

July 6th 2016

VIA E-MAIL ONLY

Cooperative Capital Markets Regulatory System

The Governments of:

British Columbia Ontario
Saskatchewan New Brunswick
Prince Edward Island Yukon, and
Canada

comment@ccmr-ocrmc.ca

To Whom it may Concern:

Re: Capital Markets Stability Act – Draft for Consultation

The Federation of Mutual Fund Dealers (the “Federation”) has been, since 1996, Canada’s only dedicated voice of mutual fund dealers. On behalf of the membership I am pleased to be able to submit these comments on the above captioned Paper.

The stability of Canada’s financial system affects the well-being and prosperity of all Canadians. Events and circumstances in domestic and international capital markets can have a profound effect on the stability of Canada’s financial system and on the Canadian Economy as a whole. The effective detection, prevention and management of systemic risk to Canada’s financial system require comprehensive monitoring and regulation. The detection, prevention and punishment of criminal conduct in Canada’s capital markets are essential to the integrity of those markets. Capital markets regulation should be coordinated among federal and provincial governments.

The above statements are contained in the Preamble to the Capital Markets Stability Act - we agree with and support these statements. National harmonization is, however, key and we do not believe that the opposing Provinces or Territories should hold the investors in their jurisdictions hostage to their own self-interests, political or otherwise. We would urge you to double your efforts to bring those jurisdictions on-side, and we would encourage those jurisdictions that have opted out to act for the greater good and join so that market participants can work with one Act. We are confident that the right thing will be done.

However, as it stands, not everyone is on-side and our principal concern rests with those non-participating jurisdictions and the inconsistencies in the practical matters of, for example, trade reporting. It would be helpful, once the Capital Markets Stability Act has been approved and market participants are conforming to it, if you could provide a guide demonstrating where the other Provincial/Territorial Acts differ. This would be very helpful for everyone who has to struggle with the deviations.

We understand that detecting, identifying and mitigating systemic risk is a fundamental mandate of this Act and we applaud this. Systemic risk as we saw in the U.S. in 2008 caused the collapse of the financial system and the impact was felt and is still being felt around the world. Your goal is a lofty one and we will watch with interest as you develop your detection, identification and mitigation policies and processes.

The inability of the criminal justice system in Canada to take on criminal offenses due simply to a lack of resources has frustrated market participants for a long time. The fact that you intend to bring criminal code offenses under your System is welcome. We would think it a daunting task with respect to volume and we would ask if you have also considered what might be “too small” given your own limited resources?

We appreciate the opportunity to comment on this latest consultation and also appreciate the opportunity for some of our Members to meet with you to discuss this initiative.

We look forward to continuing this dialogue.

Regards,

Federation of Mutual Fund Dealers



Sandra L. Kegie
Executive Director