

May 23, 2018

Via email ccorlett@iiroc.ca

Mr. Charles Corlett
Director, Enforcement Litigation
Investment Industry Regulatory Organization of Canada
121 King Street West, Suite 2000
Toronto, ON M5H 3T9

Dear Mr. Corlett,

**Re: Request for Comment – Enforcement Alternative Forms of Disciplinary Action
("the Proposals")**

Edward Jones welcomes the opportunity to provide comments with respect to the Proposals.

Background

Edward Jones is a limited partnership in Canada and is a wholly owned subsidiary of Edward D. Jones & Co., L.P., a Missouri limited partnership. Edward D. Jones & Co., L.P. is a wholly owned subsidiary of The Jones Financial Companies, L.L.L.P., a Missouri limited liability limited partnership. We are registered with the Investment Industry Regulatory Organization of Canada (IIROC) as an investment dealer and have more than 770 financial advisors located across Canada managing over \$30 billion of assets under care.

Our primary focus is on the long-term, serious investor and our first core value is 'our clients' interests come first'. Our entire firm is organized around this principle. It aligns with everything we do.

Overview

We agree with, and fully support, the spirit of the Proposals, in that the two proposed enforcement programs are intended to help IIROC in addressing wrongdoing in a fair and proportionate manner. Having more tailored responses to infractions is consistent with our own approach, where we take into consideration the individual facts and circumstances when determining the action we take.

We support any efforts to enhance fairness and inspire investor confidence.

We also support any programs that are intended to create operational efficiencies including reducing the timelines and costs associated with enforcement matters.

Comments

Below are our specific comments to the Proposals.

Cautionary Letter vs the Minor Contravention Program (MCP)

While we recognize that a cautionary letter has limitations, we believe it remains an effective tool for creating awareness and deterring future wrongdoing. We are concerned that the implementation of the Minor Contravention Program (MCP) could result in discontinued, or the significantly reduced, use of cautionary letters. We appreciate that, under the current enforcement programs, there were likely times where a fine was warranted when a cautionary letter was issued. We believe that in these situations, an MCP Notice would have been an appropriate response. We also expect, however, that there will remain situations where, under certain circumstances, it would remain suitable to address an infraction with a cautionary letter.

In its Rules Notice (18-0045), IIROC effectively and clearly outlines the criteria for determining whether a contravention may be resolved by way of a MCP Notice. To mitigate the concern we have raised, we ask that IIROC also clearly outline the criteria for determining whether a contravention may be resolved by way of a cautionary letter. It would be beneficial to see a comparison between the two. Having a side-by-side comparison would promote better understanding of what would warrant a cautionary letter and what would constitute a MCP Notice.

Credit for Cooperation

We are appreciative that IIROC gives credit for cooperation. With that said, should an individual and/or dealer member not immediately agree to a MCP Notice or an Early Resolution Offer, we hope IIROC would not automatically consider that decision as failure to cooperate. In order to be fair, individuals and member firms must be able to discuss their position without fear of reprisal.

Self-Regulation

Member firms are required to monitor and supervise the activity of their associates, including taking the appropriate action when an infraction has been identified.

Edward Jones prides itself on maintaining a strong culture of compliance. Not only do we strive to follow all policies, procedures, laws and regulations, we govern ourselves under the guiding principle of doing what is right for our clients. This includes appropriately responding to contraventions of laws, regulations and internal requirements.

We believe that IIROC should take into consideration any action a firm has taken internally when considering how IIROC would address a violation. For example, if IIROC considers that a monetary fine for an individual is appropriate, IIROC should consider fines already levied by the dealer member for that same infraction. Without this consideration, there is a risk that firms may become reluctant to take the disciplinary action that they otherwise would have taken.

As a suggestion, in situations where IIROC is satisfied that a firm has taken the appropriate action that IIROC would have otherwise taken as part of the MCP, IIROC could issue a cautionary letter in lieu of the MCP Notice in recognition of that internal action taken. By doing so, firms would be encouraged to take appropriate action internally and the individual involved would not be subject to a double fine/sanction.

Below are our responses to IIROC's specific questions.

Minor Contravention Program

1. Do you believe that the proposed MCP would be useful?

Yes. The proposed MCP provides IIROC with another enforcement option and, when used in the right circumstances, could result in a fair outcome.

2. Should a Dealer Member be eligible for the MCP

Yes, with the caution that member firms do not receive an MCP Notice for infractions that normally would not result in a fine.

3. What aspects of the proposed MCP, if any, should be public?

We are supportive of the proposal to publish on an anonymous basis.

4. What legal or regulatory effect should acceptance of a MCP Notice have?

We agree with the view that an admission would not constitute a formal disciplinary record and the recipient firm or individual would not be required to disclose it as disciplinary history.

It is unknown if other regulatory bodies and/or industry agencies would require firms or individuals to report minor contravention sanctions. Ideally, other regulators/agencies would view minor contravention sanctions the same as IIROC.

From a legal perspective, if minor contravention sanctions are not considered privileged, we believe that they would be producible in litigation.

5. Do you agree that the sanction should be a fixed amount?

Yes.

6. Do you agree with the quantum of the proposed sanctions?

Yes the proposed amounts are reasonable.

Early Resolution Offers

1. Do you believe that the Early Resolution Offers initiative is necessary? Will it meet its objective?

Yes. We believe the Early Resolution Offers program, when used appropriately, will achieve its operational efficiency objective.

2. How can Staff best demonstrate the credit given for accepting an Early Resolution Offer?

With an Early Resolution Offer, provide a discount for individuals or firms who immediately accept the offer. For example, if the infraction warrants a fine of \$50,000, the fine is automatically reduced to \$40,000 if accepted within a certain time period.

3. To what extent should Staff factor internal discipline into the decision to make an Early Resolution Offer?

As previously stated, IIROC should factor a firm's internal discipline when making an Early Resolution Offer. It encourages appropriate behavior at the firm and treats the sanctioned party more equitably.

In summary, we agree with, and fully support, the spirit of the Proposals.

We would be pleased to discuss and elaborate if requested.

You truly,



Wayne Bolton
Chief Compliance Officer

- cc. Tim Kirley, UDP, Edward Jones
David Gunn, Principal, Edward Jones
Nawaz Meghji, General Counsel (Canada), Edward Jones