

**CSA Notice of Consultation**  
***Draft Regulation to amend Regulation 33-109 respecting Registration Information and Draft Amendments to Policy Statement to Regulation 33-109 respecting Registration Information***

**And**

***Draft consequential amendments to Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations and to Policy Statement to Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations***

**Modernizing Registration Information Requirements, Clarifying Outside Activity Reporting and Updating Filing Deadlines**

**February 4, 2021**

**Executive Summary**

The Canadian Securities Administrators (the **CSA** or **we**) uses registration information to assess whether an individual or firm is or remains suitable for registration, with regards to their proficiency, integrity and solvency. While registered firms are responsible for the oversight of their registered individuals and permitted individuals<sup>1</sup> (collectively, **Individual Registrants**), registration is an important gatekeeper requirement in securities legislation.<sup>2</sup> Investor harm may arise if individuals and entities are inappropriately registered and carry on securities business. In this regard, we require accurate, complete and timely registration information to effectively carry out our regulatory functions.

We are proposing targeted changes to registration information requirements to provide greater clarity on the information to be submitted, to help individuals and firms (collectively, **Regulated Persons**) provide complete and accurate registration information, and to reduce the regulatory burden of doing so, while allowing the CSA to receive the information necessary to carry out its

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<sup>1</sup> Permitted individuals are reviewed by regulators or, in Québec, the securities regulatory authority (individually, the **regulator** and, collectively, the **regulators**) due to their association with a registered firm but are not registered.

<sup>2</sup> As of September 30, 2020, there were more than 121,000 Individual Registrants and approximately 1,500 registered firms in Canada.

regulatory roles. These proposed targeted changes address issues identified by CSA staff and respond to concerns raised by Regulated Persons.

The targeted changes proposed by the CSA include the following:

- Establishing a new reporting framework for reporting activities carried on by Individual Registrants outside of their sponsoring firms (**Outside Activities**, previously referred to as “outside business activities”),
- Implementing a new rule that will replace the existing practice of imposing terms and conditions which restrict the client base of Individual Registrants whose Outside Activities are positions of influence (referred to as “restricted client terms and conditions”)<sup>3</sup>,
- Extending the deadline to report changes in registration information,
- Modifying or clarifying certain registration information requirements to adjust the burden of collection with the intended purpose of collecting that information, such as reporting changes to percentage ownership in ownership charts, reporting a change in the annual expiry date of insurance policies, and reporting changes in litigation status,
- Implementing a new rule to reduce multiple filings of the same information by corporate groups by allowing registered firms to delegate to an affiliated registered firm the requirement to notify the regulator of changes in certain registration information where the reporting and filing firms have the same principal regulator,
- Amending certain registration information requirements to provide greater clarity on the information asked for and reduce common errors, such as making clear that the following registration information is required to be disclosed:
  - allegations of non-compliance with standards of conduct, such as a firm’s policies and procedures, that existed at the time of resignation or termination from the firm (whether or not they were the reason for the resignation or termination),
  - non-compliance with securities laws, SRO rules or bylaws, standards of conduct (*e.g.*, the sponsoring firm’s policies and procedures or the standards of conduct of an authority exercising jurisdiction over specific business activities or professions), and other detrimental information that existed at the time of resignation or termination (whether or not they were the reason for registration or termination),
  - criminal offences under any foreign law,
  - bankruptcy, consumer proposals and other insolvency events, regardless of how long ago they occurred, and
  - all non-securities licenses, including medical licenses,

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<sup>3</sup> The terms and conditions prohibit the registered individual from advising, or trading for, clients who they know from their position of influence.

- Clarifying that Form 33-109F7 *Reinstatement of Registered Individuals and Permitted Individuals* (**Reinstatement Form**) may only be used if, among other requirements, the individual's registration information was up-to-date at the time the individual previously ceased to be registered or to be a permitted individual,
- Clarifying when certain forms should be used, such as which forms a permitted individual may be required to submit, to reduce the number of forms returned,
- Consolidating where information is provided on relevant securities experience in the forms and clarifying that only education and course information required for registration needs to be disclosed,
- Moving the certification to the front of each form and creating a single certification standard to underscore and clarify the standard of care expected of Regulated Persons when completing the forms,
- Updating and improving the readability of the privacy notice to provide greater clarity on how personal information is collected and used by the CSA and self-regulatory organizations (**SROs**), and
- Implementing a new requirement to collect the professional titles used by Individual Registrants.

The proposed targeted changes are not intended to change the nature of the registration process, the requirement to register or the assessment of suitability for registration.

At this time, we are not proposing new forms or enabling Form 33-109F6 *Firm Registration* (**Firm Registration Form**) to be submitted in the National Registration Database<sup>4</sup> (**NRD**). Any amendments to the registration information requirements will require changes to the NRD and NRD is currently anticipated to be replaced by SEDAR+<sup>5</sup> in 2023. The proposed targeted changes are intended to provide the most benefit to Regulated Persons and regulators, given the costs to make changes in NRD and considering that NRD will eventually be replaced by SEDAR+.

To seek feedback on these proposed targeted changes, we are publishing, for a 90-day comment period:

- Draft *Regulation to amend Regulation 33-109 respecting Registration Information* (**Regulation 33-109**), including its related forms (the **Registration Forms**), and Draft *Amendments to Policy Statement to Regulation 33-109 respecting Registration Information* (**Policy Statement 33-109**), and

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<sup>4</sup> Registration information is submitted through NRD, with one exception. The Firm Registration Form and updates to information in the Firm Registration Form are submitted through each of the CSA's local electronic filing systems and not through NRD.

<sup>5</sup> SEDAR+ is the new records filing system that the CSA is currently in the process of developing, which will modernize and centralize existing national systems, including NRD and the various filings currently made in paper format or in each CSA's local electronic filing system.

- Draft consequential amendments to *Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**Regulation 31-103**) and to *Policy Statement to Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**Policy Statement 31-103**).

We refer to the draft amendments to Regulation 33-109 and Regulation 31-103 and changes to Policy Statement 33-109 and Policy Statement 31-103 collectively as the **Draft Revisions**.

## **Background**

A Regulated Person submits registration information to regulators and is required to keep this information up-to-date. There are seven Registration Forms, the primary forms being Form 33-109F4 *Registration of Individuals and Review of Permitted Individuals* (**Individual Registration Form**) and the Firm Registration Form. The registration information collected includes, among other things, criminal history, financial information (such as consumer proposals, bankruptcy and other insolvency events), and lawsuits. For an individual, it also includes information about the individual's education and work experience, and their Outside Activities.

Based on this information, we consider whether a Regulated Person is able to carry out their obligations under securities legislation. High standards of fitness and business conduct, as well as a demonstrated commitment to compliance with securities laws must be met to be registered. If individuals and entities are inappropriately registered and carry on securities business, investor harm may arise. In this regard, registration protects investors from unfair, improper or fraudulent practices and fosters fair and efficient capital markets and confidence in capital markets.

The submission of registration information represents an important touchpoint between regulators and Regulated Persons. The number of registration information filings submitted in Canada in the calendar year 2019 was more than 180,000.

## **Areas of concern and Draft Revisions**

The Draft Revisions may be grouped into several areas and below we discuss each area and the changes we propose to make.

### **(i) Outside Activities and positions of influence**

Individual Registrants are currently required to disclose "any employment and business activities outside the sponsoring firm", all director and officer and other equivalent positions, and all positions of influence. The high volume of submissions we receive for these types of filings reflects the broad scope of these requirements. Over the last three years, Individual Registrants submitted on average 58,896 filings annually to us pertaining to updates on Outside Activities.

CSA staff have commonly found instances where Regulated Persons have failed to disclose, or were late in disclosing, Outside Activities. These findings raise concerns that registered firms

may not be aware of and are not able to address, or address in a timely manner, the risks and conflicts from their Individual Registrants' Outside Activities.

We understand that Regulated Persons may sometimes struggle to comply with reporting Outside Activities to us. Regulated Persons have raised the following concerns to us about reporting on Outside Activities:

- Some Regulated Persons are of the view that the requirement is broad and unclear. It requires the disclosure of “any employment and business activities outside the sponsoring firm”, but this information must be provided, whether or not any such position is business-related.
- Registered firms do not find the 10-day deadline to be a sufficient amount of time for an Individual Registrant to report an Outside Activity to the firm and for the firm to review and assess if the firm should approve the Outside Activity and whether the Outside Activity is reportable.
- The disclosure requirement captures some Outside Activities that, in their view, do not raise conflicts of interest or provide information relevant to regulators to assess suitability for registration.

Regulated Persons have indicated that they would like a clearer, more consistent, and principles-based approach to reporting Outside Activities among the CSA and SROs.

In addition, restricted client terms and conditions are imposed on registrations of individuals who are in a position of influence (*e.g.*, clergy, doctor, nurse, caregiver, professor) on a case-by-case basis when they are reported to us. These terms and conditions restrict the client base of a person who is in a position of influence (*i.e.*, the registered individual may not deal with or advise investors who are subject to their influence). These restricted client terms and conditions are imposed to protect investors and are necessary for the sponsoring firm to adequately supervise the Outside Activity. However, Regulated Persons have raised the concern that it is unclear which Outside Activities are positions of influence, as “position of influence” is not defined. As of October 8, 2019, 354 registered individuals' registrations had restricted client terms and conditions.

Each CSA jurisdiction has communicated their concerns with Regulated Persons' compliance with reporting Outside Activities. Additionally, CSA Staff Notice 31-326 *Outside Business Activities* was published in July 2011 and subsequently incorporated into Policy Statement 31-103 to provide additional guidance on Outside Activities.

Draft revisions

<b>Concerns</b>	<b>Draft Revisions to Address Concerns</b>
<ul style="list-style-type: none"> <li>• Regulated Persons have difficulty understanding what Outside Activities must be reported to regulators.</li> <li>• Regulated Persons would like a clearer, more consistent and principles-based approach to reporting Outside Activities to CSA and SROs.</li> <li>• Regulated Persons are of the view that certain Outside Activities do not raise conflicts of interest or provide information relevant to regulators in assessing suitability for registration.</li> </ul>	<ul style="list-style-type: none"> <li>• Establish 6 categories of Outside Activities that are reportable to us:               <ol style="list-style-type: none"> <li>1. Activities with another registered firm</li> <li>2. Activities with an entity that receives compensation from another registered firm for the Regulated Person’s registrable activity</li> <li>3. Other securities related activities</li> <li>4. Provision of financial or financial-related services</li> <li>5. Positions of influence</li> <li>6. Specified activities</li> </ol>               by amending Item 10 of the Individual Registration Form and Item 7 of the Reinstatement Form.             </li> <li>• Add guidance on the categories of Reportable Outside Activities in Policy Statement 33-109.</li> <li>• Update guidance on our expectations relating to registered firms’ oversight of their Individual Registrants’ Outside Activities in Policy Statement 31-103.</li> </ul>
<ul style="list-style-type: none"> <li>• Regulated Persons find “outside business activities” to be unclear.</li> </ul>	<ul style="list-style-type: none"> <li>• Refer to activities outside the sponsoring firm as “outside activities”.</li> </ul>
<ul style="list-style-type: none"> <li>• The deadline to report new Outside Activities and changes in Outside Activities is insufficient.</li> </ul>	<ul style="list-style-type: none"> <li>• Extend the deadline for reporting new Outside Activities or changes in Outside Activities to 30 days by amending subsection 4.1(1) of Regulation 33-109.</li> </ul>
<ul style="list-style-type: none"> <li>• It is unclear what Outside Activities are positions of influence.</li> </ul>	<ul style="list-style-type: none"> <li>• Introduce in subsection 13.4.3(1) of Regulation 31-103, a definition of positions of influence.</li> <li>• Provide guidance on positions of influence in Policy Statement 31-103.</li> </ul>
<ul style="list-style-type: none"> <li>• Restrictions on the client base of a registered individual who is in a position of influence are imposed on a case-by-</li> </ul>	<ul style="list-style-type: none"> <li>• Introduce in subsections 13.4.3(3) and (4) of Regulation 31-103, a new rule that codifies the restriction of the client base of</li> </ul>

case basis by applying restricted client terms and conditions.	a registered individual who is in a position of influence.
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Registered firms have and will continue to have the primary responsibility for the oversight of their Individual Registrants. This includes addressing the risks of their Individual Registrants' Outside Activities (including where the individual is in a position of influence) and the conflicts of interest that may arise. We propose updating Policy Statement 31-103 to provide more guidance on our expectations relating to Regulated Persons' obligations to supervise and monitor their Individual Registrants' Outside Activities.

We acknowledge that many Regulated Persons find the obligation to report Outside Activities to be broad and that it creates a regulatory burden. The proposed framework for the reporting of Outside Activities is intended to narrow the Outside Activities that are reportable to us and provide clarity on the requirements. At the same time, we will continue to receive information about Outside Activities that we consider relevant for assessing suitability for registration and to provide compliance oversight of Regulated Persons using a risk-based approach.

The introduction of reportable categories of Outside Activities might require Regulated Persons to make changes to certain policies and procedures. Our intention is to provide greater clarity to Regulated Persons in this area and we expect these changes will result in a reduction of Outside Activities reported to us.

Under the Draft Revisions, only specific Outside Activities will be reportable to us. Some Outside Activities are reportable to us whenever they are undertaken (such as activities that involve securities, financial services or positions of influence). Other Outside Activities are generally only reportable to us if the total amount of time spent by the individual on all Outside Activities (including activities that involve securities, financial and financial-related services or positions of influence) exceeds a cumulative minimum time threshold.

Uncompensated activities, such as volunteer or community work, that do not involve securities or financial services or are not a position of influence would no longer be reportable to us. In addition, some employment or business activities, such as involvement with non-active entities (*e.g.*, personal holding companies) or acting as a landlord, may no longer be reportable if in combination with all other Outside Activities, those activities do not exceed the cumulative minimum time threshold.

The proposed new rule on positions of influence codifies the existing case-by-case practice, which is to impose restricted client terms and conditions on individuals' registrations. We also propose guidance on what a position of influence is. This new rule and guidance allow registered firms to continue to manage their Individual Registrants' Outside Activities. We expect the new rule and guidance will also provide transparency and consistency relating to the treatment of Outside Activities that are positions of influence.

Questions for comment

1. Are there other categories of Outside Activities that should be reportable to regulators? If so, please describe what categories of Outside Activities should be reportable to regulators.
2. Considering the proposed framework for reporting of Outside Activities, are there categories of Outside Activities that should not be reportable to regulators? If so, please describe what categories of Outside Activities should not be reportable to regulators.
3. Are there any challenges that Regulated Persons may face to administer the proposed reporting regime for Outside Activities? If so, please explain the challenges.
4. Is 7 years an appropriate amount of time to report on past Outside Activities that involved raising money for an entity through the issuance of securities or derivatives or promoting the sale of an entity's securities or derivatives? Please explain your view.
5. Is 30 hours per month (based upon 7.5 hours per week for four weeks) an appropriate cumulative minimum time threshold for reporting all Outside Activities? Please explain your view.
6. Will Regulated Persons have sufficient time to report Outside Activities given the Draft Revisions? If not, please explain the challenge in reporting Outside Activities within the proposed revised deadline.
7. Are there other positions that should be considered positions of influence? If so, please describe these positions and explain why they should be positions of influence.
8. Is "susceptibility" the appropriate term to describe the impact of the influence on the individual subject to the influence? If not, please explain why not and propose alternative language.
9. Are there any aspects of the new rule on positions of influence that you expect will be difficult to administer? If so, please describe the difficulty.

**(ii) Reporting deadlines**

Regulated Persons are generally required to inform regulators of changes to registration information previously provided in the Individual Registration Form and in the Firm Registration Form within 10 calendar days of the change. The exceptions are changes to citizenship and previous employment information in the Individual Registration Form and changes to business history in the Firm Registration Form, which may be reported within 30 calendar days.

Many firms have a strong desire to meet filing requirements and make use of compliance and registration staff and in-house legal counsel to meet reporting deadline requirements. Regulated Persons have informed us that providing changes in a majority of areas within 10 days is challenging, especially for larger firms with numerous Individual Registrants. If multiple

changes occur within a short timeframe, Regulated Persons may be required to file multiple notices of change.

Draft revisions

<b>Concern</b>	<b>Draft Revisions to Address Concern</b>
<ul style="list-style-type: none"><li>• Regulated Persons find reporting changes in certain registration information within 10 days challenging.</li></ul>	<ul style="list-style-type: none"><li>• Extend the reporting deadlines from 10 days to 15 days by amending Parts 3 and 4 of Regulation 33-109.</li><li>• Extend the reporting deadline from 10 days to 30 days for changes in the following information:<ul style="list-style-type: none"><li>○ An Individual Registrant’s current and previous residential address;</li><li>○ An Individual Registrant’s mailing address;</li><li>○ Outside Activities;</li><li>○ A registered firm’s securities registration;</li><li>○ A registered firm’s auditor;</li><li>○ Whether and where a registered firm holds client assets; and</li><li>○ A registered firm’s conflicts of interest</li></ul>by amending Parts 3 and 4 of Regulation 33-109.</li></ul>

Generally, we have maintained two reporting deadlines for changes in registration information. Multiple reporting deadlines will increase complexity. We are concerned that any additional deadlines would increase the potential for a Regulated Person to identify the wrong deadline and fail to report on a timely basis. Similarly, we are concerned that longer reporting deadlines may result in more late filings, and late filings being filed even later.

We will require forms relating to a change in an individual’s status, such as becoming a permitted individual or ceasing to be a registered individual or a permitted individual, to be submitted within 10 days of the change in registration status.

Questions for comment

10. Do you see any challenges in reporting updates to registration information by the proposed deadlines? If so, please identify the registration information that this would be challenging for and explain the challenges.

**(iii) Regulatory burden of certain reporting requirements**

We have heard from stakeholders that some specific registration information requirements may create a disproportionate reporting burden relative to their original purpose. For example, a registered firm is required to provide a chart showing the registered firm’s structure and ownership, including the percentage ownership of the registered firm’s voting securities, and to report changes in this ownership chart. We receive numerous filings reporting small changes to percentage ownership. Many of these small changes in percentage ownership are not material.

In addition, where multiple entities of a corporate group are registered, each registered firm often notifies the regulator of the same changes to the ownership chart. We have identified other areas where affiliated registered firms often submit the same information.

Reporting the expiry date of an insurance policy is another example. Since insurance policies are generally renewed annually, registered firms are required to report this change annually, even if there has otherwise been no change in the insurance policy.

In other cases, additional guidance is required to help Regulated Persons provide the necessary information. For example, currently registered firms are required to disclose outstanding litigation, including the “current state” of the litigation. We routinely receive non-material updates (*e.g.*, adjournments) from registered firms striving to comply with this requirement.

We have reviewed these and other similar areas, and have considered whether the requirements may be amended or clarified to reduce regulatory burden without impacting our receipt of information necessary to carry out our regulatory role.

Draft revisions

<b>Concerns</b>	<b>Draft Revisions to Address Concerns</b>
<ul style="list-style-type: none"> <li>Regulators receive numerous filings of small changes in percentage ownership.</li> </ul>	<ul style="list-style-type: none"> <li>Reduce the requirement for reporting changes in percentage ownership on an ownership chart to when the percentage ownership exceeds or falls below 10%, 20%, or 50% by adding paragraph 3.1(3)(f) of Regulation 33-109.</li> </ul>
<ul style="list-style-type: none"> <li>Affiliated registered firms of a corporate group notify the regulator of the same changes in certain registration information.</li> </ul>	<ul style="list-style-type: none"> <li>Provide a mechanism for a registered firm to delegate to another registered firm the requirement to notify the regulator of changes in certain registration information by adding subsection 3.1(2.1) of Regulation 33-109.</li> </ul>
<ul style="list-style-type: none"> <li>It is burdensome to annually report the renewal of an insurance policy.</li> </ul>	<ul style="list-style-type: none"> <li>Remove the requirement to report a change in the expiry date of a registered firm’s insurance policy where the insurance policy has not lapsed and there have been no other changes to the</li> </ul>

	insurance policy by adding subsection 3.1(3)(e) of Regulation 33-109.
<ul style="list-style-type: none"><li>• It is unclear what information on change in status of a litigation is required.</li></ul>	<ul style="list-style-type: none"><li>• Provide additional guidance on changes in litigation to be reported in Policy Statement 33-109.</li></ul>
<ul style="list-style-type: none"><li>• Of the Registration Forms, only the Firm Registration Form is required to be witnessed by a notary or lawyer.</li></ul>	<ul style="list-style-type: none"><li>• Remove the requirement that the Firm Registration Form be witnessed.</li></ul>

We believe these Draft Revisions will reduce the burden on Regulated Persons, without impacting regulators' ability to oversee Regulated Persons.

Reporting changes in ownership charts is a high-volume area. We expect that reporting changes in percentage ownership only where a person's percentage of ownership crosses certain thresholds will reduce the number of filings, while providing regulators with relevant information about the ownership of the registered firm.

Providing a mechanism for one authorized affiliate to notify the regulator of changes in certain registration information for itself and its affiliates who have the same principal regulator is intended to reduce the burden of multiple filings of the same information by different registered affiliated entities.

As many insurance policies are renewed annually, we have removed the requirement to report a change in the expiry date of a registered firm's insurance policy when the policy is merely renewed. This should reduce the burden where there is otherwise no change to the insurance policy. We continue to expect registered firms to report where there are changes to the insurance policy or coverage (other than its expiry date) and when the insurance policy has lapsed.

Questions for comment

11. Are there any other thresholds where a change in percentage ownership in the ownership chart should be reported or any thresholds where changes should not be reported? If so, please explain what other thresholds should be included or what thresholds should not be reported.
12. Do you see foresee any legal, operational or other challenges for a registered firm to delegate to another affiliated registered firm the requirement to notify the regulator of changes in certain registration information? If so, please explain the challenges.
13. Are there circumstances where a notice of change in registration information should not be delegated to an affiliate? Please describe.
14. Are there other circumstances where a notice of change in registration information may be delegated to an affiliate? Please describe.

15. In a legal action, are there changes other than documentary discovery and adjournments that could significantly affect the firm, its business or the outcome of the legal action but should not be reported for other reasons or would be captured in reporting elsewhere?

**(iv) Common errors and updated certification requirements**

Each Registration Form requires an attestation from the Regulated Person who is completing and submitting the form that the information provided to regulators is true and complete. However, we consistently receive Registration Forms which are incomplete and inaccurate.

Incomplete or inaccurate information, or even information that is not provided in a clear manner, increases the regulatory burden on Regulated Persons as they must spend additional time and resources to respond to our inquiries. At the same time, it hinders our ability to reach prompt and appropriate determinations on suitability for registration. CSA staff spend time and resources to resolve these issues including to determine whether inaccurate or incomplete information arises because

- the registration information requirement is unclear,
- despite the certification requirement, the Regulated Person is not carefully completing the Registration Forms,
- the Regulated Person does not understand the registration information requirements,
- the sponsoring firm, who is required to have discussed the Registration Form with the Individual Registrants, is not providing adequate support, and/or
- the Regulated Person is not being forthright.

Certain areas of the Individual Registration Form are also more likely to be filled out incorrectly.

For example, the following information has not always been disclosed:

- allegations of non-compliance with standards of conduct, such as a firm's policies and procedures, that existed at the time of resignation or termination from the firm (whether or not they were the reason for resignation or termination);
- non-compliance with securities laws, SRO rules or bylaws, or standards of conduct (*e.g.*, the sponsoring firm's policies and the standards of conduct of an authority exercising jurisdiction over specific business activities or professions), and other detrimental information that existed at the time of resignation or termination (regardless of whether they were the reason for resignation or termination);
- criminal offences under foreign laws; and
- past consumer proposals, bankruptcy and other insolvency events, particularly where they are over seven years old, despite the registration information requirements not having a time limit.

In addition, we do not always receive sufficiently detailed information on an individual's securities experience relevant to the registration category.

The CSA routinely communicates with Regulated Persons on ways to facilitate and expedite registration applications, as well as on the errors in registration information that has been provided. These communications include publishing guidance that describe common deficiencies from applications and from updates provided on changes to registration information, and holding in-person meetings with compliance staff at registered firms.

The CSA also published CSA Staff Notice 33-320 *The Requirement for True and Complete Applications for Registration* in July 2017 to alert stakeholders to the serious problem of false or misleading applications for registration, to caution them about the potential consequences of submitting such applications, and to provide guidance regarding the completion of the Registration Forms.

Draft revisions

<b>Concern</b>	<b>Draft Revision to Address Concern</b>
<ul style="list-style-type: none"><li>• There are issues which arise from inaccurate and incomplete information.</li></ul>	<ul style="list-style-type: none"><li>• Clarify that the following registration information is required to be disclosed in the Individual Registration Form:<ul style="list-style-type: none"><li>○ allegations of non-compliance with standards of conduct, such as a firm’s policies and procedures, that existed at the time of resignation or termination, whether or not they were the reason for resignation or termination, by amending Item 12;</li><li>○ non compliance with securities laws, SRO rules or bylaws, or standards of conduct (e.g., the sponsoring firm’s policies and procedures or the standards of conduct of an authority exercising jurisdiction over specific business activities or professions), and other detrimental information that existed at the time of resignation or termination, whether or not they were the reason for resignation or termination, by amending Item 12</li><li>○ criminal offences under any foreign law by amending Item 14;</li><li>○ bankruptcy, consumer proposals and other insolvency events, regardless of how long ago they occurred, by amending Item 16; and</li><li>○ all non-securities licenses, including medical licenses, by amending Item 13(3)(a).</li></ul></li><li>• Clarify that, among other requirements, if an Individual Registrant’s registration information was up-to-date at the time the</li></ul>

	<p>Individual Registrant previously ceased to be registered or to be a permitted individual, the Individual Registrant may request a reinstatement using the Reinstatement Form (rather than submitting a new Individual Registration Form) by amending section 2.3 of Regulation 33-109.</p> <ul style="list-style-type: none"><li>• Clarify that only education and course information required for registration should be disclosed (and not all education and courses obtained) by amending Item 8(1) of the Individual Registration Form.</li><li>• Clarify that individuals submitting applications to be a permitted individual must select all jurisdictions that the firm is registered or seeking registration in (and not just the jurisdiction where the individual resides) by amending Item 5(2) of the Individual Registration Form and Item 2(2) of the Reinstatement Form.</li><li>• Clarify which Registration Forms a permitted individual is required to submit (<i>e.g.</i>, when removing a subcategory of permitted individual, when ceasing to be a permitted individual) by amending section 4.1 of Regulation 33-109.</li><li>• Clarify that a registered firm is to submit an executed Schedule B whenever there is a change in either the agent for service or the address for the agent for service by amending subsection 3.1(4) of Regulation 33-109.</li><li>• Amend the Registration Forms for appropriate and consistent use of “firm”, “sponsoring firm”, and “entity”.</li></ul>
<ul style="list-style-type: none"><li>• Regulators received incomplete registration information.</li></ul>	<ul style="list-style-type: none"><li>• Clarify that “termination” does not mean only when an individual is “fired” but rather when the individual ceases to be a registered individual or permitted</li></ul>

	<p>individual for their sponsoring firm by replacing “termination” and “terminate” with “cessation” and “cease” in the Registration Forms where appropriate.</p> <ul style="list-style-type: none"><li>• Consolidate where information is provided on relevant securities experience to Item 8 and Schedule F of the Individual Registration Form and add guidance on the details required in Policy Statement 33-109.</li></ul>
<ul style="list-style-type: none"><li>• Regulated Persons may need to be reminded of their obligations to provide accurate and complete information prior to completing the form</li></ul>	<ul style="list-style-type: none"><li>• Move the certification to the front of each Registration Form.</li><li>• Create a single certification standard that requires Regulated Persons to certify that the information provided is: “true and complete to the best of their knowledge, after reasonable inquiry” in each Registration Form.</li><li>• Make formatting changes to improve the readability of the certification.</li></ul>

The amendments to the registration information requirements are intended to enhance the clarity of the registration information sought, which may:

- Help firms and applicants complete the Registration Forms more efficiently, and
- Reduce the number of inaccurate and incomplete forms received by regulators and reduce the additional time required by Regulated Persons and regulators to resolve these issues.

We expect that creating a single certification standard will provide clarity and consistency on regulatory expectations concerning the submission of information and the amount of diligence required by Regulated Persons.

Questions for comment

16. Do the Draft Revisions offer sufficient clarity to the registration information requirements? If not, please explain which registration information requirement remains unclear and why.

17. Are there any circumstances where the certification standard may not be met or be applicable? If so, please describe the circumstances.

**(v) Privacy notice and consent**

Personal information is collected by the CSA to administer and enforce securities laws, and by the SROs to administer and enforce the rules of the SROs. This includes using the information collected to assess a Regulated Person’s suitability for registration. As regulatory organizations, we are required to abide by the provisions of applicable privacy and securities laws in the collection, use and disclosure of personal information. The privacy notices we rely on to meet these obligations should be reviewed and updated to reflect our data practices and meet the latest requirements provided by law.

Draft revisions

<b>Concerns</b>	<b>Draft Revisions to Address Concerns</b>
<ul style="list-style-type: none"><li>• Privacy notices should be routinely reviewed and updated and should be easy to understand.</li></ul>	<ul style="list-style-type: none"><li>• Update the notice of use and collection of personal information in each of the Registration Forms and improve readability.</li></ul>

We have updated the privacy notice and made it clearer to read so that Regulated Persons can easily understand what personal information is being collected, why it is being collected, and when and how it is being collected. For example, we collect personal information at any time, not just at application, but periodically throughout the time the person is registered and at termination or resignation. Personal information may also be collected from a variety of sources. For example, when conducting background checks for the initial application, we may review social media and request information from previous employers.

**(vi) Collecting information on professional titles**

Professional titles are often used to convey the functions of the person providing the service. Currently, the Individual Registration Form requires Individual Registrants to disclose the name and title of their immediate supervisor, but not the Individual Registrant’s own titles at their sponsoring firm.

Without information about the titles used by Individuals Registrants, regulators have incomplete information on what titles are being used, the services being provided under those titles, and whether the titles properly reflect the Individual Registrant’s ability and registration categories.

In addition, from reviews of applications, we have identified individuals who are not yet registered and who are using titles in social media, and in some cases, on the sponsoring firm’s website, that imply that they are registered, or are registered in a specific category, when they are not.

Draft revisions

<b>Concern</b>	<b>Draft Revision to Address Concern</b>
<ul style="list-style-type: none"><li>• CSA does not have information on the professional title(s) Individual Registrants use.</li></ul>	<ul style="list-style-type: none"><li>• Amend Schedule G of the Individual Registration Form and Schedule D of the Reinstatement Form to collect the title(s) Individual Registrants use.</li></ul>

We expect Individual Registrants to know the professional title(s) that they use or will be using. We do not anticipate the disclosure of this information to be a material burden for Individual Registrants. Receiving this information will enhance the regulator's ability to effectively carry out its mandate.

Questions for comment

18. Do you see any challenges in reporting the title(s) used by Individual Registrants? If so, please explain.

**Proposed Transition**

Subject to the nature of comments we receive and the time to make the changes to NRD, as well as any applicable regulatory requirements (including Ministerial approval), we are proposing that if approved, the draft amendments to Regulation 33-109 and to Regulation 31-103 are expected to come into force at the end of 2021 (the **Proposed Effective Date**).

Where after the Proposed Effective Date there is a change to the registration information that was previously reported, we expect Regulated Persons will update the registration information for that change and will review and update any other registration information that is not complete or accurate in light of the Draft Revisions.

With respect to the draft amendments to Regulation 31-103 relating to positions of influence, we anticipate that there will be a six-month transition period for registered firms. Firms will need to identify registered individuals holding positions of influence that have not previously been reported and to implement policies and procedures where they do not have such policies and procedures in place. Any existing registered individual who holds a position of influence but is not already subject to restricted client terms and conditions will be able to use the transition period to transfer their affected clients to another registered individual.

For any existing registered individual who is subject to restricted client terms and conditions relating to a position of influence, regulators will lift those restricted client terms and conditions on the date that the 6-month transition period elapses so that only the restriction relating to positions of influence applicable to all registered firms and registered individuals under Regulation 31-103 will apply.

Questions for comment:

19. Registered firms are required to keep accurate records, including copies of forms submitted to the regulators. Are there any circumstances where an Individual Registrant will need to request a copy of their Individual Registration Form from the regulator to update information that is not complete or accurate? If so, please describe these circumstances.
  
20. What are your views on the transition plan for the draft amendments to Regulation 31-103 relating to positions of influence?
  
21. Are there any significant operational changes that you need to make in order to implement the Draft Revisions? If so, please describe these operational changes.

**Stakeholder feedback**

The CSA worked together with staff of both the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association (MFDA) to develop the Draft Revisions. We encourage all Regulated Persons, including IIROC and MFDA members, to provide their comments on the Draft Revisions. At a later date, the SROs may propose conforming amendments, where necessary, to SRO rules consistent with the Draft Revisions.

Additionally, the Draft Revisions have been developed with input from the following:

Industry stakeholders	<ul style="list-style-type: none"> <li>• Comments and complaints relating to Regulation 33-109 and the Registration Forms from Regulated Persons received by CSA staff. For example, we considered comments received by staff of the Ontario Securities Commission (OSC) from the OSC’s consultations with industry stakeholders on reducing regulatory burden in Ontario’s capital markets and improving the investor experience, including roundtable discussions and comment letters received in response to OSC Staff Notice 11-784 <i>Burden Reduction</i>.</li>   <li>• Consultations through CSA advisory committees and with industry groups.</li> </ul>
Findings from compliance reviews	<ul style="list-style-type: none"> <li>• In its Annual Compliance Report Card – 2018, staff of the British Columbia Securities Commission published findings from their review of whether firms met their requirement to update information about the firm and its Individual Registrants in the National Registration Database.</li>   <li>• In September 2020, OSC staff reported on their findings from focused compliance reviews of seven registered firms across various dealer and adviser registration categories to assess their supervision of their Individual Registrants’ Outside Activities. This included their supervision of any restricted</li> </ul>

	client terms and conditions imposed on a registered individual's registration due to an Outside Activity that is a position of influence.
Regulators	<ul style="list-style-type: none"><li>• Feedback from CSA staff including, among others, staff involved in day-to-day registrations and registrant conduct matters.</li><li>• Past guidance issued by CSA staff on registration information requirements.</li></ul>
Subject matter experts	<ul style="list-style-type: none"><li>• Consultations with a behavioural analyst on the structure and format of the Registration Forms.</li><li>• Feedback from communications experts on the language used.</li></ul>

### Contents of the notice

An annex includes, where applicable, additional information that is relevant in a local jurisdiction only.

This notice will also be available on the following websites of CSA jurisdictions:

[www.lautorite.qc.ca](http://www.lautorite.qc.ca)

[www.albertasecurities.com](http://www.albertasecurities.com)

[www.besc.bc.ca](http://www.besc.bc.ca)

[www.fcnb.ca](http://www.fcnb.ca)

[nssc.novascotia.ca](http://nssc.novascotia.ca)

[www.osc.gov.on.ca](http://www.osc.gov.on.ca)

[www.fcaa.gov.sk.ca](http://www.fcaa.gov.sk.ca)

[www.mbsecurities.ca](http://www.mbsecurities.ca)

### Request for Comments

We welcome your comments on the Draft Revisions and the implementation plan, including the questions posed in the Notice.

Please submit your comments online using this [link](#)<sup>6</sup> or in writing on or before May 5, 2021.

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<https://forms.office.com/Pages/ResponsePage.aspx?id=gLGWT5HnU0qu6YdvdWofdYt5j7cbTJEuU7Fg8Txd7hUQ0ZQNk1ORIM2RFI3MzJWTUs4V1VFVDBVRC4u>

Address your submission to all of the CSA as follows:

- Alberta Securities Commission
- Autorité des marchés financiers
- British Columbia Securities Commission
- Manitoba Securities Commission
- Financial and Consumer Services Commission (New Brunswick)
- Nova Scotia Securities Commission
- Ontario Securities Commission
- Registrar of Securities, Northwest Territories
- Registrar of Securities, Yukon Territory
- Financial and Consumer Affairs Authority of Saskatchewan
- Securities Commission of Newfoundland and Labrador
- Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
- Superintendent of Securities, Nunavut

If you are submitting your comments in writing, deliver your written comments only to the addresses below. Your comments will be distributed to the other participating CSA members. If you are not sending your comments by email, send a CD containing the submissions (in Microsoft Word format).

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The Secretary  
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Toronto, Ontario M5H 3S8  
Fax: 416 593-2318  
comments@osc.gov.on.ca

We cannot keep submissions confidential because securities legislation in certain provinces requires publication of the written comments received during the comment period. All comments received will be posted on the websites of each of the Alberta Securities Commission at [www.albertasecurities.com](http://www.albertasecurities.com), the Autorité des marchés financiers at [www.lautorite.qc.ca](http://www.lautorite.qc.ca) and the Ontario Securities Commission at [www.osc.gov.on.ca](http://www.osc.gov.on.ca). Therefore, you should not include personal information directly in comments to be published. It is important that you state on whose behalf you are making the submission.

## Questions

Please refer your questions to any of the following:

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