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December 15, 2014

Re: Amendments to the Unclaimed Personal Property and Vested Property Act (the Act)

Dear Mr. Ayton,

The Investment Industry Association of Canada (IIAC) appreciates the opportunity to comment on the proposed amendments to the Act, and the previous efforts made by the Alberta Treasury Board and Finance (TBF) to work with the industry, including the August 12, 2014 teleconference. The IIAC is the national organization advocating on securities regulatory, tax and other matters on behalf of 160 investment dealers. As a number of our investment dealer members are headquartered in Alberta and many of our member firms operate in the province serving Albertans, the topics discussed are important to our industry.

The IIAC is pleased with the efforts that have been made by the TBF to develop reasonable provisions for the owners who have lost track of assets they own and the holder resources dedicated to managing property of clients with whom an investment dealer has lost touch. This response letter only addresses the proposed amendments related to securities. In general, we are seeking clarity regarding the below items in the proposed amendments.

Treatment of Assets in the Account:

The IIAC believes that based on the wording of the proposed amendments, if there is a cash component of an electronic security account, that the cash, as part of the mix of assets, would be treated as part of

a single property.¹ The IIAC supports this change. We believe it is preferable for owners to have their accounts maintained as a whole. Cash within the account would not be remitted until the entire account was remitted. This interpretation is consistent statements from the TBF that dividends and interest accrue for the benefit of the owner.

Notification:

In general, once the property has been remitted to TBF, the Holder does not require notification of when and if the owner is located. However, where the Holder has remitted cash pertaining to RIF payments, the Holder may still be in possession of some property of the owner. In those circumstances, (privacy laws permitting) the Holder should be notified in order to be able to return the remaining property to the owner. In addition, TBF should also provide the owner with the Holder's information to facilitate the return of the property.

The IIAC recommends that TBF provide written instructions outlining that the Holder is required pursuant to legislation to remit the property. Firms are concerned about potential liability and a formal order from TBF would help address this issue.

Liquidation:

It is the IIAC's understanding from the initial proposal that the Alberta Government only expects holders of property to liquidate property that can be reasonably liquidated within a four month timeframe. We would appreciate some guidance as to what steps the Holder should take with respect to property that cannot be reasonably liquidated within that timeframe. For example, what should a Holder do if a Holder has physical certificate that is not negotiable (i.e.: in client name with no power of attorney) and it cannot be liquidated by the firm.

The amendments state that if an electronic security's net value has been reduced to nil, the Holder should liquidate the security and remove it from the public registry. However, valueless securities by their definition cannot be liquidated. Most financial institutions have a process to deal with valueless securities; it would be preferable for the legislation to refer to such processes rather than liquidation.

The entitlement to remove information from the public registry where a security is valueless should apply equally to situations where an account value is equal to zero - financial institutions should not be required to carry accounts for the 10 year period and incur costs with respect thereto unless the account has a minimum value.

If an account holds physical certificates, the Holder will debit fees that may create a negative balance in the account with the expectation that when the physical certificate is liquidated, those fees will then be recovered and thus the value of asset immediately following liquidation will be reduced. Therefore, if the value of an account goes below a certain level, fees are not charged but that doesn't mean the firm

¹ We note that in some circumstances it may be a bank that is the Holder of an electronic securities account, and in those circumstances, the cash component of the account may be required to be remitted to the Bank of Canada pursuant to the *Bank Act* (Canada).

will not continue to incur costs in carrying the account. This could be mitigated by liquidating at the time the account needs to be reported to Alberta Government.

Harmonization:

The IIAC continues to support harmonization among the provinces regarding the administrative process for remittance of unclaimed property. Although the remittance process, at first glance, appears to be a relatively simple process, it will in fact require the implementation of other processes which may be complicated and less straight forward. Creating a harmonized process would avoid regional differences and simplify the process, keeping costs to a minimum.

We would be pleased to answer any questions you may have and appreciate being kept apprised of developments. Thank you in advance for consideration of our comments.

Sincerely,

“Adrian Walrath”