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July 17, 2024

RE: Rule Consolidation Project Phase 3

Thank you for the opportunity to comment on CIRO's Rule Consolidation Project Phase 3, (the Consultation). We look forward to continued engagement in the rules consolidation project as it advances through each of its phases.

Our Company

At Canada Life, we are focused on improving the financial, physical and mental well-being of Canadians. For more than 175 years, our customers across Canada have trusted us to provide for their financial security needs and to deliver on the promises we have made. Today, Canada Life provides insurance, wealth management, and healthcare benefit products and services, serving more than 13 million customer relationships across Canada, through our network of over 16,000 advisors.

We are one of Canada's preeminent wealth providers. Across our platform, Canada Life has approximately \$100 billion in Canadian independent wealth management assets under administration. In the securities space, we offer a full spectrum of wealth management services and solutions to our clients through our subsidiaries that operate in the mutual fund dealer, investment dealer, investment fund manager, and portfolio manager categories of registration.¹ We are building on our strong foundations to create a leading wealth management platform for independent advisors and their clients in Canada.

¹ Quadrus Investment Services Ltd., LP Financial Planning Services Ltd., and IPC Investment Corporation are registered as mutual fund dealers; IPC Securities Corporation and Canada Life Securities Ltd. are registered as investment dealers; and Canada Life Investment Management Ltd., Counsel Portfolio Services Inc., and Value Partners Investment Inc., are registered as investment fund managers and portfolio managers.

Rule implementation

We applaud CIRO's efforts to consolidate the dealer rules into a single set of harmonized rules and urge CIRO to continue to prioritize this important initiative. We strongly believe a regulatory framework that ensures like dealer activities are regulated in a like manner, and that adopts a principles-based approach to rulemaking where practical, will lead to significant benefits for mutual fund and investment dealers and the clients they serve.

With respect to implementation periods, we believe that CIRO must drive this project to completion as expeditiously as possible while balancing the need for sufficient stakeholder feedback and time to implement changes in a way that minimizes duplication, disruption, and cost. We believe that the time required to implement any particular part of the rules should vary depending on its impact. While there may be elements that require meaningful implementation periods, we are of the view that aspects of the consolidated rules that can be brought into force quickly with minimal disruption be implemented as soon as possible. Where rules can be implemented in phases with little risk for firms to revisit implementation based on subsequent phases, we support CIRO implementing on a rolling basis. CIRO must have the flexibility to move swiftly where feasible and on a more measured basis where necessary.

Cross-guarantee requirements

We support the requirement for dealer members to execute cross-guarantees among related companies. However, the requirement is designed to ensure that dealer members controlled by the same shareholder do not engage in a coordinated effort to structure their operations and legal relationships with each other in a way that compromises investor protection and/or shifts insolvency risk from the dealer members to CIPF. Accordingly, we strongly believe that cross-guarantees should be explicitly limited to downstream related companies that are involved in decision making related to each other's business and affairs.

As currently drafted, the cross-guarantee requirement may extend to instances when there are affiliated public companies that have a common controlling shareholder but are not involved in decision-making related to the dealer member subsidiaries of the other public company. This is the case for Canada Life's public parent company, Great-West Life Co. and its affiliated public company, IGM Financial Inc. In our view, it is unfair to, and inappropriate for, the minority shareholders of these public companies for CIRO to require cross-guarantees that extend to the dealer member subsidiaries of the other public company in circumstances where there is no common executive management, decision-making or oversight of the other public company's dealer member subsidiaries. As part of the rule book consolidation, we encourage CIRO to specifically carve out instances such as the above from the cross-guarantee requirement, or provide explicit guidance that achieves the same result.

In addition, we also strongly recommend that CIRO revisit the 20% common ownership threshold of the cross-guarantee requirement, as previously contemplated some time ago by the former Investment Industry Regulatory Organization of Canada (IIROC). In our view, the current threshold is too low to appropriately capture instances when the same shareholder has a sufficient ownership position to influence or be involved in decision-making at multiple dealer members. Instead, the threshold of 20% can act as a disincentive to a dealer member or its significant shareholder making investments in another dealer member, which can impede a dealer member's ability to raise capital and/or make significant investments. We therefore encourage CIRO to raise the threshold accordingly.

Bulk transfers

We are generally supportive of the proposal on account transfers and bulk account movements. However, we urge CIRO to extend the rules to allow bulk transfers between affiliated dealers without requiring exemptive relief and without having to complete a business change form. In our view, this change will not raise any investor protection concerns, and will facilitate client transitions between affiliated dealers, including for dealers that become dually registered. Ultimately, this will allow dealers to more efficiently transition their clients to service and product offerings that will better meet client needs while mitigating client disruption.

Thank you once again for the opportunity to participate in this process. We look forward to the continuation of meaningful dialogue as this process advances through subsequent stages. Please do not hesitate to contact us with any questions on the matters raised herein.

Sincerely,



Blaine Shewchuk
Executive Vice President, Individual Wealth
Canada Life