

## MEMBER REGULATION



INVESTMENT DEALERS  
ASSOCIATION OF CANADA

# notice



ASSOCIATION CANADIENNE DES  
COURTIERS EN VALEURS MOBILIÈRES

Contact:

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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

### **Branch Manager (Non-Retail) Category**

Further to IDA Bulletin 3527, the new category of Branch Manager (Non-Retail) has been created for the supervision of locations without retail accounts, as well as locations which have no registerable activity. The activities at these latter types of locations may include corporate finance or research.

***(1) National Registration Database (“NRD”) filing requirements***

**Category**

The following categories will be available on NRD on April 8, 2006:

Branch Manager (Non-Retail)

Assistant Branch Manager (Non-Retail)

Co Branch Manager (Non-Retail)

Applicants who apply for the above categories must also select the appropriate Commission-level Branch Manager category for the jurisdiction in which they seek registration.

**Current Employment**

The activities of the branch will determine the course requirements for the BM (Non-Retail) applicant, and must be disclosed in the Current Employment section of the application, under the Type of Business or Employment. The disclosure must contain a statement either:

- confirming that the branch services only institutional clients and whether the client accounts trade options or futures,
- or that no activity requiring registration occurs at the branch.

Any member currently having a branch manager who has been exempted from retail proficiency requirements should submit a change of category to BM (non-retail)

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(2) ***Proficiency Requirements***

It is up to each firm to ensure the applicant has the qualifications for the Non-Retail supervisory category, which includes having the proficiency requirements necessary to conduct or supervise any trading activity carried on by Approved Persons in the branch. As a result, the proficiencies below apply to the categories of Branch Manager (Non-Retail), Assistant Branch Manager (Non-Retail) or Co-branch Manager (Non-Retail).

- a) A BM (Non-retail) that supervises a location with has no client accounts or registerable activity, must have successfully completed:
  - (i) Partners, Directors and Senior Officers Qualifying Exam or Branch Managers Course
- b) A BM (Non-Retail) that supervises a location that has non-retail accounts that do not trade in derivatives must have successfully completed:
  - (i) Partners, Directors and Senior Officers Qualifying Exam or Branch Managers Course
  - (ii) Canadian Securities Course
  - (iii) Conduct and Practices Handbook Exam
- c) A BM (Non-Retail) that supervises a location that has only non-retail accounts, some of which trade options, must have successfully completed:
  - (i) Partners, Directors and Senior Officers Qualifying Exam or Branch Managers Course
  - (ii) Canadian Securities Course
  - (iii) Conduct and Practices Handbook Exam
  - (iv) Derivatives Fundamentals Course and Options Licensing Course
  - or*
  - Options Supervisory Course
- d) A BM (Non-Retail) that supervises a location that has only non-retail accounts, some of which trade futures, must have successfully completed:
  - (i) Partners, Directors and Senior Officers Qualifying Exam or Branch Managers Course
  - (ii) Derivatives Fundamentals Course and Futures Licensing Course
  - or*
  - Canadian Commodity Supervisors Exam

Individuals registered in the categories branch manager (non-retail), assistant branch manager (non-retail) or co-branch manager (non-retail) are not required to complete the *Effective Management Seminar*.

(3) ***Continuing Education Requirements***

Individuals approved in the categories of Branch Manager (Non-Retail), Assistant Branch Manager (Non-Retail) or Co Branch Manager (Non-Retail) will have no Continuing Education ("CE") requirements, unless they are also approved in another category which triggers CE requirements. For example, an individual approved solely as an Assistant Branch Manager (Non-Retail) will not be required to participate in the IDA's CE program. However, an individual approved in the categories of Assistant Branch Manager (Non-Retail), Officer (Non-Trading) and Alternate Designated Person will be required to complete the CE requirements for the Alternative Designated Person category.

**(4) *Dual supervision***

If a location has both non-retail and retail accounts, a member firm may appoint a co-BM (Non-Retail) to supervise the institutional client accounts, as long as the firm had in place an approved Branch Manager to look after the retail accounts. It may also separate the location into retail and institutional branches. In either case the firm must ensure that the non-retail BM or co-BM's supervisory ambit covers only non-retail accounts and the personal accounts of non-retail representatives under his or her supervision, as noted below.

**(5) *Personal Accounts of non-retail representatives***

Non-retail RRs will be permitted to handle their personal accounts, the accounts of immediate family members living under the same roof and any corporate or other entity accounts in which any of those persons own a majority interest without jeopardizing their non-retail status. Where the only options or futures activity in a branch is conducted in such personal accounts rather than in client accounts, the proficiency provisions regarding those instruments will not apply.

The non-retail branch managers who supervise them should review such activity, calling on assistance from compliance, retail or other supervisory personnel as necessary with reference to retail issues or dealings in instruments regarding which the non-retail branch manager has not completed the appropriate proficiencies. Handling of any other accounts that do not meet the tests of Policy 4 for institutional account eligibility will subject the RR and branch to all the retail advisory requirements.