



July 16, 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

Submitted by e-mail to:

The Secretary
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
comments@osc.gov.on.ca

Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
consultation-en-cours@lautorite.qc.ca

Re: Proposed Amendments to CSA National Instrument 31-103 to Enhance Protection of Older and Vulnerable Clients

Sun Life Financial Investments Services (Canada) Inc. (SLFISI) commends the work being done by the CSA to enhance protection for older and vulnerable clients. We believe the proposed amendments regarding trusted contact persons and temporary holds are reasonable steps towards protecting vulnerable clients, and generally support the proposed amendments to National Instrument 31-103. Our comments are summarized below.

Trusted Contact Person (TCP)

Question 1. The CSA has 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 agree that TCP provisions should not apply to a client that is not an individual. In addition, we note that, as drafted, the amendment falls within the Know Your Client section of the National Instrument and could be interpreted as a KYC obligation for firms, thus requiring registrants to request TCP information from all clients, regardless of the client's situation. We suggest the amendment be revised to allow firms flexibility in applying the TCP protection measure, perhaps through a risk-based approach (e.g., based on some criteria that would indicate a client could be at risk of being vulnerable or becoming vulnerable in the future). Further, we suggest it be set out as a new TCP section 13.2(2)(2.1) in support of a risk-based approach to applying the TCP measure.

Temporary Holds

Question 3. 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?

Question 4. 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 a Temporary Hold is a reasonable client protection measure in situations where the client is vulnerable and financial exploitation could occur, or where the client lacks the mental capacity to make financial decisions. We further agree that withdrawals, purchases and transfers could all potentially harm the client in cases of financial exploitation, and Temporary Holds should be a tool that firms can employ to protect their clients in these scenarios.

We note that the National Instrument amendments do not offer safe harbour measures if legal actions are taken against firms that place Temporary Holds in order to protect clients. Further, as noted in the Companion Policy, firms and advisors are not judges of mental capacity. This element of uncertainty in a firm's ability to determine a client's mental capacity, combined with a lack of safe harbour, may limit the use of Temporary Holds as a client protection measure. We encourage the CSA to provide some safe harbour measures for firms.

Thank you for the opportunity to provide our comments for your consideration. If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. Woodman', with a stylized, cursive script.

Karen Woodman
President, Sun Life Financial Investments Services (Canada) Inc.