

**Explanatory Guides:** To provide direction in regard to the completion of the various NRD forms / screens, the participating members of the CSA and IDA will periodically publish Explanatory Guides. These Explanatory Guides will be posted on the NRD-Info web site.

## Explanatory Guide No. 2 Item 13 – Regulatory Disclosure

### Purpose

This explanatory guide elaborates on the instructions found in Item 13, the Regulatory Disclosure section of 33-109 F4 and the NRD system.

Item 13, Regulatory Disclosure, provides regulators with information about current and former regulatory statuses that are not disclosed on NRD. The more information provided by an applicant, the more efficiently the regulator or securities regulatory authority will be able to determine suitability for registration. The regulator or securities regulatory authority may require additional information.

### Interpretation

Definition: 10% Shareholding

All references to greater than 10% shareholder are intended to also capture any shareholders owning 10% of the voting shares of a company.

### 13.1: Securities Regulatory Authorities

**13.1 (a)** Other than a registration that has been recorded on NRD under the NRD number you are using to make this submission, are you now, or have you ever been, registered or licensed to trade in or advise on securities or exchange contracts (including commodity futures contracts and commodity futures options) in any province, territory, state or country?

To answer this question, the applicant should disclose 1) all former registrations anywhere not recorded on NRD, and 2) current registrations in Quebec or outside of Canada. For each of these former or current registrations please provide the following:

- name of sponsoring firm (firm you worked for)
- Securities Regulatory Authority (i.e., Securities Commission) that registered / licensed you
- type of category of registration / license (your registration category)
- date of registration (year and month)
- duration of registration/approval from (year and month) to (year and month)

**13.1 (b)** Are you now, or have you ever been, a partner, director, officer, or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of any firm which has been registered or licensed, or is now registered or licensed to trade in or advise on securities or exchange contracts (including commodity futures contracts and commodity futures options) in any province, territory, state or country?

This question enlarges on the information requested in 13.1(a), to include "non-registered" categories such as non-trading/non-advising officer, partners, directors and shareholders. If an individual has been a PDO or a shareholder holding 10% or more of the shares, they must list:

- name of sponsoring firm (that you worked for)

- Securities Regulatory Authority (i.e., Securities Commission) that approved / licensed / registered you
- type or category of registration / approval / licensing
- date of your registration / approval (year and month)
- duration of registration/approval from (year and month) to (year and month)

Alternately, if all of this information was included in 13.1 (a), above, the applicant may answer this question indicating all has been disclosed in the question above.

- 13.1(c)** Have you, or has any firm (other than your sponsoring firm or a firm that is or was registered in a Canadian jurisdiction and identified in response to Item 13(1)(b)), when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been refused registration or a license to trade in or advise on securities or exchange contracts (including commodity futures contracts and commodity futures options) in any province, territory, state or country?

This question is meant to identify if 1) the individual or 2) any associated firms have been refused registration.

1) If you, as an individual, were refused registration include the following information:

- Name of sponsoring firm (firm you worked for)
- Securities Regulatory Authority (i.e., Securities Commission) that refused you
- type or category of registration applied for
- date of refusal (year and month)
- reasons for refusal

2) If you were a PDO or shareholder of a firm that was refused registration include the following information:

- Name of the firm that was refused
- Securities Regulatory Authority (i.e., Securities Commission) that refused the application
- type or category of registration applied for
- date of refusal (year and month)
- reasons for refusal

- 13.1 (d)** Have you, or has any firm (other than your sponsoring firm or a firm that is or was registered in a Canadian jurisdiction and identified in response to Item 13(1)(b)), when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been denied the benefit of any exemption from registration provided by securities legislation or legislation governing exchange contracts (including commodity futures contracts and commodity futures options) in any province, territory, state or country?

This question is meant to identify if 1) the individual or 2) any associated firms have been denied an exemption.

1) If you, as an individual, were denied a registration exemption include the following information:

- Name of sponsoring firm (firm you worked for)
- Securities Regulatory Authority (i.e., Securities Commission) that denied the exemption

- type of exemption applied for
- date of denial of exemption (year and month)
- reasons for denial of exemption

2) If you were a PDO or shareholder of a firm that was denied a registration exemption include the following information:

- Name of the firm that was denied the exemption
- Securities Regulatory Authority (i.e., Securities Commission) that denied the exemption
- type of exemption requested
- date of denial of exemption (year and month)
- reasons for denial of exemption

**13.1 (e)** Have you, or has any firm (other than your sponsoring firm or a firm that is or was registered in a Canadian jurisdiction and identified in response to Item 13(1)(b)), when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been subject to a cease trade order, a cease distribution order, a suspension or termination order, any disciplinary proceedings or any order resulting from disciplinary proceedings pursuant to securities legislation or legislation governing exchange contracts (including commodity futures contracts and commodity futures options) in any province, territory, state or country?

This question is meant to identify 1) the individuals or 2) any associated firms that have been subject to a regulatory proceeding.

1) If you, as an individual, were subject to a regulatory proceeding include the following information:

- Name of sponsoring firm (firm you worked for)
- Securities Regulatory Authority (i.e., Securities Commission) that conducted the proceeding
- type of proceeding
- dates of notice and decision / settlement etc.
- outline the events that led to the proceeding and the details of the outcome of the proceeding;  
or

2) If you were a PDO or shareholder of a firm that was subject to a proceeding include the following information:

- Name of the firm that was subject to the proceeding
- Securities Regulatory Authority (i.e., Securities Commission) that conducted the proceeding
- type of proceeding
- dates of notice and decision / settlement etc.
- outline the events that led to the proceeding and the details of the outcome of the proceeding.

### Item 13.2: Self-Regulatory Organizations

**13.2(a)** Have you, or has any firm (other than your sponsoring firm or a firm that is or was registered in a Canadian jurisdiction and identified in response to Item 13(1)(b)), when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been a member or participating organization of any stock exchange or other self-regulatory organization in any province, territory, state or country?

This question is meant to identify 1) the individual or 2) associated firm that is / has been a SRO member. **Note:** Information need only be disclosed in this section if the individual was associated with a non-Canadian firm that was a member or PDO of a SRO.

If the information requested in this question has already been disclosed under question 13.1(a), applicants may make a reference to 13(1)(a) in answering this questions, and need not repeat the information. E.g. “refer to the information in the Securities Regulatory Authorities questions above.”

**Definition:** For this question a self-regulatory organization (SRO) includes: IDA, MFDA, ME and TSX and any other non-Canadian or Quebec self-regulatory organizations or exchanges.

To answer this question, the applicant should disclose 1) all memberships with any SRO anywhere that are not recorded on NRD and 2) current memberships in Quebec or outside of Canada

1) If you were had an individual registration or membership with a SRO, or participant with an exchange, for each of these former or current registrations please provide the following:

- Name of sponsoring firm (firm through which you were approved)
- Self Regulating Organization
- the approval categories (e.g. RR, RRO, FCOS, Officer (Trading), Director etc).
- date (Year and Month) they were approved in these categories with each firm;
- duration of approval from (Year and Month) to (Year and Month) in these categories; or

2) If you were a PDO or shareholder of a firm that was a member of a SRO, or an exchange participant include the following information:

- Name of registered / member firm
- Self Regulating Organization
- the approval categories (e.g. investment dealer - equities).
- the date (Year and Month) the firm was approved in these categories with each firm;
- duration of approval from (Year and Month) to (Year and Month) in these categories

**13.2 (b)** Have you, or has any firm (other than your sponsoring firm or a firm that is or was registered in a Canadian jurisdiction and identified in response to Item 13(1)(b)), when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been refused membership or entry as a participating organization in any stock exchange or other self-regulatory organization in any province, territory, state or country?

This question is meant to identify if 1) the individual or 2) any associated firms have been refused membership or registration in any self-regulatory organization (SRO).

1) If you, as an individual, were refused membership or registration with a SRO include the following information:

- Name of sponsoring firm (that you worked for)
- Self Regulating Organization that refused you
- type of approval applied for
- date of refusal (year and month)
- reasons for refusal

2) If you were a PDO or shareholder of a firm that was refused registration or membership with a SRO include the following information:

- Name of the firm that was refused
- Self Regulatory Organization that refused the application
- type of membership applied for
- date of refusal (year and month)
- reasons for refusal

**13.2 (c)** Have you, or has any firm (other than your sponsoring firm or a firm that is or was registered in a Canadian jurisdiction and identified in response to Item 13(1)(b)), when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been subject to a suspension, expulsion or termination order, or been subject to any disciplinary proceedings or any order resulting from disciplinary proceedings conducted by any stock exchange or other self-regulatory organization in any province, territory, state or country?

This question is meant to identify 1) any individuals or 2) any associated firms that have been subject to a disciplinary proceeding brought by a self-regulatory organization.

1) If you, as an individual, were subject to a disciplinary proceeding conducted by a self-regulatory organization, or have had an order made against you, include the following information:

- Name of sponsoring firm (firm you worked for)
- Self Regulatory Organization that conducted the proceeding
- type of proceeding
- dates of notice and decision / settlement etc.
- outline the events that led to the proceeding and the details of the outcome of the proceeding.

2) If you were a PDO or shareholder of a firm that was subject to a disciplinary proceeding conducted by a self-regulatory organization, or have had an order made against it, include the following information:

- Name of the firm that was subject to the proceeding
- Self Regulatory Organization that conducted the proceeding
- type of proceeding
- dates of notice and decision / settlement etc.
- outline the events that led to the proceeding and the details of the outcome of the proceeding.

### Item 13.3: Non-Securities Regulation

**13.3(a)** Have you, or has any firm (other than your sponsoring firm or a firm that is or was registered in a Canadian jurisdiction and identified in response to Item 13(1)(b)), when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been registered or licensed under any legislation which requires registration or licensing to deal with the public in any capacity other than to trade in or advise on securities or exchange contracts (including commodity futures contracts and commodity futures options) in any province, territory, state or country?

This question is meant to identify 1) the individuals or 2) associated firms that have been subject to any non-securities registration. For example, this question is relevant to regulated occupations such as:

- insurance licensing
- mortgage broker
- accountants
- lawyers
- realtors
- teachers

To answer this question, the applicant should disclose all non-securities registration or licensing.

1) If you had a non-securities registration or license, please provide the following:

- Name of sponsoring firm (firm through which you were approved)
- Registering / Licensing Authority or legislation
- the type or category of registration or license
- date (Year and Month) they were approved in these categories with each firm;
- duration of approval from (Year and Month) to (Year and Month) in these categories; or

2) If you were a PDO or shareholder of a firm that was regulated by non-securities legislation, include the following information:

- Name of registered / licensed firm
- Registering / Licensing Authority or legislation
- the type or category of registration or license
- date (Year and Month) they were approved in these categories with each firm;
- duration of approval from (Year and Month) to (Year and Month) in these categories

**13.3 (b)** Have you, or has any firm (other than your sponsoring firm or a firm that is or was registered in a Canadian jurisdiction and identified in response to Item 13(1)(b)), when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been refused registration or a license under any legislation which requires registration or licensing to deal with the public in any capacity other than to trade in or advise on securities or exchange contracts (including commodity futures contracts and commodity futures options) in any province, territory, state or country?

This question is meant to identify if 1) the individual or 2) any associated firms have been refused registration or licensing by non-securities legislation or brought by any non-securities regulatory authority.

1) If you, as an individual, were refused licensing or registration include the following information:

- Name of sponsoring firm (firm you worked for)
- Registering / Licensing Authority that refused you, or the legislation under which you were refused
- type or category of registration applied for
- date of refusal (year and month)
- reasons for refusal

2) If you were a PDO or shareholder of a firm that was refused licensing or registration include the following information:

- Name of the firm that was refused
- Registering / Licensing Authority that refused you, or the legislation under which it was refused
- type of category of registration applied for
- date of refusal (year and month)
- reasons for refusal

**13.3 (c)** Have you, or has any firm (other than your sponsoring firm or a firm that is or was registered in a Canadian jurisdiction and identified in response to Item 13(1)(b)), when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been subject to a suspension or termination order, or disciplinary proceedings or any order resulting from disciplinary proceedings conducted under any legislation which requires registration or licensing to deal with the public in any capacity other than to trade in or advise on securities or exchange contracts (including commodity futures contracts and commodity futures options) in any province, territory, state or country?

This question is meant to identify 1) any individuals or 2) any associated firms that have been subject to a disciplinary proceeding under any non-securities legislation or brought by any non-securities regulatory authority.

1) If you, as an individual, were subject to a disciplinary proceeding conducted by a non-securities regulatory authority, or pursuant to non-securities registration or licensing legislation, or have had an order made against you, include the following information:

- name of sponsoring firm (that you worked for)
- Registering / Licensing Authority that brought the proceeding, or the legislation under which the proceeding was brought or the decision made
- type of proceeding
- dates of notice and decision / settlement etc.
- outline the events that led to the proceeding and the details of the outcome of the proceeding; or

2) If you were a PDO or shareholder of a firm that was subject to a disciplinary proceeding conducted by non-securities regulator, or have had an order made against it, include the following information:

- name of the firm that was subject to the proceeding
- Registering / Licensing Authority that brought the proceeding, or the legislation under which the proceeding was brought or the decision made
- type of proceeding
- dates of notice and decision / settlement, etc.
- outline the events that led to the proceeding and the details of the outcome of the proceeding.

**Enquiries:**

Enquiries about this explanatory guide should be directed to the regulator or securities regulatory authority in the jurisdiction in which the individual resides.

20 June 2003

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