



August 17, 2020  
Order No. 7528

**In the Matter of the  
Securities Legislation of  
Manitoba and Ontario (the Jurisdictions)**

and

**In the Matter of the Process for Exemptive Relief Applications in Multiple  
Jurisdictions and**

**In the Matter of  
Investors Group Securities Inc. (the Filer)**

**Decision**

**Background**

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) exempting the Filer from the requirements of section 3.2 of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (**NI 54-101**, and such requirements, the **NI 54-101 Requirements**) in connection with the opening of accounts on the Filer's Nominee Name Platform (as defined below) to facilitate the migration of all existing Registered Education Savings Plan (**RESP**) client accounts of Instructing Clients (as defined below) on the Filer's Client Name Platform (as defined below) to the Nominee Name Platform (the **Exemption Sought**).

Under the Process for Exemptive Applications in Multiple Jurisdictions (for a dual application):

- (a) the Manitoba Securities Commission is the principal regulator for this application,
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Quebec, Newfoundland and Labrador, New Brunswick, Nova Scotia, Prince Edward Island, the Northwest Territories, Yukon and Nunavut, and
- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

**Interpretation**

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 and NI 54-101 have the same meaning if used in this decision, unless otherwise defined.

## Representations

This decision is based on the following facts represented by the Filer:

1. The Filer is a corporation duly constituted under the laws of Canada with its head office located in Winnipeg, Manitoba. The Filer is a member of the Investment Industry Regulatory Organization of Canada (**IIROC**) and is registered as an investment dealer in all the provinces and territories of Canada.
2. The Filer is not in default of securities legislation in any of the provinces and territories of Canada.
3. The Filer currently relies on two back office systems to administer accounts of its clients.
4. The first system is used by the Filer and its affiliate, I.G. Investment Management, Ltd. (the investment fund manager of Investors Group proprietary mutual funds) (**IGIM**) as the book of record for, and to facilitate transactions in, accounts where client investments are registered in the name of the individual clients (the **Client Name Platform**). The Filer has approximately 3000 RESP accounts, on the Client Name Platform.
5. The second system is used by the Filer as the book of record for, and to facilitate transactions in, accounts where client investments are registered in the nominee name of the Filer or its designate (the **Nominee Name Platform**). The Filer is an intermediary for clients that have accounts on the Nominee Name Platform. The Filer has approximately 15,000 RESP accounts on the Nominee Name Platform.
6. The Filer has determined that it is in the best interests of its clients with RESP accounts to consolidate those accounts onto the Nominee Name Platform. All RESP clients on the Client Name Platform who will be migrated onto the Nominee Name Platform are existing clients of the Filer and the migration will not result in any first-time establishment of a dealer-client relationship. There are no adverse tax or other consequences to Instructing Clients as a result of the migration.
7. Generally, the NI 54-101 Requirements require that an intermediary that opens an account for a client:
  - (a) send, as part of its procedures to open the account, the client an explanation to clients and a client response form; and
  - (b)
    - (i) obtain instructions from the client on the matters to which the client response form pertains (the **Client Response Form Information**),
    - (ii) obtain the electronic mail address of the client, if available, and,
    - (iii) if applicable, enquire whether the client wishes to consent and, if so, obtain the consent of the client, to electronic delivery of documents

by the intermediary to the client, before the intermediary holds securities on behalf of the client in the account (together with the information in clause (ii) above, the **Electronic Information**).

8. The Filer does not act as an intermediary for accounts on the Client Name Platform and accordingly, is not required to comply with the NI 54-101 Requirements with respect to such Client Name Platform accounts (the **RESP Client Name Accounts**). However, clients (the **Instructing Clients**) were provided with an election card (the **Election Card**) seeking written standing instructions on whether they wished to receive the annual financial statements, interim financial statements, annual management reports of fund performance, and/or interim management reports of fund performance with respect to their Investors Group mutual funds (the **IG Mutual Funds**) held in the RESP accounts, in accordance with section 5.2 of National Instrument 81-106 *Investment Fund Continuous Disclosure (NI 81-106)*. The matters to which the Election Card pertained (the **Election Card Matters**) addresses the matters to which "Part 2 — Receiving Securityholder Materials" of the client response form pertains in respect of the IG Mutual Funds.
9. To facilitate the migration, the Filer will open a new account on the Nominee Name Platform (the **RESP Nominee Name Account**) for each Instructing Client and the IG Mutual Funds held in the RESP Client Name Account for each Instructing Client (collectively, the **Eligible Investments**) will be transferred to such Instructing Client's RESP Nominee Name Account. Eligible Investments of Instructing Clients will be migrated starting in the third fiscal quarter of 2020. Once the migration is complete, and all assets have transferred, the RESP Client Name Accounts will be closed.
10. Beneficial ownership information of Instructing Clients, and their instructions on the Election Card Matters in respect of their IG Mutual Funds (the **Standing Instructions**) are already known to the Filer and IGIM. The Filer and IGIM currently provide securityholder materials for the IG Mutual Funds directly to clients on the Client Name Platform and will continue to do so when the Eligible Investments have been migrated to the Instructing Client's RESP Nominee Name Account. An Instructing Client's Standing Instructions will continue to apply to the Eligible Investments following their migration into the Instructing Client's RESP Nominee Name Account.
11. The types and number of securityholder materials applicable to, and available for, the Eligible Investments have not changed since the time that Instructing Clients provided the Standing Instructions, and Instructing Clients were informed of all of the securityholder materials applicable to, and available for, the IG Mutual Funds at the time they provided the Standing Instructions.
12. Only Eligible Investments of Instructing Clients will be migrated from the RESP Client Name Account of Instructing Clients to such client's RESP Nominee Name Account. Any other investments of Instructing Clients currently contained within such client's Client Name Account or that Instructing Clients may wish to add to his/her Nominee Name Account will only be migrated or accepted, as applicable,

following receipt by the Filer of the Client Response Form Information and the Electronic Information (together, the **Client Instructions**) in the manner required by the NI 54-101 Requirements.

13. Prior to migrating the Eligible Investments contained in the RESP Client Name Accounts of Instructing Clients into RESP Nominee Name Accounts, Instructing Clients will receive written communications from the Filer that will contain, include and/or describe, among other things:
  - (a) notice of the account migration;
  - (b) details about administrative changes resulting from the migration, including new account numbers, change of trustee of the client's RESP, etc., that would be relevant to the Instructing Client; and
  - (c) a copy of the Filer's Account Agreement, Relationship Disclosure and Other Information booklet, which contains the terms of the client's account on the Nominee Name Platform as well as the information required in the explanation to clients mandated by the NI 54-101 Requirements.
14. The Filer's network of dealing representatives will also be provided with information and details about the migration in advance of any migration of RESP Client Name Accounts of Instructing Clients to RESP Nominee Name Accounts so that they have the information necessary to be able to respond to inquiries from Instructing Clients about the migration.
15. The Filer has consulted with IIROC and confirmed that no approvals are required from IIROC in connection with the migration of the RESP Client Name Accounts.
16. The Filer will use its best efforts to obtain, within 12 months of the migration of Instructing Clients' RESP Client Name Accounts, (a) a completed client response form from Instructing Clients, and (b) the Electronic Information from Instructing Clients for whom this information is not already known to the Filer. If such information is not obtained within 12 months, the Instructing Client will be restricted from executing buys or transferring any assets other than IG Mutual Funds into the RESP Nominee Name Account until the information is obtained by the Filer.

### **Decision**

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted provided that:

- (a) only Eligible Investments of Instructing Clients are migrated from the RESP Client Name Account into the RESP Nominee Name Account opened for such client in connection with the migration;

- (b) all other investments of Instructing Clients that are currently contained within an Instructing Client's RESP Client Name Account, or that Instructing Clients may wish to add to his/her RESP Nominee Name Account will only be migrated or accepted, as applicable, following receipt by the Filer of the Client Instructions in the manner required by the NI 54-101 Requirements;
- (c) prior to a RESP Nominee Name Account being opened for an Instructing Client in connection with the migration, the Filer provides such Instructing Client with the information required in the explanation to clients mandated by the NI 54-101 Requirements;
- (d) the Standing Instructions of Instructing Clients will continue to apply to the Eligible Investments following their migration into the Instructing Clients' RESP Nominee Name Accounts;
- (e) Instructing Clients are informed that they can amend or update the Standing Instructions previously provided by them to the Filer, and are advised as to the manner in which they may make such amendments or updates;
- (f) the Filer uses its best efforts to obtain, within 12 months of the migration of such Instructing Clients' RESP Client Name Accounts;
  - (i) a completed client response form from Instructing Clients;
  - (ii) the Electronic Information from Instructing Clients for whom this information is not already known to the Filer;

and will not permit Instructing Clients to execute buys or transfers of any assets other than IG Mutual Funds into their respective RESP Nominee Name Accounts until such information is obtained by the Filer.



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Director  
The Manitoba Securities Commission