

June 27, 2022

British Columbia 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

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**ATTN:**

The Secretary  
Ontario Securities Commission  
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Me Philippe Lebel  
Corporate Secretary and Executive Director, Legal  
Affairs  
Autorité des marchés financiers  
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Dear Sirs and Mesdames:

**Re: CSA Staff Notice and Request for Comment 25-304 *Application for Recognition of New Self-Regulatory Organization***

Thank you for the opportunity to share our comments in response to the CSA's New SRO Consultation.

Our comments are intended to complement the feedback shared by the Investment Funds Institute of Canada (IFIC) and the Investment Industry Association of Canada (IIAC), which we support.

We applaud the CSA on the commitment to timely regulatory reform and continue to encourage a process that remains true to the CSA's position paper of meeting the seven policy objectives.

### **Advisor Incorporation**

For many years, the industry has advocated for changes to securities legislation to allow advisors to run their businesses as effectively as other professional service providers, including doctors, lawyers and accountants.

Manulife works with advisors who sell mutual funds, securities, insurance, and provide financial advice. Many of these advisors currently use a corporate structure to manage aspects of their business but are required to conduct their securities-related business as unincorporated individuals. Incorporation would ease the complexity of running dual business models and provide more consistency and efficiency for the application of tax rules, as well as facilitate partnerships, growth and succession planning. Increasing the efficiency of these small businesses will increase competition across Canada's securities distribution and will expand the choice for consumers seeking financial services and advice.

We strongly encourage the CSA to work with the new SRO and establish advisor incorporation as a long-term goal.

### **Directed Commissions**

We welcome the proposal to amend the Partially Consolidated Rules to allow MFDA registered advisors to direct commissions to a corporation within the jurisdictions that permit it. We encourage the CSA to also include IIROC registered advisors as part of this proposal. This amendment will meet the CSA's objective of harmonizing directed commissions and will support dual-registered firms to function efficiently.

### **Proficiency Requirements for Dual-Registered Firms**

As highlighted by both IFIC and IIAC, proficiency requirements should be based on the proven competency of the registered representative, and not their firm's registration category. Requiring registered mutual fund representatives who transfer to a dual-registered firm to complete the Conduct Practices Handbook Course (CPH) implies that the MFDA's current proficiency requirements for representatives selling mutual funds is insufficient and poses a regulatory burden. This proficiency proposal could discourage MFDA member firms from becoming dual-registered firms, or alternatively, incentivize dual-registered firms to register as mutual fund dealers.

We encourage the CSA to both reconsider and state the policy rationale of this proposed proficiency requirement for existing mutual fund representatives who are transferring to a firm that also includes investment advisors.

### **Mutual Fund Representative Registrations**

We agree with the industry feedback that consolidating registration categories under a single SRO will facilitate a consumer-focused approach, reduce regulatory arbitrage, limit investor confusion, and better reflect how Canadians seek and access financial advice.

The CSA has proposed that provincial regulators oversee the registration of mutual fund representatives, while the new SRO would oversee the registration of investment representatives. It is our view that this structure is not compatible with the CSA's policy objective of fostering harmonization.

Our position is that all registrations should be through the new SRO. It will be inefficient and create



additional regulatory burden for firms to register mutual fund representatives through the various provincial commissions and investment representatives through the new SRO.

**In closing**

Thank you for the opportunity to provide Manulife's comments and I welcome the opportunity to discuss our feedback further.

Yours truly,

***Richard McIntyre***

Richard McIntyre  
President & CEO