



Document Type : Companion Policy
Document N°. : 31-502
Subject : Supplementary Registration Requirements
Published Date : 25 September 2009
Effective Date : 28 September 2009

COMPANION POLICY

SUPPLEMENTARY REGISTRATION REQUIREMENTS

PART 1 GENERAL

1(1) Definitions - In this companion policy,

"Act" means the *Securities Act*, SNB c. S-5.5, as amended;

"Commission" means the New Brunswick Securities Commission;

"IIROC" means the Investment Industry Regulatory Organization of Canada

"LR 31-502" or the "instrument" means Local Rule 31-502 *Supplementary Registration Requirements*;

"MFDA" means the Mutual Fund Dealers' Association of Canada;

"MI 11-102" means Multilateral Instrument 11-102 *Passport System*;

"NI 31-103" means National Instrument 31-103 *Registration Requirements and Exemptions*;

"31-103CP" means Companion Policy 31-103 *Registration Requirements and Exemptions*;

“SN 32-701” means Staff Notice 32-701 *Exemptive Relief Applications from Registration Requirements*.

“SRO” means self-regulatory organization.

1(2) Further definitions – Unless otherwise defined, terms used in this companion policy and that are defined in the *Act*, MI 11-102, National Instrument 14-101 *Definitions* or NI 31-103 have the same meanings as in those instruments.

PART 2 MORTGAGE BROKERING ACTIVITIES AND SUITABILITY FOR REGISTRATION

2(1) Suitability for registration - To address potential conflicts of interest and to ensure that a registrant can discharge its responsibilities to its clients, LR 31-502 specifically prohibits a registered individual, whose principal regulator is New Brunswick, from acting as a mortgage broker, unless otherwise exempted. 31-103CP, while not specifically prohibiting this practice, does state that a regulator will look at other employment or partnerships when assessing a registrant’s suitability for registration.

Certain financial institutions, such as banks and certain referral activities are exempted from this requirement.

2(2) Application for an exemption - Commission staff will generally support an application for relief from the prohibition on mortgage brokering activities for an individual if the application conforms to the guidelines set out below:

- the application is made in accordance with SN 32-701
- the applicant can represent that:
 - all mortgage brokering activity will be supervised and approved by the registered firm;
 - policies and procedures are in place at the registered firm to prevent or minimize conflicts of interest; and
 - policies and procedures are in place to prevent or minimize the misuse of personal information.

2(3) Suitability generally - While LR 31-502 specifically places a prohibition on mortgage brokering activities, the Executive Director may also prohibit other types of employment or partnerships where the Executive Director is of the opinion that such employment or partnership negatively affects a registrant’s suitability for registration.

**PART 3 REGISTRATION EXEMPTION REGARDING DIRECTED SALES
COMMISSIONS OR FEES**

3(1) Exemption requirements- The Commission has determined, subject to terms and conditions described in the instrument, that it would not be prejudicial to the public interest to exempt a corporation controlled by a registered individual from the registration requirements of the *Act* for the sole purpose of permitting the corporation to receive commissions and fees from a registered firm that is registered as a dealer and is a member in good standing of a SRO that has been recognized under paragraph 35(1)(b) of the *Act* as these commissions or fees relate to the registered individual's trading or advising in securities.

Currently the only recognized SROs in New Brunswick are the MFDA and IIROC.

It is incumbent upon the registered individual who intends to rely on this Part to ensure that this Part does not conflict with any rules, regulations, by-laws, policies, notices, practices, procedures, bulletins or other regulatory instruments of the relevant SRO that are in effect.

PART 4 COLD CALLING BY REGISTRANTS

4(1) Act requirements - Part 5 of LR 31-502 should be read in conjunction with section 57 of the *Act*.