

## Annex C

### Proposed Changes to Companion Policy 33-109CP Registration Information

1. *Companion Policy 33-109CP Registration Information is changed by this Document.*
2. *Section 1.2 is changed by adding “(Section 1.1)” at the end of the heading “Definition of permitted individuals”.*
3. *Section 1.3 is changed by replacing the first bullet in the second paragraph with the following:*
  - *Form 33-109F1 Notice of End of Individual Registration or Permitted Individual Status – to notify the regulator or, in Québec, the securities regulatory authority that a registered individual or permitted individual has ceased to have authority to act on behalf of the sponsoring firm.*
4. *Section 1.4 is changed by adding “(Sections 3.1 and 4.1)” at the end of the heading “Notice requirements”.*
5. *Section 2.2 is changed*
  - (a) *by adding “(Subsections 2.2(1) and 2.5(1))” at the end of the subheading “Types of submissions using Form 33-109F4”,*
  - (b) *by adding “(Sections 2.3 and 2.5)” at the end of the subheading “Submissions by Permitted Individuals”,*
  - (c) *by adding the following text between the subheading “Submissions by permitted individuals” and the subheading “Agent for service”:*

*Relevant securities industry experience (Form 33-109F2 – Item 4.3 and Schedule A; Form 33-109F4 – Item 8.4 and Schedule F)*

The regulators or, in Québec, the securities regulatory authority will assess whether an individual has gained relevant securities industry experience on a case-by-case basis. It may include experience acquired:

- during employment at a registered dealer, a registered adviser or an investment fund manager;
- in related investment fields, such as investment banking, securities trading on behalf of a financial institution, securities research, portfolio management, investment advisory services or supervision of those activities;
- in legal, accounting or consulting practices related to the securities industry; and

- in other professional service fields that relate to the securities industry, or in a securities-related business in a foreign jurisdiction.

The securities industry experience described should be relevant to the category applied for. Please see section 3.4 [*Proficiency – initial and ongoing*] of the Companion Policy to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* for more guidance on relevant securities industry experience.

***Reportable activities (Form 33-109F4 – Item 10 and Schedule G; Form 33-109F7 – Item 7 and Schedule D)***

Individuals must report all activities with their sponsoring firm and certain activities carried on outside of their sponsoring firm in Form 33-109F4 and Form 33-109F7. Activity changes must be reported by the individuals in Form 33-109F5.

To illustrate the analysis on whether an activity outside of the sponsoring firm is reportable in Item 10.2 [*Reportable outside activities*] of Form 33-109F4 or in Item 7.2 [*Reportable outside activities*] of Form 33-109F7, Appendix C has been included in this Companion Policy.

The regulator or, in Québec, the securities regulatory authority will take into account the reportable activities when assessing that individual's application for registration or continuing fitness for registration and the sponsoring firm's fitness for registration, including the following:

- whether the individual will have sufficient time to effectively carry out their registerable activities, including remaining current on securities law and product knowledge,
- whether the individual will be able to properly service clients,
- whether there is a risk of client confusion and if so, what the risk is and whether there are effective controls and supervision in place to address the risk,
- whether the reportable outside activity presents a material conflict of interest for the individual, and whether that material conflict of interest has been addressed in the best interest of the client,
- whether the reportable outside activity provides the individual with access to privileged, confidential or insider information relevant to their registerable activities.

Category 1 – Activities with another registered firm

Generally, we expect any activity with another registered firm to be reported, whether or not the activity at the other firm requires the individual to be registered. For example, the following roles are reportable: being an advising or dealing representative, owner, director, research analyst, compliance consultant, client relationship manager, human resources manager, or IT service provider for another registered firm.

#### Category 2 - Activities with an entity that receives compensation from a registered firm

If the individual is the owner (*e.g.*, shareholder, partner), management (*e.g.*, director or officer), or employee of an unregistered entity that receives compensation, such as sales commissions or referral fees, from a registered firm, this activity is reportable. For example, being an employee or owner of an entity that has entered into an agreement in the form set out in Schedule 'A' of MFDA Staff Notice MSN-0072 *Payment of Commissions to Unregistered Corporations* is reportable.

#### Category 3 - Other securities-related activities

Activities that involve raising money for an entity, such as structuring the security or derivative, preparing the offering document, soliciting investors, or promoting the sale of a security or derivative are reportable. The activity must be reported if it was carried out any time in the last 7 years.

Given the role of a director or officer in a corporation as the directing mind and management and the nature of partnerships and trusts, we would consider a director, officer, partner, or equivalent position (such as trustees) of an entity that, within the last 7 years, raised money through the issuance of securities or derivatives to be directly involved and thus would be reportable. For example, being the President of a mortgage investment entity that is raising money would be reportable. We would also consider being a director or officer of a reporting issuer to be reportable, such as being a director of a TSX-listed company.

An individual who works at an entity that is raising money through the issuance of securities or derivatives, but has no direct involvement in the capital raising activity, such as a computer programmer at a fintech start-up, would not be required to report, unless the activity falls within another reporting category.

Similarly, charitable or other fundraising activities that do not involve the issuance of securities or derivatives would not be reportable. For example, volunteering for an organization to seek charitable donations would not be reportable.

#### Category 4 – Provision of financial or financial-related services

An individual is required to report certain financial and financial-related activities, whether or not compensation is received for providing the services. An individual is also expected to report if the individual is a shareholder, partner, director, or officer of an entity that provides one of those services. This includes activities where the individual is responsible for the oversight or provides independent review or expert opinion on the management of an entity's financial assets. For example, being a member of an investment committee that oversees the management of a university's endowment funds or a charity's financial capital, or being a trustee of a family trust.

#### Category 5 - Positions of influence

A position of influence is defined in section 13.4.3 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. All positions of influence are reportable. Please see the guidance in section 13.4.3 of the Companion Policy to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

#### Category 6 - Specified activities

An individual may participate in one or more activities outside of their sponsoring firm. Where an individual is involved in multiple activities, each activity on its own may not require a significant amount of time. However, if the total amount of time required to carry out all of these activities is significant, particularly where the activity is compensated, it could interfere with the individual's ability to properly carry out registrable functions. As a result, each of these activities is required to be reported when the total amount of time spent on specified activities exceeds 30 hours per month. For example, if an individual held two part-time jobs that each requires the individual to work 20 hours per month, the individual would be required to report each position separately since the total amount of time required is 40 hours per month.

When calculating the total amount of time spent on outside activities, time spent on all reportable outside activities from each category is to be included. For example, if an individual spends 20 hours per month working for the sponsoring firm, but also holds a part-time job providing bookkeeping services that requires on average 15 hours per month, and provides taxi services for 20 hours per month, then both the bookkeeping position (which is reportable under Category 4) and the taxi services should be summed up. In this scenario, the total number of hours spent on outside activities per month, on average, is 35 hours (the 20 hours per month working for the sponsoring firm is not counted). Since the total amount of time spent on specified activities exceeds 30 hours per month, the taxi position is required to be reported under Category 6. However, if the individual did not provide bookkeeping services, then the taxi services would not be required to be reported because the total amount of time spent on

specified activities is less than 30 hours per month. The bookkeeping activity is reportable under Category 4 no matter how much time it takes or what other activities the individual undertakes.

Appendix C sets out a chart to help individuals determine whether a particular activity is reportable. For example, an individual may need to determine whether a paid part-time job in a warehouse fulfilment centre that requires on average 10 hours per month should be reported. The individual spends 15 hours per month working for the sponsoring firm, has a paid part-time job as a restaurant employee for 15 hours per month, and also volunteers at a local veterinary clinic for 10 hours per month. The position with the warehouse fulfilment centre does not fall within Categories 1 to 5, but is compensated activity and would fall within the first box of Category 6. As a result, the total amount of time working at the warehouse fulfilment centre and the restaurant should be summed up (the restaurant position would fall within item (iii) of the second box of Category 6 being other activities for which the individual is compensated). The volunteer position at the local veterinary clinic does not fall under Categories 1 to 6 since it is unpaid activity and does not need to be reported. In this scenario, the total number of hours spent on outside activities per month, on average, is 25 hours (the 20 hours per month working for the sponsoring firm is not counted). Since the total amount of time spent on specified activities is less than 30 hours per month, neither the position with the warehouse fulfilment centre nor with the restaurant are required to be reported under Category 6.

We expect individuals to determine how much time they spend on a particular activity in any given month by taking into consideration that the time spent may vary from week to week and from month to month over a year, particularly where the activity is seasonal, such as tax services. For example, if an activity requires 60 hours for 3 months, but only 5 hours for the remaining 9 months of the year, the activity on average would only require 18.75 hours per month. If this was the only outside activity the individual participates in, it would not be reportable. However, we note that even if the activity is not reportable, we would expect firms to have policies and procedures in place to address the impact of seasonal work on the registered individual's and the firm's ability to meet their regulatory obligations.

### ***Uncompensated activities and activities not requiring significant amounts of time***

Generally, uncompensated activities that do not involve securities or financial services and are not positions of influence are not reportable and not factored in when calculating the total amount of time spent on outside activities. For example, volunteer activities, such as being a little league soccer coach or volunteering at an animal shelter, are not required to be reported as they are uncompensated. Additionally, involvement with entities with non-active operations, such as being the owner of a holding company, would likely not be

reportable because time spent on this activity does not usually meet the threshold requiring more than an average of 30 hours or more per month.

***Resignation and terminations (Form 33-109F4 – Item 12 and Schedule I)***

Individuals must report whether they have resigned or been terminated from a position or contract and whether, at the time of their resignation or termination, there existed allegations that the individual: (i) contravened any statutes, regulations, orders of a court or regulatory body, rules or bylaws, or failed to meet standards of conduct, (ii) failed to appropriately supervise compliance with any statutes, regulations, orders of a court or regulatory body, rules, bylaws or standards of conduct, or (iii) committed a crime. Standards of conduct may be internal to the sponsoring firm, such as a sponsoring firm’s policies and procedures, or may be external to the sponsoring firm, such as the standards of conduct of an authority exercising jurisdiction over specific business activities or professions.

When providing information about resignations or terminations, individuals must disclose the day that they ceased to carry on duties for the entity or firm they resigned or were terminated from. This date may coincide with the end of the individual’s employment, partnership or agency relationship. However, this date can also occur earlier, such as when an individual is subjected to an internal firm suspension or the individual’s authority has otherwise been reduced or curtailed pending an internal review. Individuals should provide the date they ceased to carry on duties and not merely the end of an individual’s employment, partnership or agency relationship.

- (d) by adding “(Form 33-109F4 – Item 18)” at the end of the subheading “Agent for service”,***
- (e) by replacing “NI 33-109” with “the Rule” in the paragraph under the subheading “Agent for service”.***
- 6. Section 2.3 is changed by adding “(Subsection 2.2(2), Section 2.4, Subsection 2.6(2), Subsection 4.1(4))” at the end of the heading “Form 33-109F2”.**
- 7. Section 2.5 is changed**

  - (a) by adding “(Sections 2.3 and 2.5)” at the end of the heading “Form 33-109F7 for reinstatement”, and***
  - (b) by adding the following paragraph immediately at the end:***

If certain allegations existed at the time of the individual leaving a sponsoring firm, then regardless of whether the allegations caused or contributed to the individual leaving, the individual may not use the Form 33-109F7. In addition, at

the time the individual resigned or was terminated from the former sponsoring firm, all of the information previously submitted in Form 33-109F4, including Item 12, must have been up-to-date. If these conditions are not met, then the individual must apply for reinstatement by completing on NRD a Form 33-109F4 by making the NRD submission entitled “*Reactivation of Registration*”.

8. ***Section 2.6 is changed by adding “and derivatives legislation, including commodity futures legislation” immediately after “legislation”.***
9. ***Section 2.7 is changed by replacing “termination” with “cessation”.***
10. ***Section 3.1 is changed***
  - (a) ***by adding “(Paragraph 2.1(a))” at the end of the heading “Form 33-109F6”, and***
  - (b) ***by adding the following immediately at the end:***

***Changes in outstanding legal actions***

Registered firms are required to provide updates on the changes in legal actions reported in item 8.3 of Form 33-109F6. This includes claims, defenses, counterclaims, and amendments. In addition, we expect registered firms to inform regulators of any decisions in the legal action that could significantly affect the firm, its business or the outcome of the legal action. Reporting of documentary discovery and adjournments are not required.

11. ***Section 3.2 is changed by adding “(Subsection 3.1(6))” at the end of the heading “Form 33-109F5”.***
12. ***Section 3.3 is changed by adding “(Paragraph 2.1(b); Form 33-109F4 – Item 22)” at the end of the heading “Form 33-109F3”.***
13. ***Section 3.4 is changed by replacing “Appendix C” with “Appendix D”.***
14. ***Section 3.5 is changed***
  - (a) ***by adding “(Section 4.2)” at the end of the heading “Form 33-109F1”, and***
  - (b) ***by replacing the two paragraphs following the heading with the following:***

Under section 4.2 of the Rule, a registered firm must notify the regulator or, in Québec, the securities regulatory authority no more than 10 days after an individual ceased to have authority to act on behalf of the registered firm, as a registered individual or permitted individual. Typically, this occurs due to the cessation of the individual’s employment, partnership or agency relationship

with the registered firm. However, it also occurs when an individual is re-assigned to a different position at the registered firm that does not require registration or is no longer a permitted individual category. Section 4.2 requires that firms notify the regulator within 10 days of the date that the person ceased to have authority to act and not merely the end of an individual’s employment, partnership or agency relationship. Please refer to the definition “cessation date”. Form 33-109F1 is submitted through the NRD website to give notice of the cessation date and the reason for the cessation.

Under paragraph 4.2(1)(b) of the Rule, the information in Item 5 [*Details about the cessation*] of a Form 33-109F1 must be submitted unless the cessation of authority to act on behalf of the registered firm was caused by the death of the individual. A registered firm can submit the information in Item 5 either at the time of making the initial submission on NRD, if the information is available within that 10 day period, or within 30 days of the cessation date, by making an NRD submission entitled “*Update / Correct Cessation Information*”..

15. ***Section 4.1 is changed by adding “(Subsections 4.2(3) and (4))” at the end of the heading “Obligations of former sponsoring firm”.***

16. ***Section 4.2 is changed***

(a) ***by adding “(Section 5.1)” at the end of the heading “Obligations of new sponsoring firm”, and***

(b) ***by adding “sponsoring” before “firm” wherever it appears, except in the following sentence “If a sponsoring firm cannot obtain it from the sponsored individual, as a last resort the sponsored individual should request it from the regulator.”.***

17. ***Appendix A is replaced with the following:***

**Appendix A  
Summary of Notice Requirements in National Instrument 33-109**

<b>Description of Change</b>	<b>Notice Period</b>	<b>Section</b>	<b>Form Submitted</b>
<b>Firms – Form 33-109F6 information</b>			<b>by e-mail, fax or mail</b>
Part 1 – Registration details	15 days	3.1(1.1)(b)	Form 33-109F5
Part 2 – Contact information, including head office address (except 2.4)	15 days		
Item 2.4 –Agent and Address for service [Items 3 and 4 of Schedule B to Form 33-109F6]	15 days	3.1(4)	Schedule B to Form 33-109F6 <i>Submission to jurisdiction</i>



Part 3 – Business history & structure	30 days	3.1(1.1)(a)	Form 33-109F5
Part 4 – Registration history (except item 4.1)	15 days	3.1(1.1)(b)	
Item 4.1 – Securities registration	30 days	3.1(1.1)(a)	
Part 5 –Financial condition (except item 5.12)	15 days	3.1(1.1)(b)	
Item 5.12 – Auditor	30 days	3.1(1.1)(a)	
Part 6 – Client relationships (except items 6.1 and 6.2)	15 days	3.1(1.1)(b)	
Item 6.1 – Client assets	30 days	3.1(1.1)(a)	
Item 6.2 – Conflicts of interest			
Part 7 – Regulatory action	15 days	3.1(1.1)(b)	
Part 8 – Legal action	15 days	3.1(1.1)(b)	
<b>Firms – other notice requirements</b>			<b>in NRD format</b>
Open / change of business location (other than head office)	15 days	3.2	Form 33-109F3
Cessation of Authority of a registered or permitted individual – Items 1-4 – Item 5	10 days*	4.2(2)(a)	Form 33-109F1
	30 days	4.2(2)(b)	
<b>Individuals – Form F4 information</b>			<b>in NRD format</b>
Item 1 – Name	15 days	4.1(1)(b)	Form 33-109F5
Item 2 – Address (except items 2.1 and 2.2)	15 days		
Item 2.1 – Current and previous residential address	30 days	4.1(1)(a)	
Item 2.2 – Mailing address			
Item 3 –Personal information	No update required	4.1(2)	
Item 4 –Citizenship	30 days	4.1(1)(a)	
Item 5 – Registration jurisdictions	15 days	4.1(1)(b)	
Item 6 –Individual categories	15 days		
Item 7 –Address for service	15 days		
Item 8 – Proficiency	15 days		
Item 9 – Location of employment	15 days		
Item 10 – Reportable activities	30 days	4.1(1)(a)	
Item 11 – Previous employment	30 days		
Item 12 –Terminations	15 days		
Item 13 – Regulatory disclosure	15 days		
Item 14 – Criminal disclosure	15 days		
Item 15 – Civil disclosure	15 days		
Item 16 – Financial disclosure	15 days		

Item 17 – Ownership of securities	15 days		
Change of F4: registrant position or relationship with sponsoring firm / permitted status	15 days	4.1(4)	Form 33-109F2
Review of a permitted individual	10 days* after appointment	2.5	Form 33-109F4 or Form 33-109F7, subject to conditions
Automatic reinstatement of registration subject to conditions	within 90 days of cessation	2.3(2)	Form 33-109F7

\*The notice period for a cessation of authority of registered individuals and permitted individuals and a review of permitted individuals is within 10 days of such event.

**18. Appendix B is changed by**

- (a) **replacing** “representatives” **with** “Approved Persons” **wherever it appears,**
- (b) **deleting the comma after** “Alberta Securities Commission”,
- (c) **adding** “Attention:” **before** “Registration” **and deleting** “department” **after** “Registration” **in the portion under “Alberta” under “Part 1 – Regulator’s Contact Information”,**
- (d) **replacing** “email: [corporateaffairs@gov.yk.ca](mailto:corporateaffairs@gov.yk.ca)” **with** “email: [securities@gov.yk.ca](mailto:securities@gov.yk.ca)”,
- (e) **adding** “Office of the Yukon” **before** “Superintendent of Securities”,
- (f) **adding** “C-6” **after** “P.O. Box 2703”,
- (g) **deleting** “\*\* Newfoundland and Labrador – IIROC \*\*” **from above** “\*\* Ontario – IIROC \*”,
- (h) **inserting** “\*\* Newfoundland and Labrador – IIROC \*\*” **and** “\*\* New Brunswick – IIROC \*\*” **above** “\*\* Quebec – IIROC \*”, **and**
- (i) **replacing the contact information below** “\*\* Quebec – IIROC \*” **with the following:**

[e-mail: registration@iiroc.ca](mailto:registration@iiroc.ca)  
fax: (514) 878-0797  
Organisme canadien de réglementation du commerce  
des valeurs mobilières  
525 Viger Avenue West,  
Suite 601

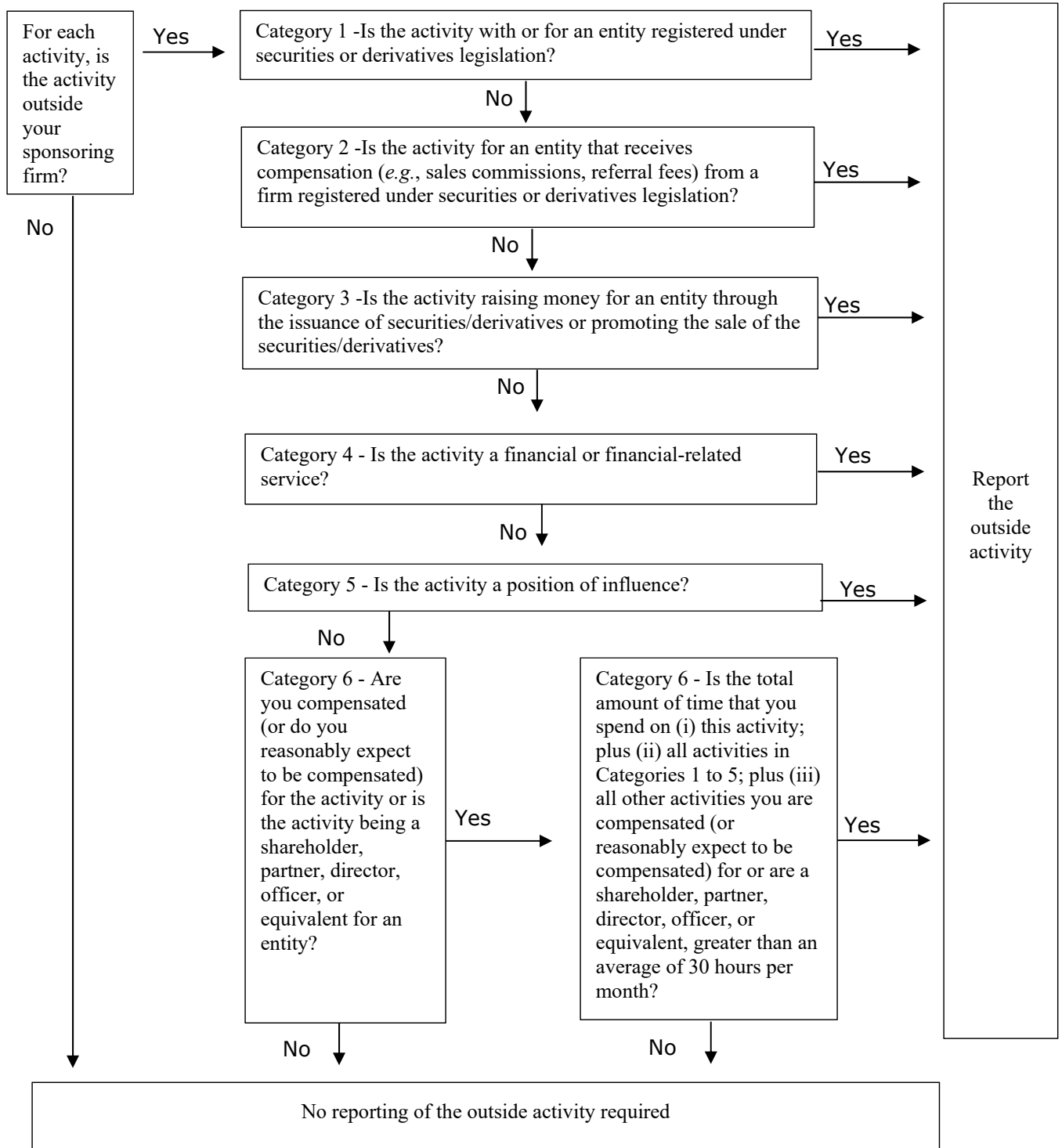
Montréal (Québec) H2Z 0B2  
Attention : Service des inscriptions

**19. *The Companion Policy is changed by renaming “Appendix C” to “Appendix D”.***

**20. *The Companion Policy is changed by adding the following as “Appendix C”:***

## Appendix C

### Reportable Outside Activities



20. These changes become effective on •.