

MEMO# 30020

July 7, 2016

ICI Global Files Letter on Canadian Systemic Risk Legislation

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TO: ICI GLOBAL MEMBERS No. 6-16
ICI GLOBAL REGULATED FUNDS COMMITTEE No. 43-16
ICI GLOBAL STEERING COMMITTEE No. 15-16
INTERNATIONAL MEMBERS No. 14-16 RE: ICI GLOBAL FILES LETTER ON CANADIAN
SYSTEMIC RISK LEGISLATION

ICI Global has filed a comment letter on the revised draft of Canada's Capital Markets Stability Act (CMSA). [\[*\]](#)

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 (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.

In ICI Global’s view, the revised draft of the CMSA is much improved. Among other changes, the revised legislation no longer authorizes SIFI designations of capital markets intermediaries. The letter applauds the participating governments for their efforts in responding to the concerns of commenters. We also offer recommendations 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.

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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