

CSA, IIROC and MFDA update on implementation of new SRO

Good morning,

We are contacting you today with a status update on work that is underway to implement the [new](#), single enhanced self-regulatory organization (SRO) and new investor protection fund (IPF).

Work is progressing well and timing is on track for a completion date of December 31, 2022. This is in keeping with the [timeline](#) that was agreed upon by the Canadian Securities Administrators (CSA), and the Investment Industry Regulatory Organization of Canada and the Mutual Fund Dealers Association of Canada (the SROs).

Interim Rule Book

The CSA and SROs are working closely to develop rule proposals for an interim rule book, with plans to publish the proposals for comment in May 2022. Of note, some of the proposals will focus on reducing regulatory burden that is the result of:

- The obligation to maintain two separate legal entities for mutual fund dealer and investment dealer businesses in the same group.
- The need for mutual fund dealers to use workarounds to access certain products, such as ETFs.

The interim rule book will be in place when implementation is completed in December 2022. Following implementation, we will begin work to develop a harmonized rule book for investment dealers and mutual fund dealers. Our work will be informed by a comprehensive policy plan for regulation based on the principle that like activities will be regulated in a like manner. We will conduct consultations and assess public comments to ensure the rules clearly reflect member and public interest views. The intention is to create consistent rules that present a risk- and principles-based approach to rules, compliance and enforcement.

Québec Mutual Fund Dealers

Québec mutual fund dealers (MFDs) will become members of the New SRO once it is established, but will operate within a regulatory status quo during the transition period for their activities in Québec. This transition period will be substantially synchronized with the transition towards a harmonized rule book. During this time NI 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* and other provincial regulations continue to apply. Although the Québec MFDs will not contribute to the new IPF for accounts located in the province, they will continue to contribute to the *Fonds d'indemnisation des services financiers* and their dealing representatives will continue on as members of the *Chambre de la sécurité financière* in keeping with legal requirements, which will remain in place after the transition period.

Key Upcoming Dates

The CSA, IIROC and the MFDA are pleased to continue working together towards the **December 31, 2022** closing date and we look forward to publishing rule proposals for comment in **May 2022** and announcing the CEO and Board of the new SRO in the second quarter.

Regards,

Stan Magidson, Chair and CEO of the Alberta Securities Commission

Andrew J. Kriegler, President and CEO of IIROC

Mark T. Gordon, President and CEO of the MFDA