

RULE 2500 | DEALER MEMBER DIRECTORS AND EXECUTIVES, AND APPROVAL OF INDIVIDUALS

[...]

PART A - DEALER MEMBER DIRECTORS AND EXECUTIVES

2502. General requirements for Directors

[...]

(2) At least 40% of the *Dealer Member's Directors* must:

[...]

(ii) satisfy the applicable proficiency requirements of ~~subsection~~subsections 2603(1) and 2604(2), and

[...]

(3) The remaining *Directors* who do not meet subsection 2502(2) must, if *actively engaged in the business of the Dealer Member* or its *related company*, meet the applicable proficiency requirements of ~~subsection~~subsections 2603(1) and 2604(2).

2503. General requirements for Executives

(1) A *Dealer Member's Executives* must:

[...]

(ii) satisfy the applicable proficiency requirements of ~~subsection~~subsections 2603(1) and 2604(2).

[...]

[...]

2505. Chief Financial Officer

(1) A *Dealer Member* must designate a *Chief Financial Officer* who must:

[...]

(ii) satisfy the applicable proficiency requirements of ~~subsection~~subsections 2603(1) and 2604(2).

[...]

(4) When an acting *Chief Financial Officer* is designated:

(i) that *individual* must satisfy the applicable proficiency requirements of ~~subsection~~subsections 2603(1) and 2604(2) and be designated as *Chief Financial Officer*, or

[...]

[...]

2506. Chief Compliance Officer

(1) A *Dealer Member* must designate a *Chief Compliance Officer* who must:

[...]

- (ii) satisfy the applicable proficiency requirements of ~~subsection~~subsections 2603(1) and 2604(2).

[...]

(5) When an acting *Chief Compliance Officer* is designated:

- (i) the *individual* must satisfy the applicable proficiency requirements of ~~subsection~~subsections 2603(1) and 2604(2) and be designated as *Chief Compliance Officer*, or

[...]

[...]

2507. Ultimate Designated Person

- (1) A *Dealer Member* must designate an *Ultimate Designated Person* who must be designated as an *Executive* and meet the applicable proficiency requirements in ~~subsection~~subsections 2603(1) and 2604(2) and the general requirements for *Executives* set out in section 2503.

[...]

[...]

RULE 2700 | CONTINUING EDUCATION REQUIREMENTS FOR APPROVED PERSONS

2701. Introduction

- (1) ~~The Corporation requires Approved Persons to meet~~ Rule 2700 prescribes continuing education requirements for Dealer Members and their Approved Persons to enhance and further develop their baseline ~~licensing~~ proficiencies.
- (2) Rule 2700 is divided into the following parts:
 - Part A – The continuing education program and continuing education requirements [sections 2703 ~~and 2704~~ through 2710]
 - Part B – Continuing education program ~~courses and~~ administration [sections ~~2715 through 2717~~ 2711]
 - Part C – Participation in the continuing education program [sections ~~2725 and 2726~~ 2721 through 2723]
 - Part D – ~~Changes during a continuing education program cycle~~ Proration [section ~~2735~~ 2731]
 - Part E – ~~Discretionary relief~~ Exemptions from continuing education requirements [section ~~2745~~ 2741]
 - Part F – Penalties ~~applicable to the continuing education requirements for Approved Persons~~ [section ~~2755~~ 2751]

2702. Definitions

- (1) The following terms have the meaning set out below when used in sections 2703 through 2799:

<u>“compliance hours”</u>	<u>Training covering ethical issues, regulatory or legislative developments, Corporation rules and other applicable laws, governing Dealer Member conduct.</u>
<u>“continuing education course/activity”</u>	A single, integrated course or series of relevant courses, <u>and activities, including</u> seminars, programs or presentations that together meet the time and content requirements for continuing education <u>program requirements</u> set out in Rule 2700.
<u>“continuing education participant”</u>	An Approved Person approved in one or more of the categories set out in subsection 2704(1). <u>All Approved Persons, except Directors.</u>
<u>“continuing education program”</u>	The Corporation’s continuing education program, consisting <u>composed</u> of compliance and hours, professional development requirements <u>hours and mandated annual continuing education.</u>
<u>“mandated annual continuing education”</u>	<u>Training prescribed by the Corporation that may be designated as satisfying compliance hours or professional development hours.</u>
<u>“professional development hours”</u>	<u>Training that either maintains, enhances or fosters learning, knowledge and development in areas relevant to Dealer Member business.</u>

PART A - THE CONTINUING EDUCATION PROGRAM AND CONTINUING EDUCATION REQUIREMENTS**2703. The continuing education program**

- (1) The *continuing education program* ~~consists~~is composed of ~~three parts~~:
 - (i) ~~a compliance course requirement, which is training covering ethical issues, regulatory developments and rules governing investment dealer conduct~~compliance hours,
 - (ii) ~~a professional development~~ hours~~course requirement, which is training that fosters learning and development in areas relevant to investment dealer business, and~~
 - (iii) ~~mandated annual continuing education~~training specifically prescribed by the Corporation ~~which may satisfy clauses (i) or (ii) above as prescribed by the Corporation.~~
- (2) The *continuing education program* operates in two year cycles. ~~The first two year cycle commenced, starting~~ on January 1, ~~2018. The beginning and end of each~~2028.
- (3) Each *continuing education program* cycle ~~is~~has the same start and end dates for all *continuing education participants*.

2704. Continuing education requirements

- (1) All continuing education participants must complete at least ten compliance hours in each continuing education program cycle.
- (2) A Registered Representative (retail), Portfolio Manager and Associate Portfolio Manager must complete at least twenty professional development hours in each continuing education program cycle.
- (3) All continuing education participants must complete the mandated annual continuing education prescribed by the Corporation.

2705. Continuing education activities

- ~~(3)~~1 A Dealer Member, the Corporation, or an external ~~course~~ provider may provide a *continuing education* ~~course~~activity.
- ~~(4)~~2 A Dealer Member or external ~~course~~ provider may submit *continuing education* ~~courses~~activities for accreditation through the Corporation's accreditation process.
- ~~(5)~~ ~~A continuing education participant is exempt from the professional development course requirement if he or she:~~
 - (i) ~~is approved in the category of Registered Representative, Associate Portfolio Manager, Portfolio Manager or Supervisor, and~~
 - (ii) ~~has been continuously approved in a retail trading capacity since January 1, 1990 or earlier by either the Corporation, the Toronto Stock Exchange, the Montreal Exchange, or the TSX Venture Exchange including any of their predecessors.~~
- ~~(6)~~ ~~A continuing education participant cannot receive continuing education credits for the same continuing education course unless the course has been updated to contain new course content, with the exception of Corporation accredited ethics courses referred to in subsection 2715(3).~~

2706. Continuing education activities with an examination

- (1) A continuing education participant may receive compliance hours or professional hours for a continuing education activity, if the activity has an examination, including for any preparation hours.
- (2) Subsection 2706(1) only applies in the cycle in which they successfully pass the examination.

2707. Foreign compliance activities

- (1) A continuing education 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.

2708. Carry forwards

- (1) A continuing education participant cannot carry forward compliance hours or professional development hours to a subsequent continuing education program cycle.

2709. Non-avoidance

- (1) A continuing education participant may not change their Approved Person category to avoid completing more onerous continuing education requirements, or to avoid penalties for failing to complete continuing education requirements.

~~2704. Continuing education requirements~~

- ~~(1) In each continuing education program cycle, a continuing education participant must meet the continuing education requirements for the applicable Approved Person category, regardless of product type, as set out in the following table.~~

Approved Person Category	Client Type	Compliance course requirement	Professional development course requirement
<i>Registered Representative</i>	<i>retail client</i>	Yes	Yes
<i>Registered Representative</i>	<i>institutional client</i>	Yes	No
<i>Investment Representative</i>	<i>retail client or institutional client</i>	Yes	No
<i>Portfolio Manager</i>	<i>retail client or institutional client</i>	Yes	Yes
<i>Associate Portfolio Manager</i>	<i>retail client or institutional client</i>	Yes	Yes
<i>Trader</i>	N/A	Yes	No
<i>Supervisor</i>	<i>retail client or institutional client</i>	Yes	No

Approved Person Category	Client Type	Compliance course requirement	Professional development course requirement
<i>Ultimate Designated Person</i>	N/A	Yes	No
<i>Chief Compliance Officer</i>	N/A	Yes	No

2710. Registered Representatives dealing in mutual funds only

- (2) *Registered Representatives* dealing in mutual funds only who are an employee of a firm registered as both an investment dealer and a mutual fund dealer:
 - (i) are not subject to and do not need to comply with the *Registered Representative continuing education* requirements set out in ~~subsection 2704(1)~~ section 2704, and
 - (ii) are subject to and must comply with the continuing education requirements for individuals registered as a dealing representative set out in Mutual Fund Dealer Rule 900.
- ~~(3) A continuing education participant registered in more than one Approved Person category must meet the continuing education requirements of the category with the most onerous continuing education requirements.~~
- ~~(4) All continuing education participants must complete at least 10 hours of compliance courses in each continuing education program cycle in accordance with requirements in section 2715.~~
- ~~(5) A continuing education participant that is subject to professional development requirements must complete at least 20 hours of professional development courses in each continuing education program cycle in accordance with requirements in section 2716.~~

2705. – 2714. Reserved.

PART B – CONTINUING EDUCATION PROGRAM ~~COURSES AND~~ ADMINISTRATION

2715. The compliance course

- (1) ~~A continuing education participant:~~
 - ~~(i) cannot carry forward compliance course credits to satisfy continuing education requirements of a subsequent continuing education program cycle,~~
 - ~~(iii) may only receive continuing education credit for a compliance course with an examination, in the cycle when the continuing education participant successfully passes the examination,~~
 - ~~(ii) may not receive continuing education credit for any preparation towards a compliance course with an examination, except in the cycle when the continuing education participant successfully passes the examination, and~~
 - ~~(iii) may receive continuing education credit of a maximum of five hours for compliance continuing education courses offered by a foreign securities dealer or foreign external course provider.~~
- (2) ~~A Dealer Member may give continuing education credit for Dealer Member compliance manual training where:~~

- ~~(i) — the content of the compliance manual training satisfies clause 2703(1)(i), and~~
- ~~(ii) — the compliance manual training is delivered by the Dealer Member through in-person seminars, or webinars that are accompanied by a method of evaluation.~~
- ~~(3) — The Corporation will accredit ethics courses that a continuing education participant can repeat and count towards fulfillment of the compliance course requirement in two continuing education program cycles.~~

2716. The professional development course

- ~~(1) — A continuing education participant subject to the professional development course requirement:~~
 - ~~(i) — may not receive continuing education credit for any preparation towards a professional development course with an examination, only if the except in the cycle when continuing education participant successfully passes the examination, and~~
 - ~~(ii) — may only receive continuing education credit for a professional development course with an examination in the cycle when the continuing education participant successfully passes the examination.~~

~~2717~~2711. Dealer Member's administration of the continuing education program

- (1) A Dealer Member must:
 - (i) verify ~~the~~and ensure their continuing education ~~participant~~participants's compliance with the ~~requirements at the end of the continuing education program~~ during and at the end of every cycle,
 - ~~(ii) — keep evidence of a continuing education participant's completion of the continuing education course, which may be a certificate issued by the course provider, an attendance sheet, or bulk notice of completion,~~
 - ~~(iii)~~ keep continuing education program records, including ~~course related~~continuing education activity materials and evidence of their completion, for each ~~continuing education program~~ cycle for ~~a minimum of at least~~ seven years following the end of the ~~continuing education program~~ cycle,
 - ~~(iv) — designate an individual responsible for supervising training and approving a continuing education participant's chosen continuing education course,~~
 - ~~(v)~~ ensure that a continuing education participant's chosen continuing education ~~course~~activity satisfies one of the content criteria described program components in subsection 2703(1),
 - ~~(vi)~~ where the continuing education course is delivered by the Dealer Member, evaluate ~~assess~~ the continuing education participant's knowledge and understanding of the course activity, if delivering a continuing education activity,
 - ~~(vii)~~ ensure that each designate an individual responsible for supervising training and approving a continuing education participant meets the continuing education requirements during each continuing education program cycle's chosen continuing education activity, and
 - ~~(viii)~~ update the continuing education reporting system and notify the Corporation within 10 business days after the end of the continuing education program cycle of all report continuing education participants that have met their continuing education requirements'

compliance to the Corporation within 30 days after each cycle, using the prescribed cycle reporting system.

- (2) A Dealer Member may allow a continuing education participant to use the continuing education credits earned through courses or seminars activities completed at during the continuing education participant's applicable cycle at their former sponsoring Dealer Member. A Dealer Member and may accept rely on a statement of completion issued by the continuing education participant's that former sponsoring Dealer Member.
- (3) A Dealer Member may allow a continuing education participant to use mandatory conduct training prescribed in subsection 2604(2) towards compliance course requirement in clause 2703(1)(i) hours, if the individual was not required to complete that training during the cycle and did not complete it in the previous cycle.
- (4) A Dealer Member may allow a continuing education 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.

~~2718~~2712. – ~~2724~~2720. Reserved.

PART C – PARTICIPATION IN THE CONTINUING EDUCATION PROGRAM

~~2725.~~ Participation of recently Approved Persons

- (1) ~~An individual enters the continuing education program cycle upon initial approval in an Approved Person category listed in subsection 2704(1).~~
- (2) ~~Notwithstanding subsection 2725(1), an individual that receives approval in an Approved Person category listed in subsection 2704(1) during the last six months of the current continuing education program cycle will become subject to the applicable continuing education requirements starting at the beginning of the next continuing education program cycle.~~

2721. Participation for a partial cycle

- (1) If a continuing education program component is applicable for less than a full cycle, a continuing education participant may complete it on a prorated basis, calculated pursuant to Part D of Rule 2700.
- (2) Notwithstanding subsection 2721(1), a continuing education participant is not subject to a continuing education program component, if that component is applicable for two months or less during a cycle.

2722. Leave of absence

- (1) If a continuing education participant was absent for a period of at least four consecutive weeks, they may complete the applicable continuing education program components on a prorated basis, calculated pursuant to Part D of Rule 2700.

2723. Returning continuing education participants

- (1) A continuing education participant who returns from either a leave of absence, or who becomes a continuing education participant after previously ceasing to be one, must complete the

continuing education program requirements from the immediately preceding cycle, subject to sections 2721 and 2722, that have not been completed.

~~2726~~2724. – ~~2734~~2730. Reserved.

~~PART D – CHANGES DURING A CONTINUING EDUCATION PROGRAM CYCLE~~

~~2735. Changes to Approved Persons category during a continuing education program cycle~~

- ~~(1) A continuing education participant who changes his or her Approved Person category during a continuing education program cycle must complete the continuing education requirements applicable to the new Approved Person category in the same continuing education program cycle.~~
- ~~(2) Notwithstanding subsection 2735(1), a continuing education participant who changes his or her Approved Person category during the last six months of the current continuing education program cycle, becomes subject to the applicable continuing education requirements of the new Approved Person category at the beginning of the next continuing education program cycle.~~
- ~~(3) A continuing education participant may not change to an Approved Person category with less onerous continuing education requirements to avoid completing the more onerous continuing education requirements of a former Approved Person category, or penalties for non-completion of continuing education requirements. Any change to the Approved Person category during the last six months of the continuing education program cycle which results in less onerous continuing education requirements must be accompanied by an explanation from the sponsoring Dealer Member to satisfy the Corporation that the category change is not an avoidance measure.~~

PART D – PRORATION

2731. Proration

(1) When a continuing education participant is allowed to complete an applicable continuing education program component on a prorated basis, the following formula must be used to calculate prorated compliance hours and professional development hours, rounded up to the nearest full hour:

$$\frac{\text{total number of hours required for the CE component in a full cycle}}{\text{total number of months in the cycle during which the component requirement was or is applicable, including each initial partial month}} \times 24$$

(2) Mandated annual continuing education cannot be prorated.

(3) If the mandated annual continuing education exceeds the prorated compliance hours or professional development hours, the continuing education participant must still complete the full mandated annual continuing education.

~~2736~~2732. – ~~2744~~2740. Reserved.

PART E – ~~DISCRETIONARY RELIEF~~EXEMPTIONS FROM CONTINUING EDUCATION REQUIREMENTS

~~2745.~~2745. Discretionary Relief

- (1) ~~The Corporation may extend the time a continuing education participant has to complete any continuing education course beyond the two year continuing education program cycle due to, but not limited to, an illness if:~~
- ~~(i) an Executive at the continuing education participant's sponsoring Dealer Member:~~
 - ~~(a) approves the extension,~~
 - ~~(b) notifies the Corporation of the reason for the extension, and~~
 - ~~(c) proposes the new date of completion of the required course,~~
 - ~~and~~
 - ~~(ii) the Corporation approves the request for an extension.~~
- (2) ~~In the case of an indefinite leave of absence, the Corporation may exempt from the continuing education program a continuing education participant who is unable to complete his or her continuing education requirements due to, but not limited to an illness, for more than one continuing education program cycle if:~~
- ~~(i) an Executive at the continuing education participant's sponsoring Dealer Member:~~
 - ~~(a) approves the exemption,~~
 - ~~(b) notifies the Corporation of the reason for the exemption, and~~
 - ~~(c) states that the leave is for an indefinite period,~~
 - ~~and~~
 - ~~(ii) the Corporation approves the request for an exemption.~~
- (3) ~~A continuing education participant who is granted an exemption under subsection 2745(2) and returns to the industry after an absence of:~~
- ~~(i) three years or less must have the Corporation determine the continuing education requirements before he or she resumes any activity that needs approval, or~~
 - ~~(ii) more than three years must meet the applicable proficiency and registration requirements for his or her Approved Person category.~~

2741. Exemptions from continuing education requirements

- (1) The Corporation may extend the time a continuing education participant has to complete a continuing education requirement, or may exempt a continuing education participant from a continuing education requirement, if the Corporation is satisfied that to do so would not prejudice the interests of the public, Dealer Member clients, or the Dealer Member.

~~2746~~2742. – ~~2754~~2750. Reserved.

PART F - PENALTIES ~~APPLICABLE TO THE CONTINUING EDUCATION REQUIREMENTS FOR APPROVED PERSONS~~**~~2755~~2751. Penalties for late filing or ~~not completing~~failure to complete continuing education requirements ~~in a continuing education program cycle~~**

- (1) ~~On the last business day of the first month of a continuing education program cycle, the~~The Corporation will automatically suspend ~~the approval of the~~a continuing education participant's approval following the end of the reporting period in clause 2711(1)(vi), if:
 - (i) ~~a continuing education~~the participant ~~fails~~failed to complete the continuing education requirements ~~for the previous continuing education program cycle~~ within the ~~prescribed~~ cycle, or
 - (ii) the ~~sponsoring Dealer Member~~ ~~fails~~failed to report in~~update~~ the ~~continuing education~~ prescribed reporting system ~~and notify the Corporation as required by clause 2717(1)(vii)~~.
- (2) A ~~sponsoring Dealer Member~~ that fails to comply with the requirements of clause ~~2717(1)(vii) will be~~2711(1)(vi), or whose continuing education participants fail to meet their continuing education requirements, is liable ~~for and to~~ pay the Corporation ~~such fees as~~any fine the Board may prescribe from time to time.
- (3) The Corporation may reinstate the continuing education participant's approval after the ~~sponsoring Dealer Member~~ has notified the Corporation in writing that the continuing education participant has completed the continuing education requirements.
- ~~(4) If a sponsoring Dealer Member pays a fine in error, the Corporation will issue a refund provided the Dealer Member requests a refund within 120 days of the date the invoice is issued by the Corporation.~~

~~2756~~2752. – 2799. Reserved.