

## Chapter 6

# Request for Comments

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### 6.1.1 Proposed Amendment to OSC Rule 31-502 Proficiency Requirements for Registrants

#### REQUEST FOR COMMENTS

#### PROPOSED AMENDMENT TO ONTARIO SECURITIES COMMISSION RULE 31-502 PROFICIENCY REQUIREMENTS FOR REGISTRANTS

##### Introduction

The Commission is proposing an amendment to Rule 31-502 *Proficiency Requirements for Registrants*.

##### Substance and Purpose of Proposed Amendment

The proposed amendment would revise the post-registration proficiency requirements for salespersons of brokers, investment dealers or securities dealers. Currently, after a salesperson's initial registration, the salesperson has 30 months to complete one of two courses in order to avoid suspension of their registration. An equivalent provision, with the same course requirements, also existed in Policy 6 of the Investment Dealers Association of Canada (the IDA). In July 2006 the course requirements of the IDA Policy 6 provision were revised. This amendment is intended to amend the Rule 31-502 provision to match the revised IDA Policy 6 provision.

##### Summary of the Proposed Amendment

Section 2.1 of Rule 31-502 prescribes proficiency requirements for salespersons of investment dealers (it also refers to brokers and securities dealers, but these are no longer used as categories of registration). Subsection 2.1(1) sets the criteria for initial registration as a salesperson, which primarily requires the completion of the Canadian Securities Course and either the Conduct and Practices Course or the Partners, Directors and Senior Officers Qualifying Examination.

After the salespersons has been granted initial registration, the salesperson then has a post-registration proficiency requirement in subsection 2.1(2) which requires them to complete either the Professional Financial Planning Course (the PFPC) or the first course of the Canadian Investment Management Program (currently referred to as the Investment Management Techniques course)(the IMT). The PFPC or IMT must be completed either prior to the salesperson's initial registration, or within 30 months after their initial registration.

Until recently, the post-registration proficiency requirements under subsection 2.1(2) were substantially the same as those under IDA Policy 6, Part I, Section A.3(c). On June 5, 2006 the OSC, and other regulators, issued a Notice of Approval regarding an amendment to IDA Policy 6, Part I, Section A.3(c) to change the IDA post-registration proficiency requirement from completion of either the PFPC or IMT, to a new course called Wealth Management Essentials (the WME). This amendment to IDA Policy 6 was effective July 4, 2006. As a result of this amendment and the implementation of the new WME course, the post-registration proficiency requirements in Rule 31-502 and IDA Policy 6, Part I, Section A.3(c) are no longer consistent. Salespersons in Ontario who complete the WME course during the period of this inconsistency may therefore require exemptive relief from the Rule 31-502 provisions.

This amendment is intended to remove the need for exemptive relief by amending the post-registration proficiency requirement in subsection 2.1(2) of Rule 31-502 to reflect the new WME course.

##### Authority for Proposed Amendments

The following provisions of the *Securities Act* provide the Commission with authority to make the proposed amendments:

Paragraph 143(1)1 authorizes the Commission to make rules prescribing requirements in respect of applications for registration and the renewal, amendment, expiration or surrender of registration.

Paragraph 143(1)2 authorizes the Commission to make rules prescribing the conditions of registration or other requirements for registrants or any category or sub-category of registrant.

**Alternatives Considered**

The Commission, along with the other CSA members, has published for comment National Instrument 31-103 *Registration Requirements*. The proposed instrument does not include post-registration proficiency requirements for salespersons of SRO members and leaves them to be set by the SRO's in their by-laws. The Commission has decided that until NI 31-103 becomes effective it would be appropriate to simply amend and update the Rule 31-502 course requirements as proposed here.

**Unpublished Materials**

In proposing this amendment, the Commission has not relied on any significant unpublished study, report, decision or other written materials.

**Anticipated Costs and Benefits**

The Commission believes that the proposed amendment will eliminate the necessity for exemptive relief from the post-registration requirements of Rule 31-502 for salespersons of investment dealers who comply with the recently revised post-registration course requirements in IDA Policy 6, Part I, Section A.3(c). There will be no new costs resulting from the amendment if it is adopted.

**Regulations Revoked or Amended**

The proposed amendment does not require any regulations to be revoked or amended other than as described above.

**Comments**

Interested parties are invited to make written submissions with respect to the proposed amendments. Submissions received by June 7, 2007 will be considered.

Submissions should be sent to:

John Stevenson, Secretary  
Ontario Securities Commission  
20 Queen Street West  
19th Floor, Box 55  
Toronto, Ontario M5H 3S8  
[jstevenson@osc.gov.on.ca](mailto:jstevenson@osc.gov.on.ca)

If you are not sending your comments by e-mail, please send us two copies of your letter, together with a diskette containing your comments (in MS Word format). As the *Securities Act* requires that a summary of the written comments received during the comment period be published, confidentiality of submissions cannot be maintained.

Questions may be referred to:

Geoffrey Ritchie  
Legal Counsel  
Ontario Securities Commission  
(416) 593-8297  
[gritchie@osc.gov.on.ca](mailto:gritchie@osc.gov.on.ca)

March 9, 2007

**ONTARIO SECURITIES COMMISSION RULE 31-502  
PROFICIENCY REQUIREMENTS FOR REGISTRANTS  
AMENDMENT INSTRUMENT**

**PART 1 AMENDMENT TO RULE 31-502**

**1.1 Amendment** – Section 2.1(2) of Ontario Securities Commission Rule 31-502 *Proficiency Requirements for Registrants* is amended by:

- (a) replacing the wording of subsection (2)(a) with: “completed the Wealth Management Essentials course before the registration was granted; or”, and
- (b) replacing the wording of subsection (2)(b) with: “before the end of the thirty month period, completed the Wealth Management Essentials course.”

**2.1 Effective Date** – This amendment comes into force on ●, 2007.