

STAFF NOTICE 34-701

REGISTRATION OF INDIVIDUALS AS INVESTMENT COUNSEL

The proficiency and education requirements for the registration of individuals as investment counsel are set out in subsection 37(6) of *The Securities Regulations* ("the Regulations") as follows:

“(6) No individual shall be granted registration as an investment counsel, or a partner or an officer of a registered investment counsel unless the individual has:

- (a) successfully completed the Canadian Securities Course, the Canadian Investment Finance Course and the first year of the Chartered Financial Analysts Course; and
- (b) been employed for at least five years performing research involving the financial analysis of investments with at least three of those years under the supervision of an adviser having the responsibility for the management or supervision of investment portfolios having an aggregate value of not less than \$1,000,000.”

These requirements are fairly demanding, and many individuals who wish to be employed by investment counsel firms in an advisory capacity often do not meet them. Many of these individuals do have related experience and education which qualifies them to give investment advice under certain conditions. It is unfair to exclude them from the opportunity of acquiring further experience that would permit them to meet the requirements and become registered. We are therefore adopting an "apprenticeship" system whereby "junior investment counsel" will be registered without meeting the strict requirements of subsection 37(6) provided they are directly supervised by "senior investment counsel". Senior investment counsel are individuals who meet the requirements of subsection 37(6) and are unconditionally registered as investment counsel.

The Director is empowered by section 39 of the Regulations to waive the competency and education requirements imposed by sections 37 and 38. Section 39 states:

“Notwithstanding sections 37 and 38, where the Director is satisfied that a person or company has the educational qualifications and experience that are equivalent to what is required in those sections, the Director may, subject to those terms and conditions he may impose, exempt the person or company from those sections.”

Pursuant to the authority given by section 39, the Director will register applicants who do not meet the requirements of subsection 37(6) as "junior investment counsel" on the following conditions:

1. The applicant is employed by a firm registered as an investment counsel whose registration is not subject to terms and conditions. It is expected that the sponsoring firm will have made an assessment as to whether the individual's background equips him or her to provide investment advice, and has determined that the firm is prepared to assume responsibility for the applicant.

2. The applicant must have demonstrated a reasonable degree of proficiency in his or her work history and had some experience in investment analysis and providing comprehensive investment advice. This experience should be set out in detail in a letter accompanying the application for registration.
3. The applicant should have completed the Canadian Securities Course as a minimum. However, this is not mandatory. Other education such as a Masters of Business Administration, a Bachelor of Commerce degree, or other similar degree would be acceptable when combined with relevant experience in the securities industry.
4. A senior officer of the sponsoring firm who has met the normal proficiency and education requirements and is unconditionally registered as investment counsel ("senior investment counsel") shall directly supervise the activities of the applicant. An undertaking in a form substantially similar to that attached as Schedule A shall accompany the application for registration.
5. All other registration requirements shall apply.

A junior investment counsel may seek unrestricted registration as a senior investment counsel when that individual has acquired sufficient experience and education to meet the requirements of subsection 37(6). However, there is no requirement that registration be upgraded, and an individual may remain registered as a junior investment counsel indefinitely although subject to restrictions.

Reference: Deputy Director, Registration
(306) 787-5876

September 27, 1989

Schedule A

(sample undertaking to be provided by a Senior Investment Counsel
as a condition of registration of a Junior Investment Counsel)

UNDERTAKING

To: The Saskatchewan Securities Commission

I am an officer of _____ (company name) registered as an Investment Counsel/Portfolio Manager, and I hereby undertake and agree to supervise and approve the investment counselling and portfolio management activities of _____ (name) as required as a condition of his/her registration, and as a condition of registration of _____ (company name).

Dated at _____, this _____ day of _____, 19__.

Signature

Print name