

## CSA Notice of Publication

*Regulation to amend Regulation 33-109 respecting Registration Information and Amendments to Policy Statement to Regulation 33-109 respecting Registration Information*

and

*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**

**December 16, 2021**

### **Introduction**

The Canadian Securities Administrators (the **CSA** or **we**) requires accurate, complete and timely registration information to assess whether an individual or firm is or remains suitable for registration, with regards to their proficiency, integrity and solvency. Investor harm may arise if individuals and entities are inappropriately registered and carry on a securities business. In this regard, registration protects investors from unfair, improper or fraudulent practices and fosters fair and efficient capital markets and confidence in capital markets.

We are adopting targeted amendments to registration information requirements to provide greater clarity on the information to be submitted, to help individuals and firms 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 regulatory roles. In this notice, we refer to firms who are registered or applying for registration, and individuals who are registered, are permitted individuals, or are applying for registration or to be permitted individuals, collectively as **Registrants**.

Specifically, we are adopting:

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

Amendments to *Policy Statement to Regulation 33-109 respecting Registration Information (Policy Statement 33-109)*, and

- 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 amendments to Regulation 33-109 and Regulation 31-103 and to Policy Statement 33-109 and Policy Statement 31-103 collectively as the **Amendments**.

The Amendments are relevant to all Registrants, including members of the Investment Industry Regulatory Organization of Canada (**IIROC**) and the Mutual Fund Dealers Association of Canada (**MFDA**, together with IIROC, the **SROs**).

The Amendments have been or are expected to be adopted by each member of the CSA. The CSA worked together with staff of the SROs to develop the Amendments. IIROC and the MFDA plan to implement corresponding amendments to the IIROC Rules and the MFDA Rules, respectively.

In some jurisdictions, ministerial approvals are required for the implementation of the Amendments. Provided all ministerial approvals are obtained, the Amendments will come into force on June 6, 2022.

### **Substance and Purpose**

A Registrant submits registration information to securities regulatory authorities and is required to keep this information up-to-date. Registration information is submitted through seven different Registration Forms, the primary forms being Form 33-109F4 *Registration of Individuals and Review of Permitted Individuals* (the **Individual Registration Form**) and Form 33-109F6 *Firm Registration* (the **Firm Registration Form**).

While registered firms are responsible for the oversight of their applicants for registration, registered individuals and permitted individuals<sup>1</sup> (collectively, **Individual Registrants**), registration is an important gatekeeper requirement in securities legislation. Considering the registration information submitted, among other information, we assess whether a Registrant 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.

The Amendments address issues identified by CSA staff and respond to concerns raised by Registrants. They will provide greater clarity on the information to be submitted, to help Registrants provide complete and accurate registration information, and to reduce the regulatory burden of doing so, while allowing regulators to receive the information necessary to carry out its regulatory roles. The changes include the following:

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

- 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 over certain clients (referred to as “restricted client terms and conditions”)<sup>2</sup>,
- Extending some deadlines 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 securities regulatory authority 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 (even if they were not the reason for the resignation or termination),
  - 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 a professional body), and other detrimental information that existed at the time of resignation or termination (even if they were not the reason for registration or termination),
  - criminal offences under any foreign law,
  - bankruptcy, consumer proposals and other insolvency events no matter how long ago they occurred, and
  - all non-securities licences, including medical licences,
- Clarifying that Form 33-109F7 *Reinstatement of Registered Individuals and Permitted Individuals* (the **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 Registration Forms should be used, such as which forms a permitted individual may be required to submit, to reduce the number of forms returned,

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<sup>2</sup> The terms and conditions prohibit the registered individual from advising, or trading for, clients who they know from their position of influence.

- Consolidating where information is provided on relevant securities experience in the Registration Forms and clarifying that only education and course information required for registration needs to be disclosed,
- Moving the certification to the front of each Registration Form and creating a single certification standard to underscore and clarify the standard of care expected of Registrants when completing the Registration 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 SROs, and
- Implementing a new requirement to report the business titles and professional designations used by Individual Registrants.

The Amendments are not intended to change the nature of the registration process, the requirement to register or the assessment of fitness for registration. The Amendments are intended to provide the most benefit to Registrants and securities regulatory authorities, given the costs to make changes to the National Registration Database (NRD) and considering that NRD will eventually be replaced by SEDAR+.

### **Publication for Comment and Stakeholder Testing**

We published draft targeted amendments (the **Proposals**) on February 4, 2021 for a 90-day comment period. The comment period ended on May 5, 2021.

In addition, during the comment period, we conducted a test of the Proposals to the Individual Registration Form to assess whether those changes would have their intended effects.

The test was conducted using an online survey between March 31, 2021 to April 19, 2021. Participants consisted of registered individuals from registered firms of different registration categories, different sizes and different geographical locations. Participants were randomly assigned to view the current language and the Proposals to the Individual Registration Form for the following questions:

- Disclosure of education and course information (Item 8.1);
- Outside Activities (Item 10);
- Allegations of detrimental information at the time of resignation or termination (Item 12);
- Disclosure of other registrations and licences (Item 13.3); and
- Financial disclosure (Item 16).

We thank the registered individuals who participated in the test and the registered firms for their support for this test. 302 registered individuals completed the test.

The overall test results indicate that the group which viewed the language in the Proposals outperformed the group which viewed the current, existing language. There was an 8.4% improvement in accurately disclosing information by those participants that saw the Proposals.

This finding is statistically significant. In particular, there was a significant improvement in correct disclosures by participants who saw the Proposals relating to Outside Activities.

## Summary of Changes

Annex A – *Summary of notable changes to the Proposals* includes a summary of notable changes made to the Proposals and our reasons for making them.

The changes from the Proposals include the following:

- We have removed from the Outside Activities reporting framework the requirement to report Category 6 [Specified activities] to securities regulatory authorities.
- We have clarified that activities with an affiliate are to be reported as Outside Activities.
- We have revised the language of the new rule on positions of influence to specify that registered firms and their Individual Registrants should not sell to or advise individuals that the registered firm *knows* the Individual Registrant is in a position of influence over or the registered firm or Individual Registrant *knows* are certain close family members of an individual that the Individual Registrant is in a position of influence over.
- We have provided additional guidance on positions of influence in relation to Individual Registrants who are involved in the activities of community, cultural or religious organizations, or who are elected officials.
- We have changed the deadline to report a cessation of authority of an Individual Registrant or a change in an individual's status to 15 days, such that there are generally two reporting deadlines (i.e., 15 days or 30 days). We have made a consequential change to extend the deadline for the registered firm to provide an Individual Registrant with a copy of Form 33-109F1 *Notice of End of Individual Registration or Permitted Individual Status* from 10 days to 15 days.
- We have removed the requirement in Item 12 of the Individual Registration Form to report resignations and terminations following allegations that the Individual Registrant violated, or failed to appropriately supervise compliance with, the rules or bylaws or standards of conduct of an industry association.
- We have reverted to the original language for Item 12.3 of the Individual Registration Form to report allegations relating to fraud or the wrongful taking of property, including theft.
- We have added instructions for Item 13.3 of the Individual Registration Form that only registration and licensing required to deal with the public in any capacity are to be disclosed.
- We have amended section 2.3 of Regulation 33-109 to clarify when an Individual Registrant's NRD record is up-to-date so that a Reinstatement Form may be used and have provided guidance in Annex C of this notice relating to when Individual Registrants should review and respond to items in NRD that read "there is no response to this question".

- We have made a consequential amendment to section 12.7 of Regulation 31-103 that a change in the expiry date of a registered firm's insurance policy does not need to be reported where the insurance policy has not lapsed and there have been no other changes to the insurance policy.
- We have revised the guidance on reporting status updates to litigation to provide more details.
- We have clarified that Individual Registrants are to report their business titles and professional designations.

As these changes are not material, we are not publishing the changes to the Proposals for a further comment period.

### **Summary of Written Comments Received by the CSA**

We received submissions from 21 commenters. We have considered the comments received and thank all of the commenters for their input. The list of the commenters and a summary of comments, together with our responses, are contained in Annex B – *List of commenters and summary of comments on the Proposals and responses* of this notice.

The comment letters can be viewed on the websites of each of the:

- Alberta Securities Commission at [www.albertasecurities.com](http://www.albertasecurities.com),
- Autorité des marchés financiers at [www.lautorite.qc.ca](http://www.lautorite.qc.ca), and
- Ontario Securities Commission at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

### **Transition**

Provided all Ministerial approvals are obtained, the Amendments (including the Amendments to Regulation 31-103 relating to positions of influence) will come into force on June 6, 2022.

We wish to make it clear that it is not our expectation that current Individual Registrants would update their registration information, such as reporting Outside Activities under the new framework or providing their titles, as of the effective date of the Amendments (*i.e.*, June 6, 2022) or immediately after that date. We would expect Individual Registrants will update their registration information when there has been a change in registration information the Individual Registrant previously provided. At that time, we expect the Individual Registrant to review and update any other registration information that is not complete or accurate in light of the Amendments.

We have also clarified in the Amendments and have provided guidance in Annex C of this notice relating to registration information in NRD, specifically, where NRD states “there is no response to this question”. All Individual Registrants are required to update their information in NRD where

it states “there is no response to this question” by the earlier of (i) the date the Individual Registrant reports a change to their registration information and (ii) June 6, 2023.

## **Local Matters**

Where applicable, an annex to this notice provides additional information required by the local securities legislation.

## **Contents of Annexes**

This notice contains the following annexes:

- Annex A – Summary of notable changes to the Proposals
- Annex B – List of commenters and summary of comments on the Proposals and responses
- Annex C – Frequently asked questions on updating registration information on NRD
- Annex D – Adoption of the regulations

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.bcsc.bc.ca](http://www.bcsc.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)

## **Questions**

Please refer your questions to any of the following:

Autorité des marchés financiers

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## ANNEX A SUMMARY OF NOTABLE CHANGES TO THE PROPOSALS

This annex summarizes the notable changes to the Proposals. In addition to the changes summarized in this annex, the Amendments also include technical drafting changes and clarifications.

### Outside Activities

The Proposals provided that there would be six categories of Outside Activities that are reportable to securities regulatory authorities:

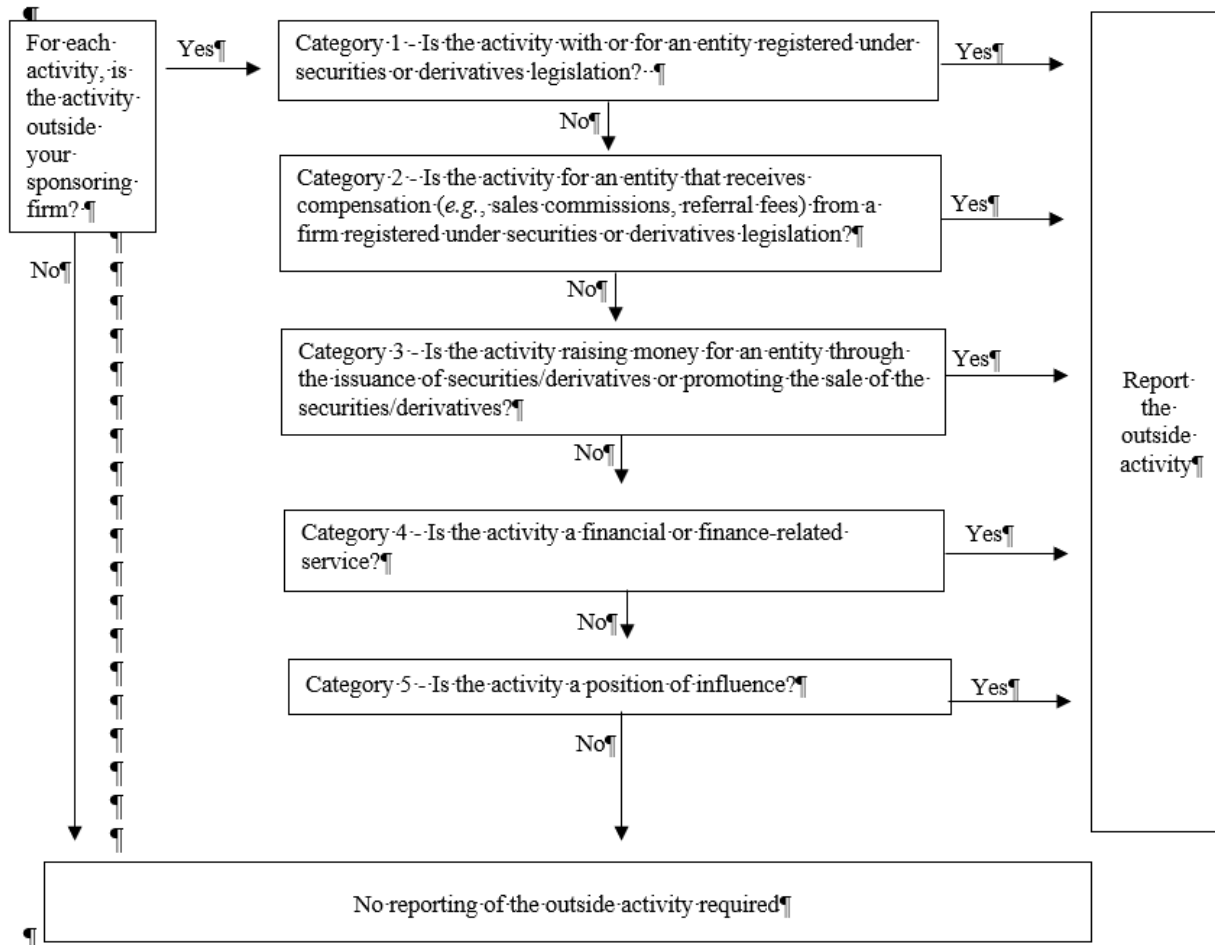
1. Activities with another registered firm
2. Activities with an entity that receives compensation from another registered firm for the Registrant's registrable activity
3. Other securities-related activities
4. Provision of financial or finance-related services
5. Positions of influence
6. Specified activities

Based on comments received, we have made the following revisions:

- We have removed the requirement to report Category 6 [Specified activities] to securities regulatory authorities on the basis that Categories 1 to 5 allow the CSA to receive the information necessary to carry out its regulatory role. Although activities that fall within Category 6 are no longer reportable to securities regulatory authorities<sup>1</sup>, firms are responsible for conflicts of interest arising from all Outside Activities (even if they are not reportable to us) and for ensuring their registered individuals have sufficient time to perform the registrable activity and properly service clients, and to maintain their proficiency.
- We have also revised Appendix C of the *Policy Statement to Regulation 33-109 respecting Registration Information*, which illustrates the analysis on whether an activity outside of the sponsoring firm is reportable, to reflect the removal of Category 6 and have reproduced it below.

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<sup>1</sup> Securities regulatory authorities have the discretion to request more information in these areas on a case-by-case basis. Individual Registrants will continue to be required to report the number of hours they work for their sponsoring firm.



- We have clarified the following:
  - Firms are required to identify and address material conflicts of interest arising from the Registrants’ Outside Activities and these Outside Activities may not be limited to those reportable to the securities regulatory authorities.
  - An individual’s activity with an affiliated entity is a reportable Outside Activity if it falls within Categories 1 to 5.
  - The description of the activities that fall within Category 4 [Provision of financial or finance-related services].
  - Volunteer activities are not reportable, unless they fall within Categories 1 to 5.

### Positions of influence

In the Proposals, we introduced a definition of position of influence, introduced a new rule that codifies the restriction of the client base of a registered individual who is in a position of influence over certain clients, and required the reporting of positions of influence to securities regulatory authorities as an Outside Activity.

We have maintained the definition of position of influence as published, including listing certain positions of influence. Based on our experience, these are positions with a high level of conflict which must be reported and managed by firms. We are of the view that the listed positions will ease compliance burden on firms by providing clarity and consistent treatment.

Nevertheless, we agree that positions of influence can be a matter of judgment based on the particular facts and circumstances. Therefore, it is not an exhaustive list and guidance is provided. In light of the comments received, we have provided additional guidance on individuals who are involved in the activities of community, cultural or religious organizations, as well as on individuals who are elected officials.

The restriction on the registered individual's securities activities is required to address the conflict arising from the relationship and in our view, this is a measured regulatory approach in contrast to a ban on the activity. After considering the comments received, we have revised the language of the restriction to specify that registered firms and their Individual Registrants should not sell to or advise individuals that the registered firm *knows* the Individual Registrant is in a position of influence over or the registered firm or Individual Registrant *knows* are certain close family members of an individual that the Individual Registrant is in a position of influence over.

We continue to be of the view that positions of influence should be reported to regulators.

### **Reporting deadlines**

We published proposals to extend some reporting deadlines such that Registrants would be required to submit registration information generally either within 15 days or 30 days. However, we did not propose changes to the reporting deadlines for changes in an individual's status, such as becoming a permitted individual or ceasing to be an Individual Registrant, which are reportable within 10 days of the change in status.

Based on the feedback received that three different reporting deadlines would add complexity and increase the likelihood of errors, we changed the deadline to report becoming a permitted individual or ceasing to be an Individual Registrant to 15 days, such that there are generally two reporting deadlines – 15 days or 30 days. A longer reporting period does not raise regulatory risk when an individual ceases to have authority as an Individual Registrant and we are aware through other regulatory filings of when an individual will become a permitted individual.

As a result of this change, we have made a consequential change to extend the deadline for the registered firm to provide an Individual Registrant with a copy of Form 33-109F1 *Notice of End of Individual Registration or Permitted Individual Status (Notice of Cessation)* from 10 days to 15 days. This change is necessary to align the firm's filing deadline of the Notice of Cessation with securities regulatory authorities. Otherwise, in certain circumstances, the registered firm would be required to provide the Individual Registrant with the Notice of Cessation before the registered firm is required to file it with securities regulatory authorities.

### **Common errors and updated certificate requirements**

The Proposals included changes to address the receipt by regulators of Registration Forms that are incomplete and/or inaccurate because

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

The Proposals also make changes to address areas of the Individual Registration Form that are more likely to be filled out incorrectly.

After considering the comments received and the results of the test conducted, we have made the following revisions:

- As criminal disclosures are reported in a different section of the Individual Registration Form, we have decided not to amend Item 12.3 of the Individual Registration Form. Individual Registrants will continue to be required to report resignations or terminations when at the time of resignation or termination, there was an allegation that the Individual Registrant committed fraud or the wrongful taking of property, including theft.
- We have removed the requirement in Item 12 of the Individual Registration Form to report resignations and terminations following allegations that the Individual Registrant violated, or failed to appropriately supervise compliance with, the rules or bylaws or standards of conduct of an industry association.
- We have further revised the language in Item 16 of the Individual Registration Form to clarify that Individual Registrants are required to report bankruptcies no matter how long ago the bankruptcy occurred.
- We have added instructions to Item 13.3 of the Individual Registration Form to make clear that only registration and licences that involve dealing with the public are to be disclosed.
- We have amended section 2.3 of Regulation 33-109 to clarify when an Individual Registrant's NRD record is up-to-date so that a Reinstatement Form may be used and have provided guidance in Annex C to this Notice relating to when Individual Registrants should review and respond to items in NRD that read "there is no response to this question".
- Where education and course information are to be reported, we have further clarified that only those required for the registration categories or IIROC approval should be disclosed.
- We have clarified that reporting securities experience applies to certain supervisors and have included instructions for applicants seeking registration as advising representatives limited to client relationship management.

Additionally, we have revised the language of some of the certifications to reflect the CSA's practice of separately obtaining consent to enter a business location that is a personal residence at the time of a compliance review.

## **Regulatory burden of certain reporting requirements**

In the Proposals, to address concerns that some specific registration information requirements may create a disproportionate reporting burden relative to their original purpose, we proposed changes to:

- 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%;
- 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;
- 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 insurance policy;
- Provide additional guidance on changes in litigation to be reported; and
- Remove the requirement that the Firm Registration Form be witnessed.

We continue to believe these changes will reduce the burden on Registrants, without impacting regulators' ability to oversee Registrants. However, based on the comments received, we have clarified certain aspects of these changes, including:

- In relation to delegating reporting to an authorized affiliate, we have clarified that the certificate of the delegation is only required to be filed once, unless there is a change to the authorized affiliate and in that case, an updated certificate should be filed.
- We have made a consequential amendment to section 12.7 of Regulation 31-103 that a change in the expiry date of a registered firm's insurance policy does not need to be reported where the insurance policy has not lapsed and there has been no other changes to the insurance policy.
- We have revised the guidance on reporting status updates to litigation to provide more details.

## **Collecting information on professional titles**

The Proposals introduced a new requirement for Individual Registrants to report to regulators the titles they use.

We acknowledge the comments received suggesting alternative ways for regulators to collect this information, but have maintained the information requirement for Individual Registrants to report their titles. This information implements the CSA's oversight for the new section 13.18 of Regulation 31-103 introduced as part of the Client Focused Reforms that prohibits Registrants from holding out their services in any manner that could reasonably be expected to deceive or mislead any person as to:

- their proficiency, experience or qualifications;
- the nature of the person’s relationship or potential relationship with the Registrant; or
- the products or services provided or that might be provided.

However, we have clarified that Individual Registrants are to provide the business titles and professional designations that they use or will use once registered and to keep this information up-to-date.

### **Transition**

In the Proposals, we proposed the following transition plan:

- The draft amendments would come into force at the end of 2021 (i.e., December 31, 2021).
- For the draft amendments relating to positions of influence, firms be allowed a six-month transition period from when the draft amendments come into force (i.e., June 30, 2022).
- Where, after this date, there is a change to registration information that was previously reported, the individual would review and update any other information.

We have simplified the transition plan in light of the comments received. Subject to Ministerial approvals being obtained, the Amendments (including the Amendments to Regulation 31-103 relating to positions of influence) will now come into force on June 6, 2022.

We acknowledge the comments received regarding the existing regulatory changes Registrants are implementing and the difficulties commenters raised with the year-end implementation. Additionally, we are of the view that a single date to implement the Amendments is simple and avoids potential confusion and error. The timeframe for the implementation of the Amendments for positions of influence remains the same as set out in the Proposals.

We have also clarified in the Amendments and have provided guidance in Annex C relating to registration information in NRD, specifically, where NRD states “there is no response to this question”. All Individual Registrants are required to update their information in NRD where it states “there is no response to this question” by the earlier of (i) the date the Individual Registrant reports a change to their registration information after June 6, 2022 and (ii) June 6, 2023.

**ANNEX B  
LIST OF COMMENTERS AND  
SUMMARY OF COMMENTS ON THE PROPOSALS AND RESPONSES**

This annex summarizes the written public comments we received on the Proposals and our responses to those comments. Out of the 21 commenters, 17 were from industry stakeholders (including Registrants, industry associations and law firms), 2 were from non-industry stakeholders (including investors, investor advocates, academics and others), and 2 were anonymous.

**A. List of commenters**

1. ACCP (Association of Canadian Compliance Professionals)
2. Advocis (The Financial Advisors Association of Canada)
3. AIMA (Alternative Investment Management Association)
4. Canada Life Assurance Company
5. Capital International Asset Management (Canada) Inc.
6. FAIR Canada
7. Financial Planning Association of Canada
8. IFIC (The Investment Funds Institute of Canada)
9. IGM Financial Inc.
10. IIAC (Investment Industry Association of Canada)
11. Independent Financial Brokers of Canada
12. Kenmar Associates
13. PMAC (Portfolio Management Association of Canada)
14. Portfolio Strategies Corporation
15. Primerica Financial Services (Canada) Ltd.
16. PCMA (Private Capital Markets Association of Canada)
17. Sun Life Financial Investments Services (Canada) Inc.
18. The Canadian Advocacy Council of CFA Societies Canada
19. VigilantCS
20. Anonymous #1
21. Anonymous #2

**B. Summary of comments and CSA responses**

**1. General comments**

<b>No.</b>	<b>Subject</b>	<b>Summarized Comment</b>	<b>CSA Response</b>
1.	Support for the Proposals	Many commenters indicated general support for the Proposals. They were of the view that many of the Proposals were important for clarifying Registrant reporting obligations, will lead to a more streamlined registration regime	We thank commenters for their support. We have carefully developed the Proposals with the involvement of the SROs and believe the Amendments will clarify registration information requirements, help Registrants provide complete



		<p>and will reduce regulatory burden. However, they also saw further opportunity to enhance the efficiency of the registration information process.</p> <p>One commenter, while supportive of the Proposals, felt other investor protection matters, such as a binding decision mandate for OBSI and review of firm complaint handling procedures, should have been a priority.</p> <p>The same commenter was of the view that the CSA team evaluating the SRO framework should be asked to comment on these draft changes given that there is a possibility that all registration activities could be assigned to a new SRO.</p>	<p>and accurate information, and reduce the regulatory burden, while allowing the CSA to receive the information necessary to carry out its regulatory role.</p> <p>As set out in the CSA’s 2019-2022 Business Plan, Strategic Goal 1.4, it remains a priority of the CSA to improve investor access to redress for losses resulting from improper or fraudulent transactions by supporting and strengthening OBSI as an independent dispute resolution service.</p>
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**2. Comments relating to Outside Activities**

<b>No.</b>	<b>Subject</b>	<b>Summarized Comment</b>	<b>CSA Response</b>
2.	New reporting framework for Outside Activities	<p>Many commenters were supportive of the introduction of a new reporting framework for Outside Activities and the new guidance. However, a couple of commenters were of the view that reporting Outside Activities was duplicative in light of the Client Focused Reforms. In contrast, one commenter believed the new framework went too far with respect to lessening the reporting requirements for Outside Activities and that the draft changes may result in disclosure of fewer positions</p>	<p>The new reporting framework for Outside Activities is intended to address concerns raised by the previous principles-based reporting requirement and to provide greater clarity to Registrants. Based on the test we conducted on the Proposals relating to Outside Activities, there was a significant improvement in disclosure by participants who saw the Proposals relating to Outside Activities.</p> <p>From an assessment of the</p>

		<p>or activity that can give rise to conflict of interest issues, resulting in potential investor harm. Another commenter identified concerns with permitting Outside Activities for individuals charged with acting in the best interest of clients.</p> <p>Several commenters were of the view that it would be a burden to track, monitor and potentially report all Outside Activities. Two commenters believed that because firms must continue to monitor and supervise Outside Activities, the draft changes are unlikely to reduce regulatory burden.</p> <p>Several commenters raised suggestions for revising the reporting framework, including that a more principles-based approach be implemented; that reporting of activities should only arise where the individual is engaging with clients or proposed clients; or that a mechanism to allow discretion for firms to include or exclude activities that should not be reported.</p> <p>One commenter noted that there could be potential</p>	<p>application of the new framework against a sample of information on Outside Activities reported to us, we anticipate a 27% reduction in reporting to securities regulatory authorities and, in turn, a reduction in burden for Registrants.</p> <p>We acknowledge that Registrants will need to continue to obtain information from their Individual Registrants on their Outside Activities and to monitor the Outside Activities in order to fulfil their responsibilities to address the risk and conflicts arising from their Individual Registrants' Outside Activities.</p> <p>Although Registrants are responsible for addressing conflicts of interest, securities regulatory authorities require reporting of certain Outside Activities to carry out their ongoing oversight role.</p>
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		<p>inconsistency between CSA and SROs reporting expectations that could be a challenge especially with respect to assessing conflicts of interest.</p>	
3.	<p>General comments on the categories</p>	<p>Several commenters were of the view that the various categories of Outside Activities are relatively clear. In contrast, several other commenters held the opposite view and believe that what should or should not be reported can sometimes be unclear and asked for more guidance.</p> <p>Many commenters indicated that they did not identify any other category of Outside Activities that should be reported to the CSA.</p> <p>Three commenters suggested guidance be provided on what types of activities would be outside the proposed six categories and would not have to be reported by Individual Registrants to their sponsoring firms, and in turn, to regulators, unless subject to another reporting requirement.</p> <p>Two commenters sought clarification as to whether a Registrant engaged with an affiliated company would be required to report that activity as an Outside Activity. Another commenter was of the view that activities for affiliated entities within a corporate group should not be considered Outside Activities and should not be reportable.</p>	<p>The Proposals included guidance in Policy Statement 33-109 to assist Registrants in their assessment of what types of activities fall within each category. We have made changes to the guidance to clarify that an Individual Registrant's activity for an affiliated entity is considered an Outside Activity.</p> <p>Registered firms are required to have policies and procedures to identify and address material conflicts of interest and risks arising from all Outside Activities that their Individual Registrants may participate in. This assessment should not be limited to only the Outside Activities reportable by the registered firm to securities regulatory authorities.</p>

4.	Category 1 [Activities with another registered firm]	One commenter was of the view that Category 1 should focus on securities industry related activity, and not on positions that are more administrative in nature.	Reporting of all activities with a registered firm (regardless of the activities performed) assists us in understanding what activities an Individual Registrant is carrying on for other registered firms and assists in our assessment of whether the individual is suitable for registration and how conflicts are addressed by both registered firms.
5.	Category 3 [Other securities related activities]	Several commenters disagreed with the requirement to report Outside Activities involving raising capital. One of these commenters was of the view that this activity should be reported in other sections of the forms. Two of these commenters thought the category is overly broad, not adequately defined or easily subject to a variety of interpretations. A couple of commenters requested further guidance to clarify the types of activities that should be reported under the category.	<p>We are of the view that whether an Individual Registrant is or was previously involved in capital-raising activities is relevant information to securities regulatory authorities to understand whether the Individual Registrant is suitable for registration.</p> <p>The Proposals included guidance in Policy Statement 33-109 to assist Registrants to understand the types of activities that fall within this category.</p>
6.	Category 4 [Provision of financial or finance-related services] - General	One commenter believed that the proposed category “financial or financial-related services” was overly broad, not adequately defined or easily subject to a variety of interpretations. This commenter sought clarification that the activities listed in this category are the only applicable activities captured by these terms. Another commenter requested further guidance to clarify the types of activities that should be reported under the category.	<p>The Proposals included guidance in Policy Statement 33-109 to assist Registrants to understand the types of activities that fall within this category.</p> <p>We have made changes to describe the types of activities in plain English and to include instructions that reiterate the requirements at the top. We have also clarified that the activities described are non-exhaustive in order to capture financial services that may not</p>

		<p>One commenter described various activities, such as a registrant being a trustee or beneficiary of a family trust/holding company that is a client of the registrant's firm or having a personal holding company, that they were of the view was unclear whether those activities would be disclosable in Category 4.</p> <p>Many commenters agreed that 7 years is an appropriate timeframe, noting that it is a similar timeline required for records management and retention under securities legislation and aligns with other timelines. Several commenters disagreed and suggested reporting timeframes of 4 years or 10 years.</p> <p>One commenter suggested that the Outside Activities' financial questions be written in plain English to reduce confusion.</p> <p>One commenter requested the instructions in Category 4 be moved to the top so it would not be overlooked.</p>	<p>exist today but may evolve from technological changes and innovation.</p> <p>We have not changed the timeframe for reporting capital-raising activity as we believe it to be an appropriate timeframe.</p>
7.	Category 6 [Specified activities]	<p>Many commenters generally disagreed with the specific time requirement for this reporting category. Five commenters suggested that activities reportable in this category should be those that would impact the client-Registrant relationship, principally conflicts of interest. Another commenter</p>	<p>We have revised the framework to remove the requirement to report activities that fall within Category 6 [Specified activities]. We are of the view that from the reporting under Categories 1 to 5, we will continue to receive the necessary information understand the activities of the Registrants and to oversee the</p>

		<p>recommended that rather than monitoring a time threshold, firms should assess the potential risk of an Outside Activity considering more relevant factors as outlined in the other categories of the reporting framework. Several commenters recommended the removal of category 6.</p> <p>One commenter believed that any Outside Activity raising potential or actual conflicts of interest should be reportable, regardless of time spent.</p> <p>In contrast, one commenter agreed with a cumulative minimum time threshold.</p> <p>One commenter requested a detailed list of "specified activities" that would fall under this category to provide further clarity and to reduce the confusion and over-reporting.</p>	<p>Registrants.</p> <p>Although only certain Outside Activities are reportable to securities regulatory authorities, registered firms are required to have policies and procedures to identify and address material conflicts of interest and risks arising from all Outside Activities that their Individual Registrants may participate in. This assessment should not be limited to only the Outside Activities reportable by the registered firm to securities regulatory authorities.</p> <p>As this category has been removed, we have not addressed the comment to provide a list of activities that would fall within it.</p>
<p>8.</p>	<p>Category 6 [Specified activities] – time threshold</p>	<p>Many commenters disagreed with the 30-hours per month threshold and thought it was too low.</p> <p>A couple of commenters noted that many Registrants may engage in activities full-time on weekends and evenings and could easily exceed the 30 hours per month without any negative effect on their ability to appropriately serve their clients.</p> <p>The commenters believed 50</p>	<p>We did not address these comments as we have removed the requirement for Registrants to report Outside Activities that fall within Category 6 [Specified activities].</p>

		<p>hours; 60 hours; or 80 hours per month are more appropriate. Five commenters recommended a principles-based approach to establishing the amount of time.</p> <p>One commenter indicated that different registration categories may have different time commitments. Another commenter suggested that the time threshold be averaged over a longer time period than monthly, as this could represent a new regulatory burden for the firm and advisor.</p>	
9.	Business versus non-business activity	<p>One commenter was of the view that the removal of the word “business” from the term “Outside Business Activity” increased the breadth of monitoring and reporting to include any and all activities a Registered Individual may participate in, and increases regulatory burden.</p> <p>Another commenter held the opposite view and believed the change from “Outside Business Activities” to “Outside Activities” added clarity and reflects current regulatory expectations.</p>	<p>The removal of the word “business” addressed confusion it raised and helps clarify that unpaid activities outside the registered firm is an Outside Activity. The Amendments reduce and clarify the scope of what must be reported to securities regulators.</p>
10.	Non-compensated and volunteer activities	<p>A number of commenters agreed with the clarity provided on activities that are no longer reportable under the new framework.</p> <p>Some commenters identified circumstances that they thought non-compensated activities should be reportable,</p>	<p>We have made changes to the instructions and to the guidance in Policy Statement 33-109 to clarify when non-compensated activities are reportable.</p> <p>We agree that there is a benefit in financial professionals taking on community roles that</p>

		<p>including if non-active operations (such as being the owner of a holding company or acting as a landlord) exceed a specified time threshold and when personal corporations should be reported.</p> <p>One of these commenters suggested publishing a dynamic list of uncompensated activities relating to securities or financial services to help increase clarity.</p> <p>Another commenter was of the view that volunteer financial and financial services-related activities (<i>e.g.</i>, serving as treasurers) should not be reportable, unless they give rise to potential conflicts of interest. They noted that there is a benefit to encouraging financial professionals to take on community roles that are complementary to their existing knowledge and expertise.</p>	<p>are complementary to their existing knowledge and expertise. However, we have continued to maintain the reporting requirement of uncompensated financial and financial services related activities as it is information necessary for our oversight role, particularly in light of the potential for confusion and conflicts. We also note that, for many of the categories of reportable Outside Activities, compensation is not a factor as to whether an activity falls within a category.</p>
11.	Dual-licenced individuals	<p>One commenter believed that life and disability insurance, including segregated fund sales, should not be reportable because the CSA has no jurisdiction in the insurance industry. Another commenter disagreed and felt that insurance agents, along with mutual fund salespersons, raise the most significant conflicts of interest. The commenter recommended an integrated insurance-securities database, at least at the provincial level.</p>	<p>We have continued to maintain the reporting requirement of uncompensated financial and financial services related activities as it is information necessary for our oversight role, particularly in light of the potential for confusion and conflicts.</p>
12.	Guidance on Outside Activities	<p>Two commenters sought guidance on Outside</p>	<p>The current guidance in Policy Statement 31-103, as well as in</p>



		<p>Activities, including:</p> <ul style="list-style-type: none"> <li>• guidance on the required separation of an Outside Activity and a registrable activity;</li> <li>• how a sponsoring registered firm is required to monitor Outside Activities;</li> <li>• policies and procedures on how a firm will approve Outside Activities; and</li> <li>• how clients will be informed of any approved Outside Activities associated with their dealer representative.</li> </ul> <p>One of the two commenters disagreed with the requirement to assess whether a Registered Individual's activities and lifestyle are commensurate with the person's compensation by the firm. The commenter was of the view that this was too intrusive, difficult to monitor and raised unrealistic expectations.</p> <p>The other commenter identified factors for when an Outside Activity should not be permitted by a registered firm.</p> <p>The same commenter also recommended that both securities regulators and firms take steps to prevent off-book transactions and fraud from Outside Activities.</p>	<p>the Amendments, provides the information sought by commenters, including:</p> <ul style="list-style-type: none"> <li>• the conflicts and risks that arise from Outside Activities;</li> <li>• expectations of how firms should monitor and supervise their Individual Registrant's Outside Activities; and</li> <li>• practices that Regulated Firms should consider in monitoring and supervising their Individual Registrant's Outside Activities.</li> </ul> <p>The guidance on practices that Regulated Firms should consider in monitoring and supervising their Individual Registrant's Outside Activities, including whether a registered individual's activities and lifestyle are commensurate with the person's compensation by the firm, was previously published in guidance issued in CSA Staff Notice 31-326 <i>Outside Business Activities</i>.</p>
13.	Reporting Outside Activities	Commenters also asked for clarity on how activities	Where multiple activities are related to one entity outside

		<p>should be reported on the Individual Registration Forms, including:</p> <ul style="list-style-type: none"> <li>• whether multiple activities that are related to one entity can be completed on one schedule;</li> <li>• whether the information requested in each field can be made more explicit; and</li> <li>• what date should be included as the “start” date for an Outside Activity where the individual is transitioning from one firm to another and the activity was approved by the previous firm.</li> </ul> <p>One commenter asked if the removal of Outside Activities no longer reportable can be completed as part of any subsequent changes or reporting of registration information.</p> <p>Another commenter noted employers outside of the financial industry or regulated firms do not typically have conflicts of interest procedures, especially for the type of role that Individual Registrants would be involved with on a part time basis, such as in retail or hospitality industries, yet the Individual Registration Form appears to require applicants to disclose the conflict of interest procedures of these employers.</p>	<p>the registered firm, one schedule may be completed.</p> <p>We have reviewed the questions asked in Schedule G of the Individual Registration Form and Schedule D of the Reinstatement Form and have not made any changes as we are of the view that the questions are clear.</p> <p>The start date should be the actual start date of the Outside Activity, which may be a date prior to the Individual Registrant joining the registered firm.</p> <p>Where an Outside Activity is no longer reportable as a result of the Amendments, this may be removed as part of any subsequent changes or reporting of registration information.</p> <p>If the employer of the Outside Activity does not have conflicts of interest policy or procedures, we would expect the Individual Registrant to state the same.</p>
14.	Training and communication	<p>One commenter believed that training and communication on the revised expectations will be important, and that registered firms should be</p>	<p>As set out in the guidance in Policy Statement 31-103, we expect registered firms:</p> <ul style="list-style-type: none"> <li>• to provide training or education on Outside</li> </ul>

		<p>reminding Individual Registrants of their duty to report both new, and changes to, their Outside Activities and provide context to the due diligence requirement. The commenter also noted that registered firms should also periodically re-evaluate the accepted and denied Outside Activities of their advisors, and supervisory or compliance staff should receive regular training on the Outside Activities that are accepted or denied, to better detect red flags.</p>	<p>Activities, including the need to report on changes in Outside Activities and the restrictions on a registered individual who is in a position of influence as to the clients the registered individual can deal with or advise; and</p> <ul style="list-style-type: none"> <li>• assess whether the registered firm has the necessary information and is able to properly supervise and monitor the Outside Activities.</li> </ul>
15.	Reporting of Outside Activities by independent board members	<p>One commenter identified the difficulties firms face in obtaining information about Outside Activities from Permitted Individuals that are independent board members. The commenter noted that, unlike with employees, firms have limited ability to hold such board members accountable and to enforce reporting timelines.</p>	<p>We remind Individual Registrants that they have disclosure obligations under Regulation 33-109, such as notifying the regulator about changes to their registration information, including Outside Activities. Disregard by board members of securities law requirements may raise concerns about a firm’s fitness for registration.</p>
16.	Consequences for non-compliance	<p>One commenter recommended that the CSA takes steps to hold firms accountable and liable where approved Outside Activity has harmed an investor, particularly where the firm did not approve the Outside Activity. The commenter also recommended increasing the level of sanctions in cases of unauthorized Outside Activities to the point where they are impactful on the firm and provide strong general deterrence.</p>	<p>We conduct compliance reviews of registered firms to monitor whether they are complying with securities laws. If a registered firm or individual associated with the firm has not complied with securities laws, we may take a number of actions, including:</p> <ul style="list-style-type: none"> <li>• Tracking and monitoring the firm or individual;</li> <li>• Conducting a follow-up review;</li> <li>• Imposing terms and conditions on registration; or</li> <li>• Referring the matter to</li> </ul>

			Enforcement, who may initiate a proceeding against the firm or individual.
17.	Disclosure of Outside Activities	<p>One commenter suggested that firms should disclose to clients engaged with a representative for which the firm has approved an Outside Activity, that such approval has been granted and that such information should be made available on CSA Registration Check.</p> <p>The same commenter recommended that the CSA launch an investor education program on how to engage with representatives that have or could have outside business or other activities.</p>	<p>Subsections 13.4(1) and (2) of Regulation 31-103 require a registered firm to take reasonable steps to identify and address material conflicts of interest. Further, subsection 13.4(4) of Regulation 31-103 requires the registered firm to disclose in writing all material conflicts of interest identified under subsection (1) to a client whose interests are affected by the conflicts of interest if a reasonable client would expect to be informed of those conflicts of interest. This disclosure requirement is also set out in paragraph 14.2(2)(e) of Regulation 31-103 as information a firm must deliver to clients.</p> <p>To the extent that a registered firm approved Outside Activity has been identified by the firm as a material conflict of interest that must be addressed in the best interest of the client, then pursuant to subsection 13.4(4), the firm is required to disclose material conflicts of interest to a client whose interests are affected by the conflict of interest if “a reasonable client would expect to be informed of those conflicts of interest”. This disclosure must be prominent, specific and written in plain language, and must be disclosed at the appropriate time in order to be meaningful to the client.</p>

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### 3. Comments relating to Positions of Influence

No.	Subject	Summarized Comment	CSA Response
18.	General comments	<p>Several commenters were of the view that restrictions on positions of influence were not required as concerns could be addressed under the conflicts of interest provisions of Regulation 31-103.</p> <p>One commenter suggested that the CSA consider alternative approaches to the prohibition, including mitigation factors such as professional requirements (e.g., codes of conduct, ongoing education, fiduciary duty). Two commenters recommend that section 13.4.3 of Regulation 31-103 be amended to align with IROC's personal financial dealings rule.</p> <p>One commenter believed that no aspect of the new rule on positions of influence will be difficult to administer if a principles-based approach is applied. Another commenter was of the view that education and training will be a key component for implementation by firms.</p>	<p>We have maintained restrictions on the clients a registered individual in a position of influence may have. The restrictions are required to address the conflict arising from the relationship between a registered individual and the clients the registered individual knows from the outside activity that is a position of influence and in our view, are a measured regulatory approach in contrast to a ban on the activity.</p> <p>We continue to be of the view that positions of influence should be reported to regulators.</p>
19.	Definition of "position of influence"	<p>Several commenters were of the view that the list of positions was sufficient. One commenter noted that as the list was non-exhaustive, there were no additional positions that need to be specifically set out. Another commenter believed that lawyers and accountants should be added to</p>	<p>We have maintained the definition of position of influence as published, including (a) a reasonable person standard and (b) listing certain positions of influence. Based on our experience, these are positions with a high level of conflict which must be reported and managed by</p>

		<p>the list.</p> <p>A few commenters disagreed with the list of professions that were identified as positions of influence. These commenters:</p> <ul style="list-style-type: none"><li>• emphasized the importance of avoiding a one-size-fits-all perspective;</li><li>• suggested that the list should be guidance; and</li><li>• disagreed that simply by virtue of being a notary, an Individual Registrant should be deemed to be in a position of influence.</li></ul> <p>Several commenters noted whether someone is in a position of influence is context specific. Two commenters were of the view that the test is subjective and unclear, and will result in confusion and inconsistent application. Two commenters were concerned that regulators in different jurisdictions could have differing views of when an Individual Registrant is or is not in a position of influence.</p> <p>Several commenters provided suggestions for the definition of “position of influence” including:</p> <ul style="list-style-type: none"><li>• adding at the end of the sentence “and is a conflict of interest that cannot be managed in accordance with applicable securities laws”;</li><li>• having a “reasonable person” standard or provide discretion to registered firms in determining whether or not a position of influence exists;</li></ul>	<p>firms. We are of the view that the listed positions will ease compliance burden on firms by providing clarity and consistent treatment.</p> <p>Positions of influence are a matter of judgment of a reasonable person and based on the particular facts and circumstances. Therefore, it is not an exhaustive list and guidance is provided in Policy Statement 31-103.</p>
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		<ul style="list-style-type: none"> <li>• qualifying whether the individual in a position of influence is using that position to solicit business;</li> <li>• adding persons who hold powers of attorney or are executors or beneficiaries; and</li> <li>• removing teachers and instructors as “positions of influence”; and</li> <li>• adding bank employees who are registered to sell mutual funds.</li> </ul>	
<p>20.</p>	<p>Guidance on “positions of influence”</p>	<p>Guidance was sought by commenters on the following:</p> <ul style="list-style-type: none"> <li>• what characteristics define a position of influence;</li> <li>• when individuals with trust-based relationships and positions of community, cultural or religious leadership are positions of influence.</li> <li>• susceptibility is a question of fact and circumstances for the specific individual; and</li> <li>• examples of positions of influence that are more common in the discretionary asset management industry (<i>e.g.</i>, those that may raise affinity-fraud type concerns).</li> </ul> <p>Two commenters recommended that the position of influence guidance in the draft amendments to Policy Statement 31-103 be amended as follows: “If both the degree of influence by the registered individual in the position of influence and the confusion or susceptibility of a person</p>	<p>We have provided additional guidance on individuals who are involved in the activities of community, cultural or religious organizations, as well as on individuals who are elected officials.</p> <p>Positions of influence are a matter of judgment of a reasonable person and based on the particular facts and circumstances. Therefore, it is not an exhaustive list and guidance is provided in Policy Statement 31-103.</p>

		<p>subject to that influence result in or could result in the person being subject to the undue influence of the registered individual, a registered firm is expected to consider the outside activity to be a position of influence”.</p>	
<p>21.</p>	<p>Community positions</p>	<p>Some commenters were concerned that the prohibition would discourage Individual Registrants from becoming involved with community organizations or may inadvertently capture certain community activities that do not pose a material conflict of interest. A couple of commenters recommended a positive statement be made in Policy Statement 31-103 that the application of new section 13.4.3 is not intended to restrict registrants from assuming roles in their communities. In contrast, one commenter believes that the Proposals provided clarity and will alleviate rejection of volunteer activities on the basis they are positions of influence.</p> <p>One commenter did not agree that pro bono activities should be categorized as “positions of influence.” Other commenters suggested clarifying that individuals who are associated with charities but are not involved in their money raising efforts, or are members of fraternal organizations or religious congregations, are not to be considered to be in positions of influence solely by these relationship.</p>	<p>Whether a position is compensated does not affect whether it is a position of influence. These positions give rise to a high level of conflict which must be reported and managed by firms.</p> <p>We have included additional instructions and guidance on when a non-compensated position is a reportable Outside Activity.</p>



22.	The term susceptibility	<p>A number of commenters were supportive of the use of the term “susceptibility”. One commenter was of the view that it supported the CSA’s intent to move towards a principles-based approach to reporting Outside Activities and reflects the nature of the relationships of concern.</p> <p>Alternatively, two commenters suggested that an objective "reasonableness" standard be applied to the concept of susceptibility. A third commenter suggested a degree of influence test and degree of client confusion test.</p> <p>Two commenters disagreed with the use of the term “susceptibility” as it requires an understanding of the facts and circumstances outside the registered individual’s areas of expertise. One of those commenters suggests terms "subject to persuasion" or "easily influenced" instead. Two commenters suggested “vulnerability”.</p> <p>One commenter believed that “susceptibility” implies a higher level of “may be” influenced and could be assumed when no influence exists.</p>	<p>We have continued to apply the term “susceptibility” as we believe it accurately reflects the nature of the relationships that gives rise to the concerns being addressed by the prohibition.</p>
23.	Prohibited clients	<p>A couple of commenters were of the view the prohibition was too broad.</p> <p>Two commenters indicated that it may be difficult for a Registrant to know the familial relationship and suggested a</p>	<p>Based on our experience, these are positions with a high level of conflict which must be reported and managed by firms. We have revised the language of the prohibition to specify that registered firms and their Individual</p>

		<p>knowledge qualifier.</p> <p>One commenter suggested the close family members be similar to that of related persons under the <i>Income Tax Act</i> (Canada), which would result in the removal of grandparent from the list. The commenter also questioned the inclusion of brothers and sisters as they did not believe that siblings share such information and that one sibling would be susceptible to the influence of a person who is in a position of influence over their sibling.</p>	<p>Registrants should not sell to or advise individuals that the registered firm or Individual Registrant <i>knows</i> are certain close family members of an individual that the Individual Registrant is in a position of influence over, given that familial relationships may not be always be readily apparent.</p> <p>We are of the view that the list of individuals (which registered individuals in a position of influence cannot sell to or advise) will ease compliance burden on firms by providing clarity and consistent treatment. Due to the close familial relationship, we are of the view that these individuals could be susceptible to persons who are in a position of influence over their family members.</p> <p>Accordingly, we have not removed grandparents or siblings from the list of individuals that registered individuals in a position of influence cannot sell to or advise. Grandparents and siblings are currently clients that persons in positions of influence may not sell to or advise as set out in the standard terms and conditions imposed on the registered individual's registration. We have not observed any compliance concerns in practice.</p>
24.	Application of section 13.4.3 of Regulation 31-103	One commenter did not identify any potential difficulties in administering the new rule, other than the	<p>We thank commenters for their comments.</p> <p>We expect the sponsoring</p>

		<p>subjectivity of any influence/non-influence determination and any assessments of an individual's degree of susceptibility.</p> <p>Another commenter noted that it would be difficult to determine the level of continued involvement or communication a registered individual who is in a position of influence can have with a client who is transferred and serviced by another registered individual.</p>	<p>registered firm to have procedures in place to provide reasonable assurance of compliance with the restriction on the registered individual's activities as set out in section 13.4.3 of Regulation 31-103.</p>
<p>25.</p>	<p>Disclosure of positions of influence</p>	<p>One commenter suggested positions of influence be posted on the CSA Registration Check website.</p>	<p>Subsections 13.4(1) and (2) of Regulation 31-103 require a registered firm to take reasonable steps to identify and address conflicts of interest. Further, subsections 13.4(4) of Regulation 31-103 requires the registered firm to disclose in writing all material conflicts of interest identified under subsection (1) to a client whose interests are affected by the conflicts of interest if a reasonable client would expect to be informed of those conflicts of interest. This disclosure requirement is also set out in paragraph 14.2(2)(e) of Regulation 31-103 as information a firm must deliver to clients.</p> <p>To the extent that a registered firm approved Outside Activity identified by the firm as a material conflict of interest that must be addressed in the best interest of the client, then pursuant to subsection 13.4(4), the firm is required to disclose material</p>

			<p>conflicts of interest to a client whose interests are affected by the conflict of interest if “a reasonable client would expect to be informed of those conflicts of interest”. This disclosure must be prominent, specific and written in plain language, and must be disclosed at the appropriate time in order to be meaningful to the client.</p>
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#### 4. Comments relating to reporting deadlines

No.	Subject	Summarized Comment	CSA Response
26.	General reporting deadlines	<p>Many commenters supported the change of some reporting requirements from 10 days to 15 days and from 15 days to 30 days as being sufficient time for gathering, analyzing and submitting information to securities regulatory authorities.</p> <p>One commenter disagreed with the increase in filing deadlines on the basis that registration information will be out of date for longer periods. The commenter did not see how extended reporting deadlines improved investor protection.</p>	<p>In developing the Amendments, we reviewed and carefully considered each reporting requirement and assessed the timeframe for the reporting of that information to us.</p>
27.	Reporting deadline for Outside Activities	<p>Many commenters indicated specific support for extending the deadline for reporting Outside Activities or changes in Outside Activities from 10 days to 30 days. However, one commenter requested the CSA consider whether reporting of Outside Activities from Permitted Individuals who are not employed with the firm can be done on an annual basis or quarterly. On the other hand, one</p>	<p>We have maintained the 30-day reporting deadline for Outside Activities as set out in the Proposals. We are of the view that this reporting deadline is appropriate for the reporting of this type of information.</p>

		<p>commenter understood Registrant concerns about the current 10-day period for reporting outside business activities, but believes that increasing the time period to 30 days and extending the deadline for other filings to 15 days will continue to lead to confusion and late filings by market participants.</p> <p>One commenter saw the extension to 30 days for reporting Outside Activities as reasonable and aligns with other international regulators such as FINRA.</p>	
28.	Multiple reporting deadlines	<p>Many commenters raised concerns about having 3 different reporting deadlines (10, 15 or 30 days) noting this will add complexity to the reporting process and increase the likelihood of errors.</p> <p>Alternative reporting deadlines were suggested by multiple commenters.</p>	<p>We changed the deadline to report a cessation of authority of an Individual Registrant or a change in an individual's status to 15 days, such that there are generally two reporting deadlines – 15 days or 30 days.</p> <p>A longer reporting period does not raise regulatory risk where an individual ceases to have authority of an Individual Registrant.</p> <p>If an individual becomes a permitted individual, a notice under section 11.9 or 11.10 of Regulation 31-103 is typically filed at least 30 days prior to any acquisition or as soon as the registered firm becomes aware. Accordingly, securities regulatory authorities will already be aware of any changes to the permitted individuals of a registered firm.</p>

29.	Ontario late filing fee	One commenter disagreed with the late filing fees of the Ontario Securities Commission (OSC). The commenter was of the view that late fees deter the reporting of these activities and encourages late filing.	<p>We anticipate that the new reporting framework for Outside Activities, along with the extension of time to report Outside Activities to 30 days, will reduce the number of late filings of new or changes to Outside Activities.</p> <p>The OSC waived late filing fees for the period from January 1, 2019 to December 31, 2021 for the purposes of developing the Proposals and publishing the Amendments. The OSC has extended the moratorium until the Amendments come into effect on June 6, 2022.</p>
30.	Challenges from updated reporting deadlines	One commenter noted that there may be unanticipated challenges in providing updates by the proposed deadlines.	We thank the commenter for their comments.
31.	Reporting deadlines in other areas	Regarding required timeframes for information, one commenter noted that there are inconsistencies throughout the document, and requests that the CSA reviews and synchronizes the applicable time periods, while taking into consideration how far past timelines should go to determine fitness for registration.	Amending the time periods for other requirements is beyond the scope of the targeted changes. We will consider these time periods for future amendments.

## 5. Comments relating to regulatory burden of certain reporting requirements

No.	Subject	Summarized Comment	CSA Response
32.	General delegation of reporting to an authorized affiliate	<p>A number of commenters supported this change.</p> <p>A number of commenters believed that as it only applies to Registrants with the same principal regulator, it is unlikely</p>	<p>We continue to only allow firms to delegate reporting to a registered affiliate with the same principal regulator. Extending this initiative to registered firms with different principal regulators is not</p>

		<p>to meaningfully reduce the burden for Registrants that are part of large groups. Other commenters also noted that as it can only be relied upon by Registrants with the same principal regulator, it cannot be relied upon by international firms that are exempt from registration in Canada.</p> <p>One commenter thought this provision would be of limited use because a Registrant is required to file an attestation each time it wants another firm to make a filing on its behalf.</p>	<p>practical given there is no national database for firm registration information, including reporting updates. These filings are submitted through each of the CSA's local electronic filing systems and not through NRD.</p> <p>From an assessment of a sample of filings we received from affiliated registered firms, we anticipate a 27% reduction in reporting to securities regulatory authorities and, in turn, a reduction in burden for Registrants.</p> <p>We note that international firms relying on an exemption do not submit registration information. Generally, they are required to pay participation fees and submit a new notice of who their agent for service is when there is a change. We do not think this is unduly burdensome for the international firms to report this information.</p> <p>We have revised the provision to make it clear that a certificate is only required to be filed at the start of using the delegation function and then afterwards only when there is a change to the authorized affiliate.</p>
33.	Authorized affiliate	<p>One commenter was not aware of any circumstances where reporting could not be delegated. A couple of commenters noted that the firm may have its own reasons for who it would delegate</p>	<p>We thank commenters for their comments. As noted above, we maintained the requirement that the authorized affiliate be an affiliate of the registered firm</p>

		<p>the authority to report on its behalf, such as a centralized corporate group that handles regulatory reporting.</p> <p>Alternatively, one commenter believed that if there is a change in registration information that only applies to one of the firms, such as a change in UDP or CCO, that should not be delegated to an affiliate</p>	<p>and have the same principal regulator.</p>
34.	Reporting that may be delegated	<p>One commenter believed that the newly draft subsection 3.1(2.1) of Regulation 33-109 is of limited use as it pertains only to certain parts of the Firm Registration Form.</p> <p>Commenters suggested that the delegation be extended to other reporting requirements including:</p> <ul style="list-style-type: none"> <li>• the reporting of information on “specified affiliates”;</li> <li>• the reporting of address changes that may apply to one or more affiliates; and</li> <li>• the reporting of notices on litigation even if the filing firm is not named in the litigation.</li> </ul> <p>Two commenters suggested that each Registrant should be required to disclose information about its own activities only and not on the activities of their “specified affiliates.”</p>	<p>We have not made any changes to the information that may be reported by an authorized affiliate. In developing the Amendments, we considered the information that affiliated firms submit that is duplicative because of their affiliation. These formed the basis of the information that may be reported by an authorized affiliate.</p> <p>We have not amended the reporting of information about a registered firm’s “specified affiliates”. We are of the view that information about specified affiliates provides relevant information about the registered firm’s stewardship, and in turn, its fitness for registration.</p>
35.	Support for the change in reporting percentage ownership changes	<p>Four commenters supported the proposal to report changes in percentage ownership only where a person’s percentage crosses certain thresholds as it would reduce the number of filings.</p> <p>One commenter suggested a</p>	<p>We have not changed the percentage thresholds where reporting is required. We have maintained the 20% as it aligns with the insider reporting requirement under securities laws.</p>



		<p>change from 20% to 25% to be consistent with Regulation 31-103 subsection 13.2(3) Know Your Client requirements and anti-money laundering and anti-terrorist financing requirements.</p>	
<p>36.</p>	<p>Reporting status change in legal actions</p>	<p>One commenter believed the Proposals relating to litigation status reporting should reduce the number of reports firms file.</p> <p>Another commenter did not identify any changes in litigation that should not be reported or would be captured in reporting elsewhere. Other commenters suggested what information should be reported, including:</p> <ul style="list-style-type: none"> <li>• the settlement of the case or the issuance of a judgment.</li> <li>• service of the claim, when there are substantive findings; and final resolution of the claim;</li> <li>• only legal actions that are significant need be reported (i.e., over a certain amount that is considered material to the firm and/or its parent);</li> <li>• limited to those that involve fraud, theft or securities related activities or that could significantly affect the firm’s business; and</li> <li>• procedural motions and related matters should not be reported.</li> </ul> <p>One commenter suggested that for integrated financial institutions with multiple affiliates, a blanket declaration could be used to state that at any time, any of the entities could be subject to class action lawsuits and will only report to the CSA when the courts have concluded</p>	<p>We have revised the guidance on reporting status updates to litigation to take into account the comments received.</p> <p>Reporting has not been limited to certain types of allegations because non-compliance or misconduct in areas beyond fraud, theft or securities-related activities could provide important information about the firm’s suitability for registration. Similarly, we have also not added a blanket declaration for class actions as the nature of the claims made in each class action will be different and may be pertinent to an assessment of a firm’s suitability for registration.</p> <p>Reporting has not been limited to certain entities because non-compliance, misconduct, or fraudulent activities at an affiliate entity in another country may provide important information on the suitability for registration of the Registrant where the entities are under common control.</p>

		<p>the case against the applicable entity.</p> <p>One firm asked that the CSA consider allowing registered firms and affiliated international entities relying on registration exemptions to only report regulatory and/or legal action in respect of the registered firm, and not for specified affiliates that do not have dealings with Canadian investors.</p> <p>One commenter requested clarification on what is meant by “significantly affect the firm”.</p>	<p>We disagree that reporting should be based on the size of the firm and have not added a materiality threshold. Integrity issues are not dependent on the size of the claim. Firms are required to maintain ongoing suitability for registration, which includes integrity and proficiency, not simply solvency. Some civil claims, if proven, can bear on the integrity or proficiency of a Registrant. We also disagree that larger firms should not be required to disclose comparable civil claims that smaller firms or individuals are required to disclose.</p> <p>Legal action disclosure has been streamlined by permitting filings to be made by one firm on behalf its affiliates and by expressly excluding non-material information such as discovery, procedural and scheduling developments from the disclosure requirement.</p>
<p>37.</p>	<p>Privacy of litigation information</p>	<p>One commenter was of the view that certain changes in legal actions could compromise private or confidential information, and may significantly affect the outcome of the action and the firm. The commenter noted that these issues will likely be specific to the firm and the actual issues being litigated and noted it was important to provide an element of discretion or allowance for</p>	<p>Information provided to us is not published and is kept confidential to the extent permitted by law.</p>

		confidential reporting so that they are not compromised by the reporting requirement.	
38.	Reporting changes of expiry date of insurance policies	Several commenters supported the draft amendments that remove the update requirements for expired insurance policies where a firm has simply renewed the insurance policy without change. One of the two commenters also requested that the CSA clarify that a notice of change in an insurance policy pursuant to section 12.7 of Regulation 31-103 is also not required to be filed when the only change is to the expiry date.	We have made a consequential amendment to section 12.7 of Regulation 31-103 to remove the reporting requirement of renewal of an insurance policy.

**6. Comments relating to common errors and updated certification requirements**

<b>No.</b>	<b>Subject</b>	<b>Summarized Comment</b>	<b>CSA Response</b>
39.	General comments on common errors	<p>Several commenters were of the view that the Proposals relating to common errors were clear.</p> <p>One commenter believed that, where an Individual Registrant changes sponsoring firms, the CSA should require the previous sponsoring firm to address the incomplete or inaccurate information, rather than the new sponsoring firm.</p>	<p>We thank the commenters for their comments.</p> <p>We expect Registrants to keep their registration information up-to-date.</p>
40.	Detrimental information at time of termination or resignation (Item 12 of the Individual Registration Form)	<p>One commenter supported the amendment that clarifies Individual Registrants must disclose detrimental information that existed at the time of their resignation or termination, regardless of whether it caused or contributed to the resignation or termination.</p> <p>Another commenter requested that the “for cause” be</p>	<p>Regarding detrimental information that existed at the time of an individuals’ resignation or termination, we continue to be of the view that disclosure of the detrimental information is required even if it is not the reason for termination or resignation. This information is used to assess the individual’s fitness for registration.</p>

		<p>reinserted. The commenter was of the view that draft revised wording does not allow for the individual to rebut or indicate if they were subsequently cleared and is contrary to a presumption of innocence unless an appropriate review process has occurred. When there has been cause the implication is that the previous employer has met a higher level of proof.</p>	
41.	<p>Scope of allegations (paragraph 2.3(2)(b) of Regulation 33-109; Item 12 of the Individual Registration Form; Reinstatement Form)</p>	<p>Two commenters questioned whether the reporting of allegations in Canada or in any foreign jurisdiction of a commission of a crime or a contravention of “<b>any</b> statute, regulation, order of a court or regulatory body, rules or bylaws of an SRO or failure to meet any standard of conduct of the sponsoring firm, an industry association or any relevant authority” is too broad. One of the two commenters noted that some of the additional qualifications relating to reinstatement of registration are too broad and could result in registration delays from disclosures that may not be meaningful to the individual’s fitness for re-registration.</p>	<p>We view this information to be relevant to an assessment of whether an individual is suitable for registration or whether their registration is otherwise objectionable.</p> <p>We have removed the requirement to report resignations and terminations following allegations that the Individual Registrant violated, or failed to appropriately supervise compliance with, the rules or bylaws or standards of conduct of an industry association as industry associations are advocacy bodies that do not grant credentials and enforce standards of conduct.</p> <p>We have revised the language from “any authority exercising jurisdiction over specific business activities or professions” to “professional body”.</p>
42.	<p>Industry associations and professional bodies (paragraph 2.3(2)(b) of Regulation 33-109; Item 12 of the</p>	<p>Two commenters believed that references to “industry associations” should be deleted in subsection 2.3(2) of Regulation 33-109 and Item 12 of Form 33-109F4 with respect</p>	<p>We have removed the requirement to report resignations and terminations following allegations that the Individual Registrant violated, or failed to appropriately</p>

	Individual Registration Form; Reinstatement Form)	to resignations and terminations, as industry associations are not self-regulatory and do not monitor their members' compliance nor sanction them, and the language used does not accurately reflect what the CSA is trying to capture. The commenters suggested the use of "professional bodies" as an alternative.	supervise compliance with, the rules or bylaws or standards of conduct of an industry association.  We have revised the language from "any authority exercising jurisdiction over specific business activities or professions" to "professional body".
43.	Reporting of licences (Item 13.3 of the Individual Registration Form)	One commenter believed that reporting all "non-securities licences, including medical licences" is unclear and appeared to be excessive, given that the commenter has never come across doctors that are also Registrants. The commenter noted that it appears that possessing a firearms licence or a hunting licence would also be reportable.  Another commenter provided suggestions for Item 13 Regulatory Disclosures and Schedule J, including replacing "doctor" with "medicine" or "medical professions"; and restoring "professional" to question (c).	We are of the view that registration and licences required to deal with the public provides information relevant to an assessment of whether the individual is suitable for registration or whose registration is otherwise objectionable.  We have added instructions in Item 13.3 of the Individual Registration Form to make clear that only registration and licences that involve dealing with the public are to be disclosed.
44.	Reporting of relevant securities experience (Item 8.4 and Schedule F of the Individual Registration Form; Item 2.3 and Schedule A of Form 33-109F2 <i>Change or Surrender of Individual Categories</i> )	One commenter requested clarification as to whether item 8.4 [Relevant securities experience] of 33-109F4 applies to Associate Portfolio Managers and Portfolio Managers, and Supervisors.	We have amended the instructions to clarify the supervisor category.
45.	Reporting of course	One commenter suggested	We have revised the language

	information (Item 8.1 and Schedule E of the Individual Registration Form)	clarifying that reporting education and course information required for registration should only apply to securities requirements applicable to the individual’s registration category.	to clarify this point.
46.	Certification	<p>Three commenters indicated they were not aware of any circumstances where the certification standard may not be met. For one of these commenters, this was subject to the inherent and inevitable subjectivity of “reasonable inquiry”.</p> <p>One commenter supported the certification being placed at the beginning.</p> <p>Another commenter recommended requiring a certification such as “true and complete and understands the consequences of providing false information”, as a strong attestation that will give investors confidence that the information can be relied upon; if the signatory cannot locate a certain piece of information, they should flag it for the firm and CSA.</p>	<p>We have maintained the standard of certification. Each registration form has a warning in bold at the beginning that it is an offence to knowingly give false or misleading information to the regulator or securities regulatory authority.</p> <p>Detailed guidance on the expectations of applicants and sponsoring firms in providing true and complete applications for registration is set out in <a href="#">CSA SN 33—320 <i>The Requirement for True and Complete Applications for Registration</i></a> issued on July 2017.</p>
47.	Reinstatement of Registration	<p>One anonymous commenter was supportive that the Reinstatement Form could only be used if the applicant’s NRD record is up-to-date as it will mean a consistent standard for all jurisdictions.</p> <p>Another commenter sought clarification on whether an individual’s registration information in NRD was up-to-</p>	<p>We have amended section 2.3 of Regulation 33-109 to clarify when an Individual Registrant’s NRD record is up-to-date and have provided guidance in Annex C of this notice on an Individual Registrant’s registration information in NRD that reads “there is no response to this question”.</p>

		date and could rely on the Reinstatement Form if, at the time the individual ceased to be registered as a permitted individual, their information was up-to-date, but their NRD record now includes “ <i>there is no response to this question</i> ” as opposed to a Yes or No answer for certain questions.	
48.	“Termination” to “Cessation”	One commenter noted by replacing “termination” and “terminate” with “cessation” and “cease”, the CSA will also now receive information from Registrants that were treated as independent contractors.	We thank the commenter for their comment.

**7. Comments on privacy notice and consent**

No comments were received in relation to the draft amendments to the privacy notice and consent.

**8. Comments on collecting information on professional titles**

No.	Subject	Summarized Comment	CSA Response
49.	General comments	<p>A number of commenters supported the requirement to report titles. Reporting of titles will help confirm compliance with the new regulations under Client Focused Reforms and the pending Financial Advisor and Financial Planner titles frameworks. Some of the commenters noted that this will also help reduce consumer confusion and ensure that investors are accessing advice from professionals with appropriate credentials.</p> <p>Several commenters indicated that a survey of industry participants would be more efficient than collecting titles</p>	<p>We have maintained the requirement for Individual Registrants to report their titles. This information requirement implements the CSA’s oversight for the new section 13.18 of Regulation 31-103 introduced as part of the Client Focused Reforms that prohibits Registrants from holding out their services in any manner that could reasonably be expected to deceive or mislead any person as to:</p> <ul style="list-style-type: none"> <li>• their proficiency, experience or qualifications;</li> <li>• the nature of the person’s relationship or potential</li> </ul>

		<p>through the registration process. One of these commenters was of the view that imposing ongoing title reporting obligations was unlikely to provide useful information. The commenter along with other commenters were of the view that the requirement would be burdensome and likely to result in reporting deficiencies.</p> <p>One commenter was of the view that the CSA should make it clear that individuals do not have the right to self-title.</p>	<p>relationship with the Registrant; or</p> <ul style="list-style-type: none"> <li>the products or services provided or that might be provided.</li> </ul> <p>Paragraph 13.18(2)(c) of Regulation 31-103 [once the Client Focused Reforms come into force] prohibits a registered individual from using a title that was not approved by their sponsoring firm.</p>
50.	Challenges in reporting titles	<p>Two commenters did not identify any challenges in reporting titles.</p> <p>Commenters raised questions on what titles would be reported, including:</p> <ul style="list-style-type: none"> <li>whether “professional title” means business titles and professional designations granted by a recognized credentialing body (<i>e.g.</i>, Chartered Financial Analyst);</li> <li>how Registrants with multiple titles (<i>e.g.</i>, those who hold other financial licences for insurance or other products) report; and</li> <li>for new applications, whether it is necessary to indicate the current title used and proposed title to be used upon regulatory approval.</li> </ul>	<p>We have clarified that Individual Registrants are to provide all the business titles and professional designations that they use or will use once registered and to keep this information up-to-date.</p>
51.	Implementation of reporting titles	<p>One commenter inquired if there was an expectation to update the titles for active Registrants.</p>	<p>It is not our expectation that current Individual Registrants would have to update their registration information for their titles as of the effective date of the Amendments or</p>



			immediately after that date. Individual Registrants will be required to update their titles when there has been a change in registration information previously provided and by June 6, 2023. At that time, we would expect the Individual Registrant to report their titles and for any changes to their titles thereafter.
52.	Further work on titles	Various commenters provided suggestions for further work on titles.	We thank commenters for their suggestions.

## 9. Comments on Transition

No.	Subject	Summarized Comment	CSA Response
53.	Effective date and transition period	<p>A few commenters had no objections to the transition plan and did not foresee any issues with achieving the implementation of changes based on the noted dates.</p> <p>However, a significant number of commenters indicated that the draft transition date of December 31, 2021 would not provide adequate time for these changes for the following reasons:</p> <ul style="list-style-type: none"> <li>• time is required to assess what changes will need to be made to the firms' practices and processes;</li> <li>• training will need to be provided;</li> <li>• many Registrants operational and technical resources will be focused on implementing pre-existing regulatory changes;</li> <li>• Individual Registrants will already be overwhelmed by the volume of new changes coming into effect during this</li> </ul>	<p>We thank commenters for their comments.</p> <p>We have revised the effective date of the Amendments and removed the transition period for positions of influence. Subject to Ministerial approvals being obtained, the Amendments (including the Amendments to Regulation 31-103 relating to positions of influence) will come into force on June 6, 2022.</p> <p>We acknowledge the comments received regarding the existing regulatory changes Registrants are implementing and the difficulties commenters raised with the year-end implementation. Additionally, we are of the view that a</p>

		<ul style="list-style-type: none"><li>period; and</li><li>the timing conflicts with other work, such as year-end compliance attestations.</li></ul> <p>These commenters recommended various alternative transition dates, generally for more time.</p>	<p>single date to implement the Amendments is simple and avoids potential confusion and error.</p>
54.	Updating information	<p>Several commenters raised comments on when current Individual Registrants would need to review and update the Individual Registration Form for the Proposals in light of new or amended information requirements (e.g., titles, Outside Activities).</p> <p>One commenter requested an “amnesty” or grace period for reporting Outside Activities and positions of influence that would have been reportable prior to the Draft Revisions taking effect.</p> <p>The same commenter also requested clarification on the intended future or extension of the moratorium on late fees for OBA filings. The moratorium expires on December 31, 2021 at the latest.</p>	<p>It is not our expectation that current Individual Registrants would have to update their registration information, such as reporting Outside Activities under the new framework or providing their titles, as of the effective date of the Amendments (<i>i.e.</i>, June 6, 2022) or immediately after that date. Individual Registrants are required to update their registration information when there has been a change in registration information previously provided. At that time, we expect the Individual Registrant to review and update any other registration information that is not complete or accurate in light of the Amendments. Where the response in NRD states “there is no response to this question” (which generally will be the case for new questions), Individual Registrants will be required to respond to those questions the earlier of when they next update their registration information and June 6, 2023.</p> <p>The OSC waived late filing fees for the period from January 1, 2019 to December 31, 2021 for the purposes of developing the Proposals and</p>

			publishing the Amendments. The OSC has extended the moratorium until the Amendments come into force on June 6, 2022.
55.	NRD changes	<p>One commenter requested clarification on what changes would be made to NRD in light of the following statement “At this time, we are not proposing new forms or enabling Form 33-109F6 Firm Registration (<b>Firm Registration Form</b>) to be submitted in the National Registration Database (<b>NRD</b>). Any amendments to the registration information requirements will require changes to the NRD and NRD is currently anticipated to be replaced by SEDAR+ in 2023.”</p> <p>Another commenter raised various suggestions to improve the registration information, including:</p> <ul style="list-style-type: none"> <li>• implementing technological changes such as self-check software to eliminate reporting errors before filing;</li> <li>• updating the structure and format of the registration forms and digitalized forms; and</li> <li>• publishing a plain language manual on how registration works.</li> </ul>	<p>NRD will be updated to reflect the Amendments.</p> <p>NRD will be replaced with SEDAR+. Accordingly, we have made targeted changes that, in our view, will provide the most benefit to Registrants and securities regulatory authorities pending SEDAR+. As a result, we have not proceeded with significant changes, such as enabling the Firm Registration Form to be submitted in NRD.</p>
56.	Individual Registrant access to records	<p>One commenter was not aware of any circumstances where a registered individual will need to request a copy of their individual registration form from the regulator to update information that is not complete or accurate.</p>	<p>A registered firm can view an individual’s current and previous Individual Registration Form disclosure in NRD.</p> <p>A registered firm can also generate a report which discloses an Individual</p>

		<p>Three commenters identified that Individual Registrants may need to request a copy of their Permanent Record (i.e., the Individual Registration Form) from the regulator to update information if they are no longer associated with the firm, particularly if they are seeking to join a new firm. The commenters explained that the new Registered Firm may require the Permanent Record to conduct a suitability review prior to engaging the individual. The commenters also identified that the Individual Registrant may wish to request a copy of their Permanent Record for their files and for future reference from the regulator.</p>	<p>Registrant’s current disclosures for each item of the Individual Registration Form. At the end of the report there is a section on previous disclosures for each item, which can be provided to the Individual Registrant.</p> <p>An Individual Registrant may request a copy of their own registration information by making a request to their principal regulator or SRO in accordance with the applicable procedures for the principal regulator or SRO, as the case may be.</p>
57.	Access to NRD	<p>Several commenters believed that Registrants should always have access to the full record of what has been submitted and it should be readily made available from securities regulatory authorities upon request. One of those commenters and another commenter believed that in order to ensure accuracy of the file, there must be an effort to move away from physical forms and focus on machine-to-machine delivery of digitized filings that can be accessed by a Registrant.</p> <p>One commenter was of the view that the CSA should not say it is not their responsibility to keep track of a Registrant’s books and records.</p> <p>Two commenters noted that the administrative burden that implementing the Proposals will place on many registered firms can be significantly reduced if</p>	<p>It is expected that SEDAR+ will allow for more functionality in terms of both access to registration filings and information as well as through the use of enhanced methods of filing information (for example, the possible use of an Application Programming Interface for making updates).</p> <p>We have considered the suggestion that registered firms be given the ability to run pertinent NRD reports such as Outside Activities on a comprehensive all registered individuals basis rather than single registered individual. This functionality is being assessed by the CSA IT Systems Office to determine when and how it could be implemented in the future.</p>

		<p>registered firms are given the ability to run pertinent NRD reports such as Outside Activities on a comprehensive all registered individuals basis rather than single registered individuals</p> <p>Two commenters noted that access to NRD would allow individual to review and confirm accuracy of their information and would promote more timely and accurate updates.</p>	
58.	SEDAR+	<p>Three commenters stressed the importance of engaging Registrants early on in the development of SEDAR+ to ensure a more effective electronic filing system is in place.</p> <p>These commenters noted that the design of SEDAR+ could significantly improve reporting obligations (<i>i.e.</i>, quality of the information being provided and time frames) and reduce regulatory burden if firms are presented with more meaningful reports, including Outside Activities.</p> <p>One commenter suggested that the CSA coordinate the Amendments with the launch of the usability improvements contemplated in the SEDAR+ project. The commenter requested additional details about the status of SEDAR+ and how it will impact the Proposals. The commenter suggested enabling the Firm Registration Form to be submitted via NRD.</p>	<p>The CSA has been steadily working on SEDAR+ and is working on responding to feedback on its existing systems to improve market participants' filing experiences and offer investors better access to disclosure information.</p> <p>Earlier in the project, insights and feedback from a representative set of users on system elements were incorporated into the platform requirements. Though market participants will not be asked to formally participate in testing, they will have the opportunity to train on the platform before the migration.</p>

**10. Other comments**

59.	Regulatory focus	One commenter also provided various suggestions on what securities regulators should focus on, including: <ul style="list-style-type: none"><li>• enhance monitoring of social media;</li><li>• increasing the requirements to be an EMD in light of plans to expand the role of EMDs to increased retail investor access and expand the products retail investors can buy from EMDs; and</li><li>• use OBSI complaints as a data source for policy development and registration criteria.</li></ul>	We thank the commenter for their comment.
60.	Drug addiction and mental illness	One commenter believed that firms are required to take steps to mitigate the risks associated with drug addiction and mental illness, as they can lead to flawed investment recommendations causing harm to clients.	We thank the commenter for their comment.

**ANNEX C**  
**FREQUENTLY ASKED QUESTIONS**  
**ON UPDATING REGISTRATION INFORMATION ON NRD**

**Frequently asked questions (FAQ) on updating NRD**

*Regulation 33-109 respecting Registration Information* (**Regulation 33-109**) sets out the registration information registered individuals and permitted individuals (collectively, **Individual Registrants**) are required to provide to regulators and when Individual Registrants are required to report updates to the information previously provided. This registration information is reported in the National Registration Database (**NRD**).

On June 6, 2022, amendments come into force (the **Amendments**) which include changes to the registration information required in Form 33-109F4 *Registration of Individuals and Review of Permitted Individuals* (the **Individual Registration Form**) and in Form 33-109F7 *Reinstatement of Registered Individuals and Permitted Individuals* (the **Reinstatement Form**).

To assist Individual Registrants and their sponsoring firms, this FAQ is intended to address questions from the Amendments relating to registration information in NRD. The list is not exhaustive.

We have divided the FAQs into the following categories:

- A. Updating registration information
- B. Changes to how responses are recorded on NRD
- C. Updating responses that read “there is no response to this question”
- D. Accessing records on NRD
- E. Late fees in the applicable jurisdictions

**A. Updating registration information**

*1. When and how do I update my registration information?*

You are required to report changes to your registration information within 15 or 30 days of a change (as set out in section 4.1 of Regulation 33-109).

Generally, you update your registration information by filing a Form 33-109F5 *Change of Registration Information* (the **Change Form**) on NRD. For example, if you move to a new residential address, you are required to report this change within 30 days using a Change Form.

If multiple changes are being reported, you will need to submit a Change Form for each change.

However, in other cases, a Form 33-109F2 *Change or Surrender of Individual Categories* (the **Add/Surrender Form**) is used to report changes in registration information. For example, the Add/Surrender Form is used by an Individual Registrant to seek registration in an additional jurisdiction.

2. *What happens if I do not update my registration information within the required timeframe?*

If you report a change to your registration information after the required timeframe to notify the regulator:

- your submission will be considered late,
- your registration information will be considered out-of-date, and
- you may be subject to late fees in the applicable jurisdictions (late fees are discussed in Section E of this FAQ).<sup>1</sup>

**B. Changes to how responses are recorded on NRD**

3. *What happens to my responses in NRD when the questions are changed in the Individual Registration Form?*

Your responses in NRD will continue to appear even though the related questions have changed because of the Amendments.

We take two approaches when a question is changed. First, if the change to the question is to clarify and draw out specific details, but the question otherwise remains consistent with the previous question, we will replace the question and keep the previous response. Second, if the change to the question is significant such that the previous response does not make sense in relation to the revised question, we will replace the question and will replace the response with “there is no response to this question”.<sup>2</sup>

As the intent of the Amendments is to clarify the questions and reduce errors, for existing questions, we replaced the questions but kept the previous responses.

4. *What happens when a new question is added to the Individual Registration Form?*

The response in NRD will read “there is no response to this question” for the new questions added to the Individual Registration Form. The Amendments add two new questions to the Individual Registration Form. The first new question requires the reporting of titles for reportable activities (item 3(e) of Schedule G for item 10). The second new question requires the reporting of non-securities licence numbers (item 13.3(a) of Schedule J for item 13).

For example, in Schedule G, item 3(e) is a new question which states “provide all business title(s) and professional designation(s) you use for the activity.” On June 6, 2022, the response in NRD will read “there is no response to this question”.

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<sup>1</sup> Depending on the information disclosed, the regulator or securities regulatory authority may take other action unrelated to the timing of the submission (e.g., terms and conditions imposed on firms or individuals for certain types of disclosures).

<sup>2</sup> Previous amendments to registration information requirements were made in 2009 and in 2015 and at that time, responses in NRD to certain questions were replaced with “there is no response to this question”. Individual Registrants may already have this statement in their NRD responses due to these prior changes.



5. *Is my registration information considered out-of-date when there are responses in NRD that read “there is no response to this question”?*

Your registration information will be considered out-of-date if you have not responded to those questions in NRD that read “there is no response to this question” by the required timeframe.

We have provided a transition period to provide responses to those questions in NRD that read “there is no response to this question.” Specifically, in section 4.3 of Regulation 33-109, you are required to update responses that read “there is no response to this question” by the earlier of:

- the date you are next required to notify the regulator of a change to your registration information after June 6, 2022, and
- by June 6, 2023.

**C. Updating responses that read “there is no response to this question”**

6. *When do I have to answer questions that read “there is no response to this question” on NRD?*

You are required to update responses that read “there is no response to this question” by the earlier of:

- the date you are next required to notify the regulator of a change to your registration information after June 6, 2022, and
- June 6, 2023.

Please see section 4.3 of Regulation 33-109.

7. *What do I do if an outside activity previously reported no longer needs to be reported?*

After reviewing your registration information, you may determine that an outside activity you previously reported is no longer required to be reported. For these activities, you are required to update your information by providing an end date on NRD (i.e., the date you make the filing) and the reason for the end date (i.e., the activity is no longer required to be reported). Activities that have been recorded as ended will no longer appear as current reportable activities under item 10 of the Individual Registration Form, but rather will be recorded on NRD as previous reportable activities under item 11 of the Individual Registration Form.<sup>3</sup>

If you submit a change in registration information after June 6, 2022 and do not indicate an end date to an outside activity already reported and recorded on NRD, it will be our understanding that you have assessed the activity and have determined that the activity is reportable.

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<sup>3</sup> Your current employment will appear in item 10 (Reportable activities). Your previous employment will appear in item 11 (Previous employment and other activities).

**Scenario 1**

Omari has previously reported two outside activities: (1) acting as a volunteer coach of his son's soccer team and (2) being a board member of a company affiliated with his sponsoring firm. After reviewing the changes to Regulation 33-109, he understands that he does not need to report the volunteer coaching position. On June 30, 2022, he files a Change Form reporting June 30, 2022 as the end date for the volunteer coaching position and stating, for the reason, that it is no longer required to be reported. He also reports the title of his board position.

8. *Do new questions have to be updated in the same manner?*

All new questions will have a response that reads "there is no response to this question". You are required to update all responses that read "there is no response to this question" by the earlier of:

- the date you are next required to notify the regulator of a change to your registration information after June 6, 2022, and
- June 6, 2023.

**Scenario 2**

Natalia is a registered mutual fund dealing representative with MFD Securities Inc. She also is a bookkeeper for a restaurant and has reported this outside activity. She was named in a lawsuit on September 3, 2022. This is the first change to her registration information since June 6, 2022. In NRD, the new question in Schedule G, item 3(e) of the Individual Registration Form, which requires her to disclose business title(s) and professional designation(s), reads "there is no response to this question". Natalia is required to

- report the lawsuit,
- report her business title(s) and professional designation(s) used in her position with her sponsoring firm MFD Securities Inc.,
- report her business title(s) and professional designation(s) used in her position as bookkeeper for the restaurant, and
- answer all other questions where the response is "there is no response to this question".

9. *How often should I review my registration information to make sure the responses on NRD remain accurate?*

You should review your information regularly because you are required to keep your registration information current on an ongoing basis. Changes are made by filing the Change Form and Add/Surrender Form within the required timeframe (either 15 days or 30 days of the change, as set out in Regulation 33-109).

We have provided a transition period to respond to any questions that read "there is no response to this question". You are required to answer any questions that contain "there is no response to this question" by the earlier of:

- the date you are next required to notify the regulator of a change to your registration information after June 6, 2022, and
- June 6, 2023.

Please see section 4.3 of Regulation 33-109.

We understand that many registered firms require their Individual Registrants to review all registration information at least annually to verify if their information on NRD is accurate. This practice provides an opportunity for Individual Registrants to update their information on NRD, including any questions that have “there is no response to this question” as responses, if they have not already done so as part of reporting on other changes. We note, however, that the annual review may identify changes to registration information that should have been reported at an earlier date. This may result in late fees in the applicable jurisdictions.

**Scenario 3**

Ephram is a registered representative for Pro Active Capital Inc. He is also a licensed mortgage broker, which he previously reported. Annually in September, Pro Active Capital Inc. provides its registered representatives with a copy of their registration information in NRD to review and inform Pro Active Capital Inc. if there have been any changes. It is now September 2022 and time for the annual review. Ephram receives a copy of his responses in NRD and sees that there are questions that state “there is no response to this question”, including the question requiring the reporting of his mortgage broker licence number. Ephram will report his responses and will also answer all questions where the response is “there is no response to this question”.

**Scenario 4**

Molly has had no changes to her registration information since June 6, 2022. It is now May 1, 2023. Molly requests a copy of her registration information in NRD from her sponsoring firm. She reviews the registration information that she previously reported and files a Change Form responding to any questions where the response in NRD is “there is no response to this question” before June 6, 2023.

10. *If my NRD information contains questions that have “there is no response to this question” as responses, will my registration information be considered out-of-date, such that I will not be able to use the Reinstatement Form?*

If, on or after June 6, 2023, your registration information on NRD contains questions that have “there is no response to this question” as responses, your information will be considered out-of-date and you will not be eligible to use the Reinstatement Form. Please see clause 2.3(2)(b.2) of Regulation 33-109 and item 9, question 2 in the Reinstatement Form.

**D. Accessing records on NRD**

11. *Can I see what my previous response was if it was replaced with “there is no response to this question”?*

Yes. If you are registered with a firm, your firm can view your previous responses for different periods (e.g., prior to “2009/09/28”). The previous responses are accessed using the “View History” button in NRD.

A firm can also generate a report called “Generate Permanent Record Report for an Individual Registrant”. This report provides the current and past responses for each item in the Individual Registration Form.

We would expect firms to provide this report to their Individual Registrants periodically or when requested by the Individual Registrant. This will allow the Individual Registrant to have the last information they provided to their firm and the regulator. The Individual Registrant will be able to identify what information is out-of-date and should be updated.

**Scenario 5**

Clive has been registered as an advising representative since 2008. As a result of changes made to certain questions in 2009 and 2015, his responses to these questions in NRD were replaced with “there is no response to this question.” Clive has not needed to make any updates to his registration information since his registration in 2008 and has never responded to those questions. After reviewing the Amendments, he understands that he needs to (a) report the title he uses with his sponsoring firm as required by a new question (item 3(e) of Schedule G for item 10 of the Individual Registration Form) and (b) update his responses to those certain questions where, as a result of previous amendments, the responses state “there is no response to this question”. He requests from his firm and reviews a “Generate Permanent Record Report for an Individual Registrant” and submits a Change Form providing his registration information for each of the items that state “there is no response to this question.”

**E. Late fees in the applicable jurisdictions**

12. *If I do not update questions that have “there is no response to this question” as responses within the transition timeframe, will I be charged a late fee?*

This disclosure would be subject to a late fee under applicable local regulator rules<sup>4</sup>.

Individual Registrants are required by section 4.3 of Regulation 33-109 to update any questions that have “there is no response to this question” as a response by the earlier of:

- the date you are next required to notify the regulator of a change to your registration information after June 6, 2022, and
- June 6, 2023.

If you make an update after you are required to, you could be subject to a late fee under applicable local regulator rules.

13. *My registration information has changed and there is another question on NRD where the response reads “there is no response to this question”. If I report the change in my registration information, but I do not update the response to the other question, will I be charged a late fee?*

If you do not update responses that say “there is no response to this question” when you report other registration information changes, we will consider you to be late in providing this information. You could be subject to a late fee under applicable local regulator rules. Additionally, your registration information would be considered out-of-date and you would

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<sup>4</sup> Ontario Securities Commission Rule 13-502 *Fees* and Ontario Securities Commission Rule 13-503 (*Commodity Futures Act*) *Fees*

not be eligible to use the Reinstatement Form. Please see clause 2.3(2)(b.1) of Regulation 33-109.

*14. My registration information changed before June 6, 2022 and I did not report it. Will I be subject to a late fee if I report it now?*

Regulation 33-109 requires Individual Registrants to report changes to their registration information within 15 days or 30 days of a change. If you did not report information that was required to be disclosed under the previous question and that information continues to be required under the new question, you could be subject to a late fee.

**Scenario 6**

Kwan is a dealing representative for Capital Finance Partners LLC and an insurance broker. Being an insurance broker was a reportable outside activity before the Amendments to Regulation 33-109, but Kwan did not report this outside activity. After reading about the Amendments to Regulation 33-109, Kwan understands that he is required to report being an insurance broker, including the title(s) he uses and his insurance broker licence number. When Kwan reports being an insurance broker, Kwan will be subject to a late fee in the applicable jurisdictions because this activity was required to be disclosed previously and continues to be required to be disclosed under the new question.

## **ANNEX D ADOPTION OF THE REGULATIONS**

The Amendments to Regulation 33-109 and Regulation 31-103 will be implemented as:

- rules in each of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island and Yukon,
- regulations in Québec, and
- commission regulations in Saskatchewan.

The Amendments to Policy Statement 33-109 and Policy Statement 31-103 will be adopted as a policy in each of the CSA member jurisdictions.

In Ontario, the Amendments to Regulation 33-109 and Regulation 31-103, as well as other required materials, were delivered to the Minister of Finance on or about December 13, 2021. The Minister may approve or reject these Amendments or return them for further consideration. If the Minister approves the Amendments or does not take any further action, the Amendments will come into force on June 6, 2022.

In Québec, the Amendments to Regulation 33-109 and Regulation 31-103 are adopted as regulations made under section 331.1 of the Securities Act (Québec) and must be approved, with or without amendment, by the Minister of Finance. The regulations will come into force on the date of their publication in the Gazette officielle du Québec or on any later date specified in the regulations. They are also published in the Bulletin of the Autorité des marchés financiers.

In British Columbia, the implementation of the Amendments to Regulation 33-109 and Regulation 31-103 is subject to ministerial approval. If all necessary approvals are obtained, British Columbia expects these Amendments to come into force on June 6, 2022.

In Saskatchewan, the implementation of the Amendments to Regulation 33-109 and Regulation 31-103 is subject to ministerial approval. If all necessary approvals are obtained, these Amendments will come into force on June 6, 2022 or if after June 6, 2022, on the day on which they are filed with the Registrar of Regulations.