number, street, city, province, territory or state, country, postal code)

Telephone number: (____) _____ Fax number: (____) _____

N/A

[The following under #3 "Type of business location", #4 and #5 is for a Format other than NRD format only]

3. Type of business location:

- Head office
- Branch or business location
- Sub-branch (Mutual Fund Dealers Association of Canada members only)

4. Name of supervisor or branch manager: _____

5. Check here if the mailing address of the business location is the same as the business location address provided above. Otherwise, complete the following:

Mailing address: _____
(number, street, city, province, territory or state, country, postal code)

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 officer or director positions and any other equivalent positions held, as well as positions of influence. The information must be provided

- whether or not you receive compensation for such services, and
- whether or not any such position is business related.

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, other than changes to Item 13.3([ea](#)))
- 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.

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 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. If the business location specified in this form is a

residence, I hereby give my consent for the regulator or, in Québec, the securities regulatory authority to enter that residence for the administration of securities legislation and derivatives legislation, including commodity futures legislation.

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 and the certification above.

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,
- all of the information provided on this form is true, and complete, and
- if the business location specified in this form is a residence, I hereby give my consent for the regulator or, in Québec, the securities regulatory authority to enter that residence for the administration of securities legislation and derivatives legislation, including commodity futures legislation.

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
- Permitted Individual [as described in paragraph \(c\) of the definition of "permitted individual" in section 1.1 of National Instrument 33-109 Registration Information](#)
- Officer – Specify title:
 - Director
 - Partner
 - Shareholder
 - Branch Manager (MFDA members only)
 - IIROC approval only

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 Broker
- Salesperson
- Branch Manager
- Adviser
- Officer – Specify title
- Director
- Partner
- Futures Contracts Portfolio Manager
- Associate Futures Contracts Portfolio Manager
- IIROC approval only
- Local

Québec

Firm categories

- Derivatives Dealer
- Derivatives Portfolio Manager

Individual categories and permitted activities

- Derivatives Dealing Representative
- Derivatives Advising Representative
- Derivatives Associate Advising Representative

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: (____) _____

Business 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 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 officer or director positions and any other equivalent positions held, as well as positions of influence. The information must be provided

- whether you receive compensation for such services, and
- whether or not such position is business related.

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 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:

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.

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.

Schedule E
Ownership of securities in new sponsoring firm (Item 8)

Firm name (whose business is trading in or advising on securities or derivatives, or both):

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 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
(N/A) (N/A)

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
Suite 600, 250–5th St. SW
Calgary, AB T2P 0R4
Attention: Information Officer
Telephone: (403) 297-6454

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 Canada)

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

Financial and Consumer Services Commission of New Brunswick / Commission des services financiers et des services aux consommateurs du Nouveau-Brunswick
Suite 300, 85 Charlotte Street
Saint John, NB E2L 2J2
Attention: ~~Director of Securities~~ [Registration](#)
Telephone: (506) 658-3060

Newfoundland and Labrador

Superintendent of Securities, Service NL
Government of Newfoundland and Labrador
P.O. Box 8700
2nd Floor, West Block
Confederation Building
St. John's, NL A1B 4J6
Attention: Manager of Registrations
Telephone: (709) 729-5661

Nova Scotia

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Halifax, NS B3J 1P3
Attention: Deputy Director, Capital Markets
Telephone: (902) 424-7768

Northwest Territories

Government of the Northwest Territories
Department of Justice
1st Floor Stuart M. Hodgson Building
5009 – 49th Street
Yellowknife, NWT X1A 2L9
Attention: Deputy Superintendent of Securities
Telephone: (867) 920-8984

Nunavut

Government of Nunavut
Department of Justice
P.O. Box 1000 Station 570
Iqaluit, NU X0A 0H0
Attention: ~~Deputy Registrar~~ [Superintendent](#) of Securities
Telephone: (867) 975-6590

Ontario

Ontario Securities Commission
22nd Floor
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Compliance and Registrant Regulation
Telephone: (416) 593-8314
e-mail: registration@osc.gov.on.ca

Prince Edward Island

Securities Office
Department of Community Affairs and Attorney General
P.O. Box 2000
Charlottetown, PE C1A 7N8
Attention: ~~Deputy Registrar~~ [Superintendent](#) of Securities
Telephone: (902) 368-6288

Québec

Autorité des marchés financiers
800, square Victoria, 22^e 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

Saskatchewan

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601, 1919 Saskatchewan Drive
Regina, SK S4P 4H2
Attention: Deputy Director, Capital Markets
Telephone: (306) 787-5871

Yukon

Government of Yukon
Superintendent of Securities
Department of Community Services
P.O. Box 2703 C-6
Whitehorse, YT Y1A 2C6
Attention: Superintendent of Securities
Telephone: (867) 667-5314

Self-regulatory organization

Investment Industry Regulatory Organization of Canada
121 King Street West, Suite 2000
Toronto, Ontario M5H 3T9
Attention: Privacy Officer
Telephone: (416) 364-6133
E-mail: PrivacyOfficer@iirc.ca

Document comparison by Workshare Compare on July-11-17 3:47:28 PM

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| Insertion | |
| Deletion | |
| Moved from | |
| <u>Moved to</u> | |
| Style change | |
| Format change | |
| Moved deletion | |
| Inserted cell | |
| Deleted cell | |
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| Deletions | 28 |
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| Moved to | 0 |
| Style change | 0 |
| Format changed | 0 |
| Total changes | 71 |

ANNEX F2

CHANGES TO 33-109CP

The changes set out in this Change Document will not be made in those CSA jurisdictions where those changes have already been made.

Changes to Companion Policy 33-109CP *Registration Information*

Appendix B to Companion Policy 33-109CP Registration Information is changed as follows:

- (a) under the heading “New Brunswick”, by replacing “Registration Officer” with “Registration”, and*
- (b) under the heading “Nunavut”, by replacing “Deputy Registrar” with “Superintendent of Securities”.*

These changes become effective on December 4, 2017.