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CIRCULAR
April 23, 2007

REQUEST FOR COMMENTS

ABROGATION OF POLICIES OF THE BOURSE REGARDING PROFICIENCY AND EDUCATION REQUIREMENTS

ABROGATION OF POLICIES F-1, F-2, F-3 AND F-4

Summary

The Special Committee – Regulatory Division of Bourse de Montréal Inc. (the Bourse) has approved the abrogation of Policies F-1, F-2, F-3 and F-4 of the Bourse, which deals with the establishment of proficiency and education requirements for its Canadian approved participants and their approved persons. The purpose of this abrogation is to reflect the fact that the Bourse is no longer involved in member regulation activities

Process for Changes to the Rules

Bourse de Montréal Inc. is recognized as a self-regulatory organization (SRO) by the Autorité des marchés financiers (the Autorité). In accordance with this recognition, the Bourse carries on activities as an exchange and as a SRO in Québec. In its SRO capacity, the Bourse assumes market regulation and supervision responsibilities of its approved participants. The responsibility for regulating the market and the approved participants of the Bourse comes under the Regulatory Division of the Bourse (the Division). The Division carries on its activities as a distinct business unit separate from the other activities of the Bourse.

Circular no.: 058-2007

The Division is under the authority of a Special Committee appointed by the Board of Directors of the Bourse. The Board of Directors of the Bourse has delegated to the Special Committee – Regulatory Division its powers to approve or amend some aspects of the Rules and Policies of the Bourse governing approved participants, among which, the Rules and Policies relating to admission as approved participant, approval of persons, disciplinary matters, management of client accounts and operations. These changes are submitted to the Autorité for approval.

Comments on the proposed abrogation of Policies F-1, F-2, F-3 and F-4 of the Bourse must be submitted within 30 days following the date of publication of the present notice in the bulletin of the Autorité. Please submit your comments to:

Ms. Joëlle Saint-Arnault
Vice-President, Legal Affairs and Secretary
Bourse de Montréal Inc.
Tour de la Bourse
P.O. Box 61, 800 Victoria Square
Montréal, Quebec H4Z 1A9
E-mail: legal@m-x.ca

A copy of these comments shall also be forwarded to the Autorité to:

Ms. Anne-Marie Beaudoin
Director – Secretariat of L'Autorité
Autorité des marchés financiers
800 Victoria Square, 22nd Floor
P.O. Box 246, Tour de la Bourse
Montréal (Quebec) H4Z 1G3
E-mail: consultation-en-cours@lautorite.qc.ca

Appendices

For your information, you will find in appendices an analysis document of the proposed rule amendments as well as the proposed regulatory text. The implementation date of the proposed amendments will be determined, if applicable, with the other Canadian self-regulatory organizations following approval by the "Autorité des marchés financiers".



ABROGATION OF POLICIES OF THE BOURSE REGARDING PROFICIENCY AND EDUCATION REQUIREMENTS

– ABROGATION OF POLICIES F-1, F-2, F-3 AND F-4

I OVERVIEW

Policies F-1, F-2, F-3 and F-4 of Bourse de Montréal Inc. (the Bourse) specifies the proficiency and education requirements for registered persons employed by Canadian approved participants of the Bourse. These Policies also outline training and continuing education requirements and conditions under which exemptions from the above-mentioned requirements may be granted.

II ANALYSIS

A) Current Policies

Policies F-1 to F-4 of the Bourse relate to proficiency and education requirements and require from Canadian approved participants that they ensure that their approved persons comply with certain proficiency and education requirements in order to obtain and maintain their approved persons status in the various categories of activities for which they want to be approved.

B) The Issue

The above-described proficiency and education requirements have become obsolete since January 1, 2005 when the Bourse transferred its

member regulation responsibilities to the Investment Dealers Association of Canada (IDA).¹ Following this transfer of responsibilities to the IDA, the Bourse kept only the responsibility of approving persons wishing to have an access to its electronic trading system in order to trade the derivative instruments listed on the Bourse. The approval of persons for any other approval category in Canada is now under the sole jurisdiction of the IDA. Policies F-1 to F-4 of the Bourse have therefore become entirely obsolete.

C) Objective

The objective of the abrogation of Policies F-1 to F-4 of the Bourse is to reflect the fact that the Bourse is no longer involved in member regulation activities including, among other things, the establishment of proficiency and education requirements for its Canadian approved participants and their approved persons.

D) Consequences of the proposed abrogation

The abrogation of Policies F-1 to F-4 of the Bourse will have no effect on Canadian approved participants of the Bourse, on their approved persons, on clients, on the Bourse itself and on the public in general.

Canadian approved participants of the Bourse are required to be members in good standing of the IDA. This automatically implies that all Canadian approved participants must comply with Policy 6 of the IDA which sets out proficiency and education requirements that are applicable to their approved persons.² These requirements are identical to those that were set in Policies F-1 to F-4 of the Bourse.

¹ Decision no. 2004-PDG-0223 of the Autorité des marchés financiers (AMF) dated December 30, 2004.

² Rule Manual of the IDA - Policy No. 6 – Proficiency and Education

For what regards foreign approved participants of the Bourse, the abrogation of these Policies of the Bourse will have no impact on them since the requirements of these Policies are not applicable to them in reason of the fact that they currently do not have any place of business in Canada and are not currently carrying business in Canada that would require them to become IDA members.

E) Other Alternatives Considered

No other alternative was considered.

F) Impact of proposed amendments on systems

There will be, for approved participants, their approved persons, their clients and for the public in general no systems impacts associated with the abrogation of Policies F-1 to F-4 of the Bourse.

G) Interests of financial markets

The Bourse considers that the proposed abrogation of Policies F-1 to F-4 of the Bourse will not affect the interests of financial markets.

H) Public Interests

The purpose of the proposed abrogation of Policies F-1 to F-4 the Bourse is to reflect the fact that the Bourse, except for the approval of persons wishing to access its electronic trading system, no longer has any regulatory responsibilities regarding the establishment of proficiency and education requirements applicable to Canadian approved participants and their approved persons. As already mentioned, these responsibilities were entirely transferred to the IDA in January 2005. The proposed abrogation is considered to be of public interest.

III COMMENTS

A) Efficiency

As indicated above, the objective of the proposed abrogation of Policies F-1 to F-4 of the Bourse is to reflect the fact that the Bourse no longer deals with member regulation responsibilities including, among other things, establishing proficiency and education requirements to its Canadian approved participants and their approved persons following the transfer of these responsibilities to the IDA in January 2005.

B) Process

The first step of the approval process for the regulatory abrogations proposed in the present document consists in having them approved by the Special Committee – Regulatory Division of the Bourse. Once the approval of the Special Committee obtained, the proposed regulatory amendments will be simultaneously published by the Bourse for a 30-day comment period and submitted to the Autorité des marchés financiers for approval and to the Ontario Securities Commission for information.

IV SOURCES

- Policies F-1 to F-4 of Bourse de Montréal Inc.
- Decision No. 2004-PDG-0223 issued by the Autorité des marchés financiers (AMF) on December 30, 2004 – Published in the January 7, 2005 weekly Bulletin of the AMF (vol. 02, no. 01)
- Investment Dealers Association of Canada (IDA) – Policy 6 - Proficiency and Education

POLICY F-1
CONTINUING EDUCATION
PROGRAM
(01.01.2001, abr.00.00.07)

I. INTRODUCTION

~~—Much like the business world in general, the securities industry today is characterized by the constant changes, especially with regards to new products, technologies and services for an investing public that is becoming more and more sophisticated. In this perspective, the securities professionals must keep abreast of developing new products, new legal and compliance issues, and other emerging industry trends.~~

~~—In order to ensure that the investing public may continue to rely on qualified and trading edge professional services, the members must rely on a continuing education program addressed specifically to the securities industry professionals. In order to adequately address this preoccupation, the Montreal Exchange, together with other Self regulatory Organizations, introduce with the present Policy, the mandatory continuing education program for the securities industry professionals.~~

Definition

~~—For the purposes of the present Policy, "program" means the Continuing Education Program, and "credit" means a course of this program.~~

A) Overview of Program

- ~~1. The program operates in three year cycles commencing on January 1, 2001. The starting and ending date of each cycle is the same for all participants.~~
- ~~2. The program requires participants, unless otherwise stated in the present Policy, to complete one compliance course and one product knowledge and professional development course in each three year cycle.~~

B) Participants in the Program

- ~~1. Participants Required to Fulfil Complete Program
 - ~~a) those licensed as registered representatives must participate in the program throughout their career, subject to the exemptions set out in subparagraphs 3 b) and 3 c);~~
 - ~~b) those licensed as registered representatives restricted to mutual funds must participate in the program as registered representatives;~~
 - ~~c) those licensed as registered representatives and also licensed in other categories must participate in the program as registered representatives;~~
 - ~~d) those licensed as branch managers, sales managers, futures contracts principals or registered options principals must participate in the program throughout their career, subject to the exemptions set out in subparagraphs 3 b) and 3 c).~~~~

~~2. Participants Required to Fulfil Compliance Portion Only~~

- ~~a) those licensed as registered representatives with restricted registration (non retail representative, discount broker representative and sales assistant) must also participate in the compliance portion of the program throughout their career; and~~
- ~~b) those licensed in all other licensing categories and not also registered as registered representatives, must participate in the compliance portion of the program throughout their career.~~

~~3. Exemptions from Program~~

- ~~a) those licensed as non trading partners, directors or officers are exempt from the program;~~
- ~~b) those licensed as registered representatives, branch managers, sales managers, futures contracts principals and registered options principals who have been continuously registered for more than 15 years as of January 1, 2001, must participate only in the compliance portion of the program throughout their career; and~~
- ~~c) those licensed as registered representatives, branch managers, sales managers, futures contracts principals and registered options principals who have been continuously registered for more than 10 years but less than 15 years as of January 1, 2000 must participate in the program for one three year cycle. After the completion of that cycle, they shall participate in the compliance portion of the program throughout their career.~~

~~4. Entry of Recently Licensed Registered Representatives~~

- ~~a) those licensed as registered representatives within the three years prior to January 1, 2001 and those entering the industry after this date do not have to enter the program during their first three years of registration. These registered representatives must enter the program as follows:
 - ~~i) if the three years since their registration ends in year one of a cycle, that individual is registered in year one of that cycle;~~
 - ~~ii) if the three years since their registration ends in year two or year three of a cycle, that individual is registered in year one of the next three year cycle of the program.~~~~
- ~~b) once they enter the program, these registered representatives must participate in the program throughout their entire career.~~

~~5. Exemptions from Examination Rewrite Requirements for Voluntary Participants~~

- ~~a) licensed individuals leaving the industry within the three years prior to January 1, 2001 or after said date may maintain their standing in the program on a voluntary basis by taking the program through the Canadian Securities Institute courses;~~
- ~~b) graduates of the Canadian Securities Course and the Conduct and Practices Handbook for Securities Industry Professionals course within the three years prior to January 1, 2001 or after said date who have not been registered as registered representatives may join the program on a voluntary basis.~~

C) ~~Compliance Course~~

~~— Study material includes a review of sections of the Conduct and Practices Handbook for Securities Industry Professionals, an update on new developments and regulations with an ethics component. The course serves as a reminder and refresher.~~

- ~~1. The compliance course is a mandatory component of the program for all participants.~~
- ~~2. Branch managers, sales managers and others in a supervisory position will have an additional section added to their course in reason of their additional responsibilities.~~
- ~~3. Member firms have the option of having their participant employees take the Canadian Securities Institute's (CSI) course, developing and administering their own program, combining various CSI modules with their own materials or having their participant employees take a course developed and administered by another member firm.~~
- ~~4. The use of a compliance course developed by a member firm is subject to the following requirements:

 - ~~a) the course must comply with the parameters and guidelines issued by the Montreal Exchange [see Appendix 1];~~
 - ~~b) participants completing a course offered by a member firm must obtain from the said member firm an attestation of their successful completion of that course. The member firm must determine its own method for making this evaluation of knowledge acquisition; and~~
 - ~~c) member firms must provide the Exchange with the names of their participant employees completing their courses.~~~~
- ~~5. The use of compliance courses developed by external course providers is subject to the following requirements:

 - ~~a) member firms must communicate to the Exchange with the names of their participant employees completing courses from an external course provider; and~~
 - ~~b) a course offered by a member firm other than a participant's employer must be considered an external course.~~~~

D) ~~Product Knowledge and Professional Development Courses~~

~~— Participants in the program are encouraged to choose courses that enable them to remain current within their chosen area of specialization or to expand that area.~~

- ~~1. Participants may choose a Canadian Securities Institute's course, a course given by an external course provider or a suitable training program offered by their member firm.~~
- ~~2. The course chosen by the individual, whether a Canadian Securities Institute course, an external course or a member firm course, must be approved by the member firm's training supervisor or other responsible person as being relevant to that participant's functions in the investment industry.~~

- ~~3. The use of product knowledge and professional development courses developed by a member firm is subject to the following requirements:
 - ~~a) the courses must comply with the guidelines issued by the Montreal Exchange (see Appendix 1);~~
 - ~~b) participants completing courses offered by their member firm must obtain from the said member firm an attestation of their successful completion of that course. The member firm determines its own method for making this evaluation of knowledge acquisition; and~~
 - ~~c) member firms must communicate to the Exchange with the names of their participant employees completing their courses.~~~~
- ~~4. The use of product knowledge and professional development courses developed by external course providers is subject to the following requirements:
 - ~~a) member firms must communicate to the Exchange with the names of their participant employees completing courses from an external course provider; and~~
 - ~~b) a course offered by a member firm other than a participant's employer must be considered an external course.~~~~
- ~~5. Participants fulfilling other licensing requirements, such as insurance licensing requirements, may receive credit subject to paragraph 2 above.~~

~~E) Accumulating Credit~~

- ~~1. A maximum of one approved course completed after July 1, 1999 and prior to January 1, 2001 may be carried forward into the first cycle as a product knowledge and professional development credit.~~
- ~~2. A course completed during a cycle, which is in addition to a course fulfilling that cycle's requirement, may be carried forward to the next cycle. A maximum of one course may be carried forward.~~
- ~~3. Participants completing a multi-year course, such as more than one year of the Chartered Financial Analyst course, during a cycle may carry forward a credit to the next cycle. This means that they will fulfil their product knowledge and professional development course requirement for that cycle and may be exempted from the next cycle's product knowledge and professional development course requirement.~~
- ~~4. No carry forwards will be allowed for the compliance course.~~

~~F) Penalties~~

- ~~1. If a participant does not complete the course requirements within a three year cycle, the following restrictions will apply:~~

- a) ~~at the beginning of year one of the next three year cycle, a monthly fee in the amount of \$500, payable by the participant's member firm employer, will be imposed until the participant completes the course requirements, or for six months, whichever comes first;~~
- b) ~~if the program requirements have still not been met by the end of the sixth month, the participant's registration is suspended; and~~
- c) ~~if the participant has not completed the compliance portion of the program within the three-year cycle, he will also be subject to mandatory supervision in accordance with the mandatory supervision provisions of the Exchange.~~

~~G) Extension from Completion of Course Requirements in a Three-Year Cycle~~

- 1. ~~A participant may be granted an extension concerning the requirement to complete a course within a three year cycle due to, but not limited to, a leave of absence or illness, if:~~
 - a) ~~a partner, director or officer of the member firm of the participant:~~
 - i) ~~approves the delay of completion of the course requirements;~~
 - ii) ~~delivers a letter to the Exchange outlining the reasons for the delay;~~
 - iii) ~~except where the participant is on an indefinite leave of absence, states a new date for completion of the course requirements;~~
 - b) ~~and that the Exchange, at its discretion, determines that the delay is warranted.~~
- 2. ~~Despite paragraph 1), the granting of such an extension does not authorize the participant to delay the beginning of the next three year cycle.~~

~~The Exchange reserves the right to impose such additional conditions that it deems necessary where, in its opinion, it is justified in order to respect the spirit of the present Policy.~~

APPENDIX I TO POLICY F-1

PARAMETERS AND GUIDELINES OF THE
CONTINUING EDUCATION PROGRAM(01.01.2001, [abr.00.07](#))~~INTRODUCTION~~

~~In order to assist members in developing and delivering continuing education courses, the present guidelines set parameters for course content length and the level of difficulty for compliance courses, for product knowledge and professional development courses. Those guidelines also serve in identifying the different external course provider empowered to give out appropriate course.~~

~~Generally and subject to certain exceptions, individuals registered to do business with a clientele known as "retail" and give advice must complete a compliance course and the product knowledge and professional development course during continual three years cycles. Individuals who are not registered to do business with a clientele known as "retail" and those not registered to give advice must complete only the compliance course requirements during continual three years cycles. The continuing education requirements do not apply to non-trading partners, directors and officers of members.~~

~~As part of the member audit process, the self regulatory organization having prime audit jurisdiction will review the member continuing education program to ensure that it is properly documented and that it satisfies to the present guidelines.~~

~~PARAMETERS FOR THE CONTINUING EDUCATION COMPLIANCE COURSE~~~~BASIC PRINCIPLES~~

- ~~• The Policy F-1 of the Exchange (the "Policy") requires that certain registrants must successfully complete a compliance course within each three-year of continuing education cycle. To determine which registrants are required to take the course, please refer to the Policy itself.~~
- ~~• A member can choose to develop and deliver a compliance course which reflects its own assessment of its current needs and priorities or it may obtain a compliance course prepared by the Canadian Securities Institute (CSI). The members may offer a combination of both options.~~
- ~~• The subject matter that branch managers and others in a supervisory position are trained on should reflect their additional responsibilities.~~
- ~~• Successful completion of the compliance course must be documented in the member's employee records.~~

~~DELIVERY GUIDELINES~~

~~The compliance course must be a minimum of 12 hours in duration.~~

~~The course has been structured in order to offer flexibility to the members and their approved persons. The manner in which the courses are offered is left to the member's discretion, provided the minimum 12-hour requirement, for every 3-year cycle, is fulfilled.~~

The member may chose to deliver the compliance course in a number of ways. The following provides various possible modes of delivering the course:

~~i) a member may hold an 8-hour in-house compliance seminar, with 4 hours preparatory reading and study. In the first part of the seminar, topic areas 1 through 4 below could be reviewed. Then, the information imparted could be used in the discussion of case studies during the second part of the seminar; or~~

~~ii) a member could offer the compliance course over the three years, by requiring their registrants to participate in a minimum 4-hour seminar, every year. However, the seminar must still cover the 5 topic areas set out below and must do so in sufficient depth.~~

As well, it is left to the member to determine what constitutes successful completion of the course by its employees. A member may define successful completion in a number of ways. The following list of examples is not exhaustive:

~~i) a member may require its employees to pass a firm-developed and delivered exam; or~~

~~ii) a member may require its employees to pass a CSI-developed and delivered exam; or~~

~~iii) a member may require a certificate of attendance and participation at a seminar.~~

PARAMETERS FOR COURSE CONTENT

The course training materials must cover the following five major topic areas:

- ~~1—the new context of the securities industry;~~
- ~~2—regulatory changes;~~
- ~~3—rules relating to new products;~~
- ~~4—ethics; and~~
- ~~5—case studies highlighting compliance and ethical issues.~~

Some examples of relevant issues for the five topic areas are provided below. The examples apply to registered persons who may deal with a clientele known as retail or institutional. Certain of the examples might be changed over time to reflect new or different issues in the industry.

~~•How the Securities Administrators and self-regulatory organizations regulate securities industry participants~~

~~•Regulatory developments that affect member management~~

~~• Disclosure of information to clients~~

~~• Registration and continuing education~~

~~• Operations and capital of the member~~

~~• Sales and trading conduct—General~~

- Sales and trading — Institutional markets
- Current developments in bond market regulation
- Suitability and new products
- Corporate finance — New rules
- Corporate finance — Proposed new rules
- Ethical issues and case studies

Some topics may be covered in more than one area. For each theme or discussion item, the applicable articles in the regulation of the Montreal Exchange or in the Quebec Securities Act should be cited. As well, the issue should be cross-referenced to the relevant section in the new Conduct and Practices Handbook for Securities Industry Professionals of the CSI. The importance of certain topics may vary by member depending on the member's business and individual responsibilities.

GUIDELINES FOR PRODUCT KNOWLEDGE/PROFESSIONAL DEVELOPMENT COURSES

BASIC PRINCIPLES

- The subject matter that a registered individual is trained on should reflect the needs of that person's skill requirements based on the member's products and market strategies and of the clientele served.
- The program undertaken should reflect the industry's commitment to offer high quality client service and professionalism.
- The subject matter should be of a non-promotional nature.
- The program's provider should be a professional having defined the program's learning outcomes and be able to certify a participant's successful completion. Alternatively, the member may certify a participant's successful completion, and assume responsibility for this function.

TIME REQUIREMENT

The Professional Development / Product knowledge courses must be a minimum of 30 hours over the three-year cycle.

PROCESS TO ESTABLISH TRAINING SOLUTIONS

1— Identify training needs

- Identify knowledge and skills which would impact positively on the member and individuals.
- Identify the objectives of the program or course.

2— Identify the evaluation method to be used

- Determine how successful completion is to be ascertained.

~~3—Identify delivery mechanism~~

- ~~—•Determine whether external or internal delivery is most appropriate approach.~~
- ~~—•Determine external experts or internal experts who are capable of providing delivery of material.~~
- ~~—•Identify programs / courses that would deliver the skills and knowledge which would meet the member and individual needs.~~
- ~~—•Cross check outcomes desired against outcomes obtained.~~

~~DELIVERY ALTERNATIVES~~

~~The determination of delivery should consider both the most appropriate learning tools and requirements that have to be met. In different situations, any of the following may prove to be appropriate:~~

- ~~• self study materials which may contain an evaluation;~~
- ~~• courses offered through established post secondary institutions;~~
- ~~• material delivered electronically through computer based technology; or~~
- ~~• seminars and discussions delivered through internal or external providers.~~

~~Material should use cases and other application based learning to develop situations solving skills that will help the registered individual to improve decision making skills. Training strategies should focus on product knowledge, regulatory knowledge, business development skills, managerial skills and client communication skills.~~

~~TOPICS TO CONSIDER FOR TRAINING COURSES AND MATERIAL~~

~~In general, the courses should be relevant to the securities industry and registered representative management oriented, or designed to improve client service. In all cases, the materials should stress full and fair disclosure to the client as well as the necessity to determine the suitability in a particular case. It is recommended that the course provider give assurance to the member that the proposed program fulfils some or all of the necessary requirements for product knowledge / professional development, so that the member is able to track what requirements remain outstanding.~~

~~EXAMPLES OF TRAINING COURSES AND MATERIAL OBJECTIVES~~

~~Generally, the courses ought to examine products, services and investment and financial strategies that the registered individual may offer to clients as well as building business and managerial skill. More specifically, the courses and materials should deal with the following areas:~~

- ~~• product features which should be fully communicated to a client in recommending such product;~~
- ~~• approaches to valuation of a product and the product's applicable risk factors;~~
- ~~• strategies for investing in a product according to the particular client's investment objectives;~~

- ~~the suitability of the use of leverage for a particular product and investment strategy;~~
- ~~the features and applicable cost of a service offered by a member;~~
- ~~the regulatory, tax and other features of a product or service which might affect its suitability;~~
- ~~methods of evaluating the products, services and investment strategies of competing firms;~~
- ~~the suitability of a product, service or strategy for clients with different financial, risk and knowledge profiles;~~
- ~~managerial skills which would assist managers in meeting strategic and operational objectives;~~
- ~~communication skills which would result in improved client service; and~~
- ~~practice management skills which would provide tools to assist member's personnel in improving client service.~~

~~EXAMPLES OF APPROPRIATE EXTERNAL COURSES~~

~~The following are some examples of external courses that would likely fit the objectives outlined in the course of study for an individual:~~

- ~~courses and seminars offered by the Canadian Securities Institute;~~
- ~~courses offered by professional associations which have a licensing and a continuing education program; or~~
- ~~courses delivered through established post-secondary institutions.~~

~~SUGGESTIONS FOR APPROPRIATE INTERNAL COURSES~~

~~Some members have developed programs beyond the basic licensing requirements for registered representatives, branch managers, and others. These courses are designed to develop additional skills particular to the position. This type of course, where it was developed using the same approach, should generally meet the criteria for the continuing education program. However, internal courses primarily designed to launch or promote the member's own products and services do not constitute appropriate continuing education programs.~~

POLICY F-2
(21.08.02, 17.06.05, abr.00.00.07)

PROFICIENCY REQUIREMENTS

INTRODUCTION

~~This policy outlines the proficiency requirements for approved persons. These proficiency requirements consist of both entrance criteria and on-going requirements.~~

DEFINITIONS

~~For the purpose of this policy:~~

~~“IFIC” means the Investment Funds Institute of Canada;~~

~~“Recognized foreign self-regulatory organization” means a foreign self-regulatory organization which offers a reciprocal treatment to Canadian applicants and which has been approved as such by the Bourse.~~

~~The Canadian Security Institute, unless otherwise specified, administers all courses and examinations.~~

~~PROFICIENCY REQUIREMENTS FOR APPROVED PERSONS~~

~~1) — Branch managers and sales managers~~

~~The proficiency requirements for a sales manager, branch manager, assistant or co-branch manager are the following:~~

~~a) have two years of experience as a registered representative or working in the office of a broker or dealer in securities in various positions or such equivalent experience as may be acceptable;~~

~~b) be approved as a registered representative;~~

~~e) ————— have successfully completed:~~

~~i) ————— the Branch Managers Course;~~

~~ii) the Options Supervisors Course if the approved participant trades options with the public;~~

~~iii) the Effective Management Seminar within 18 months of approval;~~

~~d) failure to satisfy the requirements of subparagraph iii) of paragraph e) above will result in the automatic suspension of approval. Approval will be reinstated only at such time as the person has completed the concerned seminar.~~

~~2) Partners, Directors and Officers~~

~~The proficiency requirements for a partner, director or officer are the following:~~

- ~~a) successful completion of the Partners, Directors and Senior Officers course;~~
- ~~b) for those partners, directors and officers who trade in securities, successful completion of:~~
 - ~~i) either the Canadian Securities Course;~~
 - ~~ii) or the New Entrants Course, where the person was approved or licensed with a recognized foreign self-regulatory organization prior to application with the Bourse;~~
- ~~c) have the experience required under the legislation and regulation applicable to securities and derivatives products.~~

~~3) Chief Financial Officers~~

~~The proficiency requirements for a chief financial officer designated pursuant to articles 3303 or 3403 are the following:~~

- ~~a) a financial accounting designation, university degree or diploma, or equivalent work experience; and~~
- ~~b) successful completion of the Partners, Directors and Senior Officers Course and of the Chief Financial Officers Qualifying Examination.~~

~~4) Registered Representatives and Investment Representatives~~

~~The proficiency requirements for a registered representative and an investment representative are the following:~~

- ~~a) have successfully completed:~~
 - ~~i) the Canadian Securities Course prior to commencing the professional training programme implemented by the approved participant;~~
 - ~~ii) the Conduct and Practices Handbook Course;~~
 - ~~iii) either:~~
 - ~~A. for a registered representative, except for registered representatives dealing exclusively with institutional clients, a 90-day training programme during which he must be employed by an approved participant on a full time basis;~~
 - ~~B. for an investment representative, a 30-day training programme during which he must be employed by an approved participant on a full time basis;~~

~~b) successful completion of the New Entrants Course, where the person was approved or licensed with a recognized foreign self-regulatory organization prior to application with the Bourse;~~

~~e) be licensed or registered under the securities laws applicable;~~

~~d) successful completion, where the person is a registered representative, other than a group savings plan representative or a registered representative for institutional clients, within 30 months of approval as a registered representative of:~~

~~i) either the Professional Financial Planning Course;~~

~~ii) or the Investment Management Techniques course.~~

~~5) ————— Group savings plan representatives~~

~~The proficiency requirements for a group savings plan representative are the following:~~

~~a) have successfully completed one of the following courses:~~

~~i) the Canadian Investment Funds Course administered by the Investment Funds Institute of Canada;~~

~~ii) the Investment Funds in Canada Course administered by the Institute of Canadian Bankers;~~

~~iii) the Principles of Mutual Funds Investment Course administered by the Trust Company Institute;~~

~~iv) any other course approved by the Bourse and offered by a recognized educational establishment;~~

~~v) ————— the Canadian Securities Course;~~

~~b) be employed by an approved participant for the sole purpose of soliciting orders for mutual fund securities;~~

~~e) be registered under the securities laws of the jurisdiction in which he deals with the public as a mutual fund salesman.~~

~~6) ————— Traders~~

~~The proficiency requirements for a trader are the following:~~

~~a) successful completion of such exchange trading examinations as may be required by a recognized exchange;~~

~~b) be licensed or registered under the securities laws applicable.~~

~~7) ————— Portfolio Managers~~

~~1) ————— Portfolio Manager~~

~~The proficiency requirements for a portfolio manager are the following:~~

~~a) ————— have successfully completed:~~

~~i) either the Portfolio Management Techniques course as well as one of the following courses:~~

~~A. the Professional Financial Planning Course;~~

~~B. the Investment Management Techniques course;~~

~~ii) or the Chartered Financial Analyst designation administered by the Association for Investment Management and Research;~~

~~b) ————— have one of the following experiences:~~

~~i) three years as an associate portfolio manager;~~

~~ii) three years as a registered representative and two years as an associate portfolio manager;~~

~~iii) three years as an analyst for an approved participant and two years as an associate portfolio manager;~~

~~iv) five years, managing a portfolio of \$5,000,000 or more, on a discretionary basis, while employed by a regulated institution;~~

~~e) at the time of application, and for a period of not less than one year prior to the application, has had assets having an aggregate value of not less than \$5,000,000 under his direct administration on a discretionary basis;~~

~~d) be a partner, officer, director or employee of an approved participant;~~

~~e) be licensed, registered or otherwise designated or approved to trade or advise in securities under the securities legislation of a province of Canada.~~

~~2) ————— Futures contracts portfolio manager~~

~~The proficiency requirements for a futures contracts portfolio manager are the following:~~

~~a) ————— have an experience:~~

~~i) either of at least three years as an associate portfolio manager for futures contract;~~

~~ii) or of at least two years as an associate portfolio manager and at least three years as a representative for futures contracts;~~

- ~~b) be a partner, officer, director or employee of an approved participant;~~
- ~~e) at the time of application, and for a period of not less than one year prior to the application, has had assets having an aggregate value of not less than \$5,000,000 under his direct administration on a discretionary basis and including futures contracts;~~
- ~~d) be licensed, registered or otherwise designated or approved to trade futures contracts.~~

~~3) Associate Portfolio Manager~~

~~The proficiency requirements for an associate portfolio manager are the following:~~

- ~~a) have successfully completed:~~
 - ~~i) either the Portfolio Management Techniques course as well as one of the following courses:
 - ~~A. the Professional Financial Planning Course;~~
 - ~~B. the Investment Management Techniques Course;~~~~
- ~~ii) or the Chartered Financial Analyst designation administered by the Association for Investment Management and Research;~~

~~b) have an experience:~~

- ~~i) either of at least two years as an approved and practising registered representative;~~
- ~~ii) or of at least two years as an analyst for an approved participant;~~

- ~~e) be a partner, officer, director or employee of an approved participant;~~
- ~~d) be licensed, registered or otherwise designated or approved to trade or advise in securities under the securities legislation of a province of Canada.~~

~~4) Associate Portfolio Manager for futures contracts~~

~~The proficiency requirements for an associate portfolio manager for futures contracts are the following:~~

- ~~a) have an experience:~~
 - ~~i) either of at least two years as an approved and practising representative for futures contracts;~~
 - ~~ii) or of at least two years as an analyst specializing in futures contracts for an approved participant;~~
- ~~b) be a partner, officer, director or employee of an approved participant;~~
- ~~e) be licensed, registered or otherwise designated or approved to trade futures contracts.~~

~~8) Futures Contracts and Options on Futures Contracts~~

~~The proficiency requirements for a futures contract and options on futures contracts principal or alternate or for an approved representative for futures contract and options on futures contracts are the following:~~

~~a) _____ have successfully completed:~~

~~i) either the Derivatives Fundamentals Course and the Futures Licensing Course;~~

~~ii) or the Futures Licensing Course and the National Commodity Futures Examination administered by the National Association of Securities Dealers (U.S.A.);~~

~~b) successful completion of the Canadian Commodity Supervisors Examination, in the case of an applicant as a futures contract and options on futures contracts principal or alternate or as a branch manager authorized to supervise accounts trading in futures contracts or options on futures contracts;~~

~~c) be a partner, officer, or director of an approved participant in the case of an applicant as a futures contract and futures contract options principal or alternate.~~

~~9) _____ Options~~

~~The proficiency requirements for an options principal or alternate or for an options approved representative are the following:~~

~~a) _____ have successfully completed:~~

~~i) the Derivatives Fundamentals Course and the Options Licensing Course;~~

~~ii) the Options Supervisors Course, in the case of an options principal or alternate;~~

~~b) have satisfied the requirements outlined in section 3 of this policy in the case of an applicant wishing to trade options;~~

~~c) be a partner, officer, or director of an approved participant in the case of an applicant as options principal or alternate.~~

~~10) _____ General Exemption~~

~~Notwithstanding this policy, the Bourse may from time to time exempt any person or class of persons from the proficiency requirements on such terms and conditions, if any, as the Bourse may see fit.~~

POLICY F-3

REQUIRED CONDITIONS FOR GRANTING AN EXEMPTION TO A COURSE OR AN
EXAMINATION OF THE INDUSTRY
(11.06.03, 17.06.05, abr.00.00.07)

Introduction

~~This policy outlines the exemptions that exist from the course and examination requirements for persons seeking to be approved in certain categories of registration. It exempts applicants from the requirement to retake courses or examinations that they have successfully completed if they are re-entering the securities industry, re-registering in a category of registration or seeking initial registration within certain time periods. This policy also provides exemptions to applicants from the requirements to initially take a course or write an examination if the applicant satisfies one of the specifically enumerated exemptions based on grandfathering provisions or the successful completion of other courses and examinations. Finally, this policy sets out the basis upon which the Bourse may grant a discretionary exemption.~~

Definitions

~~For the purposes of the present policy:~~

~~«IFIC» means the Investment Funds Institute of Canada;~~

~~«recognized foreign self-regulatory organization» means a foreign self-regulatory organization recognized by a concerned securities authority and that has similar requirements as the Bourse in terms of efficiency and approval and which offers a reciprocal treatment to Canadian applicants and which has been approved as such by the Bourse;~~

~~«approved person» means an applicant that is approved by and registered with a self-regulatory organization in a category of registration;~~

~~«approved person as investment representative» means a non-retail representative, a discount broker representative and a sales assistant;~~

~~The Canadian Securities Institute, unless otherwise specified, administers all courses and examinations.~~

A. Exemptions to retake courses

1. The Canadian Securities Course

~~—An applicant will be exempted from retaking the Canadian Securities Course if he satisfies one of the following requirements:~~

~~a) he was an approved person, currently seeking to re-enter the securities industry within the same category of registration within three years of his registration lapsing;~~

~~b) he is an approved person, currently seeking re-registration within the same category of registration within three years of that category of registration lapsing;~~

APPENDIX B

~~e) he is currently seeking approval within three years of successfully completing the Canadian Securities Course.~~

~~—An applicant will be exempted from retaking a course listed below if he satisfies one of the following requirements:~~

~~d) he was an approved person, currently seeking to re-enter the securities industry within the same category of registration within three years of his registration lapsing;~~

~~e) he is an approved person, currently seeking re-registration within the same category of registration within three years of that category of registration lapsing;~~

~~f) he is currently seeking approval within two years of successfully completing the course for which he wants to be exempted from retaking.~~

~~—The Conduct and Practices Handbook Course (formerly the Registered Representative Manual Examination);~~

~~—The Partners, Directors and Senior Officers Course (formerly the Partners, Directors and Senior Officers Qualifying Examination);~~

~~—The Derivatives Fundamentals Course;~~

~~—The Options Licensing Course (formerly the Canadian Options Course);~~

~~—The Options Supervisors Course (formerly the Registered Options Principals Qualifying Examination);~~

~~—The Futures Licensing Course (formerly the Canadian Futures Examination, Parts I and II, formerly the National Commodity Futures Examination and the Canadian Commodity Futures Examination);~~

~~—The Canadian Commodity Supervisors Examination;~~

~~—The Branch Managers Course (formerly the Canadian Branch Managers Qualifying Examination);~~

~~—The Professional Financial Planning Course;~~

~~—The Investment Management Techniques Course;~~

~~—The Canadian Investment Funds Course administered by the Investment Funds Institute of Canada;~~

~~—The Investment Funds in Canada Course administered by the Institute of Canadian Bankers;~~

~~—The Principles of Mutual Funds Investment Course administered by the Company Trust Institute.~~

~~2. The Chief Financial Officers Qualifying Examination~~

~~—An applicant will be exempted from rewriting the Chief Financial Officers Qualifying Examination if the applicant:~~

~~a) is currently approved in any category other than chief financial officer and, since completing the Chief Financial Officers Qualifying Examination, has been working closely with and providing assistance to the chief financial officer;~~

~~b) was approved as chief financial officer with an approved participant and is currently seeking re-approval as such within three years of the end of the last approval date;~~

~~c) is currently seeking approval as chief financial officer within two years of successfully completing the Chief Financial Officers Qualifying Examination.~~

~~B. Course Exemptions~~

~~—The Canadian Securities Course~~

~~—An applicant will be exempted from taking the Canadian Securities Course if he satisfies one of the following requirements:~~

~~a) he has been continuously approved as a registered representative since November 1962;~~

~~b) he has successfully completed the previously existing Investment Dealers Association of Canada (IDA) Course I and II, or the previously existing IDA Course I and has acquired five consecutive years of experience in the securities industry and provided he satisfies one of the following requirements:~~

~~i) he is currently approved as a registered representative or investment representative;~~

~~ii) he was an approved person, currently seeking to re-enter the securities industry within the same category of registration within three years of his registration lapsing;~~

~~iii) he is an approved person, currently seeking re-registration within the same category of registration within three years of the registration of that category lapsing.~~

~~c) he has successfully completed the Canadian Investment Management program, Parts I and II and he satisfies one of the following requirements:~~

~~(i) he is currently approved as a registered representative or investment representative;~~

~~(ii) he was an approved person, currently seeking to re-enter the securities industry within the same category of registration within three years of his registration lapsing;~~

~~(iii) he is an approved person, currently seeking re-registration within the same category of registration within three years of that category of registration lapsing;~~

~~(iv) he is currently seeking approval within two years of successfully completing the Canadian Investment Management program, Parts I and II.~~

~~d) he has been licensed with a recognized foreign self regulatory organization or, if applicable, with a competent securities authority prior to submitting his application to the Bourse and he has successfully completed the New Entrants Course.~~

~~—The Conduct and Practices Handbook Course (formerly the Registered Representative Manual Examination)~~

~~—An applicant will be exempted from taking the Conduct and Practices Handbook Course if he satisfies one of the following requirements:~~

~~a) he has been approved continuously as a registered representative since December, 1971;~~

~~b) he has successfully completed the Partners, Directors and Senior Officers Course and he satisfies one of the following requirements:~~

~~(i) he is currently approved as a partner, director, senior officer, registered representative or investment representative;~~

~~(ii) he was an approved person, currently seeking to re-enter the securities industry within the same category of registration within three years of his registration lapsing;~~

~~(iii) he is an approved person, currently seeking re-registration within the same category of registration within three years of that category of registration lapsing;~~

~~(iv) he is currently seeking approval within two years of successfully completing the Partners, Directors and Senior Officers Course.~~

~~—The Partners, Directors and Senior Officers Course (formerly the Partners, Directors and Senior Officers Qualifying Examination)~~

~~—An applicant will be exempted from taking the Partners, Directors and Senior Officers Course if he satisfies the following requirement:~~

~~a) he has been continuously approved as partner, director or senior officer since January 1971.~~

~~—The Derivatives Fundamentals Course~~

~~—An applicant will be exempted from taking the Derivatives Fundamentals Course if he satisfies one of the following requirements:~~

~~a) he has successfully completed the Options Licensing Course and he satisfies one of the following requirements:~~

~~(i) he is currently approved as an options approved representative;~~

~~(ii) he was an approved person, currently seeking to re-enter the securities industry within the same category of registration within three years of his registration lapsing;~~

~~(iii) he is an approved person, currently seeking re-registration within the same category of registration within three years of that category of registration lapsing;~~

~~(iv) he is currently seeking approval within two years of successfully completing the Options Licensing Course.~~

~~b) he has successfully completed the Futures Licensing Course and he satisfies one of the following requirements:~~

~~(i) he is currently approved as an approved representative for futures contract and options on futures contract;~~

~~(ii) he was an approved person, currently seeking to re enter the securities industry within the same category of registration within three years of his registration lapsing;~~

~~(iii) he is an approved person, currently seeking re registration within the same category of registration within three years of that category of registration lapsing;~~

~~(iv) he is currently seeking approval within two years of successfully completing the Future Licensing Course.~~

~~c) he has successfully completed the National Commodity Futures Examination administered by the National Association of Securities Dealers and the Canadian Commodity Futures Examination and he satisfies one of the following requirements:~~

~~(i) he is currently approved as an approved representative for futures contracts and options on futures contracts;~~

~~(ii) he was an approved person, currently seeking to re enter the securities industry within the same category of registration within three years of his registration lapsing;~~

~~(iii) he is an approved person, currently seeking re registration within the same category of registration within three years of that category of registration lapsing.~~

~~—The Options Licensing Course (formerly the Canadian Options Course)~~

~~—An applicant will be exempted from taking the Options Licensing Course if he satisfies one of the following requirements:~~

~~a) he has successfully completed the Put/Calls examination offered by The Toronto Stock Exchange, the Vancouver Stock Exchange or the Montreal Exchange and he satisfies one of the following requirements:~~

~~(i) he is currently approved as an options approved representative;~~

~~(ii) he was an approved person, currently seeking to re enter the securities industry within the same category of registration within three years of his registration lapsing;~~

~~(iii) he is an approved person, currently seeking re registration within the same category of registration within three years of that category of registration lapsing.~~

~~b) he has successfully completed the Options Licensing Course and he satisfies one of the following requirements:~~

~~(i) he is currently approved as an options approved representative;~~

~~(ii) he was an approved person, currently seeking to re-enter the securities industry within the same category of registration within three years of his registration lapsing;~~

~~(iii) he is an approved person, currently seeking re-registration within the same category of registration within three years of that category of registration lapsing;~~

~~(iv) he is currently seeking approval within two years of successfully completing the Options Licensing Course.~~

~~—The Options Supervisors Course (formerly the Registered Options Principals Qualifying Examination)~~

~~—An applicant will be exempted from taking the Options Supervisors Course if he satisfies one of the following requirements:~~

~~a) he has been continuously approved as an options principal since January 1978;~~

~~b) he has successfully completed the Options Supervisors Course and he satisfies one of the following requirements:~~

~~(i) he is currently approved as an options principal;~~

~~(ii) he was an approved person, currently seeking to re-enter the securities industry within the same category of registration within three years of his registration lapsing;~~

~~(iii) he is an approved person, currently seeking re-registration within the same category of registration within three years of that category of registration lapsing;~~

~~(iv) he is currently seeking registration within two years of successfully completing the Options Supervisor Course.~~

~~—The Futures Licensing Course (formerly the Canadian Futures Examination, Parts I and II, formerly the National Commodity Futures Examination and the Canadian Commodity Futures Examination)~~

~~—An applicant will be exempted from taking the Futures Licensing Course if he satisfies the following requirements:~~

~~a) he has successfully completed:~~

~~(i) either the National Commodity Futures Examination and the Canadian Commodity Futures Examination;~~

~~(ii) or the Canadian Futures Examination, Parts I and II;~~

~~(iii) or the National Commodity Futures Examination and the Canadian Futures Examination, Part II;~~

~~(iv) or the Canadian Commodity Futures Examination and the Canadian Futures Examination, Part I.~~

~~b) he satisfies one of the following requirements:~~

~~(i) he is currently approved as an approved representative for futures contracts and options on futures contracts;~~

~~(ii) he was an approved person, currently seeking to re-enter the securities industry within the same category of registration within three years of his registration lapsing;~~

~~(iii) he is an approved person, currently seeking re-registration within the same category of registration within three years of that category of registration lapsing;~~

~~(iv) he is currently seeking approval within two years of successfully completing the course requirements outlined in subparagraph (a) above.~~

~~—The Canadian Commodity Supervisors Examination~~

~~—An applicant will be exempted from taking the Canadian Commodity Supervisors Examination if he satisfies the following requirements:~~

~~a) he has been continuously licensed as a Future contracts and options on futures contracts principal since January 1980.~~

~~—The Branch Managers Course (formerly the Canadian Branch Managers Qualifying Examination~~

~~—An applicant will be exempted from taking the Branch Managers Course if he satisfies one of the following requirements:~~

~~a) he has been continuously approved as branch manager since August 1, 1987;~~

~~b) he has successfully completed the Branch Managers Course and he satisfies one of the following requirements:~~

~~(i) he is currently approved as branch manager;~~

~~(ii) he was an approved person, currently seeking to re-enter the securities industry within the same category of registration within three years of his registration lapsing;~~

~~(iii) he is an approved person, currently seeking re-registration within the same category of registration within three years of that category of registration lapsing;~~

~~(iv) he is currently seeking approval within two years of successfully completing the Branch Managers Course.~~

~~e) he has been continuously approved as sales manager since January 24, 1994, unless the applicant is a sales manager currently seeking approval as a branch manager;~~

~~d) he has successfully completed both:~~

~~(i) the Partners, Directors and Senior Officers Course (formerly, the Partners, Directors and Officers Qualifying Examination) prior to February 1, 1990, and he satisfies one of the following requirements:~~

~~A. he is currently approved as partner, director or officer;~~

~~B. he was an approved person, currently seeking to re-enter the securities industry within the same category of registration within three years of his registration lapsing;~~

~~C. he is an approved person, currently seeking re-registration within the same category of registration within three years of that category of registration lapsing.~~

~~(ii) the Options Supervisors Course and he satisfies one of the following requirements:~~

~~A. he is currently approved as an options principal, an options alternate or a branch manager;~~

~~B. he was an approved person, currently seeking to re-enter the securities industry within the same category of registration within three years of his registration lapsing;~~

~~C. he is an approved person, currently seeking re-registration within the same category of registration within three years of that category of registration lapsing;~~

~~D. he is currently seeking approval within two years of successfully completing the Options Supervisors Course.~~

~~—The Professional Financial Planning Course~~

~~—An applicant will be exempted from writing the Professional Financial Planning Course if he satisfies one of the following requirements:~~

~~a) he was an approved person for a minimum of two years with a securities commission or recognized foreign self-regulatory organization and has not been out of the industry for a period of more than three years;~~

~~b) he has successfully completed the Chartered Financial Analyst designation administered by the Association for Investment Management and Research and he satisfies one of the following requirements:~~

~~(i) he is currently approved as a registered representative or an investment representative;~~

~~(ii) he was an approved person, currently seeking to re-enter the securities industry within the same category of registration within three years of his registration lapsing;~~

~~(iii) he is an approved person, currently seeking re-registration within the same category of registration within three years of the registration of that category lapsing;~~

~~(iv) he is currently seeking approval within two years of successfully completing the Chartered Financial Analyst designation administered by the Association for Investment Management and Research.~~

~~c) he has successfully completed the Financial Planner designation administered by the Institut québécois de planification financière and he satisfies one of the following requirements:~~

~~(i) he is currently approved as a registered representative or an investment representative;~~

~~(ii) he was an approved person, currently seeking to re-enter the securities industry within the same category of registration within three years of his registration lapsing;~~

~~(iii) he is an approved person, currently seeking re-registration within the same category of registration within three years of the registration of that category lapsing;~~

~~(iv) he is currently seeking approval within two years of successfully completing the financial planner designation administered by the Institut québécois de la planification financière.~~

~~d) he has successfully completed the Canadian Investment Management program, Part I and he satisfies one of the following requirements:~~

~~(i) he is currently approved as a registered representative;~~

~~(ii) he was an approved person, currently seeking to re-enter the securities industry within the same category of registration within three years of his registration lapsing;~~

~~(iii) he is an approved person, currently seeking re-registration within the same category of registration within three years of that category of registration lapsing;~~

~~(iv) he is currently seeking approval within two years of successfully completing the Canadian Investment Management program, Part I.~~

~~—The Investment Management Techniques Course~~

~~—An applicant will be exempted from taking the Investment Management Techniques Course if he satisfies one of the following requirements:~~

~~a) he was an approved person for a minimum of two years with a securities commission or recognized foreign self-regulatory organization and has not been out of the securities industry for a period of more than three years;~~

~~b) he has successfully completed the Chartered Financial Analyst designation administered by the Association for Investment Management and Research and he satisfies one of the following requirements:~~

~~(i) he is currently approved as a registered representative or an investment representative;~~

~~(ii) he was an approved person, currently seeking to re-enter the securities industry within the same category of registration within three years of his registration lapsing;~~

~~(iii) he is an approved person, currently seeking re-registration within the same category of registration within three years of the registration of that category lapsing;~~

~~(iv) he is currently seeking approval within two years of successfully completing the Chartered Financial Analyst designation administered by the Association for Investment Management and Research.~~

~~c) he has successfully completed the Financial Planner designation administered by the Institut québécois de planification financière and he satisfies one of the following requirements:~~

~~(i) he is currently approved as a registered representative or an investment representative;~~

~~(ii) he was an approved person, currently seeking to re-enter the securities industry within the same category of registration within three years of his registration lapsing;~~

~~(iii) he is an approved person, currently seeking re-registration within the same category of registration within three years of the registration of that category lapsing;~~

~~(iv) he is currently seeking approval within two years of successfully completing the financial planner designation administered by the Institut québécois de la planification financière.~~

~~d) he has successfully completed the Canadian Investment Management program, Part I, and he satisfies one of the following requirements:~~

~~(i) he is currently approved as a registered representative;~~

~~(ii) he was an approved person, currently seeking to re-enter the securities industry within the same category of registration within three years of his registration lapsing;~~

~~(iii) he is an approved person, currently seeking re-registration within the same category of registration within three years of that category of registration lapsing;~~

~~(iv) he is currently seeking approval within two years of successfully completing the Canadian Investment Management program, Part I.~~

~~—The Canadian Investment Funds Course~~

~~—An applicant will be exempted from taking the Canadian Investment Funds Course administered by the Investment Funds Institute of Canada if he satisfies the following requirement:~~

~~a) he has successfully completed the Canadian Securities Course and he satisfies one of the following requirements:~~

~~(i) he is currently licensed as a group saving representative;~~

~~(ii) he was an approved person, currently seeking to re-enter the securities industry within the same category of registration within three years of his registration lapsing;~~

~~(iii) he is an approved person, currently seeking re-registration within the same category of registration within three years of that category of registration lapsing;~~

~~(iv) he is currently seeking approval within three years of successfully completing the Canadian Securities Course.~~

~~—The Investment Funds in Canada Course~~

~~—An applicant will be exempted from taking the Investment Funds in Canada Course administered by the Institute of Canadian Bankers if he satisfies the following requirement:~~

~~a) he has successfully completed the Canadian Securities Course and he satisfies one of the following requirements:~~

~~(i) he is currently approved as a group saving representative;~~

~~(ii) he was an approved person, currently seeking to re-enter the securities industry within the same category of registration within three years of his registration lapsing;~~

~~(iii) he is an approved person, currently seeking re-registration within the same category of registration within three years of that category of registration lapsing;~~

~~(iv) he is currently seeking approval within three years of successfully completing the Canadian Securities Course.~~

~~—The Principles of Mutual Funds Investment Course~~

~~—An applicant will be exempted from taking the Principles of Mutual Funds Investment Course administered by the Company Trust Institute if he satisfies the following requirement:~~

~~a) he has successfully completed the Canadian Securities Course and he satisfies one of the following requirements:~~

~~(i) he is currently approved as a group saving representative;~~

~~(ii) he was an approved person, currently seeking to re-enter the securities industry within the same category of registration within three years of his registration lapsing;~~

~~(iii) he is an approved person, currently seeking re-registration within the same category of registration within three years of that category of registration lapsing;~~

~~(iv) he is currently seeking approval within three years of successfully completing the Canadian Securities Course.~~

~~C. Discretionary Exemptions~~

~~The Bourse may grant an exemption from the requirement to take or retake any prescribed course or to write or rewrite a prescribed examination, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption, if the applicant demonstrates adequate experience and/or successful completion of securities industry courses or examinations that the Bourse, in its opinion, determines as being an acceptable alternative to the required proficiency.~~

~~The Bourse may reserve its right to impose such additional conditions that it may deem necessary in order to ensure compliance with the purpose of the present policy.~~

POLICY F-4
(23.08.02, [abr. 00.00.07](#))

**PROFESSIONAL TRAINING
REQUIREMENTS**

~~A) 90-days Training Program~~

~~— Before being approved as registered representative, the candidate must complete a 90-day training program. During this period, the candidate must complete a series of practical courses pertaining to the operations of a brokerage firm as enumerated in the training guidelines [see appendix 1]. The requirements relating to the training program are as follows:~~

- ~~1) the candidate must be employed by the approved participant;~~
- ~~2) each approved participant must designate a director, partner or officer responsible for the training program;~~
- ~~3) the approved participant must keep and maintain a file outlining said training program;~~
- ~~4) the approved participant must keep on file a form signed by the person designated in paragraph 2) above certifying that each candidate has completed the 90-day training program;~~
- ~~5) the Bourse will ensure, when proceeding to the approved participant's regulatory examination, that there is effectively in place an adequate and well documented 90-day training program evidencing that the candidate has completed such program. Failing to be able to offer such a training program, the approved participant will no longer be allowed to hire new unexperienced registered representatives.~~

~~B) 30-day Training Program~~

~~— Before being approved as investment representative, the candidate must complete a 30-day training program. During this period, the candidate must complete a series of practical courses pertaining to the operations of a brokerage firm as enumerated in the training guidelines [see appendix 2]. The requirements relating to the training program are as follows:~~

- ~~1) the candidate has to be employed by an approved participant;~~
- ~~2) each approved participant must designate a director, partner or officer to supervise the training program;~~
- ~~3) the approved participant must keep and maintain a file outlining its training program;~~
- ~~4) the approved participant must keep on file a form signed by the person designated in paragraph 2) above, certifying that the candidate has completed the 30-day training program;~~

- ~~5) the Bourse will ensure, when proceeding to the approved participant's regulatory examination, that there is effectively in place an adequate and well-documented 30-day training program evidencing that the candidate has completed such program. Failing to be able to offer such a training program, an approved participant will no longer be allowed to hire new unexperienced investment representatives.~~

~~C) Activities allowed during the training period~~

~~—The candidates are allowed to exercise the following activities during their training period:~~

- ~~1) gather information from existing or prospective clients on behalf of another registered representative, assisting clients with inquiries about their account and giving quotes, provided that candidates do not open any client account before having been approved by the Bourse;~~
- ~~2) communicate with the public, including sending out introduction letters inviting the public to firm seminars, and forwarding information which does not concern specific securities, provided that the restrictions listed hereafter are complied with in regards to non-permitted activities;~~
- ~~3) create and research lists of potential clients for future follow-up work.~~

~~—Candidates who are already approved to sell mutual funds securities can continue to deal with their mutual fund clients for purchase and sale transactions in mutual funds securities only. They cannot solicit or accept any new clients during the 30-day and 90-day training program nor can they transact in securities other than mutual funds securities.~~

~~D) Activities not permitted during the training period~~

~~The candidate must not perform the following activities:~~

- ~~1) engage in any activities in furtherance of a trade;~~
- ~~2) participate in a commission-sharing plan;~~
- ~~3) provide any recommendations, opinions, or advices, either in writing or verbally, with respect to securities as defined in Securities laws;~~
- ~~4) open client accounts;~~
- ~~5) complete know your client information of a New Application Form. However, the candidate may complete the biographical information at the beginning of the form on behalf of a registered representative;~~
- ~~6) distribute personalized research reports to current or prospective clients containing security specific comments, recommendations or opinions. However, the candidate may, when acting on behalf of one or more approved persons, distribute literature including research reports, provided that such literature is approved for distribution by the approved participant or the branch manager;~~
- ~~7) solicit, accept or process any orders, including unsolicited orders.~~

~~E) Certificate confirming that the training program has been completed~~

~~—When the training program is complete, approved participants must file with the Bourse a certificate confirming that the applicant has completed the 30-day or 90-day training program.~~

~~F) Supervision of the candidate activities after completion of the training program~~

~~—When the training program has been completed, the required certificate has been filed with the Bourse and that it has approved the candidate as a registered representative or investment representative, the candidate must be subjected to supervision during six (6) months period. This six (6) months supervision starts on the date on which the candidate is approved and the approved participant must file with the Bourse a monthly supervision report in the form prescribed for this purpose. A copy of this report must be kept in the training records of the approved participant.~~

~~G) Approval of the practical training program~~

~~—No prior approval by the Bourse is required. However, the 30-day and 90-day training programs may be reviewed by the Bourse during an on-site examination of the approved participant in order to ensure that it meets minimum content requirements.~~

~~H) Additional training program when changing the registration category~~

~~—In the case of a person approved as an investment representative, who wants to change his status to be approved as a registered representative, this person must follow an additional training program of 60 days that must cover all topics of the 90-day training program which were not covered in the 30-day program.~~

POLICY F-4 – APPENDIX 1

GUIDELINES — TRAINING PROGRAM

(23.08.02, abr.00.00.07)**Prescribed minimum requirements of the 90-day training program**

Since the goal of the 90-day training program is to prepare the persons who want to be approved as registered representative, the practical training program must cover topics relating to taking and entering orders, giving quotes, reporting on trades, correcting errors, responding to customer inquiries and handling other customer service duties. In general, the focus should be on the products, policies, procedures and systems of the approved participant.

Part I — GENERAL BACKGROUND**1. Capital Markets Overview**

- Suppliers of capital
- Users of capital
- How a company raises funds
 - the underwriting process
- Raising funds for governments
 - auction process
- The economy and securities values
- Canadian taxes on investments
 - tax treatments
 - impacts on markets

2. Overview of securities systems

- Evolution of the securities industry
- The brokerage firm today
- Roles of other participants
 - the major markets
 - overseers
 - securities commissions
 - self regulatory organizations (SROs)
- Clearing corporations/depositories
- Canadian Securities Institute (CSI)
- Canadian Investor Protection Fund (CIPF)
- The purpose of self regulation

3. Your firm and the industry

- Relative size
- Specialization
- Ownership Structure of the firm
- Mission
- General policies

- Organizational structure

4.Firm's place in the securities industry

- Roles, minimum education requirements and competitive differences among:
 - brokers
 - brokers—dealers
 - group saving representative
 - registered representative and investment representative
 - options representative and Futures contracts representative
 - financial planners
 - portfolio managers
 - banks, trust companies and insurance advisors

5.Mission, Contribution et Role of the Investment Advisor

- Mission
- Major responsibilities
- Firm expectations

Part II—PRODUCT KNOWLEDGE

1.Fixed income products

- Product introduction and valuation
 - bonds and debentures
 - coupons
 - mortgage-backed securities
 - money market instruments
- Impact on firm
 - corporate finance
 - underwriting
 - trading
 - back office

2.—Equities

- Product introduction and valuation
 - common and preferred stock
 - warrants
- Impact on firm
 - research and analysis
 - underwriting
 - trading

3.—Derivative Products

- Product introduction and valuation
 - options
 - futures contracts
 - other derivative products

- Impact on firm
 - trading
 - back office

4. Mutual Funds

- Types
 - fixed income funds
 - equity funds
 - other funds
- Special feature funds

5. Firm Proprietary Products

Part III—PORTFOLIO PLANNING

(Mandatory for full service brokers but optional for discount brokers)

1. Basic Financial Planning

- Defining and setting goals
 - net worth calculation
 - legal considerations (wills and obligations)
 - personal considerations (health, age, family situation, etc.)
 - personal tastes and styles
- Designing the plan
- Record keeping
- Specialized knowledge
 - life insurance
 - estate planning

2. Tax and Retirement Planning

- RRSPs
- RRIFs
- Annuities

3. Portfolio Theory and Asset Allocation

- Definition and rationale
- Risk and diversification
- Risk and return
- Asset allocation strategies

Part IV—TRANSACTIONS, ADMINISTRATION AND OPERATIONS

1. Client Accounts

- Types
- Documentation
- Procedures (opening, closing, etc.)

- Transfers
- Special accounts (i.e. trust)
- Fees

2.Settlement of transactions

- Accepted forms of payment
- Time frames
- Delivery against payment

3.Margin and other Credit Policies

- Margin requirements
- Unsecured accounts
- Collection
- Interest policies and calculations
- Restrictions

4.Commission / Compensation

- Premium / discount policies
- New issues
- Mutual funds
- Commission sharing

5.Trail of a transaction by product type

- Order entry
- The transaction
- Trade processing / contracts
- Error corrections
- Settlement
- Client statement of account
- Client services
- Case studies

6.Firm Structure and Roles

- Reorganization
- Cage
- Risk management
- Branch administration
- Investment Syndicate

7.Client Record Keeping

- Order tickets
- Confirmations
- Statement of accounts

8. Systems and technology

- Functions
- Input
- Audit trail
- Record keeping

9. Client Communication

- Regulatory aspects
- Firm policies

Part V—COMMUNICATION TRAINING

1. Prospecting new clients

- Methods
- Lists
- Preparation
- Building business relationships
- Work experience with senior Investment Advisor

2. Selling skills

- Sales basics
- Techniques
- Telemarketing
- Client motivation
- Role play

3. Ancillary skills

- Planning
- Time management
- Goal setting
- Performance assessment

Part VI—STANDARDS OF CONDUCT AND PRACTICE

1. Business Ethics

- Historical perspective
- Models
- Case studies

2. Compliance Rules and Regulations

- Regulatory aspects
- Legal aspects
- Firm specific aspects

3. Compliance procedures

- Regulatory
- Firm-wide
- Branch level
- Supervision
- Complaint procedures

4. Know Your Client Rule

- Background
- Current interpretations
- Record keeping
- Case studies

5. Suitability of transactions

- Background
- Current interpretations
- Procedures
- Case studies

POLICY F-4 – APPENDIX 2

GUIDELINES – TRAINING PROGRAM

(23.08.02, abr. 00.00.07)

~~Prescribed minimum requirements of the 30 day training program~~

~~Since the goal of the 30 day training program is to prepare the persons who want to be approved as investment representative, the practical training program must cover topics relating to taking and entering orders, giving quotes, reporting on trades, correcting errors, responding to customer inquiries and handling other customer service duties. In general, the focus should be on the products, policies, procedures and systems of the approved participant.~~

~~More specifically, the training must cover the following topics:~~

~~1) The approved participant:~~

~~a) the firm and its position within the securities industry;~~

~~b) products and services offered; and~~

~~c) key relationships such as those with related financial institutions, introducing brokers or carrying brokers.~~

~~2) Product Knowledge:~~

~~a) products offered by the approved participant;~~

~~b) characteristics of and key information regarding each product; and~~

~~c) obtaining quotes and other information on each product.~~

~~3) Trading for each type of product offered:~~

~~a) types of orders;~~

~~b) required information;~~

~~e) order entry account recording procedures;~~

~~d) disclosure requirements;~~

~~e) changing and cancelling orders;~~

~~f) clients' credit and transaction suitability assessment; and~~

~~g) prohibitions on advice.~~

~~4) Compliance issues~~

~~a) business ethics;~~

~~b) _____ compliance rules, regulations and procedures;
and~~

~~e) compliance and credit contact persons.~~

~~5) Trades and operations:~~

~~a) approved participant operations departments and their functions;~~

~~b) account types, opening, documentation and operation;~~

~~c) settlement of transactions;~~

~~d) margin and credit policies;~~

~~e) commissions;~~

~~f) transaction follow-up;~~

~~g) client records;~~

~~h) systems and technology; and~~

~~i) communications with clients.~~