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| | | meant by “reproach” and “harm”. The commenters also find that it is problematic to use such broad terms because they may lead to frivolous complaints that are wholly unrelated to the registered firm’s business activities. As well, complaints should be restricted to complaints that relate to a breach of a regulatory requirement or duty as opposed to complaints of a service nature that should be handled in the ordinary course of business. | regulatory nature are included. The CSA believe that limiting complaints to those of a regulatory nature is too restrictive an approach from the perspective of investor protection. |
| 587. | | A commenter suggests that the differentiation between an “expression of dissatisfaction” and a “complaint” should be moved into the proposed Rule as many “expressions of dissatisfaction” can, we submit, be resolved before they become “complaints”. | We do not think it is necessary to make such a distinction in the proposed Rule, rather than the guidance in the CP. |
| 588. | | A commenter suggests that the definition of a complaint should exclude a reproach that is solely of a general nature where there is no identification of real or potential harm or an alleged violation of a securities law or regulation so that dissatisfaction with service levels or a firm’s operational policies and procedures are not included with issues of compliance. | The component of harm, real or potential, forms part of the definition of a complaint. |
| 589. | | A complaint is defined as “an unresolved expression of dissatisfaction” that has been referred to compliance staff. In a small EMD, this could mean that all “expressions of dissatisfaction” are “complaints” because the person fulfilling the role of CCO may also be the UDP, the dealing representative and the person ultimately responsible for resolving the “expression of dissatisfaction” at the outset. | Part 5, Division 6 of the proposed Rule and the discussion in the CP have been revised. It is now clearer that the complaint resolution requirements apply equally to all complaints and to all registrants (except investment fund managers and EMDs who do not handle, hold or have access to client assets). |
| 590. | | A commenter notes that it is not clear what is meant by ‘resolution’ in this case or what is meant by ‘most’ cases. In the view of this commenter, it is perhaps unrealistic to expect that a very large percentage of complaints be resolved within three months. | These terms are used in their usual meaning: a majority of complaints should be brought to a close – which might happen because a fair process has determined that they are without merit or, if they have merit, a settlement satisfactory to both client and registrant has been agreed.<br><br>In any event, the revised language of the CP is less prescriptive. We have attempted to balance investors’ reasonable expectations that complaints will be resolved quickly against registrants’ reasonable concerns about realistic timing by replacing “resolved” with “provided a substantive response”. This is intentionally imprecise. We believe it will be apparent as a matter of fact in any given instance whether a registrant has been sufficiently diligent to bring a complaint to that point within three months. |
| 591. | | A commenter expresses the view that the obligation of the CCO to know “all” complaints is overreaching and unrealistic. | The obligation lies with the registrant which should have effective controls in place in order to ensure that it can “ensure that the CCO and appropriate supervisors are aware of all complaints.” |

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| 592. | **6.1 Definition of Conflict of Interest** | A commenter notes that the term "conflict of interest" is broadly defined in section 6.1 of the CP to include "circumstances in which the interests of different parties … are inconsistent or divergent". This vague definition, in the commenter's view, casts a very wide net and, fails to distinguish between material and immaterial conflicts of interest. Read literally, the proposed definition would capture all competing interests that have long been accepted by investors and businesses alike as part of doing business (i.e. the inherent conflict between institutional clients who aim for the highest prices versus retail clients who aim for the lowest prices). The commenter suggests that consideration be given to the definition of a conflict of interest contained in NI 81-107 which is a "situation where a reasonable person would consider [a manager]…to have an interest that may conflict with [the manager's] ability to act in good faith and in the best interests of [the investment fund]". The commenter urges a reconsideration of the definition and the inclusion of a materiality threshold and provision to allow registrants to develop procedures to permit them to comply. | The proposed Rule and CP have been amended to address this comment. |
| 593. | **6.10 Referral Arrangements [now 6.11]** | A commenter notes that the CSA has discussed situations where "non-registrants are actively promoting and marketing specific securities through third party registrants who then merely execute the trade." The commenter expresses the belief that while the discussion in this section demonstrates the failure of some registrants to uphold the registrant's duties in dealing with the client, it is confusing with respect to the referrer. The referrer, who is a non-registrant, is considered to be breaching securities laws if in making their referral they advise their client regarding the security because then they are considered to be advising on and/or trading in a specific security. The commenter finds this type of discussion confusing because it focuses on a breach occurring, which breach is based on a "trade trigger," even though the intent of the proposed Rule is to require registration based on a business trigger. | The example in the CP was intended to clarify our concerns regarding a number of problematic referral arrangements that we have seen. In any event the CP has been revised to make it clearer. |
| | **FORM 31-103F1 – Calculation of Excess Working Capital** | | |
| 594. | | A commenter notes that the various categories of registration have very different characteristics to their businesses. It follows that "financial viability" is different for each category of registrant. The commenter finds that the 'one size fits all' formula on the proposed | The capital formula is based on the financial statements which are to be prepared in accordance with GAAP. The formula is based on a working capital methodology with certain adjustments. Working capital is a liquidity measure that demonstrates that a firm can |

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| | | new form does not reflect this reality and prescribes the same calculation methods for all registrants including those who have liabilities to clients and those who by nature of their business model do not. This in principle is a deviation from GAAP and if the CSA wishes to do so it should justify its rationale for doing so. For example in the case of a portfolio manager that does not handle client funds, what justification is there for a requirement to exclude prepaid expenses from current assets? The commenter asks whether the CSA thinks that if the firm pays next months rent before the end of the month that it is less financially viable than if it had waited until after month end. Clearly when designing the form only registrants with amounts owing to clients payable on demand was considered by the drafters. The commenter suggests that the CSA explain why GAAP doesn't do the job here. | meet its obligations at least in the short term. The formula incorporates operational risk, market risk and liquidity risk. These are present in varying amounts in all businesses. A firm can manage these risks to minimize the amount of capital required. For example, if all accounts are properly reconciled then there will be a 0 amount required on line 12 of form 31-103F1. |
| 595. | | A commenter expresses the view that in the context of affiliated registrants a calculation of working capital which excludes such related party balances has the potential to be problematic given that on a conservative calculation related party balances are excluded where there is a question as to whether it is in the "normal course".<br><br>The commenter asks for confirmation that the calculation of Current Assets in this Form does not contain this exclusion and that investment fund managers can include all related party balances in its calculation. If they are not permitted to do so then the de facto minimum working capital requirement will be much higher than intended in an affiliated group. | Related party receivables can be included. Long term related party debt is treated conservatively in the capital formula. However, a registrant may determine whether the execution of a subordination agreement is necessary for the purposes of capital calculation. |
| 596. | | A commenter notes that many companies provide seed capital to pooled funds that allow the fund to establish a track record for performance and attract investors. Applying margin calculations to seed capital in the capital calculation will create a barrier to an adviser's ability to launch new products.<br><br>The commenter finds that the recent adoption of 3855 accounting standard requires all securities held to trade to be fair valued (market to market) and therefore the market impact is immediately reflected in the capital requirement and margin requirements should not be necessary.<br><br>IDA margin rules do not address private placements such as pooled funds. A commenter asks that if margin rules continue to apply to the capital calculation, the proposed Rules should permit margin of pooled fund units to be calculated in the same manner as comparable units of a similar fund issued under a prospectus. | The margin rules were designed to deal with market risk associated with adverse market movements on securities. The calculation of margin is based on the market value of a security.<br><br>Section 3855 deals with the valuation of financial instruments. Margin attempts to deal with and quantify market risk.<br><br>The current margin rules do not permit the margining of pooled funds. The commenter states that the IDA margin rules do not address private placements such as pooled funds because they do not allow them to be margined. The IDA margin rules do in fact address these types of securities. Margin is not allowed on these types of securities because they are not subject to a disclosure regime. They are offered by way of offering memorandum as opposed to a prospectus. Liquidity may also be an issue with these types of investments. |

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| 597. | **Line 2** | A commenter has asked for clarification on the meaning of "Current assets not readily convertible into cash". | Examples of current assets that are not readily converted into cash have been provided in the form. For example, a prepaid asset is a current asset but it is not readily convertible into cash. |
| 598. | **Line 9** | A commenter states that the deduction of pre-paid expenses has a negative effect on the calculation of ones capital position and essentially penalizes firms that save money by entering long term sales periods with suppliers to reduce costs. The current formula is superior.<br><br>A commenter suggests that the deduction required by line 9 for market risk should be reduced to 0% where an adviser invests in its proprietary funds over which it manages and can control liquidity. Alternatively, the deduction should be based on the underlying instruments in which the fund invests (e.g. if the advisers funds are managed in a money market fund it should not be required to exclude these assets).<br><br>A commenter is of the view that this calculation requires a deduction for the market risk of securities owned by the firm, in accordance with IDA margin rules. As the proposed Rule is currently drafted, an investment fund manager that invests in funds not offered under a prospectus (e.g. hedge funds) would face a 100% deduction in respect of such securities. The commenter believes that this is unfairly punitive and runs counter to industry and competitive pressures that exist today. | The formula is based on a working capital methodology which is a liquidity measure. The deduction of prepaid expenses is meant to provide a better picture of a firm's liquidity. Please see also our response above to the comment concerning seed capital and margin rules. |
| 599. | **Line 12 [now Line 12 "Less unresolved differences"]** | "Less unreconciled differences" (line 12): A commenter noted that some reconciliations are not completed 30 days after month-end which would be problematic given the requirement to submit this form no later than the 30th day after the end of each quarter. | The CSA is of the view that 30 days is sufficient time to reconcile all accounts. |
| | **FORM 33-109F1 – Notice of Termination** | | |
| 600. | **General Comments** | Section D asks whether the employee resigned or was dismissed "for cause". A commenter notes that this terminology requires further clarification as it is not a recognized concept in employment law and may not be an appropriate question to ask in any event. | The meaning of "for cause" is well understood. However, we do agree concerning its use in connection with resignation and have re-worded the question, as discussed below.<br><br>The reasons for an individual's departure from his or her former sponsoring firm are of obvious importance for the responsible securities regulator's determination whether the individual is fit and proper for continued registration with a new sponsoring firm. |
| 601. | | A commenter questions whether there will be late filing fees? | Fees, including fines, are administered locally by each CSA jurisdiction. It is therefore not possible to be more specific |

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| | | A commenter also asks that clarification be provided regarding the administration of fines for late filings. It appears that there will be a two stage Notice of Termination filing and we question whether registered firms will need to pay fees twice if the Notice of Termination is not initially filed within 5 business days and then exceeds the 30 day balance to file the rest of the information required on Part D of the Notice of Termination. | concerning fees in a national instrument such as the proposed Rule. |
| 602. | | In an effort to streamline the reporting of Notice of Terminations, a commenter suggests that the Notice of Termination Form 1 be revised so that a two stage reporting process would not be required. The firms should be given 30 days to produce a complete filing. According to the commenter, registrants can rely on the automatic transfer process in the interim to ensure the transfer of registrations is not delayed as a result of the 30 day filings.<br><br>A commenter recommends that the form be revised so as to avoid a two-stage process. The commenter also suggests that firms be given 30 days to file a complete Form 33-109F1, similar to the approach in the US. Registrants could rely on the automatic transfer process via the shorter version of NRD Form 33-109F4 and on the securities regulators to notify firms accordingly; this is where a transfer form would be very useful for firms and securities regulators alike. | We do not agree. The two-stage process will bring potential problems to the attention of the securities regulator within a reasonable five day period. 30 days is too long to wait for that information, although it represents a reasonable accommodation of the time it may take for a former sponsoring firm to prepare the information that will expand on the potential problem. |
| 603. | | A commenter suggests that the disclosure relating to the collection and use of personal information currently used in Form 4 be incorporated into the Notice of Termination. | We have added disclosure relating to the collection and use of personal information into the Notice of Termination. |
| 604. | | A commenter supports requiring the additional information. | We acknowledge the comment. |
| 605. | | A comment recommends that the CSA clearly indicate on Form 33-109F1 that the registered individual is providing continued ongoing consent to both the securities regulator and the registered firm that clearly outlines the express consent to mutual collection and disclosure of personal information about the registered individual and outlines the purposes for which the information may be used without further requirement for additional consent.<br><br>The commenter is also concerned that by complying with the request for information on Form 33-109F1, registered firms are exposing themselves to potential legal action brought about by the registered individual. | The individual is not a signatory to this form. We have added relevant consent to the Form 33-109F4 signed by the individual.<br><br>Securities regulators have a mandate to protect investors from registrants who lack competence or integrity. The information required on this form is necessary so that they can discharge that responsibility. |
| 606. | **Section D- Information About the Termination** | A commenter finds the phrase "Resigned… for cause" confusing and subject to differing interpretations. The commenter suggests that it be changed to read "Resigned…. was this solicited by the | We agree and have revised the questions accordingly. |

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| | | firm?"<br><br>Accordingly, the commenter notes that this would effectively eliminate the need to repeat this question with different wording under section E – Question 1. | |
| 607. | | A commenter asks what termination date should be specified in the circumstances when the registered firm requests a notice period and it is declined by the individual registrant? In this regard, there may be discrepancies between the date that the individual actually physically leaves the firm and when the employment relationship is actually terminated factoring in an appropriate notice period. The differences in date may have implications in terms of facilitating the transfer of the individual's registration, pay, etc. The commenter finds that further guidance would be beneficial. | We agree and have re-drafted to indicate that it is the first day on which, so far as the terminating firm is concerned, the individual no longer has authority to act on its behalf. |
| 608. | | A commenter recommend the removal of "… for cause". According to the commenter, the facts and circumstances surrounding the dismissal or resignation should be of key consideration in terms of classifying an individual as being terminated for cause or in good standing. | We disagree. If an individual was terminated for cause, the firm should be prepared to say so. This information will be useful in promptly flagging an individual who was dismissed for cause as potentially having problems with his/her fitness for continued registration – the details of which will follow when Part E is filed. |
| 609. | **Section E- Further Details** | A commenter suggests that filing deadlines should be clearly defined as business or calendar days. | We agree and have re-drafted to indicate that it is calendar days. |
| 610. | | A commenter is of the view that firms should not be required to provide information regarding events which have already been reported/disclosed through either the NRD and/or ComSet.<br><br>A commenter suggests that the sentence "Answers should be with reference to events in the past twelve months" should have the following added at the end "…*which have not previously been reported or disclosed".* | We do not agree. The Form 33-109F1 Notice of Termination is intended to be a complete statement indicating any concerns that might reasonably be expected to enter into the securities regulators' assessment of an individual's suitability for registration. |
| 611. | | **Question 1 [now deleted]**<br><br>A commenter notes that this is redundant as the information has been supplied in section D.2. | We agree and have deleted the question. |
| 612. | | **Question 3 [now 2]**<br><br>The question reads as follows: "Was the individual subject to any <u>significant</u> internal disciplinary measures at the firm or any affiliate of the firm?"<br><br>A commenter suggests that the term "significant" may be interpreted in various ways and each registered firm may have | We used the modifier "significant" because not all discipline matters will be relevant for these purposes: lateness or inappropriate attire for example. We have modified the question to refer to "disciplinary measures … related to the individual's integrity or competence as a registrant", these being the issues that concern us. We do not agree concerning affiliates. We have seen issues of personal integrity arise in connection with individuals' activities at unregulated affiliates. |

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| | | their own measures of internal disciplinary actions and standards of significance. Accordingly, the commenter would like guidance from the CSA on the meaning of the term “significant” since it is very broad and vague. The commenter would also suggest that the information collected for “affiliates” be replaced with information collected for regulated affiliates to ensure the information reported is material and can be collected and reported in a timely manner. | |
| 613. | | **Question 4 [now 3]**<br><br>A commenter recommends that this section either be removed entirely or the reference to written complaints be clarified, since not all written complaints can be substantiated and would merit a positive response to this question. | We disagree. We are aware that not all complaints, written or otherwise, have real substance. Nonetheless, a history of disproportionate numbers of complaints is often an indicator of problems with an individual’s fitness for continued registration. |
| 614. | | A commenter asks for clarification as to why it is important to disclose on the Form 33-09F1 whether or not the clients lost money. The individual’s conduct and the circumstances surrounding the termination should be the key consideration when assessing an individual’s suitability for future registration.<br><br>The commenter also is of the view that providing a response to this question may be problematic for representatives that do not manage a book of clients (e.g. call centre environment). In such an environment, representatives could be handling hundreds of clients daily and examining each interaction could be difficult due to the excessive volumes.<br><br>In order to capture any information with respect to civil claims (which would also reflect monetary losses or potential monetary losses by investors), the commenter suggests that the CSA ask whether there are any securities-related civil claims and/or arbitration notices filed against the individual (and/or the firm) by a client. The commenter would also limit the question to include civil claims and/or arbitration notices that were filed while the individual was in the employ of the firm or concerning matters that occurred while the individual was in the employ of the firm. | We agree and have revised the question to incorporate the suggestion. |
| 615. | | **Question 5 [now 4]**<br><br>A commenter recommends that the CSA consider a change to the wording on this question. The fact that a client account is not fully secured, margined or paid does not mean that the registrant has an "undischarged financial obligation to clients." | We agree and have revised the question accordingly. |
| 616. | | **Questions 5 and 9 [now 4 and 8]** | As indicated in the introduction to the questions in Part E of the |

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| | | A commenter finds that both require a Yes or No answer as currently drafted. A registrant may have trouble responding to these questions without a proviso “to the best of our knowledge” since these activities may occur outside the scope of a persons employment or without the employers knowledge. | form, all answers are to the best of the firm’s knowledge and belief. |
| 617. | | **Question 6 [now 5]**<br><br>A commenter suggests that more specific guidelines should be provided here. For example, minor trade corrections may result in a "monetary loss" to the firm, but their significance and impact may be minor. It would be impractical to review all and report on all trade corrections which had resulted in a loss to the firm. | We agree and have revised the question accordingly. |
| 618. | | A commenter asks for clarification as to why this information is required on the Form 33-109F1 as it addresses the impact to the firm. The commenter feels that the Form 33-101F1 should be limited to the requirement to disclose details regarding an individual’s actions and behaviour.<br><br>The commenter is of the view that it is difficult for a firm to definitively determine whether the firm or an affiliate of the firm has suffered, or is likely to suffer, loss or harm to its reputation as a result of the individual’s actions unless a client has complained, the firm has become aware of certain activities of the individual and is conducting an internal investigation, or if a client has filed a lawsuit against the individual and/or firm.<br><br>According to the commenter, the question is very broad and how, from a practical perspective, can harm to the firm’s reputation be identified and quantified? | If the firm suffers monetary loss or harm to its reputation, that may be an indicator that the individual has been incompetent or acted without integrity.<br><br>We recognize that definitive answers will not always be possible. However, it is with good reason that firms place great emphasis on protecting their reputations. |
| 619. | | **Question 7 [now 6]**<br><br>The question reads as follows: “Did the firm or any affiliate investigate the individual in connection with possible material violations of fiduciary duties, regulatory requirements or the compliance policies and procedures of the firm or any affiliate?”<br><br>A commenter finds the term “affiliate” very broad in this context. The commenter would like clarification from the CSA on which entities would be considered affiliates and would suggest that only regulated entities be included in the scope of this context. | “Affiliate” is a defined term. It is not intended to be limited to regulated affiliates for the reasons noted above. |
| 620. | | A commenter notes that it would be difficult for firms to comply with | We would expect a registered firm that permits one of its registered |

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| | | this request for information about investigations undertaken by affiliates.<br><br>The commenter suggests that "engaging in undisclosed outside business activities" be deleted. Most instances of undisclosed outside business activity arise due to a lack of understanding on the registrant's part of what constitutes an "outside business activity", and these are usually addressed when they come to light. Most are not material. Previously undisclosed outside business activities that are serious and that actually lead to termination would, in our minds, almost inevitably be disclosed on the Notice of Termination. | individuals to devote part of his/her time to working for an affiliate to ensure that it was aware of investigations by the affiliate into possible material violations of fiduciaries duties, regulatory requirements or compliance policies/procedures.<br><br>We agree that most outside business activity is not material and, for that reason, included a materiality threshold in the question. |
| 621. | | **Question 9 [now 8]**<br><br>A commenter recommends that perhaps this should be included under question 7 rather than as a separate question. | We feel this is a sufficiently distinct and important question in itself. |
| 622. | | **Question 10 [now 9]**<br><br>The question reads as follows: "Is there any other matter relating to the individual's termination or conduct leading up to it that the firm is aware of and believes is relevant to his or her suitability for registration?"<br><br>A commenter is of the view that this question is too broad and suggests that the CSA provide guidance around the meaning of the term "suitability" as opposed to placing the onus on registered firms to make a subjective determination of suitability, which may consequently expose them to legal action. In the alternative, the commenter suggests that the question be removed as the information disclosed in questions 1-9 provides sufficient information to the securities regulator to assess the individual's suitability for registration. | We have replaced "suitability for registration" with "competence or integrity as a registrant". See discussion of similar point above. |
| 623. | | A commenter asks for clarification by providing examples of what would be considered "relevant".<br><br>The commenter believes that firms should not be making any judgments as to what would be relevant to an individual's suitability of registration. This type of questioning could be subjective and vary by firm as to the types of matters that would be relevant to suitability of registration.<br><br>The commenter asks what criteria would be used by a Branch Manager or Branch Compliance Officer to be able to make a | Suitability criteria are discussed section 4.1 of the CP. For greater clarity, we have replaced "suitability for registration" with "integrity or competence as a registrant". See discussion of similar points above.<br><br>This question is the firm's opportunity to address any reasons for termination that the securities regulators should know about that have not been elicited by the other questions in the form.<br><br>We agree there is an element of subjectivity. Nonetheless, a registered firm has a fundamental duty to satisfy itself that |

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| | | determination on suitability. | individuals it puts forward for registration, and maintains in registered roles, are suitable for registration. It should therefore be within the firm's ability to determine whether the circumstances of a registered individual's termination involved conduct or other matters relevant to that individual's suitability for registration. |
| 624. | **Certification** | A commenter notes that the certificate requires the individual who signs the form to certify that the statements in the form were provided by a duly authorized representative. In most cases, the firm's Registration Officer completes the information on the Notice of Termination by inputting information received from an authorized individual such as the Branch Manager. The Registration Officer that completes the filing does not necessarily speak to the authorized firm representative that signs the Notice of Termination. The commenter suggests that the certification be revised to state that the authorized firm representative is making the certification that the information contained in the Form is accurate, "to the best of their knowledge".<br><br>The commenter believes that this section needs to be reworded as it states that an authorized firm representative (**AFR**) has confirmed that the "… information contained in the form is accurate and complete to the best of his or her knowledge and belief". An AFR is defined in National Instrument 31-102 – *National Registration Database* as an individual who submits information in NRD format on behalf of firm filers and individual filers. An AFR is often not directly involved in the supervision of an individual registrant and cannot attest to the accuracy of the information disclosed on Form 33-109F1. | The certification already is limited to the best of knowledge and belief of the individual concerned.<br><br>We have revised the text of the certification to clarify who is required to make the certification. |
| 625. | **Signature** | A few commenters request clarification on which individuals will be permitted to sign the form. If it is intended that the form be signed by individuals who are not registered as officers, this should be clarified.<br><br>Another commenter suggests that the signature section of Form 33-109F1 be amended in order to remove the reference to an "authorized signing officer" as the Proposed Instrument intends to only require the registration of "mind and management". As a result, for larger firms, the "mind and management" would not likely be the appropriate individuals to sign a Notice of Termination. The commenter recommends that the CSA consider an "authorized signatory of the firm" in place of 'authorized signing officer'. They are of the view that CSA should consider adding an amendment to the CP by clarifying that an authorized signatory of the firm may be anyone that the firm has determined is authorized to sign firm | This part of the form has been revised to be consistent with the related Forms 33-109F4 and 33-109F6. |

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| | | documents. In the case of Notice of Termination, a branch manager commonly would be authorized to sign-off. | |
| | **FORM 33-109F4 – Application for registration of individuals and permitted individuals** | | |
| 626. | **General Comments** | A commenter recommends that the CSA include the name and NRD number on every page of the NRD report that we generate for the individual.<br><br>Another commenter would like clarification on how the new questions asked on this form will affect existing registrants.<br><br>The commenter asks what will be the expectation of registered firms to input this new information. The commenter questions whether this will result in another Data Transfer Submission process. If so, will registered firms be provided with a three-year transition period to input this information on to NRD?<br><br>The commenter inquires as to what assurances will be provided by the securities regulators that the errors experienced during the initial NRD conversion are not repeated. | An NRD change request has been created that will be contemplated after the implementation of the proposed Rule.<br><br>From an NRD perspective, all new questions will show up as unanswered. Any question that has changed will show up in a 'view history' page.<br><br>There have been no discussions of Data Transfer Submissions and transition periods.<br><br>It will be difficult to provide assurances that there will be no errors as the system is being updated to accommodate changes to our registration rules. |
| 627. | | A commenter recommends that:<br><br>1. the entire Schedule be broken into three distinct sections – one for non-SRO firms, one for IDA firms with the additional IDA information; and one for MFDA firms and any categories unique to that registration;<br><br>2. categories and checkboxes under the "Supervisory Roles" heading be moved to that new IDA section referenced above; and<br><br>3. the categories and checkboxes under the "Traders" heading be similarly moved to the new IDA section referenced above.<br><br>The commenter further questions whether, under the "Registration by Jurisdiction" heading, the individual is supposed to check off each box next to a particular province that applies to the category for which they applying. That is, if one were applying as a Trading Representative in Alberta, would they check off the first box next to Alberta? The commenter recommends that these boxes be made larger, or preferably separated into three distinct columns and | This schedule has been substantially revised since the proposed changes were published for comment. There is now a section in the schedule that requests IDA information including check boxes for "Supervisor" and "Trader".<br><br>The registration categories have also been updated. |

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| | | order alphabetically–labelled “Advising Representative”, “Associate Advising Representative” and “Trading Representative”.<br><br>Under the heading of “Relationship with Sponsoring Firm, a commenter recommends clarification on what a “Representative – Non Employee” is. This does not appear to be a category of registration under the Proposals. | |
| 628. | **Registrant Relationships** | The Form 33-109F4 does not ask for spousal information. Currently the information is reported outside of the NRD system, via an email. A commenter asks whether the proposed Form 33-109F4 will be amended to include this question or will we continue to record the information outside of NRD? | The amended Form 33-109F4 will not be amended. Since only two CSA regulators require spousal information to be disclosed it will continue to be requested outside of NRD by those two securities regulators. |
| 629. | **Notice of Collection and Use of Personal Information** | Currently the NRD screens that the AFR sees prior to submitting the Form 33-109F4 are submission to jurisdiction, notice of collection and use of personal information and information contained under the heading, SRO. The AFR signs off on the NRD filing. A commenter recommends that the form be amended to allow the applicant the ability to attest to the information prior to submission. | The requested change has been made. |
| 630. | **Item 1 – Other Personal Names** | A commenter seeks clarification to the meaning of “style name”. The commenter suggests that this section provide specific instructions concerning the disclosure of team and marketing names, since the securities regulators have indicated they want this information on record. | We disagree. We have deleted the words “or style name” from this question. The remaining question is clear that we want “any name” used disclosed. |
| 631. | | A commenter recommends the addition of “team name” as this is a more familiar term to IDA member firms. | We disagree. The question is clear that we want “any name” used disclosed. |
| 632. | **Item 4 – Citizenship** | A commenter finds the wording on this question seems to indicate that Canadian citizens who hold dual citizenship are required to disclose information relating to the "other" citizenship. Is this the intent?<br><br>If not, the commenter suggests that the wording be changed to be more specific: i.e., “If you are **not** a Canadian citizen complete the following information:”<br><br>If an applicant is not a Canadian citizen and does not hold a valid passport – the commenter asks what other information is acceptable? (e.g., Landed immigrant document and/or expired passport). | Yes this is the intent of the question.<br><br>This NRD field is mandatory. The current workaround for an individual who is not a Canadian citizen and does not have a valid passport is a response of “N/A”. Instead of the workaround, an option may be to include a button to indicate not having a valid passport. Although this change will not be made immediately, the NRD Working Group will look into making this field optional. |
| 633. | **Item 6 – Individual** | A commenter notes that it is not clear whether the reference to | This section has been substantially revised since the proposed |

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| | **Categories** | securities in the checklist of types of products the applicant may deal in includes options and futures and presumes that these are not included. The commenter suggests that options and futures be added as separate approval categories.<br><br>The commenter is also of the view that it could be onerous on firms and their registrations departments to be obliged to track changes in the types of products that individuals are authorized to deal in, outside of the NRD. The NRD should capture this information, and firms should not be required to upgrade their systems and procedures to meet audit trail requirements because NRD does not capture the information.<br><br>It would be helpful, the commenter notes, for the securities regulators to make it clear in the forms what products registrants are and are not permitted to deal in, and which categories will require regulatory approval and which ones will simply be acknowledged.<br><br>The individual categories are limited and confusing in the following ways:<br><br>• There is no option for APM or options.<br><br>• The "Relationship with Sponsoring Firm" includes "Officer" but the "Investment Dealers Association of Canada- Additional Information" does not.<br><br>• A commenter requests clarification on what the term "Representative-Non-Employee" refers to?<br><br>• Futures and derivatives are not an option under "Products".<br><br>• Under "Traders", what is the difference between "Floor Trader" and "Floor Broker"? A commenter requests clarification on the term "Local"?<br><br>• Under the "Registration by Jurisdiction", what is the meaning of "Trading Advising Associate"? If an individual has ceased to be registered in a province, the permanent record will continue to show the surrendered province. The commenter further notes that, if you investigate further, the permanent record will show no registration | changes were issued for comment. Most of these questions are no longer applicable. This form now includes the categories for commodities and futures. |

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| | | information for that province. However, if you are viewing on-line, when you get to the registration category it indicates “suspended (employment termination)”. The commenter suggests that the “suspended (employment termination)” be removed from the list or indicate “not active” beside the province so we can view this information in one glance and have a clearer understanding of the registration history of the individual. | |
| 634. | | A commenter finds that it is not clear whether the reference to securities in the checklist of types of products the applicant may deal in includes options and futures; the commenter presumes that these are not included. A commenter suggests that options and futures be added as separate approval categories. | The form has been revised to include categories for commodities and futures. |
| 635. | **Item 7 – Address for Service** | A commenter questions the appropriateness of permitting residential addresses to be used in this context. | We believe a residential address is an appropriate address for service. |
| 636. | **Item 8 – Proficiency** | **Section 8.1** – **Course or examination information**<br>A commenter suggests that the wording "<u>any</u> post-secondary education and <u>all</u> degrees and diplomas that are relevant to the registration that you are applying for" indicates that any post-secondary education must be disclosed regardless of relevancy to registration.<br><br>The commenter recommends the wording be changed to "any post-secondary education, degrees and diplomas that are relevant to…” | The intent of this question is for the disclosure of any post-secondary education. |
| 637. | | **Section 8.2** - **Student numbers**<br><br>Form requests information on course completed through the Canadian Association of Insurance and Financial Advisors (**CAIFA**). A commenter suggests that this should be updated to “Advocis” which was formed on January 1, 2003, as a result of a merger between CAIFA and the Canadian Association of Financial Planners. | This change has been made. |
| 638. | **Item 9 – Location of Employment** | A commenter requests that a “multiple locations” option be added to this section. This will cover circumstances where individuals may be located in a different branch on a part-time basis. | This change will not be made at this time, however, an NRD change request has been created that will be contemplated after the implementation of the proposed Rule. |
| 639. | | A commenter is very pleased to see that the firms will have the ability to enter a cost center, branch transit number or firm specific | This change has been made. |

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| | | identification number to assist with reconciliation/accounting efforts.<br><br>A commenter requests that this field be set up to accommodate a combination of alpha/numeric entries and have a minimum 18 character capacity. | |
| 640. | **Item 10 – Current Employment and Other Business Activities** | A commenter questions whether one needs to include trade names here if it is already disclosed under Other Names? If so, what is the expectation of firms to move the existing Team Names to Item 1 of the proposed form?<br><br>A few commenters suggest that information pertaining to outside business activities be asked separately from current employment information. The applicant is more likely to understand the different information being sought and is more likely to provide detailed information.<br><br>A few commenters would like some flexibility to indicate the time spent with respect to outside business activity in the form of days/months/quarterly/yearly instead of a fixed number of hours. A few commenters also recommend a section under Item 10 that deals specifically with leaves of absence (personal, parental, disability etc). The commenters recommend adding the following checkboxes: Maternity/Parental Leave (from-to); Long-Term Leave (from–to). | Yes, the trade names are required to be disclosed here. Item 10 does not require the disclosure of "Team Names". This information should be disclosed under Item 1 (since Item 1 requires the disclosure of "any names" used).<br><br>This question is clear that outside business activities are required to be disclosed under current employment.<br><br>We considered these suggestions but concluded the requirement as proposed will provide sufficient information. |
| 641. | | A commenter recommends that an additional question be added to request disclosure regarding Outside Business Activities (OBA). This will provide greater clarity to registrants in understanding their obligations in reporting this information. Further, the commenter suggests that the manner in which the question is drafted in Schedule G is unclear. The disclosure of the employment activities with the sponsoring firm should be separate from the disclosure of the other business activities. | This change will not be made the question is clear that outside business activities are required to be disclosed under current employment. |
| 642. | **Item 12 – Resignations and Terminations** | A few commenters recommend that this question be limited to employers in the securities industry, as opposed to employers generally which we submit casts too wide of a net and is not relevant.<br><br>In addition, the commenters suggest the term "for cause" requires further clarification as it is not a recognized concept in employment law. | The intent of this question is to cover both industry and non-industry employers.<br><br>We have revised the wording "for cause" to read "for just cause for dismissal". |
| 643. | **Item 13 – Regulatory** | A commenter suggests that this question should be a pre- | This field will not be pre-populated by the securities regulators. The |

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| | **Disclosure** | populated field by the securities regulators. This information can be provided by the securities regulators with the correct dates.<br><br>A commenter also wonder whether the two sections regarding securities regulatory authorities (SRAs) and SROs can be combined into one section as the questions are similar in nature and the registrants are repeating the same information in both sections. | applicant or firm is expected to enter the appropriate response to this item.<br><br>We do not agree with the comment as not all individuals will have the same response under the SRA and SRO questions. |
| 644. | **Item 14 – Criminal Disclosure** | A commenter suggest that this section indicates that it is not required to disclose speeding offences etc. for which a pardon has been granted, and such pardon has not been revoked. The commenter questions whether this means it is to disclose this information if a pardon was not granted and the pardon was not revoked?<br><br>With respect to the questions in section (c) and (d), the commenter suggests that a knowledge qualifier be added i.e., "To the best of your knowledge, are you aware of…". | We have re-phrased the question in the form.<br><br>We have added the 'qualifier' in the form. |
| 645. | | A commenter noted that question (c) and (d) should be removed as this information should be captured on the Form 33-109F6. If it cannot be removed, we recommend the following amendments:<br><br>Question (c): **"**<u>To the best of your knowledge</u> are there any outstanding charges against any firm of which you were at the time of the offence was alleged to have taken place in any province, territory state or country, a partner, director, officer or major shareholder?"<br>Question (d): "<u>To the best of your knowledge</u> has any firm, when you were a partner, officer, director or major shareholder, even been convicted of or pleaded guilty o no contest to, or was granted an absolute or conditional discharge from , an offence that was committed in any province , territory, state or country?" | We have revised the wording to add the qualifier "To the best of your knowledge…" in the appropriate places. |
| 646. | **Item 15 – Civil Disclosure** | A few commenters would like clarification on the meaning of "similar conduct" in the context of (a) and (b). | We have revised the wording to read 'similar misconduct' instead of 'similar conduct', as the list of particular forms of conduct referred to in (a) and (b) are each 'misconduct' actions. |
| 647. | **Item 16 – Financial Disclosure** | A commenter questioned the appropriateness of asking whether an applicant has "ever failed to meet a financial obligation of $5,000 or more." Even if such a question is justified, we suggest that specific timeframes be established rather than having an | We agree with the suggestion. We have revised the wording to add a time frame of ten years for item16(2) – Debt Obligations |

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| | | open-ended timeframe.<br><br>The commenter also questions the appropriateness of asking whether “any firm, while you were a partner, director, officer or major shareholder of, failed to meet a financial obligation as it came due”? Even if such a question were justified, the questions should specify thresholds for personal reporting obligations and specific timeframes should be established.<br><br>In Item 16(4), the applicant is required to disclose the “percentage” of earnings to be garnished. A commenter suggests that if the applicant does not have the percentage it should be acceptable to provide the exact amount that is being paid. | We have revised the question.<br><br>We have revised the question. |
| 648. | | A commenter recommend that:<br><br>• the CSA remove “...or has any firm while you were a PDO…” since the registrant would not necessarily be aware whether the firm failed to pay a bill, etc.; and<br><br>Financial suitability should be in relation to the individual. The CSA could include reference to Item 1(3). The question could then read: “Have you or has any business named in Item 1(3) ever failed to meet ….”. | We have revised the section to include the qualifier “To the best of your knowledge…”<br><br>We do not agree. The intent of this question is to specifically include information regarding where the individual was a partner, director, officer or major shareholder of a firm. |
| 649. | | **Section 16.2 – Debt obligations**<br><br>A commenter is of the view that raising the amount from $500 to $5000 does not establish a measure of solvency, financial stability or integrity and determine suitability for registration. The applicant could have 10 outstanding financial obligations of $499.00 each and these would not be reportable – however, one financial obligation of $5000.00 which occurred 12 years ago and which has been paid in full would be reportable. This does not make sense.<br><br>The commenter urges the securities regulators to be clear on what the intent of this question is. If the rationale for this question is that the securities regulators must have full disclosure of an individual's financial history in order to determine suitability, then raising the amount does not accomplish this. However, if the intent of this question is to capture any information not covered in Item 16(1) or 16(4) since no formal proceedings have yet occurred, but which could ultimately result in future legal proceedings, we recommend deleting the word "ever" and changing the wording to require disclosure of any failure to meet a financial obligation of $500.00 or more in the past 10 years for which there is still an outstanding | We agree with the suggestion. We have revised the wording to add a time frame of ten years for item16(2) – Debt Obligations |

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| | | amount owing.<br><br>The commenter notes that credit records only provide information for the past 7 years – it is difficult to obtain and verify information beyond this timeline. An individual who has met all their financial obligations in the past 7 years and has a good credit rating should not be required to provide historical information which has no relevance to their current financial status. Any past financial issues which resulted in legal action, judgments, garnishments, bankruptcies are disclosed under Item 16(1) and 16(4) on the application. | |
| 650. | **Collection and Use of Personal Information/Self Regulatory Organizations** | A commenter would like clarification as to whether this provision will be extended to both the amended Form 33-109F4 and the amended Notice of Termination, Form 33-109F1. If it does, we suggest that the provision be re-worded to indicate the inclusion of the Notice of Termination. | We have made the suggested changes. |
| 651. | **Certification** | A commenter suggests that upon completion of Form 33-109F4 the system should automatically display a "Certificate of Agreement" and the applicant should be required to check a box to indicate that they read the agreement and understand the terms of the agreement prior to submitting the application to the sponsor firm. | We agree that an individual applicant that is making a submission should be attesting to the information they are submitting. The NRD Working Group has changed the 'submit to firm' page to include the same or similar information the firm attests to. |
| 652. | **Schedule A** | A commenter notes that a "trade name" is a business name and therefore reference to trade names should be moved to the next section on business names. | We have revised the question. |
| 653. | **Schedule C** | A commenter is of the view that this does not seem to list the 5 specific individual categories from section 2.6 of the proposed Rule. It is unclear if it will default to one of the 5 categories or if the form is correct. Please clarify. | This section has been substantially revised since the proposed changes were issued for comment. The form now includes the categories for commodities and futures. |
| 654. | **Schedule G** | A commenter finds that the proposed form does not require information regarding name/address and immediate superior if current employment is with the sponsor firm. The commenter questions whether this information is based on information entered in Item 9 – Location of Employment.<br><br>For "other employment or business activities", to simplify completion of this information the commenter recommends that the schedule be set up with check boxes to provide information relating to conflict of interest, client confusion etc.<br><br>Example: | If the checkbox is selected, the firm name and address information will be automatically populated on NRD with the firm head office information. The "Supervisor" information will still be required along with all other items in this section.<br><br>This change will not be made at this time, however a change request for NRD has been created that will be contemplated after the implementation of Registration Reform. |

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| | | o *Check here if the activity described above does not present any potential for confusion by clients or any conflict of interest arising from your proposed activities as a registrant.*<br><br>*Disclose any potential for confusion by clients and any potential for conflicts of interest arising from your proposed activities as a registrant with affiliated or unaffiliated sponsoring firm(s) and with the other business described above.*<br><br>o *Check here to confirm that the firm has policies & procedures for minimizing potential conflicts of interest*<br>o *Check here to confirm that you are aware of these policies & procedures*<br><br>*Is this business listed on any exchange?*<br>o *Yes. If Yes, provide information*<br>o *No*<br><br>*Does this business result in a "shared premise" situation?*<br>o *Yes If Yes, provide information*<br>o *No* | |
| 655. | | A commenter expresses the view that the manner in which the question is drafted in Schedule G is unclear. The disclosure of employment activities with the sponsoring firm should be separate from the disclosure of the other business activities.<br><br>The commenter provides the following recommendation for Schedule G. The commenter suggests that where the firm is required to confirm in the "conflict" section, create check boxes for the confirmation of:<br><br>Potential for Confusion by Clients? (if YES, provide details)<br>Potential for Conflict of Interest? (if YES, provide details)<br>Policies & Procedures in Place at Firm to Minimize Conflict of Interest? (If No, provide details)<br>Registrant Confirmation of Firm's Policies & Procedures | This change will not be made. The question is clear that outside business activities are required to be disclosed under current employment. |
| 656. | | A commenter suggests that since IDA member firms are required to provide the name and title of the officer who approved the outside activity/employment, the CSA should provide an area to | We disagree, Schedule G already provides for this information to be disclosed. |

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| | | enter this information. | |
| 657. | **Schedule J** | A commenter notes that for individuals who are insurance licensed the name of the insurance agency they represent is required and this should be requested on the form. | We have revised the question in the form. |
| 658. | **Schedules K, L and M General Comment** | A commenter finds that an inconsistent format is used for Disclosure Items 14 – 15 and 16. The commenter finds these sections confusing and it is unclear when information is required for an individual only or for an individual and a firm over which the individual exercised control as a partner director etc.<br><br>The following are the commenter's recommendations:<br>• Use the same format for all Disclosure sections<br>• Include "instruction" at the beginning of each section to indicate if information is required for both individual applicant and/or firm when they were a partner, director, etc. | We disagree with this suggestion. |
| 659. | **Schedule K** | A commenter suggests that this should be divided into 2 separate sections – one for an individual (a & b) and another section to be completed for a firm (c & d). | We disagree with this suggestion. |
| 660. | | A commenter notes that applicants are not required to disclose any offence for which a pardon has been granted, providing the pardon has not been revoked. Disclosure however, is required even though an absolute or conditional discharge has been granted.<br><br>The commenter also notes that a person whose criminal record consists only of absolute or conditional discharges is not able or required to apply for a pardon. Under the Criminal Records Act an absolute or conditional discharge handed down by the court on or after July 24, 1992 will automatically be removed from the Canadian Police Information Centre (**CPIC**) computer system one year (absolute discharge) or three years (conditional discharge) after the court decision. Absolute and Conditional discharges received before July 24, 1992 are removed upon written request from the individual.<br><br>The commenter further notes that an individual who may have committed a serious crime and receives a pardon is not required to disclose the information, however, an individual who may have committed a much lesser crime and received an absolute discharge is required to disclose it. The commenter expressed the view that this discrepancy does not ensure fairness and a level | We agree and have revised the wording. |

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| | | playing field for all applicants and does not address the issue of suitability for registration.<br><br>The commenter recommends that the CSA reconsider the disclosure requirements and reword Question 14 to indicate that applicants are not required to disclose the following:<br><br>a) offences for which a pardon has been granted under the Criminal Records Act (Canada) and such pardon has not been revoked.<br><br>b) offences for which an absolute or conditional discharge was granted and which has been purged from the criminal records in accordance with the Criminal Records Act.<br><br>c) offences under the Young Offenders Act (Canada).<br><br>The commenter expresses the view that it is the responsibility of the individual to ensure that records have been removed from CPIC prior to submission of an application.<br><br>This commenter notes that it conducts CPIC checks for all new hires. If applicants have been granted a conditional or absolute discharge and the record has been removed under the Criminal Records Act this will not be disclosed on the report.<br><br>A commenter also recommends that consideration be given to allowing registrants to apply to have their criminal records removed from the NRD system when a pardon is granted or a conditional or absolute discharge has been removed from CPIC under the Criminal Records Act. | |
| 661. | **Schedule L** | A commenter found that section (a) & (b) make no reference to civil proceedings against a firm, however the information is required on the schedule (see Schedule K).<br><br>The commenter notes that an applicant who responds NO to this question would not see Schedule K and therefore would not know that this information was also required for a firm. | We have revised the wording. |
| 662. | **Schedule M** | A commenter notes that section 16.1(a) repeats "against you or the firm" but this phrase is not included in 16.1(b)(c) or (d).<br><br>The commenter suggests removing "or the firm" from Item 16.1(a), or repeating it in Section 16.1(b)(c) and (d) to be consistent. | We have revised the wording. |

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| 663. | | A commenter suggests that schedule M should be divided into 2 sections – one for discharged bankruptcies and one for un-discharged bankruptcies.<br><br>The commenter fails to see the relevance or value of providing a list of all creditors for any discharged bankruptcies. | We have revised the wording. |
| | **FORM 33-109F6 – Application for registration as a dealer, adviser or investment fund manager for securities and/or derivatives** | | |
| 664. | **Sections D to G** | A commenter is concerned that the documents required to be submitted in these sections are operational and may become available to the public under freedom of information requests. The commenter believes that these types of documents are properly regarded as proprietary trade secrets and should be treated as such in the hands of the securities regulators. | All CSA jurisdictions have similar legislation that restricts the release of the information received in applications for registration under freedom of information and protection of privacy laws. In addition there are also local policies in place similar to OSC Policy 13-601- *Public Availability of Material Filed Under the Securities Act*, that state applications for registration are confidential. |
| 665. | | A commenter questions whether this information needs to be provided by existing registrants or existing registrants who will be required to register in a new or an additional category.<br><br>The commenter believes that the existing registrants should be exempted from having to provide this information. | As at the effective date of the proposed Rule, all firm applicants that have not yet applied for registration will be required to use the new Form 33-109F6. If the old Application for Registration as Dealer or Adviser is submitted on or after the effective date, Staff will be returning the entire new business application to you.<br><br>All firms that have already been granted registration by the effective date of the proposed Rule will not be required to submit a new Form 33-109F6. If your firm is registered by the effective date of the proposed Rule and is seeking registration in an additional category, it would only be required to submit a Form 33-109F5 - *Change of Registration Information.* For example, if you are a portfolio manager and wish to add the category of fund manager, a Form 33-109F5 must be submitted. If you are a limited market dealer and need to replace your category with that of an exempt market dealer, again the Form 33-109F5 must be submitted.<br><br>The Director may require the Form 33-109F6 be filed for firms that applied before the effective date of the proposed Rule or for existing registrants but only under exceptional circumstances. |