

Compliance Bulletin



GLOBAL PACIFIC
FINANCIAL SERVICES LTD.

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I. APEXA - Healthy Profile for all Life Licensees

All advisors must maintain a healthy APEXA profile. This includes but is not limited to completing the Annual Attestation, uploading of current provincial Licenses, uploading of Errors & Omissions Insurance Certificate. Your APEXA profile is monitored by Carriers and your MGA.



If your profile details are out of date, your APEXA profile falls into an 'unmonitored' status. An unmonitored advisor profile may cause carriers to terminate your broker agreement.

II. Complete the Tasks on Your Advisor Compliance Calendar

ADVISOR COMPLIANCE CALENDAR (located in Policy & Procedure Manual Introduction)

Rolling Activities

- Ongoing Client Monitoring
- New Employee Training – AMLATF, Market Conduct, Privacy
- APEXA Profile updates



Semi-Annual Activities

- Review CASL contact consent lists

Annual Review & update accordingly

- AML/ATF training certification
- Employee Training – AML/ATF
- Policies and Procedures
- Privacy Policy
- Employee Training - Privacy
- E&O Coverage
- Provincial Licensing
- Continuing Education Requirements
- Attestation of Compliance Obligations

Every 2 years - Review of AMLATF Policy

- Risk assessment – AMLATF
- Self-assessment AMLATF, Privacy
- AMLATF self-assessment report completed within 30 days
- Develop &/or update action plan for high risks mitigation
- Schedule next self-assessment

Refer to your Advisor FINTRAC AMLATF Training Program and Action Plan

III. Client Forms to Obtain & Retain for Record Keeping

Refer to the checklist providing advisors a quick reference on required client forms needed for various circumstances:

- the client is new
- the client has a new life policy
- the client has a new investment account
- it is time to review the client for material changes (every 2 to 3 years)

For your reference, the checklist is available on the globalpacific.com website. **CLICK HERE**

Investment Account &/or Insurance Policy Forms		New Client	New Life Policy	New Investment Account	Client Review/ Material Changes
A01-1811	Privacy Policy*	✓			
A02-1810	Client Consent and Authorization*	✓			
A03-1809	Know Your Client (KYC)	✓		✓	
A04-1809	Life Insurance Needs Analysis	✓	✓		
A05-1809	Critical Illness Needs Analysis	✓	✓		✓
A08-1811	Acknowledgement of Receipt*				✓
A09-1810	Limited Authorization (LA)	✓		✓	
A10-1810	CASL Express Consent*	✓			
A14-1810	Terms of Engagement	✓			
A15-1810	Leverage Details Worksheet			✓	
A16-1810	Identification of Individual Not Physically Present	✓	✓	✓	
Disclosure Forms					
D01-1810	Conflict of Interest Disclosure	✓	✓	✓	✓
D02-1810	Disclosure Statements	✓	✓	✓	✓
D02S-1810	Disclosure Statements (Short Form)*	✓	✓	✓	✓
D03-1810	Life Insurance Replacement Declaration		✓		
D04-1810	Referral Disclosure	✓			
D05-1810	Client Complaint Information Form*				✓
D06-1810	Borrowing to Invest Suitability Disclosure			✓	
D07-1810	Transaction Fees & Charge Disclosure			✓	
D08-1810	Leverage Disclosure			✓	
Other Documents					
O02-1810	Reason Why Letter – Life Insurance		✓		
O03-1809	Reason Why Letter – Segregated Funds			✓	
O04-1809	Reason Why Letter – Term life – coverage recommendation not fully implemented		✓		
O05-1809	Reason Why Letter – Term life – client directive		✓		
O06-1809	Reason Why Letter – Disability Insurance		✓		
O07-1809	Reason Why Letter – Critical Illness Insurance		✓		
O08-1809	Reason Why Letter – Accident & Sickness Disability Insurance		✓		
O09-1809	Reason Why Letter – Accident & Sickness Disability Insurance – coverage recommendation not fully implemented		✓		
O10-1809	Reason Why Letter – RESP Application			✓	

* Separate Form ONLY if the Comprehensive Disclosure Statements Form (D02 1810) was NOT utilized in the client meeting and/or not communicated in writing with RWC to client.

RFO Checklist 1810

IV. Reminder – 15 technical Continuing Education Credits (CE) for all BC Licensees

Since June of 2021, the Insurance Council of BC (ICBC) changed the CE credits for Life Licensees with license for more than 5 years to be the same as newer licensees. ALL Life Licensees must obtain 15 CE credits in order to renew their license. Life Licensees are required to provide proof to the Insurance Council of credits for 5 years. Keep your records for ICBC audit requests.

Important Tips from ICBC:

- The same course taken within the last 3 licence periods will not count unless there has been a substantial change in the content.
- One year's worth of CE credits can be carried over to the next licence period.

V. Keeping Pace with Industry Topics

A. IFB Regulatory Update: January 6, 2023 - From the Life Insurance Regulators

Financial Services Regulatory Authority of Ontario (FSRA) consults on Rule to adopt DSC ban for segregated funds

Life insurance regulators are implementing a ban on new DSC sales effective June 1, 2023. Many life insurance companies have discontinued new sales as of June 2022. The ban would align

with a similar ban for mutual funds that became effective June 2022.

In Ontario the ban requires an amendment to the existing UDAP rule which will be introduced in 2 amendments. The first would prohibit the sale of new DSC sales and prohibit insurers from adding the DSC or making them less attractive after that date. The second would provide consumers with disclosure and limits on the use of existing DSC options, regardless of when the customer purchased the DSC seg fund.

The consultation closes on February 23, 2023. Comments can be made on the FSRA website.

FSRA Licence Renewals

Life insurance licensees in Ontario are encouraged to renew their licenses as early as possible due to ongoing delays in approvals. Remember that your CE credits must be up to date and entered onto the FSRA system before renewing your licence or you will encounter delays. Licensees cannot conduct business if their licence is not renewed by the expiry date.

Canadian Council of Insurance Regulators & Canadian Insurance Services Regulatory Organizations - CCIR and CISRO

Release new guidance on incentive management under the fair treatment of customers

In November, Canada's life insurance regulators provided updated guidance on managing conflicts of interest related to incentives. In its review of incentive practices with industry

VI. Keeping Pace with Industry Topics (Continued)

stakeholders, the regulators found that there was not enough evidence that incentive programs were being well-managed which can present risks to the fair treatment of customers.

The guidance recognizes that insurers and intermediaries compensate those acting on their behalf when selling or servicing insurance products. The guidance is intended to provide latitude in determining the strategies, policies, and controls to do so, while considering the fair treatment of customers and associated positive customer outcomes. The guidance applies to all insurance products, types of insurance, and distribution channels.

IFB responds to CCIR/CISRO consultation on upfront compensation in segregated funds

In November, IFB submitted comments to the CCIR/CISRO on its Discussion Paper which examined possible conflicts related to the payment of upfront compensation for segregated fund sales. In our comments, we said that there needs to be a balance between potential consumer protection issues and the need to ensure that proposed regulatory changes do not inadvertently undermine choice or competition in the marketplace. Such a result would not be a desirable outcome for consumers or for those who provide advisory services to these consumers.

In our view, the overarching goal of this review should be to consider what, if any, action is needed to align the desired consumer protection

outcomes related to upfront compensation paid for sales of segregated funds and mutual funds, while recognizing that they are fundamentally different investment products. We observed that much of the research the CCIR was relying on was conducted by the CSA related to mutual funds or pertained to international jurisdictions. IFB encouraged the CCIR/CISRO to conduct empirical research specific to the sale of segregated funds to retail consumers, so it can be confident that any policy decisions support the reasons for aligning with mutual funds

IFB comments on FSRA Proposed Statement of Priorities

Business Continuity and Succession Plan

IFB submitted comments to FSRA on its proposed 2023-2024 Statement of Priorities. IFB also raised our hope that regulators, like FSRA, will encourage those operating a life insurance practice to have a business continuity and succession plan in place. It's important for clients to be confident that their financial matters will continue uninterrupted if their advisor becomes unable to work or leaves the business suddenly and unexpectedly due to death or disability. Many advisors practice beyond the age of 60 years, adding to the risk of sudden departure and interruptions of service for their clients and do not have a succession plan in place. IFB would welcome regulatory guidance that addresses this issue.

IFB accredited by BC Insurance Council as an

VI. Keeping Pace with Industry Topics (Continued)

education provider

IFB is pleased to announce that the BC Insurance Council has accredited IFB as a provider of life insurance education. Council has moved to an accreditation system for CE as part of its revised CE requirements.

Below is a brief reminder of what has changed from the previous requirements. There has been no change to the number of CE hours you are required to earn to renew your licence.

- There is no longer a reduction in the number of CE credits required based on the number of years licensed or earned through other professional designations.
- CE credits cannot be claimed for developing, leading, teaching, or presenting a course or seminar.
- One year's worth of CE credits can be carried over to the next licence period.
- No daily maximum in the number of hours that can be claimed and partial credits in 15-minute increments are permitted.
- The same course taken within the last 3 licence periods will not count unless there has been a substantial change in the content.

FSRA extending the transition period for use of the FP and FA titles

Financial Planner/Financial Advisor title framework

In December, FSRA provided notice that it will extend the transition period for existing users of the Financial Planner and Financial Advisor to June 30, 2023. It cites its continuing discussions with approved credentialing bodies about public transparency and its discussions with potential credentialing bodies as the reasons for the delay.

B. IFB Regulatory Update: January 6, 2023 - From the Securities sector

Securities dealers vote in favour of a single new SRO

Effective January 1, 2023, the MFDA and IIROC have amalgamated to become New SRO. "New SRO" continues to be the temporary name, with a permanent name expected to be selected later in 2023.

The New SRO will consolidate the MFDA and IIROC rules in time. At this time, most dealers will operate under their existing MFDA or IIROC rules. Dual platform dealers will see some compliance streamlined. Mutual fund dealers operating in Quebec can find more information on the transition to the New SRO on the AMF website or on the New SRO website.

Will the new SRO become a FA/FP approved credentialing body with FSRA?

In December, FSRA confirmed that it is in discussions with the New SRO and the OSC about the possibility of the New SRO becoming a credentialing body. This would permit holders of an approved credential to use the titles Financial Planner and Financial Advisor in Ontario.

VI. Keeping Pace with Industry Topics (Continued)

IFB will keep you updated as more details become available and how it may impact advisors who are currently securities registrants.

C. Insurance Council of BC News January 2023

INFORMATION ABOUT RULES UPDATES FOR LICENSEES

The Rule amendments approved by the Minister are as follows:

Business Registration and Name Requirements - Rule 2(18)

Effective March 31, 2023, these changes clarify the requirement that all business names used by licensees be registered with the BC Corporate Registry and not be easily confused with the name of an insurer, agency or adjusting firm. This is a clarification to the rule wording; there is no change to the existing process for licence applications.

[CLICK HERE](#) for update.

Licence Reinstatement - Rule 2(19)

Simplified requirements for reinstating a licence within two years of cancellation will be rolled out through updates to the existing process for applications starting March 31, 2023.

[CLICK HERE](#) for update.

Licence Renewal - Rule 4(4)(b), (c) and (d)

This change ensures that a licensee cannot continue to practice without being aware of and meeting annual licence requirements. Licensees will now need to provide confirmation of having met annual continuing education and Errors and Omissions insurance requirements through a declaration during the yearly renewal process. Licensees will not be able to renew their licence if they have not met their CE requirements or do not have the required E&O.

This change will be introduced during the 2023 annual licence renewal period as part of the process currently in place. CE and E&O requirements for licensees remain unchanged, but licensees will need to ensure they meet the requirements before renewing. More information about Rule 4(4) and what it means for the annual renewal process will be circulated in an email to licensees later this month.

[CLICK HERE](#) to read more.

Direct Supervision - Rule 6(1)(c) and 6(2)(b)

Effective March 31, 2023, this rule update removes the reference to “direct” supervision, clarifying supervision requirements for general insurance salespersons. Salespersons are still required to be supervised as per Rule 6(1)(c) and 6(2)(b) and the expectations previously outlined in the Guidelines for Supervision of General



VI. Keeping Pace with Industry Topics (Continued)

Insurance Level 1 Salespersons.

CLICK HERE for update.

Nominee Qualifications - Rule 2(11), 2(11.1), 2(12).

From March 31, 2023, onward, the first part of this rule amendment enables, in exceptional circumstances, an application for a temporary nominee who doesn't fully meet qualification requirements, enabling business continuity.

The second part of this change will be implemented in Fall 2023, and will clarify existing qualification requirements to be a nominee, making the wording less ambiguous, and introducing a prerequisite for completion of a nominee course.

CLICK HERE for update.

Conflict of Interest - Rule 7(11.2)

Once introduced, this rule will prohibit insurance agencies that have common ownership with a property management company from engaging in insurance business for a strata corporation where there is common ownership with the corporation, business or other entity that provides strata management services to that strata corporation.

Requirements and effective dates for implementation of this new rule are currently being determined and will be communicated to licensees and other stakeholders as more

details become available.

CLICK HERE for update.

D. New Brunswick Financial & Consumer Services FCNB – Update Dec 2022

New Brunswick Financial and Services Commission provided update to New Brunswick licensees.

Rule INS-001 Insurance Intermediaries Licensing and Obligations

CLICK HERE for update.

Rule INS-002 Insurance Fees

CLICK HERE for update.

VI. How to reach us

If you require assistance with your APEXA profile, or have Contracting & Licensing related inquiries, contact

contracting@globalpacific.com

If you have Compliance related inquiries or require assistance with a review or audit, contact

compliance@globalpacific.com