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Delivered by Email

The Governments of:
Canada
British Columbia
Saskatchewan
Ontario
New Brunswick
Prince Edward Island

The Cooperative Capital Markets Regulatory System
commentonlegislation@ccmr-ocrmc.ca.

Dear Sirs and Mesdames:

**RE: Consultation Drafts of the Provincial Capital Markets Act (“PCMA”) and the
Capital Markets Stability Act (“CMSA”)**

This letter is in response to the request for comments on the consultation drafts of the PCMA and CMSA which were released on September 8, 2014 by the Governments of British Columbia, Saskatchewan, Ontario, New Brunswick, Prince Edward Island and Canada (the “**Participating Governments**”).

CI Financial Corp. (“**CI**”) is supportive of this move towards a national securities regulatory scheme. We are, however, disappointed that all members of the Canadian Securities Administrators have not signed the Memorandum of Agreement. The proposed Capital Markets Regulatory System (the “**CCMRS**”) has the potential to simplify the regulatory landscape for capital market participants but unless all members of the CSA sign on, we will continue to have to deal with a confusing array of legislative initiatives.

CI and its Subsidiaries are Capital Market Participants.

CI is a reporting issuer in each province and territory of Canada. Its common shares are listed on the Toronto Stock Exchange and it also issues debt securities to the public.



CI is a diversified wealth management firm and one of Canada's largest independent investment fund companies.

The principal business of CI is the management, marketing, distribution and administration of mutual funds, segregated funds, structured products and other fee-earning investment products for Canadian investors. CI's major subsidiary, CI Investments Inc. ("**CII**"), manages over 200 publicly distributed mutual funds and closed end funds. CII's assets under management are over \$100 billion. CII is registered in all provinces as an adviser in the category of portfolio manager and as a dealer in the category of exempt market dealer, investment fund manager, commodity trading counsel and commodity trading manager in Ontario.

CI also has a subsidiary, Assante Wealth Management ("**Assante**") which provides financial advisory services through a national network of 750 professional financial advisors. Assante's wholly-owned operating subsidiaries are registered as dealers under provincial securities legislation.

CI and each of its subsidiaries are capital market participants and the business of CI is regulated by and operated pursuant to Canadian securities regulations. Changes to securities regulation may have a profound impact on CI, as a public company and on the operation of the business of its subsidiaries. For that reason, we believe that the Consultation Drafts of the PCMA and CMSA deserve serious, detailed review and consideration. With respect, we do not feel that we have been given adequate time or information to complete this review.

Insufficient Time to Adequately Comment on This Important Legislation

We recognize that the creation of the Consultation Drafts was an enormous undertaking requiring consideration of all of the relevant provincial legislation; the selection of best practices from each; and the modification of existing rules that required updating to reflect changes in the capital markets. The Table of Concordance which compares the PCMA to the current *Securities Act* (Ontario) assists the reader in quickly identifying large new additions, but does little to help explain the rationale for these additions. Furthermore, this Table does not highlight wording changes that impact or alter the effect of the provisions. In order to adequately assess and comment on the Consultation Drafts, we need to have the changes identified and explained.

We note, by way of illustration, that the PCMA includes new provisions related to unfair practice (section 70), investor relations activities (section 74) and employer reprisals (section 77). These have been introduced without explanation or specific requests for comment. The prohibition on unfair practice is very broadly drafted and there will be many differing interpretations of terms such as "ignorance", "illiteracy" and "inability to understand" used to describe unfair practice.



We urge the Participating Governments to provide capital market participants with more information on the proposed changes and to provide more time for further comment.

Subtle Wording Changes Could Have a Significant Impact

Even the most sophisticated securities practitioner would have difficulty reviewing and assessing the impact of the proposed changes imbedded in the Consultation Draft in the 90 day period that the Participating Governments have provided for comment. Each wording change needs to be identified and considered. Subtle changes can have important consequences. For instance, we note that a company with securities listed on a designated exchange is no longer automatically a “reporting issuer”. Without explanation it is difficult to comment on this change. Also many provisions apply to “issuers” not just to “reporting issuers”. Again, it is hard to understand the full ramifications of this change and comment on it.

Given the importance of stability and predictability for the efficient operation of the capital markets we would urge the Participating Governments to consider carefully the rationale for changes, however small they may seem.

The Regulations are Integral to an Understanding of the Legislation

The regulations will form an integral part of the new regulatory scheme and as such it is extremely difficult to provide meaningful comment on the Consultation Drafts without reviewing the regulations. For instance, it is almost impossible to comment on the registration, prospectus and disclosure requirements in the PCMA when the fundamental operative provisions of those requirements are to be included in regulations.

We understand that these regulations were to be published for comment on December 19th but that timing for release is now delayed. We hope that the Participating Governments will provide us with a long period of time to review and comment on these important provisions. We expect that upon reviewing the regulations we, and other capital market participants, will have further comments on the Consultation Drafts.

Capital Markets Stability Act

We acknowledge the importance of identifying and managing capital market systemic risk. However, the draft CMSA provides the Authority with substantial information gathering powers as well as broad discretion to designate capital market participants as important or systemically risky and then make regulations governing these designated entities. We have a number of questions and concerns about this broad power. We require more information before we can provide any meaningful feedback on the draft provisions. For instance, we would like to understand the process that the Authority intends to undertake in making its determination and whether the capital market



participants will be invited to make submissions. We want to understand the implications of a designation order and the types of controls that could be put in place.

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We appreciate the opportunity to comment on the Consultation Drafts. We would like to continue to participate in the development of this important legislation and would be pleased to meet with you to discuss this further. As we stated at the beginning of this letter, we are supportive of this initiative and applaud your hard work to create a seamless body of regulation. Our principal concern is that changes are being proposed without sufficient explanation or time to permit affected capital market participants to assess the changes and make meaningful comments.

Yours very truly,

Sheila A. Murray
Executive Vice-President and General Counsel