

Via e-mail

December 8, 2014

Canadian Securities Administrators
CRM2 Committee

Dear Messrs/Mesdames:

Re: Client Relationship Model – Phase 2 (CRM2)

The Investor Advisory Panel is pleased to respond to the request of the CSA staff CRM2 Committee that we provide our views on the Investment Industry Association of Canada's (IIAC) request for a delay in the implementation schedule for CRM. We have reviewed the IIAC's letter to Investment Industry Regulatory Organization of Canada (IIROC) requesting a delay and have held a conference call with IIAC staff to afford them an opportunity to explain their position.

The Panel has consistently expressed its serious concerns about the slow pace of reforms to strengthen Canada's investor protection regime. In our response to the OSC Statement of Priorities 2014, we said: "as regulators continue to study measures that could improve investor protection, the years go by without significant progress. After close to 15 years of debate, development and delay, the inadequate suitability-based CRM is still not fully in place."

The implementation schedule currently calls for a three year transition period. Based on our discussions with IIAC and our review of the materials provided to us, we believe the request for delay is not justified and is not in the public interest. While we understand industry's desire to provide the accurate, high quality client reports that investors need and will expect, we believe that further delay to achieve these objectives is not warranted. Canadian investors have waited long enough for disclosure of the costs and investment performance of their accounts.

Going forward, better and more timely communications from industry would help ensure a more timely alignment of mutual interests. In the event that new impediments to meeting the implementation schedule are identified, industry needs to reach out earlier to investors.

The Panel welcomes the opportunity to provide its views to the CSA on any future CRM related matters or other issues of concern to Canadian investors.

Yours truly,

Connie Craddock, Chair
Investor Advisory Panel