

Draft Regulation

An Act respecting the distribution of financial products and services (CQLR, c. D-9.2, s. 200, pars. (1) (2) (3), (5), (6) and (9); s. 203, par. (3) and s. 223, pars. (11) and (12))

Regulation to amend the Regulation respecting the issuance and renewal of representatives' certificates

Notice is hereby given by the *Autorité des marchés financiers* (the "Authority") that, in accordance with section 217 of *An Act respecting the distribution of financial products and services*, CQLR, c. D-9.2 (the "Distribution Act"), the following draft Regulation, the text of which is published hereunder, may be made by the Authority and subsequently submitted to the Québec Minister of Finance for approval, with or without amendment, after 30 days have elapsed since its publication in the Bulletin of the Authority:

- *Regulation to amend the Regulation respecting the issuance and renewal of representatives' certificates.*

The draft Regulation is also available under "Public consultations" on the website of the Authority at www.lautorite.qc.ca.

Purpose of draft Regulation

This draft Regulation is made under paragraphs 1, 2, 3, 5, 6 and 9 of section 200, paragraph 3 of section 203 and paragraphs 11 and 12 of section 223 of the Distribution Act and amends the Regulation respecting the issuance and renewal of representatives' certificates (the "Regulation"), which came into force on March 1, 2010. The proposed amendments are intended essentially to adapt the regulation to the new rules under the Canada-wide Life Licence Qualification Program.

Proposed Amendments

1. Life Licence Qualification Program ("LLQP")

Several proposed amendments are related to the implementation, on January 1, 2016, of the LLQP. This single national qualification program proposed by the Canadian Insurance Services Regulatory Organizations ("CISRO"), of which the Authority is a member, will replace both the Québec program and the current national LLQP.

The LLQP will harmonize the criteria for evaluating the entry-level competencies required for a career in insurance of persons (including group insurance and group annuities) across the country. Under the program, candidates must complete training offered by an accredited course provider based on the standardized exam preparation material, and then pass the examinations in individual insurance and group insurance.

Effective January 1, 2016, the qualification steps (minimum qualifications and examinations) would therefore be uniform in all Canadian provinces and territories, other than those pertaining to legislation, which is different in Québec. However, each jurisdiction will continue to be responsible for the subsequent steps in the licensing process. In Québec, for example, the requirement to successfully complete a probationary period remains in effect for all sectors.

Minimum qualifications in insurance of persons and group insurance of persons (sections 14, 15 and 18)

The current minimum qualifications pertaining to insurance of persons and group insurance of persons would be replaced by the requirement to complete specific training determined by CISRO and given by a person or company accredited under an agreement entered into for that purpose with the Authority.

This new training would only be valid for a period of one year as of the date it is successfully completed.

Examinations in insurance of persons and group insurance of persons (sections 21, 25, 26 and 26.1)

The contents of the examinations would be modified and the subject matter related to insurance of persons and group insurance of persons would be evaluated together.

Other than topics specifically related to legislation, these examinations would be the same Canada-wide. Therefore, a Québec candidate could take these examinations outside Québec.

Contrary to the examinations for the other sectors, which are valid for two years after they have been passed, examinations passed in the insurance of persons and group insurance of persons sectors and in the classes of these sectors would be valid for one year as of the date the first examination is passed.

In addition, a candidate in the insurance of persons or group insurance of persons sectors or a class of these sectors could rewrite a failed examination as many times as he wishes, provided that the minimum qualifications and passed examinations remain valid.

2. Other amendments

Probationary period (sections 48.2 to 49.1)

For all sectors, the probationary period would begin with a presentation of its objectives and the tasks which the trainee and the supervisor are required to perform during the probationary period. In this way, the responsibilities and expectations applicable to both trainees and supervisors are set out clearly.

In addition, the supervisor would be required to open a file for each trainee and maintain these files for a period of five years as of the date their probationary periods are successfully completed or discontinued. Each trainee's file will contain, in particular, the supervisor's notes regarding the tasks carried out by the trainee, the trainee's progress and exchanges between the trainee and the supervisor.

In addition, the tasks the trainee must carry out during the probationary period should cover all the activities that a representative may be required to carry out in the sector or sector class for which the trainee is seeking a certificate. The purpose of this specification is to prevent situations where the probationary period focuses on only a few tasks and a candidate would be required to perform only very specific work for an employer. The entry-level licensing steps are essential for preparing the candidate to assume all the tasks a representative is authorized to carry out.

Lastly, in the group insurance of persons sector and the classes of this sector, the trainee would be required to complete a case study. A model for such a case study will be available on the Authority's website.

Technical, concordant and transitional provisions

This draft Regulation also contains concordant amendments as well as technical and transitional provisions.

For example:

- Section 26, as proposed, sets out the requirements related to rewriting examinations in the damage insurance and claims adjustment sectors or in a class of these sectors.
- Section 29, as proposed, explicitly states that the application for probationary period eligibility may be submitted to the Authority by the trainee or by the firm, independent representative or independent partnership. The same amendment has been made to sections 39, 45 and 47.
- Since the periods under sections 67 and 68 have expired, these sections are now outdated and have been withdrawn from the Regulation.

Comments

Comments regarding the draft Regulation may be made in writing before the 30-day period for this publication elapses, on **June 4, 2015**, and sent to the following:

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Comments will be made public unless otherwise noted.

Additional Information

Additional information is available from the following:

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