

April 29, 2016

Delivered By e-mail: mgerhart@iroc.ca

Ms. Marsha Gerhart  
Vice-President, Member Regulation Policy  
Investment Industry Regulatory Organization of Canada  
121 King Street West, Suite 2000  
Toronto, Ontario  
M5H 3T9

Dear Ms. Gerhart:

**Re: IIROC White Paper 15-0260: The Public Policy Implications to Rules Regarding Proficiency Upgrade Requirements and Directed Commissions on the IIROC Platform**

Assante Wealth Management (“Assante”) appreciates the opportunity to provide comments on IIROC’s White Paper: *The Public Policy Implications to Rules Regarding Proficiency Upgrade Requirements and Directed Commissions on the IIROC Platform*.

Assante is one of the country’s largest independent wealth management firms with over 750 professional advisors overseeing \$34 billion of assets under administration. Assante’s subsidiaries include Assante Capital Management Ltd., an IIROC member firm, and Assante Financial Management Ltd., an MFDA member firm.

IIROC’s illustrative proposal would allow firms and individuals to conduct business that is limited to mutual funds and exchange-traded funds under IIROC regulatory oversight. Under this approach, IIROC would:

1. Eliminate its current requirement for firms and individuals to be qualified to offer a full range of investment products, and instead allow firms and individuals to offer only mutual funds and exchange-traded funds (with appropriate adjustments for the relative risk of such firms and individuals to IIROC’s proficiency, supervisory and oversight requirements); and
2. Allow all firms and individuals under IIROC’s regulatory oversight to take advantage of what is referred to as “directed commissions”.

The white paper asks for comments on the following questions:

*Would you support this proposal as being in the public interest?*

Assante commends IIROC for considering ways to improve securities regulation in Canada and reducing the regulatory burden on industry participants. In general, we believe that there are opportunities for

increased harmonization and rationalization between the Self Regulatory Organizations (SROs) in Canada. Regulatory changes that are considered as part of a broad and extensive review process, including detailed research and a review of international developments in related areas can result in efficiencies that are in the public interest and benefit registered firms and individuals. However, the rule changes contemplated in the white paper result in a number of concerns, as they are not the result of such a process.

As noted in the paper, if implemented these rule changes eliminate the primary barriers for MFDA registered individuals and firms to move to the IIROC platform which could significantly de-stabilize the MFDA. The financial burden on the remaining MFDA registered firms may be prohibitive. This may have an impact on the level of service received by individuals currently advised by these MFDA member firms. We believe more research needs to be conducted on these potential outcomes, and as such, we do not believe this proposal is in the public interest at this time.

*What impact would the adoption of this proposal have on each of the following: investors, registered firms, registered individuals, and Canadian regulatory and financial industry structure?*

It is difficult to assess the impact that these rule change would have on the market participants given the limited information that is available at this time. In order to provide an informed assessment and ensure there are no unintended consequences, especially for investors, additional analysis and consultations need to be completed.

#### *An Alternative Approach to Harmonization*

As noted above, Assante supports initiatives that result in efficient and effective regulation. In broad terms, we suggest an alternative, more consultative process be followed to determine if opportunities for SRO efficiencies can be achieved.

We suggest that a joint SRO staff working group could be constituted to review and make recommendations in a number of areas that effectively deliver the objectives sought in the white paper.

IIROC's stated purpose for releasing the paper is to look for:

*“ways to make the delivery of securities regulation in Canada more efficient by reducing regulatory overlaps and harmonizing their requirements and standards with those on other regulatory platforms, while pursuing the public interest and maintaining or enhancing investor choice and investor protection.”*

The joint SRO staff working group could, as examples:

1. review the respective SRO rules, or proposed rules, identify differences in rules applied to common practices of the respective SRO registrants, and determine opportunities for harmonization;

2. identify areas where the SROs can harmonize operational practices, including interpretation of similar rules, sharing of administrative functions, etc.;
3. explore whether there are operational inefficiencies that can be addressed by the SROs for dual platform dealers, thus enhancing the efficiency of regulation for these firms; and
4. conduct further research on the broader concept of an incorporated salesperson model that would be of assistance to the various constituents in this issue – the Canadian Securities Administrators, the Canada Revenue Agency, provincial legislators, registered firms and registered individuals.

As a dual platform dealer, Assante appreciates the potential benefits of SRO rule harmonization and the potential for a single SRO structure. However, we believe this initiative must be considered and conducted in association with other regulatory initiatives to avoid, to the extent possible, any unintended consequences.

Assante appreciates the opportunity to provide our input to this initiative, and as always, we are available to discuss these comments if there are questions.

Yours sincerely,

ASSANTE WEALTH MANAGEMENT



Per: Steven J. Donald  
President