

June 27, 2022

SUBMITTED VIA EMAIL

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To Whom it May Concern:

Re: CSA Staff Notice and Request for Comment 25-304 *Application for Recognition of New Self-Regulatory Organization* and CSA Staff Notice and Request for Comment 25-305 *Application for Approval of the New Investor Protection Funds* (the “Staff Notices”)

Aviso Wealth Inc. (“Aviso Wealth”) appreciates the opportunity to provide comments with respect to the Canadian Securities Administrators’ (the “CSA”) Staff Notices. Aviso Wealth is an integrated wealth management company which includes an investment dealer, Credential Qtrade Securities Inc. (“CQSI”), which is a member of the Investment Industry Regulatory Organization of Canada (“IIROC”); a mutual fund dealer, Credential Asset Management Inc. (“CAM”), which is a member of the Mutual Fund Dealers Association of Canada (“MFDA”); an Investment Fund Manager, NEI Investments; and an insurance agency. Aviso Wealth is owned 50% by Desjardins and 50% by the Provincial Credit Union Centrals and The CUMIS Group Limited.

Aviso Wealth occupies a unique place in the wealth management landscape. We partner with the majority of credit unions across Canada to provide wealth management services to their members. At present, this network comprises over 1,700 active branch locations in all urban centres and many rural locations, with CQSI having approximately 500 IIROC registered representatives (“Registered Representatives”) and CAM having approximately 2,000 mutual fund representatives (“MF Representatives”). We partner with credit unions because they do not wish to operate their own dealer, and do not have the scale required to do so. An integrated wealth management platform supports our credit union partners’ wealth initiatives by providing the tools, training and products required to enhance

and differentiate their members' wealth management experience. A consolidated SRO will further allow for integration of wealth management for our credit union partners and our shared clients.

We strongly support the continued work by the CSA to bring together IIROC and the MFDA into the "New SRO". Our specific comments on the Staff Notices are as follows:

Principles Based Regulation

We appreciate that integrating the two existing SROs into one New SRO requires substantial thought and work that will take time given the overlap between IIROC and the MFDA currently. We wish to express our strong hope that as the New SRO continues to be developed, the CSA ensure that the regulatory approach taken is principles based, responsive to investor and industry needs, and focused on delivering frameworks and outcomes that effectively but concisely support such principles and needs.

As the industry continues to evolve, with changing products and services and ways for them to be delivered, it is critical that the regulatory landscape be applied in as nimble and flexible a way as possible. We encourage the CSA to develop an approach that is highly adaptive, inclusive, and collaborative.

Registration of Individuals

We understand that in the case of combining operations (one legal entity running both "IIROC" and "MFDA" platforms under one dealer), all MF Representatives will be required to complete the Conduct and Practices Handbook Course ("CPH"). This course is currently required for full IIROC Registered Representatives along with the Canadian Securities Course. The CSA is allowing 270 days for MF Representatives to complete the course.

We are confused as to why the CSA is asking MF Representatives to take this additional course. We have reviewed the information contained in the CPH to assess the material that would be relevant and additive to training already required for mutual fund representative licensing with an IIROC dealer. Our review found that much of the CPH information is either not applicable to an MF Representative's activity, or it is already covered in the required course materials that must be successfully completed by all MF Representatives in order to be licensed.

1. Standards of Conduct and Ethics
2. Ethical Decision Making
3. The Canadian Regulatory Framework
4. Working with Clients
5. Client Discovery and Account Opening
6. Product Due Diligence, Recommendation and Advice
7. Trading, Settlement and Prohibited Activities
8. Maintaining Client Accounts and Relationships
9. Putting it All Together

The IFIC Mutual Funds License Course offered by IFSE Institute Canada (the "IFSE Course") is taken in order for a MF Representative to be licensed; it contains the following sections:

1. Regulatory Environment
2. Registrant Responsibilities – Ethics, Compliance & Registrations
3. Suitability
4. Economic Factors and Financial Markets
5. Types of Investments
6. Types of Mutual Funds
7. The Portfolio Manager
8. Mutual Fund Administration
9. Retirement
10. Tax
11. Making Recommendations

The CPH contains sections that are already covered in the IFSE Course. Specifically, the above-noted sections 1, 2, 3, 4, 5, 6, and 8 are duplicative. Furthermore, section 6 includes information on new issues and take-over bids and section 8 discusses credit and margin, both of which are areas that do not relate to the mutual fund industry.

In addition to the IFSE Course, a MF Representative currently must take the “New Mutual Fund Dealing Representative Course” (the “90-day Course”) which includes the following topics:

1. The Financial Services Industry
2. Regulation of Financial Services
3. Mutual Fund Dealers and Dealing Representatives
4. Products and Services
5. New Accounts
6. Advising Clients
7. Know Your Clients, Know Your Product, and Suitability
8. The Sales and Trade Execution Process
9. Ethics and Standard of Conduct

The 90-day Course includes training on ethical conduct and behaviour, which are similar topics to what is found in the CPH.

We encourage the CSA to reconsider this requirement as this new course may create another tier of license and an unlevel playing field between the same category of advisors who sell the same products. We also believe that this will create confusion with investors for requiring another course that is not required for mutual fund only firms.

Combining Operations Within One Legal Entity

We appreciate that the CSA has begun to address the question of dual platform firms who wish to combine their operations in 2023. We request that the CSA allow for more immediate consultation on this topic.

We question the requirement that if a dual platform firm combines their operations there is a requirement that the former MFDA firm must follow the IIROC rules. Specifically, the concern is that those former MFDA Advisors must now be trained on the IIROC policies and procedures. We believe that this requirement will create an unnecessary burden to update, train and adapt systems and requirements to meet new rules. In addition, since there will a harmonized rule book within the next 18-24 months we ask that you allow former MFDA Advisors, have the option to follow their existing MFDA rules and policies and procedures as have been established by the Dealer.

For example, and for further specificity, we request further guidance on whether we can consolidate into a single trustee, and how we are able to consolidate banking structures. We would also like to know if a combined dealer who is following the *Investment Dealer and Partially Consolidated Rules* and carries an MFDA dealer, can the introducer continue to follow the *Mutual Fund Dealer Rules*? If the MFDA introducing dealer follows the *Mutual Fund Dealer Rules*, will the introducing dealer's client cash have to be 100% segregated as per current MFDA rules, or would the client cash fall under the carrying broker's segregation requirements under the *Investment Dealer and Partially Consolidated Rules*?

We request and would appreciate that further and specific details be provided, to allow us to determine what information is required and to guide the process we can follow in order to obtain the approvals necessary to bring our dealers together in an expedited manner with as little client and partner impact as possible.

Conclusion

We remain very supportive of the work that the CSA has done to date on the development of the New SRO. We would be pleased to respond to any questions that you may have in respect of our comments.

Thank you for considering our submission.

Yours truly,



Bill Packham
President and CEO



Alexandra Williams
SVP, Head of Service, Operations and Compliance