



# **PMAC Vancouver Compliance Forum**

## **May 29, 2013**

### **Overview of Registration Requirements for Firms and Individuals**

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# Introduction

- **Requirement to be registered**
- provincial securities acts
- National Instrument 31-103
- Investment Industry Regulatory Organization of Canada (IIROC)
- Mutual Fund Dealers Association of Canada (MFDA)

# Adviser Registration

- **Categories of registration for firms**
  - Portfolio Manager
  - Restricted Portfolio Manager
- engage in the business of advising
- hold themselves out as being in the business of advising
- “specific advice”

# Business Trigger for Advising

- Engaging in activities similar to a registrant
- Carrying on activity with repetition, regularity or continuity
- Being remunerated or compensated
- Directly or indirectly soliciting

# Fitness for Registration (Firms)

- Fitness assessed through application and ongoing compliance reviews
- Ability to carry out obligations under securities legislation
- Financial viability

# Investment Fund Manager Registration

- IFMs direct the business, operations or affairs of an investment fund.
- IFMs organize the fund and responsible for management and administration.
- **If a firm carries on the activities of an IFM it must register**

# Non-Resident Investment Fund Managers

- **New requirements (September 28, 2012)**
- MI 32-102 (Ontario, Quebec and Nfld.)
- MP 31-202 (all other jurisdictions)
- International and domestic IFMs
- Exemptions (MI 32-102):
  - no investors
  - no active solicitation
  - “permitted clients” for international IFMs

## Other Categories of Registration (Firms)

- Investment Dealer - IIROC
- Mutual Fund Dealer - MFDA
- Exempt Market Dealer
  - securities distributed under prospectus exemption
- Scholarship Plan Dealer
  - securities of a scholarship plan, educational plan or educational trust



# Registration for Individuals

- advise on behalf of a registered adviser
- ultimate designated person (UDP)
- chief compliance officer (CCO)
- regulators assess:
  - Proficiency: education, training , experience, securities legislation and securities
  - Integrity: honest character
  - Solvency: overall financial condition

# Categories of Registration for Individuals

- Advising Representative
- Associate Advising Representative
- Chief Compliance Officer
- Ultimate Designated Person

# Associate Advising Representatives

- pre-approval of advice for associate advising representatives
- provide regulator with names within 7 days
- apprentice category
- individuals who do not provide advice without supervision

# Appointment of CCO and UDP

- UDP and CCO can be same person
  - regulators prefer to separate positions
- CCO must report to UDP any non-compliance with securities legislation
- CCO must submit annual report to board of directors for assessing compliance
- no specific education or experience requirements for UDP

# Proficiency Requirement

- sponsoring firm responsible for ensuring registered individuals are proficient at all times
  - Education and training
  - Experience
  - Understanding the structure, features and risks of each security

# Education and Training Requirements

Portfolio Manager	
<u>Advising Representative</u>	<u>Associate Advising Representative</u>
One of these two options: 1. CFA and 12 months of relevant investment management experience in the 36-month period before applying for registration. 2. CIM and 48 months of relevant investment management experience (12 months gained in the 36-month period before applying for registration).	One of these two options: 1. Level 1 of the CFA and 24 months of relevant investment management experience. 2. CIM and 24 months of relevant investment management experience.

# Relevant Securities Industry Experience

- Not consecutive or with the same firm
- Must be obtained in 36 months before application
- Experience gained to earn CFA may qualify
  - securities research and analysis
  - managing investment portfolios

# Relevant Securities Industry Experience

- Advising representative
  - registered investment dealer
  - registered adviser
- Associate advising representative
  - unregistered portfolio manager of FI
  - adviser in another Canadian jurisdiction
  - adviser in foreign jurisdiction



# Relevant Securities Industry Experience

- Demonstrate level of experience
  - types of securities analyzed/managed
  - types of financial analysis performed
  - size of portfolio
  - experience in portfolio security selection
  - date of relevant responsibility
  - reference letters from immediate supervisors confirming duties

# Relevant Securities Industry Experience

- CSA Staff Notice 31-332 (Jan. 17, 2013) provides summary of decisions about relevant investment management experience to consider when applying for
  - Advising representative
  - Associate advising representative

# Exemptions from Registration Requirements

- Client Mobility Exemption – Individuals
- Client Mobility Exemption – Firms
- Investment Fund Trades by Adviser to Managed Account
- Exemption for General Advice
- International Adviser Exemption

# Suspension and Revocation - Individual

- individual must have a sponsoring firm
- ceases to have authority to act for firm
- securities regulator determines no longer in the public interest (fitness for registration)
- if not reinstated, registration is revoked on the second anniversary

# Suspension and Revocation - Firm

- firm is automatically suspended if has not paid its annual fees within 30 days
- securities regulator determines no longer in the public interest (fitness for registration)
- if not reinstated, registration is revoked on the second anniversary
- firm must apply to surrender its registration



# Overview of Registration Requirements for Firms and Individuals

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