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Dear Sirs/Mesdames:

**RE: MUTUAL FUND DEALERS ASSOCIATION OF CANADA PROPOSED NEW
POLICY NO. 11 – PROFICIENCY STANDARDS FOR THE SALE OF ALTERNATIVE
MUTUAL FUNDS**

About the Alternative Investment Management Association (AIMA)

AIMA was established in 1990 as a direct result of the growing importance of alternative investments in global investment management (covering primarily hedge funds, private credit, liquid alternative funds and now also digital assets). AIMA is a not-for-profit international educational and research body that represents practitioners in alternative investment funds, futures funds and currency fund management – whether managing money or providing a service such as prime brokerage, administration, legal or accounting.

AIMA's global membership comprises approximately 2,100 corporate members in more than 60 countries, including many leading investment managers, professional advisers and institutional investors and representing over \$2.5 trillion in assets under management. AIMA Canada, established in 2003, has approximately 140 corporate members. Under our pillars of Advocacy, Education and Communication, the objectives of AIMA are to provide an interactive and professional forum for our membership; act as a catalyst for the industry's future development; provide leadership in sound practices; enhance industry transparency and education; and liaise with the wider financial community, institutional investors, the media, regulators, governments and other policy makers.

The majority of AIMA Canada members are managers of alternative investment funds and fund of funds. Most are small businesses with fewer than 20 employees and \$50 million or less in assets under management, though some are some of our country's largest traditional asset managers. The majority of assets under management are from high-net-worth investors and are typically invested in pooled funds managed by the member.

Investments in these pooled funds are sold under exemptions from the prospectus requirements, mainly the accredited investor and minimum amount investment exemptions. Manager members also have multiple registrations with the Canadian securities regulatory authorities: as Portfolio Managers, Investment Fund Managers, Commodity Trading Managers and in many cases as Exempt Market Dealers. AIMA Canada's membership also includes prime services, custodial, accountancy and law firms with practices focused on the alternative investments sector.

For more information about AIMA Canada and AIMA, please visit canada.aima.org and www.aima.org.

Comments

We are writing in response to the above noted Proposal, MFDA's proposed new Policy No. 11 addressing the proficiency standards for the sale of alternative mutual funds. AIMA commends the MFDA for advancing this policy to ensure greater proficiency amongst Approved Persons and Supervisors in relation to alternative mutual funds in their channel. We understand that the MFDA currently has 88 members representing approximately \$700B of assets under administration with approximately 77,000 licensed advisors across Canada. Overall, AIMA is very supportive of accessibility of these products by MFDA advisors for Canadian investors and that adequate proficiency standards exist and are continuously managed and monitored for both MFDA Approved Persons and Supervisors.

The proficiency courses proficiency courses outlined in the proposed Policy would adequately meet regulatory proficiency standards as they now exist. However, AIMA submits that the MFDA to also include these courses and credentials below as equally sufficient to meet proficiency requirements for Approved Persons and supervisors:

- **CAIA** designation (over 12,000 charterholders worldwide)
- **CAIA Fundamentals** certificate course (equivalent to 20 approved hours of IIROC continuing education credits)
- **CFA** designation (over 160,000 charterholders worldwide)

These courses, are considered global standards by regulators and the financial services industry broadly, offering sophisticated and detailed content on alternative strategies. We note the time commitment and cost of these above courses can be greater than the CSI or IFSE courses (with French language course content not currently available), however, any Approved Person or Supervisor who has passed one or more of the CAIA or CFA courses should not have the burden of additional time and cost associated with the completion of further courses. There is already precedent with IIROC accepting the CFA designation to meet current proficiency standards, without French language course content being currently offered for that designation. As very few Approved Persons and their Supervisors currently meet the mandated proficiency requirements of Ontario Instrument 81-506 - *Temporary Exemptions from National Instrument 81-104 Alternative Mutual Funds*, it is important to make this policy inclusive of all available accreditations that would meet the applicable proficiency standards. Adopting a more inclusive and flexible approach will result in more Canadian investors able to fairly access the benefits of portfolio diversification, risk-reduction and non-correlated returns that alternative mutual fund strategies can provide.

To ensure that the proposed policy remains current with relevant, timely and best-in-class course content available in the market, we propose the MFDA (and the subsequent new SRO) consider reviewing and supplementing (if warranted) the courses approved in Policy No. 11 on an annual basis.

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We appreciate the opportunity to provide our views on this consultation. Please do not hesitate to contact the undersigned with any comments or questions that you might have. We would be pleased to meet with you to discuss our comments and concerns further.

Yours truly,

ALTERNATIVE INVESTMENT MANAGEMENT ASSOCIATION CANADA

The Alternative Investment Management Association Canada Inc.