



Via email

October 17, 2011

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 Ms. Beaudoin,

Re: Notice and Request for Comments – Regulation to amend the *Regulation respecting the Pursuit of Activities as a Representative* and its Concordant Regulation

We are writing on behalf of RBC Wealth Management Financial Services Inc. in response to the request for comments issued by the Autorité des marchés financiers (“AMF”) on the proposed amendments to the *Regulation respecting the Pursuit of Activities as a Representative* (“Regulation”) and its concordant Regulation (“Proposed Amendments”) published on September 2, 2011. We appreciate the opportunity to provide comments on the Proposed Amendments.

We have participated in the industry working groups organized by the Investment Industry Association of Canada and Canadian Bankers Association, and contributed to the comments in their submissions. In this regard, we support and endorse the comments submitted by the named industry associations. That being said, we would like to provide further comments on certain issues where we have significant concerns.

1. Financial Needs Analysis

Proposed amendments to section 6 of the Regulation require that, among other things, a representative in insurance of persons obtain the purchaser’s signature on the document that details the information gathered for the purpose of analysing the purchaser’s financial needs. While we support the requirement to provide a purchaser with a summary of the information collected, we note that it may not always be practicable to obtain a client’s signature on such documentation. As the objective of the requirement is to ensure that clients have a chance to review the information before finalizing the financial needs analysis, we respectfully submit that the Regulation should provide alternatives means of meeting this objective.

2. Mandate of Financial Planner and Insurance Representative

The proposed amendments to section 8(2) and proposed section 8.1 require that financial planners as well as insurance of persons representatives provide an estimate of the number of hours required to complete the mandate. We seek clarification on the objective of this obligation, as well as the rationale for requiring this information from both financial planners and insurance of persons representatives. It is our view that the AMF should reconsider the imposition of this obligation for both registrants.

3. Representations and Client Solicitation

Proposed section 10 of the Regulation is mandating that representatives, upon first meeting a client and at all subsequent meetings held for different purposes, provide the client a written document, such as

business card, that details representations required under the section. While we support the requirement to provide clients such information at the first meeting, we seek clarification on the rationale of the requirement to provide the same information at all subsequent meetings held for different purposes in the case where the representative continues to be registered with the AMF in the same capacity. We also seek clarification on the meaning of “subsequent meetings held for different purposes”.

Further, proposed subsection 10(4) requires that the above-noted document include a representative's titles under *An Act respecting the Distribution of Financial Products and Services* (“Act”). In addition to the titles under the Act, representatives are often licensed in other provinces and/or authorized to use other titles under other laws. For instance, a financial planner may also be registered as a mutual funds representative while acting for the same firm. In practice, subsection 10(4) would require representatives who hold multiple titles, in addition to the titles under the Act, to provide more than one document to clients (e.g. two separate business cards). We find that this requirement is unduly restrictive and request that the provision be amended to allow the document to include a representative's title(s) under the Act as well as the title(s) that they are authorized to use in another province and/or another statute, regulations or other laws.

4. Policy Replacements

Proposed amendments to section 22 of the Regulation detail the new form *Notice of Replacement of Insurance of Persons Contract* (“Proposed Form”) to be completed where there is a replacement of an insurance contract. As stated in the notice, the Proposed Form is based on the Canadian Insurance Services Regulatory Organization's (“CISRO”) Life Insurance Replacement Declaration (“LIRD”), but specific to Quebec. We support the goal of the AMF to harmonize the process of replacement of insurance contracts with other provincial jurisdictions that have approved the use of the LIRD. The introduction of the LIRD enhanced insurance agents' obligation to provide full and complete disclosure to clients by removing the requirement of an insurance agent to complete this disclosure on a prescribed form. The adoption of the LIRD provides insurance agents with control over the disclosure process, at the same time imposes a greater responsibility to provide clients with accurate disclosure in plain language that is appropriate for the client in their circumstances.

That being said, we note that Proposed Form requires insurance agents to provide information that may not be readily available at the time of completion of the form. For instance, sections “Incontestable Clause” and “Suicide Clause” under Part 1 of the Proposed Form require one to provide the expiry dates of these clauses in the proposed contract. In the case where the Proposed Form is being completed prior to the underwriting process for the proposed contract, the insurance agent would only be able to provide the approximate expiry dates of these clauses.

In light of the above-noted concerns, we recommend that the AMF should adopt the LIRD in the form that is currently supported by the CISRO, and is currently in use in other provincial jurisdictions.

We would welcome the opportunity to discuss the foregoing with you in further detail. If you have any questions or require further information, please do not hesitate to contact the undersigned.

Sincerely,

“John Hamilton”

John Hamilton
President
RBC Wealth Management Financial Services Inc.

cc. Heather Lamont, Chief Compliance Officer, RBC Wealth Management Financial Services Inc.