

Draft Regulation

An Act respecting the distribution of financial products and services
(1998, c. 37)

Brokerage activities in connection with loans secured by immovable hypothec

Notice is hereby given, in accordance with the sections 10 and 11 of the Regulations Act (R.S.Q. c. R-18.1) that the Regulation respecting brokerage activities in connection with loans secured by immovable hypothec adopted by the Bureau des services financiers, the text of which appears hereunder, may be submitted to the Government for approval, with or without amendments, upon the expiry of a 45-day period from the date of this publication.

According to the Bureau des services financiers, this draft regulation is intended to determine the conditions that must be met by the insurance representatives mentioned in section 553 of the Act, except conditions relating to training, or securities representatives, in order to pursue brokerage activities pertaining to loans secured by immovable hypothec.

The review of this file conducted to date reveals, according to the Bureau, no impact on the public and business, particularly small and medium-sized business.

Additional information may be obtained from M^e Nathalie G. Drouin, Director of Legal Affairs, Bureau des services financiers, 140, Grande Allée Est, bureau 300, Québec (Québec) G1R 5M8, telephone number: (418) 525-6273 or 1-877-525-6273, facsimile number: (418) 525-9512, E-mail: ndrouin.bsf@megaquebec.net.

Any interested party having comments regarding this matter is asked to forward them, in two copies, prior to the expiry of the 45-day period, to the Minister of Finance, 12, rue Saint-Louis, bureau 1.10, Québec (Québec) G1R 5L3.

BERNARD LANDRY,
Minister of State for the Economy and Finance

Regulation respecting brokerage activities in connection with loans secured by immoveable hypothec

An Act respecting the distribution of financial products and services
(1998, c. 37, s. 206)

1. In order to pursue brokerage activities in connection with loans secured by immoveable hypothec, an insurance representative or securities representative must:

(1) have notified the Bureau in writing;

(2) have taken and passed, at a college-level educational institution, a course on hypothecary credit of at least 45 hours' duration relating to hypothecary brokerage;

(3) have paid the fees prescribed in Chapter 2 of the Regulation respecting the contribution and certain fees payable.

2. The Bureau shall confirm on the representative's certificate that the representative is authorized to carry on brokerage activities in connection with loans secured by immoveable hypothec.

3. This Regulation shall come into force on (*insert here the date of the coming into force of section 582 of the Act*).

2831

Draft Regulation

An Act respecting the distribution of financial products and services
(1998, c. 37)

Chambre de la sécurité financière — Governing compulsory professional development

Notice is hereby given, in accordance with sections 10 and 11 of the Regulations Act (R.S.Q., c. R-18.1), that the Regulation of the Chambre de la sécurité financière (The Chamber) governing compulsory professional development may be enacted by the government, 45 days after the date of publication herein.

According to the Chambre de la sécurité financière, this draft Regulation establishes the now compulsory character of the representatives' professional development in the financial products and services distribution sector.

Professional development has become compulsory for all representatives in insurance of persons, including accident or health insurance, group insurance of persons or group pensions, and for securities representatives. It does not apply to trainees.

The Regulation provides for the accreditation of activities which will allow representatives to earn professional development units. It defines generally accredited subjects and subjects that are excluded.

An increase in the number of professional development units to be earned has been provided. The Regulation prescribes an initial period during which a minimum of 30 professional development units must be accumulated. Thereafter, this number will be increased to a minimum of 60 units, ten of which must be for generally accredited subjects by sector or by class of sectors, as defined in the Regulation.

Further information may be obtained by contacting Ms. Lucie Granger, Secretary, Chambre de la sécurité financière, 500, rue Sherbrooke Ouest, 7^e étage, Montréal, (Québec) H3A 3C6, telephone: (514) 282-5777, 1-800-361-9989, lgranger@aiaq.com.

Any interested persons wishing to comment on the above matter are requested to send two copies of their comments to the Minister of State for the Economy and Finance and Minister of Finance, 12, rue Saint-Louis, bureau 1.01, Québec (Québec) G1R 5L3 before the expiry of the 45-day time period.

BERNARD LANDRY,
Minister of State for the Economy and Finance
Minister of Finance

Regulation of the Chambre de la sécurité financière governing compulsory professional development

An Act respecting the distribution of financial products and services
(1998, c. 37)

CHAPTER I **INTRODUCTION**

1. This Regulation defines the rules which must be respected by all representatives who hold a certificate authorizing them to practise in any one of the following sectors or classes of sectors:

(1) insurance of persons, including accident or health insurance;

(2) group insurance of persons or group pensions;

(3) securities, including group savings plans, investment contracts and scholarship plans.

These rules apply to representatives whether or not they are registered as independent representatives. These persons are collectively called “representatives”. These rules do not apply to trainees.

2. Compliance with the rules defined in this Regulation is compulsory.

SECTION I **DEFINITIONS**

3. In this Regulation, the following terms shall mean:

(1) “accreditation”: the obtainment of a provider or a representative of an attestation from the Chamber for an accredited activity to which a predetermined number of PDUs are assigned;

(2) “accredited activity”: any structured upgrading or learning activity that pertains to a generally accredited subject, that enables a representative to keep his knowledge current and develop his professional skills, and that receives accreditation from the Chamber;

(3) “insurer”: an insurance company within the meaning of An Act respecting insurance (R.S.Q., c. A-32);

(4) “provider”: any individual, organization or educational institution who dispenses training activities, confirms the representatives’ attendance or controls the successful completion of an activity by means of tests or exams, and allows the Chamber, as applicable, to verify the quality of the training activity, its eligibility for accreditation, the means used to ensure attendance or control the successful completion of an activity, and the authenticity of the corroborative documents;

(5) “excluded subjects”: any activity dispensed by any individual and pertaining to specific insurance of persons products, including accident or health insurance, group insurance of persons, group pensions or financial products, including securities, and any activity designed to motivate representatives to sell these products;

(6) “generally accredited subjects”: life insurance, accident or health insurance, disability insurance, group insurance, estate planning, financial planning, tax planning, retirement planning, business planning, annuities, pensions, investments, underwriting or risk management, actuarial sciences, accounting, economics, finance, Civil

Code, insurance law, management of an insurance or investment firm, employee benefits, professional liability, ethics, professional practice, client counselling;

(7) “generally accredited subjects by sector or class of sectors”:

(a) insurance of persons, including accident or health insurance:

- i. life insurance;
- ii. accident or health insurance;
- iii. disability insurance;
- iv. estate planning;
- v. financial planning;
- vi. tax planning;
- vii. retirement planning;
- viii. business planning;
- ix. annuities;
- x. pensions;
- xi. investments;
- xii. underwriting or risk management;
- xiii. actuarial sciences;
- xiv. accounting;
- xv. economics;
- xvi. finance;
- xvii. Civil Code;
- xviii. insurance law;
- xix. management of an insurance or investment firm;
- xx. professional liability;
- xxi. ethics;
- xxii. professional practice;
- xxiii. client counselling;

(b) group insurance of persons or group pensions:

- i. group insurance;
- ii. disability insurance;
- iii. business planning;
- iv. annuities;
- v. pensions;
- vi. investments;
- vii. underwriting or risk management;
- viii. actuarial sciences;
- ix. accounting;
- x. Civil Code;
- xi. insurance law;
- xii. management of an insurance or investment firm;
- xiii. employee benefits;
- xiv. professional liability;
- xv. ethics;
- xvi. professional practice;
- xvii. client counselling;

(c) securities, including group savings plans, investment contracts and scholarship plans:

- i. estate planning;
- ii. financial planning;
- iii. tax planning;
- iv. retirement planning;
- v. business planning;
- vi. annuities;
- vii. pensions;
- viii. investments;
- ix. actuarial sciences;
- x. accounting;
- xi. economics;
- xii. finance;
- xiii. Civil Code;
- xiv. management of an insurance or investment firm;
- xv. professional liability;
- xvi. ethics;
- xvii. professional practice;
- xviii. client counselling;

(8) “PDU”: professional development unit, that is, the units which are assigned and accumulated for each accredited professional development activity, one unit being assigned for each hour of the accredited activity.

4. For each certificate issued and renewed before January 1, 2002, a representative must accumulate the following number of PDUs over the course of each two-year period, as of such issue or renewal, as applicable:

(1) 30 PDUs in generally accredited subjects as defined in subsection (6) of section 3, if he holds a certificate authorizing him to practise in only one sector or class of sectors listed in subsections (1), (2) or (3) of section 1; and

(2) 10 additional PDUs in generally accredited subjects as defined in subsection (6) of section 3 for each of the other sectors or classes of sectors listed in subsections (1), (2) or (3) of section 1 for which a representative holds one or several certificates authorizing him to practise in that capacity.

A certificate issued in accordance with section 534 of An Act respecting the distribution of financial products and services (1998, c. 37) to a representative who held a certificate pursuant to An Act respecting market intermediaries (R.S.Q., c. I-15.1) is not deemed an issue or renewal of a certificate within the meaning of the first paragraph of this section.

5. During each two-year period following the issue or renewal of a certificate after January 1, 2002, a representative must accumulate at least 60 PDUs, ten of which must be for generally accredited subjects by sector or class of sectors as defined in subsection (7) of section 3 and this, for each sector or class of sectors

listed in subsections (1), (2) or (3) of section 1 for which a representative holds one or several certificates authorizing him to practise in that capacity.

6. Notwithstanding sections 4 and 5, a representative who demonstrates to the Chamber that, due to overwhelming circumstances, he was unable to accumulate PDUs may be relieved by the Chamber from his obligation to accumulate the PDUs required for a given two-year period.

The fact that a representative's certificate has been suspended, revoked or cancelled pursuant to a decision of the Discipline Committee created under the Act or the Bureau, or pursuant to an enforceable decision of the Disciplinary Committee of the Association des intermédiaires en assurance de personnes du Québec does not constitute overwhelming circumstances within the meaning of this section.

7. The PDUs accumulated by a representative over and above the required number for a two-year period shall not be credited to the subsequent period.

8. Each representative must keep the attestations of attendance or of passing an exam or a test which are furnished by the providers of an accredited activity; such attestations also indicate the number of PDUs to be credited to the representative for taking part in that activity.

9. The Chamber shall deliver a compulsory professional development attestation to a representative who demonstrates that he has obtained the number of PDUs required under sections 4 and 5 over a two-year period since the renewal preceding his last certificate renewal. It shall inform the Bureau whether or not it has delivered such attestation.

CHAPTER II ACCREDITATION OF ACTIVITIES

10. To be accredited, a training activity must pertain to one or more of the generally accredited subjects and target the development of the following skills of representatives:

- (1) personal development;
- (2) business development;
- (3) technical development;
- (4) clientele development.

11. A provider or a representative may apply for the accreditation of an activity. This request may be made

before or after the activity is held. The Chamber may, on its own initiative, accredit an activity which meets the criteria set forth in section 10.

12. The application for accreditation must include the following documents and information:

- (1) a written description of the content of the activity;
- (2) a detailed written schedule of the activity;
- (3) a written explanation describing how the activity develops the skills required in one or more of the generally accredited subjects;
- (4) if the application for accreditation is made after the activity is held, proof of attendance, if a representative is applying, or a record of attendance taken by the provider;
- (5) if the application is made by a provider before the activity is held, identification of the person responsible for this activity;
- (6) the means of controlling the successful completion of the activity, if applicable;
- (7) the number of PDUs the Chamber is being asked to assign to the activity.

13. The Chamber shall reply in writing to an application for accreditation within 45 days of receipt. If an application is rejected or an activity is accredited for a lesser number of PDUs than requested, a brief explanation will be provided.

14. The accreditation by the Chamber of an activity is valid for a four-year period. The provider or the representative who wishes to change the content of the activity, its duration or the means used to control successful completion must submit all changes to the Chamber, which may then cancel the accreditation or increase or decrease the number of PDUs assigned to the activity. The Chamber may cancel the accreditation or increase or decrease the number of PDUs assigned to the activity if it notices that, in fact, the accredited activity was not conducted as specified in the documents and according to the information provided when the application for accreditation was submitted.

15. A representative who acts in the capacity of trainer, instructor or facilitator of an accredited activity earns double the number of PDUs assigned for that activity. However, this representative may earn double the number of PDUs only once for a given accredited activity.

CHAPTER III ASSIGNMENT OF PDUS

16. The Chamber shall assign PDUs to a representative on written request from the latter or a provider. The request must be accompanied by the following documents and information:

(1) identification of the provider who dispensed the accredited activity;

(2) the name of the activity, the date on which it was held and a statement from the representative certifying that he did not request any PDUs for the same activity over the course of the same two-year period;

(3) a copy of the proof of attendance furnished by the provider confirming that the representative attended this activity, or of the document issued by the provider confirming that the representative successfully completed this activity;

(4) the number of PDUs the Chamber is being asked to assign to the representative after he takes part in the accredited activity as well as the sector or class of sectors listed in subsections (1), (2) and (3) of section 1 to which the PDUs are to be assigned.

17. The Chamber shall assign the PDUs to a representative once it has ascertained that the requirements set forth in this Regulation have been met. It shall inform the representative in writing once a year of the number of PDUs he has accumulated, as specified in his file.

CHAPTER IV ELIGIBILITY FOR ACTIVITIES

18. Notwithstanding section 1, an individual who held a certificate of representative in insurance of persons, including accident or health insurance, in group insurance of persons or in group pensions or in securities, which has been suspended, cancelled or revoked, or for which the renewal has been rejected may take part in accredited activities and earn PDUs. This representative may not however act as trainer, instructor or facilitator of any activity whatsoever.

CHAPTER V ASSIGNMENT OF PDUS BASED ON EXPERIENCE AND PREVIOUS TRAINING

19. The Chamber acknowledges one PDU for each hour of professional development credited by the following organizations to an activity or to a representative:

(1) l'Institut québécois de planification financière;

(2) Canadian Association of Insurance and Financial Advisers;

(3) any of the professional orders referred to in section 59 of the Act that have entered into an agreement with the Bureau des services financiers, as provided for in that section, and that assign PDUs or professional development units to their members who hold the title of financial planner.

CHAPTER VI PRIOR CREDITS

20. Notwithstanding section 4, the Chamber shall credit a representative with one PDU for each PDU he has accumulated between January 1, 1998 and the date of the first renewal of his certificate under An Act respecting the distribution of financial products and services (1998, c. 37) and its regulations, within the framework of the voluntary continuing education program of the Association des intermédiaires en assurance de personnes du Québec (R.S.Q., c. I-15.1). It shall credit them to the sector or class of sectors listed in subsections (1), (2) or (3) of section 1, as specified in writing by the representative.

2839

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(1998, c. 37)

Chambre de la sécurité financière — Governing ethics

Notice is hereby given, in accordance with sections 10 and 11 of the Regulations Act (R.S.Q., c. R-18.1), that the Regulation of the Chambre de la sécurité financière governing ethics may be enacted by the government 45 days after the date of publication herein.

According to the Chambre de la sécurité financière, this draft Regulation sets forth the rules of ethics that apply to representatives in insurance of persons, including accident or health insurance, group insurance of persons or group pensions, and to financial planners. However, these rules do not apply to financial planners who are members of a professional order that has entered into an agreement with the Bureau.

The Regulation provides for the obligations of representatives, namely towards the public in general, to-