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March 5, 2014

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

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, 22<sup>e</sup> étage  
C.P. 246, tour de la Bourse  
Montréal (Québec) H4Z 1G3

Dear Sirs/Mesdames:

**RE: Response to Notice and Request for Comment on the Proposed Amendments to National Instrument 31-103 Published December 5, 2013**

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Thank you for the opportunity to provide comments to the Canadian Securities Administrators (“**CSA**”) on the proposed amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (“**NI 31-103**”) and to Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (the “**Companion Policy**”) (collectively, the “**Proposed Amendments**”).

Fidelity Investments Canada ULC (“**Fidelity**”, “**we**” or “**our**”) is the 6<sup>th</sup> largest fund management company in Canada and part of the Fidelity Investments organization in Boston, one of the world’s largest financial services providers. Fidelity Canada manages over \$85 billion in mutual funds and institutional assets and offers approximately 200 mutual funds and pooled funds to Canadian investors.

**Companion Policy – Individuals who have outside business activities**

In addition to incorporating the guidance in Staff Notice 31-326 *Outside Business Activities* (the “**Staff Notice**”), the CSA has proposed that additional guidance be included in the Companion Policy concerning what would be considered an “outside business activity” that a registrant must disclose in Form 33-109F4 (the “**Additional Guidance**”). This Additional Guidance indicates that:

*Required disclosure includes any employment and business activities outside the registrant’s sponsoring firm and all officer or director positions and any other equivalent positions held, as well as positions of influence, whether the registrant receives compensation or not.*

The CSA has included in the Additional Guidance, as an example of an outside business activity that must be disclosed:

*Paid or unpaid roles with charitable, social or religious organizations where the individual is in a position of power or influence and where the activity places the registered individual in contact with clients or potential clients...*

Although we agree with the CSA’S articulation in the Staff Notice that outside business activities should not impair or impede the performance of a registrant’s regulatory obligations, we are of the opinion that the Additional Guidance is unduly broad. The CSA has cast a wide net in requiring disclosure of “position of power or influence” in a charitable, social or religious organization; arguably, most activities could be captured. For instance, would a registrant who leads their child’s parent and teacher association be considered to be in a position of power and influence? It is uncertain exactly what the CSA would consider to be a “position of power or influence” and presumably such determination would require an assessment of a number of contextual factors. This is contrary to the CSA’s stated objective of the Proposed Amendments: “... to promote stronger investor protection by resolving ambiguities and clarifying our intentions...” It is our view that the Additional Guidance creates more ambiguity and does little to clarify exactly which outside business activities a registrant or proposed registrant must disclose.

We also believe that the Additional Guidance could have unintended consequences. For example, the Additional Guidance could disincentivize registrants and potential registrants from partaking in worthwhile public service activities so as not to jeopardize their registration. There are significant public policy concerns associated with regulation that has the potential of deterring good faith participation in public service. We are of the view that the CSA must give considerable thought to these consequences and weigh those consequences with the benefits that can be achieved by such regulation.

We are also of the opinion that the Additional Guidance is far-reaching and, as such, unfair to registrants and potential registrants who may feel compelled to disclose various roles and activities undertaken in their personal lives that they would otherwise prefer to keep private. Furthermore, we think it inappropriate that considerable latitude is given to OSC staff in exercising their personal discretion to determine if a registrant or potential registrant's public service activities are permissible.

We do not believe that certain content from the Staff Notice should be incorporated into the Companion Policy. In particular, the CSA indicates that a registered firm is responsible for monitoring and supervising the individuals whose registration it sponsors, which includes an assessment of "...whether the individual's lifestyle is commensurate with the firm's knowledge of the individual's business activities and staying alert to other indicators of possible fraudulent activity." We are of the view that this guidance goes too far in defining a registrant firm's role in monitoring and supervising registrants. We do not believe that a registered firm should be responsible for assessing an "individual's lifestyle" – this guidance is ambiguous, akin to a requirement to police registrants and outside the scope of what should be expected of registered firms in managing conflicts of interest.

#### **Form NI 31-103F4 Net Asset Value Adjustments**

We have reviewed the new proposed Form NI 31-103F4 *Net Asset Value Adjustments* on which an investment fund manager will report net asset value (NAV) adjustments as required by section 12.14 of NI 31-103. We suggest that the form be limited to key elements of the NAV adjustment and that a materiality threshold be included in the reporting requirements.

We thank you for the opportunity to comment on the Proposed Amendments. As always, we are more than willing to meet with you to discuss any of our comments.

Yours truly,

***"W. Sian Burgess"***

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Senior Vice-President, Head of Legal and Compliance, Canada

c.c. Rob Strickland, President  
Robyn Mendelson, Vice-President, Legal