

Federation of Independent Dealers
Fédération des Courtiers Indépendants

March 11, 2024

Member Regulation Policy
Canadian Investment Regulatory Organization
(as of Monday February 12, 2024)
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Market Regulation
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B.C. Securities Commission
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CMRdistributionofSROdocuments@bcsc.bc.ca

RE: Rule Consolidation Project – Phase 2

The Federation of Independent Dealers (“Federation” or ‘FID’) has been, since 1996, Canada’s dedicated voice of independent dealers. We currently represent dealer firms with over \$124 billion of assets under administration and greater than thirty thousand licensed advisors that provide financial services to over 3.8 million Canadians and their families. As such we have a keen interest in all that impacts the dealer community, its advisors, and their impact upon households across Canada.

We thank CIRO for the opportunity to provide comments. As the ongoing evolution of modern finance marches onward, and new ideas and technology such as open banking, crypto investments, DeFi, and tik-tok influencers we would share a few remarks.

The nature and practices between ID and MFD channels can be more divergent (or more aligned) than their shelf of securities. Where the shelves do align we see the need for not only equivalent requirements but also equivalent access. Investors benefit when all firms have access to multiple avenues to access the lowest cost products, along with the broadest range of products.

We appreciate CIRO's successes and strides towards channel integration and harmonization under a single new SRO and rulebook. In this vein, we would like to see an evolution of flexibility and opened pathways for MFD businesses. We largely support the ruleset laying out equivalent responsibilities for mutual fund dealerships but aspire towards a state of ongoing consideration of reasonable options for widening the possibilities for MFD firms.

They can evolve to offer properly compliant accounts and business strategies that are currently only enjoyed on the ID side. These could include 'free cash', margin accounts, OEO, and in-house or partnered 'managed money' programs. We don't agree where the proposal that margin account rules need to be clearly delineated to ID firms; let this not be a missed opportunity to extend the rule and empower MFD firms with both competitive equivalence and new tools for millions of Canadians.

General comments

We support the comments in IFICs submission requesting CIRO provide a description of changes from current MFDA rules for each phase, and the need for longer consultation periods.

As we proceed through the phased rule consolidation process, the FID also requests provision of additional time to formulate responses. Please aim to provide a 90-day comment period or greater for each subsequent phase of this project.

Industry firms are concurrently dealing with matters including T+1, Total Cost Reporting, other consultations, and audits simultaneously. We also face challenges with obtaining participation and input during RSP season, the summer and over Christmas holidays, in particular. This factor impacted our response here, as the first FID membership meeting of the year occurs after RSP season and the closing of this consultation.

We also request an implementation period for creation and propagation of the needed policy and procedural changes coming out of this rule consolidation.

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