



INVESTMENT INDUSTRY ASSOCIATION OF CANADA
ASSOCIATION CANADIENNE DU COMMERCE DES VALEURS MOBILIÈRES

Ian C.W. Russell FCSI
President & Chief Executive Officer

April 3, 2020

Mr. Louis Morisset
Chair
Canadian Securities Administrators
Tour de la Bourse
800, Square Victoria, Suite 2510
Montreal, QC H4Z 1J2

Dear Louis:

Re: Electronic Signatures and Designations of Plan Beneficiaries

The Investment Industry Association of Canada (“IIAC”) requests assistance from the Canadian Securities Administrators in obtaining certainty that electronic signatures are acceptable for investors to designate beneficiaries for their Registered Retirement Savings Plans (“RRSPs”) or Registered Retirement Income Funds (“RRIFs”).

Background

IIAC member firms administer over \$2trillion in financial assets for Canadians. Among the many types of investment accounts available through our members are RRSPs and RRIFs. Increasingly, Canadians utilize electronic means for opening these accounts and transacting in them – a practice which amid the current pandemic has become significantly more pronounced, and, necessary to ensure continued access to the financial services our industry provides.

Nearly all provincial legislation governing commerce and succession law across the country makes it unclear to advisors and firms that beneficiary designations cannot be executed by the plan holder through electronic signature. For example, while investors could be permitted to open an RRSP/RRIF account on-line through the services of our members, they may be required to download, print, sign and submit their beneficiary designation. This would unnecessarily detract from the client’s online experience and further complicate our industry’s ability to administer these plans amid the current operating environment.

For example, in Ontario, the Electronic Commerce Act, 2000 (the “ECA”) governs many commercial activities involving electronic or digital communications and documentations between our members and their clients. However, our understanding is that, when a plan holder designates their beneficiary for their RRSP or RRIF, it is considered a “testamentary dispositions” under Ontario’s Succession Law Reform Act, RSO 1990, c S.26 (the “SLRA”). Section 1 of the SLRA further states that testamentary dispositions are included in the definition of a “will”. The ECA, however, excludes i) Wills and codicils and ii) trusts created by wills or codicils. These exclusions to the ECA may, therefore, be interpreted as not valid a beneficiary designation made with the application of an electronic signature by the plan holder.

Accordingly, the ECA may need to be amended to clarify that electronic signatures are valid when used for designating a plan beneficiary, to provide financial consumers in Ontario certainty that electronic signatures are acceptable when designating beneficiaries for their RRSPs/RRIFs.

CSA members should review the legislative framework within their province governing the use of electronic signatures in respect of the designation of plan beneficiaries. CSA members should determine the legislative amendments that are required in law to permit the use of electronic signatures for these plans and should work with the appropriate provincial authorities to enact the necessary legislative changes. Moreover, provinces with statutes requiring “wet” signatures in beneficiary designations should consider exemption from the provision and expeditious statutory amendment given the existing corona virus crisis has resulted in increased attention by clients on amending existing beneficiary information and the limited mobility for clients of member firms due to quarantine requirements.

We would be pleased to meet with you to further elaborate on any part of this letter.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'G Vingoe', with a long horizontal line underneath it.

c.c.: Grant Vingoe, Acting Chair -- Ontario Securities Commission