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**Submitted Via Email**

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

**Attention:** The Secretary  
Ontario Securities Commission  
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Dear Sirs and Mesdames:

Re: the Canadian Securities Administrators Consultation Paper 25-402 – Consultation on the Self-Regulatory Organization Framework

We are pleased to provide comments in response to the CSA Consultation Paper 25-402 – Consultation on the Self-Regulatory Framework, dated June 25, 2020 (the "SRO Framework Consultation"). This letter is being submitted on behalf of TD Waterhouse Canada Inc., TD Investment Services Inc., TD Asset Management Inc. and TD Waterhouse Private Investment Counsel Inc. (collectively "TD" or "we"). TD Waterhouse Canada Inc. is a Dealer Member of the Investment Industry Regulatory Organization of Canada ("IIROC") and TD Investment Services Inc. is a Member of the Mutual Fund Dealers Association of Canada ("MFDA"). TD Asset Management Inc. and TD Waterhouse Private Investment Counsel Inc. are both directly regulated by one or more Canadian securities regulators (collectively the "CSA"). TD supports the CSA's efforts to review the benefits, challenges and issues of the current SRO regulatory framework, as well as the CSA's targeted regulatory outcomes of promoting regulatory efficiencies, harmonization, consistent access to products and services, flexibility for innovation, investor protection and market surveillance.

The purpose of our submission is to highlight the importance of any new or amended SRO framework:

- allowing for a distinct mutual fund/ETF business ("mutual fund channel") to be preserved as a separate registrant or as a line of business within a single registrant with multiple lines of business;

- ensuring that investment advice at an affordable price continues to be available to Canadians;
- appropriately differentiating amongst the spectrum of service offerings, from order-execution only, to simplified investment-fund only models, to full-service brokerage services, to discretionary portfolio management; and
- facilitating new and innovative business models, including potential hybrid models, to best provide clients with affordable suitable offerings.

#### *Preserve mutual fund channel*

TD agrees with the responses to the specific questions posed in the SRO Framework Consultation provided by the Investment Industry Association of Canada ("IIAC"), in their letter dated October 23, 2020. However, IIAC's letter is predicated on the assumption that an IIROC-MFDA merger will inevitably result in firms consolidating their IIROC and mutual fund channels into one channel.

It is important for the CSA to note, and to anticipate that, some firms may still find value in preserving a distinct mutual fund channel and a distinct full-service brokerage channel to best serve their clients' needs in a cost-effective manner. Therefore, the regulatory framework for any new or amended SRO should support firms either preserving a mutual fund channel as a separate registrant or structuring this channel as a separate line of business within a single registrant with multiple lines of business. Where organized as separate lines of business within a single registrant, the regulatory framework should allow for treating each line differently, according to the specific products and services offered in each business line.

#### *Ensure access to affordable advice*

Many Canadians have concerns about long-term financial security and prosperity. This has been amplified with the pandemic. Accordingly, ensuring investors can access lower-cost, simplified investment solutions remains more important than ever. As such, any new or amended SRO framework must benefit investors by fostering investor protection while also maintaining investor choice for lower-cost solutions. Eroding basic retail offerings through excessive regulation more suitable for more complex products will adversely affect retail investors without significantly improving investor protection.

#### *Differentiate service offerings*

While we support greater consistency of regulatory approach where possible and appropriate, the businesses that IIROC and MFDA regulate remain diverse and that diversity warrants appropriate differentiation in regulation. Such differentiation is important for helping to ensure small retail investors have ongoing access to cost-effective investment products and services.

As various stakeholders cited in the SRO Framework Consultation have noted, SROs have traditionally regulated their members through prescriptive rules that often limit investment offerings and increase regulatory burden for firms with less complex product offerings. By using a principles-based model that differentiates requirements by product and service offerings, firms with simplified retail offerings could meet regulations suitable to their offerings which would differ from those regulations suitable to firms offering more complex products that are designed to achieve more sophisticated investment strategies. Appropriate regulatory differentiation for simplified offerings would enable firms and the regulating SRO to focus compliance and control resources on more complex offerings.

Accordingly, any new or amended SRO framework should appropriately address retail offerings in the mutual fund space. The complexity of a mutual fund distribution channel that enables clients to purchase fully paid mutual fund offerings is considerably less than that posed by channels which offer margin trading, alternative funds or more sophisticated trading strategies. Any new or amended SRO requirements should appropriately differentiate the level of regulation to reflect this diversity.

#### *Accommodate Innovative Business Models*

The provision of investment services continues to evolve in response to increased investor demand and technological progress. In this changing environment, investors are better served when businesses innovate in order to provide clients with improved products and services in an accessible, affordable

manner. Often such innovation revolutionizes the way business is organized, including business structure, products, offerings and service delivery.

TD encourages the CSA to ensure that any new or amended SRO framework can nimbly respond to and accommodate new business models that better serve clients. We note that IIROC's commitment to innovation and accommodating new digital advice and service offerings has been well received by business and clients, alike. Recent examples of IIROC's progressiveness includes its guidance on:

- the use of automation in the account opening process for order execution only dealers;
- electronic signatures/e-signatures; and
- technological tools offered by order execution dealers for informing clients, such as portfolio analyzer tools.

Neither SRO member clients nor the markets are protected or served by regulatory requirements that cannot adequately accommodate innovative practices that respond to evolving client concerns, expectations and demands.

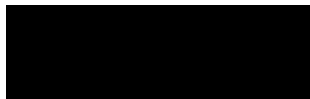
*Additional consultation on registrants directly regulated by CSA*

We agree with the approach taken by the CSA in the SRO Framework Consultation, which was to examine the issues and challenges of the current framework, without proposing any specific solutions. While the SRO Framework Consultation does not propose any specific solutions, nor does it pose any questions on a new or amended SRO regulating all registrant categories, we would like to note there would be significant complexities and potential capital implications in moving investment fund managers, portfolio managers and exempt market dealers, that are currently registered with the CSA, to an SRO model.

Before any consideration is given to moving additional registrants to an SRO, we recommend that the status of any potential merger or other combination of IIROC and the MFDA on the existing regulatory landscape, including capital obligations, business models, and investment products and services, be assessed.

Thank you for the opportunity to provide our views and recommendations regarding the SRO Framework Consultation. Should you require any further information please do not hesitate to contact us.

Sincerely,



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Group Head, Wealth Management  
and TD Insurance



Kerry Peacock,  
EVP Branch Banking and Distribution Strategy