

PROVINCE OF BRITISH COLUMBIA

RULE OF THE BRITISH COLUMBIA SECURITIES COMMISSION

Securities Act

The British Columbia Securities Commission orders that, effective February 28, 2012, National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, B.C. Reg. 226A/2009, is amended as set out in the attached Schedule.

DEPOSITED
February 22, 2012
B.C. REG. 27/2012

February 21, 2012
Date


British Columbia Securities Commission

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made:

Act and section: Securities Act, R.S.B.C. 1996, c. 418, s. 184

Other: _____

SCHEDULE

1 Section 1.1 is amended by adding the following definitions:

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

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

2 Section 3.16 is amended by adding the following subsections:

(1.1) Subsection (1) only applies to a registered individual who is a dealing representative of 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.

(2.1) Subsection (2) only applies to a registered individual who is a dealing representative of a member of the MFDA in respect of a requirement specified in paragraphs (2) (a) or (b) if the registered individual complies with the corresponding MFDA Provisions that are in effect.

3 Section 9.3 is amended by adding the following subsections:

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

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

4 Section 9.4 is amended by adding the following subsections:

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

(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.

5 The following appendices are added:

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 <i>[capital requirements]</i>	1. Dealer Member Rule 17.1; and 2. Form 1 <i>Joint Regulatory Financial Questionnaire and Report – Part I, Statement B, “Notes and Instructions”</i>
section 12.2 <i>[notifying the regulator of a subordination agreement]</i>	1. Dealer Member Rule 5.2; and 2. Dealer Member Rule 5.2A
section 12.3 <i>[insurance – dealer]</i>	1. Dealer Member Rule 400.2 <i>[Financial Institution Bond]</i> ; 2. Dealer Member Rule 400.4 <i>[Amounts Required]</i> ; and 3. Dealer Member Rule 400.5 <i>[Provisos with respect to Dealer Member Rules 400.2, 400.3 and 400.4]</i>
section 12.6 <i>[global bonding or insurance]</i>	1. Dealer Member Rule 400.7 <i>[Global Financial Institution Bonds]</i>
section 12.7 <i>[notifying the regulator of a change, claim or cancellation]</i>	1. Dealer Member Rule 17.6; 2. Dealer Member Rule 400.3 <i>[Notice of Termination]</i> ; and 3. Dealer Member Rule 400.3B <i>[Termination or Cancellation]</i>
section 12.10 <i>[annual financial statements]</i>	1. Dealer Member Rule 16.2 <i>[Dealer Member Filing Requirements]</i> ; and 2. Form 1 <i>Joint Regulatory Financial Questionnaire and Report</i>
section 12.11 <i>[interim financial information]</i>	1. Dealer Member Rule 16.2 <i>[Dealer Member Filing Requirements]</i> ; and 2. Form 1 <i>Joint Regulatory Financial Questionnaire and Report</i>
section 12.12 <i>[delivering financial information – dealer]</i>	1. Dealer Member Rule 16.2 <i>[Dealer Member Filing Requirements]</i>
subsection 13.2 (3) <i>[know your client]</i>	1. Dealer Member Rule 1300.1 (a) to (n) <i>[Identity and Creditworthiness]</i> ; 2. Dealer Member Rule 1300.2; 3. Dealer Member Rule 2500, Section II <i>[Opening New Accounts]</i> ; and 4. Form 2 <i>New Client Application Form</i>
section 13.3 <i>[suitability]</i>	1. Dealer Member Rule 1300.1 (o) <i>[Business Conduct]</i> ; 2. Dealer Member Rule 1300.1 (p) <i>[Suitability Generally]</i> ; 3. Dealer Member Rule 1300.1 (q) <i>[Suitability Determination Required When Recommendation Provided]</i> ;

NI 31-103 Provision	IIROC Provision
	<ol style="list-style-type: none"> 4. Dealer Member Rule 1300.1 (r) and Dealer Member Rule 1300.1 (s) <i>[Suitability Determination Not Required]</i>; 5. Dealer Member Rule 1300.1 (t) <i>[Corporation Approval]</i>; 6. Dealer Member Rule 2700, Section I <i>[Customer Suitability]</i>; and 7. Dealer Member Rule 3200 <i>[Minimum Requirements for Dealer Members Seeking Approval Under Rule 1300.1 (t) for Suitability Relief for Trades not Recommended by the Member]</i>
section 13.12 <i>[restriction on lending to clients]</i>	1. Dealer Member Rule 100 <i>[Margin Requirements]</i>
section 13.13 <i>[disclosure when recommending the use of borrowed money]</i>	1. Dealer Member Rule 29.26
section 13.15 <i>[handling complaints]</i>	<ol style="list-style-type: none"> 1. Dealer Member Rule 2500B <i>[Client Complaint Handling]</i>; and 2. Dealer Member Rule 2500, Section VIII <i>[Client Complaints]</i>
subsection 14.2 (2) <i>[relationship disclosure information]</i>	<ol style="list-style-type: none"> 1. Dealer Member Rule 3500 <i>[Relationship Disclosure]</i>; 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>
section 14.6 <i>[holding client assets in trust]</i>	1. Dealer Member Rule 17.3
section 14.8 <i>[securities subject to a safekeeping agreement]</i>	<ol style="list-style-type: none"> 1. Dealer Member Rule 17.2A; and 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 14.12 <i>[content and delivery of trade confirmation]</i>	1. Dealer Member Rule 200.1 (h)

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 <i>MFDA Financial Questionnaire and Report</i>; and 5. Policy No. 4 <i>[Internal Control Policy Statements – Policy Statement 2: Capital Adequacy]</i>
section 12.2 <i>[notifying the regulator of a subordination agreement]</i>	<ol style="list-style-type: none"> 1. Form 1 <i>MFDA Financial Questionnaire and Report</i>, Statement F <i>[Statement of Changes in Subordinated Loans]</i>; and 2. Membership Application Package – Schedule I <i>(Subordinated Loan Agreement)</i>
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>; and 4. 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 <i>MFDA Financial Questionnaire and Report</i>
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 <i>MFDA Financial Questionnaire and Report</i>
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>
section 13.15 <i>[handling]</i>	<ol style="list-style-type: none"> 1. Rule 2.11 <i>[Complaints]</i>;

NI 31-103 Provision	MFDA Provision
<i>complaints</i>	<ol style="list-style-type: none"> 2. Policy No. 3 [<i>Complaint Handling, Supervisory Investigations and Internal Discipline</i>]; and 3. Policy No. 6 [<i>Information Reporting Requirements</i>]
subsection 14.2 (2) [<i>relationship disclosure information</i>]	<ol style="list-style-type: none"> 1. Rule 2.2.5 [<i>Relationship Disclosure</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 14.12 [<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 Payment Plans</i>]; and 3. Rule 5.4.3 [<i>Content</i>]