

October 4<sup>th</sup> 2016

VIA E-MAIL ONLY

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

Robert Blair, Secretary (Acting)  
Ontario Securities Commission  
[comments@osc.gov.on.ca](mailto:comments@osc.gov.on.ca)

Me Anne-Marie Beaudoin, Corporate Secretary  
Autorite des marches financiers  
[Consultation-en-cours@lautorite.gc.ca](mailto:Consultation-en-cours@lautorite.gc.ca)

Dear Sirs and Mesdames:

**Re: CSA Notice and Request for Comment - Proposed Amendments to NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, Companion Policy 31-103CP Registration Requirements, Exemptions and Ongoing Registrant Obligations, NI 33-109 Registration Information and Related Forms**

The Federation of Mutual Fund Dealers (the “Federation”) has been, since 1996, Canada’s only dedicated voice of mutual fund dealers. We currently represent dealer firms with over \$124 billion of assets under administration and 18 thousand licensed advisors that provide financial services to over 3.8 million Canadians and their families and as such we have a keen interest in all that impacts the dealer community, its advisors and their clients.

With the plethora of items that have been out for comment over the last six months, we could not, in all honesty, spend as much time on the 430 page Proposed Amendments as we would have liked.

Federation of Mutual Fund Dealers  
Fédération des courtiers en fonds mutuels

We do have one comment with respect to Section 14.17 (*report on charges and other compensation*). You note that the report does not extend to non-cash incentives and that you are considering ways of making clients aware of these kinds of incentives.

We don't believe that there is **any** value in adding a new requirement to *specifically list* these incentives to clients. The industry adopted sales practices best practices in the early 1990s which later were codified in NI 81-105. That Instrument is very specific in its application to restricting the solicitation of payments, the provision of benefits, the practices of dealers and distributors, cooperative marketing, conferences and so on. The industry has had twenty years to amend their policies and adopt practices including supervision and audit in compliance of this Instrument; and regulators have had as long to monitor this behavior.

In addition, we do not believe that the text you are suggesting adding to the report on fees and charges is necessary, nor is it accurate:

*In addition to the payments specified in this report, [the firm] or its representatives may also receive other sales incentives related to the securities that you have purchased through us. These incentives can influence representatives to recommend one investment over another”.*

The purpose of NI 81-105 was to make any kind of non-cash incentives so de minimis so as to eliminate any conflict of interest and we believe that the Instrument has been successful in this. For dealers and representatives who do not avail themselves of non-cash incentives it would not be accurate, and for those who do but adhere to NI 81-105 it would not be true.

We thank you for the opportunity to provide comments Should you have any questions or wish to discuss this submission, do not hesitate to contact the undersigned.

Regards,

Federation of Mutual Fund Dealers



Sandra L. Kegie  
Executive Director