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British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission of New Brunswick
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Northwest Territories
Registrar of Securities, Yukon Territory
Superintendent of Securities, Nunavut

The Secretary
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8

Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1

Re: CSA Notice and Request for Comment – Proposed Amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* to Enhance Protection of Older and Vulnerable Clients (the “Proposed Amendments”)

We are pleased to provide comments on the Proposed Amendments on behalf of Investors Group Inc. (“IG Wealth Management”). If enacted, the Proposed Amendments will provide needed clarity to registrants on the actions they can take to help protect their senior and vulnerable clients. We strongly support this important initiative.

Our Company

IG Wealth Management is a diversified financial services company and one of Canada's largest managers and distributors of mutual funds, including the exclusive distributor of its own products. We carry out our distribution activities through our subsidiaries Investors Group Financial Services Inc. and Investors Group Securities Inc., which are members of the Mutual Fund Dealers Association of Canada and the Investment Industry Regulatory Organization of Canada, respectively. IG Wealth Management also carries out insurance advisory services through I.G. Insurance Services Inc. We are committed to comprehensive planning delivered through long-term client and advisor relationships. The company provides advice and services through a network of advisors, whom we call "Consultants", located across Canada to over one million clients. IG Wealth Management has over \$88 billion in assets under management as at May 31, 2020.

We are part of IGM Financial Inc., which is a member of the Power Financial Corporation group of companies.

General Comments

We support the CSA's efforts to address issues of financial exploitation and diminished mental capacity among senior and vulnerable clients. The Proposed Amendments will provide key tools to help both firms and advisors safeguard their clients, and at the same time, deliver needed clarity on the specific actions they can take.

Over the last several years, we have introduced a number of policies and practices specific to the protection of our clients. For example, we formed a cross-functional committee, comprising members from client services, compliance, advanced financial planning, and legal, dedicated to senior and vulnerable client issues. We also established a centralized escalation and review mechanism for our advisors when they are concerned with financial abuse and diminished capacity of clients, and we regularly conduct advisor training on these important issues. Notably, we also gather a "trusted contact person" for clients and have a well-defined process to initiate temporary holds in matters involving financial exploitation generally.

The initiatives we have undertaken to protect our clients, coupled with our first-hand experience dealing with issues of financial exploitation and diminished mental capacity, make us keenly aware of the risks and issues senior and vulnerable clients can face. It is from this viewpoint that we offer the following feedback on specific aspects of the Proposed Amendments.

Specific Comments on the Proposed Amendments

Trusted Contact Person

We support the proposed requirement that registrants take reasonable steps to obtain the name and contact information of a trusted contacted person ("TCP"), as well as a client's written consent to contact the TCP in the prescribed circumstances as proposed. We agree with the CSA that the TCP can be a key resource for firms and advisors to assist in protecting their clients against possible financial exploitation, or if there are concerns of diminished mental capacity. It is critical that the CSA maintain the proposed guidance that clarifies firms and advisors are not prevented from opening and maintaining an account if a client refuses or fails to identify a TCP, as some clients may be unwilling to provide this information.

Temporary Holds

We support the proposals that clarify when firms and advisors are not prohibited from placing a temporary hold, as well as the steps they must take if they do so. These proposals provide key tools to firms and advisors that will help them protect their clients against financial exploitation and issues arising from a client's diminished mental capacity. To bolster these protections, we believe aspects of the proposals must go further.

- (i) Firms must have discretion to determine how best to notify a client of a temporary hold

The Proposed Amendments require firms to provide notice to clients when a temporary hold is initially placed, as well as subsequently if and when the hold is extended. We agree that clients must be notified, but we believe firms must have the discretion to determine how best to notify the client in the particular circumstances. While written notice may be appropriate in most situations, there may be occasions where written notice is not advisable. For example, a person committing a financial exploitation may intercept a written notice and be "tipped", which can potentially accelerate and/or further aggravate the exploitation. While the proposed guidance suggests firms can provide verbal notice, it is predicated on written notice also being provided. Firms must have the ability to determine the best way to notify the client, including exclusively verbally if appropriate.

- (ii) Temporary holds must apply to client instructions generally

The Proposed Amendments do not prohibit, in suspected cases of financial exploitation or diminished mental capacity, a firm or advisor from placing a temporary hold "on the purchase or sale of a security or withdrawal or transfer of cash or securities from a client's account". We agree that the temporary hold must cover these circumstances. However, these are not the only instructions that can lead to or aggravate financial exploitation or issues involving diminished mental capacity. A change of account ownership, beneficiary, power of attorney, or banking instructions, for example, can equally put clients at risk. We strongly encourage the CSA to expand the permitted circumstances to extend to all client instructions generally.

- (iii) The CSA must broaden the definition of "vulnerable clients" to strengthen the protections afforded by the Proposed Amendments

Given the recognition in the proposed guidance that vulnerability can take many forms, we question why the proposals define a vulnerable client only as one "who may have an illness, impairment, disability or aging process limitation." This definition would exclude many clients who, based on our experience, are vulnerable because they are substantially dependent on another person (due to social, economic or other reasons), are socially isolated and/or lonely, or that are otherwise prone to being taken advantage of. These clients have fallen victim to financial exploitation in a variety of ways, including through online romance scams and fake investment scams. We urge the CSA to broaden the definition to include any other circumstance, personal or otherwise, that may reasonably place the client at risk of financial exploitation. This will ensure the protections afforded by the Proposed Amendments are provided to all those in need.

- (iv) The Proposed Amendments should shield firms and advisors from liability when acting in good faith

We strongly encourage the CSA to include a "safe harbour" that shields firms and advisors from liability if acting in good faith and exercising reasonable care in placing a temporary hold, as well in making a disclosure about a client to his or her designated TCP. This would help alleviate concern at both the firm and advisor level that making a wrong determination about a client's mental capacity or vulnerability will lead to liability. A safe harbor will help ensure cases are brought forward and dealt with appropriately without fear or liability repercussions.

Conclusion

We thank you for the opportunity to provide comments on the Proposed Amendments. Please feel free to contact me or Danielle Tetrault, Chief Compliance Officer, at danielle.tetrault@ig.ca, if you wish to discuss our feedback further or require additional information.

We would be pleased to engage further with you on this important initiative.

Yours truly,

IG Wealth Management



Jeffrey R. Carney
President and Chief Executive Officer