



November 17, 2014

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Mr. Richard J. Corner
Vice President, Member Regulation Policy
Investment Industry Regulatory Organization of Canada (IIROC)
Suite 2000, 121 King Street West
Toronto, ON M5H 3T9

Manager of Market Regulation
Ontario Securities Commission
19th Floor, Box 55
20 Queen Street West
Toronto, ON M5H 3S8

Dear Mr. Corner / Manager of Market Regulation:

RE: Client Relationship Model – Phase 2

Performance reporting and fee / charge disclosure amendments to Dealer Member Rule 200 and to Form 1 that are scheduled to become effective on either July 15, 2015 or July 15, 2016

We are writing to provide comments on behalf of the Members of The Investment Funds Institute of Canada (“IFIC”) in response to the *Client Relationship Model – Phase 2: Performance reporting and fee / charge disclosure amendments to Dealer Member Rule 200 and to Form 1 that are scheduled to become effective on either July 15, 2015 or July 15, 2016* (the “Proposals”).

IFIC is the national association of the Canadian mutual funds industry. Our Members and Affiliates include approximately 150 fund managers, distributors and industry service organizations (including accounting, legal and other service providers).

Comments on July 15, 2015 Inception Date

Our main concern with the Proposals is the inception date of the performance report. We appreciate IIROC’s efforts to grant additional flexibility but believe the Proposals may not meet the needs of investors. In addition, we do not support linking the inception date for performance reporting with the date for providing position cost information.

In our view July 15 is not a client-friendly date and is not in-line with most industry participants’ current reporting practices. Clients are accustomed to end dates that correspond to end of month periods and not mid-month periods. Industry members should have the flexibility to align the inception date of their performance report with their last system build or system integration prior to July 15, 2015, but the option to use the July 15, 2015 date should also remain available to firms that may already have commenced systems development using the July 15, 2015 date.

An additional option would be for firms to be able to select a January 1, 2016 inception date so they can align the inception date of the first performance report with one year performance results for firms that want to use a December 31, 2016 year-end performance report for their clients’ first performance report.

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We also recommend that the link between the inception date for performance reporting and the date for providing position cost information be removed. Placing additional restrictions on usage will reduce the flexibility that firms will have to meet the needs of a diverse clientele and this may move more firms to use the not-client-friendly July 15, 2015 default date.

These recommendations will allow clients to receive performance reporting information in a format to which they are accustomed. As the July 15 date impacts other sections of the Rules, we request that those relevant sections also be amended to incorporate our recommended flexibility.

Conclusion

We submit that our request that IIROC permit additional flexibility on the inception date of the performance report, and unlink the inception date of the performance report from the date of position cost reporting, will improve disclosure to clients and avoid investor confusion.

Thank you for providing us with an opportunity to comment on the Proposals. Should you have any questions or desire to discuss these comments, please contact me by phone at 416-309-2314 or by email at rhensel@ific.ca.

Yours very truly,

THE INVESTMENT FUNDS INSTITUTE OF CANADA



By: Ralf Hensel
General Counsel, Corporate Secretary and Director of Policy