



# Assante

WEALTH MANAGEMENT

*Be well-advised.*

## MEMORANDUM

TO: British Columbia Securities Commission  
Alberta Securities Commission  
Saskatchewan Financial Services Commission  
Manitoba Securities Commission  
Ontario Securities Commission  
Autorite des marches financiers  
New Brunswick Securities Commission  
Registrar of Securities, Prince Edward Island  
Nova Scotia Securities Commission  
Superintendent of Securities, Newfoundland and Labrador  
Registrar of Securities, Northwest Territories  
Registrar of Securities, Yukon Territory  
Registrar of Securities, Nunavut

FROM: Frank Hurst  
Chief Compliance Officer  
Assante Wealth Management

RE: Public Comment – Registration Reform Project – Proposed National Instrument 31-103 – Registration Requirements

DATE: May 26, 2008

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Dear Sir/Madam,

Please accept this document as our comment on the proposed **NI 31-103 – Registration Requirements**, provided on behalf of Assante Wealth Management (AWM) Ltd., in response to your invitation for comment.

Thank you in advance for your consideration of these comments. If you wish to discuss these further, please do not hesitate to contact myself, Frank Hurst @ 416-681-1432.

Thank you.

Frank Hurst  
Chief Compliance Officer  
Assante Wealth Management

#### **Time limits on examination proficiency [S.4.4]**

Propose removal of the requirement to re-write an exam after a lapse in registration, where a former registrant applies for a similar post in the future. Suggest that the dealer assume responsibility to ensure that employees or agents show sufficient proficiency to carry out their role, without a requirement to re-write a course, where a course has lapsed. This would permit a registrant, with a significant deal of expertise/experience, to act in a registered capacity, without re-writing a course or seeking an exemption from an examination re-write.

#### **Know-Your-Client [S. 5.3(1)(a)]**

Reference is made to taking "reasonable steps" to ascertain a client's identity. Additional guidance as to what regulatory expectations are of these steps would be useful. For example, per 5.3, ss.1 (a), how would a registrant establish the "reputation" of a client?

#### **Records – form, accessibility and retention [S.5.16(5)]**

Propose clarification that activity and relationship information may be commingled in a single account record, provided that the record details meets requirements specified in NI 31-103.

#### **Statements of account and portfolio [S.5.22]**

Additional guidance would be helpful with respect to the requirement to provide quarterly account statements. For example, similar to the exemption provided in S. 5.21 with respect to provision of trade confirmations, must registered dealers provide quarterly client account statements, where the investment fund manager of the mutual fund sends the same for a client name account?

#### **Complaint Handling [S.5.31]**

Members of the IDA are required to regularly report client complaints. In review of this proposed rule, a number of questions may be considered, they are as follows:

- Is it necessary to require registrants, who may report client complaints to a central regulatory authority already, to also file the same reports with provincial securities administrators? For example, MFDA Members report complaints via METS and IDA Members report complaints through COMSET. Will there be an exemption provided to Members of an SRO where such a reporting requirement already exists?
- Is this proposed filing requirement of sufficient benefit to the investor, particularly where a central authority, such as the IDA, is required to forward relevant queries to a provincial regulator?
- Would all types of complaints be forwarded or just specific types?

- How would an Advisor's registration affect the requirement to file? For example, would the registration of the Advisor impact what complaints are reported and to which regulator? Would a complaint from a Newfoundland client be submitted to Saskatchewan, where the subject of the complaint, the Advisor, is living in Saskatchewan, while s/he is registered in Newfoundland (and possibly also registered in other jurisdictions)?
- In lieu of this new complaint filing requirement, would it be useful to require registrants to advise clients of the option to lodge a complaint with the regulator directly. This would be in addition to the mandatory complaint process disclosure required of Members of the IDA and Mutual Fund Dealers Association of Canada (MFDA).

### **Reasonable diligence when referring clients [S.6.14]**

Reference is made to the registrant taking "reasonable steps" to confirm that a referral partner has the appropriate qualifications to provide their service(s) and that such a referral partner is appropriately registered (where applicable). Further guidance needs to be provided as to the definition of "reasonable steps". What kind of due diligence is expected? Is this due diligence ongoing or expected only at the initiation of a referral relationship?

### **Application and transition to prior referral arrangements [S.6.15]**

Rule requires clarification as to whether dealers are required to re-paper existing referral arrangements.

### **Other**

#### *Rule Harmonization*

The CSA references its intention to harmonize requirements between NI 31-103 and SRO requirements on an ongoing basis. Is there a process/structure in place to facilitate such harmonization? The Investment Dealers Association (IDA) is moving forward with the Client Relationship Model (CRM) proposal. The proposed CRM requirements with respect to relationship disclosure conflict with the principles-based approach espoused in NI 31-103.

A documented process/structure to facilitate such rule harmonization between provincial securities administrators and self-regulatory organizations would benefit all market participants.

#### *Payment of Commissions to Incorporated Salespersons*

Support additional regulatory guidance for MFDA proposal to continue to permit the principal-agent model with directed commissions.