



July 17, 2024

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Re: Consultation – Rule Consolidation Project – Phase 3 (“Proposed Rules Phase 3”)

Investors Group Inc. (“IG Wealth Management”) is pleased to provide comments on the Proposed Rules Phase 3 (“The Proposed Rules”).

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 \$128 billion in assets under

advisement as of March 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 (“Phase 1”) and our March 11, 2024 (“Phase 2”) responses to the Rule Consolidation Project, we strongly support CIRO’s proposal to consolidate the investment dealer and mutual fund dealer rules into one set of member regulation rules that will be applicable to both categories of CIRO dealer members. We appreciate CIRO’s efforts to solicit Dealer Member’s opinions on rule proposals through ongoing publications and consultations with various working groups and committees. It is from this viewpoint that we provide our comments below.

Comments on the Proposed Rules

Question 1 – Process used for publication for public comment

We strongly recommend CIRO publish The Final Rules in their entirety for review and comment upon the conclusion of all five phases of this initiative. We believe it is critical that dealer members have an opportunity to review and examine The Final Rules holistically and provide comments on the overall impacts.

Moving forward, we would also recommend that CIRO allow for, at minimum, a 90-day review period, to ensure dealer members have adequate time for review of these proposals.

Question 2 – Implementation

We do not believe we can comment on whether The Final Rules should be implemented simultaneously, or staggered, until such time as the rules are published in totality and a proper assessment of implementation costs, including resources and technology changes, are known.

We would encourage CIRO to publish a proposed implementation strategy and allow dealer members an opportunity to review and comment on the proposed approach before moving forward.

Question 3 – Cross-guarantee requirements

We support the requirement for dealer members to execute cross-guarantees amongst related companies. Our view is that this requirement is designed to ensure that dealer members controlled by the same shareholder do not engage in a coordinated effort to structure their operations and legal relationships with each other in a way that compromises investor protection and/or shifts insolvency risk from the dealer members to CIPF. Accordingly, we strongly believe that cross-guarantees should be explicitly limited to downstream related companies that are involved in decision making related to each other’s business and affairs. As currently drafted, the cross-guarantee requirement may extend to instances when there are affiliated public companies that have a common controlling shareholder but are not involved in decision-making related to the dealer member subsidiaries of the other public company. This is the case for IG Wealth Management’s public parent company, IGM Financial Inc., and its affiliated public company, Great-West Life Co. In our view, it is unfair to, and inappropriate for, the minority shareholders of these public companies for CIRO to require each public company to have cross-guarantees in place that extend to the dealer member subsidiaries of the other public company-in circumstances

where there is no common executive management, decision-making or oversight of each public company's dealer member subsidiaries. As part of the rule book consolidation, we encourage CIRO to specifically carve out instances such as the above from the cross-guarantee requirement, or provide explicit guidance that achieves the same result.

In addition, we also strongly recommend that CIRO revisit the 20% common ownership threshold of the cross-guarantee requirement, as previously contemplated some time ago by the former Investment Industry Regulatory Organization of Canada (IIROC). In our view, the current threshold is too low to appropriately capture instances when the same shareholder has a sufficient ownership position to influence or be involved in decision-making at multiple dealer members. Instead, the threshold of 20% can act as a disincentive to a dealer member or its significant shareholder making investments in another dealer member, which can impede a dealer member's ability to raise capital and/or make significant investments. Therefore, we encourage CIRO to raise the threshold accordingly.

Question 4 – Membership disclosure policy

IG Wealth Management includes both a Mutual Fund Dealer and an Investment Dealer and we currently comply with both the Mutual Fund Dealer Rules and the Investment Dealer and Partially Consolidated Rules ("IDPC"). Based on our current experience, we support CIRO's position to expand the disclosure requirements on statements to include CIRO logos and the link to the CIRO website. We do not anticipate any significant burden to implement this requirement. We also support CIRO's position to require delivery of the official CIRO brochure upon account opening.

We are further in agreement with the recommendation to discontinue the requirement to display CIRO logos at all public facing business locations. We believe that the current client facing materials, such as statements, websites, marketing materials etc. are a sufficient means to ensure client awareness of a dealers CIRO membership.

Question 5 – Account Transfers

We support the adoption of IDPC rules for account transfers and bulk account transfers.

We would, however, strongly recommend that CIRO expand the application of this rule to include bulk transfers between downstream affiliated companies such as IGFS and IGS1 without requiring exemptive relief. Having a dealer member apply for an exemption in these instances is burdensome and unnecessary.

Question 6 – Trading and Delivery Standards

We agree with CIRO's proposal to standardize trading and delivery standards for securities by adopting the IDPC rules. We expect the changes to have minimal impact to IG Wealth Management.

Question 7 – Maximum Fine

While we support the overall objective of creating a deterrent for Regulated Persons to engage in misconduct by increasing the maximum fine from the current \$5,000,000 to the proposed \$10,000,000, we believe it will be important for CIRO to ensure adequate guidance exists for hearing panels and committees when assessing and imposing fines. Individuals participating on hearing panels should have robust procedural materials that outline similar case studies, relevant

administrative governance, and recommended fines and/or sanctions to ensure consistency of application across the country. Further, while we support the overall recommendation, we expect that CIRO will continue to apply fines in a proportionate manner while ensuring there is not general inflation to all monetary fines applied in enforcement matters.

Question 8 – Sanctioned Individuals

We support the objective that individuals should be required to fulfil their disciplinary sanctions and not be hired by, or provide registerable activities through, a dealer member during an active suspension or prohibition. However, we believe further clarification must be provided by CIRO for situations in which the sanctioned Approved Person continues to be an agent or employee of a dealer member where they also provide services or advice outside the scope of CIRO jurisdiction such as insurance, financial planning, tax preparation and mortgages.

We believe it is important in such instances that a dealer member have discretion to determine what non-CIRO registerable activities may continue to be provided, and document and supervise accordingly.

Other Comments

The Proposed Rules indicate that CIRO intends to require that all dealer members participate in CIRO's current arbitration program. We appreciate The Proposed Rules indicate that a separate initiative will evaluate this program, however, we strongly encourage further consultation before CIRO moves forward with such an arbitration program.

Given the recent recommendation to select the Ombudsman for Banking Services and Investments (OBSI) as the single ombudservice and to provide the ombudservice with binding authority, we believe that all clients seeking an escalation channel should be directed to OBSI. We do not believe that having a CIRO arbitration program will necessarily add any value or consumer protection and could in fact cause client confusion and uncertainty regarding the escalation process for complaint handling.

We would strongly recommend, at a minimum, that CIRO leave the program unchanged until a comprehensive analysis and further consultation can be conducted.

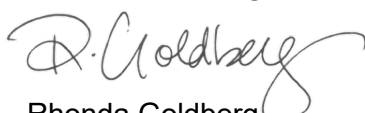
Conclusion

Thank you for the opportunity to provide comments on the Proposed Rules Phase 3.

We would be pleased to engage further with you on this important initiative. Please feel free to contact Kate Schroeder at kate.schroeder@ig.ca or myself if you wish to discuss our feedback further or require additional information.

Yours truly,

IG Wealth Management



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