

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of
Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorite des marchés financiers
Financial and Consumer Services Commission (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

VIA EMAIL ONLY:
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The Secretary
Ontario Securities Commission

Me Philippe Lebel
Corporate Secretary and Executive Director,
Legal Affairs Autorité des marchés financiers

Dear Sirs/Mesdames,

Re: Proposed Amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (“NI 31-103”); and changes to Companion Policy 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (“NI 31-103”) to Enhance Protection of Older and Vulnerable Clients

The Federation of Mutual Fund Dealers (“Federation”) has been, since 1996, Canada’s only dedicated voice of mutual fund dealers. We currently represent dealer firms with over \$124 billion of assets under administration and greater than 24 thousand licensed advisors that provide financial services to over 3.8 million Canadians and their families. As such we have a keen interest in all that impacts the dealer community, its advisors, and their clients.

We support the CSA’s initiative to enhance the protection of older and vulnerable clients and appreciate the opportunity to comment. In reviewing comment letters already submitted we see some common themes and like responses and most align with our members’ thinking including that of the Association of Canadian Compliance Professionals.

Aside from the common themes contained by many submissions, we support the submission by Sandra Jakab, Jakab Law & Compliance and Veronica Armstrong, Veronica Armstrong Law Corporation which brings a valuable perspective.

We agree in their Responses to Questions that the TCP requirement should apply to corporations, trusts, and partnerships that are closely held and are, in effect, part of an individual’s personal investment plan. They recommend

that the TCP be connected to the individual with instructing authority. However, if a closely held corporation, trust, or partnership is operating a business, it is not appropriate to request a trusted contact person. It is the responsibility of the business owners and managers to ensure a succession plan for an operating business, not a registrant's responsibility.

In addition, we support the Key Recommendations submitted by the Portfolio Management Association to:

- *Establish a regulatory safe harbour for registrants that act in good faith to contact trusted contact persons (TCPs) and/or place temporary holds on client accounts (Holds) within the requirements of the Proposed Amendments in the short term while in the longer term, work with the necessary federal and provincial stakeholders to establish a legal safe harbour for registrants that act in good faith to contact TCPs and/or place Holds;*
- *Clarify that the TCP must be of the age of majority in their own jurisdiction of residence, and that the TCP does not need to reside in the same jurisdiction as the client;*
- *Move from a 30-day notification requirement regarding the status of a Hold to a more principles-based notification framework where status updates would be required for significant developments;*
- *Enhance third-party supports for registrants and clients in the case of suspected financial exploitation and abuse and/or diminished capacity; and*
- *Empower investors with information about registration and registration categories through the provision of easier-to-find and understand information on the National Registration Search Database.*

We agree with the Investment Industry Association of Canada's member concerns regarding contacting the TCP and others:

That although the Companion Policy states that registrants should encourage their clients to notify a TCP that they have been named and they may be contacted in certain circumstances, members still express concern that some clients may not alert their TCP in advance. Members also stated that privacy considerations are an issue when contacting an individual who is not a client. Although the Companion Policy refers to privacy obligations under relevant privacy legislation, members would welcome more guidance and clarity on this topic.

And with respect to temporary holds:

We would recommend that the definition of "temporary hold" be expanded to also include the opening of new accounts, especially given the situation where a client liquidates their holdings at one firm and transfers to another firm [which may operate under another registration category or SRO] where the financial exploitation is continuing. We would also suggest that the SROs

consider the need for exemptions from or amendments to their rules (for example, IIROC Dealer Member Rule 2300 Account Transfers and MFDA Rule 2.12 Transfers of Account) in instances where a temporary hold may be in place.

We appreciate the opportunity to comment.

Respectfully,



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Executive Director

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