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Delivered By EMAIL

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Re: Proposed Amendments to MFDA Rule 2.3.1(b) (Discretionary Trading)

Assante Financial Management Ltd. (“**Assante**”), a Mutual Fund Dealers Association of Canada (“**MFDA**”) member firm, appreciates the opportunity to comment on the proposed amendments to MFDA Rule 2.3.1(b) (Discretionary Trading) (referred to as the “**Proposed Amendments**”). Assante and our sister firm Assante Capital Management Ltd., an Investment Industry Regulatory Organization of Canada (“**IIROC**”) member firm, have over 840 professional advisors and as at June 30, 2019, oversees \$46.7 billion of assets under administration on behalf of Canadian families and institutions.

Assante is supportive of the Proposed Amendments, which are intended to allow Members to engage in limited discretionary trading with respect to mutual fund model portfolios offered by Members. It is our understanding that the limited discretionary trading would be restricted to fund substitutions, and changes to portfolio asset allocations within pre-established parameters of the mutual fund model portfolios offered by the Member. We agree that by permitting discretionary trading on this basis, Members would be able to provide an enhanced customer experience and reduce the regulatory burden and cost associated with engaging an external portfolio manager to conduct these services.

Subsection 2.3.1 (b.1) (ii) of the Proposed Amendments indicates that the Member and any Approved Person must be “appropriately registered under securities legislation to provide discretionary

portfolio management services or has received an exemption from the requirement for such registration ...". If the Approved Person is registered to provide discretionary asset management, they must comply with the requirements in NI 31-103 including the obligation to act in the best interest of clients as a fiduciary. While the Proposed Amendments lacks certain detail with respect to the proficiency standard that would be required of the Approved Persons should an exemption be provided, which Assante believes will need to be made explicit before the Proposed Amendments can come into force, the MFDA has indicated that the standard of care will be equivalent to that of a portfolio manager. Therefore, registration of Approved Persons should not negatively impact investor protection as the best interests of clients will be required of these registrants in both alternatives.

The Proposed Amendments does not set out the MFDA's expectations for Member supervision of Approved Persons conducting limited discretionary trading. As MFDA dealers have not had to provide oversight of discretionary asset management, we believe it is important for the MFDA to clearly identify the minimum educational and/or experience proficiency requirements of individuals responsible for supervising this activity.

Assante appreciates the opportunity to comment on the Proposed Amendments, and as always, we are available to discuss these comments if there are questions.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Sean Etherington', with a stylized, overlapping loop structure.

Sean Etherington
President
Assante Financial Management Ltd.