

**DELIVERED BY E-MAIL:** memberpolicymailbox@ciro.ca

Member Regulation Policy  
Canadian Investment Regulatory Organization  
40 Temperance St Suite 2600, Toronto, ON M5H 0B4

**Re: Policy Options for Leveling the Advisor Compensation Playing Field**

We would like to thank the Canadian Investment Regulatory Organization (“CIRO”) for the opportunity to provide comments on its position paper on policy options for leveling the advisor compensation playing field (the “position paper”). We support the premise that Investment Dealer Approved Persons should be allowed to utilize the same compensation practices that Mutual Fund Dealer Approved Persons have used for decades and are appreciative that CIRO has initiated this important conversation.

At Sun Life, our Purpose is to help Clients achieve lifetime financial security and live healthier lives. Our Clients’ needs are at the heart of everything we do. Sun Life’s registered Mutual Fund Dealer, Sun Life Financial Investment Services (Canada) Inc., shares this Purpose, as does our recently registered Investment Dealer business, Sun Life Canada Securities Inc.

Sun Life is also a member of the Investment Funds Institute of Canada (“IFIC”). We look forward to continuing this important discussion alongside industry members to ensure that the regulatory landscape reflects and supports a model that best positions advisors and dealers to serve clients.

We believe this important initiative lines up with the purpose of CIRO, which is to level the playing field for all advisors and expand access to advice and solutions for more Canadians. A timely resolution of compensation model differences across advisors under CIRO’s purview will allow for more advisors to enter the field and/or expand their business models. This, in turn, will enhance the wealth offerings available to Canadians.

Our specific comments are included in the enclosed appendix. Again, we thank you for the opportunity to provide input on this important initiative and we would be happy to provide further information or answer any questions you may have.

Sincerely,



Jack Mastromattei, President and UDP, Sun Life Canada Securities Inc.

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## **APPENDIX**

### *Sun Life Comments on Policy Options for Leveling the Advisor Compensation Playing Field*

#### **The Importance of Allowing Directed Compensation for all Advisors**

Sun Life believes in the value of advice and the positive impact it can have on the livelihoods of Canadians. Our advisors are professionals, and the structure of their business should be treated in line with professionals in other industries. It should also be acknowledged that dealers across the industry at large, face challenges when it comes to growth and retention of experienced advisors. The industry is experiencing declining advisor numbers due to increasing costs, more complex regulation, and retirement. Allowing for more compensation management options would help advisors to manage costs more efficiently, expand their teams, and ultimately this would be beneficial to investors.

We support a consistent enablement of directed commissions practices across the industry. Inconsistencies between Mutual Fund and Investment Dealer rules could have a material impact on the number of Canadians that have access to professional advice. The pool of advisors may potentially shrink which could lead to, in some cases, advisors limiting the number of clients to focus only on larger portfolios, leaving those who might need advice the most without support.

Additionally, the costs to upgrade proficiencies as well as train, develop and retain new talent, continue to increase significantly. It will be more difficult for entrepreneurial minded advisors to continue to invest in growing their practices and for new independent advisors to viably enter the industry if directed commission rules are applied inconsistently. This will only compound the recruiting issues the industry is already facing. It is critical that we remove roadblocks for advisors, especially in an environment where clients' needs are becoming more complex and require expanded investment solutions.

The need for financial advice has never been stronger. The present is an incredible opportunity to substantially evolve regulation to ensure an optimal balance of advisors thriving and a robust practical regulatory environment.

#### **Oversight of the Chosen Model and Historical Use of Directed Commissions**

We believe that any proposed regulatory oversight of a directed commissions model under harmonized rules should be proportional to any known or realized risks. The mutual fund industry has allowed the practice of directing compensation for decades. Sun Life's experience, as a major player in the mutual fund dealer industry, has proven that the mutual fund directed commissions model has had a positive impact on advisors. In our experience, there have not been any concerns or issues that have been identified to indicate that there is heightened risk in allowing Investment Dealer Approved Persons to use the same approach. In other words, the mechanics in allowing directed commissions does not create confusion, issues, or risks to the client experience, relationships, or disclosures. This speaks to the professionalism displayed by our advisors that use this model today.