



NEWS RELEASE

www.iiac.ca

For Immediate Release

IIAC Responds to MFDA Discussion Paper on Expanding Cost Reporting

Toronto, ON, July 20, 2018 – The Investment Industry Association of Canada (IIAC) today called on Canada’s securities regulators to defer making a decision on expanding cost reporting requirements for investment funds until the overall impact of the second phase of the Client Relationship Model (CRM2) and other key regulatory initiatives have been properly assessed. The IIAC also called on the regulators to undertake a formal cost-benefit analysis as part of the consultation process, given the extensive costs related to systems and operations that would be incurred to facilitate an expansion of required cost reporting.

The IIAC’s comments are in response to a recent discussion paper issued by the Mutual Fund Dealers Association of Canada (MFDA) seeking feedback from industry stakeholders on the potential implications of expanding cost reporting requirements to include costs currently not reflected on fee and performance reports investors receive from their investment dealer firms, notably the Management Expense Ratios (MERs) for mutual funds and ETFs.

“Canada’s securities regulators should hold off making any decision on mandating further cost reporting until the Canadian Securities Administrators (CSA) completes its comprehensive study on the impact of CRM2 and the Point of Sale amendments to National Instrument 81-101 *Mutual Fund Prospectus Disclosure* requirements,” said Ian Russell, IIAC President and CEO.

“CRM2 was a costly initiative, with many IIAC member firms spending more than \$10 million apiece on implementation. With only two years’ worth of CRM2 reports having been provided to clients thus far, the initiative’s effectiveness has yet to be determined,” Russell added.

It is also imperative that formal research be conducted on the costs, as well as the material benefits to clients, of any contemplated change to cost reporting requirements, as any modifications to cost reporting under CRM2 would require extensive systems and operational changes.

Read the IIAC’s submission [here](#).

The IIAC – Representing Canada’s Investment Dealer Firms

The Investment Industry Association of Canada (IIAC) is the national association representing the investment industry’s position on securities regulation, public policy and industry issues on behalf of our [120 IIROC-regulated investment dealer Member firms](#) in the Canadian securities industry. These dealer firms are the key intermediaries in Canadian capital markets, accounting for the vast majority of

financial advisory services, securities trading and underwriting in public and private markets for governments and corporations. The IIAC provides leadership for the Canadian securities industry with a commitment to a vibrant, prosperous investment industry driven by strong and efficient capital markets. For more information, please visit www.iiac.ca.

- 30 -

For media inquiries, please contact:

Michael Gotzamanis
Senior Manager, Communications
The Investment Industry Association of Canada (IIAC)
416.687.5475 – office direct
416.320.6920 – mobile
mgotzamanis@iiac.ca