

EXECUTIVE SUMMARY

The IIAC continues to support the development of a single, enhanced new SRO and the CSA's efforts to date in this regard.

Some key recommendations include the following:

Operational Considerations

- i) All activity approved by the Mutual Fund Dealers Association (the "MFDA") at the time interim rules come into effect should be deemed approved by the New SRO without requiring further proficiency upgrades for those who work at dealers choosing to integrate platforms.
- ii) A mutual fund only dealer or distribution channel addresses the needs of many Canadian investors. It should not be subject to disruption including avoidable cost.
- iii) For dealers who choose to integrate platforms while continuing the same or substantially similar activities, an application or exemptive relief process should not be required.
- iv) Prompt harmonization within and for the province of Québec through a consolidation of functions currently conducted by Chambre de la Sécurité Financière ("la Chambre") and the AMF to the New SRO and a consolidation of investor protection fund coverage

New SRO Governance

- i) In order to effectively set industry standards and regulations, the New SRO must remain informed by industry, who has a keen, front line and deep understanding of the investor needs it services.
- ii) Every effort should be made to ensure that industry board members are a realistic reflection of the market:
 - o The Articles and Draft By-Laws may have further flexibility and refer to a minimum and maximum number of directors, rather than being fixed at 15.
 - o A skills matrix for proposed Directors should include Member input.
 - o A final skills matrix should be available to the Governance Committee and to the public and be updated regularly to reflect evolving market and investor needs.
 - o Governance Committee members should include Industry Directors.

- The meaning of independence should be expanded beyond individuals who have no material relationship to the Corporation or Member and include a requirement for individuals to have independence from securities regulators and securities related advocacy associations.

Industry Advisory Councils/Committees

- i) With respect to powers previously exercised by District/Regional Councils, the particulars regarding how Members may seek and obtain approval from the Corporation or Senior Staff and appropriate escalation and appeal procedures remain to be determined and need be subject to fulsome member consultation.
- ii) A clear advisory mandate for Regional Councils need be formulated through further member consultation. The proposed National Council should also have formal standing before the Board.
- iii) Advisory Committee(s) reflective of executive leadership at various dealer models should be formed as a valuable resource for the New SRO Board.

Public Interest Mandate

- i) The New SRO mandate should be expanded to include capital growth, minimizing regulatory inefficiencies and proportionate regulation. The New SRO should be required to conduct and produce a meaningful needs analysis and cost benefit analysis for its proposed or amended rules, policies and guidance.

CSA Oversight

- i) The CSA previously rejected a CSA-led regulatory organization. The proposed overarching and prescriptive non-objection framework functionally removes all decision-making autonomy from the New SRO. The New SRO requires sufficient discretion, authority, and deference to enact its mandate.

Transition Considerations

- i) Reasonable timelines for both implementation and member consultation should be a priority. With respect to the latter, ongoing, meaningful but efficient member dialogue is necessary to move from interim to final rules within a defined time period.