



AIMA CANADA OPERATIONS & COMPLIANCE COMMITTEE MINUTES OF MARCH 28, 2018 MEETING

Wednesday, 2:00pm – 3:30pm EDT, March 28, 2018
Location: AIMA Canada Office, 120 Adelaide Street West, Suite 2500, Toronto

Order to Business

Call to order of Attendance

Belle Kaura called the meeting to order at 2:06pm EDT. Belle Kaura acted as chair, while Gena Morales, intern at AIMA, assumed the role of Secretary.

Present: Belle Kaura, Michelle Noyes, Sarah Gardiner, Claire Van Wyk-Allan, Gena Morales, Mohsin Bashir, Dennis MacPherson, Supriya Kapoor, Raja Krishnan, David Burbach, Dave Sebastian, Gary Hagen, Jodi Lum, Mark Kennedy, Hasnat Mahmood

Regrets: Kurt Hagerman, Kurt Henry, Derek Garkut, Jodi Lum, Amanda Singh, Kevin Kirkwood, Matt Hoffar, Arthur Chan, David Burbach, Barb Elliott, Kosta Segounis, Dannielle Ullrich, Matt Hoffar, Michael Burns, Sonia Maloney, Tim Baron, Raj Tandon, Cheryl Davidson, Esther Zurba, Gary Ostoich, Hani Tabsh, Ian Rhoden, Jonathan Doll, Judy Trinh, Kapil Dev Ramgirwar, Thomas Lee, Nicholas Tata,

Task List

Committee Business

- Previous meeting minutes were approved at 2:07pm.

Committee Members

- Provide topics of interest and ideas for initiatives for 2018 calendar year
- Plan OCC Committee initiatives and Fall Regulatory Seminar Call for volunteers for Valuation Panel

Committee Member Changes

New members

- Claire Van Wyk-Allan as the new Director, Head of Canada
- Sarah Gardiner (BLG) to act as the new OCC co-chair
- Raja Krishnan (Apex)
- Gary Hagen (Vision Capital)
- Nicholas Tata (Alignvest)

AIMA Activities and Updates

- **Education & Research** – next meeting scheduled on early April
- **Legal & Finance** – next meeting scheduled on late March/ early April
- **Alt Funds Working Group**
- **Quebec Committee** – Retail Alternatives Event (March 27)
- **Programming & Events** – Golf Day (June 4)
- **Managed Futures** - next meeting to be determined



- **Sales Practice** – in process of changing name which will reflect more of its mandates, meeting took place on March 5th
- **Alberta Committee** – call with ABC co-chair took place in January
- **British Columbia Committee** - call with BCC co-chair took place in January
- **Conference Committee** – planning for 2018 (set for Oct 29-30 at Sheraton, Toronto)

Current Business

- **Sound Practices Guides of AIMA:** Michelle Noyes, AIMA Head of America
 - Key goal is to make sure members are fully abreast of AIMA's activities globally and locally
 - The updated guide on valuation was published on March 27th (available for download on the website) latest version before this was in the year 2013
 - Has fuller treatment of the illiquid assets, particularly relevant for private credit funds
 - Appendix on valuing digital assets/crypto currencies
 - Valuation Guide Launches
 - Overview of guidance and panel with practitioners being scheduled for May in Toronto and hosted by PWC
 - Next sound practices publication will be Guide to Expense Allocation
 - About 20-30 pages
 - Covering governance, testing and process
 - Regulators have taken a strict approach
 - AIMA welcomes members to review content before publishing it
 - Would be happy to welcome volunteers if interested to ensure it reflects Canadian practice and regulation
 - Guidance on Cyber Security
 - Guide and vendor DDQ currently being updated
 - New guide to outsourcing currently underway
 - Sub topics such as IT, middle office, and compliance each with a checklist and/or mini DDQs
 - New guide on platforms currently accepting volunteers
 - Details in weekly news
 - Currently working on projects related to private debt via AIMA's Alternative Credit Council (ACC)
 - ACC forming North American group for AIMA members in Canada and the US (included in AIMA membership)
 - Loan administration guide awaiting publication
 - General guide to sound practices in development – concerns about explosive growth of industry, encouraging sustainable development
 - Task forces looking at data governance
 - Discussion on how people are struggling with big data
 - Result in Vendor Data DDQ
- **2018 Committee Agenda & Priorities**
 - All current sound practices guides can be accessed on the AIMA website
 - Implementation Guide 81-102 (Liquid Alts Proposal) will be commencing and will be seeking volunteers



- Fall Regulatory Event 2018
 - OSC speakers
- Panel on Valuation

- Theme for next meeting
 - Meeting OSC expectations to protect seniors and other vulnerable clients. OSC has provided principles but no clear guidance on this topic

Open Discussion of Current Compliance Challenges

- **Timing of Receipt and Subscription Agreements**
 - What is standard practice?
 - Certain dealers don't provide it in a timely fashion
 - For subscriptions through Fundserv, Advisors are now dealing with individual investors
 - Idea to have an exemption code and paragraph on the document
 - Keep a list of things such as delivery obligations and not to do it on the year end
 - IFM is responsible for ensuring prospectus exemption is available
 - Some firms obtain certificates from dealers confirming they have taken appropriate steps to ensure the investors are accredited
- **Annual Financial Statements**
 - IFM obligation
 - Some dealers providing opt-out on behalf of the security holders
 - Clause can be added to subscription agreement re consent and opt-out of receipt
- **Cyber security requirements**
 - Reference to AIMA Checklist:
<https://www.aima.org/uploads/assets/uploaded/f8cf0a38-ed51-45c3-b2f3fe01ba9780a4.pdf>
- **Economic sanctions/anti-terrorism guide**
 - CSA staff notice from February 22nd:
http://www.osc.gov.on.ca/en/SecuritiesLaw_csa_2018022_31-352_monthly-suppression-terrorism.htm

Next Meeting & Closing Remarks

Move to quarterly meetings

Date: June 30th or July

Location: Volunteer Host: (SS&C or BLG)

Meeting adjourned at 3:00pm