

Regulation respecting the Issuance and Renewal of Representatives' Certificates

Notice is hereby given by the *Autorité des marchés financiers* (the "Authority") that the draft *Regulation respecting the Issuance and Renewal of Representatives' Certificates* is being published for consultation.

The Regulation may not be made by the Authority and submitted to the Québec Minister of Finance for approval before the 30-day period for this publication has elapsed. The Regulation may be approved by the Minister with or without amendment.

The draft Regulation is also available on the website of the *Autorité des marchés financiers* at www.lautorite.qc.ca under "Public Consultations".

Purpose of draft Regulation

This draft Regulation replaces the *Regulation respecting the issuance and renewal of representatives' certificates* (the "Regulation"), which came into force on July 19, 1999. The draft Regulation sets out the conditions that should henceforth be satisfied to obtain a representative's certificate in the sectors of insurance of persons, group insurance of persons, damage insurance, claims adjustment and financial planning.

The draft Regulation, which was made under paragraphs (1), (2), (3), (4), (5), (6), (7) and (9) of section 200 and paragraphs (1), (3), (4), (5) and (6) of section 203 of *An Act respecting the distribution of financial products and services*, R.S.Q., c. D-9.2, is a complete update and replacement of the Regulation. This update is intended to:

- adapt the conditions pertaining to the issuance of a representative's certificate to the realities of the industry;
- eliminate the administrative concerns raised by the industry and streamline the administrative and regulatory burden for the benefit of representatives;
- enhance the protection of the public by ensuring that the new career eligibility requirements guarantee that candidates acquire the competencies necessary to pursue activities as a representative.

SPECIFIC AMENDMENTS PERTAINING TO CAREER ELIGIBILITY

The specific requirements pertaining to career eligibility are minimum qualifications, examinations and the training period. In reviewing these requirements, the Authority drew on the methodology used by the *Ministère de l'Éducation, des Loisirs et du Sport* in developing professional and technical education programs. With this approach, based on an in-depth analysis of the daily tasks carried out by representatives, it was possible to collate the information needed to identify the minimum academic training required, define the skills for which examinations must be administered and determine the relevance for a candidate to carry out the duties reserved for certified representatives under supervision prior to obtaining a certificate.

Moreover, several industry professionals were consulted to identify their concerns regarding the difficulties encountered during the recruitment of candidates and the competencies required of candidates to maintain a high standard of quality in the industry and thereby optimize the confidence and protection of clients.

Minimum qualifications:

In amending the minimum qualification requirements, the Authority seeks to increase the number of candidates eligible to write the examinations administered by the Authority, while ensuring that they have sufficient academic training to adequately pursue activities as representatives.

Insurance of persons and group insurance of persons

The minimum qualifications required of candidates seeking to be authorized to act as representatives in the insurance of persons sector or in the sector (or sector classes) of group insurance of persons would not be amended.

However, candidates who do not possess the minimum qualifications required to register for the Authority's examinations may be exempt, further to an analysis by the Authority, of this minimum qualifications requirement if they hold equivalent competencies. This measure is intended to recognize, in accordance with established parameters, academic and extracurricular backgrounds in establishing equivalent minimum qualifications. Therefore, candidates who have acquired solid experience and have demonstrated their competency in the financial or a related industry could henceforth apply for a representative's certificate.

Accident and sickness insurance

A level of education equivalent to a secondary school diploma would henceforth be accepted as minimum qualifications in respect of accident and sickness insurance. Under this amendment, candidates who hold, for example, a vocational diploma equivalent to 11 years of education may register for the examinations in this sector class.

Damage insurance and claims adjustment

For these sectors, the Authority proposes, as minimum qualifications, that candidates hold:

- a diploma of collegial studies or an equivalent level of education; or
- an attestation of collegial studies in insurance recognized by the Authority; or
- a secondary school diploma or an equivalent level of education and at least three years of prior full-time employment.

The reference to a diploma of collegial studies eliminates the confusion existing in the school network from use of the term "post-secondary education" to refer to training consisting of more than 11 years of education.

The secondary school diploma or an equivalent level of education would be a permanent career path. This stems from an analysis of the results of candidates who wrote the Authority's examinations and who followed this career path whereby the success rate matched the success rates of candidates following other career paths.

Exemption from minimum qualifications for reinstatement of certificate

A candidate who holds a certificate for at least one year that was issued or renewed after October 1, 2002 would be exempt from the minimum qualifications for the same sector or sector class where such certificate has been reinstated.

This amendment would enable candidates who do not have the necessary minimum qualifications at the time of the reinstatement of the certificate but who held a certificate when the required minimum

qualifications were less stringent to register for the Authority's examinations as required for reinstatement. Under this provision, the Authority would recognize the experience acquired by certificate holders as a replacement for the required minimum qualifications.

Examinations:

The skills evaluated by the examinations would be in line with the practice of each sector or sector class. These skills would be specific to each sector. The examinations would therefore help to better measure the skills acquired by candidates, while ensuring the protection of consumers and good industry practices.

Validity of examinations

The validity of examinations would be extended from 18 months to two years. This amendment would give candidates greater flexibility to meet career eligibility requirements without having to rewrite examinations they have already passed.

Rules pertaining to rewriting examinations

The rules pertaining to rewriting examinations (supplemental examinations) were reviewed and amended. As a result, candidates would now be entitled to four attempts, rather than five, to pass the examinations, and the time limits between the supplemental examinations would be eliminated. In addition, the waiting period before a candidate may rewrite an examination, where he has failed all attempts, would be two years rather than three. These amendments would dispel the concern of candidates who perceive the existing rules as being too restrictive, and such rules do not enhance the protection of consumers.

Reinstatement after a period of inactivity

A candidate who interrupts his career for more than two years could be entitled again to four attempts to pass each examination. The purpose of this amendment is to not unduly penalize a candidate prior to obtaining his certificate.

Probationary period and training period:

Terminology changes

The current training period would become a probationary period.

The main objective of this probationary period is to ensure the supervision of future representatives, in particular, by helping them to incorporate the knowledge and skills verified by the Authority's examinations into a real environment. Therefore, the term "training period" is replaced by the term "probationary period."

The person supervised during the probationary period would therefore hold a "probationary certificate" rather than an "attestation of training." However, to ensure that consumers are adequately informed, the candidate must continue to use the title of "trainee". The "training supervisor" would be replaced by a "supervisor."

No limitation on replacement of supervisor

In the Regulation, the training supervisor may only be replaced for a maximum of 20 consecutive days in the course of a 90-day training period and a maximum of ten consecutive days in the course of a 45-day training period.

The Authority recommends abolishing the time limit relating to the replacement of a supervisor. This provision is intended to prevent interruptions in the probationary period where the supervisor is unable to

fulfil his obligations. In addition, the administrative burden for the industry would consequently be reduced.

Duration of probationary period

For administrative purposes, the Authority recommends a new duration for the probationary period. It would henceforth last 12 weeks (instead of 90 days) and 6 weeks (instead of 45 days). In addition, the trainee would be required to complete at least 30 hours per week.

Possibility of vacation during probationary period

A candidate who is on a probationary period could henceforth take a vacation. Such vacation would last no longer than two weeks for 12-week probationary periods and one week for six-week probationary periods. As a result, the duration of the probationary period would be extended by the equivalent period of vacation.

Required qualifications and obligations of supervisor and replacement supervisor

The requirement for supervisors or replacement supervisors to hold a certificate for at least 36 months during the past 48 months would be reduced to 24 months during the past 36 months. This provision would enable a greater number of certified representatives to qualify as supervisors.

However, if he is the subject of a disciplinary sanction imposed by a disciplinary committee under the Act in the five years preceding the application, the certificate holder could not act as a supervisor.

In addition, to ensure the protection of the public and eliminate the difficulties regarding the attainment of probationary period objectives, the supervisor's obligations would be specified and the supervisor would be required to report more fully to the Authority on the conduct of the probationary period.

The specific tasks of the supervisor during the probationary period would be as follows:

- provide the candidate with a working environment conducive to learning and developing skills;
- determine the tasks the candidate must carry out and the time periods in which they must be completed;
- help the candidate to gradually pursue the activities reserved for representatives who are certificate holders;
- evaluate at least once per week the tasks carried out by the candidate and review files assigned to the candidate.

At the end of the probationary period, the supervisor would send his recommendation to the Authority, along with the required information. This recommendation would be required in order to issue a certificate.

Work-Study Learning Program (WSLP) abolished

The WSLP did not meet, in most instances, the objectives for which it was created, namely, to allow participants to alternate between work and study. The program would therefore be abolished.

However, under the draft Regulation, it may be possible to participate in a training period. Individuals currently participating in the WSLP would be able to satisfy the requirements for the issuance of a representative's certificate until December 31, 2010. The WSLP was authorized only for damage insurance and claims adjustment.

Training period

College-level teaching institutions, with the support of the *Ministère de l'Éducation, du Loisir et du Sport*, requested the option of offering training periods to students registered in college-level education programs relating to insurance. This request pertains to all sectors of insurance. Accordingly, provisions are set out to facilitate the completion of a supervised training period for these students in accordance with the terms and conditions of agreements entered into between the teaching institutions and the Authority. Furthermore, in an effort to promote specialized education programs in insurance, holders of a diploma issued under an insurance program who have completed a training period under these agreements would be exempt from the probationary period.

GENERAL AMENDMENTS:

Accident and sickness insurance:

Terminology amendments would be made. As a result, in insurance of persons, the sector class of health and accident insurance would become the sector class of accident and sickness insurance. This amendment would harmonize the terminology used in the Regulation, the *Civil Code of Québec* and the *Regulation under the Act respecting insurance*.

In addition, the draft Regulation specifies that a representative authorized to act in the sector class of accident and sickness insurance may not offer a "life insurance product where the capital is payable during the lifetime of the insured." This refers to the concept generally called "critical illness insurance." Only representatives certified in the entire sector of insurance of persons may offer this product.

Claims adjustment in the employ of an insurer:

The sector class of "claims adjustment in the employ of an insurer" would be eliminated. The existence of this sector class reflected the fact that only candidates in this sector class were exempt from the prescribed training period. Henceforth, since all candidates would be required to complete a probationary period, it would no longer be relevant to maintain this sector class. They would henceforth be "claims adjusters."

Labour mobility agreements:

Under the draft Regulation, the Authority may enter into labour mobility agreements with the other Canadian provinces and territories or with other countries pertaining to the sectors covered by the Regulation. In particular, these agreements would enable the Authority to issue a certificate to a candidate from another Canadian province or territory or another country and impose different criteria from those provided for under the draft Regulation.

The application of specific career eligibility requirements for these candidates would take into account the candidate's current qualifications, the qualifications evaluated by a regulatory authority outside Québec and the protection of Québec consumers.

Training period in financial planning:

The requirement to complete a training period in financial planning would be abolished. Since April 13, 2000, a moratorium has been in effect with respect to the requirement to complete a training period in this sector. Further to analysis, this requirement was deemed not to be relevant.

Grounds for Authority's decisions:

The sections pertaining to the obligation of the Authority to indicate the grounds for its decisions would be withdrawn from the Regulation. The current sections to that effect are redundant, since this obligation is

contained in section 35 of *An Act respecting the Autorité des marchés financiers*, which refers to Chapter I, Title I of *An Act respecting administrative justice*.

Transmission of documents by electronic mail:

The Authority is in the process of computerizing its administrative processes. In future, it will be possible for a candidate to send documents electronically. The Regulation therefore contains provisions under which this method of transmission would be permitted.

Request for comment

Comments regarding the above Regulation may be made in writing before the 30-day period for this publication elapses on October 23, 2009, and sent to the following:

M^e Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
Tour de la bourse
800, square Victoria
C.P. 246, 22^e étage
Montréal (Québec) H4Z 1G3
Fax: 514-864-8381
E-mail: consultation-en-cours@lautorite.qc.ca

Comments will be made public unless otherwise noted.

Further information

Further information is available from:

Geneviève Côté
Analyst, Distribution Practices
Distribution Practices
Autorité des marchés financiers
Telephone: 418-525-0337, ext. 4813
Toll-free: 1-877-525-0337
E-mail: genevieve.cote@lautorite.qc.ca

M^e Hélène Ouellet
Legal Affairs
Autorité des marchés financiers
Telephone: 418-525-0558, ext. 2573
Toll-free: 1-877-525-0337
E-mail: helene.ouellet@lautorite.qc.ca

October 23, 2009.

REGULATION RESPECTING THE ISSUANCE AND RENEWAL OF REPRESENTATIVES' CERTIFICATES*

An Act respecting the distribution of financial products and services
(R.S.Q., c. D-9.2, s. 200, pars. (1) to (5), (6), (7) and (9); s. 203, pars. (1) and (3) to (6))

CHAPTER I

SECTORS, SECTOR CLASSES, TITLES AND TITLE ABBREVIATIONS

DIVISION 1

INSURANCE OF PERSONS

1. A representative authorized to act in the insurance of persons sector uses the title of "financial security advisor".

The authorized sector class of this sector is "accident and sickness insurance".

2. A representative authorized to act in the "accident and sickness insurance" sector class may only offer accident and sickness insurance products and advisory services, excluding, whether accessory or not, any other insurance of persons product, including a life insurance product where the capital is payable during the lifetime of the insured.

He uses the title of "accident and sickness insurance representative".

DIVISION II

GROUP INSURANCE OF PERSONS

3. A representative authorized to act in the group insurance of persons sector uses the title of "group insurance and group annuity plans advisor".

The authorized sector classes of this sector are "group insurance plans" and "group annuity plans".

4. A representative authorized to act in the "group insurance plans" sector class may only offer group insurance plan products and advisory services.

He uses the title of "group insurance plans advisor".

5. A representative authorized to act in the "group annuity plans" sector class may only offer products and advisory services pertaining to group annuity plans.

He uses the title of "group annuity plans advisor".

* The Regulation respecting the issuance and renewal of representatives' certificates, adopted on July 6, 1999 pursuant to Resolution No. 99.07.08 and published on July 19, 1999 in Bulletin No. 3 of the *Bureau des services financiers* (BSF), was amended by the regulation adopted on October 6, 2000 pursuant to Resolution No. 2000.10.09 and published in October 2000 in BSF Bulletin No. 8, by the regulation adopted on December 14, 2000 pursuant to Resolution No. 2000.12.20 and published on February 5, 2001 in BSF Bulletin No. 11, by the regulation adopted on October 25, 2001 pursuant to Resolution No. 2001.10.19 and published on November 7, 2001 in BSF Bulletin No. 19, by the regulation adopted on October 25, 2001 pursuant to Resolution No. 2001.10.18 and published on November 7, 2001 in BSF Bulletin No. 19, by the regulation adopted on February 13, 2003 pursuant to Resolution No. 2003.02.09 and published on March 6, 2003 in BSF Bulletin No. 32, by the regulation adopted on October 9, 2003 pursuant to Resolution No. 2003.10.17 and published on October 17, 2003 in BSF Bulletin No. 40, by the regulation approved on December 8, 2004 pursuant to Order-in-Council No. 1129-2004 and by Ministerial Order No. 2009-06 dated September 9, 2009 (2004 G.O. 2, 3686A).

DIVISION III
DAMAGE INSURANCE

6. A representative authorized to act in the damage insurance sector uses the title of "damage insurance agent" or "damage insurance broker", as applicable.

The authorized sector classes of this sector are "personal-lines damage insurance" and "commercial-lines damage insurance".

7. A representative authorized to act in the "personal-lines damage insurance" sector class may only offer products and advisory services pertaining to:

(1) property and civil liability of a domestic nature of a natural person or an independent worker at his residence;

(2) residential buildings containing not more than six dwellings.

He uses the title of "personal-lines damage insurance agent" or "personal-lines damage insurance broker", as applicable.

8. A representative authorized to act in the "commercial-lines damage insurance" sector class may only offer products and advisory services pertaining to damage insurance for commercial businesses, including in respect of independent workers.

He uses the title of "commercial-lines damage insurance agent" or "commercial-lines damage insurance broker", as applicable.

DIVISION IV
CLAIMS ADJUSTMENT

9. A representative authorized to act in the claims adjustment sector uses the title of "claims adjuster".

The authorized sector classes of the claims adjustment sector are "claims adjustment in personal-lines damage insurance" and "claims adjustment in commercial-lines damage insurance".

10. A representative authorized to act in the "claims adjustment in personal-lines damage insurance" sector class is only authorized to act with respect to claims pertaining to:

(1) the property and civil liability of a domestic nature of a natural person or an independent worker at his residence;

(2) residential buildings containing not more than six dwellings.

He uses the title of "claims adjuster in personal-lines damage insurance".

11. A representative authorized to act in the "claims adjustment in commercial-lines damage insurance" sector class is only authorized to act with respect to claims of commercial businesses, including in respect of independent workers.

He uses the title of "claims adjuster in commercial-lines damage insurance".

DIVISION V
FINANCIAL PLANNING

12. A holder of a diploma issued by the *Institut québécois de planification financière* authorized under a certificate issued by the *Autorité des marchés financiers* to act in the financial planning sector uses the title of "financial planner" or the abbreviation "F.PI".

Divisions I to V of Chapter II hereof do not apply to financial planners.

CHAPTER II
ISSUANCE OF CERTIFICATES

DIVISION 1
CONDITIONS OF ELIGIBILITY

13. The Authority issues a certificate to a candidate who satisfies the following conditions:

(1) he holds the minimum qualifications under Division II of this Chapter, where applicable;

(2) he has passed the examinations prescribed by the Authority in accordance with Division III of this Chapter, where applicable;

(3) he has duly completed the probationary period under Division IV of this Chapter, where applicable;

(4) he has duly completed and submitted an application for a certificate using the form available on the website of the Authority at www.lautorite.qc.ca;

(5) he has complied with the requirements and conditions of issuance of a certificate prescribed in Divisions VIII and IX of this Chapter;

(6) he holds the necessary authorizations issued by the competent authority, where applicable, whereby he is eligible for employment in Québec;

(7) he is not in any of the situations set out in sections 219 and 220 of *An Act respecting the distribution of financial products and services* (R.S.Q., c. D-9.2).

DIVISION II
MINIMUM QUALIFICATIONS

§1. — Insurance of persons and group insurance of persons

14. A candidate in the insurance of persons sector, or in the group insurance of persons sector or a sector class thereof, must have, as minimum qualifications, one of the following:

(1) a diploma of collegial studies or an equivalent level of education in accordance with the system of reference established by the Authority and available on its website;

(2) a diploma of collegial studies in insurance recognized in an agreement entered into for that purpose between the Authority and a college-level institution;

(3) a university-level certificate in insurance recognized in an agreement entered into for that purpose between the Authority and a university.

A candidate in the group insurance of persons sector or in a sector class of this sector must also have passed the courses recognized in an agreement entered into between the Authority and a training body, corresponding to the skills set out in Appendix 1 for this sector or selected sector class.

§2. — Accident and sickness insurance

15. A candidate in the accident and sickness insurance sector class must have, as minimum qualifications, a secondary school diploma or an equivalent level of education, in accordance with the system of reference established by the Authority and available on its website.

§3. — Damage insurance and claims adjustment

16. A candidate in the damage insurance or the claims adjustment sector or in a class of these sectors must have, as minimum qualifications, one of the following:

(1) a diploma of collegial studies or an equivalent level of education, in accordance with the system of reference established by the Authority and available on its website;

(2) an attestation of collegial studies in insurance recognized in an agreement entered into for that purpose between the Authority and a college-level institution;

(3) a secondary school diploma or an equivalent level of education, in accordance with the system of reference established by the Authority and available on its website, and at least three years of prior full-time employment.

§4. — Exemptions

17. A candidate in a particular sector or sector class may be exempt from the minimum qualifications prescribed under this Chapter in respect of this sector or sector class if he held a certificate for a period of at least one year that was issued or renewed after October 1, 2002 in such sector or sector class.

18. A candidate in the insurance of persons sector, or in the group insurance of persons sector or any sector class of this sector, may be exempt from the minimum qualifications prescribed under this Chapter if he is able to demonstrate that he has the skills corresponding to the required level of education set out under section 14.

DIVISION III
EXAMINATIONS

§1.— Evaluation of skills and eligibility

19. In addition to satisfying the minimum qualifications, a candidate must, for each sector or sector class for which he is applying, pass the examinations prescribed by the Authority to demonstrate that he has acquired the required skills and is able to:

(1) comply with the legislation applicable to pursuing activities as a representative;

(2) recommend or propose, as applicable, a product adapted to the client's needs.

He must also pass examinations to demonstrate that he has acquired the following skills:

(1) for the insurance of persons sector, or the group insurance of persons sector or any sector class thereof, evaluate the tax impacts of an insurance contract or an annuity contract, as applicable;

(2) for the claims adjustment sector or any sector class thereof, settle a claim based on the coverage subscribed for by the client.

20. A candidate registers for an examination by forwarding his duly completed registration application to the Authority.

§2.— Exemptions

21. A candidate in a sector or sector class authorized under a certificate issued by the Authority to act in another sector or sector class is exempt from the examinations he has already passed for the purpose of acting in such other sector or sector class.

22. A candidate is exempt from the examinations if his certificate application is duly completed and received by the Authority within the year following his surrender or non-renewal of a certificate previously issued by the Authority authorizing him to act as a representative in the same sector or sector class as that covered by the application.

23. A candidate is exempt from the examinations, other than those that seek to demonstrate that he is able to comply with the legislation applicable to the pursuit of activities as a representative, if he forwards his application for a certificate to the Authority within three years following his surrender or non-renewal of a certificate held for at least one year authorizing him to act as a representative in the same sector or sector class as that covered by the application.

§3.— Passing examinations

24. A candidate must score at least 60% in each examination prescribed by the Authority.

25. An examination is valid for a period of two years beginning on the date the candidate passed the examination.

26. A candidate who fails the initial examination is entitled to write three supplemental examinations.

However, a candidate who has failed an examination and who does not register for the supplemental examination within a period of two years beginning as of the date he failed the examination, must reregister for the initial examination.

A candidate who fails an examination three times must, before submitting another registration application for this examination, successfully complete the courses corresponding to the skill evaluated by such examination with a training body recognized by the Authority or, failing that, a privately tutored course recognized by it.

A candidate who fails an examination four times must wait for a period of two years as of the date of the most recent attempt before reapplying to write the examination.

27. A candidate is considered to have failed an examination if he fails to comply with the instructions given during the examination session or does not report for this session.

However, a failure may be cancelled by the Authority where warranted by exceptional circumstances.

28. At a candidate's request, the Authority may review his examination.

This request for a review must be received by the Authority no later than the 30th day following the date of the examination session for which the review is being requested. However, a candidate who is able to demonstrate that he was unable to act prior to the session due to exceptional circumstances may forward his request to the Authority after this 30-day period.

DIVISION IV
PROBATIONARY PERIOD

§1.— Eligibility for probationary period

29. A candidate who satisfies the following conditions may undertake a probationary period pertaining to a sector or sector class if:

(1) he has passed each of the examinations prescribed by the Authority and such examinations are valid at the time the probationary period is undertaken;

(2) he has not been in any of the situations set out in sections 219 and 220 of *An Act respecting the distribution of financial products and services*;

(3) he holds the necessary authorizations issued by a competent authority, where applicable, for employment in Québec;

(4) he has duly completed and submitted to the Authority his application for a probationary certificate.

30. A candidate undertaking a probationary period must present himself publicly as a trainee at all times.

§2.— *Probationary certificate*

31. The Authority issues a probationary certificate that includes the information necessary to identify the candidate and the information related to the validity period of the probationary certificate.

32. The holder of a probationary certificate may, notwithstanding section 12 of *An Act respecting the distribution of financial products and services*, perform the following acts, under the supervision of his supervisor and the firm or independent partnership on whose behalf he pursues activities, as applicable:

(1) in the sector or a sector class of insurance of persons or group insurance of persons, gather information, conduct needs analyses and propose to his supervisor the products or services that may be adapted to the client's needs, and recommend and sell them to the client;

(2) in the personal-lines damage insurance sector class or the damage insurance sector, where he offers products and services pertaining to personal-lines damage insurance, gather information, and recommend and sell to the client the products, coverages or guarantees adapted to his needs;

(3) in the commercial-lines damage insurance sector class or the damage insurance sector, where he offers products and services pertaining to commercial-lines damage insurance, gather information and propose to his supervisor the products, coverages or guarantees that may be adapted to the client's needs, and recommend and sell them to the client;

(4) in the sector or a sector class of claims adjustment, gather information and assist his supervisor in the investigation of a claim, the assessment of damage or the negotiation of a settlement.

33. A holder of a probationary certificate must, upon first meeting a client, give the client a written document, such as a business card, which indicates the following:

(1) his surname and given name;

(2) his business address, business telephone number, electronic mail address, if any, and his facsimile number;

(3) the sectors or sector classes in which he is authorized to act;

(4) the name of the firm or independent partnership on whose behalf he pursues activities;

(5) his title.

If the holder deals with the client on a remote basis, he must provide him with the information referred to in subparagraphs (1), (4) and (5) of the first paragraph and, in such case, send him, at his request, the document referred to in the first paragraph when initially sending the other documents.

§3.— Duration of probationary period

34. The probationary period pertaining to a sector must last 12 weeks. It unfolds at a rate of at least 30 hours per week, and must not last more than 14 weeks.

35. The probationary period pertaining to a sector class must last six weeks. It unfolds at a rate of at least 30 hours per week, and must not last more than seven weeks.

36. During the probationary period, the candidate must not be in any of the situations referred to in section 56.

37. The holder of a probationary certificate must notify the Authority of any change to the information or to a document he has furnished to the Authority within five days of such change, where such change occurs during the probationary period.

If, as a result of the change, the holder no longer respects the conditions of probationary period eligibility, the Authority may withdraw the probationary certificate.

38. The probationary period is interrupted if the holder of a probationary certificate is in any of the following situations:

- (1) his supervisor is no longer authorized by the Authority;
- (2) he is unable to continue the probationary period due to disability, in particular, as the result of a preventive withdrawal, because he is on parental leave or where warranted by exceptional circumstances.

In all other situations, the probationary period is considered to be abandoned.

39. Where the probationary period is interrupted, the holder of a probationary certificate must immediately cease to perform the acts referred to in section 32.

Within 30 days of the interruption of the probationary period, the holder of a probationary certificate must apply to the Authority for authorization to extend the probationary period for its remaining duration by submitting an application to that effect, along with documentation of the reason for the interruption.

40. The holder of a probationary certificate may change supervisors during the probationary period without affecting its duration provided the Authority is informed of such change at least ten days prior to the proposed change and the new supervisor acts on behalf of the same firm or the same independent partnership, as applicable.

§4.— Exemptions from probationary period

41. A candidate is exempt from the probationary period if his certificate application is duly completed and received by the Authority within the year following his surrender or non-renewal of a certificate previously issued to him by the Authority whereby he was authorized to act as a representative in the same sector or sector class as that covered by the application.

42. A candidate is exempt from the probationary period if his certificate application is duly completed and received by the Authority within three years following his surrender or non-renewal of a certificate held for at least one year as a representative in the same sector or sector class as that covered by the application.

43. A candidate is exempt from the probationary period if he has successfully completed a training period in accordance with Division V.

§5.— *Required qualifications and obligations of supervisor and replacement supervisor*

44. A supervisor is a representative authorized to pursue activities at the time of the probationary period and the holder of a certificate for at least 24 of the past 36 months in the same sector or in a sector encompassing the sector class in which the candidate seeks to pursue activities.

A supervisor may be replaced by a replacement supervisor. This replacement supervisor must observe the same obligations as those of the supervisor.

45. A supervisor must register as such with the Authority by completing the prescribed form, and must satisfy the following conditions:

(1) in the five years preceding the candidate's application, has not been the subject of a disciplinary sanction imposed by a disciplinary committee established under *An Act respecting the distribution of financial products and services*, or the Court of Québec sitting in appeal of a decision issued by such a committee;

(2) in the five years preceding the candidate's application, has never been removed or excluded by a disciplinary committee of a professional order;

(3) he is not subject to the conditions or restrictions issued under sections 219 or 220 of *An Act respecting the distribution of financial products and services*.

46. A supervisor may not have more than five trainees under his responsibility at any time.

47. Where a supervisor is absent, he may be replaced by his replacement supervisor.

48. Excluding the offer of products and services pertaining to personal-lines damage insurance, the supervisor must approve the products and services offered by the holder of a probationary certificate before they are recommended to the client, enter this approval in the client's file and countersign, where applicable, any proposal or form, specifically notices for purposes of replacement.

For the damage insurance sector or the personal-lines damage insurance sector class, where products and services pertaining to personal-lines damage insurance are offered, the supervisor must, within the next business day, review the certificate holder's work and enter the review in the client's file.

49. The specific tasks of the supervisor include:

(1) provide the probationary certificate holder with a working environment conducive to learning and developing his skills;

(2) determine the tasks the holder must carry out, specifying the time limits in which they must be completed;

(3) help the holder gradually pursue the activities reserved for representatives, as set out in section 32;

(4) at least once per week, evaluate and review the tasks carried out by the holder.

At the end of the probationary period, the supervisor submits his recommendations to the Authority, along with the information required by the Authority. These recommendations must be approved by the management of the firm or independent partnership that ensured supervision, as applicable.

50. The supervisor must inform the Authority, within five days, if the holder has discontinued or interrupted his probationary period.

DIVISION V
TRAINING PERIOD

§1.— Agreement with a training body

51. A candidate may carry out a training period established under an agreement entered into between a training body and the Authority. Such an agreement must set out, in particular, the requirements related to minimum skills and the number and duration of any training periods.

§2.— Attestation of training

52. To obtain an attestation of training, a candidate must:

- (1) be enrolled in a training program recognized under the agreement referred to in section 51;
- (2) be accepted as a trainee in a firm or an independent partnership or with an independent representative registered with the Authority;
- (3) complete the forms prescribed for such purpose;

Upon analysis of the file, the Authority may issue the candidate an attestation of training.

This attestation must contain the necessary information to identify the candidate and the information related to the training period he is undertaking.

DIVISION VI
EXEMPTIONS REGARDING CANDIDATES FROM NON-QUÉBEC JURISDICTIONS

§1.— Canadian candidates

53. A candidate from another Canadian province or a Canadian territory seeking to be authorized to act as a representative in Québec and who furnishes to the Authority a document from a competent authority of his province or territory attesting that he has been authorized to act in this capacity in a corresponding sector or sector class for at least two years is exempt from:

- (1) the minimum qualifications prescribed in Division II of this Chapter;
- (2) the examinations set out in Division III of this Chapter corresponding to the candidate's skills;
- (3) the probationary period.

However, the candidate is not required to furnish the document referred to in the first paragraph if he has satisfied the requirements established under an agreement entered into between the competent authority of his province or territory and the Authority.

§2.— Candidates from another country

55. A candidate from another country that is party to an agreement entered into with the Authority and who seeks to act as a representative in Québec is exempt, under the terms and conditions of the agreement, from:

- (1) the minimum qualifications prescribed in Division II of this Chapter;

(2) the examinations set out in Division III of this Chapter corresponding to the candidate's skills;

(3) the probationary period.

DIVISION VII

OTHER CONDITIONS OF ISSUANCE

55. To obtain a representative's certificate, a candidate must apply to the Authority prior to the expiry of the validity period of his examinations or, if this period expires during the probationary period, within 30 days following the end of the probationary period.

During the processing of the certificate application and on receipt by the candidate of a notice from the Authority to that effect, the probationary certificate remains valid.

The candidate must forward the prescribed form and submit, in support of his application, any information as well as any document attesting to the information contained in the form. He must also, at the request of the Authority, attach documents confirming that he has the degree of honesty considered necessary to pursue activities as a representative and those concerning his integrity and solvency.

A candidate who demonstrates that he was unable to act within the period provided for in the first paragraph due to exceptional circumstances, may forward his application to the Authority on the expiry of this period.

56. To obtain his certificate, a candidate must comply with the following conditions:

(1) he must not have been the subject of a disciplinary sanction imposed by a disciplinary committee established under *An Act respecting the distribution of financial products and services*, the former *Act respecting market intermediaries* (R.S.Q., c. I-15.1), the *Real Estate Brokerage Act* (R.S.Q., C-73.1) or the Professional Code (R.S.Q., c-26) or by the Court of Québec sitting in appeal of a decision issued by such a committee.

(2) he must not be in default of paying any outstanding fines and costs that may have been imposed on him by any of the committees referred to above and by the Court of Québec, as well as any accrued interest at the rate established in accordance with section 28 of *An Act respecting the Ministère du Revenu* (R.S.Q., M-31), as applicable;

(3) he must have repaid any amount in principal, interest and costs that he was ordered to pay by final judgment by reason of his liability for any of the reasons referred to in section 175 of the former *Act respecting market intermediaries* or section 258 of *An Act respecting the distribution of financial products and services*, and has repaid any amounts that were disbursed by the *Fonds d'indemnisation des services financiers* and that may be recovered by this fund, as a successor, by subrogation pursuant to these Acts;

(4) he must not be in default of paying any fine related to the commission of an offence under *An Act respecting the distribution of financial products and services*, the former *Act respecting market intermediaries*, the *Securities Act* (R.S.Q., V-1.1) or the *Real Estate Brokerage Act*;

(5) he must not be in default of paying the dues and annual fees payable prescribed by the Regulation respecting the Dues, Contributions and Fees Payable approved under Order-in-Council No. 836-99 dated July 7, 1999 (1999, G.O. 2, 2102).

DIVISION VIII

TERMS AND CONDITIONS OF CERTIFICATE ISSUANCE

§1.— General provisions

57. A candidate who forwards a certificate application to the Authority in the year following his surrender or non-renewal of the certificate held as a representative in the same sector or sector class as that covered by the application must, as applicable, have

remedied the failure to comply with the rules relating to compulsory professional development prescribed under regulations of the Authority and under by-laws of the *Chambre de la sécurité financière* or the *Chambre de l'assurance de dommages*.

58. Whenever it decides to impose conditions or restrictions on a certificate, the Authority must notify the candidate in writing, specifying the reasons therefor.

59. A representative acting on behalf of a firm without being an employee thereof and who holds a professional liability insurance contract in accordance with Division VI of the Regulation respecting the Pursuit of Activities as a Representative, approved under Order-in-Council No. 830-99 dated July 7, 1999 (1999, G.O. 2, 2066), must forward either of the following documents to the Authority:

(1) evidence that the professional liability insurance contract was renewed 30 days prior to its expiry;

(2) a new professional liability insurance contract that complies with the requirements set out in Division VI of the Regulation respecting the Pursuit of Activities as a Representative.

§2.— Certificate particulars

60. A certificate issued by the Authority must include information relating to the certificate holder, the sector or sector classes in which he is authorized to pursue activities, the professional titles he is authorized to use and, as applicable, the conditions and restrictions imposed on him by the Authority.

§3.— Validity period of certificate

61. A certificate is renewable on an annual basis.

62. The holder of a representative's certificate must notify the Authority of any change in the information or to a document that he has furnished to the Authority, within five days of such change.

CHAPTER III RENEWAL OF CERTIFICATE

63. The Authority renews the representative's certificate if he satisfies the conditions set out under the following provisions:

(1) paragraphs (4) to (7) of section 13;

(2) Division VII of Chapter II;

(3) any regulation of the Authority, or by-law of the *Chambre de la sécurité financière* or the *Chambre de l'assurance de dommages* pertaining to compulsory professional development.

64. A representative must apply to renew his certificate prior to expiry thereof, or within 30 days following its expiry, but in such case, he must demonstrate that he was unable to take action prior to the expiry of the prescribed time limit.

CHAPTER IV MISCELLANEOUS, TRANSITIONAL AND FINAL PROVISIONS

§1.— Miscellaneous provisions

65. Any application referred to hereunder must be duly completed on the appropriate form and available on the Authority's website. It must be accompanied, as applicable, by the required documents and information stipulated in the form.

Dues and fees are required by the Authority under sections 13 to 16, 18, 20, 26, 28, 30, 39, 40, 41, 45, 51, 52, 55 and 63 hereof. These dues and fees are prescribed in the Regulation respecting the Dues, Contributions and Fees Payable.

§2.— Transitional and final provisions

66. A natural person holding a certificate in the sector class of claims adjustment class in the employ of an insurer is, as of the date of coming into force of this Regulation, deemed to be the holder of a certificate in the claims adjustment sector.

A natural person holding a certificate in the sector class of claims adjustment in the employ of a personal-lines damage insurer is, as of the date of coming into force of this Regulation, deemed to be the holder of a certificate in the sector class of claims adjustment in personal-lines damages insurance.

A natural person holding a certificate in the sector class of claims adjustment in the employ of a commercial-lines damage insurer is, as of the date of coming into force of this Regulation, deemed to be the holder of a certificate in the sector class of claims adjustment in commercial-lines damage insurance.

67. This Regulation replaces the Regulation respecting the issuance and renewal of representatives' certificates adopted on July 6, 1999 pursuant to Resolution No. 99.07.08, except for sections 15, 49.2 to 49.4, 57 to 59, 61, 80, 90, 90.1 and 94.2 of the Regulation, which continue to be in effect until December 31, 2010 with respect to candidates carrying out a training period or candidates who elected to participate in the Work-Study Learning Program prior to January 31, 2010.

68. This Regulation comes into force on March 1, 2010.

Appendix I
(section 14)

1. The skills evaluated by courses recognized under an agreement referred to in the second paragraph of section 14 are as follows for the sector or sector class concerned:

(1) for the group insurance of persons sector:

(a) prepare a group insurance proposal taking the client's needs into account and based, in particular, on an analysis of his financial situation and his ability to pay the premium;

(b) prepare a group annuity plan proposal taking the client's needs into account and based, in particular, on an analysis of his financial situation and his ability to pay the premium;

(c) comply with legislation applicable to the activity of a representative in the group insurance of persons sector;

(d) evaluate the tax impacts of a group insurance and group annuity contract.

(2) for the group insurance plans sector class:

(a) prepare a group insurance plan proposal taking the client's needs into account and based, in particular, on an analysis of his financial situation and his ability to pay the premium; and

(b) comply with legislation applicable to the activity of a representative in the group insurance of persons sector;

(c) evaluate the tax impacts of a group insurance plan contract.

(3) for the group annuity plans sector class:

(a) prepare a group annuity plan proposal taking the client's needs into account and based, in particular, on his financial situation and his ability to pay the premium; and

(b) comply with legislation applicable to the activity of a representative in the group insurance of persons sector;

(c) evaluate the tax impacts of a group annuity contract.