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July 29, 2019

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Autorité des marchés financiers
Financial and Consumer Services Commission of New Brunswick
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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 Notice and Request for Comment – Proposed National Systems Renewal Program Rule and Related Amendments & CSA Notice and Request for Comment – Proposed Repeal and Replacement of Multilateral Instrument 13-102 - *System Fees for SEDAR and NRD*

The Portfolio Management Association of Canada (**PMAC**), through its Industry, Regulation & Tax Committee, is pleased to have the opportunity to submit the following comments regarding CSA Notice and Request for Comment – Proposed National Systems Renewal Program Rule and Related Amendments (the **Renewed System Consultation**) as well as on CSA Notice and Request for Comment – Proposed Repeal and Replacement of Multilateral Instrument 13-102 - *System Fees for SEDAR and NRD* (the **System Fees Consultation**).

PMAC represents over 270 investment management firms registered to do business in Canada as portfolio managers. In addition to this primary registration, most of our members are also registered as investment fund managers and/or exempt market dealers. PMAC's members encompass both large and small firms managing total assets in excess of \$2.7 trillion for institutional and private client portfolios.

We view the Renewed System as an important opportunity to improve information flow that is worth the short-term investment for the longer-term benefit of all stakeholders, including for investors and the CSA. Our comments are set out below.

OVERVIEW

1) Renewed System

PMAC is very supportive of the CSA's proposed centralized information technology system (the **Renewed System**), as well as the harmonized approach the CSA is taking with respect to this Renewed System. We believe that replacing outdated, fragmented reporting systems and databases with more efficient, centralized, and secure technology is a key step in reducing regulatory burden, increasing information security, and facilitating information flow in an efficient and cost-effective manner.

2) System Fees

PMAC is also generally supportive of the System Fees Consultation and applauds the CSA for simplifying its fee design through the imposition of flat fees, the elimination of certain fees, minimizing fee changes – especially for small registrants, and for reducing system fees overall. The CSA's proposal that filers only will pay fees to their principal regulator is a sensible way to simplify fee calculations and payment.

We are pleased that the CSA devised a new System Fee schedule that is anticipated to result in only 1% of filers having fee increases of over \$1,000.

With respect to the new annual fee payable by international advisers to file a notice of reliance on the international adviser exemption (other than for those operating solely in Ontario and satisfying the Ontario Rule requirements), we believe the Proposal is unclear about how to determine which CSA member to which payment should be made. Since the new fee model is generally dictated by a registrant's principal regulator, we believe further clarity as to how international advisers should pay the new fee is needed.

SYSTEMS SHOULD BE DEVELOPED TO ALLOW FILING OF ALL DOCUMENTS

PMAC urges the CSA to expand its systems capabilities to include all documents to be filed or delivered in connection with a hearing, compliance review, proceeding, or investigation.

We believe the reason that these types of documents have been excluded from the Renewed System is due to the need to ensure that certain documents are only accessed on a need-to-know basis by the specific securities commission staff that has requested the information.

Nonetheless, we urge each CSA member to fund and staff the creation of parallel systems that would allow for the filing of documents regarding a hearing, compliance review, proceeding, or investigation, to be delivered securely and seamlessly to the relevant CSA staff.

We believe that parallel systems of this nature would considerably improve the flow of information, reduce regulatory burden, and address several long-standing technology challenges and frustrations registrants experience when communicating information to members of the CSA during a compliance review or otherwise. For example, several firms have cited difficulties

transmitting large files via email, necessitating several smaller emails to the regulator and causing unnecessary work and fragmentation of documents during what is an already resource, time, and document-intensive process.

TRANSITION & TESTING

Members also had questions about the plan for transitioning from the old systems to the Renewed System. We suggest that the CSA engage in parallel systems testing, such that if there are glitches to be worked out with the Renewed System, they become apparent during this time of transition. In the absence of being able to maintain both systems concurrently for a period of time, PMAC suggests that the CSA impose a moratorium on late filing fees if the late filings are caused by systems issues.

We also urge the CSA to ensure that, unlike SEDAR where some firms have to engage the assistance of third parties (such as law firms) to effect filings, that the Renewed Systems are automatically available for all firms to make their own filings. In the alternative, if any new payment systems or authorizations are required in order to file using the Renewed System, we ask the CSA to provide a good deal of lead time to allow firms to establish the proper channels and authorize the correct individuals for this process to enable a smooth transition.

DISCIPLINED LIST AND NRD REGISTRATION DATABASE

PMAC urges the CSA to work together with all self-regulatory organizations across Canada, including the various provincial and territorial insurance regulators and, where applicable, the regulators of financial planners, so that the Disciplined List becomes a much more investor-friendly, comprehensive, and easy-to-search database of all disciplined firms and persons offering financial services nation-wide.

In order to make this list the investor protection tool we believe it was designed to be, the CSA should endeavour to make it truly a national repository of all firms and individuals who have been disciplined so that everyday investors are easily able to find, assess, and understand the reason for each disciplinary action before engaging with a firm or individual. The search should be more flexible, more intuitive, and require fewer clicks for an investor to determine whether an individual is on this list, what they did to merit the disciplinary action, and their current registration status.

We also believe that the NRD Registration Database should be amended to be far more user-friendly and intuitive. For example, investors should not be required to know the exact spelling of a firm or individual's name to find information about them, nor should they have to navigate to and open multiple tabs in each Canadian jurisdiction in which the firm or person is registered to understand their category of registration and the nature of any Terms & Conditions on that registration.

Once these lists are enhanced, we believe that the CSA should undertake a public education campaign geared towards investors about the ease and importance of checking the registration and disciplinary action against any firm or person with whom they will be investing or receiving financial services from.

We believe the Renewed System offers a vital opportunity to increase information flow and access for all stakeholders – including investors – and the Disciplined List and NRD Registration Database should form a key part of the CSA's investor protection outreach and education.

PRE-POPULATED FORMS

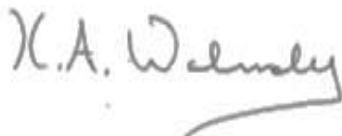
An additional suggestion that could improve efficiencies for both market participants and the CSA is to leverage the capabilities of the Renewed System to deliver certain forms that are updated on a continuous basis, pre-populated with the information last provided by the firm. This way, market participants would only need to update new or changed information. For example, for a Form 45-106F1 – Report of Exempt Distribution to be filed by an investment fund, the form could be pre-populated using the information from the previous year’s filing so that the firm would not need to re-enter the fund’s name and address, etc.

CONCLUSION

PMAC thanks the CSA for the work being done to create and roll out the Renewed System. Technology and database updates are often more complex than they seem, but this undertaking is well overdue and, we believe, very worth the resources and time devoted by CSA staff to make it a reality. If you have any questions regarding the comments set out above, please do not hesitate to contact Katie Walmsley at (416) 504-7018 or Melissa Ghislanzoni at (416) 504-1118.

Yours truly,

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