



October 22, 2020

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

The Secretary
Ontario Securities Commission
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Me Philippe Lebel, Corporate Secretary and Executive Director, Legal Affairs
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Re: CSA Consultation Paper 25-402 Self-Regulatory Organization Framework

Sun Life Financial Investment Services (Canada) Inc. (SLFISI) is a registered mutual fund dealer in all provinces and territories in Canada and is a member of the Mutual Fund Dealers Association of Canada (MFDA). SLFISI is regulated by the Autorité des marchés financiers (AMF) in Quebec. As a mutual fund dealer, SLFISI offers a range of mutual fund products from investment fund managers in Canada.

We commend the CSA for reviewing the current self-regulatory organization (SRO) framework in response to the evolution of financial services and products. We provide our comments in our capacity as a mutual fund dealer.

While the multiple SRO framework has served the industry well to date, we support the evolution of the current SRO framework to a single SRO model over time in response to the evolving changes in financial services and products and to improve investor experience. We recommend that the following key elements be incorporated into the design of an improved regulatory body:

1. A framework that regulates across the continuum of products and type of advice rather than one structured and separated based on the product. This means that expectations on key principles should be the same across products such as know your client, suitability, etc.

2. A regulatory framework that maintains a single set of rules and registrant supervision to minimize inconsistent interpretations of rules amongst firms based on their platform.
3. The alignment and simplification of registration categories and requirements based on product complexity and risks and type of advice.

The consultation paper articulates the overall challenges of the current SRO framework. It is important that the CSA continue to gather additional insights on the operational and business model implications to MFDA-only firms to ensure that the future regulatory framework does not create additional regulatory burden or require significant infrastructure changes.

Trust in the regulatory framework is essential to maintain a safe and healthy financial services industry. We believe that the design of any regulatory model should focus on protecting investor interests by standardizing and simplifying processes and rules. Additional comments in response to the general CSA questions are included in Appendix A.

We appreciate the opportunity to provide our comments to the CSA. I would be pleased to provide further information or respond to any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'KW', is positioned below the closing 'Sincerely,'.

Karen Woodman
President, Sun Life Financial Investments Services (Canada) Inc.

APPENDIX A: RESPONSE TO GENERAL CONSULTATION QUESTIONS

1. Are there other issues with the current regulatory framework that are important for consideration that have not been identified?

Overall, the consultation paper captures the issues and challenges. As the industry evolves its regulatory framework, it is important to consider the implications to MFDA-only firms and their clients and that changes should not create additional regulatory burden or require unnecessary operational and infrastructure costs to MFDA-only firms. We encourage the CSA to continue stakeholder discussions on this aspect.

2. Are there any of the CSA targeted outcomes listed more important from your perspective than other outcomes?

The principles of the proposed CSA targeted outcomes are important in a future regulatory framework. We recommend that the top three priorities be:

- Accommodate innovation and adapt to change while protecting investors. Especially with the current COVID environment, the speed to develop new technology will be critical. Regulations should continue to be technology neutral so that they do not inhibit innovation or create additional unnecessary burden to provide new tools and services to clients.
- Provide consistent access to similar products and services for registrants and investors. There is an opportunity to reduce client confusion and allow for a more seamless client experience for a client to deal with one firm and access different types of advice and products. To achieve this outcome, registration categories could be graduated based on type of advice (e.g. discretionary, non-discretionary) and product complexity (e.g. derivatives)
- Minimize redundancies that do not provide corresponding regulatory value. Eliminate regulations that are duplicative or do not mitigate significantly any risk or add additional protection to the client. However, efforts may be better spent on a go-forward harmonization approach. Assuming there is an evolution to one set of rules, any harmonization should not create additional prescriptive requirements but rather consider whether regulations already exist setting out the core principles to be met (“spirit of the regulation”).

While these are the top three priorities, we would want to understand the new regulatory framework and key changes required to get there. Prioritization of the changes would be critical to ensure that MFDA-only dealers and their clients are not disadvantaged from dual platform firms during the transition phase.

3. General comments on the issues and targeted outcomes identified, as well as any other benefits and strengths not listed.

We agree with the proposed CSA Targeted Outcomes and suggest the following change: “A regulatory framework that is easily understood by investors and provides appropriate investor protection” should be amended to reflect that a regulatory framework should result in consistent client outcomes based on the advisory relationship and risks and provides appropriate investor protection. For investors, understanding certain aspects of a regulatory framework are important e.g. member firms are subject to a governance structure that ensures investor protection and how to escalate issues. We should not expect investors understand the intricacies of the regulatory frameworks or have to follow different processes because there are multiple SROs e.g. who to file a complaint, reasons for different investor protection coverages. Clients who wish to inquire, report an issue or file a formal complaint should be able to go through a single portal.