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**Edward Jones**

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**Via Email**

July 14, 2020

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

Attention: The Secretary  
Ontario Securities Commission  
20 Queen Street West  
22nd Floor  
Toronto, Ontario M5H 3S8  
Fax: 416-593-2318  
[comments@osc.gov.on.ca](mailto:comments@osc.gov.on.ca)

Me Philippe Lebel, Corporate Secretary and  
Executive Director, Legal Affairs  
Autorité des marchés financiers  
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Dear Sirs / Mesdames:

Re: **CSA Notice and Request for Comment – Proposed Amendments to National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations and Changes to Companion Policy 31-103CP Registration Requirements, Exemptions and Ongoing Registrant Obligations to Enhance Protection of Older and Vulnerable Clients (the "Proposed Amendments")**.

Edward Jones welcomes the opportunity to provide comments with respect to the Proposed Amendments.

**Background**

Edward Jones is a limited partnership in Canada and is a wholly owned subsidiary of Edward D. Jones & Co., L.P., a Missouri limited partnership. Edward D. Jones & Co., L.P. is a wholly owned subsidiary of The Jones Financial Companies, L.L.L.P., a Missouri limited liability limited partnership.

We are registered with the Investment Industry Regulatory Organization of Canada (IIROC) as an investment dealer and have more than 900 financial advisors located across Canada managing over \$30 billion of assets under care.

As a full-service investment dealer, we help individuals achieve their serious, long-term financial goals by understanding their needs and implementing tailored solutions. At Edward Jones, we build close, ongoing relationships with our clients, beginning with a meeting between client and financial advisor to identify the client's specific long-term goals. We then develop a thoughtful investment strategy and a diversified portfolio of quality investments. Edward Jones believes that all clients, regardless of the amount of investable assets, deserve the services of a professional financial advisor and the benefits of professional advice. As a result, we do not provide order execution only services nor do we offer online investing or online advice.

### **Overview**

We appreciate the opportunity to comment on the questions included in the Proposed Amendments and would like to thank the Canadian Securities Administrators (CSA) for providing an additional 45-day extension to comment in light of the COVID-19 developments. This extension not only provided us with the flexibility we needed to focus on critical business decisions, but it also provided us with the ability to refocus at the appropriate time so we could comment on this initiative, which we believe further enhances investor protection and thus warrants industry attention.

We agree with, and fully support, the substance and purpose of the Proposed Amendments. We believe the inclusion of provisions related to trusted contacts and temporary holds will provide additional measures for firms and advisors to address issues of financial exploitation and diminished mental capacity of older and vulnerable clients.

### **Comments**

Below are our comments and responses to the specific questions posed in the CSA's request for comments.

#### ***Trusted Contact Person***

- 1. We have proposed that the new paragraph 13.2(2)(e) not apply to a registrant in respect of a client that is not an individual. We acknowledge that some individuals structure their accounts as holding companies, partnerships or trusts for various reasons.**

**Should registrants be required to take reasonable steps to obtain the name and contact information of a trusted contact person for the individuals who,**

- (i) in the case of a corporation, is a beneficial owner of, or exercises direct or indirect control or direction over, more than 25% of the voting rights attached to the outstanding voting securities of the corporation, or**
- (ii) in the case of a partnership or trust, exercises control over the affairs of the partnership or trust?**

We do not believe that it would be necessary to contact a trusted contact person regarding matters related to corporations, partnerships or trusts. The identified trusted contact person may not be familiar with or otherwise in a position to address matters related to the entity. As such, it would be more effective to

address concerns with connected individuals or representatives as identified by other documentation such as the articles of incorporation, partnership agreement, or trust agreement.

- 2. For IIROC Dealer Members exclusively offering order execution only services, please comment on any specific considerations or factors that may impact the appropriateness of the proposed framework in the order execution only service context, particularly the requirement to take reasonable steps to obtain TCP information under new paragraph 13.2(2)(e).**

As a full-service investment dealer, we are not in a position to comment and will defer comments regarding the appropriateness of the proposed framework in the order execution only service context to those dealer members who offer execution only services.

### *Temporary Holds*

- 3. We have proposed that the new temporary hold requirements apply to holds that are placed if there is a reasonable belief that, with respect to an instruction given by the client, the client does not have the mental capacity to make financial decisions. We have heard from stakeholders that an individual that is suffering from diminished mental capacity is more susceptible to financial exploitation, and, because of their diminished mental capacity, may need to be protected from mishandling or dissipating their own assets. Should 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 or should they be limited to cases of financial exploitation of vulnerable clients?**

We believe that temporary holds should also apply to clients who do not have the mental capacity to make financial decisions and may therefore need protection from mishandling or dissipating their own assets. As such, we support the Proposed Amendments related to the applicability of temporary holds to clients with diminished capacity as drafted.

- 4. We have proposed that the new temporary hold requirements apply to holds that are placed, not only on the withdrawal of cash or securities from an account, but also on the purchase or sale of securities and the transfer of cash or securities to another firm. We have heard from stakeholders that transactions and transfers, in cases of financial exploitation or diminished mental capacity, can be just as harmful to clients as withdrawals. Should the temporary hold requirements apply to holds that are placed on the purchase or sale of securities and the transfer of cash or securities to another firm?**

We agree that temporary holds should apply to the purchase or sale of securities and the transfer of cash or securities to another firm. These transactions can equally be as harmful to clients as withdrawals of cash or securities from an account. It is possible, for example, for a client who is being financially exploited to be pressured to transfer their accounts from one firm to another in order to avoid red flags being raised with the current institution. Applying temporary holds to transactions beyond the withdrawal of cash or securities gives firms the flexibility to employ protective measures, such as temporary holds, as deemed necessary and regardless of the transaction being requested. With respect to the purchase or sale of securities, there is a risk that the proposed transactions by the power of attorney or trading authority may not be suitable for the client.

- 5. We have not proposed a time limit on temporary holds considering the complex nature of issues relating to financial exploitation and diminished mental capacity, and the length of time it takes to engage with third parties such as the police and the relevant public guardian and trustee.**

**Instead of a time limit on the temporary holds, we are proposing to require firms to provide the client with notice of the decision to not terminate the temporary hold, and reasons for that decision, every 30 days. Should we prescribe a time limit on temporary holds? Or is the notice requirement proposed by the CSA sufficient to protect investors?**

Recognizing that different circumstances regarding potential financial exploitation may require different timeframes to resolve, we agree with the approach in the Proposed Amendments to not impose a time limit on temporary holds. Imposed time limits may result in incorrect or inadequate actions being taken in order to meet prescribed deadlines.

**6. Are the Proposed Amendments regarding temporary holds adequate to address issues of financial exploitation of vulnerable clients or diminished mental capacity, or does more need to be done to ensure these issues are addressed? The CSA will consider next steps based on the input received**

We applaud the progress towards enhanced investor protection, which we believe is furthered by the Proposed Amendments. We would also suggest that the CSA also consider the following as next steps are being contemplated:

Additional Guidance

Additional guidance on regulatory expectations with respect to temporary holds would be beneficial. Specifically, we would suggest additional guidance on:

- Under what circumstances a trusted contact may be contacted;
- What information may be disclosed to a trusted contact; and
- What is expected when a temporary hold is lifted, and a transaction is either subsequently completed or not accepted.

This additional guidance will help to ensure consistency of application and clarity on expectations once a temporary hold is in place.

Safe Harbour Provision

We believe the CSA should also consider including a safe harbour provision to protect firms from client complaints, litigation or other consequences with respect to, for example market losses, privacy complaints, and allegations of age discrimination, should they utilize temporary holds in response to potential or real financial exploitation or other issues with diminished capacity.

Implementation Date

We believe the implementation of the Proposed Amendments should align with the implementation of the Know-Your-Client provisions of the Client Focused Reforms (i.e. December 31, 2021). The new trusted contact and temporary holds requirements will require technology enhancements, which result in the need for additional resources in time and investments. Aligning the two regulatory initiatives would result in efficiencies by allowing for concurrent implementation of any program and policy changes, as well as systems and technology changes. As such, we would strongly recommend that the Proposed Amendments be finalized by the Fall of 2020 to allow firms sufficient time to adequately plan and prepare for implementation, especially where technology enhancements are required.

We would be pleased to discuss and elaborate if requested.

Yours truly,

*Wayne Bolton*

Wayne Bolton  
Principal, Compliance

- c. David Gunn, UDP, Edward Jones  
Nawaz Meghji, General Counsel (Canada), Edward Jones