



May 16, 2025

To:

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Financial and Consumer Services Commission of New Brunswick
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Service Newfoundland and Labrador
Northwest Territories Office of the Superintendent of Securities
Office of the Yukon Superintendent of Securities
Nunavut Securities Office

Re: CSA Multilateral Discussion Paper 11-406 – CSA Financial Innovation Hub Introduces Collaboratory and Data Portability Test (the “Consultation”)

The Canadian Advocacy Council of CFA Societies Canada (the “CAC”)¹ appreciates the opportunity to provide the following responses to the specific questions set out below.

10. In your opinion, are there any provisions or requirements in securities legislation or guidance that may create barriers on how your organization can utilize e-KYC or Data Portability solutions? If so, in your view, what is the most appropriate regulatory action that would enable or assist your organization to utilize an e-KYC or Data Portability solution (e.g. specific rule change, additional guidance)?

As noted in the Companion Policy to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* and the Consultation, a registrant is not entitled to rely on a third party to obtain KYC information, and the responsibility cannot be delegated. While we would support an e-KYC solution that is centralized and creates standardization between member registrants, we believe that additional or revised guidance on the reliance of the use of such systems is needed. For example, we can anticipate issues resulting from the CSA's involvement in the development of a system together with a number of member registrants involved in collecting and developing the KYC information, where another registrant may develop comfort with relying on the e-KYC information even if it turns out to be inappropriate or

¹ The CAC is an advocacy council for CFA Societies Canada, representing the 12 CFA Institute Member Societies across Canada and over 21,000 Canadian CFA charterholders. The council includes investment professionals across Canada who review regulatory, legislative, and standard setting developments affecting investors, investment professionals, and the capital markets in Canada. Visit www.cfacanada.org to access the advocacy work of the CAC.

As the global association of investment professionals, CFA Institute sets the standard for professional excellence and credentials. The organization is a champion of ethical behaviour in investment markets and serves as the leading source of learning and research for the investment industry. CFA Institute believes in fostering an environment where investors' interests come first, markets function at their best, and economies grow. With more than 200,000 charterholders worldwide across 160 markets, CFA Institute has ten offices and 160 local societies. Find us at www.cfainstitute.org or follow us on LinkedIn and X at @CFAInstitute.



incorrect in the circumstances. As such, to guard against improper reliance, specific guidance on the use of such e-KYC systems would be helpful. In addition, general guidance that covers the appropriate use of portable KYC information would be useful, to ensure there is some applicable guidance independent of the type of model used for KYC portability.

12. To what extent would industry-wide collaboration on Data Portability standards benefit registrants, and how can regulators such as the CSA support this collaborative effort? What challenges or barriers exist in developing and adopting such standards?

We acknowledge that in many Canadian jurisdictions, Data Portability regulation may be enacted. In the absence of adopting an industry-wide, standardized approach to Data Portability, there is greater potential that investor data collected and transferred will be less reliable and the process more inefficient. Conversely, an industry-wide, standardized approach to Data Portability could provide greater transparency and should promote greater accountability and rigor in data collection and transfer, and should have greater awareness of interoperable and open-source data paradigms, rather than reliance on proprietary standards, identifiers, or technologies which could potentially induce greater costs on participants and clients. We anticipate that it would also better support competition and new entrants in our capital markets, stimulating innovation and likely benefiting the public interest.

In our view, the CSA can play a role in creating a vision for how Data Portability can operate in our capital markets, and guiding the development of solutions accordingly. As it pertains to the examples in the Consultation, we would strongly support a centralized and collaborative solution or platform. In our view, not only would this align with grander visions of open banking and consumer/investor control over their data, but it would also avoid certain pitfalls and shortcomings of reliance by relying on the fragmented approach of investors directing releases of information from their already-engaged/registered firms. Reliance on this model creates a problematic reliance on these firms being required to take positive action on their clients' behalf that is likely adverse to their commercial interests. One example of this phenomenon historically has been problems with the timeliness of client-directed account transfers between firms. Centralization may also better enable registrants to serve investors by facilitating the ability to conduct suitability on a total portfolio basis rather than based on the partial view of an investor's portfolio with the specific registrant. It also presents an opportunity for the applicable CSA members to validate a prescribed approach to conducting KYC and its minimum required elements, which will provide clarity to registered firms, particularly if additional guidance accompanies the use of the e-KYC platform to assist with any additional KYC elements that may be necessary to collect depending on the member registrant's business model or investment products.

We would also encourage the CSA to consider at this time whether KYC could be conducted collaboratively, on an open-source platform between registrants, where the centralized platform is maintained and built by various vendors over time using prevailing open-source protocol development and approval paradigms. Our understanding is that certain organizations such as the Fintech Open Source Foundation ("FINOS") have a history of launching successful initiatives to increase collaboration between financial



institutions on coordinative challenges through open-source solutions and with a proven governance model. In our view, the e-KYC initiative in the Consultation presents an excellent opportunity to explore something similar.

We also note the Consultation does not involve all CSA members. In our view, the CSA should present a nationwide, harmonized approach to Data Portability and e-KYC. In the absence of including all members, the potential for inconsistent approaches will add unnecessary complexity and materially limit the value of the initiative and any resultant solutions.

Concluding Remarks

We thank you for the opportunity to provide these comments and would be happy to address any questions you may have. Please feel free to contact us at cac@cfacanada.org on this or any other issue in the future.

(Signed) *The Canadian Advocacy Council of
CFA Societies Canada*

**The Canadian Advocacy Council of
CFA Societies Canada**