

INVESTMENT DEALERS ASSOCIATION OF CANADA

AMENDMENTS TO BY-LAW 40 REGARDING INDIVIDUAL APPROVALS, NOTIFICATIONS AND FEES AND THE NATIONAL REGISTRATION DATABASE

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby amends the By-laws, Regulations, Forms and Policies of the Association by amending By-law No. 40 as follows:

40.1 Definitions

For the purposes of this By-law 40,

- (1) "authorized firm representative" or "AFR" means, for a Member, an individual with his or her own NRD user ID and who is authorized by the Member to submit information in NRD format for that Member and individual applicants with respect to whom the Member is the sponsoring Member.
- (2) "chief AFR" means, for a Member filer, an individual who is an AFR and has accepted an appointment as a chief AFR by the Member.
- (3) Form 33-109F1 means the form for the submission through NRD of a Notice of Termination of an individual mandated by NRD Multilateral Instrument 33-109.
- (4) Form 33-109F2 means the form for the submission through NRD of an application for change or surrender of categories of registration mandated by NRD Multilateral Instrument 33-109.
- (5) Form 33-109F3 means the form for the submission through NRD of information regarding business locations of registered dealers mandated by NRD Multilateral Instrument 33-109.
- (6) Form 33-109F4 means the form for submission through NRD of applications for individual registration and information on non-registered individuals mandated by NRD Multilateral Instrument 33-109.
- (7) Form 33-109F5 means the paper form of a notification of a change in information regarding an individual registrant or Member mandated by NRD Multilateral Instrument 33-109.
- (8) "National Registration Database" or "NRD" means the online electronic database of registration and approval information regarding 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.

- (9) "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.
- (10) "NRD access date" means the date a Member receives notice that it has access to NRD to make NRD submissions.
- (11) "NRD Administrator" means CDS INC. or a successor appointed by the Canadian securities regulatory authorities and the Association 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 By-law 40 in NRD format, or the act of submitting information under this By-law 40 in NRD format, as the context requires.
- (16) "NRD website" means the website operated by the NRD Administrator for the NRD submissions.
- (17) "transition Member" means a Member that
 - (a) was a Member on February 3, 2003, or
 - (b) was not a Member on February 3, 2003 and applied for Membership before March 31, 2003.
- (18) "Quebec transition Member" means a Member registered in the Province of Quebec as of January 1, 2005.

40.2 Obligations of Members regarding the National Registration Database

- (1) Each Member shall
 - (a) enrol in NRD and pay to the NRD Administrator an enrolment fee calculated as prescribed by the Board of Directors;
 - (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 5 business days of the appointment;
- (e) notify the NRD Administrator of any change in the name of the firm's chief AFR within 5 business days of the change; and
- (f) submit any change in the name of an AFR, other than the firm's chief AFR, in NRD format within 5 business days of the change.

40.3 Approvals and Notifications

- (1) Each Member making an application for approval of an individual in any capacity required under any By-law, Regulation or Policy of the Association shall make such application to the Association through the NRD on Form 33-109F4.
- (2) Each Member shall notify the Association of the appointment of an Ultimate Designated Person pursuant to By-law 38.1, a Chief Compliance Officer pursuant to By-law 38.3 or a Chief Financial Officer pursuant to By-law 7.5(a) through the NRD on Form 33-109F4.
- (3) Each 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 of Directors, including but not limited to application fees payable to the NRD Administrator for use of the NRD for the making of such an application.
- (4) Any fees payable to the Association or to the NRD Administrator pursuant to subsection (3) above shall be submitted by electronic pre-authorized debit through NRD.

40.4 Application for Change of Approval Category

- (1) Each Member making an application for approval of any Approved Person in a different or additional capacity requiring approval under any By-law, Regulation or Policy of the Association or to surrender an existing approval shall make such application to the Association through the NRD on Form 33-109F2.
- (2) Each 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 of Directors, 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 Association or the NRD Administrator pursuant to subsection (2) above shall be submitted by electronic pre-authorized debit through NRD.

40.5 Report of Changes pursuant to Policy 8

- (1) Each Member making a report of a change regarding an Approved Person required pursuant to section I.B.1(a) of Policy 8 of the Association shall make the

report through the NRD on Form 33-109F4 in the time required pursuant to NRD Multilateral Instrument 33-109.

40.6 Exemption request

- (1) Each Member making an application for an exemption of an Approved Person or applicant for approval from a proficiency requirement pursuant to the Association's Policy 6 that is submitted with an application for approval made through the NRD shall make such application to the Association through the NRD.
- (2) Each Member making an application under subsection (1) above shall be liable for and pay to the Association an exemption request fee as prescribed from time to time by the Board of Directors.
- (3) Any fees payable to the Association 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 Member shall notify the Association of the termination of the Member's employment of or principal/agent relationship with any individual approved in any capacity under any By-law, Regulation or Policy of the Association through the NRD on Form 33-109F1 within the time period prescribed in NRD Multilateral Instrument 33-109 for a registered firm, as defined in NRD Multilateral Instrument 33-109, to notify the regulator of the same type of event.
- (2) Each Member shall be liable for and pay to the Association fees in the amounts prescribed from time to time by the Board of Directors for the failure of the Member to file a notification required under subsection (1) above within the time period referred to in subsection (1).
- (3) Any fees payable to the Association pursuant to subsection (2) above shall be submitted by electronic pre-authorized debit through NRD.

40.8 Notification of Opening or Closing of Branch or Sub-branch Office

- (1) Each Member required to notify the Association of the opening or closing of a branch pursuant to By-law 4.6 or sub-branch office pursuant to By-law 4.7 shall do so through the NRD on Form 33-109F3 within the time period prescribed in NRD Multilateral Instrument 33-109 for a registered firm, as defined in NRD Multilateral Instrument 33-109, to notify the regulator of the opening or closing, as applicable, of a business location.
- (2) Each Member shall notify the Association through the NRD of any change in the address, type of location or supervision of any branch or sub-branch office within the time period prescribed in NRD Multilateral Instrument 33-109 for a registered firm, as defined in Multilateral Instrument 33-109, to notify the regulator of a change in a business location.

40.9 Annual NRD User Fee

- (1) Each Member shall be liable for and pay to the NRD Administrator an annual user fee as prescribed from time to time by the Board of Directors for each person approved in any capacity under any By-law, Regulation or Policy of the Association and recorded as such on the NRD as of the date of calculation of such annual fee as prescribed by the Board of Directors.
- (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 Transition

- (1) Accuracy of Branch or Sub-branch Information - If the information recorded on NRD for a branch or sub-branch office of a transition Member is missing or inaccurate on the NRD access date, the transition Member must submit a completed Form 33-109F3 in NRD format in respect of that branch or sub-branch by February 28, 2005.
- (2) Identification of Branch or Sub-branch of Approved Persons - Each Member must make submissions through the NRD identifying the branch or sub-branch location of all Approved Persons of the Member by February 28, 2005.
- (3) Approved Persons Included in the Data Transfer
 - (a) Except as provided in subsection (b), in respect of Approved Persons who were recorded on NRD as Approved Persons of a transition Member on the NRD access date, the transition Member must submit completed Forms 33-109F4 in NRD format for
 - (i) 5 percent of those Approved Persons by the end of April 2004,
 - (ii) 10 percent of those Approved Persons by the end of May 2004,
 - (iii) 15 percent of those Approved Persons by the end of June 2004,
 - (iv) 20 percent of those Approved Persons by the end of July 2004,
 - (v) 25 percent of those Approved Persons by the end of August 2004,
 - (vi) 30 percent of those Approved Persons by the end of September 2004,
 - (vii) 35 percent of those Approved Persons by the end of October 2004,
 - (viii) 40 percent of those Approved Persons by the end of November 2004,

- (ix) 45 percent of those Approved Persons by the end of December 2004,
 - (x) 50 percent of those Approved Persons by the end of March 2005,
 - (xi) 55 percent of those Approved Persons by the end of April 2005,
 - (xii) 60 percent of those Approved Persons by the end of May 2005,
 - (xiii) 65 percent of those Approved Persons by the end of June 2005,
 - (xiv) 70 percent of those Approved Persons by the end of July 2005,
 - (xv) 75 percent of those Approved Persons by the end of August 2005,
 - (xvi) 80 percent of those Approved Persons by the end of September 2005,
 - (xvii) 85 percent of those Approved Persons by the end of October 2005,
 - (xviii) 90 percent of those Approved Persons by the end of November 2005,
 - (xix) 95 percent of those Approved Persons by the end of December 2005, and
 - (xx) all of those Approved Persons by the end of March 2006.
- (b) Despite subsection (a), a transition Member is not required to submit a completed Form 33-109F4 in respect of an Approved Person if another Member or a non-Member firm registered under securities legislation has submitted a completed Form 33-109F4 in respect of the Approved Person.

(4) Reporting Changes to Information regarding Approved Persons

A transition Member making a report of a change regarding an Approved Person required pursuant to section I.B.1(a) of Policy 8 after the NRD access date for an Approved Person for whom a completed Form 33-109F4 in NRD format has not been submitted pursuant to subsection 40.10(3)(a) shall:

- (a) submit within 5 business days of the change a completed Form 33-109F5 in paper form showing the change, and
- (b) if the notification concerns any change with regard to:

Item 1 of Form 33-109F4 – Name

Item 2 of Form 33-109F4 – Residential Address where the change is a move out of province

Item 14 of Form 33-109F4 – Criminal Disclosure

Item 15 of Form 33-109F4 – Civil Disclosure, or

Item 16 of Form 33-109F4 – Financial Disclosure

submit within 15 days of the submission of the completed Form 33-109F5 a completed Form 33-109F4 in NRD format regarding the Approved Person.

- (5) Currency of Form 33-109F4 - For greater certainty, a completed Form 33-109F4 that is submitted under this section must be current on the date that it is submitted despite any prior submission in paper format.
- (6) Termination of Relationship - Despite a requirement under this section to submit a completed Form 33-109F4, a transition Member is not required to submit a Form 33-109F4 in respect of an Approved Person if the Member has submitted a completed Uniform Termination Notice or Form 33-109F1 in respect of the Approved Person in paper form before the Member's NRD access date or through the filing of a Form 33-109F1 through the NRD after the Member's NRD access date.

40.11 Temporary Hardship Exemption

- (1) If unanticipated technical difficulties prevent a Member from making a submission in NRD format within the time required under this By-law 40, the Member is exempt from the requirement to make the submission within the required time period, if the Member makes the submission in paper format or NRD format no later than 5 business days after the day on which the information was required to be submitted.
- (2) Form 33-109F5 is the paper format for submitting a notice of a change to Form 33-109F4 information.
- (3) If unanticipated technical difficulties prevent a Member from submitting an application in NRD format, the Member may submit the application in paper format.
- (4) If a Member makes a paper format submission under this section, the Member must include the following legend in capital letters at the top of the first page of the submission:

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

- (5) If a Member makes a paper format submission under this section, the Member must resubmit the information in NRD format as soon as practicable and in any

event within 10 business days after the unanticipated technical difficulties have been resolved.

40.12 Due Diligence and Record Keeping

- (1) Each Member must make reasonable efforts to ensure that information submitted in any submission through the NRD is true and complete.
- (2) Each Member must retain all documents used by the Member to satisfy its obligation under subsection (1) for a period of 7 years after the individual ceases to be an Approved Person of the Member.
- (3) A Member that retains a document under subsection (2) in respect of an NRD submission must record the NRD submission number on the document.

40.13 Transition of Quebec Transition Members

- (1) Each Quebec transition Member having Approved Persons registered solely in the Province of Quebec as of January 1, 2005 shall submit to the Association a completed Form 33-109F4 for each such Approved Person by November 30, 2005.
- (2) Despite subsection (1), a Quebec transition Member is not required to submit a Form 33-109F4 for an Approved Person registered solely in the Province of Quebec if the Member terminates its employment of or principal/agent relationship with the person prior to having submitted a Form 33-109F4 pursuant to subsection (1) and files with the Association a completed Uniform Termination Notice or Form 33-109F1 in paper form.
- (3) A Quebec transition Member making a report of a change regarding an Approved Person required pursuant to section I.B.1(a) of Policy 8 after January 1, 2005 for an Approved Person registered solely in the Province of Quebec for whom a completed Form 33-109F4 in NRD format has not been submitted pursuant to subsection (1) shall:
 - (a) submit within 5 business days of the change a completed Form 33-109F5 in paper form showing the change, and
 - (b) submit within 15 business days of the filing in subsection (a) above through the NRD a completed Form 33-109F4 regarding the Approved Person showing the correct information as of the date of filing.
- (4) A Quebec transition Member applying to make a change of registration or Approval category or add or surrender an Approval category of an Approved Person approved solely in the Province of Quebec as of January 1, 2005 for whom a completed Form 33-109F4 has not been submitted shall:
 - (a) submit a Form 33-109F4 through the NRD showing the Approved Persons current registration and Approval categories, and
 - (b) submit a Form 33-109F2 through the NRD showing the change, addition or surrender of registration or Approval category for which application is being made.

- (5) A Member applying for transfer of the Approval of a person formerly registered solely in the Province of Quebec for whom a completed Form 33-109F4 has not been submitted through NRD shall:
 - (a) submit an application for transfer in paper form; and
 - (b) within 15 days of the date of the application in (a) above, submit through the NRD a completed Form 33-109F4 regarding the person.
- (6) Each Quebec transition Member having Approved Persons registered in the Province of Quebec and in other provinces as of January 1, 2005 shall submit to the Association a completed Form 33-109F4 for each such Approved Person adding the categories of their registration in the Province of Quebec by November 30, 2005.
- (7) A Quebec transition Member that terminates its employment of or principal/agent with an Approved Person registered in the Province of Quebec and one or more other provinces prior to the filing of a completed Form 33-109F4 pursuant to subsection (6) above shall file a Form 33-109F1 through the NRD with respect to the Approved Person's registration in the other provinces and a Uniform Termination Notice or Form 33-109F1 in paper form with respect to the Approved Persons registration in the Province of Quebec.
- 8) A Quebec transition Member required to make a report of a change regarding an Approved Person required pursuant to section I.B.1(a) of Policy 8 after January 1, 2005 for an Approved Person registered in the Province of Quebec and other provinces for whom a completed Form 33-109F4 in NRD format has not been submitted pursuant to subsection (6) above shall submit through the NRD the Form 33-109F4 pursuant to subsection (6) and then a completed Form 33-109F5 regarding the change within 5 business days of the change.
- (9) A Quebec transition Member applying to make a change of registration or Approval category or add or surrender an Approval category of an Approved Person registered in the Province of Quebec and other provinces as of January 1, 2005 for whom a completed Form 33-109F4 pursuant to subsection (6) above has not been submitted shall submit through the NRD the Form 33-109F4 pursuant to subsection (6) showing only the addition of the current registration categories in Quebec and then a Form 33-109F2 with respect to the change, addition or surrender or registration or Approval category.
- (10) A Quebec transition member applying for the transfer of an Approved Person registered and Approved at his or her previous Member firm in Quebec and another province for whom a completed Form 33-109F4 pursuant to subsection (6) above has not been submitted shall:
 - (a) Submit an application for transfer in any other provinces through the NRD system;
 - (b) Submit an application for transfer in Quebec in paper form;
 - (c) Within 15 days of the approval of the transfer in (b) above, submit a Form 33-109F4 pursuant to subsection (6) above adding the registration and Approval categories in Quebec.

- (11) Subsections 40.10(1) and (2) do not apply to the branch and sub-branch offices located in the Province of Quebec of a Quebec transition Member.

PASSED AND ENACTED by the Board of Directors, this 20th day of October 2004, to be effective on a date to be determined by Association staff.