

RULE 40

INDIVIDUAL APPROVALS, NOTIFICATIONS AND FEES AND THE NATIONAL REGISTRATION DATABASE

40.1 Definitions

For the purposes of this Rule 40,

- (1) “**authorized firm representative**” or “**AFR**” means, for a Dealer Member, an [individual](#) with his or her own [NRD](#) user ID and who is authorized by the Dealer Member to submit information in [NRD format](#) for that Dealer Member and [individual](#) applicants with respect to whom the Dealer Member is the sponsoring Dealer Member.
- (2) “**chief AFR**” means, for a Dealer Member filer, an [individual](#) who is an [AFR](#) and has accepted an appointment as a chief AFR by the Dealer Member.
- (3) “**Form 33-109F1**” means Form 33-109F1 Notice of Termination of Registered Individuals and Permitted Individuals mandated by National Instrument 33-109 Registration Information.
- (4) “**Form 33-109F2**” means Form 33-109F2 *Change or Surrender of Individual Categories* mandated by National Instrument 33-109 Registration Information.
- (5) “**Form 33-109F3**” means Form 33-109F3 *Business Locations other than Head Office* mandated by National Instrument 33-109 Registration Information.
- (6) “**Form 33-109F4**” means Form 33-109F4 Registration of Individuals and Review of Permitted Individuals mandated by National Instrument 33-109 Registration Information.
- (7) “**Form 33-109F5**” means Form 33-109F5 *Change of Registration Information* mandated by National Instrument 33-109 Registration Information.
- (8) “**Form 33-109F7**” means Form 33-109F7 Reinstatement of Registered Individuals and Permitted Individuals mandated by National Instrument 33-109 Registration Information.
- (9) “**National Registration Database**” or “**NRD**” means the online electronic database of registration and approval information regarding Dealer Members, their registered or approved partners, Officers, Directors, employees or agents and other firms and individuals registered under securities legislation in Canada, and includes the computer system providing for the transmission, receipt, review and dissemination of that registration information by electronic means.
- (10) “**NRD account**” means an account with a member of the Canadian Payments Association from which fees may be paid with respect to [NRD](#) by electronic pre-authorized debit.
- (11) “**NRD Administrator**” means CDS INC. or a successor appointed by the Canadian securities regulatory authorities and the Corporation to operate [NRD](#).
- (12) “**NRD format**” means the electronic format for submitting information through the [NRD website](#).

- (13) “**NRD Multilateral Instrument 31-102**” means Multilateral Instrument 31-102 [National Registration Database](#) adopted by the Canadian securities regulatory authorities.
- (14) “**NRD Multilateral Instrument 33-109**” means Multilateral Instrument 33-109 Registration Information adopted by the Canadian securities regulatory authorities.
- (15) “**NRD submission**” means information that is submitted under this Rule 40 in [NRD format](#), or the act of submitting information under this Rule 40 in [NRD format](#), as the context requires.
- (16) “**NRD website**” means the website operated by the [NRD Administrator](#) for the [NRD submissions](#).

40.2 Obligations of Dealer Members regarding the National Registration Database

- (1) Each Dealer Member shall
 - (a) enrol in [NRD](#) and pay to the [NRD Administrator](#) an enrolment fee calculated as prescribed by the [Board](#);
 - (b) have one and no more than one [chief AFR](#) enrolled with the [NRD Administrator](#);
 - (c) maintain one and no more than one [NRD account](#);
 - (d) notify the [NRD Administrator](#) of the appointment of a [chief AFR](#) within 7 days of the appointment;
 - (e) notify the [NRD Administrator](#) of any change in the name of the firm's [chief AFR](#) within 7 days of the change;
 - (f) submit any change in the name of an [AFR](#), other than the firm's [chief AFR](#), in [NRD format](#) within 7 days of the change; and
 - (g) submit any change in the phone number, fax number or e-mail address of the [chief AFR](#) in [NRD format](#) within 7 days of the change.

40.3 Approvals and Notifications

- (1) Each Dealer Member making an application for approval of an [individual](#) in any capacity required under any Rule of the Corporation or an application for reinstatement of approval shall make such application to the Corporation through the [NRD](#) on [Form 33-109F4](#) or [Form 33-109F7](#) as applicable.
- (2) Each Dealer Member making an application under subsection (1) shall be liable for and pay such fees as are prescribed from time to time by the [Board](#), including but not limited to application fees payable to the [NRD Administrator](#) for use of the [NRD](#) for the making of such an application.
- (3) Any fees payable to the Corporation or to the [NRD Administrator](#) pursuant to subsection (3) above shall be submitted by electronic pre-authorized debit through [NRD](#).

40.4 Change of Approval Category or Type of Business

- (1) Each Dealer Member making an application for approval of any [Approved Person](#) in a different or additional capacity requiring approval under any Rule of the Corporation or to surrender an existing approval shall make such application to the Corporation through the [NRD](#) on [Form 33-109F2](#).

- (2) Each Dealer Member making an application under subsection (1) shall be liable for and pay such change of status fees as are prescribed from time to time by the [Board](#), including but not limited to application fees payable to the [NRD Administrator](#) for use of the [NRD](#) for the making of such an application.
- (3) Any fees payable to the Corporation or the [NRD Administrator](#) pursuant to subsection (2) above shall be submitted by electronic pre-authorized debit through [NRD](#).
- (4) Each Dealer Member must notify the Corporation through [NRD](#) on [Form 33-109F2](#) when an [Approved Person](#) changes the type of business in which he or she engages or customer type as described in Rule 18.2(b).
- (5) Prior to providing notice of a change in the type of business in which an [Approved Person](#) will engage, a Dealer Member must ensure that it has notified the Corporation through [NRD](#) of the successful completion of the proficiency requirements under Rule 2900 necessary to undertake the type of business or that the [Approved Person](#) has been granted an exemption from the proficiency requirements under Rule 2900 and Rule 20.

40.5 Report of Changes pursuant to Rule 3100

- (1) Each Dealer Member making a report of a change regarding an [Approved Person](#) required pursuant to section I.B.1(a) of Rule 3100 of the Corporation shall make the report through the [NRD](#) on [Form 33-109F5](#) in the time required pursuant to NRD National Instrument 33-109.

40.6 Exemption request

- (1) Each Dealer Member making an application for an exemption of an [Approved Person](#) or applicant for approval from a proficiency requirement pursuant to the Corporation's Rule 2900 that is submitted with an application for approval made through the [NRD](#) shall make such application to the Corporation through the [NRD](#).
- (2) Each Dealer Member making an application under subsection (1) above shall be liable for and pay to the Corporation an exemption request fee as prescribed from time to time by the [Board](#).
- (3) Any fees payable to the Corporation and to the [NRD Administrator](#) pursuant to subsection (2) above shall be submitted by electronic pre-authorized debit through [NRD](#).

40.7 Termination of Approved Persons

- (1) Each Dealer Member shall notify the Corporation of the termination of the Dealer Member's employment of or principal/agent relationship with any [individual](#) approved in any capacity under any Rule of the Corporation through the [NRD](#) on [Form 33-109F1](#) within the time period and in the manner prescribed in NRD National Instrument 33-109 for a registered firm, as defined in NRD National Instrument 33-109, to notify the regulator of the same type of event.
- (2) If an [Approved Person](#) ceases to have an employment, partnership or agency relationship with a Dealer Member, the [individual](#)'s approval with the Dealer Member is suspended until reinstated by the Corporation or under the [Rules](#) of the Corporation.

- (3) Despite 40.3(1), the approval of an [individual](#) suspended under paragraph (2) is reinstated on the date the [individual](#) submits a completed [Form 33-109F7](#) in accordance with NRD National Instrument 31-102 if:
- (a) the [Form 33-109F7](#) is submitted on or before the 90th day after the cessation date;
 - (b) after the cessation date there have been no changes to the information previously submitted in respect of any of the following items of the [individual](#)'s [Form 33-109F4](#):
 - (A) item 13 [*Regulatory disclosure*];
 - (B) item 14 [*Criminal disclosure*];
 - (C) item 15 [*Civil disclosure*];
 - (D) item 16 [*Financial disclosure*];
 - (c) the [individual](#)'s employment, partnership or agency relationship with the former sponsoring firm did not end because the [individual](#) was asked by the firm to resign, or was dismissed, following an allegation against the [individual](#) of any of the following:
 - (A) criminal activity,
 - (B) a breach of securities laws, or
 - (C) a breach of the rules of the Corporation;
 - (d) the [individual](#) is seeking reinstatement in the same category of approval in which the [individual](#) was approved on the cessation date.
- (4) Each Dealer Member shall be liable for and pay to the Corporation fees in the amounts prescribed from time to time by the [Board](#) for the failure of the Dealer Member to file a notification required under subsection (1) above within the time period referred to in subsection (1).
- (5) Any fees payable to the Corporation pursuant to subsection (4) above shall be submitted by electronic pre-authorized debit through [NRD](#).

40.8 Notification of Opening or Closing of a Business Location

- (1) Each Dealer Member required to notify the Corporation of the opening or closing of a [Business Location](#) pursuant to Rule 4.6 must do so through the [NRD](#) on [Form 33-109F3](#) within the time period prescribed in NRD National Instrument 33-109 for a registered firm, as defined in NRD National Instrument 33-109, to notify the regulator of the opening or closing, as applicable, of a [business location](#).
- (2) Each Dealer Member must notify the Corporation through the NRD of any change in the address or supervision of any [Business Location](#) within the time period prescribed in NRD National Instrument 33-109 for a registered firm, as defined in NRD National Instrument 33-109, to notify the regulator of a change in a [business location](#).

40.9 Annual NRD User Fee

- (1) Each Dealer Member shall be liable for and pay to the [NRD Administrator](#) an annual user fee as prescribed from time to time by the [Board](#) for each [person](#) approved in any capacity under any Rule of the Corporation and recorded as such

on the [NRD](#) as of the date of calculation of such annual fee as prescribed by the [Board](#).

- (2) Any fees payable to the [NRD Administrator](#) pursuant to subsection (1) above shall be submitted by electronic pre-authorized debit through [NRD](#).

40.10 Repealed.

40.11 Temporary Hardship Exemption

- (1) If unanticipated technical difficulties prevent a Dealer Member from making a submission in [NRD format](#) within the time required under this Rule 40, the Dealer Member is exempt from the requirement to make the submission within the required time period, if the Dealer Member makes the submission in paper format or [NRD format](#) no later than 7 days after the day on which the information was required to be submitted.
- (2) If unanticipated technical difficulties prevent a Dealer Member from submitting an application in [NRD format](#), the Dealer Member may submit the application other than through the [NRD website](#).
- (3) If a Dealer Member makes a paper format submission under this section, the Dealer Member must include the following legend in capital letters at the top of the first page of the submission:

IN ACCORDANCE WITH CORPORATION RULE 40.11 AND SECTION
5.1 OF NATIONAL INSTRUMENT 31-102 NATIONAL REGISTRATION
DATABASE (NRD), THIS [SPECIFY DOCUMENT] IS BEING
SUBMITTED IN PAPER FORMAT UNDER A TEMPORARY HARDSHIP
EXEMPTION.

- (4) If a Dealer Member makes a submission other than through the [NRD website](#) under this section, the Dealer Member must resubmit the information in [NRD format](#) as soon as practicable and in any event within 14 days after the unanticipated technical difficulties have been resolved.

40.12 Due Diligence and Record Keeping

- (1) Each Dealer Member must make reasonable efforts to ensure that information submitted in any submission through the [NRD](#) is true and complete.
- (2) Each Dealer Member must retain all documents used by the Dealer Member to satisfy its obligation under subsection (1) for a period of no less than 7 years after the [individual](#) ceases to be an [Approved Person](#) of the Dealer Member.
- (3) A Dealer Member that retains a document under subsection (2) in respect of an [NRD submission](#) must record the [NRD submission](#) number on the document.
- (4) A Dealer Member must obtain from each [individual](#) who is approved to act on behalf of the firm a copy of the [Form 33-109F1](#) most recently submitted by the [individual](#)'s former sponsoring firm in respect of that [individual](#), if any, within 60 days of the firm becoming the [individual](#)'s sponsoring firm.

40.13 Repealed.