

1 RULE 1 - BUSINESS STRUCTURES AND QUALIFICATIONS

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Individual Qualifications

- (1) **Definitions.** For the purposes of this Rule and Rule No. 900,
 - (a) “continuing education program” (“CE program”) means the Mutual Fund Dealer Continuing Education program.
 - (b) “Business Conduct Credit” means one hour of continuing education activity in a business conduct topic area, as prescribed under Rule 900.
 - (c) “cycle” means any 24-month period beginning on December 1st of an odd-numbered year.
 - (d) “Compliance Credit” means a continuing education activity in a Mutual Fund Dealer Compliance topic area, as prescribed under Rule 900.
 - (e) “Professional Development Credit” means one hour of continuing education activity in a professional development topic area, as prescribed under Rule 900.
- (2) The CE Program referred to in subsection (1)(a) above, consists of the following components: (i) business conduct; (ii) professional development; and (iii) Mutual Fund Dealer compliance.

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Continuing Education (CE)

- (a) **Compliance with CE Requirements.** Each Member and each Approved Person shall comply with continuing education requirements applicable to them, as set out under this Rule and Rule 900.
- (b) **Dealing Representative.** For each cycle, every Approved Person who is registered as a dealing representative under Canadian securities legislation must complete 8 Business Conduct Credits, 20 Professional Development

Credits and 2 Compliance Credits, in accordance with requirements under Rule 900.

- (c) **Chief Compliance Officer, Ultimate Designated Person and Branch Manager.** Where an Approved Person is not registered as a dealing representative, but is registered as either a chief compliance officer or ultimate designated person under Canadian securities legislation, or is designated by the Member as a branch manager, alternate branch manager, or alternate chief compliance officer under the Rules, that individual must, for each cycle, complete 8 Business Conduct Credits, and 2 Compliance Credits, in accordance with requirements under Rule 900.
- (d) **CE Requirements for a Partial Cycle.**
 - (i) **Non-Application.** An Approved Person is not required to meet the CE requirement for any component credit specified under Rule 1.2.6(b) or (c), where, in any given cycle, the Approved Person is subject to that component requirement for a period that is less than, or equal to, 2 months.
 - (ii) **Pro-ration of Credits.** Where an Approved Person is subject to requirements for any CE component credit specified under Rule 1.2.6(b) or (c) for less than a full cycle, and the period in question is greater than 2 months, the Approved Person may be able to satisfy such requirements on a pro-rata basis, in accordance with the applicable provisions of Rule 900.
- (e) **Leaves of Absence.** Where an Approved Person is subject to the requirements under Rule 1.2.6(b) or (c), and was absent, for a period of at least 4 consecutive weeks, from their employment as an Approved Person, the CCO can reduce the CE credit requirements applicable to that Approved Person under Rule 1.2.6(b) or (c), in accordance with the applicable provisions under Rule 900.
- (f) **Evidence of Completion.** Each Member must maintain evidence of completion of CE credits for a cycle, as required under Rule 900 following the end of that cycle.
- (g) **Reporting.** Each Member must meet the minimum requirements set out under Rule 900 respecting notification to the Corporation of the completion of CE credits.
- (h) **Non-compliance.**
 - (i) Where, for any given cycle, an Approved Person does not meet the CE credit requirements of the continuing education program, that

individual shall cease to act as an Approved Person of any Member, until such time as the Corporation has determined that the prescribed CE credit requirements have been met.

- (ii) Each Member shall be liable for and pay to the Corporation fees, levies, or assessments in the amounts prescribed from time to time by the Corporation for the failure of the Member or an Approved Person to comply with the requirements of this Rule or Rule 900.

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17 RULE 900 – CONTINUING EDUCATION (“CE”) REQUIREMENTS

Purpose

Rule 1.2.6 prescribes continuing education requirements for Approved Persons of Members. The purpose of this Rule is to establish minimum requirements for compliance with provisions under the Rule.

Definitions

(For the purposes of this Rule)

“date of participation” means the date upon which an Approved Person was registered under securities legislation, or designated by a Member under Rules, in one or more categories set out under Rule 1.2.6(b) and (c).

“CE reporting and tracking system” or CERTS means the online system established for the purpose of administering the CE program.

“Participant” means any Approved Person who is registered, during a cycle, as a dealing representative, chief compliance officer or ultimate designated person under Canadian securities legislation, or designated by the Member as a branch manager or alternate branch manager, or alternate chief compliance officer under Rules.

GENERAL CE CREDIT REQUIREMENTS

Rule 1.2.6 (b) requires every Approved Person who is registered as a dealing representative under Canadian securities legislation to complete 8 Business Conduct Credits, 20 Professional Development Credits and 2 Compliance Credits each cycle.

Rule 1.2.6 (c) requires Approved Persons who are not registered as a dealing representative, but are registered as a chief compliance officer or ultimate designated person under Canadian securities legislation, or designated by the

Member as a branch manager or alternate branch manager, or alternate chief compliance officer under Rules, to complete 8 Business Conduct Credits and 2 Compliance Credits each cycle.

PART A

PRO-RATION OF CREDITS

Rule 1.2.6(d) addresses the application of CE requirements for a partial cycle. This section sets out details regarding the application of CE requirements for new and returning Participants, and where there is a change in participation for a Participant.

1. New Participants.

- 1.1. Requirements under Rule 1.2.6(b) or (c) do not apply to a Participant where their initial date of participation falls within the 23rd or 24th month of the cycle.
- 1.2. A Participant, who is in their first cycle, must satisfy the requirements for each CE component under Rule 1.2.6(b) and (c) on a pro-rata basis, where their initial date of participation falls within months 1 to 22 of that cycle. A pro-rata calculation made under this section must use the following formula:

$$\text{Total Number of Component Credits Required} = A \times B$$

24

where

A = the total number of credits required for the CE component in a full cycle (i.e. 8 for business conduct, 20 for professional development, and 2 for compliance); and

B = the total number of months remaining in the cycle, including the month of participation; and

The **Total Number of Component Credits Required** is rounded up to the nearest full credit.

2. Returning Participants.

- 2.1. A returning Participant who has been previously registered under securities legislation as a dealing representative, chief compliance officer or

ultimate designated person, or has been previously designated by a Member under Rules as a branch manager, alternate branch manager or alternate chief compliance officer:

- (a) must, within 10 business days of returning as a Participant, satisfy their outstanding CE credits, if any, from the immediately preceding cycle;
- (b) is not required to satisfy the requirements under Rule 1.2.6(b) and (c) in the current cycle, if, as a returning Participant, their date of participation falls within the 23rd or 24th month of the cycle;
- (c) must satisfy, on a pro-rata basis, the requirements for each CE component under Rule 1.2.6(b) and (c) for the current cycle, using the formula set out in section 1.2 above, provided that their date of participation falls within months 1 to 22 of the current cycle.

3. Change in Participation.

- 3.1 During the course of a cycle, there may be changes to a Participant's categories of registration under securities legislation, or to their designated categories under the Rules. As a result of such changes, the Participant may become subject to CE requirements which are different from those to which they were subject to earlier in that cycle. In such circumstances, the Participant must use the following formula to determine their requirements for each CE component for the cycle:

$$\text{Total Number of Component Credits Required} = A \times C$$

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where

A = the total number of credits required for the CE component in a full cycle (i.e. 8 for business conduct, 20 for professional development, and 2 for compliance); and

C = the total number of months in the cycle, including each initial partial month, during which the component credit requirement was applicable; and

The **Total Number of Component Credits Required** is rounded up to the nearest full credit.

- 3.2 Notwithstanding the provisions under 3.1, a Participant is not required to satisfy the requirements for any CE component under Rule 1.2.6(b) or (c) for the current cycle, provided that the total number of months in the cycle during which the component credit requirements was applicable, including each initial partial month, is less than 3.

PART B

LEAVES OF ABSENCE

4. Leaves

- 4.1. Rule 1.2.6(e) permits a Member to reduce the CE credit requirements applicable to a Participant under Rule 1.2.6(b) or (c) in circumstances where the Participant was absent, for a period of at least 4 consecutive weeks, from their employment as an Approved Person due to the following:
- (a) Pregnancy or parental leave;
 - (b) Personal emergency leave;
 - (c) Family caregiver or medical leave;
 - (d) Personal illness or injury;
 - (e) Mandatory duty as a juror or witness; or
 - (f) Other similar leaves of absence defined under applicable provincial laws.
- 4.2. In order to reduce the number of CE credit requirements, the chief compliance officer, or their delegate, must:
- (a) approve the reduction in the number of credits;
 - (b) maintain sufficient evidence and documentation to support their decision, including the following:
 - (i) how the calculation of the reduction in credits was determined;
 - (ii) the nature of the absence; and
 - (c) notify the Corporation of the reduction in the number of credits by filing a credit reduction report with the Corporation no later than 10

days following the end of each cycle in which the consideration was applicable.

- 4.3. A reduction in credits must be calculated using the formula outlined under 1.2 above.

PART C

COMPONENT CONTENT

This section sets out minimum standards for continuing education content. These standards should be considered in the context of what is reasonable based on the Participant's roles and responsibilities and the Member's operations. Members must have procedures for identifying appropriate training topic areas for their Participants.

5. Business Conduct.

- 5.1. Business Conduct content is educational material that promotes, directs and guides ethical and compliant conduct. It includes education regarding ethical issues, Rules, other applicable legislation, and Member's policies and procedures for complying with regulatory requirements.
- 5.2. A single Business Conduct Credit consists of 1 hour of training in at least one of the following topic areas:
 - (a) Ethics;
 - (b) Rules and Member policies and procedures for complying with the Rules; and
 - (c) Relevant legislation and its application.
- 5.3. For each cycle where a Participant is required to obtain at least 8 Business Conduct Credits, a minimum of 1 and maximum of 2 credits must be content relating to ethics.
- 5.4. Ethics related content refers to content that examines ethical principles and moral or ethical problems that may arise in performing duties on behalf of a Member, including the principles under Rule 2.1.1. It applies to all aspects of business conduct and is relevant to the conduct of individuals and entire organizations.
- 5.5. Other business conduct topics include, but are not limited to:
 - (a) Conflicts of interests;

- (b) Personal financial dealings;
- (c) Regulatory requirements and initiatives that affect Member operations;
- (d) Disclosure of information to clients;
- (e) Documentation standards;
- (f) Know-Your-Client;
- (g) Suitability and new products;
- (h) Know-Your-Product;
- (i) Anti-money laundering laws and regulations and related Member policies and procedures;
- (j) Security and privacy of information; and
- (k) Complaint handling.

6. Professional Development.

- 6.1. Professional Development content is educational material that maintains or enhances a Participant's financial knowledge or proficiency.
- 6.2. A single Professional Development Credit consists of 1 hour of training in at least one of the following topic areas:
 - (a) Products;
 - (b) Financial planning;
 - (c) Retirement planning;
 - (d) Investment strategies and asset allocation;
 - (e) Client management techniques;
 - (f) Economics, Accounting, and Finance;
 - (g) Tax planning;
 - (h) Estate planning; and
 - (i) Insurance.

7. Compliance.

- 7.1. Compliance content is education material relating to the conduct of Members and Participants that has been specifically designated by the Corporation. Compliance content will include areas relating, but not limited, to, compliance examination findings, Compliance and Enforcement priorities, and proposed Rule changes.
- 7.2. The two Compliance Credits must be obtained by completing continuing education activities specifically designated by the Corporation.

PART D**DELIVERY STANDARD**

- 8.1. Members may provide required content through their own training initiatives or through third parties.
- 8.2. A Member or third party may submit a continuing education activity for accreditation through the Corporation's accreditation process.

PART E – MEMBER'S ADMINISTRATION OF THE CONTINUING EDUCATION PROGRAM

- 9.1 A Member must:
 - (a) verify the Participant's compliance with the requirements at the end of the cycle,
 - (b) keep evidence of a Participant's completion of the CE activity in accordance with Part F of this Rule,
 - (c) verify completion of a CE activity and keep continuing education program records, including activity related materials, for each cycle for a minimum of seven years following the end of the cycle,
 - (d) designate an individual responsible for supervising training and approving a Participant's chosen CE activity,
 - (e) ensure that a Participant's chosen CE activity satisfies the content criteria described in Part C of this Rule,

- (f) where the CE activity is delivered by the Member, evaluate a Participant's knowledge and understanding of the activity, and
- (g) ensure that each Participant meets the continuing education requirements during each cycle.

PART F

EVIDENCE OF COMPLETION

- 10.1. Evidence of completion for CE credits, as required under Rule 1.2.6, may be in the form of supporting documentation issued by a third party, including certificates/other notices of completion, attendance records, or test results.

PART G

REPORTING

- 11.1. Members must use CERTS to comply with the reporting obligations of Rule 900.
- 11.2. Only CE credits obtained during the assigned eligibility period may be used to satisfy the requirements under Rule 1.2.6. Credits obtained during any cycle may only be used to satisfy the prescribed credit requirements for that cycle.
- 11.3. Members must file reports of completed CE credits, no later than 10 business days following the end of the cycle.
- 11.4. Notwithstanding the provisions under 11.3, when a Participant ceases to be an Approved Person of a Member, that Member must file a report of all completed CE credits for that Participant within 30 days.

PART H

ASSESSMENTS

- 12.1. The Corporation may, at its discretion, conduct a review of any accredited continuing education activity delivered to Participants including the records to be retained by a Member in respect of the CE credits reported to the Corporation.
- 12.2. In such instances, the Member shall be notified, in writing, by the Corporation of the continuing education activities being reviewed and will

have 15 days to submit to the Corporation any documents and information requested as part of the assessment.

- 12.3. Failure by a Member to submit adequate evidence to support the continuing education activity delivered and the CE credits reported may result in the rejection by the Corporation of all or some of the reported CE credits associated with that continuing education activity. As a result of such rejection, the Participant may, for that cycle, be found to be non-compliant with the requirements under Rule 1.2.6.

PART I

NON-COMPLIANCE

13. Notification and Fees.

- 13.1. Where, for any given cycle, the Corporation's records indicate that a Participant has not met the requirements as prescribed under Rule 1.2.6 and Rule 900, the Corporation shall notify the Participant's sponsoring Member of the non-compliance determination no later than 30 days from: (i) the end of the cycle, (ii) for a returning Participant, upon failure to satisfy any outstanding credits from the immediately preceding cycle, or (iii) at the completion of an assessment of the records maintained by a Member where a rejection by the Corporation of reported CE credits has resulted in non-compliance for a Participant.
- 13.2. Where a Member has been notified of such non-compliance pursuant to paragraph 13.1 above, the Member shall have 15 days to submit a response for each non-compliance notification detailing a plan for each Participant to become compliant with the requirements under Rule 1.2.6 and this Rule.
- 13.3. Where, after receiving and reviewing the Member's response, the Corporation has determined that a Participant has not met the prescribed credit requirements for a given cycle, and the Corporation is not satisfied with the Member's response, the Corporation shall provide notification to the Participant's sponsoring Member indicating that the Participant is not to act as an Approved Person of any Member until such time as the Corporation has determined that the prescribed credit requirements have been met.
- 13.4. Where a Member has been notified pursuant to paragraph 13.3 above, the Member shall: (i) immediately provide appropriate notification of this matter to the applicable Participant, and (ii) promptly take all steps necessary to ensure that all impacted clients continue to receive service in accordance with requirements under the Rules.

- 13.5. Where the Corporation has determined that a Participant has not met the prescribed credit requirements for any given cycle, as prescribed under Rule 1.2.6 and Rule 900, the Corporation may, for each such occurrence, impose a \$2,500 fee on the Participant's sponsoring Member.
- 13.6. Members will have 30 days from the date of notification to pay the fee in full to the Corporation.

14. Reinstatement.

- 14.1. Where the Corporation has provided notification to a Participant's sponsoring Member pursuant to paragraph 13.3, the Member may file CE credit reports for that applicable cycle for review by the Corporation.
- 14.2. Where the Corporation subsequently determines that the Participant has met the prescribed credit requirements for that applicable cycle, notification will be delivered to the Participant's sponsoring Member stating that the Participant is in compliance with the requirements under Rule 1.2.6 and Rule 900.