

September 17, 2018

BY EMAIL

Bonnie Kuhn
Senior Legal Counsel, Market Regulation
600, 250-5th Street S.W.
Calgary, Alberta T2P 0R4
Email: bonnie.kuhn@asc.ca

Dear Sirs/Mesdames:

Re: Proposed Revocation of ASC Blanket Order 31-505 Registration Exemption for Trades in Connection with Certain Prospectus-Exempt Distributions – Request for Comments (the “31-505 Proposed Revocation”)

The Canadian Advocacy Council¹ for Canadian CFA Institute² Societies (the CAC) appreciates the opportunity to comment on the 31-505 Proposed Revocation. We are supportive of the proactive nature of the proposals to revoke exemptions which are not being utilized and, when utilized, are relied upon incorrectly.

Given the crucial functions performed by registered dealers, including KYC, KYP and suitability determinations, we do not see a compelling rationale to maintain the Northwestern Exemption at this time. The Canadian Securities Administrators are otherwise working to enhance the client – advisor relationship through additional regulation, including with respect to over-the-counter derivatives in Proposed National Instrument 93-101 *Derivatives: Business Conduct* and to securities registrants under the proposed client focused reforms through the proposed amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Given the heightened regulatory expectations of registrants set out in these proposals, it would be incongruent to continue to allow intermediaries to rely on older registration exemptions for transactions where absent the exemption, clients would receive vastly more protection.

¹The CAC represents more than 15,000 Canadian members of CFA Institute and its 12 Member Societies across Canada. The CAC membership includes portfolio managers, analysts and other investment professionals in Canada who review regulatory, legislative, and standard setting developments affecting investors, investment professionals, and the capital markets in Canada. See the CAC's website at <http://www.cfasociety.org/cac>. Our Code of Ethics and Standards of Professional Conduct can be found at <http://www.cfainstitute.org/ethics/codes/ethics/Pages/index.aspx>.

² CFA Institute is the global association of investment professionals that sets the standard for professional excellence and credentials. The organization is a champion of ethical behavior in investment markets and a respected source of knowledge in the global financial community. Our aim is to create an environment where investors' interests come first, markets function at their best, and economies grow. There are more than 154,000 CFA charterholders worldwide in 165+ countries and regions. CFA Institute has eight offices worldwide and there are 151 local member societies. For more information, visit www.cfainstitute.org or follow us on Twitter at @CFAInstitute and on Facebook.com/CFAInstitute.

We also understand that the Northwestern Exemption will be revoked in most other jurisdictions where it is currently available, and we are supportive of harmonizing exemptions across all Canadian jurisdictions to avoid confusion among investors and potentially cause an inefficiency in our markets.

We agree that the revocation should take place on the same date as the revocation in the other Canadian jurisdictions. While the timelines may be tight for those intermediaries who rely on the Northwestern Exemption to seek registration if they choose to do so, the ASC could potentially consider case by case relief for those dealers who apply for registration by a certain date during the registration review process, similar to the transition periods contemplated by Multilateral CSA Notice 32-302 *Notice of Revocation for Certain Local Orders Providing Registration Exemption for Trades in Connection with Certain Prospectus-Exempt Distributions* and Update on BC Instrument 32-517 *Exemption from Dealer Registration Requirement for Trades in Securities of Mortgage Investment Entities*.

Concluding Remarks

We thank you for the opportunity to provide these comments. We would be happy to address any questions you may have and appreciate the time you are taking to consider our points of view. Please feel free to contact us at cac@cfacanada.org on this or any other issue in future.

(Signed) *The Canadian Advocacy Council for
Canadian CFA Institute Societies*

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