



March 5, 2014

BY EMAIL: jstevenson@osc.gov.on.ca;
consultation-en-cours@lautorite.qc.ca

Capital International
Asset Management (Canada), Inc.

Brookfield Place, Bay Wellington Tower
181 Bay Street, Suite 3730
P.O. Box 807
Toronto, Ontario M5J 2T3

thecapitalgroup.com

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
The Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission of New Brunswick
Registrar of Securities, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Registrar of Securities, Northwest Territories
Superintendent of Securities, Yukon Territory
Registrar of Securities, Nunavut

Attention: John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West, Suite 1903, Box 55
Toronto, ON M5H 3S8

Me Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3

Dear Sirs/Mesdames:

**Re: CSA Notice and Request for Comments on Proposed Amendments to
NI 31-103, NI 33-109, NI 52-107 and Related Policies and Forms (the
“Proposal”)**

Capital International Asset Management (Canada), Inc. ("CIAM") is pleased to have the opportunity to present its comments on the Proposal.

As background, CIAM is part of The Capital Group Companies, Inc., a global investment management firm originated in 1931. CIAM serves as the manager and trustee to the Capital International mutual funds, which are subadvised by Capital Research and Management Company and Capital Guardian Trust Company (part of Capital Group International, Inc.), which are both wholly owned subsidiaries of Capital Group. The Capital Group companies manage equities through three investment divisions that make investment and proxy voting decisions independently. Fixed-income investment professionals provide fixed-income research and investment management across the Capital organization; however, for securities with equity characteristics, they act solely on behalf of one of the three equity investment groups. Capital International funds are distributed primarily through third-party distributors in Canada.

CIAM is currently registered as an investment fund manager and portfolio manager in Ontario as well as an exempt market dealer in the provinces of Ontario, Quebec, Alberta, British Columbia and Nova Scotia. Please note our comments below on the Proposal.

General Comments

CIAM is in support of the CSA's efforts which are intended to promote stronger investor protection by resolving ambiguities to enhance compliance and create efficiencies.

CIAM generally supports the positions asserted in the Investment Funds Institute of Canada comment letter (the "IFIC letter") dated March 5, 2014 as submitted to the CSA and we wish to further address or clarify certain aspects of the Proposal as follows:

Restrictions on Exempt Market Dealer Activities

We are concerned with the proposed restrictions on EMD activities which would prohibit EMDs from distributing prospectus-qualified investment funds.

In addition to acting as a dealer or underwriter for prospectus-exempt securities, many EMDs currently act as a dealer for securities such as investment funds which are prospectus qualified (mutual funds) or prospectus exempt (pooled

funds), provided they are sold to clients who qualify for the purchase of exempt securities.

CIAM is currently registered as an EMD to enable it to distribute proprietary investment funds to its clients in the exempt market. Consistent with its current business model, CIAM's EMD activities are limited to serving ultra-high net worth clients defined as "permitted clients" pursuant to NI 31-103. We believe that our limited dealing activities serving permitted clients only do not warrant a full-fledged membership with the MFDA as a mutual fund dealer including the payment of costs associated with such membership.

Investment funds offered under a prospectus are sufficiently regulated and offer robust investor protection and transparency through disclosure and other regulatory requirements. We question what investor protection objective is served by restricting an EMD from trading in prospectus-qualified securities with investors who meet prescribed criteria who are generally sophisticated investors.

Limiting the activities of EMDs to only distribute non-prospectus qualified securities may have the following unintended consequences:

- Interests of investors may be compromised by eliminating the current protections offered by prospectus-qualified securities;
- Investment choices for investors would be reduced;
- Increase in costs as firms pay third-party fully-registered dealer firms to distribute their prospectus-qualified products; and
- Potential de-registration of EMDs currently distributing prospectus-qualified products.

We strongly urge the CSA to reconsider these proposed changes in light of the businesses presently conducted by many EMDs and the above-noted investor protection concerns.

International Sub-adviser exemption

In the Companion Policy to NI 31-103, the CSA has proposed some conditions including their expectations on the sub-adviser exemption. The CSA expects that registrants will conduct "appropriate due diligence" on sub-advisers including maintaining records of such due diligence.

As mentioned above, CIAM has two affiliated U.S. sub-advisors who sub-advise the Capital International funds through CIAM, the registered investment advisor. CIAM has entered into an agreement with its sub-advisors to receive advice for

its Capital International funds, which would be considered the “clients” of CIAM, as the investment advisor of the funds. Both of the U.S. sub-advisors are registered with the SEC and are subject to a stringent and comprehensive compliance program as well as other requirements of the Investment Advisers Act (U.S.). As such, both sub-advisors have compliance policies and procedures in place that are designed to comply with applicable U.S. securities laws. Additionally, both sub-advisors undergo annual testing to assess the effectiveness of the policies and procedures including an independent assessment of the effectiveness of the controls in place.

While there is a comprehensive compliance infrastructure and oversight process in place within each of the sub-advisory firms, we encourage the CSA to provide guidance and examples of their expectations regarding the nature, frequency and documentation of the due diligence conducted for such affiliated sub-advisors.

Outside Business Activities

The Companion Policy to NI 31-103 has been amended to include additional disclosure and examples of what the CSA considers to be “outside business activities” including conflicts arising when individuals are in a “position of influence”.

We support transparency and full disclosure in areas of actual or potential conflict. In this regard, we commend the CSA’s efforts in including specific guidance on outside business activities for registered individuals.

We are concerned, however, that some of the examples of “outside business activities” provided in the Companion Policy are over-reaching and impractical to implement from a monitoring or compliance oversight perspective.

With the exception of holding external officer, director (or equivalent) positions, having ownership in a holding company or participating in referral fee arrangements, we question whether the other examples provided (such as participation in charitable, religious, social organizations) where the individual is in a position of influence would constitute a conflict requiring disclosure, monitoring and supervision. As an example, if a registered individual is coaching a family member’s sports team, would this activity be considered a position of influence requiring disclosure and oversight? Another example would be a registered individual’s participation in their child’s school on parent advisory committees. If these types of activities require disclosure, monitoring and pre-approval by registered firms, we are concerned with the practical implications of implementing these elements. If registered individuals are participating in these types of activities, they are unlikely to consider such activities as a conflict of interest warranting pre-approval or reporting to their firm. These types of activities are generally viewed as extra-curricular personal activities which do not

conflict with business activities. If such activities were required to be reported by registered individuals, we question whether there would be a decrease in available individuals who currently volunteer their time for such worthwhile causes.

Additionally, we are also concerned with the potential increase in costs both for the regulators as well as the sponsoring firms to review and monitor such reportable outside business activities.

Conclusion

We strongly urge the CSA to consider the above comments as well as the IFIC letter prior to implementing such changes which, we believe, may have a significant impact on registered firms. We appreciate the opportunity to comment on this Proposal. Thank you.

Yours truly,

**CAPITAL INTERNATIONAL ASSET MANAGEMENT
(CANADA), INC.**

(signed) "Mark Tiffin"

**Mark Tiffin
President**