

1 RULE 1 - BUSINESS STRUCTURES AND QUALIFICATIONS

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1.2 Individual Qualifications

- (1) **Definitions.** For the purposes of this Rule and Rule No. 900,
- (a) “**continuing education activity**” means a single, integrated course or series of relevant courses and activities, including seminars, programs or presentations that together meet the continuing education program requirements set out under this Rule and Rule 900.
 - (b) “**continuing education program**” (“CE program”) means the Corporation’s continuing education program, composed of compliance hours, professional development hours and mandated annual continuing education.
 - (c) “**Compliance hours**” means training covering ethical issues, regulatory or legislative developments, Corporation rules and other applicable laws, governing Member conduct.
 - (d) “**cycle**” means any 24-month period beginning on January 1st of an even-numbered year.
 - (e) “**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).
 - (f) “**Mandated annual continuing education**” means training prescribed by the Corporation that may be designated as satisfying Compliance hours or Professional Development hours.
 - (g) “**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.
 - (h) “**Professional Development hours**” means training that either maintains, enhances or fosters learning, knowledge and development in areas relevant to Member business.
- (2) The CE Program referred to in subsection (1)(b) above, consists of the following components: (i) compliance hours; (ii) professional development hours; and (iii) mandated annual continuing education.

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1.2.6 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 10 Compliance hours, 20 Professional Development hours and Mandated annual continuing education, 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 10 Compliance hours, and Mandated annual continuing education, 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 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 Hours.** Where an Approved Person is subject to requirements for Compliance hours or Professional Development hours 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.
 - (iii) Mandated annual continuing education cannot be satisfied on a pro-rata basis.
 - (iv) If the Mandated annual continuing education exceeds compliance or professional development hours on a pro-rata basis, the Participant must still complete the full Mandated annual continuing education.
- (e) **Leaves of Absence.** Where an Approved Person is subject to requirements for Compliance hours and Professional Development hours 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 Approved Person may be able to reduce these requirements in accordance with the applicable provisions under Rule 900.

- (f) **Evidence of Completion.** Each Member must maintain evidence of completion of CE activities 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 requirements.
- (h) **Penalties.**
 - (i) Where, for any given cycle, an Approved Person does not meet the CE requirements of the continuing education program, that individual shall be subject to the applicable provisions under Rule 900.
 - (ii) Each Member shall be liable for and pay to the Corporation fines, 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.
- (i) **Non-avoidance.** A Participant may not change their Approved Person category to avoid completing more onerous CE requirements, or to avoid penalties for failing to complete CE requirements.

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RULE 900 – CONTINUING EDUCATION (“CE”) REQUIREMENTS

Purpose

Rule 1.2.6 prescribes continuing education requirements for Members and their Approved Persons to enhance and further develop their baseline proficiencies.

GENERAL CE HOUR REQUIREMENTS

Rule 1.2.6 (b) requires every Approved Person who is registered as a dealing representative under Canadian securities legislation to complete 10 Compliance hours, 20 Professional Development hours and Mandated annual continuing education 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 10 Compliance hours and Mandated annual continuing education each cycle.

PART A

PRO-RATION OF CONTINUING EDUCATION HOURS

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 compliance and professional development component requirements 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:

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

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where

A = the total number of hours required for the CE component in a full cycle (i.e. 10 for compliance, 20 for professional development); and

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

The **Total Number of Component Hours Required** is **rounded up** to the nearest full hour.

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 satisfy their outstanding CE requirements, 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 return falls within the 23rd or 24th month of the cycle;
 - (c) must satisfy, on a pro-rata basis, the requirements for Compliance hours and Professional Development hours 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 return falls within months 1 to 22 of the current cycle.

3. Change during a cycle

- 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 that are different from those they were subject to earlier in that cycle. In such circumstances, the Participant must use the following formula to determine their requirements for the Compliance hours and Professional Development hours components for the cycle:

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

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where

A = the total number of hours required for the CE component in a full cycle (i.e. 10 for compliance, 20 for professional development); and

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

The **Total Number of Component Hours Required** is rounded up to the nearest full hour.

- 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 hour 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 Compliance hours and Professional Development hours 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. A reduction of the Compliance hours and Professional Development hours must be calculated using the formula outlined under 1.2 above.

PART C**EXEMPTIONS FROM CONTINUING EDUCATION REQUIREMENTS**

- 5.1 The Corporation may extend the time a Participant has to complete a CE requirement, or may exempt a Participant from a CE requirement, if the Corporation is satisfied that to do so would not prejudice the interests of the public, Member clients, or the Member.
- 5.2 In granting an exemption under section 5.1 above, the Corporation may impose any terms and conditions it considers necessary.

PART D**DELIVERY STANDARD**

- 8.1. Members may provide continuing education activities 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 and ensure their Participants' compliance with the CE program requirements during and at the end of every cycle,
 - (b) keep CE program records, including continuing education activity materials and evidence of their completion for each cycle for at least seven years following the end of the cycle,
 - (c) ensure that a Participant's chosen continuing education activity satisfies one of the CE program components in Rule 1.2,
 - (d) evaluate a Participant's knowledge and understanding of the activity, if delivering a continuing education activity, and
 - (e) designate an individual responsible for supervising training and approving a Participant's chosen CE activity.
- 9.2 A Member may allow a Participant to use the continuing education activities completed at their former Member and may rely on a statement of completion issued by that former Member.

- 9.3 A Member may allow a Participant to use a continuing education activity completed after the individual ceased to be a Participant, provided the activity was completed during the applicable cycle.

PART F

CE HOURS

- 10.1 A Participant may receive Compliance hours or Professional Development hours for a continuing education activity, if the activity has an examination, including hours for any preparation.
- 10.2 Section 10.1 above only applies in the cycle in which the Participant successfully passes the examination.
- 10.3 A Participant may receive a maximum of five Compliance hours for compliance activities offered by a foreign securities dealer or external provider on foreign compliance subjects.
- 10.4 A Participant cannot carry forward Compliance hours or Professional Development hours to a subsequent cycle.

PART G

REPORTING

- 11.1. Members must use the prescribed reporting system to comply with the reporting obligations of Rule 900.
- 11.2. Members must file reports of completed CE requirements, no later than 30 days following the end of the cycle.

PART H

PENALTIES

13. Penalties for late filing or failure to complete continuing education requirements

- 13.1 The Corporation will automatically suspend a Participant's approval following the end of the reporting period of Part G of Rule 900, if:
- (a) a Participant failed to complete the continuing education requirements within the cycle, or
 - (b) the Member fails to report in the prescribed reporting system.

13.2 A Dealer Member that fails to comply with the requirements of Part G of Rule 900, or whose continuing education participants fail to meet their CE requirements, is liable to pay the Corporation any fine the Board may prescribe from time to time.

14. Reinstatement.

14.1 The Corporation may reinstate the Participant's approval after the Member has notified the Corporation in writing that the Participant has completed the continuing education requirements.