APPENDIX A

Summary of Changes to the Instrument

This appendix describes the key changes we made to National Instrument 31-103 *Registration Requirements and Exemptions* (NI 31-103 or the Rule), Companion Policy 31-103CP *Registration Requirements and Exemptions* (31-103CP or the Companion Policy) and National Instrument 33-109 *Registration Information* (NI 33-109), Companion Policy 33-109CP *Registration Information* (33-109CP) as well as the forms under NI 31-103 and NI 33-109 (the Forms) (collectively, the Amendments). Provided all necessary approvals are obtained, the Amendments will come into force on July 11, 2011.

This appendix contains the following sections:

In this appendix, we reference the sections of the Rule except where otherwise indicated. We refer to the amendments published for comment on June 25, 2010 as the June 2010 Proposal.

1. TITLE OF NI 31-103 AND 31-103CP

We added *ongoing registrant obligations* to the title of NI 31-103 and 31-103CP. The title is now *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. We believe, as stated in the notice published on June 25, 2010, that this change will better reflect the breadth and scope of NI 31-103 and 31-103CP, which includes initial registration and requirements for registrants on an ongoing basis.

2. DEFINITIONS

We clarified paragraph (d) of the permitted client definition in section 1.1. We also added a definition of Chief Compliance Officers Qualifying Exam as this exam is now an alternative to the PDO Exam for chief compliance officers.

3. CLARITY OF DISCLOSURE TO CLIENTS

There are a number of client disclosure requirements in the Instrument. We consolidated our guidance on clear and meaningful disclosure to clients throughout the Companion Policy in a general principle in section 1.1 of 31-103CP, setting out our expectation that registered firms present information to clients in a clear and meaningful manner in order to ensure clients understand the information presented. This requirement is based on the obligation of all registrants to act fairly, honestly and in good faith when dealing with clients.

4. RESPONSIBILITY OF THE FIRM FOR THE CONDUCT OF THE INDIVIDUALS IT SPONSORS

We proposed in June 2010 to add guidance, in section 3.4 of the Companion Policy, on the firm's responsibility to ensure compliance with ongoing requirements. This includes firms ensuring that their registered individuals are proficient. We now provide more general guidance on the firm's responsibility regarding their registered individuals in section 1.3 of 31-103CP, which sets out our view that a registered firm is responsible for the conduct of their registered individuals.

The registered firm

- must undertake due diligence before sponsoring an individual to be registered to act on its behalf; and
- has an ongoing obligation to monitor and supervise its registered individuals in an effective manner.

5. BUSINESS TRIGGER FOR TRADING AND ADVISING

We clarified, in section 1.3 of 31-103CP (under the heading *Factors in determining a business purpose)*, the guidance on incidental activities in respect of mergers and acquisitions specialists. We expect that if these specialists also engage in capital raising from prospective investors (including private placements), they will need to consider whether they are in the business of trading and require registration.

6. MOBILITY EXEMPTION

We codified in section 2.2 of the Companion Policy the guidance that we previously published in the *Frequently Asked Questions* (FAQ) published on February 5, 2010.

7. REGISTRATION REQUIREMENTS FOR INDIVIDUALS

(a) Proficiency requirements (sections 3.1 to 3.14)

i. Time limits on examination requirements (section 3.3)

Further to our June 2010 Proposal, we removed the requirement in section 3.3(2)(a) that an individual be registered for any 12 month period during the 36-month period prior to applying for registration in order to qualify for the exemption from the time limitations placed on examinations. Instead, section 3.3(2)(a) now requires an individual to have been registered in the same category in any jurisdiction of Canada *at any time* during the 36-month period before the date of his or her application for registration.

We clarified that periods of suspension will not be included for purposes of calculating the period of time a person has been registered in respect of the time limits for the validity of the examinations. We also added guidance on the 36-month time limit on examinations in section 3.3 of 31-103CP.

We amended section 3.3 to delete the reference to the examinations formerly provided in section 45 of Québec Policy Q-9 *Dealers, Advisers and Representatives*, since this is already covered in the grandfathering provisions in section 16.10(1) of NI 31-103.

ii. Proficiency – initial and ongoing (section 3.4)

We amended section 3.4 to provide that the proficiency principle for dealing, advising and associate advising representatives *includes* understanding the key features of the securities that are recommended by the individual. Guidance has been added in 31-103CP to indicate that the proficiency principle applies notwithstanding any suitability exemption, including the exemption in section 13.3(4) in respect of permitted clients.

Guidance has also been added to confirm that it is the responsibility of a registered firm to ensure that their registered individuals are proficient at all times.

iii. Recognition of the Chief Compliance Officers Qualifying Exam (sections 3.6, 3.8, 3.10, 3.13 and 3.14)

The Chief Compliance Officers Qualifying Exam is now an alternative to the PDO Exam for chief compliance officers.

iv. Removal of the requirement to pass the Canadian Securities Course Exam for holders of the CFA Charter (sections 3.13 and 3.14)

The requirement to pass the Canadian Securities Course Exam has been removed from section 3.13 and 3.14, in cases where the individual has earned the CFA Charter.

v. Alternative proficiency for representatives of mutual fund dealers and exempt market dealers (sections 3.5 and 3.9)

We amended sections 3.5 and 3.9 to provide the following alternative proficiency for representatives of mutual fund dealers and exempt market dealers: the individual will meet the proficiency requirement if he or she has earned a CFA Charter and has 12 months of relevant securities industry experience in the 36-month period before applying for registration.

vi. Codification of the transitioned proficiencies

The proficiencies which are the object of the transition provisions in sections 16.9(2) and 16.10(1) have been codified in Part 3.

vii. Additional proficiency guidance

Guidance has been added in 31-103CP to confirm that the proficiency requirements in Part 3 do not apply to approved persons of the Investment Industry Regulatory Organization of Canada (IIROC) because these individuals are required to meet the proficiency requirements mandated by the IIROC rules. We also updated Appendix C - *Proficiency requirements* of 31-103CP for individuals acting on behalf of a registered firm to reflect the changes to the proficiency requirements of the Rule (as outlined above).

(b) Review by the CSA of alternative proficiencies

We stated in the July 17, 2009 notice of publication that "the CSA would assess new examinations that are submitted for approval. We will review the Rule on a periodic basis and codify the recognition of additional examinations as they are approved by the CSA". Due to an ever increasing number of policy initiatives and other priorities requiring substantial staff involvement, the recognition of additional examinations or the inclusion of alternative or local proficiency requirements in the Rule are not anticipated this year. The CSA will reconsider this decision next year, taking into consideration its other priorities.

(c) Restrictions on acting for another registered firm (section 4.1)

In the June 2010 Proposal we included in section 4.1 of NI 31-103 a new sub-paragraph (1)(b), which would prohibit an advising, associate advising and dealing representative from being registered with another registered firm. We have retained this provision. However, in order to assist firms in filing exemptive relief applications, we have amended section 4.1 so that a registered firm, as opposed to an individual, now has the obligation to ensure that an individual who acts on its behalf does not, at the same time, act as (a) an officer, partner or director of another registered firm that is not an affiliate of the first-mentioned registered firm, or (b) a dealing, advising or associate advising representative of another registered firm.

We included a grandfathering provision for individuals who were dually registered before the coming into force of the amendments to section 4.1. Guidance has been added to 31-103CP indicating the factors that will be taken into account when reviewing exemption applications.

8. CATEGORIES OF REGISTRATION FOR FIRMS

(a) Mutual fund dealers (section 7.1)

We repealed the exceptions for Québec and British Columbia in section 7.1(2)(b)(ii) and 7.1(3), in order to harmonize with the other CSA jurisdictions. All mutual fund dealers in Canada are now authorized to act as dealers in respect of the securities listed in section 7.1(2)(b).

(b) Investment fund managers (section 7.3 of the Companion Policy)

We added guidance in 31-103CP to address the situation where the board of directors or the trustee(s) of a fund are directing the business, operations or affairs of an investment fund. In these situations, the fund itself may be considered the investment fund manager and therefore required to register in the investment fund manager category.

We also added guidance on the registration of investment fund managers in the context of fund complexes and groups to clarify that we expect exemption applications to be made by investment fund managers that have delegated the management of the fund function to a registered affiliate. We included guidance on the factors we will consider in respect of these exemption applications. We repealed the guidance on limited partnerships in view of this new guidance.

9. EXEMPTIONS FROM THE REQUIREMENT TO REGISTER

(a) Exemptions from dealer registration

i. Trades through or to a registered dealer (section 8.5)

We amended the Companion Policy to provide additional examples in order to clarify further the use of this exemption.

ii. Investment fund trades by adviser to managed accounts (section 8.6)

We eliminated the restriction in this exemption relating to non-prospectus qualified investment funds. The Rule now provides an exemption from dealer registration for an adviser trading in the securities of an investment fund to managed accounts of the adviser's clients, if the adviser acts as the adviser and investment fund manager of the investment fund.

iii. Plan administrator (8.16)

We deleted the definition of "control person" in section 8.16 since that expression is defined in securities legislation.

iv. International dealer (section 8.18)

We amended section 8.18 to:

- include an express restriction on the use of this exemption, which is only available if the permitted client is a Canadian permitted client, as defined in section 8.18;
- change the prescribed contents of the notice to clients required under section 8.18(4) as was proposed in the June 2010 Proposal, and restate the requirement to give annual notice to the regulator under section 8.18(5); and
- add a new subsection 8.18(7) to provide an adviser registration exemption for the person relying on the section 8.18 dealer registration exemption. This exemption is restricted to advice provided to the client in connection with trading activity permitted under section 8.18, and does not extend to a managed account of a client.

We had proposed to repeal, in the June 2010 Proposal, subsection 8.18(6) that provides that in Ontario, the obligation to provide the yearly notice to the regulator does not apply to a person or company that complies with the filing and fee payment requirements applicable to an unregistered exempt international firm under Ontario Securities Commission Rule 13-502 *Fees*. We are not making this change.

Subsections 8.18(6) and 8.26(6), as they appeared in the June 2010 Proposal, have been removed. Upon further consideration we have decided not to proceed with this change.

(b) Exemptions from adviser registration

International adviser (section 8.26)

We amended section 8.26 to mirror those changes made to the international dealer exemption (section 8.18) in respect of

- the restriction on the use of the exemption, which is only available if the permitted client is a Canadian permitted client , as defined in section 8.26; this definition is identical to the one in section 8.18, except that it excludes paragraph (d) of the definition of "permitted client" in section 1.1;

- the contents of the notice to clients;

- the annual notice to the regulator;

- maintaining subsection 8.26(6) as it appears in the current law in respect of an unregistered exempt international firm's ability to meet the yearly notice requirement to the regulator in Ontario by complying with certain filing and fee payment requirements; and

- the removal of subsection 8.26(6) as it appeared in the June 2010 Proposal.

We also clarified in paragraph 8.26(4)(d) our intent that the adviser's aggregate consolidated gross revenue is to be determined as at the end of its most recent financial year-end.

Finally, we included guidance in the Companion Policy on what we consider to be permissible incidental advice on Canadian securities by international advisers relying upon the exemption under section 8.26.

10. MEMBERSHIP IN A SELF-REGULATORY ORGANIZATION (SRO)

We reorganized the drafting of the exemptions in Part 9 for:

- IIROC members that are also registered as investment fund managers; and

- members of the Mutual Fund Dealers Association of Canada (MFDA) that are also registered as exempt market dealers, scholarship plan dealers or investment fund managers.

The Rule now has two distinct sections, section 9.3 and 9.4, which distinguish the exemptions that are available on the basis of whether or not the member of IIROC or the MFDA is registered in another category. This clarifies our intent with respect to the exemptions for SRO members.

We added an exemption from section 13.12 for MFDA members. This change was made on the basis that the MFDA has a member rule prohibiting lending to clients except in very limited circumstances.

Finally, we added an exemption from section 13.15 for SRO members. This change was made on the basis that the SROs have their own rules on complaint handling. We remind registrants in Québec that to the extent they deal with a client in Québec, they must comply with sections 168.1.1 to 168.1.3 of the *Securities Act* (Québec) in all cases.

We may publish further amendments to the Instrument for comment in the near term.

11. INTERNAL CONTROL AND SYSTEMS

(a) Elements of an effective compliance system (section 11.1 of the Companion Policy)

We included in the Companion Policy the enhanced guidance on internal controls that was proposed in the June 2010 Proposal.

(b) Designating an ultimate designated person (UDP) (section 11.2)

We amended section 11.2 of the Rule by adding in section 11.2(2)(a) that if the firm does not have a chief executive officer (CEO), the firm may designate, as its UDP, an individual acting in a capacity similar to a CEO. We also amended section 11.2(2)(c) to clarify our intent that the officer in charge of a division of the firm may be designated as the firm's UDP, but only to the extent that the firm has significant other business activities. Usually, a firm will have only one UDP.

We included in the Companion Policy the enhanced guidance on the UDP designation that was proposed in the June 2010 Proposal.

(c) Record-keeping (section 11.5 of the Companion Policy)

We clarified the guidance in 31-103CP to the effect that we expect registered firms to maintain notes of communications with clients, whether oral or written, that could have an impact on the client's account or the client's relationship with the firm. We remind registered firms that while we do not expect them to save every voicemail or e-mail, or to record all telephone conversations with clients, we do expect registered firms to maintain records of all communications relating to orders received from their clients.

(d) Registrant acquiring a registered firm's securities or assets (section 11.9) and Registered firm whose securities are acquired (section 11.10)

We deleted the reference to *amalgamations, mergers, arrangements, reorganizations or treasury issues* in section 11.9(3)(a) and section 11.10(3) and the reference to listed securities in section 11.9(3)(b) set out in the June 2010 proposal as these references may be unduly restrictive.

In addition, we have amended section 11.9(3)(a) and section 11.10(3) to clarify our intent in respect of when we expect to receive a notice under these provisions.

Section 11.10 of 31-103CP now includes guidance on our expectations as to the timing of the prior notice of a proposed acquisition. We expect this notice to be sent as soon as the registered firm knows or has reason to believe such a transaction is going to take place.

12. FINANCIAL CONDITION

(a) Capital requirements (section 12.1)

We added a new subsection (5) in section 12.1 in order to provide that a registered firm that is a member of IIROC and that is also registered as an investment fund manager is not required to comply with the requirements of section 12.1 if certain conditions relating to the registered firm's minimum capital and the filing of the IIROC Form 1 *Joint Regulatory Financial Questionnaire and Report* are met. The registered firm will be required to file this form with the regulator in addition to filing with IIROC.

Following the same policy rationale, we added a new subsection (6) to section 12.1 in order to provide that a mutual fund dealer that is a member of the MFDA and that is also registered as an exempt market dealer, scholarship plan dealer or investment fund manager is not required to comply with the requirements of section 12.1 if certain conditions relating to the registered firm's minimum capital and the filing of the MFDA Form 1 *MFDA Financial Questionnaire and Report* are met. The registered firm will be required to file this form with the regulator in addition to filing with the MFDA.

We also added guidance in section 12.1 of the Companion Policy on the exclusion of related party debt from a firm's working capital, which can only occur when the firm and the lender enter into a subordination agreement and file this agreement with the regulator.

(b) Subordination agreements (section 12.2)

We added guidance in section 12.2 of the Companion Policy to clarify the requirements relating to subordination agreements. In addition, we lengthened the delivery requirement from 5 days to 10 days.

(c) Insurance (sections 12.3, 12.4 and 12.5)

We did not make the amendments to sections 12.3(2), 12.4(3) and 12.5 as set out in the June 2010 Proposal but we added guidance in the Companion Policy on

- the coverage limits; and
- the fact that insurance requirements are not cumulative for firms registered in several categories.

We confirm, in response to several inquiries received, that firms only need to maintain insurance coverage for the highest amount required.

(d) Delivering financial information (sections 12.12 and 12.14)

We made changes to sections 12.12 and 12.14, which correlate with the changes made to the capital requirements for registered firms that are SRO members and are also registered in other categories of registration. These changes will allow these firms to file their respective SRO form with the regulator instead of filing the Form 31-103F1.

(e) Transition to IFRS – financial years beginning January 1, 2011

The Instrument was amended on January 1, 2011 in order to update the accounting terms and references in the Instrument to reflect the fact that, for financial years beginning on or after January 1, 2011, there has been a changeover to International Financial Reporting Standards (IFRS) in Canadian Generally Accepted Accounting Principles (Canadian GAAP) for publicly accountable enterprises.

We remind registrants that the amendments that came into force on January 1, 2011 only apply to periods relating to financial years beginning *on or after* January 1, 2011. Absent an exemption, registrants delivering financial statements and interim financial information relating to financial years beginning before January 1, 2011 will be required to comply with the versions of NI 31-103 and NI 33-109 in force prior to January 1, 2011, which contain the existing Canadian GAAP terms and phrases.

Foreign registrants should consult National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (NI 52-107) as acceptable accounting principles other than IFRS may apply instead.

13. CLIENT RELATIONSHIPS

(a) Know your client (section 13.2)

We have increased the 10% threshold in section 13.2(3)(b)(i) to a 25% threshold, which is consistent with omnibus/blanket orders issued by each of the members of the CSA on November 5, 2010. We provide guidance in the Companion Policy on how the obligations in sections 13.2(3) should be met.

We amended section 13.2(7) to codify the parallel blanket/omnibus orders issued by each of the CSA members on November 5, 2010 providing relief from the requirement in section 13.2(2)(b) to take reasonable steps to establish whether a client is an insider of a reporting issuer or any other issuer whose securities are publicly traded. Section 13.2(2)(b) does not apply to a registrant in respect of clients for which the registrant trades only the securities referred to in sections 7.1(2)(b) and 7.1(2)(c), namely mutual fund and scholarship plan securities.

(b) Restrictions on certain managed account transactions (section 13.5)

We did not amend section 13.5 as we had indicated in the June 2010 Proposal. Specifically, we did not delete the word *registered* before the word *adviser,* and we did not expand the provision to apply to IIROC members that conduct advising activities. Although we believe that these provisions should apply to all advisers without distinction as to whether or not they are IIROC members, we did not make these changes in view of the comments we received from IIROC members which indicated that there may be significant unintended consequences in respect of trades made from IIROC members' inventory accounts. We are reviewing the regime applicable to IIROC members and we may publish proposed amendments for comments in the future.

To address these issues, we added guidance in the Companion Policy with respect to trades made from the inventory account of registered dealers that are members of IIROC and that conduct advising activities (IIROC advisers) to managed accounts. We expect IIROC advisers to have policies and procedures that sufficiently mitigate the conflicts of interest inherent in such transactions.

We also provided guidance in 31-103CP regarding activities that are not prohibited by section 13.5 and clarified the consent requirements.

(c) Disclosure when recommending related or connected securities (section 13.6)

We clarified paragraph (b) by also referring to a mutual fund, scholarship plan, educational plan or educational trust that is managed, as an investment fund manager, by an affiliate of the registered firm.

(d) Referral arrangements (sections 13.7 to 13.11)

We amended sections 13.8, 13.9 and 13.10 in accordance with the June 2010 Proposal, in order to

- clarify section 13.8 by stating that a registered firm, or a registered individual whose registration is sponsored by the registered firm, must not participate in a referral arrangement with another person or company unless certain conditions are met;

- clarify the contractual agreement requirements: our intent is that only the registered firm is required to be a party to a written agreement;

- provide in paragraph (b) of section 13.8 that the registered firm is required to record all referral fees, but deleted the words “on its records” in favour of additional guidance on keeping records of referral fees;

- in section 13.9, provide that the registered firm, and not the individual registrant, is held to the due diligence requirement with respect of the qualifications of the person or company to whom the referral is made; and

- in section 13.10 of the Rule we replaced the words *referral arrangement* with *agreement* to better reflect our intent.

We amended the guidance on referral arrangements in the Companion Policy to indicate that registered firms are responsible for monitoring and supervising all of their referral arrangements. We also added new guidance indicating our view that the receipt of an unexpected gift of appreciation would not fall within the scope of a referral arrangement.

(e) Lending to clients (section 13.12)

We added Companion Policy guidance confirming that direct lending to clients (margin) is reserved to IIROC members and addressing the application of this provision to certain leveraged products.

(f) Disclosure when recommending the use of borrowed money (section 13.13)

We have removed an exception from the disclosure requirements required when a registrant recommends the use of borrowed money to purchase securities. The exception only applied to members of IIROC and the MFDA. Members of IIROC and the MFDA are now fully exempt from these requirements as their rules adequately cover the same regulatory risks.

(g) Complaint handling (section 13.15 of the Companion Policy)

We adopted the guidance that was proposed in the June 2010 Proposal. The guidance covers what the firm’s complaint handling policies and procedures should include, recommendations as to the manner of responding to verbal complaints and complaints in writing, as well as the timeframe within which the complaint should be dealt with.

(h) Dispute resolution service (section 13.16)

We did not make the changes we proposed to section 13.16 to list the specific matters that require independent dispute resolution, following the comments we received on this proposal. We therefore maintained the existing requirement to provide such services for any trading or advising activity.

The transition period for the coming into force, for all registrants except those registered in Québec, of section 13.16 has been extended from September 28, 2011 to September 28, 2012 in section 16.16. The extension of this transition period will allow the CSA to further consider this regime in light of a number of questions we have received. Considering the importance of this provision in respect of investor protection, we may publish proposed amendments for comments in the future.

We remind firms registered in Québec that this transition period is not applicable to them because they have been, and continue to be, subject to sections 168.1.1 to 168.1.3 of the *Securities Act* (Québec) since 2002.

14. HANDLING CLIENT ACCOUNTS

(a) Relationship disclosure information (section 14.2)

Section 14.2(2)(j) has been amended to reflect the fact that not all registered firms are currently required to comply with section 13.16 as they may be relying on the transition period (as amended in section 16.16). This transition period does not apply to firms registered in Québec and to firms registered after September 28, 2009.

(b) Notice to clients by non-resident registrants (section 14.5)

We amended section 14.5 by adding an exception to the requirement to provide the risk notice to clients in a jurisdiction if the firm has its head office in Canada and is registered in the local jurisdiction. In response to comments received, the Rule no longer refers to a physical place of business.

We further amended section 14.5 in order to make the contents of the risk notice to clients consistent with the notice which must be given by dealers and advisers relying on the exemptions provided in sections 8.18 and 8.26 respectively. Firms are not required to send a new notice as amended to existing clients, since the amendments are not retroactive.

(c) Content and delivery of trade confirmation (section 14.12)

We amended section 14.12 as follows:

- section 14.12(1) now allows the registered dealer to deliver trade confirmations to a registered adviser acting for the client if the client consents in writing;

- section 14.12(3) now expands the exceptions to the requirement in section 14.12(1)(h) to a security of a mutual fund that is established and managed, as an investment fund manager, by the registered dealer or an affiliate of the dealer, where the names of the dealer and the fund are sufficiently similar to indicate that they are affiliated or related;

- new subsection (5) requires a registered investment fund manager to send a trade confirmation to a security holder when the investment fund manager executes a redemption order received directly from the security holder; and

- new subsection (6) clarifies that we did not intend for subsection (5) to apply to an adviser, that is also an investment fund manager, relying on the dealer registration exemption in section 8.6.

We included additional guidance in the Companion Policy in respect of a registered dealer outsourcing the delivery of trade confirmations to an investment fund manager.

(d) Confirmations for certain automatic plans (section 14.13)

We removed the condition to send a trade confirmation semi-annually to a client where the registered dealer relies on the exemption from sending a trade confirmation as the client already receives a quarterly or annual account statement showing the same information under section 14.14.

(e) Account statements (section 14.14)

We amended section 14.14 to provide that

- a mutual fund dealer (upon certain conditions) need not send an account statement on a monthly basis (section 14.14(2.1));

- where there is no dealer of record, the investment fund manager is expected to send account statements at least once every 12 months (section 14.14(3.1)); and

- a scholarship plan dealer (upon certain conditions) need not send quarterly account statements (section 14.14(6)).

We included additional guidance in the Companion Policy in respect of a registered firm's ability to outsource the delivery of account statements and the valuation of securities by third-party pricing providers for the purpose of account statements.

We did not make the proposed amendments to section 14.14 of the Rule that would have required that securities be valued using fair value. Section 14.14 continues to refer to market value.

15. TRANSITION

We extended certain transition periods to September 28, 2012:

- temporary exemption for Canadian investment fund manager registered in its principal jurisdiction (section 16.5);

- temporary exemption for foreign investment fund managers (section 16.6); and

- complaint handling in respect of dispute resolution services (section 16.16), except in Québec.

16. FORM 31-103F1 *Calculation of Excess Working Capital*

We made technical adjustments to this form, including

- terminology changes in accordance with NI 52-107 that reflect Canada's changeover to IFRS. This includes adding a definition of fair value for the purpose of valuing securities in the Form 31-103F1 which aligns with a registrant's requirement to value securities in financial statements in accordance with Canadian GAAP applicable to publicly accountable enterprises under NI 52-107;

- clarification that the insurance deductible refers to the insurance maintained in accordance with Part 12;

- addition of new guidance notes to the form;

- revising the list of designated exchanges; and

- inclusion of new margin rates for mortgages. These new margin rates apply to all mortgages not in default. If a firm is registered in Ontario, or in any jurisdiction of Canada *and* Ontario, these new margin rates apply only to mortgages insured under the *National Housing Act* (Canada) and conventional first mortgages. If a firm is registered in any jurisdiction in Canada *except* Ontario, the new margin rates and insurance requirements apply to all mortgages.

17. FORM 31-103F2 *Submission to Jurisdiction and Appointment of Agent for Service*

We included a requirement to provide the international firm's NRD number, if applicable, and contact information for their chief compliance officer.

18. APPENDIX B *Subordination Agreement*

To add clarity, we amended section 4 of the subordination agreement to provide a 10-day prior notice to the regulator of full or partial repayment of the loan, in accordance with section 12.2. We remind registrants that related party debt must be excluded from a firm's working capital on Form 31-103F1, unless the firm and the lender have executed a subordination agreement.

19. AMENDMENTS TO NI 33-109

(a) Definition of permitted individuals

We clarified the definition of permitted individual in section 1.1 of NI 33-109 and added guidance in the Companion Policy indicating that a permitted individual may or may not be a registered individual.

(b) Timelines for filing

We amended all provisions setting out the filing timelines of notices. Where a notice was previously required to be filed in 7 days it is now required to be filed within 10 days.

(c) Voluntary resignation

We added the words "resigned voluntarily" in section 2.3(2)(b) to correlate with Form 33-109F7 *Reinstatement of Registered Individuals and Permitted Individuals*.

(d) Termination of employment

Further to our June 2010 Proposal, we revised section 4.2(1)(b) of NI 33-109 so that the information in item 5 [*Details about the termination]* must be completed in all cases of termination, unless the termination was due to the death of the individual.

(e) Use of forms

We added additional guidance in 33-109CP regarding the use of the forms.

20. AMENDMENTS TO NI 33-109 FORMS

(a) Technical changes and updating contact information

We made certain technical changes to the following forms to update contact information and add clarity:

- Form 33-109F1 *Notice of Termination of Registered Individuals and Permitted Individuals*
- Form 33-109F3 *Business Locations Other than Head Office*
- Form 33-109F5 *Change of Registration Information*
- Form 33-109F7 *Reinstatement of Registered Individuals and Permitted Individuals*

(b) Form 33-109F2 *Change or Surrender of Individual Categories*

In addition to technical changes, updating contact information and clarifications, we amended Form 33-109F2 in order to add a question on relevant securities industry experience in Item 4 – *Adding categories.*

(c) Form 33-109F4 *Registration of Individuals and Review of Permitted Individuals* (Form 33-109F4)

In addition to technical changes, updating contact information and clarifications, we amended Form 33-109F4 in order to:

- add a question on relevant securities industry experience in Item 8 – *Proficiency*;
- add questions relative to the CFA Charter and the CIM designation in Schedule E – *Proficiency (Item 8)*;
- add questions on relevant securities industry experience in Schedule F – *Proficiency (Items 8.3 and 8.4)*; and
- add a question in Schedule G - *Current employment, other business activities, officer positions held and directorships (Item 10)* with respect to the name of the person at the sponsoring firm who has reviewed and approved the multiple employment or business related activities or proposed business related activities.

We added guidance in 33-109CP on Item 18 *Agent for service* to clarify that there is no distinct form which is prescribed under NI 33-109 for the appointment of an agent for service for use by individuals, and that the form used by the registered firm constitutes an acceptable format to the regulator.

(d) Form 33-109F6 *Firm Registration* (Form 33-109F6)

In addition to technical changes, updating contact information and clarifications, we amended Form 33-109F6 in order to:

- clarify what we mean by “jurisdiction”, “jurisdiction of Canada” and “foreign jurisdiction” and that the questions in Part 4 –*Registration History* and Part 7 – *Regulatory Action* are to be answered in respect of any jurisdiction of Canada and any foreign jurisdiction. In other parts of Form 33-109F6, references to “jurisdictions” or “jurisdiction of Canada” refer to all provinces and territories of Canada;
- clarify the audited financial statement requirements in section 5.13; and

- state that the information provided in Part 7 - *Regulatory Action* and Part 8 – *Legal Action* is limited to the last 7 years, which is consistent with the regulator's administrative practice with respect to the Form 33-109F6 as required under Part 6.1 of NI 33-109 (namely, the transitional F6). We remind registrants that, as outlined in Part 9 - *Certification*, all information must be provided to the best of the applicant's knowledge and after reasonable inquiry.