

SUMMARY OF CHANGES	CONSUMER PROTECTION IMPLICATIONS
<ul style="list-style-type: none"> • Re-position the role of managing broker as a compliance officer; emphasize compliance duties and eliminate supervisory and senior peer mentor roles (however, licensees could seek advice from other sources, e.g. RECBC Professional Standards Advisors) • Shift vicarious liability from the managing broker to the brokerage; no vicarious liability for the compliance officer • Significant regulatory and non-regulatory changes required 	<ul style="list-style-type: none"> • A compliance officer would not have any fiduciary duties to clients of the brokerage and as a result, this concept removes potential for conflicts of interest and competition posed by the current managing broker role and the ability of managing brokers to provide real estate services directly to clients, primarily in trading services • While individual licensees would no longer be required to be supervised by another licensee with higher regulatory education, the brokerage would have a dedicated person focused on compliance to ensure adequate consumer protection and will continue to be subject to office and records inspections

SINGLE LICENSING (NO MANAGING BROKER)

The third concept for the future of the managing broker's role would be to eliminate the role completely. Some industry observers as well as licensees have characterized the managing broker as an administrator who works for the brokerage's related licensees to manage administrative matters (e.g. billing, reporting, record keeping, etc.). In this concept, a single-licensing framework would be contemplated where all individuals licensed to provide real estate services would be licensed at the same level. Other professions that currently work in a single-licensing model include doctors, lawyers, architects and engineers.

A major implication of this concept is that individual licensees would be required to meet significantly higher education and qualification requirements. Higher barriers to entry to real estate licensing would be necessary to ensure licensees have a thorough knowledge of the regulatory framework so that real estate services consumers continue to benefit from adequate protections.

This concept represents a significant departure from the current regulatory framework in that it eliminates the supervisory role currently performed by managing brokers, as well as the vicarious liability placed on them, and significant regulatory changes would be required to implement it. The requirement for licensees to provide real estate services on behalf of a brokerage would be

removed. Individuals who are licensed to provide real estate services would take on responsibility for the administrative functions which brokerages and managing brokers are currently obliged to perform under the regulatory framework. Licensees would have flexibility in how they satisfy their regulatory duties with respect to administrative functions, for example by performing them for themselves, hiring a third-party service provider to perform them or joining with other licensees in a variety of business structures.

Key issues that would need to be worked out prior to implementation include, for example, arrangements to ensure the safe handling of trust monies as well as whether businesses that provide administrative services to licensees would themselves be regulated.

SUMMARY OF CHANGES	CONSUMER PROTECTION IMPLICATIONS
<ul style="list-style-type: none"> • Elimination of the managing broker role; single level of licensing for real estate service providers • No vicarious liability; individual licensees bear full responsibility for ensuring their own business operations and activities comply with regulatory requirements • Significant regulatory and non-regulatory changes required, including significantly higher levels of pre-licensing education 	<ul style="list-style-type: none"> • Individual licensees are no longer required to be supervised by another licensee with higher regulatory education, but will continue to be subject to office and records inspections • Removes the potential for conflicts of interest and competition posed by the current managing broker role and the ability of managing brokers to provide real estate services directly to clients, primarily in trading services • Individual licensees have a significant incentive to ensure that they maintain a higher level of knowledge and familiarity with the regulatory framework • Licensees have a greater incentive to ensure they are complying with the regulatory framework, which may include engaging an administrator to assist with some compliance duties