Nova Scotia Securities Commission

POLICY 34-601

NON-RESIDENT SALESPERSON

PART 1 - DEFINITIONS

1.1 <u>Definitions</u> - In this Policy:

"dealer" means a dealer registered under the Act that is a member of a self-regulatory organization;

"employer dealer" means the dealer who employs the non-resident salesperson;

"home jurisdiction" means the province or territory in Canada in which the home office is located;

"home jurisdiction regulator" means the securities regulatory authority in the home jurisdiction;

"home office" means the office of the employer dealer from which the non-resident salesperson customarily conducts business on behalf of the employer dealer;

"non-resident manager" means an individual in the employ of the employer dealer who is responsible for the immediate supervision of the non-resident salesperson, who customarily conducts business on behalf of the employer dealer from the home office or an office located in the home jurisdiction and is registered by the home jurisdiction regulator; and

"non-resident salesperson" means an individual registered by the home jurisdiction regulator in a category substantially similar to a salesman under the Act to trade in a security on behalf of an employer dealer who is registered by the

home jurisdiction regulator to trade in a security.

PART 2 - PURPOSE AND APPLICATION

2.1   <u>Alternative Registration Process</u> - This Policy outlines an alternative registration process for non-resident salespersons.

2.2   <u>Exemptions</u> - This Policy is supported, in part, by a Commission exemption order relieving an employer dealer from maintaining certain books and records in Nova Scotia and a non-resident manager from the registration requirements in respect of certain incidental and occasional trading and advice activities.

PART 3 - LEGAL AUTHORITY

3.1   <u>Forms</u> - The procedures that govern registration are set out in the *General Securities Rules*. Section 5 of the *General Securities Rules* permits the Director or the Commission to vary or amend the requirements of any Form.

3.2   <u>Exemptions</u> - Section 151A of the Act authorizes the Commission to exempt any trade from the provisions of the Act.

PART 4 - ALTERNATIVE REGISTRATION PROCEDURES

4.1   <u>Form 4 Alternative</u> - A non-resident salesperson may apply for registration as a salesman by filing with the Director, as an alternative to filing an application in Form 4,

   (a) a copy of the most recent application form filed with the home jurisdiction regulator for registration of the non-resident salesperson in the home jurisdiction if

      (i) the form of application contains substantially the information required by Form 4, and

      (ii)   the information contained in the copy remains accurate and is so certified by the non-resident salesperson and the employer dealer to the best of their information, knowledge and belief,

-3-

(b) a copy of the current certificate of registration issued by the home jurisdiction regulator to the non-resident salesperson or similar evidence of registration by the home jurisdiction regulator, certified as of a current date by the home jurisdiction regulator to be in force, and

(c) such other documents as the Director may require.

4.2 <u>Variation of Form 4</u> - Where a non-resident salesperson applies for registration in accordance with the alternative specified in section 4.1, Form 4 shall be deemed to be amended and varied in respect of that application in the manner required to comply with the requirements of section 4.1.

PART 5 - EXEMPTIONS

5.1 <u>Books and Records</u> - An employer dealer is exempt from the requirements of subsection 30(5) of the *General Securities Rules* with respect to transactions effected by a non-resident salesperson who is registered under the Act on behalf of customers resident in Nova Scotia if the transactions are recorded in books and records which would otherwise be required to be maintained in Nova Scotia if

(a) those books and records are maintained at the home office or at another location satisfactory to the Director, and

(b) the employer dealer files with the Director a written undertaking to the Commission that:

(i) the Commission, staff of the Commission or an agent of the Commission may inspect and examine, from time to time, the books and records at that office or location, and

(ii) the employer dealer will reimburse the Commission for all costs and expenses incurred in conducting such inspection and examination which would not have been incurred by the Commission had the books and records been maintained at Halifax, Nova Scotia.

5.2   <u>Trading</u> - A non-resident manager is exempt from the requirements of section 31 of the Act in connection with activities which constitute trading which are solely incidental to the performance of the non-resident manager's supervisory responsibility in respect of the non-resident salesperson registered under the Act.

5.3   <u>Trading and Advice</u> - The non-resident manager who has supervisory responsibility for a non-resident salesperson registered under the Act and any individual who is registered in the same category as the non-resident salesperson in the home jurisdiction and over whom the non-resident manager has supervisory responsibility are exempt from the requirements of section 31 of the Act in connection with occasional trades made on behalf of and advice given to a resident of Nova Scotia who ordinarily deals with the non-resident salesperson where the trade or advice could have been made or given by the non-resident salesperson in compliance with the Act and the non-resident salesperson is temporarily unable to service the requirements of the resident of Nova Scotia.

5.4   The exemptions in this Part are contained in an order of the Commission made contemporaneously with this Policy.

PART 6 - WITHDRAWAL OF NOTICE

6.1   <u>Notice No. 45</u> - Upon this Policy coming into force, Notice No. 45 of the Director is withdrawn.

PART 7 - EFFECTIVE DATE

7.1   <u>Effective Date</u> - This Policy shall come into force on January 1, 2002.

                                   <u>"Robert B. MacLellan"</u>
                                   Robert B. MacLellan - Chairman

                                   <u>"H. Leslie O'Brien"</u>
                                   H. Leslie O'Brien - Vice-Chairman