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I. Segregated Fund Deferred Sales Charge (DCS) Discontinued

Effective June 1, 2023, the sale of segregated funds (seg funds) with Deferred Sales Charge (DSC) has been discontinued. The discontinuation of DSC is the result of the Canadian Council of Insurance Regulars (CCIR) directive to bring seg funds in line with mutual funds after securities regulators' ban on DSC took effect June 2022.

Refer to the insurer's notices for particulars on how each insurer is managing funds with a DSC or Low Load (LL) sales charge option and allocation to the No Load (NL) sales charge option of the funds available within the policy contract.

In some cases, **Legacy Seg Fund Products** do not have an alternative sales charge option available in the contract, they have the ability to accept ongoing deposits. Refer to the insurer's notices for affected products.

To refer to the bulletin, [CLICK HERE](#) (links may require Login).

II. Updated Disclosure Statements

Advisors have now received updated advisor Disclosure Statements ([D02 &/or D02C](#)) ("Disclosures D02"). The updated Disclosures D02 includes changes to Insurers represented, MGAs represented to combine into one disclosure, updated relationship with companies (for reporting any conflict of interest), outside business activities, removed DSC & replaced with general Seg Fund GIF content, added Financial Needs Analysis topic, and updated the Privacy Policy to align with MGAs represented.

It is the advisor's responsibility to ensure their Disclosure D02 form is accurate before providing a copy to their clients. The Disclosures D02 provides fillable fields for advisors to update and keep disclosures current and accurate.

III. Disclosure Statement (D02/D02C) and Acknowledgment of Receipt (A08)

The Disclosure D02 must be signed and dated, you will note there is no signature section on the D02 form. For signatures, the Disclosure D02 is intended for use in

conjunction with the Acknowledgement of Receipt form [A08 / A08C](#), Know Your Client (KYC) [A03 / A03E](#), Financial Needs Analysis (FNA) [A04](#), or the Critical Illness Needs Analysis (FNA) [A05](#).



TIP: Use the Acknowledgement of Receipt form [A08 / A08C](#) to collect signatures for record keeping purposes.

IV. Needs Based Sale

The general principle of Needs Based Sale, from Canadian Life and Health Insurance Association (CLHIA) is "the recommended product or service must be appropriate for the needs of the client as determined by a needs-based assessment done by the advisor and/or as identified by the client."

The client file must contain sufficient documentation to demonstrate the advisor recommendation and sale suitability. The documentation is derived from the advisor fact finding, financial needs analysis (FNA) or know your client (KYC) documentation, rationale, replacement declaration (LIRD) [D03](#), reasons why (RW) communications [O02 - O10](#), and discussion notes.

Fillable templates are available for needs based analysis which allows for signature collection for proof of Disclosure Statements, Needs Analysis form and Product Illustration. Capture client signatures on the KYC [A03 / A03E](#), Needs Analysis [A04 / A05](#), &/or Acknowledgement of Receipt [A08/ A08C](#).

V. Reasons Why

The Reasons Why (RW) is mandatory for each new application/account setup for all product types and forms part of your client file. Business Practice Reviews include verification of RW communication as a formal part of the advisor's client file documents. The RW may be sent by letter or email and must be dated and signed by the advisor to confirm the delivery date. The client does not need to sign the RW.





V. Reasons Why (Continued)

- RW for Investment applications (including RESPs) is to be sent to the policy owner immediately following application submission;
- RW for Insurance applications is to be sent to policy owners no later than the policy delivery date.

Your Reasons Why is to include the following elements:

1. Dated and signed by the advisor (or email states the advisor's name, if sent digitally);
2. Includes product details (name of insurer, brand name, type of insurance, amount and policy number if applicable);
3. State the needs addressed by recommendations or information about the client's transaction that is being processed by the advisor;
4. State key facts about the client &/or information about the client's transaction that is being processed by the advisor;
5. If applicable, Reasons Why explains any needs that were not fully addressed, outlines any needs that should be addressed in the future with a follow-up plan, and explains the chosen fee structure (i.e. seg funds);
6. Reasons Why includes an invitation for the client to ask questions if anything is unclear or incorrect.

Reasons Why is to be delivered no later than policy delivery (life insurance, CI, DI) or immediately after the sale on investment plans (i.e. segregated fund, annuity or term deposits).

RW sample templates are available on Global's website [here](#). To locate insurer's sample letters, go to Global's [Document Centre](#), input '**Reasons**' in the **Title**, click **Apply** to search.



TIP: Refer to the RW templates and update your RW communications (email/letter) with any missing content.

VI. Large Transaction Report

The Large Transaction Report (LTR) is mandatory when a deposit transaction or premiums are greater than or equal to \$100,000. The LTR form is part of the client file documents as required by the Financial Transactions and Reports Analysis Centre (FINTRAC). The LTR [R10](#) form must be submitted to Global as part of the client file documents at the time of application or transaction. The client does not sign the R10 form.

A Large Transaction does not include money being received from a financial entity (transfer between financial institutions), or from a public body.

The LTR form is completed and signed by the advisor and his/her Compliance Officer. It is customary for an advisor to sign as the advisor and Compliance Officer, unless the advisor is with a firm or agency, which requires the firm/agency's Compliance Officer to sign.

VII. Continued Education Credits and Attestation

It is imperative advisors fulfill the knowledge required and obtain Continuing Education (CE) credits each renewal period, June 1 - May 31, prior to license renewal and licensee attestation (i.e. 15 CE credits are required in British Columbia). Advisors are to retain proof of certificate achievement (CE record keep-ing) for up to five (5) years.

VII. Continued Education Credits and Attestation (Continued)

Business Practice Reviews performed by Insurers include requesting copies of CE certificates to verify actual credits earned. In the event CE credits do not meet minimum requirements, licensees are subject to disciplinary action.

View the Insurance Council of British Columbia [CE Requirements 2022](#) video.

VIII. Errors & Omissions (E&O) Extended Reporting Period (ERP)

E&O ERP for retiring advisors helps protect insureds and advisors with Extended Reporting Period coverage. In the event an advisor does not obtain ERP coverage within 30 days of policy expiry, advisors (including their family, business &/or estate) will be unprotected if a claim is made and there is no extended reporting period coverage. The writing advisor &/or entity may remain liable for complaints &/or claims on their written insurance applications, regardless of their license and E&O status or the servicing advisor status.

Advisors retiring or exiting the business should arrange for extended reporting coverage on their E&O policy. Contact your E&O provider before your policy expires for Extended Reporting Period coverage to extend the reporting period.

IX. FINTRAC

Financial Transactions and Reports Analysis Centre of Canada (FINTRAC)

FINTRAC published training videos to help advisors, and all FINTRAC Reporting Entities, properly identify clients under Canada's Anti-Money Laundering/Terrorist Financing law.

Each video is approximately 3 minutes and describes the following methods, click the link to view video:

- [Video 1 – Verifying the identity of a client: Government-issued photo ID method](#)
- [Video 2 – Verifying the identity of a client: Dual process method](#)

X. Finding Compliance Documents on Global's Website

For advisors utilizing Global's generic compliance documents and/or document service, refer to the [Policies & Procedures \(PPM\) Forms and Reference Material](#) for recent updates, use it as your guide to maintain your Compliance Program's PPM.

To locate all compliance materials, refer to the [Document Centre](#), input '**Compliance**' in the **Department**, you can search by a specific company/insurer or leave blank, click **Apply** to search.

