



Advancing Standards™

VIA E-MAIL

March 9, 2020

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

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Re: CSA Consultation Paper 51-405 – Consideration of an Access Equals Delivery Model for Non-Investment Fund Reporting Issuers

Background

The Portfolio Management Association of Canada (**PMAC**) is pleased to have the opportunity to submit the following comments regarding CSA Consultation Paper 51-405 – *Consideration of an Access Equals Delivery Model for Non-Investment Fund Reporting Issuers* (the **Consultation**).

PMAC represents over [285 investment management firms](#) registered to do business in Canada as portfolio managers. PMAC's members encompass both large and small firms managing total assets in excess of \$2.8 trillion for institutional and private client portfolios.

PMAC members include investment fund managers (IFMs)

Of note, close to 70% of PMAC's members are IFMs managing both prospectus qualified investment funds and investment funds that are not reporting issuers (pooled funds). Our focus in responding to the Consultation is on the importance of considering and adopting a notice equals access delivery model for investment fund issuers at the same time as the Consultation directed at non-investment fund issuers.

Support for the Consultation

PMAC views the Consultation as an important opportunity to holistically review the continuous disclosure regime required under securities laws, including for investment fund issuers. PMAC believes that improving the continuous disclosure regime by replacing onerous and outdated disclosure requirements with effective, meaningful, and accessible disclosure will be of tremendous benefit to investors. We support the harmonized approach the CSA is taking with respect to this Consultation.

We believe that an access equals delivery model would appropriately balance market efficiency with investor protection in a way that is generally advantageous for the Canadian capital markets.

PMAC believes that regulations applicable to continuous disclosure must be flexible and adaptable to both technological and behavioural change in an evolving investment landscape. We thank the CSA for their continued consultation and work to strike the appropriate balance between reducing regulatory burden and streamlining disclosure requirements in a way that is beneficial to investors.

KEY RECOMMENDATIONS

We would like to highlight the following key recommendations:

1. Although the Consultation is limited to non-investment fund reporting issuers, we encourage the CSA to also consider whether an access equals delivery model would be appropriate for investment fund issuers. We are in favour of access equals delivery for most investment fund continuous disclosure requirements, including for ETF issuers. This could be achieved through access to a designated website for investment fund issuers. We are of the view that the CSA should seize this opportunity to consider an access equals delivery model for investment fund issuers at the same time as the

Consultation , as similar burden reduction and investor protection issues are involved and this would render the consultation process more efficient.

2. We agree that using information technology can improve communication with investors, and is a more cost-efficient, timely and environmentally friendly manner of communicating information, compared to physical delivery of documents. Communication by electronic means may also be more effective and engaging for investors.¹

We will not respond to the specific questions raised in the Consultation. We refer instead to [our response to the CSA Notice and Request for Comment - Reducing Regulatory Burden for Investment Fund Issuers – Phase 2, Stage 1 \(Fund Consultation\)](#), in which we addressed similar issues with respect to investment fund reporting issuers.

As set out in PMAC’s submission on the Fund Consultation, we support an access equals delivery model for investment funds, which we suggest could include the following documents:

- Fund prospectuses and simplified prospectuses (including for ETFs)
- Annual Information Forms (AIFs) (which could be eliminated for funds that are no longer in public distribution but are still reporting issuers)
- MFRPs (which could be eliminated as all relevant information is disclosed elsewhere)
- Fund Facts, ETF Facts
- Material change reports (if not eliminated altogether)

Providing electronic access to documents may also permit the issuer or investment fund manager to obtain data such as the number of views the information has received, which portions of the information attract the most interest, and how the information is being used by investors. It is not possible to collect similar data when using paper statements. This data may assist the manager in developing better, more useful disclosure and in adapting disclosure (through personalization and customization, for example) to respond to investor needs.

It is likely that most investors do not distinguish between investment fund issuers and other reporting issuers; therefore, changing the disclosure regime in various stages may cause confusion. Considering an access equals disclosure model for all reporting issuers at the same time will increase understanding, access and education among investors, which is the ultimate goal of disclosure.

¹ See Beworks and Investment Funds Institute of Canada (IFIC), [Behavioural Economics \(BE\) Applied to Financial Disclosure](#), February 2019 at pp. 63-64. The authors explain why “there are many potential benefits to providing financial information online.” They also note some of the drawbacks to online disclosure.

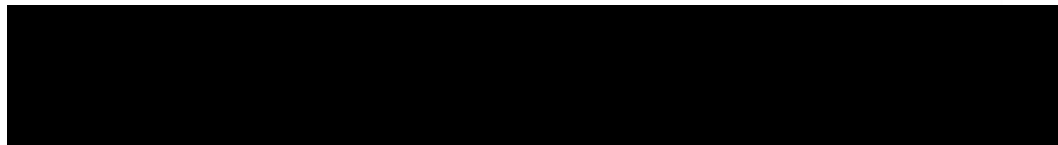
Conclusion

We are pleased that CSA members are reviewing the continuous disclosure regime to determine what information is most useful to investors; research has demonstrated how difficult it can be for retail investors to interpret and understand the information they are given.² Access equals delivery can be an important tool in ensuring investors receive disclosure in an easy-to-find, search and store format.

We would be pleased to discuss any of our comments with you at your convenience. Please do not hesitate to contact Katie Walmsley at (416) 504-7018 or Victoria Paris at (416) 504-7491.

Yours truly,

PORTFOLIO MANAGEMENT ASSOCIATION OF CANADA



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President

Margaret Gunawan
Director
Chair of Industry, Regulation & Tax
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Managing Director – Head of Canada
Legal & Compliance
BlackRock Asset Management Canada
Limited

² See for example Behavioural Insights Team and Ontario Securities Commission Investor Office, [Improving fee disclosure through behavioural insights](#), August 19, 2019 (Addressing barriers to comprehension, beginning on p. 11)