Operations Working Group Update

Eleanor Evans
Vice President Operations
Fidelity Investments Canada ULC

David Howarth
Senior Vice President, Operations
PFSL Investments Canada Ltd.

Mark Salvarinas
Manager, Operations
WFG Securities Inc.

AGENDA

- Operations Working Group – mandate & workplan
- Top operational items
- Emerging issues
- Your feedback and participation

MANDATE

- To provide advice on all operational and administrative matters affecting the mutual funds industry, including service providers and without limiting the generality of the foregoing, shall:
  - Liaise with other industry groups and with respect to such matters; and
  - Provide a forum for Members to share information, discuss emerging issues and offer perspectives on their own operational matters, prepare research, submissions and recommendations relevant to such matters

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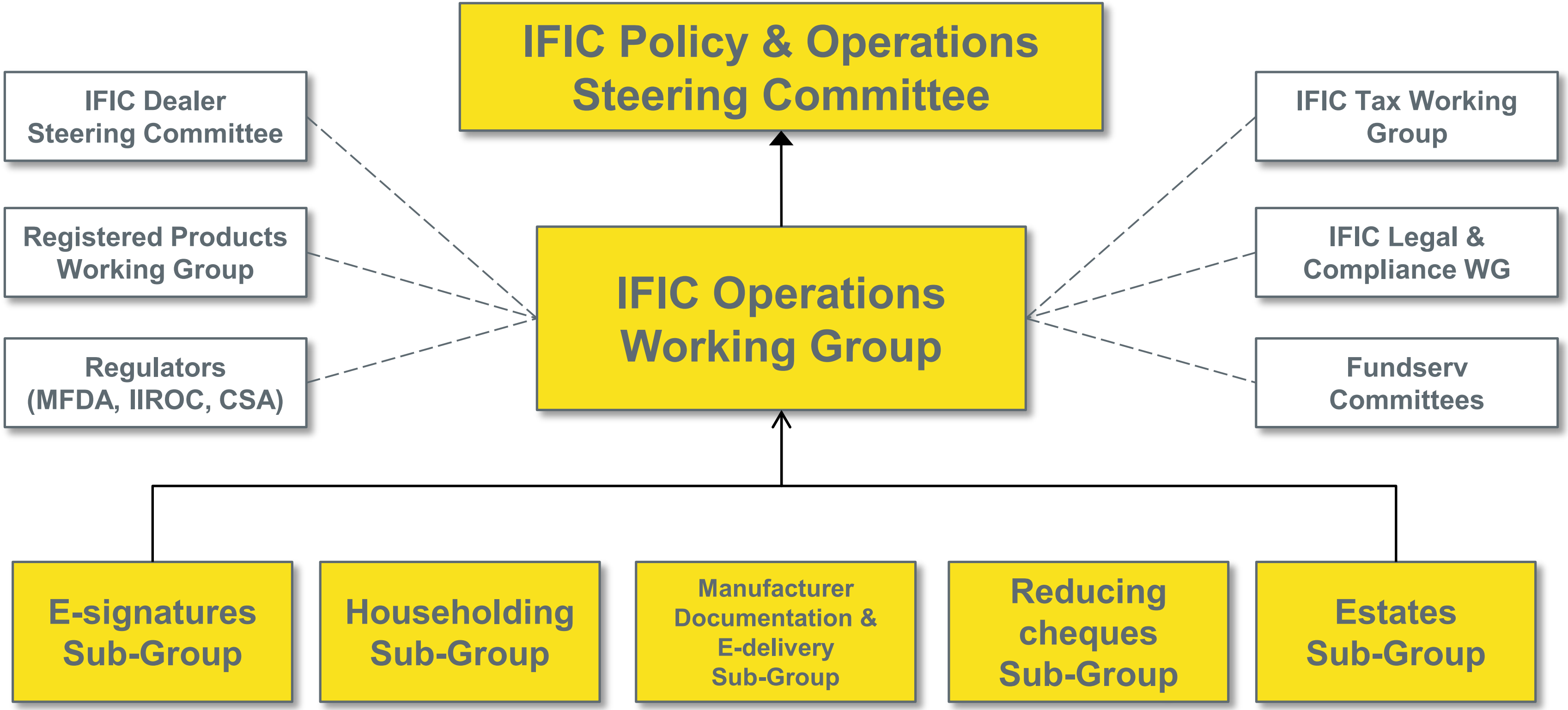
WORKPLAN

- Operations Working Group:
  - Monitors & provides input on ongoing and emerging issues
  - Oversees Ops Working Group sub-committees
  - Works with other IFIC committees on operational impacts to broader issues
  - Reviews & updates applicable IFIC Codes & Guidelines
  - Plans Operations Day

UPDATE



IFIC Policy & Operations Steering Committee
IFIC Dealer Steering Committee
Registered Products Working Group
Regulators (MFDA, IIROC, CSA)
IFIC Operations Working Group
IFIC Tax Working Group
IFIC Legal & Compliance WG
Fundserv Committees
E-signatures Sub-Group
Householding Sub-Group
Manufacturer Documentation & E-delivery Sub-Group
Reducing cheques Sub-Group
Estates Sub-Group

WORKING GROUP MEMBERS

Members

Blair Munn (Chair), IFDS
David Howarth (Vice Chair), PFSL Investments
Paul Boddaert, Mackenzie Investments
Sophie Clouâtre, Desjardins
Braunwyn Currie, TD Bank
Bill Devolin, Manulife Investments
Doug DeVries, InvestorCOM
Eleanor Evans, Fidelity Investments
Dara Moore, AGF Investments
Jana Nagulan, LTI
Sarv Pamenter, Franklin Templeton Investments
Debbie Romhild, Sun Life Financial
Mark Salvarinas, WFG Securities Inc.
Russ White, Fundserv
Jale Wright, CIBC Mellon

Participants

Kim Barrett, LTI
Bernice Dale, TD Asset Management
Greg LaRosa, Bridgehouse Asset Managers
Jasmin Denault, Investors Group
Laura Ladisernia, Caisses Desjardins
Selina Lu, Capital Group
Arvind Luxman, Fidelity Investments
Stasha Ninkovic, RBC Investor & Treasury
Mitra Raghubir, Vanguard Investments
Dan Royan, IA Clarington
Craig Runnalls, Scotiabank
Raphael Tavares, NEI Investments

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TOP OPERATIONAL ITEMS

- Timeliness of T2033 transfers
  - Members interested in increasing timeliness of transfers
  - Collecting statistics on transfers taking more than 10 days
  - Lobby MFDA to specify transfer processing times as does IIROC

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TOP OPERATIONAL ITEMS

- Householding
  - Family grouping rules to support eligibility for IFM's HNW programs have raised concerns in the industry to ensure clients are receiving the best price
  - Subgroup formed to make recommendations and/or develop common practices across the industry
  - Workplan included; IFM survey, Whitepaper; Direction and support from IFIC Board, engagement with Fundserv, Dealer Survey
  - Continues to be a priority for the IFIC Ops Group and the Industry

TOP OPERATIONAL ITEMS

- QESI
  - IFIC met Revenu Québec (RQ) on Oct. 12th to discuss concerns
  - SIN Matching not to be implemented
  - RQ has put migration to XML filing on hold (was sch'd for 2020)
  - Current matching tolerances remain in place through to 1/1/2020
  - New QESI Transfer form to be issued with "Effective Date"
  - RQ agreed to consult industry prior to future changes

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TOP OPERATIONAL ITEMS

- Statement suppression and e-delivery
  - Subgroup to develop recommendations on statement suppression and e-delivery
  - Determine the source of the obligation for delivering a document and the capacity in which the document is to be provided
    - Respecting service requirements and industry arrangements made to provide such documents
    - Considering alternate options i.e. performance suppression, default to e-delivery
  - Workplan includes; industry survey, analysis reviewed by LCIWG and RPIWG, and partnership with Fundserv

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TOP OPERATIONAL ITEMS

- Reducing Cheques
  - Cheques in 2018 – Why?!
  - Biggest hurdle being system development on the Dealer end
  - Consensus is to promote existing Fundserv functionality vs new development

TOP OPERATIONAL ITEMS

- Estates Processing Sub-group
  - To provide a best practices guide or a Q&A reference tool for the industry
  - Differing procedures, probate thresholds, differing interpretations of reporting requirements
  - Subgroup requested additional CRA guidance
    - Direct contact with CRA rep willing to talk at industry level
    - Burden of late filing fee taken into consideration related to tax slips
  - Waiting for CRA to respond on specific/detailed reporting details

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TOP OPERATIONAL ITEMS

- Top operational items to be covered later today
  - Regulatory initiatives
  - Cybersecurity
  - Tax
  - E-signatures

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  - ~~FATCA / CRS~~

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EMERGING ISSUES

- Emerging Issues
  - Client Focused Reforms
  - Proposal to ban DSC / Low Load and trails on OEO accounts
  - Full Cost Disclosure proposals (CRM3)
  - GPDR (European privacy legislation)
  - CRA Tax Advantage rules

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YOUR FEEDBACK

- Your top operational items
  - What are the top operational issues in your firm?
  - The Operations WG would review the issue and investigate what steps the industry might take to address the issue.

- Questions?