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March 1, 2019

Delivered by Email

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor,
Toronto, Ontario
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comments@osc.gov.on.ca

Dear Secretary,

Re: OSC Staff Notice 11-784 *Burden Reduction*

CI Investments Inc. ("**CI**") appreciates the opportunity to respond to the Ontario Securities Commission's (the "**OSC**") request for comments in OSC Notice 11-784 *Burden Reduction* (the "**Staff Notice**"), published on January 14, 2019.

CI is one of Canada's largest independent investment fund managers with assets under management in excess of $128 billion as of January 2019 and is registered under Canadian securities laws as an investment fund manager, exempt market dealer, portfolio manager, commodity trading counsel and commodity trading manager. CI is a wholly owned subsidiary of CI Financial Corp. ("**CIX**"), a diversified wealth management company whose principal business is the management, marketing, distribution and administration of mutual funds, segregated funds, exchange-traded funds, structured products and other fee-earning investment products for Canadian investors. CIX also has asset management business operations in Australia and New Zealand through its subsidiary, Grant Samuel Funds Management Pty Limited. In addition to asset management, CIX carries on an asset administration business through its subsidiaries Assante Wealth Management (Canada) Ltd. ("**Assante**") BBS Securities Inc. ("**BBS**") and WealthBar Financial Services Inc. As at January 31, 2019, Assante, through its subsidiaries and affiliates, administered approximately $43 billion in mutual funds, stocks, bonds, guaranteed investment certificates, and insurance products for its clients.

CI commends the OSC for undertaking this broad-based burden reduction review of securities regulation in the province. We encourage the OSC to incorporate a burden reduction perspective into the rulemaking process on an ongoing, rather than periodic, basis with a view to constantly fostering fair and efficient capital markets, which is a critical component of the OSC's mandate.

Our recommendations for reducing the regulatory burden on market participants are set forth below under the headings "Operational Changes" and "Rule Changes". We have not made specific comments regarding the Client Focused Reforms, as the Staff Notice indicates that comments submitted in response to this Canadian Securities Administrators ("**CSA**") consultation will be included in the review completed by the OSC's Burden Reduction Task Force. However, we would emphasize that many of the proposed changes in the Client Focused Reforms will impose an undue burden on registrants without the CSA having first demonstrated either the risk of investor harm under the current rule regime, or a

corresponding investor benefit under the proposed regime, in either case, that is proportional to the additional regulatory burden of the proposal. Specifically, some of the proposed changes to the know your client, know your product, suitability and conflicts of interest obligations will significantly increase the regulatory burden for registrants and will have unintended consequences that may negatively impact Ontarians' access to financial advice and their choice in how to save for their retirement.

Operational Changes

Risk Assessment Questionnaire

While CI recognizes that the Risk Assessment Questionnaire ("**RAQ**") provides the OSC with important information, the bi-annual questionnaire is extremely time consuming and can place an undue burden on firms that are, in some cases, already providing some of this same data to the OSC for other purposes. As such, we suggest that the frequency of the RAQ be changed so that firms are only required to complete the questionnaire once every three years. Further, to make the process more efficient for firms, the OSC should undertake a review of the questionnaire with a view to removing requests for data that is provided to the OSC in other reports. For example, CI provides the OSC with Reports of Exempt Distribution as required by National Instrument 45-106 *Prospectus Exemptions* and this same data is requested for the RAQ.

Modernization of the National Registration Database ("NRD")

The process of filing and updating the NRD is inefficient and not user-friendly as the tool has limited functionality. For example, the NRD does not provide users with the ability to view an entire profile on one screen, it does not allow for the uploading of data as the tool does not provide the ability to interface with the user's systems and the reporting tool is very limited. We recommend that the OSC lead a CSA-wide initiative to modernize the entire NRD based on consultations with registrants. A modernized NRD would improve the user experience, reduce errors and increase efficiency for both registrants and the securities regulatory authorities.

SEDAR and OSC Portal

The SEDAR reporting system is similarly outdated and not user-friendly as navigation through the database is challenging and unnecessarily time consuming. Further, requiring registered firms to use SEDAR and the OSC Portal for certain submissions is extremely inefficient. As an example of this inefficiency, to complete the Form 45-106F1 filings for 230 funds, we had 431 filings between the OSC Portal, SEDAR and the British Columbia filing system. We encourage the OSC to work with the other security commissions to establish a single, modernized data entry system or portal for all public filings.

OSC Work Teams

To provide for more effective and efficient communication between the OSC and registered firms we recommend that the OSC adopt a structure that provides for a "relationship manager" who would be responsible for communications between the OSC and the registered firm. Such a structure would be similar to what exists at the SROs where an "audit manager" coordinates information and activities between the SRO and Dealer members.

Rule Changes

Renewal of Simplified Prospectus ("SP")

Section 62 of the *Securities Act* (Ontario) and section 2.5 of National Instrument 81-101 *Mutual Fund Prospectus Disclosure* ("**NI 81-101**"), require mutual funds to file a new SP every 12 months for the

distribution of their securities to remain continuous. Given that most of the information in the SP remains the same from one year to the next, the annual renewal process creates significant cost and operational burdens for the manager of the mutual funds and the regulators without significant benefit. Therefore, we propose that the renewal cycle of the SP be extended to at least two years or longer to address this issue. Any material changes to a mutual fund that occur prior to the next renewal date can be addressed through amendments to the existing SP.

Separate Fund Facts Document for Each Class or Series of a Mutual Fund

NI 81-101 requires mutual funds with multiple classes or series of securities to prepare a separate Fund Facts document for each class or series of the fund. Where a mutual fund has many classes or series, the costs of creating and disseminating the Fund Facts documents can become substantial and this cost may be passed through to the investor.

We would propose that the OSC amend NI 81-101 to permit mutual funds to consolidate classes or series with substantially similar attributes into one Fund Facts document. For example, where the only difference between two series of a mutual fund are the fees payable to the manager or other parties, the series could be consolidated in one Fund Facts document which would highlight the different fees payable on each series.

We believe this proposal would not only reduce the cost and burden on mutual funds and mutual fund managers to produce multiple Fund Facts documents but would also improve disclosure for investors who could compare multiple of classes of the same fund in one document, rather than having to review multiple fund facts documents.

Annual Information Form ("AIF")

Section 2.3 of NI 81-101 *Mutual Fund Prospectus Disclosure* requires an AIF to be filed when filing a SP. As most of the information required to be disclosed in the AIF duplicates disclosure required to be provided in the SP, and given that the SP is no longer delivered to investors when they purchase securities of a mutual fund, we respectfully submit that there is no value to having separate requirements to file an AIF and SP. We suggest these two documents be consolidated to eliminate redundancy, which reduces the need for mutual funds to produce, and the cost to the securities regulatory authorities to review, two documents.

Personal Information Forms ("PIF")

Pursuant to section 2.3 of NI 81-101 *Mutual Fund Prospectus Disclosure* and section 9.1 of National Instrument 41-101 *General Prospectus Requirements*, an investment fund that files a preliminary or pro forma prospectus must deliver to the regulators a PIF for each director and executive officer of the investment fund, the manager of the investment fund and the promoter. As each of these individuals is already required to provide certain information and be registered under National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**") and National Instrument 33-109 *Registration Information*, the requirement to submit PIFs when filing a preliminary or pro forma prospectus is redundant. Further, it creates additional regulatory burden and increases the time required for review and approval by the regulators. Therefore, we propose that the requirement for PIFs for directors and executive officers of registered firms when filing a preliminary or pro forma prospectus be removed.

Regulatory Approval for Certain Changes to Investment Funds
Sections 5.5 of National Instrument 81-102 *Investment Funds* ("**NI 81-102**") requires an investment fund to obtain regulatory approval, among other things, before the manager of the investment fund is changed, when a change of control of the manager of the investment fund occurs or when certain reorganizations or transfers of assets of the investment fund occur.

Under NI 31-103, a change of manager or change of control of the manager of the investment fund would trigger the requirement to obtain approval of the principal regulator of the manager. Therefore, the regulatory approval required under sections 5.5(1)(a) and (a.1) are duplicative of the NI 31-103 requirements and require that two separate approval applications be filed with the OSC that are then reviewed by two differences Branches of the OSC.

Furthermore, a reorganization or transfer of assets of an investment fund in which securityholders of the investment fund will become securityholders of another issuer requires prior approval of the securityholders of the investment fund and of the investment fund's independent review committee ("**IRC**"). Assuming that securityholders and IRC approvals have been obtained, the benefit of the additional regulatory approval is unclear. However, the need to file and process regulatory approval applications imposes significant time and cost burdens on investment funds and on the securities regulatory authorities who must review such applications.

Therefore, we propose that regulatory approval requirements under sections 5.5(1)(a), (a.1) and (b) of NI 81-102 be removed.

Allow for Client Relationship Managers ("CRM")
CI supports the Portfolio Management Association of Canada's efforts to establish a new registration category for Advising Representatives ("**AR**") and Associate Advising Representatives ("**AAR**") that are in a client relationship manager role. Creating a registration category for client relationship managers with defined conditions would enable firms to cost-effectively manage their business, employing qualified individuals to perform tasks matching their qualifications and interests. Ultimately, CRMs would enable registered firms to improve their understanding of, and relationships with, their clients.

Outside Business Activities ("OBA") Reporting Obligations
We recommend that section 13.4 of NI 31-103 be revised so that there is a harmonized, principles-based OBA reporting requirement for registered firms across the CSA. Such a requirement would, appropriately, require registered firms to determine the materiality of an OBA and consequently, the obligation to report the OBA. We recognize and commend the OSC for clarifying that "coaching recreational or "house league" sports" are generally not reportable as they are not positions of influence.

CI appreciates the opportunity to provide our input to this important initiative, and as always, we are available to discuss these comments if there are questions.

Yours truly,

Tim Currie
Vice President, Regulatory Affairs
CI Investments Inc.