



Canadian Securities
Administrators

Autorités canadiennes
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Canadian securities regulators seek comment on proposals to enhance the obligations of advisers, dealers and representatives toward their clients

Toronto – The Canadian Securities Administrators (CSA) today published for a 120-day comment period CSA Consultation Paper 33-404 *Proposals to Enhance the Obligations of Advisers, Dealers and Representatives Toward Their Clients*, which proposes regulatory action to improve the client-registrant relationship.

“With the publication of this consultation paper, the CSA expect to open a dialogue with all market participants on improving the relationship between clients and their advisers and dealers,” said Louis Morisset, Chair of the CSA and President and CEO of the Autorité des marchés financiers.

The consultation paper includes proposed targeted reforms to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, as well as potential guidance in a number of areas that would work together to better align the interests of registrants to the interests of their clients, better define the client-registrant relationship for clients and enhance various specific obligations that registrants owe to their clients.

In addition, the consultation paper includes a proposed regulatory best interest standard, accompanied by guidance, that would form an over-arching standard and governing principle against which all other client obligations would be interpreted. Only certain jurisdictions are consulting on the proposed regulatory best interest standard for reasons set out in Part 8 of the paper.

Both the proposed targeted reforms and the proposed regulatory best interest standard, if introduced, would apply to all advisers, dealers and representatives, including those who are members of the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association of Canada (MFDA). The CSA intend to work with IIROC and the MFDA to ensure their member rules are materially harmonized with the CSA’s requirements and are implemented on the same schedule.

This consultation paper follows extensive research and outreach by CSA Staff and specific CSA jurisdictions as well as a review of international developments regarding the client-registrant relationship.

The CSA welcomes feedback on the consultation paper, which includes a list of 68 consultation questions and can be found on CSA members’ websites. Comments should be submitted in writing by August 26, 2016.

The CSA also plan to hold roundtables with market participants in fall 2016, to discuss issues raised in comment letters.

The CSA, the council of the securities regulators of Canada's provinces and territories, coordinate and harmonize regulation for the Canadian capital markets.

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