



Federation of Mutual Fund Dealers  
Fédération des courtiers en fonds mutuels

January 15<sup>th</sup> 2015

VIA E-MAIL ONLY

Mr. William S. Rice, Q.C.  
*Chair, Canadian Securities Administrators*  
Chair and Chief Executive Officer, Alberta Securities Commission  
[b.rice@asc.ca](mailto:b.rice@asc.ca)

Dear Mr. Rice:

The Federation of Mutual Fund Dealers (the “Federation”) is an association of Canadian mutual fund dealers and industry participants. Since 1996, the Federation has been working to strengthen the mutual fund industry in Canada. The Federation represents dealer firms with over \$150 billion of assets under administration and more than 14,000 licensed advisors who provide financial services to over 3.5 million Canadians and their families. Affiliate Members have a keen interest in our industry’s activities and bring valuable perspective to the table. Mutual fund dealers must maintain a strong and united voice in this changing business environment. Our mandate is to ensure that our interests are clearly represented to regulators and government bodies.

We have been and continue to participate in several industry working groups and committees looking at the implementation of CRM and CRM2 and find ourselves moved at this time to write to you and the members of the CSA regarding the July 2016 implementation date. We are providing as much guidance as we can to our Members as we share the information we learn, invite industry experts to speak to our Members at our Membership Meetings, and we are including a session on CRM2 implementation on the Agenda for our 4<sup>th</sup> Annual conference scheduled for April 28<sup>th</sup> in Toronto.

One of the first questions we asked at the outset of these industry working groups and committee meetings was “why July when the industry works on a calendar year?” The only explanation we could derive was that it happened to coincide with the timing of the release of and deadlines for the succession of proposals, not because industry cycles were considered. We would ask you to consider them now.

We agree with the IIAC’s submission of December 20<sup>th</sup> 2014 wherein they ask that the CSA modify certain dates associated with the CRM2 initiative; that January 1<sup>st</sup> 2016 be added as an optional inception date for CRM2 components due July 15<sup>th</sup> 2015 where rules are not approved and final decisions in two key areas are not known. And we agree that the July 15<sup>th</sup> 2016 due date should align, at the registrant’s option, to the closest calendar year-end and take effect on January 1<sup>st</sup> 2017.

We will not repeat the arguments put forth by the IIAC or duplicate the information the IIAC provided in their submission. Rather, we would say simply, that our industry works on a calendar year and that clients will be more understanding of performance reporting that aligns with the calendar year end. Clients will be confused if they receive a report

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that covers only a portion of a calendar year and that it will take another year before advisors can undo that damage, investor confidence declining in the process.

Smaller dealers in particular, who make up 70% of this channel of distribution, coordinate their systems and other changes for year-end and a mid-year change for them will be an additional cost and resource burden and could well use the additional time for further system development and testing. For many, this is time taken away from client service.

We would welcome the opportunity to discuss this with you and to that end, invite you to contact the undersigned. Should you wish to speak directly with any of our dealer Members I can provide you with the contact information for all, but in particular, those who weighed in directly on this topic.

Regards,

Federation of Mutual Fund Dealers



Sandra L. Kegie  
Executive Director

cc Kim LaChapelle, for CSA-ACVM Member Commission Chairs  
Chris Jepson, OSC for the CSA CRM2 Committee  
Richard Corner, IIROC  
Karen McGuinness, MFDA  
Barb Amsden, IIAC