

NPS 54 (Draft) Expedited Registration System for Advisers

1. PURPOSE AND BACKGROUND

The purpose of this policy statement is to streamline and simplify the registration process for applicants who seek to register as advisers with more than one Jurisdiction. The policy statement sets up a system whereby an applicant applies for registration with the Principal Jurisdiction and the Non-principal Jurisdictions. It uses the Principal Jurisdiction's application forms and meets the requirements of the Principal Jurisdiction and the CVMQ. The Non-principal Jurisdictions will accept application forms filed with the Principal Jurisdiction. The Principal Jurisdiction will grant evidence of registration for itself and other Non-principal Jurisdictions, except for Non-ERD Jurisdictions. These Non-ERD Jurisdictions will generally issue a registration certificate within a short period after the ERD is issued.

Once registered, if an Adviser complies with the requirements of the Principal Jurisdiction, the requirements of all other Jurisdictions in which it is registered will be satisfied except for rules with respect to conflicts of interest and except in Québec. Advisers must comply with conflict of interest rules of the Jurisdictions which have such rules. In Québec, Advisers must comply with all local requirements.

An Adviser will have the same renewal date with each Jurisdiction, except in the Northwest Territories, and it will be able to renew its registration with each Jurisdiction at the same time.

This policy statement exempts Advisers from the Office, Residency and Records Requirements of Non-principal Jurisdictions other than Quebec.

Under this policy statement each Jurisdiction will continue to require that advisers carrying on business in that province or territory be registered. Each Jurisdiction also retains the discretion to suspend, cancel or impose terms and conditions on an Adviser's registration if such action is required in the public interest.

2. INTERPRETATION

2.1 In this policy statement:

"Adviser" means an adviser that has its principal place of business in Canada;

"CVMQ" means la Commission des valeurs mobilières du Québec;

"ERD" means the Expedited Registration Document issued pursuant to provisions of this policy statement which evidences registration or renewal of registration by those Jurisdictions named in it;

"Expedited Registration System" or "the System" means the system set out in this policy statement for the expedited registration of advisers in more than one province or territory of Canada;

"Individual Adviser" means an individual, resident in Canada who is a partner, officer, director or employee of an Adviser; and who acts as an adviser on its behalf;

"Jurisdiction" means the securities regulatory authority in a province or territory of Canada;

"Non-ERD Jurisdiction" means the securities regulatory authorities in Québec and Northwest Territories which will not be named in an ERD, but will directly issue certificates of registration or renewal of registration;

"Non-principal Jurisdiction" means a Jurisdiction other than the Principal Jurisdiction.

"Office Requirement" means the requirement in the securities legislation of a province or territory that an Adviser registered by that Jurisdiction must maintain a business office in that province or territory;

"Principal Jurisdiction" means

- (a) Subject to clause (b), in the case of an Adviser, the Jurisdiction of the province or territory where the Adviser has its principal place of business;
- (b) the Jurisdiction designated by the Adviser as its Principal Jurisdiction, where an Adviser has its principal place of business in Ontario, but is relieved of the requirement to register with the Ontario Securities Commission under subsection 209(10) of the Regulation under The Securities Act (Ontario), and
- (c) in the case of an Individual Adviser, the Principal Jurisdiction of the Adviser of which the individual is a partner, director, officer or employee, notwithstanding that the Individual Adviser may reside in a different province or territory;

"Residency Requirement" means:

- (a) in the case of an Adviser applying for registration with a Jurisdiction, the provision in the securities legislation of that province or territory that requires or permits the Jurisdiction to require that the Adviser have a partner, officer, director or employee resident in that province or territory; and
- (b) in the case of an Individual Adviser applying for registration with a Jurisdiction, the provision in the securities legislation of that province or territory that requires or permits the Jurisdiction to require that the Individual Adviser must be resident in that province or territory;

"Records Requirement" means the requirement in the securities legislation of a province or territory that an Adviser registered by a Jurisdiction must maintain in that province or territory those books and records necessary to properly record its business transactions and financial affairs in that province or territory;

2.2 Terms used in this policy statement, in respect of the application of this policy statement in a province or territory, have the meaning assigned to those terms in the securities legislation of that province or territory;

2.3 Where this policy statement requires a person or company to deliver a copy of a document the copy shall be either:

- (a) manually signed; or
- (b) certified to be a true copy of the original document by a partner, officer or director of the applicant or by the applicant's legal counsel.

3. APPLICATION

- 3.1 The Expedited Registration System set out in this policy statement is available to all Advisers and Individual Advisers that reside and carry on business as advisers in any province or territory, except as set out in this part.
- 3.2 Applicants for registration as Advisers are not required to participate in the Expedited Registration System. They may follow the regular registration procedures prescribed by each Jurisdiction. However, if an Adviser begins to participate in the System, and it elects to withdraw from the System, it must give written notice to each Jurisdiction with which it is registered.
- 3.3 When an Adviser participates in the Expedited Registration System, all of its Individual Advisers must also participate in the Expedited Registration System.
- 3.4 Individual Advisers who apply for registration under the System will be required to provide a consent to the exchange of information among Jurisdictions about themselves pursuant to the provisions of section 11.5.
- 3.5 The Expedited Registration System is not available to Advisers to obtain registration or renewal of registration if required pursuant to commodity futures legislation.
- 3.6 The Expedited Registration System is not available to Advisers who hold securities, money or other property on behalf of clients. For the purposes of this section an Adviser does not hold securities, money or other property if:
- (a) the Adviser handles clients' securities, money or other property on an "in transit" basis, and clears such securities, money or other property out of its office by the end of each business day;
 - (b) the Adviser gives directions to a custodian to settle or to a dealer to execute transactions on behalf of clients; or
 - (c) the Adviser qualifies as a custodian pursuant to section 7.02 of National Policy Statement No. 39 - "Mutual Funds", and holds clients' securities, money or other property in trust.
- 3.7 The Expedited Registration System does not apply to any disciplinary action that a Jurisdiction may take against an Adviser or Individual Adviser. The System also does not apply to a voluntary termination or surrender of registration by an Adviser or Individual Adviser.

4. INITIAL REGISTRATION

- 4.1 Registration of Advisers and Individual Advisers Not Registered with Any Jurisdiction
- 4.1.1 Requirements

Where an applicant is not registered with any Jurisdiction and seeks registration with more than one Jurisdiction as an Adviser for itself and for its Individual Advisers the applicant must:

- (1) deliver the following material to the Principal Jurisdiction:
 - (a) applications for registration for itself and for each of its Individual Advisers who will act as advisers in any province or territory using the forms prescribed by the Principal Jurisdiction together with any other material required by the Principal Jurisdiction;
 - (b) applications for approval of the Adviser's non-advising partners, officers and directors; and
 - (c) a notice which:
 - (i) states that it is participating in the Expedited Registration System;
 - (ii) lists the Non-principal Jurisdictions to which it intends to apply for registration and the category of adviser in each Non-principal Jurisdiction;
 - (iii) lists each of its Individual Advisers who seek registration and those Non-principal Jurisdictions to which each will apply for registration; and
 - (iv) where it seeks a waiver of or exemption from any of the registration requirements of the Principal Jurisdiction, describes the requirements it seeks an exemption from;
 - (d) the fees prescribed by the Principal Jurisdiction;

- (2) deliver to each Non-principal Jurisdiction to which it seeks registration:

- (a) the notice required under clause 4.1.1(1)(c);
- (b) the fees prescribed by that Non-principal Jurisdiction¹;

¹ Fees for approval of non-advising partners, officers and directors are not payable in the Yukon, the Northwest Territories, Alberta, Saskatchewan, Manitoba, New Brunswick, or Newfoundland

- (c) copies of the initial version of the application form and other documents delivered to the Principal Jurisdiction for itself;
- (d) copies of the initial version of the application forms and other documents for its Individual Advisers who seek registration in that Non-Principal Jurisdiction; and
- (e) copies of the initial version of the application forms and other documents for its non-advising partners, officers and directors who seek approval in the Principal Jurisdiction.

This material must be delivered to the Non-principal Jurisdiction within three business days after the material is delivered to the Principal Jurisdiction.

- (3) deliver to each Non-principal Jurisdiction with which it seeks registration, within three business days after those documents are delivered to the Principal Jurisdiction, copies of the final form of the documents set out in clauses (2)(c), (d) and (e).

- (4) follow the registration procedures and meet the registration requirements of the Principal Jurisdiction and the requirements of the CVMQ when it is a Non-principal Jurisdiction.

4.1.2 Opting Out by Any Jurisdiction

When a Non-principal Jurisdiction elects to opt out of the Expedited Registration System with respect to an applicant, it will send a notice to that effect to the applicant within five business days of receiving the material filed by the applicant under subsection 4.1.1(2). It will send the notice to the applicant, the Principal Jurisdiction and the other Non-principal Jurisdictions to which the applicant has applied for registration. After receiving a notice from a Non-principal Jurisdiction, the applicant must deal directly with that Non-principal Jurisdiction to resolve the outstanding issues

4.1.3 Registration by ERD Jurisdiction

After conducting its normal review procedures, and if it is satisfied that an applicant has met its registration requirements and is suitable for registration, the Principal Jurisdiction will issue an ERD to the applicant and to each of its Individual Advisers. If the Principal Jurisdiction is a Non-ERD Jurisdiction, it will still issue an ERD. The Principal Jurisdiction will promptly fax a copy of the ERD to all Non-principal Jurisdictions to which the applicant has applied. The Principal Jurisdiction will not issue an ERD before 10 business days from receiving the applicant's final version of its application for registration.

The ERD evidences that registration has been granted by the Principal Jurisdiction and each Non-principal Jurisdiction where the Adviser and Individual Advisers have applied for registration, other than a Non-ERD Jurisdiction and any Non-principal Jurisdiction which has opted out under section 4.1.2. Each ERD will bear on its face a legend which indicates those Jurisdictions in which the Adviser and the Individual Adviser is registered and the category of registration with each Jurisdiction. The Jurisdictions named in the ERD will not provide a separate registration certificate.

4.1.4 Registration by Non-ERD Jurisdictions

Each Non-ERD Jurisdiction will grant registration within five business days of receiving a copy of the ERD from the Principal Jurisdiction unless it has opted out pursuant to section 4.1.2. In that case the Adviser must deal directly with that Non-ERD Jurisdiction to resolve the outstanding difficulties.

4.2. Registration of Advisers with Non-principal Jurisdiction Where Registered in Principal Jurisdiction

4.2.1 Requirements

Where an Adviser is already registered with the Principal Jurisdiction, and it seeks registration with a Non-principal Jurisdiction, the Adviser must deliver to each Non-principal Jurisdiction with which it seeks registration:

- (1) a copy of the ERD and, as the case may be, the current certificate of registration issued by the Principal Jurisdiction, together with any conditions that attach to the registration;
- (2) a copy of the final form of the application for registration filed with the Principal Jurisdiction. If such application for registration is more than 12 months old it must be completed again as of a date which is less than 60 days before the date of application;

- (3) a copy of all other documents delivered to the Principal Jurisdiction within the 12 month period immediately before the date of the application to the Non-principal Jurisdiction including amendments to registration, financial institution bonds, directors' resolutions, and financial statements; and
- (4) registration fees in the amount prescribed by the Non-principal Jurisdiction.

4.2.2 Registration by Non-principal Jurisdictions

Each Non-principal Jurisdiction will register the Adviser within 10 business days of receiving the material set out in section 4.2.1 above unless it has reason not to. In that case the Non-principal Jurisdiction will send a notice to the Adviser and the other Jurisdictions with which the Adviser is registered or has applied for registration. After receiving a notice from a Non-principal Jurisdiction, the Adviser must deal directly with that Non-principal Jurisdiction to resolve the outstanding issues.

4.3. Registration of an Individual Adviser Not Registered With Any Jurisdiction

4.3.1 Requirements

Where an individual is not registered with any Jurisdiction and seeks registration as an Individual Adviser with more than one Jurisdiction, the individual must follow the applicable procedures set out in section 4.1.1.

4.3.2 Opting Out by Any Jurisdiction

A Non-principal Jurisdiction may elect to opt out of the Expedited Registration System with respect to the application for registration by an Individual Adviser, and in that case the procedures set out in section 4.1.2 apply.

4.3.3 Registration by ERD Jurisdictions

The procedures set out in section 4.1.3 apply to the registration of the applicant by ERD Jurisdictions.

4.3.4 Registration by Non-ERD Jurisdictions

The procedures set out in section 4.1.4 apply to the registration of the applicant by Non-ERD Jurisdictions.

4.4 Registration of Individual Advisers with Non-principal Jurisdiction Where Registered in Principal Jurisdiction

4.4.1 Requirements

Where an Individual Adviser is already registered with the Principal Jurisdiction, and the Individual Adviser seeks registration with a Non-principal Jurisdiction, the Individual Adviser must deliver to each Non-principal Jurisdiction with which it seeks registration:

- (1) a copy of the ERD and, as the case may be, the current certificate of registration issued by the Principal Jurisdiction, together with any conditions that attach to the registration;

- (2) a copy of the applicant's final version of the application for registration filed with the Principal Jurisdiction. If such application for registration is more than 12 months old, it must be completed again as of a date which is less than 60 days before the date of application;
- (3) a copy of all other documents filed with the Principal Jurisdiction within the 12 month period immediately before the date of the application to the Non-principal Jurisdiction; and
- (4) registration fees in the amount prescribed by the Non-principal Jurisdiction.

4.4.2 Registration by Non-principal Jurisdictions

Each Non-principal Jurisdiction will register the applicant within 10 business days of receiving the material set out in section 4.4.1 above unless it has reason not to. In that case it will send a notice to the applicant, and to each Jurisdiction with which the applicant is registered or has applied for registration. After receiving a notice from a Non-principal Jurisdiction, the applicant must deal directly with that Non-principal Jurisdiction to resolve the outstanding issues.

5. RENEWAL OF REGISTRATION OF ADVISERS AND INDIVIDUAL ADVISERS

5.1 Renewal Dates for Advisers

- (1) Subject to sections 5.2 and 5.3, in order to facilitate renewal of an Adviser's registration, a Non-principal Jurisdiction which registers an Adviser under sections 4.1.3, 4.1.4, or 4.2.2 will grant registration with a renewal date that is the same as the Adviser's renewal date with the Principal Jurisdiction. Where the initial registration period is for less than 12 months, a Non-principal Jurisdiction will not reduce the amount of the registration fee.
- (2) Where a Non-principal Jurisdiction has opted out pursuant to section 4.1.2, and then grants registration to an Adviser, the Adviser's renewal date in that Non-principal Jurisdiction will be the same as the Adviser's renewal date in the Principal Jurisdiction.

5.2 Renewal Dates in the Northwest Territories

In the Northwest Territories, securities legislation specifies that all registrations expire as of March 31 in each year, and cannot be varied. Therefore, this Part does not apply in the Northwest Territories.

5.3 Renewal Dates Where the CVMQ is Principal Jurisdiction

In Quebec, an Adviser does not have to renew its registration each year. However, an Adviser must deliver financial statements and other documents within 90 days of its financial year end. Therefore, when the CVMQ is the Principal Jurisdiction, each Non-principal Jurisdiction will grant registration to an Adviser under section 4.1.3, 4.1.4 or 4.2.2 with a renewal date that is 135 days after the Adviser's financial year end. Where the initial registration period is for less than 12 months, a Non-principal Jurisdiction will not reduce the amount of the registration fee.

5.4 Renewal Dates for Individual Advisers

Each Principal Jurisdiction and Non-principal Jurisdiction registering an Individual Adviser under section 4.1.3, 4.1.4, 4.3.3, 4.3.4, or 4.4.2, will grant registration to the Individual Adviser with a

renewal date that is the same as the renewal date of the Adviser of which the individual is a partner, officer, director or employee. Where the initial registration period is for less than 12 months, the Non-principal Jurisdiction will not reduce the amount of the registration fee.

5.5 Requirements For Renewal

Subject to section 5.9, where an Adviser wishes to renew its registration and that of its Individual Advisers with its Principal Jurisdiction and Non-principal Jurisdictions, it must, 45 days before its current registration expires:

- (1) deliver the following material to the Principal Jurisdiction:
 - (a) an application for renewal of registration for itself and for each of its Individual Advisers using the forms prescribed by the Principal Jurisdiction together with any other material required by the Principal Jurisdiction;
 - (b) a notice that:
 - (i) lists the Non-principal Jurisdictions to which it applies for renewal of registration; and
 - (ii) lists each of its Individual Advisers who seek to renew their registration and those Non-principal Jurisdictions to which each applies for renewal of registration; and
 - (c) the renewal fees as prescribed by the Principal Jurisdiction;
- (2) deliver the following material to each Non-principal Jurisdiction with which it wishes to renew its registration:
 - (a) copies of the final version of the application for renewal and other documents submitted to the Principal Jurisdiction for itself;
 - (b) copies of the final version of the application for renewal and other documents for its Individual Advisers who seek to renew their registration with that Non-Principal Jurisdiction;
 - (c) the notice required in clause 5.5(1)(b); and
 - (d) the registration, annual or renewal fees prescribed by that Non-principal Jurisdiction;

The notice in clause (c) and the fees in clause (d) must be delivered within three business days of the delivery of the material to the Principal Jurisdiction under subsection 5.5(1). The final version of documents set out in clauses (a) and (b) must be delivered within three business days of the delivery of those documents to the Principal Jurisdiction.

- (3) follow the renewal of registration procedures and meet the requirements for renewal of registration of the Principal Jurisdiction and the CVMQ when it is a Non-principal Jurisdiction.

5.6 Opting Out by Any Jurisdiction

Where a Non-principal Jurisdiction does not wish to be included in an ERD or will not grant renewal of registration, it will give a notice within 10 business days of receiving the notice and fees delivered by the applicant under subsection 5.5(2). It will send the notice to the applicant, the Principal Jurisdiction and the other Non-principal Jurisdictions to which the applicant has applied for renewal of registration. After receiving a notice from a Non-principal Jurisdiction, the applicant must deal directly with that Non-principal Jurisdiction to resolve the outstanding issues.

5.7 Renewal of Registration by ERD Jurisdictions

After conducting its normal review procedures, and if it is satisfied that an applicant has met its requirements for renewal of registration, and is suitable for renewal of registration, the Principal Jurisdiction will issue an ERD to the applicant and to each of its Individual Advisers. If the Principal Jurisdiction is a Non-ERD Jurisdiction, it will still issue an ERD. The Principal Jurisdiction will promptly fax a copy of the ERD to all Non-principal Jurisdictions to which the applicant has applied. The Principal Jurisdiction will not issue an ERD before 10 business days from receiving the applicant's final version of its application for registration.

The ERD evidences that renewal of registration has been granted by the Principal Jurisdiction and each Non-principal Jurisdiction to which the Adviser and Individual Advisers applied for renewal of registration other than a Non-ERD Jurisdiction, and any Non-principal Jurisdiction which has opted out under section 5.6. Each ERD will bear on its face a legend which indicates those Jurisdictions with which the registration of the Adviser and Individual Advisers has been renewed and the category of registration. The Jurisdictions named in the ERD will not provide a separate registration certificate.

5.8 Renewal of Registration by Non-ERD Jurisdictions

Each Non-ERD Jurisdiction will grant renewal of registration within five business days of receiving a copy of the ERD from the Principal Jurisdiction unless it has opted out pursuant to section 5.6. In that case the Adviser must deal directly with that Non-ERD Jurisdiction to resolve the outstanding difficulties.

5.9 Renewal Where the CVMQ is Principal Jurisdiction

In Quebec, an Adviser does not have to renew its registration each year. Therefore where an Adviser's Principal Jurisdiction is the CVMQ, the following procedure will apply for renewal of registration:

5.9.1 Requirements

Within 90 days after its financial year end the Adviser must:

- (1) deliver to the CVMQ:
 - (a) its audited financial statements and the other material and information required by the CVMQ;
 - (b) a notice that:
 - (i) lists the Non-principal Jurisdictions to which it intends to apply for renewal of registration; and
 - (ii) lists each of its Individual Advisers who seek to renew their registration and those Non-principal Jurisdictions in which each will apply for renewal of registration;
 - (c) the annual fees prescribed by the CVMQ.
- (2) deliver to each Non-principal Jurisdiction with which it seeks to renew its registration:
 - (a) copies of the documents submitted to the CVMQ;
 - (b) the notice required in clause 5.9.1(1); and
 - (c) the registration or renewal fees prescribed by that Non-principal Jurisdiction for itself and for its Individual Advisers.

The material and fees must be delivered within three business days of the delivery of the material to the CVMQ.

5.9.2 Opting Out by Any Jurisdiction

Where a Non-principal Jurisdiction does not wish to be included in an ERD or will not grant renewal of registration, it will give a notice within 10 business days of receiving the material filed by the applicant under subsection 5.9.1(2). It will send the notice to the applicant, the CVMQ and the other Non-principal Jurisdictions in which the applicant has applied for renewal of registration. After receiving a notice from a Non-principal Jurisdiction, the applicant must deal directly with that Non-principal Jurisdiction to resolve the outstanding issues.

5.9.3 Renewal of Registration by ERD Jurisdictions

The CVMQ will review the material delivered by the Adviser, and if it is satisfied that the applicant has met its requirements for continued registration, and is suitable for continued registration, the CVMQ will, within 135 days after the Adviser's financial year end issue an ERD to the Adviser and to each of its Individual Advisers. The CVMQ will promptly fax a copy of the ERD to all Non-principal Jurisdictions to which the applicant has applied. The CVMQ will not issue an ERD before three business days from receiving the applicant's final version of its application for registration.

The ERD evidences that the registration of the Adviser and the Individual Adviser has been renewed by each Non-principal Jurisdiction to which they applied for renewal of registration other than a Non-ERD Jurisdiction and any Non-principal Jurisdiction which has opted out under section 5.9.2. Each ERD will bear on its face a legend which indicates those Jurisdictions with which the registration of the Adviser and Individual Advisers has been renewed and the category in which their registration has been renewed. The Jurisdictions named in the ERD will not provide a separate registration certificate.

5.9.4 Renewal of Registration by Non-ERD Jurisdictions

Each Non-ERD Jurisdiction will grant renewal of registration within five business days of receiving a copy of the ERD from the CVMQ unless it has opted out pursuant to section 5.9.2. In that case the Adviser must deal directly with that Non-ERD Jurisdiction to resolve the outstanding difficulties.

6. Transfer of registration of individual advisers

6.1 Requirements

When an Individual Adviser is registered with more than one Jurisdiction as a partner, officer, director or employee of an Adviser, and begins to work for a new Adviser, the Individual Adviser must apply for a new registration following the procedures set out in section 4.3.

7. AMENDMENT TO REGISTRATION

7.1 Requirements

Where an Adviser or Individual Adviser registered with more than one Jurisdiction wishes to apply for an amendment to its registration the applicant must:

- (1) deliver the following to the Principal Jurisdiction:

- (a) an application for amendment to its registration using the forms prescribed by the Principal Jurisdiction together with any other material required by the Principal Jurisdiction;
 - (b) the fees prescribed by the Principal Jurisdiction;
- (2) deliver to each Non-principal Jurisdiction with which it is registered:
- (a) the fees prescribed by that Non-principal Jurisdiction;
 - (b) copies of the final version of the application for amendment form and other documents delivered to the Principal Jurisdiction.

The fees in clause (a) must be delivered to the Non-principal Jurisdiction within three business days of the filing of the initial material with the Principal Jurisdiction. The applicant must also deliver to the CVMQ the material set out in clause 7.1(1)(a) within three business days of the filing of that initial material with the Principal Jurisdiction.

- (3) follow the procedures for amendment of registration and meet the requirements of the Principal Jurisdiction and the requirements of the CVMQ when it is a Non-principal Jurisdiction.

7.2 Opting Out by Any Jurisdiction

A Non-principal Jurisdiction may elect to opt out of the Expedited Registration System with respect to the application for amendment to registration by an Adviser or Individual Adviser, and in that case the procedures set out in section 4.1.2 apply.

7.3 Amendment of Registration by ERD Jurisdictions

The procedures set out in section 4.1.3 apply to the amendment of registration of an Adviser or Individual Adviser by ERD Jurisdictions.

7.4 Amendment of Registration by Non-ERD Jurisdictions

The procedures set out in section 4.1.4 apply to the amendment of registration of an Adviser or Individual Adviser by Non-ERD Jurisdictions.

8. EXEMPTION FROM THE OFFICE, RESIDENCY AND RECORDS REQUIREMENTS

- 8.1 In Quebec an Adviser must meet the Office, Residency and Records Requirements if the Adviser wishes to advise clients without restrictions. An exemption from these requirements is available if the Adviser serves a restricted category of clients, as set out in Quebec Policy Statement No. Q-9. Individual Advisers must meet the Residency Requirement unless working for an Adviser exempted from the above mentioned requirements.
- 8.2 In other provinces and territories Advisers which do not meet the Office, Residency and Records Requirements of a Non-principal Jurisdiction may be registered by that Non-principal Jurisdiction on the following conditions. The Adviser:
- (1) must maintain registration as an Adviser with its Principal Jurisdiction;
 - (2) must inform the Non-principal Jurisdiction as soon as it becomes aware that:

- (a) it or any of its Individual Advisers in any other province or territory becomes the subject of disciplinary action, including suspension, cancellation or restriction of registration by any securities regulatory authority, financial services regulatory authority or self-regulatory authority in Canada or elsewhere; or
 - (b) it ceases to meet the capital requirements imposed by the Principal Jurisdiction;
- (3) must maintain books and records to properly record its business transactions in each province or territory in which it is registered in accordance with the requirements of the Principal Jurisdiction;
 - (4) must provide to a Non-principal Jurisdiction upon demand and at the Adviser's expense, complete copies of any and all books and records the Adviser is required to maintain;
 - (5) must reimburse the Non-principal Jurisdiction for all costs and expenses incurred in inspecting and examining the Adviser's books and records which the Non-principal Jurisdiction would not have incurred had the books and records been maintained in that province or territory;
 - (6) must file a duly executed Submission to Jurisdiction and Appointment of Agent for Service of Process in the form set forth in Appendix A;
 - (7) must file for each Individual Adviser who applies for registration with that Jurisdiction a Submission to Jurisdiction and Appointment of Agent for Service of Process in the form set forth in Appendix B; and
 - (8) must ensure that all its Individual Advisers who are registered by that Jurisdiction or who are required to be registered by that Jurisdiction maintain equivalent registrations with its Principal Jurisdiction to those which they hold or seek to hold with that Jurisdiction.

9. ONGOING REQUIREMENTS

- 9.1 Each Jurisdiction has ongoing requirements governing how an Adviser carries on business in its province or territory. These requirements include:
 - (a) the requirement that the Adviser maintain capital in a specified amount;
 - (b) requirements regarding the maintenance of books and records;
 - (c) requirements regarding how the Adviser and Individual Adviser deal with clients, including the "know your client" and "suitability" rules;
 - (d) requirements regarding the management of accounts and policies governing clients' accounts;
 - (e) requirements regarding notice to securities regulatory authorities of certain changes in certain circumstances;
 - (f) requirements regarding the sending of statements of account and portfolio transactions to clients;

- (g) requirements regarding the filing of financial statements and other reports with securities regulatory authorities; and
- (h) requirements regarding conflicts of interest.

9.2 Subject to sections 9.4 and 9.5, an Adviser will satisfy the ongoing requirements of all Non-principal Jurisdictions with which it is registered if:

- (1) it complies with the ongoing requirements of the Principal Jurisdiction with respect to its operations in all provinces or territories in which it is registered²; and

²The direction to auditor filed with the Principal Jurisdiction should include any audit requested by any Jurisdiction with which the Adviser is registered.

- (2) it sends to all Non-principal Jurisdictions copies of all notices or other documents filed with the Principal Jurisdiction.

9.3 Subject to sections 9.4 and 9.5 an Individual Adviser will satisfy the ongoing requirements of all Non-principal Jurisdictions with which the Individual Adviser is registered if:

- (1) the Individual Adviser complies with the ongoing requirements of the Principal Jurisdiction in all provinces or territories in which he or she is registered; and
- (2) the Individual Adviser sends to all Non-principal Jurisdictions copies of all notices or other documents the Individual Adviser files with the Principal Jurisdiction.

9.4 Advisers and Individual Advisers must comply with conflict of interest rules of those Jurisdictions which have such rules. Appendix C sets out details of conflict of interest rules currently in place.

9.5 Advisers and Individual Advisers carrying on business in Quebec must satisfy the ongoing requirements of the CVMQ.

10. MISCELLANEOUS MATTERS

10.1 Violations of Securities Laws of Other Jurisdictions

Subject to sections 9.2 and 9.3, violation by an Adviser or Individual Adviser, of a securities law of any Jurisdiction may affect that adviser's fitness for continued registration by all other Jurisdictions with which that Adviser or Individual Adviser is registered.

10.2 Equivalent Categories of Advisers

The categories of advisers vary from Jurisdiction to Jurisdiction. Appendix D sets out categories of registration for advisers. The left column of the table sets out the activities an adviser may wish to carry on. The rest of the table sets out the category in which an adviser will be registered in each Jurisdiction in order to carry on the activity described in the left column. When a Principal Jurisdiction grants registration in a category of registration, the Non-principal Jurisdictions will following the procedures set out in this policy statement, grant registration in an equivalent category shown on Appendix D.

11. OPERATING PROCEDURES

11.1 Changes to Registration Requirements

Each Jurisdiction will notify all of the other Jurisdictions when it proposes to make changes to its registration requirements with respect to Advisers and Individual Advisers.

11.2 Standard of Review - Principal Jurisdiction

- (a) The Principal Jurisdiction must satisfy itself that an applicant for registration or renewal of registration has met its registration requirements and is suitable for registration or renewal of registration in the Principal Jurisdiction.
- (b) The Principal Jurisdiction will check for information relating to any previous criminal record of an applicant.

11.3 Expedited Registration Document

An ERD evidences:

- (a) that the Jurisdictions named in the ERD have registered or renewed the registration of the Adviser or the Individual Adviser;
- (b) the category of registration of the Adviser or Individual Adviser in each Jurisdiction named; and
- (c) the renewal date of the registration.

11.4 Standard of Review - Non-Principal Jurisdictions

- (a) A Non-principal Jurisdiction will conduct whatever standard of review it considers appropriate to determine whether it wishes to opt out of the Expedited Registration System with respect to an applicant.
- (b) A Jurisdiction which opts out of the Expedited Registration System with respect to an application will apply its own registration procedures to the application for registration or renewal.
- (c) A Jurisdiction which opts out of the Expedited Registration System with respect to an application must, on request, inform another Jurisdiction about why it opted out.
- (d) A Jurisdiction which does not notify the Principal Jurisdiction that it has opted out of an ERD within five business days of receiving the materials set out in subsection 4.1.1(2) will be deemed by its silence to agree to be named in an ERD.
- (e) A Jurisdiction which has opted out of the Expedited Registration System with respect to an applicant will promptly advise the other Jurisdictions if it has registered or renewed the registration of the applicant.

11.5 Exchange of Information

Subject to applicable privacy legislation each Jurisdiction will use its best efforts to promptly advise the other Jurisdictions in which an applicant is registered or is applying for registration or renewal of:

- (a) any formal investigation of or enforcement action against an applicant; and

- (b) any other information that is relevant to determine whether an applicant is not suitable for registration or renewal of registration.

11.6 Contact Officers

Appendix E sets out a list of the individuals who have primary responsibility for registering Advisers and Individual Advisers in each Jurisdiction.

11.7 Expedited Registration Committee

An expedited registration committee composed of representatives from each Jurisdiction will deal with issues concerning the operation of the Expedited Registration System. The committee will publish operational guidelines on those issues as required from time to time.

12. IMPLEMENTATION

12.1 Effective Date

This policy statement is effective [].

12.2 Transition

If an Adviser is registered with the Principal Jurisdiction and with Non-Principal Jurisdictions on the effective date of this policy, it may elect to participate in the Expedited Registration System by giving a notice to that effect to the Principal Jurisdiction and each Non-principal Jurisdiction with which it is then registered. In that case the Adviser's and Individual Advisers' renewal dates in the Non-principal Jurisdictions become the same as the Adviser's renewal date in the Principal Jurisdiction.

12.3 Blanket Rulings

To give effect to this policy statement, some Jurisdictions have issued blanket orders or rulings which are attached to this policy statement as Appendix F.

APPENDIX A

FORM OF SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE OF PROCESS BY EXTRA-PROVINCIAL ADVISER

Instructions: Prepare and file a version of this form for each of the jurisdictions in which the Adviser seeks registration without an office. Insert the name of the jurisdiction at each "". Insert the name of the applicable securities legislation at the "".

1. Name of applicant or registrant (the "Registrant"):
2. Jurisdiction of incorporation of Registrant:
3. Name of agent for service of process (the "Agent"):
4. Address for service of process of Agent in :
5. The Registrant designates and appoints the Agent at the address of the Agent stated above as its agent upon whom may be served any notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other

proceeding (the "Proceeding") arising out of or relating to or concerning its registration under (the "Act") or its activities in as a registrant, and irrevocably waives any right to raise as a defence in any such Proceeding any alleged lack of jurisdiction to bring such Proceeding.

6. The Registrant irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of and any administrative proceeding in , in any Proceeding arising out of or related to or concerning its registration under the Act or its activities in as a registrant.
7. Until six years after the termination of its registration under the Act, the Registrant shall file:
 - a. A new Submission to Jurisdiction and Appointment of Agent for Service of Process in the form hereof at least 30 days prior to termination of this Submission to Jurisdiction and Appointment of Agent for Service of Process for any reason whatsoever; and
 - b. An amended Submission to Jurisdiction and Appointment of Agent for Service of Process at least 30 days prior to any change in the name or above address of the Agent.
8. This Submission to Jurisdiction and Appointment of Agent for Service of Process shall be governed by and construed in accordance with the laws of .

Dated: _____
(Signature of Registrant or authorized signatory)

(Name and title of authorized signatory)

Acceptance

The undersigned accepts the appointment as agent for service of process on _____ (Insert name of Registrant) pursuant to the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service of Process.

Dated: _____
(Signature of Agent or authorized signatory)

(Name and title of authorized signatory)

APPENDIX B

FORM OF SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE OF PROCESS BY EXTRA-PROVINCIAL ADVISER WHO IS AN INDIVIDUAL

Instructions: Prepare a version of this form for each of the jurisdictions in which Individual Advisers seek registration without being resident there. Insert the name of the jurisdiction at each "" . Insert the name of the applicable securities legislation at the "" .

1. Name of applicant or registrant (the "Registrant"):
2. Jurisdiction of incorporation of Registrant:
3. Name(s) and address(es) of person(s) filing this form (the "Filing Persons"):
4. Name of agent for service of process (the "Agent"):
5. Address for service of process of Agent in :
6. Each Filing Person designates and appoints the Agent at the address of the Agent stated above as its agent upon whom may be served any notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (the "Proceeding") arising out of or relating to or concerning the Registrant's registration under (the "Act") or the Registrant's activities in as a registrant, and irrevocably waives any right to raise as a defence in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.
7. Each Filing Person irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of and any administrative proceeding in , in any Proceeding arising out of or related to or concerning the Registrant's registration under the Act or the Registrant's activities in as a registrant.
8. Until the earlier of (i) the termination of a Filing Person's position as an officer and/or director of the Registrant and (ii) six years after the termination of the Registrant's registration under the Act, such Filing Person shall:
 - a. File a new Submission to Jurisdiction and Appointment of Agent for Service of Process in the form hereof at least 30 days prior to termination of this Submission to Jurisdiction and Appointment of Agent for Service of Process for any reason whatsoever; and
 - b. An amended Submission to Jurisdiction and Appointment of Agent for Service of Process at least 30 days prior to any change in the name or above address of the Agent.
9. This Submission to Jurisdiction and Appointment of Agent for Service of Process shall be governed by and construed in accordance with the laws of .

Dated: _____

(Signature of Filing Person)

(Signature of Filing Person)

Acceptance

The undersigned accepts the appointment as agent for service of process on _____ (Insert name(s) of Filing Person(s)) pursuant to the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service of Process.

Dated: _____ (Signature of Agent or authorized signatory)

(Name and title of authorized signatory)

APPENDIX C

LIST OF OUTSTANDING CONFLICT OF INTEREST RULES

British Columbia: Part 13.1 (sections 167.1 to 167.12) of the Regulation under the Securities Act

Alberta: Alberta Policy 7.1

Ontario: Section 104 and Part XIII (sections 219 to 233) of the Regulation under the Securities Act

Quebec: Chapter VII (sections 230.1 to 249.1) of the Regulation under the Securities Act

Nova Scotia: Part III (sections 59 to 75) of the Regulation under the Securities Act

APPENDIX D

EQUIVALENT CATEGORIES OF ADVISERS

ACTIVITIES

Advises others as to the investing in or the buying or selling of specific securities; or gives

| B | Y | N | A | S | M | O | Q | N | P | N | NF |
|---|---|---|---|---|----|----|---|----|---|----|----|
| C | K | T | B | K | B | N | U | B | E | S | |
| I | B | B | I | I | IC | IC | R | IC | I | IC | IC |
| C | r | r | C | C | | | A | | C | | |

continuous advice as to the investment of funds on the basis of the particular objectives of each client

Manages the investment portfolio of clients through discretionary authority granted by one or more clients

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|--|----|
| P | B | B | P | P | B | P | U | P | P | P | | PM |
| M | r | r | M | M | D | M | A | M | M | M | | |

Advises others, either through direct advice or through publications or writings, as to the investing in or the buying or selling of specific securities and does not purport to tailor his or its advice to the needs of specific clients

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|--|----|
| S | B | B | S | S | S | S | R | S | S | S | | SA |
| A | r | r | A | A | A | A | A | A | A | A | | |

IC - Investment Counsel

PM - Portfolio Manager

SA - Securities Adviser

Br - Broker restricted to carrying out specified advisory activities

BD - Broker Dealer

RA - Restricted Adviser

UA - Unrestricted Adviser

APPENDIX E

CONTACT OFFICERS

Jurisdiction

Contact Officer

British Columbia Securities Commission

Title:
Deputy Superintendent, Registration
Tel:
604-660-4800
Fax:
604-660-2688

Alberta Securities Commission

Title:
Director, Capital Markets
Tel:
403-422-5201
Fax:
403-422-0777

Saskatchewan Securities Commission

Title:
Deputy Director, Registration
Tel:
306-787-5876
Fax:
306-787-5899

Manitoba Securities Commission

Compliance and Registration Officer

Tel:

204-945-2548

Fax:

204-945-0330

Ontario Securities Commission

Title:

Deputy Director, Registration

Tel:

416-593-8310

Fax:

416-593-8283

Commission des valeurs mobilières du
Quebec

Title:

Deputy Director, Registration & Inspection

Tel:

514-873-5009 Ext 247

Fax:

514-873-4130

Office of the Administrator of
Securities, New Brunswick

Title:

Administrator

Tel:

506-658-3060

Fax:

506-658-3059

Registrar under the Prince
Edward Island Securities Act

Title:

Registrar of Securities

Tel:

902-368-4550

Fax:

902-368-5283

Nova Scotia Securities Commission

Title:

Deputy Director, Capital Markets

Tel:

902-424-7768

Fax:

902-424-4625

Securities Commission of Newfoundland

Title:

Registration Officer

Tel:

709-729-4601

Fax:

709-729-6187

Registrar of Securities under the
Yukon Securities Act

Title:

Registrar, Corporate Affairs

Tel:

403-667-5225

Fax:

403-667-6051

Registrar of Securities pursuant to
Northwest Territories Securities Act

Title:
Deputy Registrar of Securities
Tel:
403-920-3318
Fax:
403-873-0243

APPENDIX F

BLANKET ORDERS AND RULINGS

[To be prepared]