

NRD IMPACT ON BILLING PROCEDURES FOR REPRESENTATIVES AND FIRMS SUBJECT TO ACT RESPECTING THE DISTRIBUTION OF FINANCIAL PRODUCTS AND SERVICES

As you are no doubt aware, Québec joined NRD in 2004. This is part of the **Canada-wide harmonization** objective of the *Autorité des marchés financiers* (AMF). The purpose of this harmonization is to reduce the administrative burden of the securities industry in terms of fulfilling compliance requirements it must meet as stipulated by the regulators of various jurisdictions.

The AMF has informed you of all the steps in the NRD enrolment process in its **NRD SHIFT** bulletin. The six preceding editions of the bulletin are still available on the AMF website at <http://www.lautorite.qc.ca/industrie/bdni.en.html>.

IMPACT OF NRD ON BILLING PROCEDURES FOR REPRESENTATIVES AND FIRMS

The NRD loading process done by firms will end on November 30, 2005. The first electronic debiting of fees for the **renewal of representatives' certificates** and **registration maintenance fees for firms** will be on December 31, 2005.

Since NRD is a system that applies to the **securities sectors only**, the AMF must manage its billing using two separate systems to take into account the multidisciplinary aspect. Below is a description of how activating NRD will change the usual billing procedure, whether you are a **representative** or a **firm**.

1. Change to billing procedure for **representatives** – AMF contribution

The **securities** sectors (group savings plan, investment contracts and scholarship plans) will now be renewed on **December 31** of each year. NRD will **electronically debit** contributions for these sector classes from the **firm**.

*Renewal dates for sectors **other than securities** will continue to take place during the year, based on the first letter of the representative's last name. **Representatives** will continue to receive **printed invoices** for contributions for these other sectors.*

This means that in the future, representatives in both the securities and other than securities sectors will receive a certificate that **will be updated on two different dates during the year**:

- The first update for **securities** will be dated **December 31**. While the first update will be dated December 31, it will be mailed to representatives only in **January, after NRD's electronic debit on December 31**. Representatives will therefore not have their certificates in hand on the renewal date (December 31).

IMPACT OF NRD ON BILLING PROCEDURES (CONT.)

However, they may continue to **practice legally**, as long as their firm has fulfilled all of its obligations in respect of NRD. Their certificates will be mailed to them during the month of January.

- A second update, in which **securities** sectors will continue to be dated **December 31** and sectors

other than securities will be **dated on their usual renewal date**. The second update will be sent to them before their usual renewal date, as long as they have paid their contributions to the AMF.

2. Change to billing procedure for **representatives** – *Chambre de la sécurité financière (CSF) contribution*

The AMF is collecting CSF contributions. The AMF therefore bills and collects these contributions and then remits the funds to the CSF.

- Representatives who operate **only in the securities sectors** must pay their CSF contributions on the same date as their AMF contributions (December 31). **A printed invoice will be sent to the representative** for the contribution, unless your firm has an agreement with the AMF for the contribution to be billed to it directly.

*Representatives in **both the securities and other than securities sectors** (multisector representatives)*

*will receive a **printed invoice** for their CSF contributions on their usual renewal date (based on the first letter of their last name), as is currently done.*

Appendix 1 summarizes the key changes to the billing procedures for **representatives**. The table provides an outline of the changes described above. The information in the table does not supersede the contents of this publication. However, you may find them useful for quick reference purposes.

3. Change to billing procedures for **firms** – AMF contribution

- The firm will be billed for its annual registration maintenance on **December 31 through electronic debiting via NRD**, exclusively for **representatives in a securities sector**.

*The annual registration maintenance for representatives in **both the securities and other than securities sectors** will also be on **December 31***

*for sectors **other than securities**. A printed invoice will be sent to the firm.*

*The annual registration maintenance for firms whose representatives **are only in sectors other than securities** will continue to be on the current date. A printed invoice will be sent to the firm.*

IMPACT OF NRD ON BILLING PROCEDURES (CONT.)

4. Change to billing procedures for **firms** – *Fonds d'indemnisation des services financiers (FISF) contribution.*

The AMF is also collecting FISF contributions. The AMF therefore bills and collects these contributions and then remits the funds to the FISF.

- The firm will be billed for its annual FISF contribution on **December 31**, as part of its annual registration maintenance, **through electronic debiting via NRD**, exclusively for representatives in **securities**.

*The firm will also be billed for its annual FISF contribution on **December 31** for representatives in **both the securities and other than securities sectors**. The **printed invoice** will cover only contributions for **sectors other than securities** because the securities sectors will have already been billed via NRD (see paragraph above).*

*This printed invoice will also include **multisector credits related to FISF contributions**. Since NRD does not manage multisector credits (other than securities), they will be issued to the firm via these printed invoices.*

*Finally, the firm will be billed for its annual contribution to the FISF on its usual maintenance date for representatives who operate **only in sectors other than securities**.*

Appendix 2 summarizes the key changes to the billing procedures for firms. This table provides an outline of the changes described above. The information in the table does not supersede the contents of this publication. However, you may find them useful for quick reference purposes.

AMF thanks you for your co-operation!

The AMF would like to thank you for your excellent co-operation throughout the implementation of NRD.

As you have no doubt noticed, the introduction of this new database has resulted in a transition period that requires us all to adopt a new billing procedure.

This transition is necessary to achieve our common objectives. We are convinced that we will all come out as winners in the end.

If you have questions about this publication, do not hesitate to contact us:

Quebec: (418) 525-2263 **Montreal:** (514) 395-2263 **Toll-free:** 1-877-395-2263
renseignements-industrie@lautorite.qc.ca

Any representative or firm that encounters difficulties with respect to the payment of commissions following the implementation of the new billing procedures because a representative has not yet received his or her certificate is asked to contact the AMF at the following address: renseignements-industrie@lautorite.qc.ca. Our staff can help you resolve the situation.

APPENDIX 1 TABLE SUMMARIZING CHANGES TO BILLING PROCEDURES FOR REPRESENTATIVES

Type of Billing	AMF Contributions	CSF Contributions
Renewal of securities sectors (group savings plan, investment contracts, scholarship plans)	The renewal date for the representative’s certificate is changed to December 31 . The firm will pay the contribution by electronic transfer via NRD.	Representatives in the securities sectors only must also pay their CSF contribution by December 31 . Unless there is a special agreement between your firm and the AMF, the representative will receive a printed invoice for the contribution.
Renewal of sectors other than securities	The renewal date will remain unchanged (spread throughout the year based on the first letter of the representative’s last name). The representative will pay the contribution against a printed invoice, as is currently done.	Multisector representatives (including representatives in both the securities sectors and other sectors) will continue to receive a printed invoice for their CSF contribution on the usual renewal date .
Conclusion	In the future, representatives in both the securities and other than securities sectors will receive a certificate that will be updated on two different dates during the year: <ul style="list-style-type: none"> • The first update for securities will be dated December 31. • A second update in which securities sectors will continue to be dated December 31 and sectors other than securities will be dated on their usual renewal date. 	Since payment of the CSF contribution is required for a certificate renewal, all representatives must make sure that they pay the contribution before the renewal dates mentioned above for their certificate to be renewed.

APPENDIX 2 TABLE SUMMARIZING CHANGES TO BILLING PROCEDURES FOR FIRMS

Type of Billing	AMF Contributions	FISF Contributions
Annual registration maintenance for representatives only in the securities sector (group savings plan, investment contracts, scholarship plans)	The firm will be charged for its annual registration maintenance on December 31 through an electronic debit via NRD , for these representatives.	The firm will be charged for its FISF contribution on December 31 through an electronic debit via NRD , for these representatives only.
Annual registration maintenance for representatives in both the securities and other than securities sectors	<p>The firm will receive a printed invoice for its annual registration maintenance dated December 31, for sectors other than securities for these representatives.</p> <p><i>The securities sectors will have already been billed by electronic debit via NRD (see above).</i></p>	<p>The firm will also be billed for its FISF contribution on December 31 for its representatives in both the securities and other than securities sectors.</p> <p>This billing will be in the form of a printed invoice and will be only for sectors other than securities.</p> <p><i>The securities sectors will already have been billed by electronic debit (see above).</i></p> <p>The printed invoice will also include multisector credits for these representatives.</p>
Annual registration maintenance for representatives only in sectors other than securities	The firm will continue to receive a printed invoice for its registration maintenance on the usual date for these representatives.	The firm will continue to be billed for its FISF contribution on the usual registration maintenance date for representatives.