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## February 4, 2025

Member Regulation Policy, Canadian Investment Regulatory Organization  
40 Temperance Street, Suite 2600  
Toronto, Ontario M5H 0B4

Market Regulation, Ontario Securities Commission  
20 Queen Street West, Suite 1903, Box 55  
Toronto, ON, M5H 3S8

Capital Markets Regulation, B.C. Securities Commission  
701 West Georgia Street, Pacific Centre, Box 10142  
Vancouver, BC, V7Y 1L2

### Re: Rule Consolidation Project Phase 4

Thank you for the opportunity to comment on CIRO's Rule Consolidation Project Phase 4, (the Consultation). We look forward to continued engagement in the rules consolidation project as it advances through each of its phases.

### Our Company

At Canada Life, we are focused on improving the financial, physical and mental well-being of Canadians. For more than 175 years, our customers across Canada have trusted us to provide for their financial security needs and to deliver on the promises we have made. Today, Canada Life provides insurance, wealth management, and healthcare benefit products and services, serving more than 13 million customer relationships across Canada, through our network of over 16,000 advisors.

We are one of Canada's preeminent wealth providers. Across our platform, Canada Life has approximately \$100 billion in Canadian independent wealth management assets under administration. In the securities space, we offer a full spectrum of wealth management services and solutions to our clients through our subsidiaries that operate in the mutual fund dealer, investment dealer, investment fund manager, and portfolio manager categories of registration.<sup>1</sup>

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<sup>1</sup> Quadrus Investment Services Ltd., LP Financial Planning Services Ltd., and IPC Investment Corporation are registered as mutual fund dealers; IPC Securities Corporation and Canada Life Securities Ltd. are registered as investment dealers; and Canada Life Investment Management Ltd. and Value Partners Investment Inc., are registered as investment fund managers and portfolio managers.

We are building on our strong foundations to create a leading wealth management platform for independent advisors and their clients in Canada.

We applaud CIRO's efforts to consolidate the dealer rules into a single set of harmonized rules and urge CIRO to continue to prioritize this important initiative. We strongly believe a regulatory framework that ensures like dealer activities are regulated in a like manner, and that adopts a principles-based approach to rulemaking where practical, will lead to significant benefits for mutual fund and investment dealers and the clients they serve.

### **Question 1 – Definition and application of “investment product”**

Canada Life is concerned about the application of section (iv) of the revised definition of “investment product”, which allows the CIRO Board to approve a product as an “investment product”. The section does not detail how or under what circumstances the CIRO Board will exercise this authority. Any such determination should be subject to the normal rule-making process, including public consultation and CSA approval.

The CIRO Board must not include additional products under subsection (iv) that are principally regulated by a non-securities regulator. Doing so may create regulatory confusion for Dealer Members who handle client products outside the scope of subsections (i) to (iii) and we urge CIRO to defer to the expertise of the principal regulator in such cases. For example, this would be consistent with certain exemptions in Part 2 of NI 45-106 and Part 8 of NI 31-103. If the proposed power of the Board to deem a product to be an “Investment Product” becomes part of the final rules, this power should be used sparingly in situations of truly new and innovative products that are not otherwise regulated.

With respect to questions 1a. and 1b., we do not recommend any additional investment products for Board approval under the revised definition of “investment product”.

### **Question 2 and 4 – Applying IDPC CFO and Director requirements to mutual fund dealers**

We urge CIRO to grandfather individuals who currently serve as CFOs and Directors of mutual fund dealers and request that their designations remain valid if they choose to transfer to a related firm. Many CFO and directors who do not presently meet the proposed proficiency requirements have accumulated significant industry experience and can provide a diverse perspective and invaluable guidance to Dealer Members. These individuals should not be prevented from continuing to serve mutual fund dealers, especially in the absence of any historical regulatory issues linked to individuals acting in this capacity. Ultimately, it is unlikely that imposing the IDPC approval process on CFO and Directors will change the risk level for the investing public. However, if CIRO determines that CFOs and Directors at mutual fund dealers must complete the applicable IDPC proficiency requirements, these individuals should be granted a two-year extended implementation period, beyond the general effective date of the proposed DC Rules, to do so.

### **Question 5 - Transition period for Approved Person categories where new requirements are introduced or existing requirements have been materially changed**

We recommend a two-year extended implementation period for the proposed new, or materially changed, proficiency requirements for mutual fund dealers' APs, beyond the general effective date of the proposed DC Rules. This extended

transition period will allow mutual fund dealers to develop the infrastructure necessary to satisfy the new proficiency requirements with minimal disruption to the firm and clients.

**Question 6 and 7 - Prohibition on accepting certain positions of control or authority over client affairs, beneficiary status or bequests**

We agree it is critical to minimize and manage all reasonably foreseeable potential source of conflicts of interest. However, the proposal to include employees of Dealer Members is unnecessarily broad. Instead, we believe, the key to curbing such conflicts is to ensure individuals who may develop influence over their clients be prohibited from accepting an appointment as a POA, trustee, executor or beneficiary status or bequests from clients. The individuals most likely to develop this level of influence is likely those in advisory roles, who connect with their clients on a regular basis, and not unregistered employees who may have only little direct contact with clients. Lastly, so as not to limit a client's exercise of their informed free will and as a practical matter, we suggest Dealer Members have the power to provide exemptions to this role, to be determined on a case-by-case basis.

Thank you once again for the opportunity to participate in this process. We look forward to the continuation of meaningful dialogue as this process advances through subsequent stages. Please do not hesitate to contact us with any questions on the matters raised herein.

Sincerely,



Blaine Shewchuk  
Executive Vice President, Individual Wealth  
Canada Life