

## MEMBER REGULATION



INVESTMENT DEALERS  
ASSOCIATION OF CANADA

# notice



ASSOCIATION CANADIENNE DES  
COURTIERS EN VALEURS MOBILIÈRES

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**MR0210**

*April 23, 2003*

**ATTENTION:**

Ultimate Designated Persons  
Chief Financial Officers  
Panel Auditors

**Distribute internally to:**

- Corporate Finance
- Credit
- Institutional
- Internal Audit
- Legal & Compliance
- Operations
- Registration
- Regulatory Accounting
- Research
- Retail
- Senior Management
- Trading desk
- Training

### **National Registration Database – Data Conversion Issues**

NRD was launched with information pertaining to registered firms, a firm's branches and sub-branches and a firm's registered and non-registered individuals. This information was populated through a very complex conversion process. The data conversion process required registration information for firms and individuals to be collected from each Regulator's legacy databases and merged through a complicated matching process into one record for loading into NRD. The process was further complicated for firms and individuals registered in jurisdictions in which the IDA has not been delegated registration authority. In these jurisdictions records had to match not only between jurisdictions but also between the IDA and the applicable Provincial or Territorial securities administrator.

The IDA and CSA were aware of the risks of data conversion due to the complexity, however, given the alternative of requiring member firms and other registrants to input all the information the decision was made to proceed with the conversion process.

The IDA and CSA spent 14 months actively cleansing the data in preparation for the conversion. However, due to the complexity of merging the information from the IDA and commission in each of the 12 jurisdictions, which included more than 16 databases, errors in the data conversion process did occur. The purpose of this notice is to clarify and inform members of the common errors that might be found in NRD and to advise how corrections to the initial dataset can be made. Some information has already been given to firms with respect to these issues through the [nrd-info.ca](http://nrd-info.ca) website.

#### **Individuals Missing from NRD**

Members may find that both registered and non-registered individuals (i.e. individuals such as non-trading officers that are approved by the IDA but are not required by some securities administrators to be registered) are missing from NRD. This might include individuals registered prior to the freeze period and individuals you may have transferred during the NRD freeze period.

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The Association has a list of individuals that are known to have been omitted from the database. Many of these are senior officers and directors who are registered with more than one dealer, for example with an IDA Member and its mutual fund dealer affiliated. The names of those individuals will be provided to the relevant Members.

**Requirement to Correct:** Section 7.6 (1) of Multilateral Instrument 31-102 requires firms to complete an *Initial Registration* submission within 30 business days of the firm's NRD access date for individuals not recorded on NRD.

**Correction Process:**

**If the individual is registered with only one firm:**

File an *Initial Registration* submission with all applicable jurisdictions. Inform the IDA and any other applicable Regulator that this submission is to correct the initial dataset. Members may also apply with new jurisdictions through this process. (Note: If you receive a warning message indicating that an individual with the same name and date of birth already exists on the system contact the IDA before proceeding.)

**Note:** In this and other instances in which a Member must notify the IDA and other regulators that a submission is correcting an error in the initial dataset, the notification cannot be made through NRD. Send a separate e-mail giving the individual's name and NRD number and the submission number.

**If the individual is registered with more than one firm:**

If an individual is registered with more than one firm the firms must determine which firm will take the lead and represent Firm A as below.

**Firm A process:**

1. File an *Initial Registration* submission with all applicable jurisdictions. Inform the IDA and any other applicable Regulator that this submission is to correct the initial dataset. Members may also apply with new jurisdictions through this process. (Note: If you receive a warning message indicating that an individual with the same name and date of birth already exists on the system contact the IDA before proceeding.)
2. Inform individual of their NRD number.
3. Individual to inform Firm B of their NRD number.

**Firm B process:**

File a *Registration with an Additional Sponsoring Firm* submission with all applicable jurisdictions using the NRD number of the individual created by Firm A. Inform the IDA and any other applicable Regulator that this submission is to correct the initial dataset. Members may also apply with new jurisdictions through this process.

Note: If an individual was not recorded on NRD and the member is now required to file a *Notice of Employment Termination* the member is not required to file an *Initial Registration* and the IDA will accept the 33-109F1 in paper format.

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### **Missing or Incorrect Jurisdictions of Registration**

Members may find that a jurisdiction in which an individual is registered is not recorded on NRD or that an individual is incorrectly recorded as registered in a jurisdiction that is not correct. As with all other matters described in this notice, this applies equally to non-registered persons who have to file applications through NRD for approval in an unregistered capacity such as non-trading officer.

**Requirement to Correct:** Section 7.6 (1) of Multilateral Instrument 31-102 requires firms to ensure that individuals are recorded in the correct jurisdictions within 30 business days of the firm's NRD access date

**Correction Process:**

1. File a *Submission for Individuals Included in Data Transfer*;

**AND**

2. If the individual is missing from a jurisdiction of registration file a *Registration in an Additional Jurisdiction* submission to applicable Regulator(s). Inform the IDA and any other applicable Regulator that this submission is to correct the initial dataset.

**OR**

3. If the individual is recorded as registered in a jurisdiction that is incorrect file a *Change or Surrender of Individual Categories* submission in the applicable jurisdiction. Inform the IDA and any other applicable Regulator that this submission is to correct the initial dataset.

Note: If these records are not corrected members will be charged user fees in May 2003 and annual registration and user fees in December 2003 for incorrect jurisdictions.

### **Terminated Individuals Recorded as Active**

Individuals for which a Uniform Termination Notice was submitted prior to the NRD freeze period may appear on NRD. While this may happen with regard to any jurisdiction, however, the IDA has determined that it is a particular problem for terminations of Ontario registrants processed days prior to the freeze period.

**Correction Process:**

1. Inform applicable IDA office(s) and the commission in non-delegated jurisdictions and the Regulator(s) will terminate the individual through regulatory actions. The IDA will record the effective date of termination as March 14, 2003 and indicate the reason for the termination as "This record was created as a result of an error in the March 2003 data conversion process. The proper record of this individual is under NRD number (insert no.)."

Note: If the individual is not terminated on NRD members will be charged a user fee in May 2003 for the duplicate individual. As a result, we encourage you to inform the IDA and any other applicable Regulator of the situation as soon as possible.

### **Individuals with more than one NRD record**

An individual may appear on NRD with more than one NRD record. This would occur if an individual was registered with more than one Regulator and the records of the Regulators did not match on legal name or date of birth. The duplicate records will reflect registration in different jurisdictions.

The Association has a list of individuals with possible duplicate records in the database. Individuals on this list have been identified as possible duplicates because they are registered with the same firm and have similar legal names or have the same legal name but different dates of birth. The names of those individuals will be provided to the relevant Members.

#### ***Correction Process:***

1. The Member must determine which duplicate record should be maintained and which should be eliminated. It will be useful to review both records to determine which one to eliminate in order to minimize the correction effort. For example, if one record shows registration in five jurisdictions and another in one, eliminate the latter. If one record contains errors in category that the other does not, eliminate the former.
2. **If the duplicate record is with the same sponsoring firm**, file an *Apply for Registration in an Additional Jurisdiction* using the NRD number of the individual record to be maintained. Inform the IDA and any other applicable Regulator that this submission is to correct the initial dataset as a result of a duplicate record.

**OR**

**If the duplicate record is with a different sponsoring firm** file a *Registration with an Additional Sponsoring Firm* submission using the NRD number of the individual record to be maintained. Inform the IDA and any other applicable Regulator that this submission is to correct the initial dataset as a result of a duplicate record.

3. The Member must advise the IDA to terminate the duplicate record(s). The IDA and any other applicable regulator will terminate the duplicate record through regulatory action and indicate the date of termination as 2003/03/14 (date of conversion) and the reason for termination as "This record was created as a result of an error in the March 2003 data conversion process. The proper record of this individual is under NRD number (insert no.)."

Note: If a duplicate record is not terminated on NRD members will be charged a user fee in May 2003 for the duplicate individual. As a result, we encourage you to inform the IDA and any other applicable Regulator of the duplicate as soon as possible.

### **Incorrect Registration and/or Approval Categories**

Members may find that individuals do not have a correct commission registration category and/or a correct IDA approval category. If an individual is registered/approved in more than one jurisdiction on NRD, members may find that the categories in some jurisdictions are accurate and the categories in other jurisdictions are not. The IDA is aware of the following issues:

1. **Supervisory Categories:** The individual approval categories for supervisory positions (i.e. UDP, DROP, CCO, BM) may or may not appear for your individuals. In addition, an individual may appear with incorrect supervisory categories.
2. **Non-delegated Jurisdictions:**
  - a) **Non-Resident Salespersons:** Individuals with IDA firms are required to have both a commission category and an IDA approval category. Since the IDA does not grant approval to non-resident individuals in non-delegated jurisdictions the data conversion process automatically defaulted the individual's IDA approval category to Investment Representative – Non-Retail. For this reason, members may find that the IDA approval category is not accurate.
  - b) **Non-Registered Individuals:** As described above, individuals require both a commission and an IDA approval category. Since some commissions in the non-delegated jurisdictions did not record non-registered individuals (such as non-trading officers) in their legacy databases, the data conversion process automatically defaulted the individual's commission category to a category determined by the applicable commission. For this reason, members may find that categories are not correct or consistent with the IDA approval category.
3. **Non-Trading Officers in British Columbia:** An error in the data conversion process resulted in non-trading officers being recorded as trading officers for all individuals.
4. **Branch Manager as Commission Category in Ontario:** Members may find individuals with the IDA approval category of branch manager/co-branch manager/assistant branch manager have not been correctly recorded as branch manager at the commission level.

**Requirement to Correct:** The IDA is recommending that this information be corrected as soon as possible and that priority be given to correcting this information for individuals approved in any supervisory capacity (i.e. Branch Managers, Chief Compliance Officer, Ultimate Designated Persons, etc.). However, as described below the process involves filing a *Submission for Individual Included in Data Transfer*, which is virtually the same as an entire new application. In order to facilitate the corrections, CSA and IDA staff are examining possible means to enable correction of registration categories without a *Submission for Individual Included in Data Transfer* being necessary. We will advise Members as soon as possible of the outcome.

**Correction Process:**

1. File a *Submission for Individual Included in Data Transfer* for the affected individual. (Note that corrections to registration and/or approval categories cannot be made through this submission);

**AND**

2. File a *Change or Surrender of Individual Registration Categories* submission. If the categories are incorrect in more than one jurisdiction members must file a separate submission with each applicable Regulator. Inform the IDA and any other applicable Regulator that this submission is to correct the initial dataset

### **Officer Titles**

IDA Ontario and Atlantic provinces were the only jurisdictions that converted officer titles into NRD. As a result, individuals approved as officers in all other jurisdictions will not have an officer title indicated in NRD. However, in Ontario a member may still find that some officer titles are not recorded or are recorded incorrectly.

***Requirement to Correct:*** There is no requirement under the NRD Rules to correct an individual's titles. However, the IDA recommends that you correct this information as soon as possible and that priority be given to correcting this information for individuals approved in any supervisory capacity (i.e. Branch Managers, Chief Compliance Officer, Ultimate Designated Persons, etc.).

***Correction Process:***

1. File a *Submission for Individuals Included in Data Transfer* for the affected individual;

**AND**

2. File a *Change or Surrender of Individual Registration Categories* submission. Inform the IDA and any other applicable Regulator that this submission is to correct the initial dataset.

### **Incorrect Personal Information**

The only personal information recorded on NRD is the individual's **date of birth** and **legal name**. Members may find this information is incorrect because of data entry errors in a legacy database or inaccurate disclosure to the Regulator.

***Requirement to Correct:*** There is no requirement to correct this information within a specified period of time. The IDA recommends that this information be corrected when the member is required to file the *Submission for Individuals Included in Data Transfer* for the individual.

***Correction Process:***

1. File a *Submission for Individuals Included in Data Transfer* and correct personal information.

Note: If the date of birth is not corrected through this submission it cannot be corrected through any other process.

### **Terms and Conditions**

Terms and conditions imposed by the IDA were converted to NRD for Ontario and the Atlantic provinces. As a result, terms and conditions for individuals in British Columbia, Yukon, Alberta, Saskatchewan and Manitoba will not be found in NRD.

***Requirement to Correct:*** The IDA will be updating this information by June 2003. In addition, the IDA will update the 'must satisfy by' date field for the converted Professional Financial Planning Course and Effective Management in the Securities Industry Seminar terms and conditions for individuals with this requirement in Ontario and the Atlantic provinces. Until this information is updated, the IDA will continue our practice of issuing reminder notices as a courtesy to members.

### **Business Locations**

Members may find the following errors related to business locations:

**MISSING LOCATIONS:** Members may find missing branches and/or sub-branches in one or more jurisdictions.

***Correction Process:***

1. File an *Open Location* submission with the applicable IDA office. Note that more than one location can be indicated in a single *Open Location* submission. Inform the IDA that this submission is to correct the initial dataset.

Note: If a member is filing an *Employment Location Change* for an individual but the location is not recorded on NRD the member must first file the *Open Location* submission with the applicable IDA office.

**DUPLICATE LOCATIONS:** Members may find that NRD has duplicate sub-branch or branch records.

***Correction Process:***

1. File a *Close Location* submission for the duplicate record with the applicable IDA office. Inform the IDA that this submission is to correct the initial dataset.

**INCORRECT ADDRESS:** Members may find that the address of a branch or sub-branch is incorrect.

***Correction Process:***

1. File a *Change Location Address* submission with the applicable IDA office. Inform the IDA that this submission is to correct the initial dataset.

**INCORRECT BRANCH STATUS:** Members may find that a location has been incorrectly recorded as a branch or sub-branch.

***Correction Process:***

1. File a *Change in Location Status* submission with the applicable IDA office. Inform the IDA that this submission is to correct the initial dataset.

**INCORRECT BRANCH MANAGER/SUPERVISOR:** Members may find that the branch manager or supervisor indicated for a given location is not the correct individual. Members should ensure that where locations have multiple branch managers the correct individual is indicated in the location information.

***Correction Process:***

1. File a *Change in Branch Manager* submission with the applicable IDA office. Inform the IDA that this submission is to correct the initial dataset.



**MISSING FAX and/or TELEPHONE NUMBERS:** Members may find this in various jurisdictions, however, no locations in British Columbia and Alberta have telephone or fax numbers recorded.

***Correction Process:***

1. File a *Change Location Address* submission with the applicable IDA office. Inform the IDA that this submission is to correct the initial dataset.

***Requirement to Correct:*** Section 7.4 of Multilateral Instrument 31-102 requires firms to correct location information that is missing or inaccurate within 30 business days of the firm's NRD access date. This requirement would exclude updating fax and telephone numbers for a location as this information would not be considered a correction.

### **Refunds**

Registration and submission fees related to a submission filed to correct a data conversion error or omission will be refunded by the applicable Regulator(s) and CDS, the system administrator.

Refer to [www.nrd-info.ca](http://www.nrd-info.ca) for details regarding the refund process. The refund process described on the website requests that firms receive prior approval for making correction submission from the applicable Regulator. Please note that the IDA will not require members to receive prior approval to make correction submissions in connection with a refund request.

### **Other Considerations**

- All converted data will remain in an individual's permanent record indefinitely. There is currently no process to expunge this information.
- All effective dates (including registration effective dates) are recorded as March 14, 2003 for individuals included in the data conversion process.
- The working location of all individuals included in the data transfer has been recorded as Head Office. Members will be required under the IDA By-Law 40 (IDA Board approved) to file an *Employment Location Change* for any individual not working from Head Office or a Quebec location by December 31, 2003. The effective date of this change should indicate March 14, 2003.
- Members will be receiving lists from the IDA indicating possible missing records and possible duplicate records for individuals at your firm.