

ANNEX A
PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 31-103
REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT
OBLIGATIONS

1. *National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations is amended by this Instrument.*

2. *Section 1.1 is amended by adding the following definitions:*

“financial exploitation” means, in respect of an individual, the use, control or deprivation of the individual’s financial assets through undue influence or wrongful or unlawful conduct;

“mental capacity” means the ability to understand information or appreciate the foreseeable consequences of a decision or lack of decision;

“temporary hold” means a hold that is placed on the purchase or sale of a security or withdrawal or transfer of cash or securities from a client’s account;

“vulnerable client” means a client of a registered firm or a registered individual, who may have an illness, impairment, disability or aging process limitation that places the client at risk of financial exploitation;.

3. *Subsection 11.5 (2) is amended:*

(a) *in paragraph (r) by replacing “.” with “;”, and*

(b) *by adding the following paragraph:*

(s) demonstrate compliance with section 13.19 [*conditions for temporary hold*].

4. *Subsection 13.2 (2) is amended by deleting “and” at the end of subparagraph (c) (vi), by replacing “.” with “, and” at the end of paragraph (d), and by adding the following paragraph:*

(e) obtain from the client the name and contact information of a trusted contact person, who is an individual of the age of majority or older in the individual’s jurisdiction of residence, and the written consent of the client for the registrant to contact the trusted contact person to confirm or make inquiries about any of the following:

(i) possible financial exploitation of the client;

(ii) concerns about the client’s mental capacity as it relates to the client’s financial decision making or lack of decision making;

- (iii) the name and contact information of any of the following:
 - (A) a legal guardian of the client,
 - (B) an executor of an estate under which the client is a beneficiary,
 - (C) a trustee of a trust under which the client is a beneficiary,
 - (D) any other personal or legal representative of the client;
- (iv) the client's current contact information..

5. Section 13.2 is amended by adding the following subsection:

- (8) Paragraph (2)(e) does not apply to a registrant in respect of a client that is not an individual..

6. The Instrument is amended by adding the following division:

Division 8 Temporary holds

13.19 Conditions for temporary hold

- (1) A registered firm, or a registered individual whose registration is sponsored by the registered firm, must not place a temporary hold in relation to the financial exploitation of a vulnerable client unless the firm reasonably believes:
 - (a) the client is a vulnerable client, and
 - (b) financial exploitation of the client has occurred, is occurring, has been attempted or will be attempted.
- (2) A registered firm, or a registered individual whose registration is sponsored by the registered firm, must not place a temporary hold in relation to the lack of mental capacity of a client unless the firm reasonably believes, with respect to an instruction given by the client, the client does not have the mental capacity to make financial decisions.
- (3) If a registered firm, or a registered individual whose registration is sponsored by the registered firm, places a temporary hold in accordance with subsection (1) or (2), the firm must do the following:
 - (a) document the facts that caused the firm or individual to place and continue the temporary hold;
 - (b) as soon as possible following the date the firm or individual initially placed the temporary hold, provide notice of the temporary hold and the reasons for the temporary hold to the client;
 - (c) as soon as possible following the date the firm or individual initially placed the temporary hold and until the hold is terminated, further review the facts that caused the firm or individual to place the temporary hold;

- (d) within 30 days of placing the temporary hold, and unless the hold has been previously terminated, within every subsequent 30-day period, take either of the following actions:
 - (i) terminate the temporary hold;
 - (ii) provide the client with notice of the firm's decision to not terminate the hold and the reasons for that decision;
- (e) ultimately terminate the temporary hold and decide to proceed or not proceed with the purchase or sale of a security or withdrawal or transfer of cash or securities..

7. ***Subsection 14.2 (2) is amended:***

(a) by adding the following paragraph:

- (1.1) a description of the circumstances under which a registrant might disclose information about the client or the client's account to a trusted contact person in accordance with paragraph 13.2(2)(e);

(b) in paragraph (o) by replacing “.” with “;”, and

(c) by adding the following paragraph:

- (p) a general explanation of the circumstances under which a registered firm or registered individual may place a temporary hold under section 13.19 [*conditions for temporary hold*] and a description of the notice that will be given to the client, if a temporary hold is placed under that section..

8. This Instrument comes into force on •.