

MEMBER REGULATION



INVESTMENT
DEALERS
ASSOCIATION
OF CANADA



ASSOCIATION
CANADIENNE DES
COURTIERS EN
VALEURS MOBILIÈRES

notice

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ATTENTION:
Ultimate Designated Persons
Chief Financial Officers
Panel Auditors

Distribute internally to:

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- Credit
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- Internal Audit
- Legal & Compliance
- Operations
- Registration
- Regulatory Accounting
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- Training

Continuing Education – Member Update

Cycle One of the IDA's Continuing Education Program ("CE") ends December 31, 2002. This notice provides reminders to firms on the following topics:

Reporting Requirements

Members must report completion of course requirements to the IDA on a monthly basis. This means only a report that a particular registrant has completed either their Compliance or Product Knowledge/Professional Development requirement. No details of the actual course or completion should be filed, only the fact of completion. The details and course completion notices must be maintained at the firm, and will be subject to audit by the IDA's Sales Compliance Department.

Members can report course completions as they occur or periodically, but no less frequently than monthly. Please ensure that the report lists either the full name of the registrant, or the alternative name as disclosed in the registrant's 1-U-2000.

The reports can be in the form of a letter listing names and completions, sent by mail, fax to (416) 364-9177; or by e-mail to registration@ida.ca.

Qualifications for Exemptions from the Product Knowledge requirement:

The IDA Registration Department has sent firms a report which identifies those individuals who qualify for exemptions based on 10 or 15 years continuous experience.

If your firm has not yet received a report, please note that the following criteria is used to determine whether an individual who has had more than 10 or 15 years in the industry qualifies:

- For CE purposes the start date is calculated from the date the individual was registered with a SRO in a **trading** capacity.

- If the applicant's registration history contains a break of more than 2 months, the start date is calculated from the date the applicant was re-registered in a trading capacity with a SRO. Longer breaks which do not include interim employment outside the industry are considered on a case by case basis. Members seeking an exemption for a person with a registration gap longer than 2 months during the relevant period should write to the Manager, Registration in the IDA office responsible for approval of the individual, setting out the length and reason for the break.
- Moving from a SRO-firm to a non-SRO, securities commission registered firm is not considered a break, as the applicant remained in the industry. However individuals who began their registration career with a non-SRO firm are not able to include the registration with the non-SRO firm as their Start Date. Individual situations may receive consideration for an exemption based on a letter from the Member, for example where the non-SRO registration was as an investment counselor/portfolio manager.
- For Supervisor Positions such as UDP, in which the applicant has never been registered in a trading capacity, the start date is calculated from the date the individual was first registered in any supervisory position such as UDP, ADP or CCO.

In the event of a discrepancy between an individual's recollection and IDA records, the information in the IDA's records will be used. It is recommended that members obtain confirmation from the IDA, before assuming an individual qualifies for this exemption.

Penalties to Firms

Members are reminded that on January 1, 2003, member firms who employ registrants who have not met their CE requirements will be subject to the following penalties.

- \$500 fee ***per month, levied against the firm, for each registrant*** in the firm's employ who has not completed their continuing education requirement, for the first six months or until that person has completed their requirement, (which ever occurs first)
- In addition, if it is the Compliance course that has not been completed, the registrant will be subject to *close* supervision until it is completed. This is the same level of supervision as is imposed on new registered representatives during their first six months of registration.
- Any registrants who have not completed their Continuing Education course requirements six months following the end of the cycle will have their approval suspended, i.e. they will no longer be able to engage in activities requiring registration, until they have completed their course requirements.

Registrants on Long-Term disability, Maternity leave or Leaves of Absence

All trading Registrants employed by the member are required to meet CE requirements. This includes registrants currently on Leaves of Absence, Long-Term Disability or Maternity Leave, however the applicable District Council can grant an extension in cases of hardship

Application for the extension must be made by the firm and must include:

- An explanation of the nature of the hardship and the reason it has caused the registrant to be unable to complete his or her Continuing Education requirements.

- A proposed completion date by which the course requirements can be completed;. The proposed completion date is not required for individuals on an indefinite leave of absence.

The application should be made before the end of the cycle; if it is not, the member will have to explain why the “hardship” was not apparent in time;

A hardship extension does not extend the completion dates for the next cycle. For example, if an individual is granted an extension for one year after the end of a cycle, he or she will have to complete the requirements for the following cycle in the remaining two years of that cycle.

Registrants under Suspension

Individuals under suspension at the end of a CE cycle, are still required to meet CE requirements.

These individuals will be required to complete CE requirement prior to reinstatement

Firms employing individuals under suspension, who have not met their CE requirements will be subject to the penalties documented above.

An updated version of the Continuing Education, FAQ is available on our web site at http://www.ida.ca/Regulation/ContEdu/ContEduFAQ_en.asp, which contains the answers to the following frequently asked questions:

1. *What are the course requirements?*
2. *How do the cycles work?*
3. *Is there any grandfathering?*
4. *I have been in the securities industry for many years. Do I qualify for as being continuously registered since 1985 / 1990?*
5. *If I have just started to work in the securities industry, when will I be required to start taking CE courses?*
6. *I have been out of the industry, and have recently re-registered. When am I required to enter CE?*
7. *When can the post licensing requirement of the Professional Financial Planning Course (“PFPC”) be used towards CE?*
8. *I have just changed categories. What are my CE requirements?*
9. *What kinds of courses can I take to satisfy my CE course requirements?*
10. *I finished a course prior to the commencement of CE Cycle One, that would have fulfilled one of my CE requirements. Can I get credit for it?*
11. *What if I do more than one qualified course during a cycle? Will I get credit for the second course?*
12. *I am also registered in the U.S. and participate in the U.S. CE program. Can I apply these courses to meet the IDA’s CE requirements?*

- 13. Does participation in CE keep my CSC and CPH valid?*
- 14. How long will Voluntary Participation keep my courses valid?*
- 15. How much will the CE program cost?*
- 16. How much time should I expect to spend on continuing education?*
- 17. What happens if I leave my job to go to another firm and I haven't completed the two courses?
What arrangements have been made for accreditation and recognition of courses by other firms?*
- 18. What do I need to do about reporting course completions?*
- 19. What happens if I don't take the courses in time?*
- 20. What if I can't take a course due to illness? Can I get a deferral?*
- 21. Do I pay the fines or does my firm?*
- 22. What can I do to have my license reinstated? Can I begin my course work immediately? Will my suspension of license mean that my service record is interrupted?*

Any further questions regarding Continuing Education may be forwarded to the applicable Senior Registration Officer responsible for your member firm.