

December 7, 2020

Via Email: memberpolicymailbox@iiroc.ca

Member Regulation Policy
Investment Industry Regulatory Organization of Canada
Suite 2000
121 King Street West
Toronto, Ontario M5H 3T9

RE: IIROC Exemptions for Bulk Account Movements: DMR 2300, under a new section 2300.12, and IIROC Rule 4800, under a new Part B.2, section 4866 (“Proposed Amendments”)

Fidelity Clearing Canada ULC (“FCC”) appreciates the opportunity to provide comments on the Proposed Amendments.

FCC, founded in Toronto in 2009, provides Canadian registered brokerage firms and portfolio managers with trade execution, clearing, custody and back-office support. We are also registered with the Investment Industry Regulatory Organization of Canada (“IIROC”) as an Investment Dealer.

FCC is in support of the Proposed Amendments in that they allow IIROC Staff the ability to grant exemptive relief to Dealers from various obligations surrounding account opening obligations upon a bulk movement, within the prescribed timelines. This is primarily premised on the fact that Staff must be satisfied that in granting such relief, the interest of the clients, the public and the Dealers are not compromised.

Key in this is the highlight on bulk movements. FCC is in support of the following changes resulting in bulk account movements that qualify for relief under the Proposed Amendments:

- a change of carrying broker,
- an introducing broker becoming a self-clearing Dealer or vice versa,
- a Dealer purchasing a block of accounts from another Dealer,
- two Dealers amalgamating to form a new Dealer, and
- a change of service provider Dealer as result of changes to the portfolio manager, as applicable.

All this being predicated on there being a change in the Dealer or Dealers responsible for maintaining the impacted client accounts.

Fidelity Clearing Canada ULC (“FCC”) is an indirect, wholly-owned subsidiary of 483 Bay Street Holdings LP, which is a joint venture between FIL Limited and Fidelity Canada Investors LLC. FCC and two other separate related legal entities that are also Canadian securities registrants – Fidelity Investments Canada ULC and Fidelity (Canada) Asset Management ULC – conduct business under the “Fidelity Investments” brand, which is a trademark of Fidelity Investments Canada ULC and a registered business name of FCC. However, each Canadian securities registrant operates and conducts its business independently of each other. FCC is a member of the Investment Industry Regulatory Organization of Canada (IIROC) and the Canadian Investor Protection Fund (CIPF).

We are in support of the Proposed Amendments allowing Staff to impose reasonable terms and conditions on the exemptive relief it considers necessary.

FCC is pleased that IIROC is not proposing the introduction of prescriptive rules understanding that this industry entails vast and various situations and prescriptive rules would not be feasible, as they couldn't possibly consider all firm-specific facts and circumstances. As drafted, the Proposed Amendments provide flexibility for Staff to determine when exemptive relief is appropriate and, where appropriate, additional exemption terms and conditions that are necessary to ensure that the interests of impacted clients are protected.

Should Staff have exemptive authority to provide relief from the need to re-paper?

Related thereto, in the context of bulk account movements, FCC is in support that the scope of the proposed exemption be expanded to include relief from the need to "re-paper" an account in instances where the previous firm documentation can be relied upon. The basis for this support is the reality that bulk transfers don't necessarily equate to material changes in a client's account. This is grounded on the assumption that timely notifications and relationship disclosures are sent to the affected clients.

In closing, granting the authority in the Proposed Amendments, ultimately leads to efficiencies in time and cost for all parties involved: IIROC, their Board of Directors, Dealers and the end client.

Sincerely,
Fidelity Clearing Canada ULC



Paige Wadden LL.B.
CCO & VP, Risk Oversight

c. Market Regulation, Ontario Securities Commission via e-mail: marketregulation@osc.gov.on.ca