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**BY ELECTRONIC MAIL**

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

Attention:

The Secretary  
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Dear Sirs/Mesdames:

**Re: Proposed Amendments to NI 33-109 and Related Instruments - Modernizing Registration Information Requirements, Clarifying Outside Activity Reporting and Updating Filing Deadlines (the "Proposals")**

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As background, Capital International Asset Management (Canada), Inc. ("CIAM") is part of The Capital Group Companies, Inc. ("Capital Group"), a global investment management firm which originated in 1931. The firm has extensive experience in many countries and with various global regulatory authorities. CIAM serves as the manager and trustee to the Capital Group mutual funds in Canada, which are subadvised by its U.S. affiliate, Capital Research and Management Company, a wholly-owned subsidiary of Capital Group. CIAM is currently registered as an investment fund manager and portfolio manager in Ontario as well as an exempt market dealer in the provinces of Ontario, Quebec, Alberta, British Columbia and Nova Scotia.

In addition to its own registrations, some of CIAM's global affiliates are currently registered under the international adviser and/or international fund manager exemptions in various Canadian provinces. Such affiliates are also subject to stringent securities regulatory oversight in their home jurisdiction. Our comments below reflect all such registration categories.

Capital Group welcomes the opportunity to provide feedback to the proposed amendments to NI 33-109 and related instruments regarding outside activities and other registration-related considerations and filings. In addition to our specific comments below, we generally support the comment letter as submitted by our industry organization, the Investment Funds Institute of Canada.

As an overall comment, we support the intent of the Proposals to provide more clarity on certain registration-related filings and to reduce associated regulatory burdens. Our comments below are provided to help improve the targeted changes regarding the new reporting framework for outside activities, positions of influence, a proposed delegated model for notification of registration changes, reportable information and reporting timelines.

**Outside Activities**

The proposed changes to the form requirement of 33-109F4 in NI 33-109 have added new detailed questions related to considerations of existing and reasonably foreseeable material conflicts of interest and existing and potential client confusion. The questions require registrants to, among other things, describe how material conflicts will be addressed in the best interest of the client. With the implementation of the client focused reforms, effective June 30, 2021, registrants will already be subject to stringent conflicts of interest disclosure obligations, related considerations including oversight and reporting of such conflicts. If registrants will already be subject to significant conflicts of interest requirements pursuant to the client focused reforms, we

believe adding new conflicts provisions to Form 33-109F4 of NI 33-109 is duplicative. Therefore, it would be more appropriate to remove the conflict of interest provisions from Form 33-109F4 in efforts to reduce the regulatory burden on registrants. In addition, we believe registrant firms, based on their professional judgement are in the best position to (i) conduct a conflicts of interest analysis; (ii) implement appropriate controls tailored to their business models and activities; and (iii) adequately oversee their individual registrants.

### **Position of Influence**

The proposed amendments to NI 31-103 introduce a new definition of a “position of influence” in the context of reporting outside activities. Such new definition includes positions outside the sponsoring firm whereby, due to the functions of the position, training or specialized knowledge, an individual would be considered by a reasonable person to be in a position of influence.

NI 31-103CP describes the following factors when considering positions of influence: (1) degree of influence; (2) degree to which a person may be confused regarding the registered individual’s capacity; and (3) degree of susceptibility another person has to the registered individual due to reliance or perception of registered individual’s specialized knowledge or expertise. If these factors are considered “significant”, then a registered firm is expected to consider the outside activity as a position of influence. Registrants will need to anticipate the range of perceptions by those who might interact with the potential persons of influence, which will likely result in varying treatments for similar fact patterns (based upon the recipient’s perceptions). While the Companion Policy (“CP”) provides examples of what would be considered and not considered positions of influence, this test remains subjective and unclear which will result in confusion and an inconsistent application of this requirement.

In the examples provided in the CP, youth mentors in an organized program, caregivers in an assisted living facility may be in a position of influence; however, an instructor for a recreational course, elected officials (e.g. school trustees), executors or estate trustees or those who hold a power of attorney over another person are not considered to be in a position of influence. Registered firms are expected to have appropriate policies and procedures to identify and report all registered individuals in a position of influence and provide reasonable assurance that such individuals do not trade or advise in securities for clients who are subject to that influence. In addition, where a registered firm has assessed that a position is not a position of influence, they are expected to have documented such assessment. In order for firms to have such policies, procedures and appropriate documentation in place, further clarity is required regarding this new definition. Alternatively, the definition should include a “reasonable person” standard or provide some discretion to registered firms in determining whether or not a position of influence exists based on the firm’s professional judgement in the context of its own business activities.

## Proposed Delegated Reporting

To address concerns related to disproportionate reporting burden relative to the original purpose and to reduce the burden of certain specific reporting requirements, the Proposals permit registered firms to delegate to an affiliated registered firm the reporting of changes in certain registration information. This is a move in the right direction as affiliated firms of a corporate group are required to notify the regulator of the same changes in certain registration information. The proposed amendments to NI 33-109 have introduced a new definition of “authorized affiliate” which includes an affiliate of a registered firm that shares the same principal regulator as the registered firm. Accordingly, a registered firm may delegate to an authorized affiliate the duty to notify the applicable regulator so long as both the registered firm and authorized affiliate share the same principal regulator. This condition of both affiliates sharing the same principal regulator is problematic and does not contemplate domestic firms with different principal regulators or filings by international firms that are exempt from registration in Canada (“unregistered exempt international firms”).

In order to reduce the regulatory burden and streamline some of this reporting as intended by the Proposals, we request that the CSA expand the scope of the delegated model to include domestic firms as well as unregistered exempt international firms that are subject to oversight by different regulators. In other words, foreign affiliates that are unregistered exempt international firms should be able to delegate the reporting to their Canadian affiliate as the registered firm notwithstanding that the affiliates do not share the same principal regulator so as to leverage their local expertise and resources in the interests of efficiency.

## Reinstatement of Registration

The NI 33-109 rules regarding reinstatement of individual registrations with a new sponsoring firm have been amended to include additional qualifying criteria regarding the individual’s resignation or termination by the individual’s former firm. Where an individual has resigned or has been terminated by a sponsoring firm, there must be no allegations in Canada or in any foreign jurisdiction of a commission of a crime or contravention of **any** statute, regulation, order of a court or regulatory body, rules or bylaws of an SRO or a failure to meet any standard of conduct of the sponsoring firm, an industry association or any relevant authority.

In section 5.3.4 commentary of the anticipated costs and benefits of the Proposals, the CSA has identified this clarification as a perceived benefit due to an anticipated decrease in the number of non-disclosures; however, we question whether this change would result in additional disclosures that are not relevant or necessary and are concerned about the disproportionate amount of time imposed on registrants to review and determine such unnecessary disclosures. We are supportive of additional considerations regarding reinstatements of individuals. Some of these additional qualifications, however, are too broad and could result in registration delays resulting from disclosures that may not necessarily be meaningful to the individual’s fitness for re-registration. As an example, allegations of contraventions of minor traffic violations

or other non-material breaches of domestic or foreign laws would be reportable on the relevant registration forms.

### **Registration Filing Deadlines**

We are supportive of some of the extended reporting deadlines stated in the Proposals. Some of the general reporting deadlines have been extended from the current 10 days to 15 days while other changes would be reportable within 30 days. In line with the burden reduction initiative for firms and individuals and to simplify the reporting/filing process, we urge the CSA to consider having a consistent standard of reporting all such changes within 30 days with the exception of keeping the filing of automatic reinstatement of registration to within 90 days of cessation date. In particular, a more consistently applied 30 day reporting period would give firms needed time to receive reported information from individual registrants, engage on the accuracy of the information provided, including whether certain activities should or should not be reported, and ultimately provide more accurate information to principal regulators.

Once again, we appreciate the opportunity to provide our comments on these Proposals. We are pleased with the CSA's initiative to modify and clarify certain registration information requirements in efforts to reduce the regulatory burden on registrants and regulators with the overarching goal of investor protection and enhancing capital market integrity and efficiency. We believe in working closely with regulators and policymakers to put investors first and strengthen protections. We would be pleased to discuss any of our comments and thank you for your consideration.

Yours truly,

CAPITAL INTERNATIONAL ASSET MANAGEMENT  
(CANADA), INC.

(signed) "Rick Headrick"

Rick Headrick  
President