

**For Immediate Release  
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**CSA publishes research on impact of Client Relationship Model Amendments  
on industry and investor behaviour**

**Toronto** – The Canadian Securities Administrators (CSA) today published two [research reports](#) that examined the investment fund industry and investor behaviour following the implementation of the Client Relationship Model Phase 2 (CRM2) Amendments.

CRM2 improved how financial information is disclosed to investors by requiring greater transparency about the cost and performance of client accounts.

The [research findings](#) suggest that overall industry behaviour has been shifting in directions that are consistent with the study hypothesis on the impact of these regulations. The findings also provide evidence that disclosure-based regulations may be an effective tool in changing industry and investor behaviour.

“The main findings of the reports reflect positively on investment fund industry trends, as both average fees declined and investment performance improved over the study period,” said Stan Magidson, CSA Chair and CEO of the Alberta Securities Commission.

Over the 2013-2020 study period, research on investment fund fees found management expense ratios (MERs) and management fees decreased for both mutual funds and exchange traded funds (ETFs). The distribution of investment assets shifted towards funds that charged lower fees, and investment fund managers reduced the fees they charged investors. The research also documented improvements in risk-adjusted, gross investment performance based on the study’s model benchmarks. These results are in line with the anticipated effects of the CRM2 amendments, which provided investors with better information on the costs and performance of their investments. The research found no evidence that investment fund managers and product distributors shifted to products that were not subject to the CRM2 requirements.

The study period was limited to 2013-2020 to isolate the impact of the amendments and reduce the influences of other regulatory and market developments on the analysis. The CRM2 amendments to [National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations](#) that came into effect in 2016, were designed to ensure investors receive clear and complete annual disclosure of both the performance of their investments and of all fees associated with their accounts, including registrant compensation.

It is important to note that the changes in industry behaviour cannot be directly attributed to the CRM2 amendments. Other factors, which could not practically be accounted for in the analysis, may have contributed to the changes.

The CSA, the council of securities regulators of Canada’s provinces and territories, coordinates and harmonizes regulation for the Canadian capital markets.

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