

October 23, 2020

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British Columbia Securities Commission  
Autorité des marchés financiers  
British Columbia Securities Commission  
Financial and Consumers 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

**ATTN:**

The Secretary  
Ontario Securities Commission  
20 Queen Street West  
22<sup>nd</sup> 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

**Re: CSA Consultation Paper 25-402 – Consultation on the Self-Regulatory Organization Framework**

Dear Sirs and Mesdames:

I am writing in response to the Canadian Securities Administrators' (CSA) consultation paper on reviewing the regulatory framework for the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association of Canada (MFDA), collectively the self-regulatory organizations (SROs).

**About Manulife**

Headquartered in Toronto, Manulife is a leading international financial institution with \$1.2 trillion in assets under management (as of June 30, 2020). Operating as John Hancock in the United States, and Manulife elsewhere, we help more than 30 million customers in 22 countries with their financial decisions. Through our work force of more than 35,000 employees, and over 98,000 agents, here in Canada and around the world, we provide financial advice, insurance and wealth and asset management solutions for individuals, groups and institutions. We serve one in five Canadians offering a wide range of protection, estate planning, banking and investment solutions through a diversified, multi-channel distribution network. Manulife Financial Corporation is a publicly listed company trading on the TSX, the NYSE, the HKEX and the Philippine Stock Exchange.

Our wealth and asset management arm, Manulife Investment Management Limited (MIM) provides a range of investment fund products and services including acting as a portfolio manager and investment fund manager and commodity trading manager. In addition, MIM, together with its affiliates and

subsidiaries, provides comprehensive asset management solutions for institutional investors and investment funds in key markets around the world. This investment expertise extends across a broad range of public, private and alternate asset classes, as well as asset allocation solutions.

Manulife Securities consists of Manulife Securities Investment Services Inc., a mutual fund dealer and a registered Exempt Market Dealer, Manulife Securities Incorporated, an investment dealer, and Manulife Securities Insurance Inc., an insurance agency, each of which is a wholly owned subsidiary of Manulife. Manulife Securities advisors provide Canadians with access to stocks, bonds, mutual funds, and other investment products as well as a suite of life and health insurance solutions.

## **Overview**

Manulife applauds the leadership of the CSA in conducting this timely review. We strongly support the initiative to better align our industry's regulatory framework with the changes that have occurred in the business environment, client needs and expectations, and registrant demographics.

Our comments below are intended to compliment those submitted by the Investment Fund Institute of Canada (IFIC), the Investment Industry Association of Canada (IIAC), and the Canadian Exchange Traded Funds Association (CEFTA), all of which we generally support unless in contradiction with the content herein.

## **A single SRO Model**

Manulife supports the creation of a new SRO (NewCo) formed by the consolidation of IIROC and the MFDA with oversight of all advisory firms servicing retail clients, including Exempt Market Dealers (EMDs), Portfolio Managers, and Scholarship Plan Dealers (SPDs). Exempt market dealers and portfolio managers, such as institutional asset managers, that only provide services to non-retail clients (pension plans, insurers or other asset managers) should not be captured under this new oversight model. We believe this will significantly contribute to the key retail investor benefits identified by IFIC in their submission letter.

While we further expect this new single oversight model to result in greater harmonization and reduced regulatory burden on Dealers, particularly dual platform Dealers registered with both IIROC and the MFDA, it is important that this oversight model remain flexible to the financial models of small independent mutual fund dealers and investment dealer registrants. The current MFDA regime supports strong competition in the investment fund market, which is a key focus that should be maintained so as to limit the unintended consequence of investors being left with fewer or more expensive choices to financial advice.

Moreover, we strongly agree with the position put forward by IFIC to maintain IIROC's mandate of promoting confidence in capital markets by setting, monitoring and enforcing rules governing trading activities on Canadian equity marketplace and monitoring debt market activity. There is value to having equity and debt market regulation and supervision performed by one entity rather than multiple entities. If a harmonized SRO continues to have this mandate, the SRO should continue to regulate institutional asset managers to the extent that their equity and debt market activities are already supervised by IIROC.

## **An Achievable Plan**

It is necessary to modernize our industry's regulatory framework without further delay and better align it to the evolution of our industry's business models and investors' expectations. However, we acknowledge that regulatory reform requires substantial and complex coordination between provincial and territorial securities commissions, regulators and industry stakeholders. As such, we encourage breaking down the goal of establishing a SRO that oversees all retail advice channels into smaller, outcome-focused stages.

### **Benefit to Consumers**

Consolidating the SROs (and expanding the SRO to the other advice categories) will deliver increased harmonization and reduced regulatory burden for Dealers which will reduce duplicative operating costs. As a highly competitive industry, we expect these cost savings will be passed on to consumers and therefore better consumer access to financial services. We also expect consumers to benefit from a standardized process in accessing advice and from a simplified and consolidated complaint management process.

### **Conclusion**

Manulife is appreciative of the opportunity to participate in this review and we would be pleased to respond to any questions you may have towards our comments.

Yours very truly,

A handwritten signature in black ink, appearing to read "Rick Annaert". The signature is fluid and cursive, with a large initial "R" and "A".

**Rick Annaert**

SVP, Head of Advisory Services  
President & CEO, Manulife Securities