

MEMO# 30008

June 30, 2016

Draft ICI Global Letter on Canadian Systemic Risk Legislation

[30008]

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TO: ICI GLOBAL MEMBERS No. 5-16
ICI GLOBAL REGULATED FUNDS COMMITTEE No. 42-16
ICI GLOBAL STEERING COMMITTEE No. 14-16
INTERNATIONAL MEMBERS No. 13-16 RE: DRAFT ICI GLOBAL LETTER ON CANADIAN
SYSTEMIC RISK LEGISLATION

Attached for your review is ICI Global's comment letter on the revised draft of Canada's Capital Markets Stability Act (CMSA). [\[*\]](#)

As you may recall, this legislation is part of an effort to establish a new "cooperative" capital markets regulator at the federal level in Canada. The initial draft of the CMSA, which was published for comment in 2014, would have granted very broad systemic risk powers to a new Capital Markets Regulatory Authority. In particular, the Authority would have been allowed to designate "capital markets intermediaries," including investment funds and asset managers, as systemically important. We and other commenters objected strenuously to the initial draft and argued that any potential risks to financial stability involving asset management are best addressed with activities-based regulation.

From our perspective, the revised draft of the CMSA is much improved. Among other changes, the revised legislation no longer authorizes SIFI designations of capital markets intermediaries. In our draft comment letter, we applaud the participating governments for their efforts in responding to the concerns of commenters. We also offer suggestions for further improvement in two areas—the Authority's ability to designate benchmarks or classes of securities or derivatives as systemically important, and information collection and confidentiality.

Comment letters must be filed by Wednesday, July 6. If you have any comments on ICI Global's draft letter, please provide them to me by phone (1-202-326-5819) or email (rgraham@ici.org) on or before Tuesday, July 5.

Rachel H. Graham

Associate General Counsel

[Attachment](#)

endnotes

[*] The revised legislation and other explanatory materials are available at <http://ccmr-ocrmc.ca/statement-release-revised-consultation-draft-capital-markets-stability-act/>

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