



September 9, 2016

Delivered Via Email: chad.conrad@asc.ca

Mr. Chad Conrad
Legal Counsel, Corporate Finance
Alberta Securities Commission
Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4

Dear Mr. Conrad:

Re: ASC Staff Notice and Request for Comment 91-708 issued by the Alberta Securities Commission on June 30, 2016

The Investment Industry Association of Canada (the "IIAC") would like to take this opportunity to express its views on the proposed changes via Request for Comment 91-708 issued by the Alberta Securities Commission on June 30, 2016.

The IIAC is the national association representing the position of 132 IIROC-regulated Dealer Member firms on securities regulation, public policy and industry issues. We work to foster a vibrant, prosperous investment industry driven by strong and efficient capital markets.

The IIAC would like to thank the Alberta Securities Commission for putting forward the Staff Notice and Request for Comment in order to advise our members of regulatory developments in over-the-counter (“OTC”) transactions of:

- Contracts for difference (“CFD”);
- Rolling-spot foreign exchange contracts;
- Binary options.

The IIAC is taking this opportunity to comment on the proposed amendments pursuant to Request for Comment 91-708. In particular, we would like to comment on possible relief from reporting requirements, prospectus requirements and harmonization of OTC regulations between provincial jurisdictions.

Relief from report of exempt distribution requirement

During our consultation with our member firms, certain brokers mentioned that when the Alberta Securities Commission implemented its requirements to file each and every CFD and Rolling-spot foreign exchange contract transaction, many firms decided to stop providing services to clients living in Alberta. It was noted by our members that clients that transact in these markets are often high frequency traders and that the resources needed to undertake these filings are quite onerous for brokerage firms.

Some of our member firms indicated that they continued serving clients from Alberta despite the increased time and effort required by the regulatory changes. Members noted that it is particularly an issue as the Alberta Securities Commission recently changed the manner of filing. Firms incurred huge costs to file the required data on SEDAR as requested by the Alberta Securities Commission.

Maintaining or adding to the regulatory burden faced by our members in Alberta would likely force more Canadian firms to stop serving clients in the province. Increased regulation would not stop residents of Alberta from trading but they may look to offshore firms and transact with Non-Canadian firms that may not have similar regulatory requirements and may not have similar protection (such as from the Canadian Investor Protection Fund). Residents of Alberta may be at risk if transacting with firms that offer these products in less regulated jurisdictions.

Therefore, we suggest that the Alberta Securities Commission remove the requirement to file a separate report of exempt distribution under NI 45-106F1 through SEDAR, similar to other Canadian jurisdictions, when the transaction is required to be reported to a recognized trade repository pursuant to MI 96-101.

Furthermore, our members believe that no periodic supplementary filing listing the trades reported to a recognized trade repository should be filed with the Alberta Securities Commission.

Prospectus exemption to permit the sale of CFDs or Rolling-spot foreign exchange contracts to retail investors

Based on our consultation with our member firms, we recommend that the Alberta Securities Commission adopt a prospectus exemption, similar to all other Canadian jurisdictions, to permit the sale to retail investors.

Not granting a prospectus exemption to permit sale to retail investors may not be in the best interest of residents of Alberta since they may choose to trade with offshore firms that may not be as regulated as our Canadian firms.

We believe that the relief from prospectus requirement should be conditional on the provider registering with the Investment Industry Regulatory Organization of Canada (“IIROC”), complying with stringent IIROC rules, including know-your-client and product suitability rules.

Furthermore, our members do not believe that additional investor protection measures are needed in order to protect retail investors transacting with IIROC-regulated member firms.

Harmonization of OTC regulation between jurisdictions

The IIAC strongly believes that OTC regulation should be harmonized between the different jurisdictions in order to create a user-friendly Canadian OTC environment for our member firms.

Lastly, the IIAC welcomes pre-consultation on upcoming regulatory amendments and remains available for further consultations.

Yours sincerely,



Annie Sinigagliese
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