



VIA E-MAIL: submissions@ontario.ca

February 11, 2021

The Honourable Peter Bethlenfalvy
Minister of Finance
c/o Budget Secretariat
Frost Building North, 3rd Floor
95 Grosvenor Street
Toronto, Ontario
M7A 1Z1

Dear Minister Bethlenfalvy,

Re: 2021 Budget consultations

The Portfolio Management Association of Canada (**PMAC**) appreciates the opportunity to comment on the 2021 budget, with a focus on the recommendations of the Capital Markets Modernization Taskforce (**Taskforce**). We urge Ontario to continue to support the Cooperative Capital Markets Regulatory System, and in the meantime, to prioritize working with other Canadian Securities Administrators (**CSA**) to harmonize legislation, resulting in more efficient, effective and streamlined regulation for all stakeholders and our capital markets.

We believe that Ontario can make progress on certain Taskforce recommendations independently of other jurisdictions, and that these should be prioritized:

- #1 – Introduce the *Capital Markets Act* (Ontario);
- #3 & #4 – Implement changes to the OSC governance and adjudicative frameworks;
- #8 – Increase OSC-FSRA collaboration;
- #36 – Improve Corporate Board diversity;
- #71 – Designate a dispute resolution service empowered to issue binding decisions; PMAC urges a fee structure review for such a service, given the limited use by Portfolio Managers (**PMs**) of OBSI services – on average, in the last 4 years, PM firms represented only 4% of complaints to OBSI;
- #73 – Reciprocate orders from other securities regulators and Courts.

We ask Ontario to reconsider its deviation from other CSA jurisdictions and instead harmonize the ban on the use of the deferred sales charge option for mutual funds across Canada. Implementing Ontario-only restrictions will be onerous and unlikely to improve investor outcomes.

We support the regulation of the “financial planner” title; however, to enact proportionate regulation, individuals that are otherwise regulated and that carry out financial planning activity that is incidental to their core business, such as PMs, should be exempted from the *Financial Professionals Title Protection Act*. The *Financial Professionals Title Protection Rule and Guidance* suggests that PMs that also use the title “Financial Planner” must obtain a credential and be overseen by a FSRA-approved credentialing body. This is duplicative of existing CSA regulation and burdensome to registrants, without corresponding benefit.

We ask Ontario to work with the other CSA jurisdictions to prioritize the following Taskforce recommendations:

- #9 – Create a new SRO **for dealers**. PMAC is strongly opposed to a self-regulation model for PMs. Not only has direct regulation by the CSA proven to be effective and efficient, given the international trend away from the SRO model, a move to an SRO for Canadian PMs could hamper our international competitiveness. Most PMs are also Investment Fund Managers (**IFMs**); both categories are better suited to principles-based regulation as opposed to a prescriptive rules-based model, typical in an SRO. We believe that direct regulation is stronger regulation and that it is in the best interests of investors for PMs to remain under the regulation of the CSA;
- #10 and #11 - Change the SRO governance structure;
- #24 – Expedite the SEDAR+ project. PMAC agrees that the system must be tested with stakeholders *prior to* launch;
- #20 – Adopt an access equals delivery model for issuers, including all funds;
- #21 – Consolidate reporting and regulatory requirements;
- #23 – Introduce additional Accredited Investor categories;
- #41 – Require enhanced ESG disclosure.



Please contact the undersigned at (416) 504-7018 if we can provide any additional information.

Yours very truly,

PORTFOLIO MANAGEMENT ASSOCIATION OF CANADA

A handwritten signature in black ink that reads "K.A. Walmsley". The signature is written in a cursive style with a long horizontal flourish at the end.

Katie Walmsley
President