

5.1.4 Companion Policy 33-506CP (Commodity Futures Act) Registration Information

The blackline in this document reflects the amendments that have been approved to Companion Policy 33-506CP (*Commodity Futures Act*) *Registration Information*. These amendments become effective on July 11, 2011. In addition, Appendix A is new.

**Companion Policy 33-506CP (Commodity Futures Act)
Registration Information**

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**Companion Policy 33-506CP (*Commodity Futures Act*)
Registration Information**

PART 1 – GENERAL

1.1 Purpose –

This Companion Policy sets out how we interpret and/or apply OSC Rule 33-506 *Registration Information (Commodity Futures Act) Registration Information* (the Rule).

The registration requirement in the *Commodity Futures Act* (CFA) provides protection to investors from unfair, improper or fraudulent practices and enhances capital market integrity and efficiency. The information required under the Rule allows the Director to assess a filer's fitness for registration or for permitted individual status, with regard to their solvency, integrity and proficiency. These fitness requirements are the cornerstones of the registration requirement.

1.2 Definition of permitted individuals

Section 1.1 of the Rule defines a permitted individual as an individual who meets the criteria set forth in either subsection (a) or subsection (b) of the definition, or both. A permitted individual may or may not be a registered individual. For example, the chief executive officer of a registered firm is registered as the firm's ultimate designated person and is also a permitted individual. The definition of permitted individual allows the Rule to separate out the filing requirements which are applicable only to permitted individuals from those which are applicable to registered individuals.

1.3 Overview of the forms

The following forms are ~~submitted by~~for firms:

- Form 33-506F6 *Firm Registration* – to apply for registration as a dealer or adviser
- Form 33-506F3 *Business Locations other than Head Office* – to disclose each business location of the firm and any change of location

The following forms are for individuals and are submitted in NRD format:

- Form 33-506F1 *Notice of Termination of Registered Individuals and Permitted Individuals* – to notify the Director that a registered or permitted individual has ceased to have authority to act on behalf of the firm

~~The following forms are for individuals and are submitted in NRD format:~~

- Form 33-506F4 *Registration of Individuals and Review of Permitted Individuals* – to apply for registration or review as a permitted individual
- Form 33-506F2 *Change or Surrender of Individual Categories* – to apply for registration or review in an additional category or to surrender a category
- Form 33-506F7 *Reinstatement of Registered Individuals and Permitted Individuals* – to reinstate an individual's registration or a permitted individual status

1.3.1.4 Notice requirements –

Form 33-506F5 *Change of Registration Information* is used by firms and individuals to notify the Director of any change to their registration information. Under sections 3.1 and 4.1 of the Rule a registrant and a permitted individual must keep their registration information current on an ongoing basis by filing notices of change of information within the required time.

Appendix A summarizes the notice requirements, time periods and the forms under the Rule to notify the Director of a change to a firm's or individual's registration information.

1.4.1.5 Contact information –

When a firm submits a ~~form~~ Form 33-506F6, supporting documents or a ~~form~~ Form 33-506F5, it can make the submission using e-mail, fax or mail. Appendix ~~AB~~ attached to this policy sets out the contact information for the Director and for the Investment Industry ~~Directory~~ Regulatory Organization of Canada (IIROC).

PART 2 – FORMS USED BY INDIVIDUALS

2.1 National Registration Database (NRD) –

The NRD is the database containing information about all registrants and permitted individuals under securities or commodity futures legislation in each jurisdiction of Canada. The requirement for firms to enrol, and to make certain submissions, on NRD are set out in OSC Ontario Securities Commission Rule 31-509 *National Registration Database (Commodity Futures Act)*. Detailed information about the NRD and the enrolment process is available in the NRD User Guide published at www.nrd-info.ca.

2.2 Form 33-506F4

Types of submissions using Form 33-506F4

The NRD format for submitting a completed ~~form~~ Form 33-506F4 under subsections 2.2(1) or 2.4(1) of the Rule include four distinct NRD submission types that are made in the following circumstances:

- *Initial Registration*, when an individual is seeking registration, or review as a permitted individual, through NRD for the first time
- *Registration in an Additional Jurisdiction*, when an individual is registered or is a permitted individual in a jurisdiction of Canada and is seeking registration, or review as a permitted individual, in an additional jurisdiction
- *Registration with an Additional Sponsoring Firm*, when an individual is registered, or is a permitted individual, on behalf of one sponsoring firm and applies for registration, or seeks review as a permitted individual, to act on behalf of an additional sponsoring firm
- *Reactivation of registration*, when an individual who has an NRD record is applying for registration, reinstatement of registration or is seeking review as a permitted individual and is not eligible under sections 2.3(2) or 2.4(2) of the Rule to submit a Form 33-506F7

Submissions by permitted individuals

Under subsection 2.4(1) of the Rule, within 710 days of becoming a permitted individual, the individual must submit a ~~form~~ Form 33-506F4 for review by the Director. An individual whose registration is suspended may apply to reinstate the registration by submitting a completed ~~form~~ Form 33-506F4 to the Director. This is done with the *Reactivation of registration* submission on NRD. After making this submission the individual may not conduct activities requiring registration unless and until the Director has approved the application. However, an application for reinstatement or review is not required if the individual meets all of the conditions for automatic reinstatement in subsections 2.3(2) or 2.4(2) of the Rule, which include submitting a completed ~~form~~ Form 33-506F7 to the Director as described in section 2.5 below.

Agent for service

Item 18 Agent for service of Form 33-506F4 is a certification clause by the individual that he or she has completed the appointment for service required in each relevant jurisdiction. There is no distinct form under the Rule for the appointment of an agent for service for use by individuals. Please refer to the form used by the registered firm. This format is acceptable to the Director.

2.3 Form 33-506F2

This form is used by individuals to apply to add or to surrender a registration category or to seek review of a change in their permitted individual category. If an individual has ceased to have authority to act on behalf of their sponsoring firm as a registered or permitted individual in the last jurisdiction of Canada where they were so acting, they cannot submit a ~~form~~ Form 33-506F2. Instead, the individual's sponsoring firm submits a Form 33-506F1 to notify the Director of the termination or cessation of authority to act on behalf of the firm.

2.4 Form 33-506F5 for individuals

Form 33-506F5 should not be used by an individual applying to add or surrender a registration category or to seek review of a change in his/her permitted individual category. In this case, Form 33-506F2 is used. It should also be noted that Form 33-506F5 is not used by an individual that is registered or is a permitted individual in a jurisdiction of Canada and is seeking registration, or review as a permitted individual, in an additional jurisdiction. In this case, a Form 33-506F4 is used and is

identified on NRD as *Registration in an additional jurisdiction*. This also applies to an individual adding a sponsoring firm; Form 33-506F4 is used and is identified on NRD as *Registration with an additional sponsoring firm*.

2.5 Form 33-506F7 for reinstatement

When an individual leaves a sponsoring firm and joins a new registered firm, they may submit a ~~form~~ Form 33-506F7 to have their registration or permitted individual status reinstated in the same category as before, subject to all of the conditions set out in subsection 2.3(2) or 2.4(2) of the Rule. An individual who meets all of the applicable conditions will be able to transfer directly from one sponsoring firm to another and start engaging in activities requiring registration from the first day that they submit the Form 33-506F7.

2.5.2.6 Ongoing fitness for registration

Every registrant must maintain their fitness for registration on an ongoing basis. Under the CFA, the Director has discretionary authority to suspend or revoke an individual's registration or to restrict it with terms and conditions at any time. The Director may do this, for example, if it receives information through a notice of termination from an individual's former sponsoring firm or any other source that raises concerns about the individual's continued fitness for registration. Individuals will be given an opportunity to be heard before a decision is made to suspend or revoke registration or to impose terms and conditions.

PART 3 FORMS USED BY FIRMS

3.1 Form 33-506F6

When a firm submits a ~~form~~ Form 33-506F6 to apply for registration it may pay the regulatory fees by cheque or by using the NRD function called *Resubmit Fee Payment*.

If a firm applies for registration under the CFA only, it is not required to complete questions 1.4(a), 2.6 and 6.2 of ~~form~~ Form 33-506F6. However, if it applies for registration under both the CFA and the *Securities Act*, it will be required to complete the entire ~~form~~ Form 33-506F6 pursuant to National Instrument 33-109 *Registration Information*.

3.2 Form 33-506F3

A firm must notify the Director of each business location in ~~the~~ Ontario, including a residence, where a firm's registered individuals are based for the purpose of carrying out activities that require registration. Firms submit this form through the NRD website.

3.3 Discretionary exemption for bulk transfers

The Director will consider an application for an exemption from certain requirements in the Rule to facilitate a reorganization or combination of firms which would otherwise require a large number of submissions to change locations and transfer individuals. The information required, and the conditions to obtain, this type of exemption application are described in the attached Appendix C.

3.4 Form 33-506F1

Under section 4.3 of the Rule, a registered firm must notify the Director no more than 710 days after an individual ceased to have authority to act on behalf of the firm, as a registered or permitted individual. Typically, this occurs due to the termination of the individual's employment, partnership or agency relationship with the firm. However, it also occurs when an individual is re-assigned to a different position at the firm that does not require registration or is not a permitted individual category. ~~The form~~ Form 33-506F1 is submitted through the NRD website to give notice of the cessation date and the reason for the termination or cessation.

Under paragraph 4.3(1)(b) of the Rule, the information in item 5 [*Details about the termination*] of a ~~form~~ Form 33-506F1 must be submitted unless the cessation of authority to act on behalf of the firm was caused by the death ~~or retirement~~ of the individual ~~or the completion of an employment or agency contract~~. A firm can submit the information in item 5 either at the time of the making the initial submission on NRD, if the information is available within that 710 day period, or within 30 days of the cessation date, by making an NRD submission entitled *Update / Correct Termination Information*.

PART 4 – DUE DILIGENCE BY FIRMS

4.1 Obligations of former sponsoring firm

After submitting a Form 33-506F1 with regard to a former sponsored individual a firm should promptly send the individual a copy of the completed ~~form~~ Form 33-506F1. Under subsections 4.3(3) and (4) of the Rule, within 710 days of a request by a former sponsored individual a firm must provide the individual with a copy of the ~~form~~ Form 33-506F1 that was submitted, and if necessary, a further copy that includes the information in item 5 of the ~~form~~ Form 33-506F1, within 710 days of submitting that information.

4.2 Obligations of new sponsoring firm

In fulfilling its obligations under subsection 5.1(1) of the Rule a firm should make reasonable efforts to do all of the following:

- establish written policies and procedures to verify an individual's information prior to submitting a Form 33-506F4 or Form 33-506F7 on behalf of the individual
- document the firm's review of an individual's information in accordance with the firm's policies and procedures
- regularly remind registered and permitted individuals about their disclosure obligations under the Rule, such as notifying the Director about changes to their registration information

Under subsection 5.1(2) of the Rule, within 60 days of hiring a sponsored individual a firm must obtain a copy of the most recent Form 33-506F1, if any, for the individual. If a sponsoring firm cannot obtain it from the sponsored individual, as a last resort the individual should request it from the Director.

The information referred to above will assist the firm in meeting its obligations under subsection 5.1(1) of the Rule and should inform the firm's hiring decisions. If an individual is hired before a completed Form 33-506F1 is available and if the firm discovers an inconsistency in the individual's disclosure to the firm or the Director, then the firm should take appropriate action. All of the required information should be available within 60 days of hiring the individual, which will often fall within the individual's probation period under their employment or agency contract.

PART 5 – SECURITIES ACT SUBMISSIONS

5.1 If a person or company is required to make a submission under both ~~Multilateral~~ National Instrument 33-109 Registration Information and ~~the~~ Rule 33-506 with respect to the same information, the Commission is of the view that a single filing ~~of~~ of a form required under either rule satisfies both requirements.

Appendix A

SUMMARY OF NOTICE REQUIREMENTS IN
ONTARIO SECURITIES COMMISSION RULE 33-506

Description of Change	Notice Period	Section	Form submitted	
Firms – Form 33-506F6 information			by e-mail, fax or mail	
Part 1 – Registration details	10 days	3.1(1)(b)	Form 33-506F5	
Part 2 – Contact information, including head office address (except 2.4)	10 days			
Item 2.4 – Agent and Address for service [items 3 and 4 of Schedule B to Form 33-506F6]	10 days	3.1(1)(b)	Schedule B to Form 33-506F6 <i>Submission to Jurisdiction</i>	
Part 3 – Business history & structure	30 days	3.1(1)(a)	Form 33-506F5	
Part 4 – Registration history	10 days	3.1(1)(b)		
Part 5 – Financial condition	10 days			
Part 6 – Client relationships	10 days			
Part 7 – Regulatory action	10 days			
Part 8 – Legal action	10 days			
Firms – other notice requirements				in NRD format
Open / change of business location (other than head office)	10 days	3.2	Form 33-506F3	
Termination / Cessation of Authority of a registered or permitted individual – items 1 – 4 item 5	10 days	4.3(2)(a)	Form 33-506F1	
	30 days	4.3(2)(b)		
Individuals – Form 33-506F4 information			in NRD format	
Item 1 – Name	10 days	4.1(1)	Form 33-506F5	
Item 2 – Address	10 days			
Item 3 – Personal information	No update required	4.1(3)		
Item 4 – Citizenship	30 days	4.1(2)		
Item 5 – Registration jurisdictions	10 days	4.1(1)		
Item 6 – Individual categories	10 days			
Item 7 – Address for service	10 days	4.1(2)		
Item 8 – Proficiency	30 days			
Item 9 – Location of employment	10 days	4.1(1)		
Item 10 – Current employment	10 days			
Item 11 – Previous employment	30 days	4.1(2)		
Item 12 – Terminations	10 days	4.1(1)		
Item 13 – Regulatory disclosure	10 days			
Item 14 – Criminal disclosure	10 days			
Item 15 – Civil disclosure	10 days			
Item 16 – Financial disclosure	10 days			
Item 17 – Ownership of securities	10 days			
Change of F4: registrant position or relationship with sponsoring firm / permitted status	10 days	4.1(5)		Form 33-506F2
Review of a Permitted individual	10 days after appointment	2.4		Form 33-506F4 or Form 33-506F7, subject to conditions
Automatic reinstatement of registration subject to conditions	within 90 days of cessation date	2.4(2)(a)(ii)		Form 33-506F7

Appendix B

Contact Information for the OSC and IIROC

OSC

e-mail: registration@osc.gov.on.ca

fax: (416) 593-8283

Ontario Securities Commission

Suite 1903, Box 55

20 Queen Street West

Toronto, ON M5H 3S8

Attention: Compliance and Registrant Regulation

Telephone: (416) 593-8314

e-mail: registration@osc.gov.on.ca

IIROC

e-mail: registration@iiroc.ca

fax: (416) 364-9177

Suite 1600, 121 King Street West

Toronto, ON M5H 3T9

Attention: Registration department

Appendix BC

Discretionary Exemption for Bulk Transfers of Locations and Individuals

(1) If a registered firm is acquiring a large number of business locations (for example, as a result of an amalgamation or asset purchase) from one or more other registered firms that are located in Ontario and registered in the same categories as the acquiring firm, and if a significant number of individuals are associated on NRD with the locations, the Director will consider granting an exemption from any or all of the following requirements:

- (a) to submit a notice regarding the termination of each employment, partner, or agency relationship under section 4.3 of the Rule;
- (b) to submit a registration application or a reinstatement notice for each individual seeking to be a registered individual under section 2.2 or 2.3 of the Rule;
- (c) to submit a Form 33-506F4 or Form 33-506F7 for each permitted individual under section 2.4 of the Rule;
- (d) to notify the Director of a change to the business location information in Form 33-506F3 under section 3.2 of the Rule.

(2) The exemption application should be submitted by the registered firm that will acquire control of the business locations at the closing of the transaction and should be submitted well in advance of the date (**transfer date**) on which the business locations will be transferred. It would typically be sufficient if a firm submits the application at least 30 days before the transfer date. An application for this type of exemption should include the following information:

- (a) the name and NRD number of the registered firm that will acquire control of the business locations;
- (b) for each registered firm that is transferring control of the business locations:
 - (i) the name and NRD number of the registered firm,
 - (ii) the address and NRD number of each business location that is being transferred from the registered firm named in (b)(i) to the registered firm named in (a),
 - (iii) the date that the business locations and individuals will be transferred to the registered firm named in (a).

(3) If the exemption is granted, as soon as practicable after the transfer date, the Director will instruct the NRD administrator to record on NRD the transfer of the business locations, registered individuals and permitted individuals.

(4) Bulk transfers involving firms that are registered in different categories or different jurisdictions may need to take additional steps. Firms involved in such a transaction should contact the Director to discuss what steps are required for the firm to be eligible for a bulk transfer exemption as described above.

(5) The firm may set out the information referred to in (2) as follows:

- A) Registered firm that will acquire the business locations
Name:
Firm NRD number:

- B) Registered firm transferring the business locations
Name:
Firm NRD number:

Business locations that will be transferred
Address of business location:
NRD number of business location:
Address of business location:
NRD number of business location:
(Repeat for each business location as necessary)

- C) Date that business locations will be transferred: