

LPS 3-22 (INTERIM) Requirements For Registration For Trading In Securities

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PART TITLE

PART 1 IMPLEMENTATION AND APPLICATION

- 1.1 Local Policy Statement 3-22 dated February 1, 1987 is rescinded and the following substituted therefor, effective February 10, 1989. This revised Interim Local Policy Statement has been revised primarily as a consequence of recent amendments to the Securities Regulation, B.C. Reg.270/86.
- 1.2 The Commission is currently working on further and more substantive amendments resulting from reviews of the registration process and the reporting and monitoring requirements for registrants. A revised draft Local Policy Statement will be issued for public comment prior to finalization.
- 1.3 The Securities Act and Securities Regulation provide a legal framework for regulation of securities issued to the public and persons who trade in securities. This Local Policy Statement deals with registration provisions which apply, under Part 4 of the Act and Regulation, to persons who trade in or advise on trading in securities. Reference should be made to the Act and Regulation for information on exemptions from registration.
- 1.4 The legislation and this policy are intended to ensure that the investing public receives expert advice and ethical treatment from persons engaged in the securities business. Minimum required levels of competence are established for those seeking registration. The Superintendent of Brokers may withdraw or withhold registration from those who demonstrate lack of competence or fail to maintain ethical standards. The Superintendent may also impose conditions or restrictions on a registrant.

PART 2 DEFINITIONS

- 2.1 in this Local Policy Statement:

"Canadian Investment Finance Course" means the course prepared and conducted by the Canadian Securities Institute and so designated by that Institute. Information on this course may be obtained by contacting:

The Canadian Securities Institute
1063 Bentall 3
595 Burrard Street
Vancouver, B.C. V7X 1J1
(604) 683-1338

"Canadian Investment Funds Course" means the course prepared and conducted by the Education Division of the

Investment Funds Institute of Canada and so designated by that Institute. Information on this course may be obtained by contacting:

Investment Funds Institute of Canada
Suite 400 - 70 Bond Street
Toronto, Ontario M5B 1X2
(416) 363-2158

"Canadian Securities Course" means the course prepared and conducted by the Canadian Securities Institute and so designated by that Institute.

"Chartered Financial Analyst Course" means the course prepared and conducted by the Institute of Chartered Financial Analysts and so designated by that Institute. Information on this course may be obtained by contacting:

Institute of Chartered Financial
Analysts
University of Virginia
P.O. Box 3668
Charlottesville, Virginia 22903
U. S. A.

"Contingency Fund" means the British Columbia Contingency Fund as referred to in Section 25 of the Regulation. Participation is required for all Securities Dealers, Mutual Fund Dealers, Scholarship Plan Dealers and Real Estate Dealers. Information may be obtained by contacting the fund's trustee:

Guaranty Trust Company of Canada
800 West Pender Street
Vancouver, B.C. V6C 2V7
(604) 681 - 0151

"Investment Funds in Canada Course" means the course prepared and conducted by The Institute of Canadian Bankers. Information on this course may be obtained by contacting:

The Institute of Canadian Bankers
1981 McGill College Avenue
Montreal, Quebec H3A 2X2

"Joint Regulatory Financial Questionnaire and Report" means the documents referred to in Section 4(2) of the Regulation.

"National Contingency Fund" is the fund established by the Investment Dealers Association and the Canadian exchanges to protect the clients of their members. Participation is a requirement for all Brokers and Investment Dealers.

"Partners', Directors', and Senior officers' Qualifying Examination" means the examination prepared and conducted

by the Canadian Securities Institute and so designated by that Institute.

"Real Estate Security" is defined in Section 13(l) of the Regulation to mean a security of an issuer whose assets that are the principal subject of its business consist of real property, a partnership interest in real property or documents evidencing an interest in real property.

"Registered Representative Examination" means the examination based on the Manual for Registered Representatives prepared and conducted by the Canadian securities Institute and so designated by that Institute.

"Surety Bond" means a bond provided pursuant to Section 5 of the Bonding Act, which reads as follows:

"A bond provided for bonding purposes shall be provided to the obligee in a form satisfactory to him and shall be taken in the name of the obligee and his successors in office, who shall hold the bond in trust for and as representatives of claimants whose rights to recover on the bond may be established."

2.2 Terms defined in the Act and the Regulation and used in this Local Policy Statement have the same meaning as in the Act and the Regulation.

PART 3 REGISTRATION REQUIREMENTS GENERAL

3.1 Registration under the Act is required for persons who engage in the following activities:

a) Dealer

A person who engages in the trading of securities as principal or agent must be registered as a dealer. The term trade, as defined in Section 1 of the Act, encompasses a broad range of activities relating to transactions in securities. Refer to Part 4 of this Local Policy Statement for the different categories of dealer.

b) Underwriter

A person who participates in distributions of securities must be registered as an underwriter. A distribution is a trade of securities either not previously issued (a primary distribution) or previously issued but subject to certain trading restrictions (a secondary distribution).

c) Adviser

A person who engages in, or holds himself out as engaging in, the business of advising another with respect to investment in or the purchase or sale of securities must be registered as an adviser.

3.2 Dealers usually employ salesmen, who must also be registered under the Act. Specific registration requirements for salesmen will be found under each dealer category in Part 4 of this Local Policy Statement. The following requirements apply to all categories of salesmen registered under the Act:

- a) An individual should not hold any other class of registration concurrent with registration as a salesman. An exception, which permits dual registration of a salesman under both the Insurance Act and the Securities Act, is set out in Local Policy Statement 3-16.
- b) Unless otherwise authorized by the Superintendent, registration as a salesman shall constitute full-time employment. Reference should be made to Section 64 of the Regulation with regard to full time employment and any exemptions from this requirement.
- c) Registration as a salesman is only available to a person employed by a dealer. Termination of employment with a dealer serves to suspend the registration of a salesman.

3.3 All registrations except those for security issuers and their salesmen are issued for a 2 year anniversary period.

3.4 Educational requirements are established in Parts 4 to 6 for various categories of registrant. To ensure that persons re-entering the industry remain current, the following examinations must be rewritten after an absence of five or more years from the industry:

- 1) Registered Representatives Manual Exam
- 2) Partners/Directors/Senior Officers Qualifying Exam
- 3) Canadian Investment Funds Exam
- 4) Investment Funds in Canada Exam

The Canadian Securities Course Exam, Canadian Investment Finance Exam and Chartered Financial Analyst Exam must be rewritten after an absence of ten or more years from the industry.

3.5 As a result of recent changes in industry ownership rules, registrants are permitted to have a much broader range of affiliations than was previously allowed. However, there are several requirements that must be observed by registrants or applicants for registration.

- a) Section 17 of the Regulation provides that no registrant or partner, officer or associate of a registrant shall have a direct or indirect interest in any other registrant without the approval of the Superintendent.
- b) Section 72.2 of the Regulation requires a registrant to notify the Superintendent where another person is about to acquire or has acquired beneficial ownership of 10% or more of any class of the registrant's voting securities.

- c) Section 72.3 of the Regulation requires that any registrant intending to carry on any other business than that of an adviser, dealer or underwriter give the Superintendent written notice at least 30 days before the registrant commences carrying on the other business.
- d) Any affiliate of a bank registered under the Bank Act (Canada), of a trust company or insurance company incorporated under federal legislation, or of a foreign bank, as defined in the Bank Act, should contact the Office of the Superintendent of Financial Institutions, Canada, prior to or concurrently with making an application for registration.

3.6 Under Section 159(2) of the Act, the Commission has delegated some of its registration authority to the following organizations:

Organization	Registration of
Vancouver Stock Exchange (689-3334; Local 552) P.O. Box 10333 609 Granville Street Vancouver, B.C. V7Y 1H1	Brokers Principals Salesmen
Investment Dealers Assoc. of Canada - Pacific District (683-1338) P.O. Box 49151 #1063, Bentall Centre Three 595 Burrard Street Vancouver, B.C. V7X 1J1	Investment Dealers Principals Salesmen

Persons applying under the Broker or Investment Dealer categories must designate the relevant organization noted above as the registration organization. Enquiries and correspondence concerning registration should be directed to the registration organization. Registration fees payable to the Commission by registrants should be made out to the relevant organization as payee and sent to the organization with the application for registration or renewal.

3.7 Parts 4 to 6 outline the registration requirements for each category of registrant. Registration requirements for principals are discussed first, followed by registration requirements for salesmen. The Forms referred to may be obtained from the Commission. Alternative forms as agreed to by the Vancouver Stock Exchange, the Investment Dealers Association and the Superintendent will also be accepted where registration powers and duties for a class of registrant have been delegated by the Superintendent to the self-regulatory body.

4.1 BROKER

a) Principals

Registration in this category is reserved for members of the Vancouver Stock Exchange. It permits trading in securities as agent or principal and includes registration as an underwriter. Applicants in this category should contact the Vancouver Stock Exchange before making application. The following requirements must be met in support of an application in the broker category.

- i) Form 3 must be filed with the Vancouver Stock Exchange.
- ii) The registration fee of \$3,000 and the applicable VSE fee must be paid to the VSE.
- iii) Applicant must meet the requirement for minimum net free capital, computed in accordance with the Joint Regulatory Financial Questionnaire and Report.
- iv) If any portion of the capital is borrowed, the application must include an unconditional subordination agreement.
- v) Form 4 must be filed with the Vancouver Stock Exchange by all officers, directors, partners and beneficial owners of 10% or more of the outstanding shares of the dealer.
- vi) The applicant is required to become a participant in the National Contingency Fund to comply with Section 25 of the Regulation.
- vii) All employees of the registrant handling and/or responsible for receipt and delivery of cash and securities must be designated in writing by the registrant to the Superintendent and bonded for at least \$5,000 each.
- viii) Where the applicant is a firm or company, the application must identify a designated partner, director or officer of the applicant ("designated individual"), for whom proof must be submitted of
 - passing the Canadian Securities Course, the examination based on the Registered Representatives' Manual and the Partners'/Directors'/Senior officers' Qualifying Examination;

- at least seven continuous years experience in the securities business, two continuous years of which must have been with a member of a major stock exchange, or five years continuous experience with a member house in a sales or managerial sales capacity; and
 - residence in the Province.
- ix) A fee of \$500 must be paid for each designated individual.
 - x) The applicant must obtain membership in good standing with the Vancouver Stock Exchange.
 - xi) The application must indicate the date of the applicant's fiscal year end.
- b) Salesmen
- i) Form 4 to the Vancouver Stock Exchange.
 - ii) Fee \$500 and applicable Vancouver Stock Exchange fees.
 - iii) Residence in the Province as specified in Section 21(2) of the Act.
 - iv) Vancouver Stock Exchange approval.

c) Conditions of Registration

The following are conditions of registration for persons registered in the broker category. These are in addition to any statutory, regulatory or common law requirements.

- i) The registrant shall file with the Superintendent a copy of its annual financial statements at the same time they are filed with the Vancouver Stock Exchange.
- ii) The registrant shall comply with all local, uniform and national policies. It is the registrant's responsibility to be informed of their requirements.

4.2 INVESTMENT DEALER

a) Principals

Registration in this category is reserved for members of the Investment Dealers Association. It permits trading in securities as agent or principal and includes registration as an underwriter. Applicants in this category should contact the Investment Dealers Association before making application. The following requirements must be met in support of an application in the investment dealer category.

- i) Form 3 must be filed with the investment Dealers Association.
- ii) The registration fee of \$3,000 and the applicable investment Dealers Association fee must be paid to the Investment Dealers Association.
- iii) Applicant must meet the requirement for minimum net free capital, computed in accordance with the Joint Regulatory Financial Questionnaire and Report.
- iv) If any portion of the capital is borrowed, the application must include an unconditional subordination agreement.
- v) Form 4 must be filed with the Investment Dealers Association by all officers, directors, partners and beneficial owners of 10% or more of the outstanding shares of the dealer.
- vi) The applicant is required to become a participant in the National Contingency Fund to comply with Section 25 of the Regulation.
- vii) All employees of the registrant handling and/or responsible for receipt and delivery of cash and securities must be designated in writing by the registrant to the Superintendent and bonded for at least \$5,000 each.
- viii) Where the applicant is a firm or company, the application must identify a designated partner, director or officer of the applicant ("designated individual"), for whom proof must be submitted of:
 - passing the Canadian Securities Course, the examination based on the Registered Representatives' Manual and the Partners'/Directors'/Senior officers' Qualifying Examination;
 - at least seven continuous years experience in the securities business, two continuous years of which must have been with a member of a major stock exchange, or five years continuous experience with a member house in a sales or managerial sales capacity; and
 - residence in the Province.
- ix) A fee of \$500 must be paid for each designated individual.

- x) The applicant must obtain membership in good standing with the Investment Dealers Association.
 - xi) The application must indicate the date of the applicant's fiscal year end.
- b) Salesmen
- i) Form 4 to the Investment Dealers Association.
 - ii) Fee \$500 and applicable Investment Dealers Association fees.
 - iii) Residence in the Province as specified in Section 21(2) of the Act.
 - iv) Investment Dealers Association approval.
- c) Conditions of Registration

The following are conditions of registration for persons registered in the investment dealer category. These are in addition to any statutory, regulatory or common law requirements.

- i) The registrant shall file with the Superintendent a copy of its annual financial statements at the same time they are filed with the Investment Dealers Association.
- ii) The registrant shall comply with all local, uniform and national policies. It is the registrant's responsibility to be informed of their requirements.

4.3 SECURITIES DEALER

a) Principals

Registration in this category authorizes the registrant to trade in all kinds of securities as an agent or principal. The registrant need not be a member of a stock exchange. The following requirements must be met in support of an application.

- i) Form 3 must be filed with the Superintendent.
- ii) The registration fee of \$3,000, payable to the Minister of Finance, must accompany the application.
- iii) Minimum net free capital computed in accordance with the Joint Regulatory Financial Questionnaire and Report, but including the capital requirement or adjusted liabilities to a minimum of \$50,000 instead of the minimum of \$75,000 as set out in that questionnaire and report.

- iv) If any portion of the capital is borrowed, the application must include an unconditional subordination agreement.
- v) Form 4 must be filed with the Superintendent of Brokers by all officers, directors, partners and beneficial owners of 10% or more of the outstanding shares of the dealer.
- vi) The applicant in this category is required to become a participant in the Contingency Fund, for the protection of clients, by depositing to the Fund the amount of \$15,000.
- vii) The applicant must obtain and maintain a surety bond in the principal amount of \$25,000.
- viii) All employees of the registrant handling and/or responsible for receipt and delivery of cash and securities must be designated in writing by the registrant to the Superintendent and bonded for at least \$5,000 each. This bond must be filed with the Superintendent.
- ix) Where the applicant is a firm or company, the application must identify a designated partner, director or officer of the applicant ("designated individual"), for whom proof must be submitted of:
 - passing the Canadian Securities Course, the examination based on the Registered Representatives' Manual and the Partners'/Directors'/Senior Officers' Qualifying Examination;
 - at least seven continuous years experience in the securities business, two continuous years of which must have been with a member of a major stock exchange, or five years continuous experience with a member house in a sales or managerial sales capacity; and
 - residence in the Province.
- x) A fee of \$500 must be paid for each designated individual.
- xi) The application must indicate the date of the applicant's fiscal year end.
- xii) The application must include a copy of the direction to the applicant's auditor to conduct any audit required by the Superintendent under Section 19 of the Act and Section 72(l) of the Regulation.

b) Salesmen

An individual must meet the following requirements to obtain registration as a salesman of a securities dealer.

- i) Form 4 must be filed with the Superintendent.
- ii) Fee \$500.
- iii) Surety Bond for \$1,000 principal amount.
- iv) Three months training period and proof of passing Canadian Securities Course and the examination based on the Registered Representatives manual.
- v) Residence in the Province as specified in Section 21(2) of the Act.

c) Conditions of Registration

The following are conditions of registration for persons registered in the securities dealer category. These are in addition to any statutory, regulatory or common law requirements.

i) Financial Assistance

The registrant shall not accept financial assistance, directly or indirectly, from any person other than a bank, trust company, insurance company or like institution, without first obtaining the Superintendent's written consent thereto.

ii) Capital Loans

Where a director, officer, partner or shareholder of the registrant advances money by way of a capital loan to the registrant, the director, officer, partner or shareholder shall forthwith execute and file with the Superintendent a Subordination Agreement in the form prescribed by the Superintendent.

iii) Local, Uniform and National Policies

The registrant shall comply with all local, uniform and national policies. It is the registrant's responsibility to be informed of all their requirements.

4.4 MUTUAL FUND DEALER

a) Principals

This category of registration is limited to trading exclusively in the securities of a mutual fund. The following requirements must be met to be an applicant for registration as a mutual fund dealer.

- i) Form 3 must be filed with the Superintendent.

- ii) The registration fee of \$3,000, payable to the Minister of Finance, must accompany the application.
- iii) The applicant must have a minimum free capital of \$25,000 plus the maximum amount deductible under the applicant's surety bond (see paragraph vi), as evidenced by an audited financial statement made up as at a date not more than 90 days before the date of application for registration.
- iv) If any portion of the capital is borrowed, the application must include an unconditional subordination agreement.
- v) Form 4 must be filed with the Superintendent of Brokers by all officers, directors, partners and beneficial owners of 10% or more of the outstanding shares of the dealer.
- vi) The applicant in this category is required to become a participant in the Contingency Fund, for the protection of clients, by depositing to the Fund the amount of \$15,000.
- vii) The applicant must obtain and maintain a surety bond in the principal amount of \$15,000.
- viii) The application must identify a designated partner, director or officer of the applicant ("designated individual"), for whom proof must be submitted of
 - passing the Canadian Securities Course, the Canadian Investment Funds Course or Investment Funds in Canada Course;
 - at least five continuous years experience in the mutual fund industry as a salesman with at least one year of that time as a sales manager.
 - residence in the Province.
- ix) A fee of \$500 must be paid for each designated individual.
- x) The application must indicate the date of the applicant's fiscal year end.
- xi) The application must include a copy of the direction to the applicant's auditor to conduct any audit required by the Superintendent under Section 19 of the Act and Section 72(l) of the Regulation.

b) Salesmen

An individual must meet the following requirements to obtain registration as a salesman of a mutual fund dealer.

- i) Form 4 must be filed with the Superintendent.
 - ii) Fee \$500.
 - iii) Surety Bond for \$1,000 principal amount.
 - iv) Proof of passing Canadian Investment Funds Course, Canadian Securities Course or Investment Funds in Canada Course.
 - v) Residence in the Province as specified in Section 21(2) of the Act.
- c) Conditions of Registration

The following are conditions of registration for persons registered in the mutual fund dealer category. These are in addition to any statutory, regulatory or common law requirements.

- i) Local, Uniform and National Policies

The registrant shall comply with all local, uniform and national policies. It is the registrant's responsibility to be informed of all their requirements.

4.5 REAL ESTATE SECURITIES DEALER

- a) Principals

A registrant under this category is limited to trading in the capacity of agent or principal exclusively in real estate securities.

- i) Form 3 must be filed with the Superintendent.
- ii) The registration fee of \$3,000, payable to the Minister of Finance, must accompany the application.
- iii) The applicant must have a minimum free capital of \$25,000 plus the maximum amount deductible under the applicant's surety bond (see paragraph vi), as evidenced by an audited financial statement made up as at a date not more than 90 days before the date of application for registration.
- iv) if any portion of the capital is borrowed, the application must include an unconditional subordination agreement.
- v) Form 4 must be filed with the Superintendent of Brokers by all officers, directors, partners and beneficial owners of 10% or more of the outstanding shares of the dealer.
- vi) The applicant in this category is required to become a participant in the Contingency Fund, for the protection of clients, by depositing to the Fund the amount of \$15,000.

- vii) The applicant must obtain and maintain a surety bond in the principal amount of \$15,000.
- viii) The application must identify a designated partner, director or officer of the applicant ("designated individual"), for whom proof must be submitted of
 - passing the Canadian Securities Course, or a course approved by the Superintendent.
 - at least five continuous years experience in the securities business, two continuous years of which must have been with a broker on a major stock exchange or five continuous years experience in the real estate industry, two continuous years of which must have been as a real estate nominee.
 - residence in the Province.
- ix) A fee of \$500 must be paid for each designated individual.
- x) The application must indicate the date of the applicant's fiscal year end.
- xi) The application must include a copy of the direction to the applicant's auditor to conduct any audit required by the Superintendent under Section 19 of the Act and Section 72(l) of the Regulation.

b) Salesmen

An individual must meet the following requirements to obtain registration as a salesman of a real estate securities dealer.

- i) Form 4 must be filed with the Superintendent.
- ii) Fee \$500.
- iii) Surety Bond for \$1,000 principal amount.
- iv) Proof of passing the Canadian Securities Course or a course approved by the Superintendent and proof of either passing the Real Estate Salesman Pre-licensing Course within the last two years or holding a current license under the Real Estate Act.
- v) Residence in the Province as specified in Section 21(2) of the Act.

c) Conditions of Registration

The following are conditions of registration for persons registered in the real estate securities dealer category. These are in addition to any statutory, regulatory or common law requirements.

i) Local, Uniform and National Policies

The registrant shall comply with all local, uniform and national policies. It is the registrant's responsibility to be informed of all their requirements.

4.6 SCHOLARSHIP PLAN DEALER

a) Principals

A registrant under this category is limited to trading exclusively in securities of a scholarship or educational plan or trust.

i) Form 3 must be filed with the Superintendent.

ii) The registration fee of \$3,000, payable to the Minister of Finance, must accompany the application.

iii) The applicant must have a minimum free capital of \$25,000 plus the maximum amount deductible under the applicant's surety bond (see paragraph vi), as evidenced by an audited financial statement made up as at a date not more than 90 days before the date of application for registration.

iv) If any portion of the capital is borrowed, the application must include an unconditional subordination agreement.

v) The applicant must obtain and maintain a surety bond in the principal amount of \$15,000.

vi) Form 4 must be filed with the Superintendent of Brokers by all officers, directors, partners and beneficial owners of 10% or more of the outstanding shares of the dealer.

vii) The application must identify a designated partner, director or officer of the applicant ("designated individual")

- qualifications and experience deemed appropriate to this particular category of registration by the Superintendent.

- residence in the Province.

viii) A fee of \$500 must be paid for each designated individual.

- ix) The application must indicate the date of the applicant's fiscal year end.
- x) The application must include a copy of the direction to the applicant's auditor to conduct any audit required by the Superintendent under Section 19 of the Act and Section 72(l) of the Regulation.

b) Salesmen

An individual must meet the following requirements to obtain registration as a salesman of a scholarship plan dealer.

- i) Form 4 must be filed with the Superintendent.
- ii) Fee \$500.
- iii) Surety Bond for \$1,000 principal amount.
- iv) Qualifications and experience deemed appropriate to this particular category of registration by the Superintendent.
- v) Residence in the Province as specified in Section 21(2) of the Act.

c) Conditions of Registration

The following are conditions of registration for persons registered in the scholarship plan dealer category. These are in addition to any statutory, regulatory or common law requirements.

- i) Local, Uniform and National Policies

The registrant shall comply with all local, uniform and national policies. It is the registrant's responsibility to be informed of all their requirements.

4.7 SECURITY-ISSUER

a) General Standards for Registration

This category of registration is available to an issuer who trades in securities only for purposes of distributing securities of its own issue, exclusively for its own account. Before granting registration, the Superintendent must be satisfied that the entitlement of the public to receive expert advice and ethical treatment (see Section 1.4) is not unduly compromised in a situation where persons regularly engaged in the securities business do not participate in an offering. It will accordingly be necessary for an applicant to establish:

- i) that there is strong justification for the applicant to distribute its own securities rather than using the

services of registrants regularly engaged in the securities business;

- ii) that the individuals designated as trading directors have sufficient experience in securities matters; and
- iii) that the trading directors are sufficiently free from other commitments and from conflicts of interest to permit appropriate standards to be met in offering the issuer's securities.

b) Principals

The following requirements must be met by an applicant for registration in the security issuer category.

- i) Where the issuer is a corporation, security issuer registration should be sought in the name of the corporation.
- ii) Where a security offered is a unit of a limited partnership, the security is deemed to be a security of the member partners. Registration should be sought in the name of the general partner. Where the general partner is an individual, the partner may not take a commission. Where the general partner is a limited company, the Superintendent may designate a trading directors of the general partner to participate in the distribution provided no commission is taken. The general partner may also register salesmen who may take a commission. However, should the general partner as a limited company seek to take a commission for participating in a distribution then such general partner should apply for a securities dealer registration.
- iii) The following documentation must be filed:
 - Form 3 and supporting Forms 4 for all directors and officers.
 - Registration fee of \$1500. Registration is for one year.
 - List of directors seeking designation by the Superintendent to trade. A trading director may participate in a distribution for one issuer only at any given time and will not be permitted to register as a salesman for that issuer. \$500 fee for each trading director.
 - Proof that each director seeking a trading director designation has passed the Canadian Securities Course. This requirement may be waived at the discretion of the Superintendent

where a designee can demonstrate satisfactory experience in the securities industry and has not previously sought designation as a trading director of a security issuer.

- Residence in the Province as specified in Section 21(2) of the Act.

c) Salesmen

- i) Form 4.
- ii) Fee \$500. Registration is for one year.
- iii) Surety Bond for \$1,000 principal amount.
- iv) Proof of passing the Canadian Securities Course and the examination based on the Registered Representatives Manual.
- v) Residence in the Province as specified in Section 21(2) of the Act.

d) Conditions of Registration

The following are conditions of registration for persons registered in the security issuer dealer category. These are in addition to any statutory, regulatory or common law requirements.

- i) Local, Uniform and National Policies

The registrant shall comply with all local, uniform and national policies. It is the registrant's responsibility to be informed of all their requirements.

- ii) Distribution

The registrant shall file a list of subscribers to the distribution, indicating, for each subscriber, the name, address and number of shares subscribed.

PART 5 REGISTRATION REQUIREMENTS - UNDERWRITERS

5.1 UNDERWRITER

The definition of "underwriter" may be found in Section 1 of the Act. Note however that registration in each of the categories of "broker", "investment dealer" and "securities dealer" entitles the registrant to act as an underwriter; therefore, separate "underwriter" registration would not be necessary.

- a) Principals

- i) Form 3 must be filed with the Superintendent.

- ii) The registration fee of \$3,000, payable to the Minister of Finance, must accompany the application.
- iii) Net free capital of \$10,000 calculated in accordance with the required form (as evidenced by an audited financial statement made up as at a date not more than 90 days before the date of application for registration).
- iv) If any portion of the capital is borrowed, the application must include an unconditional subordination agreement.
- v) Residence in the Province as specified in Section 21(2) of the Act.
- vi) The application must indicate the date of the applicant's fiscal year end.
- vii) Form 4 must be filed with the Superintendent of Brokers by all officers, directors, partners and beneficial owners of 10% or more of the outstanding shares of the dealer.

b) Conditions of Registration

The following are conditions of registration for persons registered in the underwriter category. These are in addition to any statutory, regulatory or common law requirements.

i) Trading

The registrant is prohibited from trading in securities with the public.

ii) Local, Uniform and National Policies

The registrant shall comply with all local, uniform and national policies. It is the registrant's responsibility to be informed of all their requirements.

PART 6 REGISTRATION REQUIREMENTS - ADVISERS

6.1 PORTFOLIO MANAGER

A portfolio manager is a person who manages the investment portfolio of clients through discretionary authority granted by them. Persons exempted from this registration are detailed in Section 30(2) of the Act.

a) Application Requirements

- i) Form 3 must be filed with the Superintendent.
- ii) The registration fee of \$3,000, payable to the Minister of Finance, must accompany the application.

- iii) Minimum free capital of \$5,000 (as evidenced by an audited financial statement made up as at a date not more than 90 days before the date of application for registration).
- iv) Every individual applying for registration in this category or on whose behalf application is made for designation or approval as a partner, director or officer of a portfolio manager shall file a Form 4 and shall have successfully completed the Canadian Securities Course and the Canadian Investment Finance Course and the first year of the Chartered Financial Analyst Course and shall have been employed for at least five years performing research involving the financial analysis of investments with at least three of those years under the supervision of an adviser responsible for the management or supervision of investment portfolios having an aggregate value of at least \$1,000,000.
- v) A fee of \$500 for each individual applying for registration in this category.
- vi) Form 4 must be filed with the Superintendent of Brokers by all officers, directors, partners and beneficial owners of 10% or more of the outstanding shares of the dealer.
- vii) The application must indicate the date of the applicant's fiscal year end.
- viii) Copies of the registrant's Managed Accounts Disclosure Document.

b) Conditions of Registration

The following are conditions of registration for persons registered in the portfolio manager category. These are in addition to any statutory, regulatory or common law requirements.

i) Local, Uniform and National Policies

The registrant shall comply with all local, uniform and national policies. It is the registrant's responsibility to be informed of all their requirements.

6.2 INVESTMENT COUNSEL

An investment counsel is a person who engages in or holds himself out as engaging in the business of advising others as to the investing in or buying or selling of specific securities or who is primarily engaged in giving continuous advice on the investment of funds on the basis of the particular objectives of each client. No trading as principal or agent is permitted in this category. Persons exempted from this registration are detailed in Section 30(2) of the Act.

- a) Application Requirements
- i) Form 3 must be filed with the Superintendent.
 - ii) The registration fee of \$3,000, payable to the Minister of Finance, must accompany the application.
 - iii) Minimum free capital of \$5,000 (as evidenced by an audited financial statement made up as at a date not more than 90 days before the date of application for registration).
 - iv) Every individual applying for registration in this category or on whose behalf application is made for designation or approval as a partner, director or officer of an investment counsel shall file a Form 4 and shall have successfully completed the Canadian Securities Course, the Canadian Investment Finance Course and the first year of the Chartered Financial Analyst Course and shall have been employed for at least five years performing research involving the financial analysis of investments with at least three of those years under the supervision of an adviser responsible for the management or supervision of investment portfolios having an aggregate value of at least \$1,000,000.
 - v) A fee of \$500 for each individual applying for registration in this category.
 - vi) Form 4 must be filed with the Superintendent of Brokers by all officers, directors, partners and beneficial owners of 10% or more of the outstanding shares of the dealer.
 - vii) The application must indicate the date of the applicant's fiscal year end.

b) Conditions of Registration

The following are conditions of registration for persons registered in the investment counsel category. These are in addition to any statutory, regulatory or common law requirements.

- i) Local, Uniform and National Policies
The registrant shall comply with all local, uniform and national policies. It is the registrant's responsibility to be informed of all their requirements.

6.3 SECURITIES ADVISER

A securities adviser is a person that engages in or holds himself out as engaging in the business of advising others either directly or through publications as to the investing in or buying or selling of specific securities, not purporting to tailor such advice to the needs of specific

clients. No trading as principal or agent is permitted in this category. Persons exempted from this registration are detailed in Section 30(2) of the Act.

a) Application Requirements

- i) Form 3 must be filed with the Superintendent.
- ii) The registration fee of \$3,000, payable to the Minister of Finance, must accompany the application.
- iii) Minimum free capital of \$5,000 (as evidenced by an audited financial statement made up as at a date not more than 90 days before the date of application for registration).
- iv) Every individual applying for registration as a securities adviser or on whose behalf application is made for designation or approval as a partner, director or officer of a securities adviser shall file a Form 4 and shall have successfully completed the Canadian Securities Course and the Canadian Investment Finance Course and have performed research involving the financial analysis of investments for at least five years under the supervision of an adviser.
- v) A fee of \$500 for each individual applying for registration in this category.
- vi) Form 4 must be filed with the Superintendent of Brokers by all officers, directors, partners and beneficial owners of 10% or more of the outstanding shares of the dealer.
- vii) The application must indicate the date of the applicant's fiscal year end.

b) Conditions of Registration

The following are conditions of registration for persons registered in the investment counsel category. These are in addition to any statutory, regulatory or common law requirements.

i) Local, Uniform and National Policies,

The registrant shall comply with all local, uniform and national policies. It is the registrant's responsibility to be informed of all their requirements.

DATED at Vancouver, British Columbia, this 10th day of February, 1989.

Douglas M. Hyndman
Chairman
B.C. Securities Commission

February 10, 1989