

6.1.6 Proposed National Instrument 31-101 — Requirements Under the National Registration System

PROPOSED NATIONAL INSTRUMENT 31-101 — REQUIREMENTS UNDER THE NATIONAL REGISTRATION SYSTEM

**PART 1
DEFINITIONS AND INTERPRETATION**

1.1 DEFINITIONS

In this instrument, unless the context otherwise requires,

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

“filing requirements” means the requirements, as they apply to registered individuals, non-registered individuals or registered firms, contained in the securities legislation of the jurisdictions in which a registrant is registered or in which a non-registered individual is approved, pursuant to which such registrant or non-registered individual must file, as and when required, documents and information with the securities regulatory authorities or regulators of such jurisdictions;

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

“fit and proper requirements” means the requirements and prohibitions, as they apply to registered individuals, non-registered individuals or registered firms, contained in the securities legislation of the jurisdictions in which a registrant is registered or in which a non-registered individual is approved or reviewed, with a view to ensuring the suitability of a filer to be registered or to be approved as a non-registered individual, namely as regards the filer’s solvency, integrity and proficiency, but does not mean any requirement to pay fees in connection with a registration or approval;

“individual filer” means a registered individual, an individual submitting an application to become a registered individual or a non-registered individual submitting, or on whose behalf a sponsoring firm has submitted, an application for the approval of such individual as director, partner, officer, compliance officer, branch manager or substantial holder of the sponsoring firm;

“investment dealer” means a dealer registered in the categories referred to in Appendix A to this instrument under the heading “Investment Dealer”;

“MI 31-102” means Multilateral Instrument 31-102 National Registration Database, as amended, supplemented or replaced from time to time;

“MI 33-109” means Multilateral Instrument 33-109 Registration Information, as amended, supplemented or replaced from time to time;

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

“mutual fund dealer” means a dealer registered in the categories referred to in Appendix A to this instrument under the heading “Mutual Fund Dealer”;

“National Registration System” or “NRS” means the registration system implemented in each jurisdiction pursuant to the MRRS MOU, and as set out under this instrument and NP 31-201, to facilitate the registration or approval in more than one jurisdiction, or in jurisdictions other than the home jurisdiction, of investment dealers, mutual fund dealers, unrestricted advisers and the individuals associated therewith;

“NI 14-101” means National Instrument 14-101 Definitions, as amended, supplemented or replaced from time to time;

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

“non-registered individual” means an individual who is a director, partner, officer or, in British Columbia, Alberta and Ontario only, substantial holder of a firm filer, but who is not registered to trade or advise on behalf of the firm filer;

“notice requirements” means the requirements, as they apply to registered individuals, non-registered individuals or registered firms, contained in the securities legislation of the jurisdictions in which a registrant is registered or in which

a non-registered individual is approved, pursuant to which such registrant or non-registered individual must notify, as and when required, the securities regulatory authorities or regulators of such jurisdictions of changes and events;

“NP 31-201” means National Policy 31-201 National Registration System, as amended, supplemented or replaced from time to time;

“NRS document” means the document issued by the principal regulator for an application made under the NRS that evidences that a decision on the application has been made by the principal regulator and the non-principal regulators that have opted into the NRS for that application, and that evidences the terms of such decision;

“principal regulator” means, for a filer, the securities regulatory authority or regulator determined or redesignated in accordance with NP 31-201;

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

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

“registrant” means a registered firm or registered individual;

“regulator” means, for the local jurisdiction, the person referred to in Appendix D of NI 14-101 opposite the name of the local jurisdiction and shall include, when the context so requires, any SRO to whom such person has delegated its duties and powers in connection with registration applications and any SRO whom such person has authorized to exercise its powers in connection with the same;

“securities legislation” means, for the local jurisdiction, the statute and other instruments referred to in Appendix B of NI 14-101 opposite the name of the local jurisdiction and, for Québec, also means the Act respecting the distribution of financial products and services (R.S.Q., c. D-9.2) and the regulations under that act;

“securities regulatory authority” means, for the local jurisdiction, the securities commission or similar regulatory authority referred to in Appendix C of NI 14-101 opposite the name of the local jurisdiction and shall include, when the context so requires, any SRO to whom such securities commission or similar regulatory authority has delegated its duties and powers in connection with registration applications and any SRO whom such securities commission or similar regulatory authority has authorized to exercise its powers in connection with the same, and, in Québec, also means the Bureau des services financiers or, once operational, the Agence nationale d’encadrement des services financiers;

“sponsoring firm” means,

- (a) for a registered individual, the registered firm on whose behalf the individual trades or advises,
- (b) for an individual submitting an application to become a registered individual, the registered firm, or the person or company submitting an application to become a registered firm, on whose behalf the individual proposes to trade or advise,
- (c) for a non-registered individual of a registered firm, the registered firm, or
- (d) for a non-registered individual of a person or company submitting an application to become a registered firm, the person or company that is submitting the application;

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

“unrestricted adviser” means an adviser registered in the categories referred to in Appendix A to this instrument under the heading “Unrestricted Adviser”.

1.2 INTERPRETATION

- (1) For the purposes of this instrument, the term “registration” shall include a renewal of registration, reinstatement of registration or amendment to registration, where appropriate.

- (2) An SRO shall be considered a principal jurisdiction, for the purpose of the application of this instrument, when an application is made in a jurisdiction where a delegation of authority exists in favour of the SRO.

PART 2 APPLICATION AND ELIBIGILITY

2.1 APPLICATION OF THE NRS

The National Registration System must be used by

- (a) a sponsoring firm submitting an application on behalf of a non-registered individual, or a non-registered individual submitting an application, as the case may be, for the approval of the individual as director, partner, officer, compliance officer, branch manager or substantial holder of the sponsoring firm, or
- (b) an individual submitting an application for registration or reinstatement of registration or a registered individual submitting an application for renewal of registration or amendment to registration, to trade or advise on behalf of a registered firm or on behalf of a person or company applying to become a registered firm,

when the application is submitted in more than one jurisdiction or in a jurisdiction of a non-principal regulator and when the individual's sponsoring firm has elected to use the NRS, provided that such individual is eligible to use the NRS.

2.2 ELIGIBILITY

- (1) For a firm filer to be eligible to use the NRS, the following conditions must be satisfied:
- (a) the firm must have a business office located in Canada;
 - (b) the firm must be a registered firm, or be submitting an application to become a registered firm, in the jurisdiction of its principal regulator and in at least one other jurisdiction, in corresponding categories;
 - (c) the firm must have elected to use the NRS and must have submitted a completed Form 31-201F1.
- (2) For an individual filer to be eligible to use the NRS, the following conditions must be satisfied:
- (a) the individual filer must reside in Canada;
 - (b) with respect to an application for registration, the individual filer must be a registered individual, or be submitting an application to become a registered individual, in the jurisdiction of his or her principal regulator and in at least one other jurisdiction, in a corresponding category of registration;
 - (c) the individual filer's sponsoring firm must be eligible and have elected to use the NRS and must have submitted a completed Form 31-201F1.

PART 3 APPLICABLE REQUIREMENTS

3.1 EXEMPTIONS FROM NON-PRINCIPAL REGULATOR REQUIREMENTS

- (1) A filer submitting an application under the NRS or electing to use the NRS is exempt from the fit and proper requirements, notice requirements and filing requirements applicable in the jurisdictions of the filer's non-principal regulators, provided that the filer satisfies the requirements applicable in the jurisdiction of the filer's principal regulator.
- (2) A filer submitting an application under the NRS is also exempt from the requirement to hold a certificate of registration or to have received written notice of the registration prior to conducting registrable activities, applicable in the jurisdiction of each non-principal regulator that opts into the NRS in connection with that application, provided that the filer has received an NRS document from its principal regulator.

3.2 TEMPORARY EXEMPTION

Where the principal regulator of a registrant is changed in accordance with NP 31-201, the registrant is exempt from the fit and proper requirements applicable in the jurisdiction of the redesignated principal regulator for a period of six months following the effective date of the change of principal regulator, provided that the registrant continues to satisfy the fit and proper requirements applicable in the jurisdiction of its previous principal regulator during that period.

3.3 TERMINATION OF EXEMPTIONS

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

**PART 4
TRANSITION**

4.1 REGISTRATIONS OR APPROVALS OF INDIVIDUAL FILERS IN QUÉBEC

Individual filers whose principal regulator is a securities regulatory authority in Québec will not be exempt from the filing requirements contained in MI 33-109 and MI 31-102, unless similar requirements are adopted in Québec.

**PART 5
EXEMPTION**

5.1 EXEMPTION

The securities regulatory authorities or regulators 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.

**PART 6
EFFECTIVE DATE**

6.1 EFFECTIVE DATE

This instrument shall come into force on June 30, 2004.

APPENDIX A

REGISTRATION CATEGORY CONCORDANCE

	<u>INVESTMENT DEALER</u>	<u>MUTUAL FUND DEALER</u>	<u>UNRESTRICTED ADVISER</u>
Alberta	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
British Columbia	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
Manitoba	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
New Brunswick	Broker	Broker restricted to distributing securities of mutual funds approved for distribution in New Brunswick	Broker restricted to providing investment counseling and portfolio management services
Newfoundland & Labrador	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
Nova Scotia	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
Ontario	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
Prince Edward Island	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
Québec	Dealer with an unrestricted practice	Group savings plan firm	Adviser with an unrestricted practice
Saskatchewan	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
Yukon	Broker	Broker	Broker
Northwest Territories	Broker	Broker	Broker
Nunavut	Broker	Broker	Broker