

March 11, 2024

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Re: Consultation – Rule Consolidation Project – Phase 2 (the “Proposed Rules Phase 2”)

Investors Group Inc. (“IG Wealth Management”) is pleased to provide comments on the Proposed Rules Phase 2. As the financial services industry and investor needs continue to evolve, we continue to believe a consolidated rules approach will be a critical step forward for the Canadian capital markets and investors, and we are fully supportive of this important initiative.

Our Company

IG Wealth Management is a diversified financial services company and one of Canada’s largest managers and distributors of mutual funds, including the exclusive distributor of its own products. We carry out our distribution activities through our subsidiaries Investors Group Securities Inc. (“IGSI”), our investment dealer, and Investors Group Financial Services Inc. (“IGFS”), our mutual fund dealer, both of which are members of the Canadian Investment Regulatory Organization (“CIRO”). We are committed to comprehensive personal financial planning delivered through long-term client and advisor relationships. The company provides advice and services through a network of advisors located across Canada to over one million clients. We currently have approximately 3,300 advisors registered with CIRO, located across 52 regional offices spanning all provinces throughout Canada. IG Wealth Management has over \$121.9 billion in assets under advisement as of January 31, 2024. We are part of IGM Financial Inc., which is a member of the Power Corporation of Canada group of companies.

Overview

As stated in our December 18, 2023 response to Phase 1 of the Rule Consolidation Project, we strongly support CIRO's proposal to consolidate the investment dealers and mutual fund dealers rules into one set of member regulation rules that would be applicable to both categories of CIRO dealer members.

We also highlighted a foundational objective of the Rule Consolidation Project - to ensure the rules reflect that like dealer activities are regulated in a like manner. Clients should be able to expect and receive the same level of protections at both investment dealers and mutual fund dealers. Consequently, we are generally supportive of the Proposed Rules Phase 2 to extend certain Investment Dealer Partially Consolidated ("IDPC") rules to mutual fund dealers to avoid regulatory arbitrage.

While we note our general support above, we also want to emphasize the importance of continuing to conduct impact assessments in each phase of the Rule Consolidation Project. CIRO did include a chart in Appendix 4 of the Proposed Rules Phase 2, however, we would encourage more detailed discussions of the rationale to extend rules to mutual fund dealers where there may be unique features of the products or activities that warrant the differences and where there may be a negative impact on dealers, in particular where there could be significant costs for enhanced compliance systems.

Comments on the Proposed Rules

Question 1 – Best Execution Obligation

We offer ETFs at both dealers. We expect the proposal to extend the best execution rules to mutual fund dealers who trade in ETFs to have a minimal impact to IG Wealth Management. Our investment dealer is compliant with IDPC requirements, and IGFS can leverage those policies and procedures and compliance expertise. The differentiation in the rules for executing and non-executing dealers provides a helpful framework for compliance, as mutual fund dealers have not been permitted to act as direct market participants. Further, we agree that these rules are not applicable and should not be extended to mutual funds, based on the manner in which mutual funds are priced and traded.

Similarly, we expect the proposal to extend the client priority rules to mutual fund dealers who trade in ETFs to have a minimal impact to IG Wealth Management. Again, our investment dealer is compliant with IDPC requirements, and IGFS can leverage those policies and procedures and compliance expertise.

We support the extension of the requirements for client identifiers for ETFs to align with the requirements for ETFs traded at investment dealers. As noted by CIRO, these rules may impose system enhancements on mutual fund dealers in order for dealers to provide the additional information required for trades, and consequently there should be an appropriate implementation period provided once the rules are finalized to enable mutual fund dealers to make the required changes.

Question 2 – Debt market and settlement practice obligations

We support CIRO's proposal to extend the debt securities trading and settlement practice obligations to mutual fund dealers. We expect the changes to have minimal impact to IG Wealth Management.

Question 3 – Transaction reporting for debt securities

We support CIRO's decision not to extend transaction reporting for debt securities to mutual fund dealers at this time. We believe more extensive consultation on the potential impact is required.

Other Recommendations

We encourage CIRO to extend the comment period for the Consolidation Rule Project Phases 3-5 to 90 days, from the current 60 day period. We are anticipating that Phases 3-5 will address more substantial changes and dealers will require additional time to consider the impact.

Finally, we would like to reiterate how important this initiative is for the financial services industry and the clients we serve. We encourage this Project to be a continued priority for CIRO with respect to the timeliness of future releases for Phases 3-5 of the Proposed Rules. Further, while we understand the need to conduct this Project in phases, it will be important for dealers to have an opportunity to review the rules holistically, prior to finalization, to fully evaluate the overall impact of the rule consolidation and contemplate a reasonable implementation timeline. We strongly recommend CIRO adopt this approach.

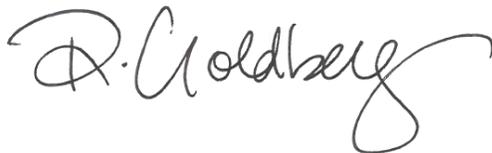
Conclusion

Thank you for the opportunity to provide comments on the Proposed Rules Phase 2.

We would be pleased to engage further with you on this important initiative. Please feel free to contact Adrian Walrath at Adrian.walrath@ig.ca or me if you wish to discuss our feedback further or require additional information.

Yours truly,

IG Wealth Management

A handwritten signature in black ink that reads "R. Goldberg". The signature is fluid and cursive, with the first letter of each name being capitalized and prominent.

Rhonda Goldberg
Executive Vice President & General Counsel
IGM Financial Inc.