

June 27, 2022

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

Attention:

The Secretary
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario
M5H 3S8

Raymond James Ltd. CSA Response – SRO Amalgamation

Raymond James Ltd. (NRD # 8240) (“RJL”) would like to thank the Canadian Securities Administrators (CSA) for the opportunity to comment on the new, single self-regulatory organization (SRO) initiative designed to consolidate the functions of the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association of Canada (MFDA) scheduled for January 1, 2023, pursuant to the *Request for Comment 25-305* published on May 12, 2022.

RJL supports the majority of the guiding principles, governance, and solutions outlined in the 2021 CSA Working Group’s *Position Paper (25-404 – New Self-Regulatory Organization Framework)* (e.g. the harmonizing of directed commissions agreements and the solutions put forth by the Working Group). There remain, however, significant inherent challenges and concerns in advance of implementation.

The obligations required under the New SRO will result in the need for careful consideration of amalgamation issues related to operational impacts including, but not limited to, combining platforms and registration responsibilities, and the costs associated with translation and consolidation generally.

The chief priority for January 1, 2023 implementation should be the allotment of reasonable and defined timelines, both pre- and post-entry into force. In addition, member consultation and feedback with respect to cost and ongoing dialogue of same is important. Ancillary considerations, such as the New

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SRO name, which will have downstream impact involving operational processes, client communications, corporate marketing, and associated firm-level projects, are also key.

Regarding the combination of platforms, dealers are registered through IIROC, MFDA, or both, making an additional application (or exemptive relief process, as required) that aims to combine operations within their registered dealers redundant due to lack of meaningful change in activity. The proposal of an additional category of a dual-registered firm contradicts the primary objectives of amalgamating the SROs with efficiency of harmonization in mind.

Registration and proficiency should also be a priority in advance of implementation, and while the CSA should maintain responsibility for registering individuals registered as “dealing representative, mutual fund dealer”, the New SRO should register all individuals that it oversees.

In addition, the proposed CSA Oversight should be amended to provide bolstered authority and discretion for the New SRO to enact its mandate. As a result of the proposed enhancements to the governance structure of the New SRO (including the requirement for a majority of independent directors, a public interest mandate, and the creation of an investment advisory panel), the level of CSA oversight proposed will potentially have a negative effect on the New SRO’s ability to function as a self-regulatory organization. This would be contradictory to the 2021 *CSA Position Paper*, which states that the New SRO “will continue to provide the industry with the inherent benefits of self-regulation by maintaining a self-regulatory model”.

Lastly, RJL supports the recommendations put forth by the Investment Industry Association of Canada (IIAC) concerning additional considerations and challenges as part of this undertaking, including items related to the New SRO board composition, formal investor advocacy mechanisms, introducer/carrier broker arrangements, and the New Investor Protection Fund.

Yours sincerely,

Jamie Coulter
Chief Executive Officer
Raymond James Ltd.

Jason Enouy
Chief Compliance Officer
Raymond James Ltd.

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