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March 22, 2024

VIA EMAIL

Canadian Investment Regulatory Organization

Attention:

Member Regulation Policy

memberpolicymailbox@ciro.ca
[cc: marketregulation@osc.gov.on.ca](mailto:marketregulation@osc.gov.on.ca)

Dear Sirs / Mesdames:

RE: Comment Letter – Policy options for leveling the advisor compensation playing field

Introduction

We are writing to provide our comments on the position paper "Policy options for leveling the advisor compensation playing field". Thank you for the opportunity to submit comments.

Edward Jones is a full-service investment dealer with more than 850 financial advisors across Canada managing more than \$52 billion of assets under care. We do money differently™ at Edward Jones by building deep, trusted relationships with our clients to understand what's most important to them. We provide comprehensive planning and advice to help them achieve their short- and long-term goals, making adjustments as needed.

As a member of the Canadian Investment Regulatory Organization (CIRO) and the Canadian Investor Protection Fund, the firm is a participating organization in the Toronto Stock Exchange. Our advisors are CIRO registrants, and they develop and present suitable investment recommendations in the best interest of our clients. Edward Jones is a limited partnership in Canada and is a wholly owned subsidiary of Edward D. Jones & Co., L.P., a Missouri limited partnership. Edward D. Jones & Co., L.P. is a wholly owned subsidiary of The Jones Financial Companies, L.L.L.P., a Missouri limited liability limited partnership.

General Comments

We applaud and recognize this position paper as a concrete step towards assembling realistic options that would permit all dealers to structure their compensation in a way that creates efficiencies and allows for payments beyond those strictly to individuals.

We were involved in the Investment Industry Association of Canada's round table discussion on this matter and have reviewed their comment letter on the policy options and generally support the views articulated therein. We offer our responses to the specific requests for feedback on the topics outlined in part 7 of the Position Paper below.

7.1 Question #1. This paper discusses compensation approaches that could be made available for use to all CIRO Approved Persons. Which of the following rulemaking options do you prefer that CIRO pursue and why?

We advocate that whichever solution is decided upon must include both registerable and non-registerable activities to mitigate any full-scale supervisory changes required to monitor for activity type, and to facilitate the most positive commensurate value to the advisors.

We support CIRO's preferred approach of an Incorporated Approved Person as we align with CIRO's assessment that it would incrementally reduce the registration burden to CIRO, Approved Persons, dealer members and the CSA relative to the alternative Registered Corporation approach.

We advocate for the pure adoption of an Incorporated Approved Person approach as we believe the burden for dealer member firms to facilitate the interim enhanced directed commissions model, and then the subsequent final Incorporated Approved Person would be an exceptionally large lift to firm resources with a minimal positive return to our advisors given that the interim solution could not include registerable activity.

7.2 Question #2. Are there other requirements not discussed in this paper that CIRO should include within any rule amendments it proposes relating to acceptable compensation approaches?

CIRO indicates in their analysis of their preferred approach that the Incorporated Approved Person approach would provide CIRO with "*clear jurisdiction over the actions and activities undertaken by the corporation*" however the position paper does not outline the relationship that would need to exist regarding jurisdiction over non-registerable activities such as insurance related commissions. We would like to understand how these activities might be viewed collectively by two (or more) separate regulatory bodies, and how CIRO and the relevant insurance commissions would position any shared oversight of the Incorporated Approved Person.

7.3 Question #3. Are there other matters not discussed in this paper that CIRO should consider when assessing which policy option to pursue?

We pause here to reflect on the challenge this rule making creates for CIRO to overcome the historical difficulties the industry has seen in implementing full scale harmonization through securities legislation amendments across all jurisdictions. While a review of the provincial securities rules appears to indicate that accommodations potentially already exist for incorporation, should amendments be necessary we would advocate for CIRO to obtain additional clarity on each jurisdiction's ability and willingness to make the necessary amendments in advance of further action. Firms and advisors operating in multiple jurisdictions will find implementation very difficult if the rule is not applicable uniformly.

Finally, we would strongly recommend that to achieve the truly level playing field ascribed to in the position paper, CIRO must consider the significant effort and resources required by firms to accommodate the rule amendments. We would ask that CIRO set out an appropriate timeline with a defined start date set well enough into the future to ensure the industry does not find itself in a "first to market" situation where firms able to facilitate the rule amendments more quickly are taking advisors from those firms that require more time to adopt.

We appreciate the opportunity to provide our comments on this important matter. We would be pleased to discuss our responses in greater detail should you wish.

Yours truly,



Marissa Cusi
Chief Compliance Officer, Edward Jones

- c. David Gunn, UDP, Edward Jones
Nawaz Meghji, General Counsel (Canada), Edward Jones