

July 17, 2020

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The Secretary  
Ontario Securities Commission  
20 Queen Street West  
22<sup>nd</sup> Floor

Me Philippe Lebel  
Corporate Secretary and Executive Director  
Legal Affairs Autorite des marches financiers  
Place de la Cite, tour Cominar  
2640, boulevard Laurier, bureau 400  
Quebec

**Re: CSA Proposed Amendments to NI 31-103 and 31-103CP Registration Requirements,  
Exemptions and Ongoing Registrant Obligations to Enhance Protection of Older and  
Vulnerable Clients**

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Dear Sirs and Mesdames:

Manulife is pleased to provide this submission to the Canadian Securities Administrators (CSA) on enhancing the protection of older and vulnerable clients.

**About Manulife**

Serving one in five Canadians, Manulife is a leading financial services organization offering a wide range of protection, estate planning, investment and banking solutions through a diversified multi-channel distribution network.

Manulife Investment Management Limited and its entities provides a range of investment fund products and a range of services including acting as a portfolio manager and investment fund manager. In addition, it provides comprehensive asset management solutions for institutional investors and investment funds in key markets around the world. This investment expertise extends across a broad range of public, private and alternate asset classes, as well as asset allocation solutions.

Manulife Securities consists of Manulife Securities Investment Services Inc., a mutual fund dealer, Manulife Securities Incorporated, an investment dealer, and Manulife Securities Insurance Inc., an insurance agency, each of which is a wholly owned subsidiary of Manulife. Our advisors provide Canadians with access to stocks, bonds, mutual funds, and other investment products as well as a suite of life and health insurance solutions.

**Overview**

Manulife commends the initiative of the CSA, the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association (MFDA) to provide registrants with tools to combat financial exploitation of senior and vulnerable investors and to address issues arising from a client's diminished mental capacity to make financial decisions.

We appreciate the policy intent to uphold an investor's autonomy while protecting them from issues arising from vulnerability and undue influence and believe that the CSA has reached an appropriate balance in this regard.

The proposed amendments are timely given Canada's growing population of seniors and will provide enhanced protection to senior and vulnerable clients as well as clarity and valuable resources to registrants to respond to concerns of diminished mental capacity or financial exploitation of their clients. We offer additional points for your consideration below.

### **Temporary Holds**

While many investors, regardless of age, rely heavily on their advisor to guide their financial decisions, it is important for a client to be capable of understanding relevant information and appreciating the reasonably foreseeable consequences of their decisions to manage their investment decisions.

In this regard, we recommend that the temporary hold requirements apply to holds that are placed where there is a reasonable belief that the client does not have the mental capacity to make financial decisions in addition to cases of financial exploitation of vulnerable clients.

### **Information Disclosure to the Receiving Dealer Concerning Account Transfers**

We strongly agree that transactions and transfers, in cases of financial exploitation or diminished mental capacity, can be just as harmful to clients as withdrawals. As such, we support the proposal that the temporary hold requirement apply to transfers of cash or securities to another firm.

In situations where dealers are taking appropriate steps to protect a vulnerable client where there is suspected financial exploitation or a lack of mental capacity, the dealer may receive an order to transfer the entire account (in-kind or in cash) to another dealer. The receiving dealer may know nothing of the issues or suspected exploitation that are known to the current dealer, and therefore will not take steps to adequately protect the vulnerable client.

Given that firms cannot disclose confidential information of clients to other firms, we recommend that the new requirement permit a dealer faced with a request to transfer the entire account of a vulnerable client where there is suspected financial exploitation or concerns about diminished mental capacity to put a hold on the account transfer, and be able to fully disclose the circumstances and concerns about the client to the Chief Compliance Officer of the receiving firm. The Chief Compliance Officer of the receiving firm can then determine whether or not to proceed with the transfer.

### **Conclusion**

Manulife is appreciative of the opportunity to participate in this review and we would be pleased to respond to any questions you may have towards our comments.

Yours very truly,



**Rick Annaert**

SVP, Head of Advisory Services  
President & CEO, Manulife Securities