

# Manulife



John Hancock®

# MIML Sales Practices

# Start



# MIM Sales *Practices*



Sales Practices are regulated in Canada by National Instrument 81-105 - Mutual Fund Sales Practices (“NI 81-105”) to safeguard the interests of investors. It imposes industry-wide restrictions on certain sales and business practices followed by participants in the Canadian mutual fund industry.



# MIM Sales *Practices*



The purpose of NI 81-105 is to ensure that the interests of investors remain uppermost in the actions of mutual fund industry participants by setting minimum standards of conduct to be followed by industry participants in their activities in distributing mutual fund securities. NI 81-105 was adopted in order to discourage practices that could be perceived as inducing dealers and their representatives to sell mutual funds based on the incentives they were receiving, rather than on what was suitable for their clients.

# MIM Sales *Practices*



Provincial regulatory bodies, such as the OSC (Ontario Securities Commission) will perform reviews to determine compliance with applicable regulatory requirements. The OSC can impose sanctions and monetary penalties for non-compliance.

# MIM Sales *Practices*



If the regulator identifies areas where deficiencies are more prevalent or common they will publish additional guidance via Staff Notices to the industry. Staff Notices are meant to provide the regulator's interpretation of compliance with NI 81-105 and what is considered eligible sales practices guidance to encourage a more consistent application among industry participants to these otherwise subjective areas.



## **Why it's important to have, understand and follow our Sales Practices policy and procedures?**

The regulator expects mutual fund companies to have policies and procedures (i.e. controls) specific to their business and to apply them consistently to their sales practices.

To avoid non-compliance with the rule.





## Why it's important to have, understand and follow our Sales Practices policy and procedures?

For example, as a result of a sales practices compliance review conducted by the OSC, 3 fund companies, were subject to substantial fines totaling \$3.2 million and in 2017 and 2018 their settlement agreements (**Sentry Investments, Mackenzie Financial Corp. & 1832 Asset Management L.P.**) were published on the OSC website. The settlement agreements noted that these fund companies failed to meet the minimum standards of conduct expected of industry participants in relation to certain sales practices, they didn't have sufficient controls to assure compliance with their obligation and didn't maintain adequate books and records.



## **Why it's important to have, understand and follow our Sales Practices policy and procedures?**

In October 2018, a dealer representative was also fined \$60,000. The settlement agreement was reached between IIROC and the dealer representative who accepted non-cash sales incentives from mutual fund representatives in connection with the sale or distribution of mutual fund products contrary to Dealer Member Rules 29.1 and 29.12. This settlement agreement was published on the IIROC website.

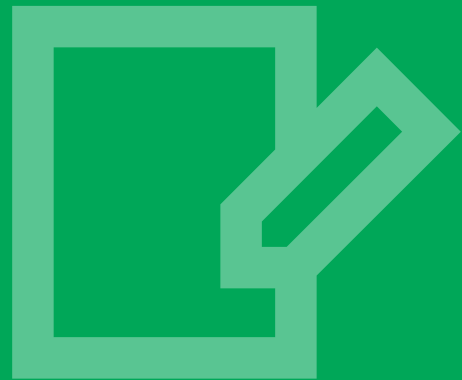


# The Policy



With NI 81-105, various OSC Staff Notices or other regulatory publications and industry alignment in mind, Compliance developed the MIML Sales Practices Policy and most recently implemented a few additional policy provisions to further strengthen our sales practices compliance.

📖 Read the [MIML Sales Practices Policy](#)



# Overview of the Policy requirements - Practical, scenarios, & Q&As

[Continue](#)



# Quiz Time

*Practical  
scenarios  
Q&As*

## Question



### Multiple Choice

We all play an important role to ensure that Manulife is complying with the Policy, what is the role and responsibility of MIML business units such as Product, Marketing, Sales, Dealer Relations, etc.?

- A** 2<sup>nd</sup> line of defence
- B** 1<sup>st</sup> line of defence
- C** 3<sup>rd</sup> line of defence



# Quiz Time

*Practical  
scenarios  
Q&As*

Question



## Multiple Choice

We all play an important role to ensure that Manulife is complying with the Policy, what is the role and responsibility of MIML business units such as Product, Marketing, Sales, Dealer Relations, etc.?

A 2<sup>nd</sup> line of defence

B

1<sup>st</sup> line of defence



Your answer is **correct!**

C

3<sup>rd</sup> line of defence

Proceed to the next question



# Quiz Time

*Practical  
scenarios  
Q&As*

Question

## True or False?

I only occasionally go out for lunch with, or give a gift to, back office staff of a dealer, so this Policy doesn't apply to me since a dealer's back office staff aren't considered dealer representatives.

True

False

# Quiz Time

## *Practical scenarios Q&As*

### Question

#### True or False?

I only occasionally go out for lunch with, or give a gift to, back office staff of a dealer, so this Policy doesn't apply to me since a dealer's back office staff aren't considered dealer representatives.

True

False



**Your answer is correct!**

definition of a dealer representative includes all employees of a dealer, this means any dealings with dealer back office employees, admin employees, associates, non-registered staff, etc. would fall under the Policy.]

Proceed to the next question





# Quiz Time

*Practical  
scenarios  
Q&As*

## Question

### Multiple Choice

An advisor wants to organize an event for his clients and would like MIML to help pay for his event, which section of the Policy must be followed for this type of event?

- A** 6.0 Dealer Sponsored Events
- B** 3.0 MIML Sponsored Events
- C** 2.0 Cooperative Marketing Practices
- D** 12.0 Compliance Testing

# Quiz Time

*Practical  
scenarios  
Q&As*

## Question

3

### Multiple Choice

An advisor wants to organize an event for his clients and would like MIML to help pay for his event, which section of the Policy must be followed for this type of event?

**A** 6.0 Dealer Sponsored Events

**B** 3.0 MIML Sponsored Events

**C** 2.0 Cooperative Marketing Practices

**D** 12.0 Compliance Testing



**Your answer is correct!**

Proceed to the next question



# Quiz Time

## *Practical scenarios Q&As*

### Question

# 4

### Multiple Choice (Select all that apply)

Under the Policy, A MIML sponsored event is an educational conference or seminar organized and presented by MIML for dealer representatives to attend. Which of the following types of events are considered a MIML sponsored event?

- A** Road show
- B** A business meeting with less than 31 dealer representatives
- C** A conference where CE credits will be provided to attendees
- D** A seminar with more than 30 investors
- E** A business meeting with more than 30 dealer representatives



# Quiz Time

*Practical  
scenarios  
Q&As*

## Question

4

### Multiple Choice (Select all that apply)

Under the Policy, A MIML sponsored event is an educational conference or seminar organized and presented by MIML for dealer representatives to attend. Which of the following types of events are considered a MIML sponsored event?

A

Road show

B

A business meeting with less than 31 dealer representatives

C

A conference where CE credits will be provided to attendees

D

A seminar with more than 30 investors

E

A business meeting with more than 30 dealer representatives



**Your answers are correct!**

Proceed to the next question



# Quiz Time

## *Practical scenarios Q&As*

### Question

#### **Multiple Choice** (Select all that apply)

Under the Policy, we cannot influence who attends a MIML sponsored event, which of the following would be influencing the attendance?

- A** Inviting only the top AUM dealer representatives
- B** Notifying the dealer of our event and with the dealer's approval promoting the event with all their dealer representatives with whom we have relationships
- C** Inviting only the dealer representatives that hold assets in a Portfolio Manager's funds
- D** Filling registration on a first come first serve basis

# Quiz Time

*Practical  
scenarios  
Q&As*

Question

5

## Multiple Choice (Select all that apply)

Under the Policy, we cannot influence who attends a MIML sponsored event, which of the following would be influencing the attendance?

**A** Inviting only the top AUM dealer representatives

**B** Not getting a dealer of our event and with the dealer's approval promoting the event to their clients who have relationships

**C** Inviting only the dealer representatives that hold assets in a Portfolio Manager's funds

**D** Filling registration on a first come first serve basis



**Your answers are correct!**

Proceed to the next question





# Quiz Time

*Practical  
scenarios  
Q&As*

Question

6

## Question & Answer

You have received a request from a dealer representative to support the cost for a course that will focus on building client relationships. Is this ok?

Yes

No

# Quiz Time

*Practical  
scenarios  
Q&As*

Question

6

## Question & Answer

You have received a request from a dealer representative to support the cost for a course that will focus on building client relationships. Is this ok?

Yes

No



Your answer is **correct!**

Proceed to the next question



# Quiz Time

*Practical  
scenarios  
Q&As*

## Question

### Multiple Choice (Select all that apply)

Primary purpose is required to be evaluated for events to determine at least 51% of the content is to provide educational information pertaining to certain topics. Which of the following topics would qualify as a primary purpose topic for a dealer organized mutual fund event?

- A** Life insurance
- B** Mutual fund industry matters
- C** Investing in securities
- D** Business promotion
- E** Manulife segregated funds

# Quiz Time

*Practical  
scenarios  
Q&As*

## Question

### Multiple Choice (Select all that apply)

Primary purpose is required to be evaluated for events to determine at least 51% of the content is to provide educational information pertaining to certain topics. Which of the following topics would qualify as a primary purpose topic for a dealer organized mutual fund event?

- A Life insurance
- B Mutual fund industry matters
- C Investing in securities
- D Business promotion
- E Manulife segregated funds



Your answers are **correct!**

Proceed to the next question





# Quiz Time

*Practical  
scenarios  
Q&As*

## Question

8

### Multiple Choice

Giving gifts to dealer representatives fall under which section of the MIML Sales Practices Policy?

- A** 4.0 Third Party Sponsored Educational Events
- B** 5.0 Industry Association Sponsored Events
- C** 7.0 Business Promotion Activities and Promotional Items
- D** 6.0 Dealer Sponsored Events

# Quiz Time

*Practical  
scenarios  
Q&As*

## Question

8

### Multiple Choice

Giving gifts to dealer representatives fall under which section of the MIML Sales Practices Policy?

**A** 4.0 Third Party Sponsored Educational Events

**B** 5.0 Industry Association Sponsored Events

**C** 7.0 Business Promotion Activities and Promotional Items

**D** 6.0 Dealer Sponsored Events



**Your answer is correct!**

Proceed to the next question



# Quiz Time

## *Practical scenarios Q&As*

### Question

9

### Question & Answer

The Policy says that I can only buy promotional items from the MIM section of the Manulife Store inventory, but I want to give my advisor a Bluetooth speaker and it's available in the Manulife section of the Manulife Store inventory. Can I just purchase the Bluetooth speaker since it does have the Manulife logo on it?

Yes

No

# Quiz Time

## *Practical scenarios Q&As*

### Question

9

### Question & Answer

The Policy says that I can only buy promotional items from the MLM section of the Manulife Store inventory, but I want to give my advisor a Bluetooth speaker and it's available in the Manulife section of the Manulife Store inventory. Can I just purchase the Bluetooth speaker since it does have the Manulife logo on it?

Yes

No



Your answer is **correct!**

Proceed to the next question





# Quiz Time

## *Practical scenarios Q&As*

### Question

# 10

### True or False?

You have received a request for an in-kind donation for a silent auction at a charitable event. The charity is registered with the CRA and its mission is to distribute money to deserving families. All proceeds from the silent auction will go to the dealer's named charity. Since all of the proceeds of the auction go to the charitable organization then I can make the donation.

True

False

# Quiz Time

*Practical  
scenarios  
Q&As*

Question

10

## True or False?

You have received a request for an in-kind donation for a silent auction at a charitable event. The charity is registered with the CRA and its mission is to distribute money to deserving families. All proceeds from the silent auction will go to the dealer's named charity. Since all of the proceeds of the auction go to the charitable organization, then I can make the donation.

True

False



**Your answer is correct!**

we cannot support a dealer's named charity, however a donation can be made to the underlying charity, if applicable. For example, the *CIBC Run for the Cure*, a donation can be made to the Canadian Breast Cancer Foundation.

Proceed to the next question



# Quiz Time

*Practical  
scenarios  
Q&As*

## Question

# 11

## Question & Answer

A dealer representative has asked you to support their charity event. A tax receipt will be issued for a portion of the amount while the rest will be used to advertise the event to ensure a good turnout so they can raise the most money possible. Is this allowed?

Yes

No

# Quiz Time

*Practical  
scenarios  
Q&As*

Question

11

## Question & Answer

A dealer representative has asked you to support their charity event. A tax receipt will be issued for a portion of the amount while the rest will be used to advertise the event to ensure a good turnout so they can raise the most money possible. Is this allowed?

Yes

No



**Your answer is correct!**

the portion for the advertisement....

Proceed to the next question





# Quiz Time

## *Practical scenarios Q&As*

### Question

# 12

### Multiple Choice

It's important to ensure that we are dealing with the dealer and not directly with the individual dealer representative for certain types of sales practices initiatives and events. Which of the following would be considered dealing with the dealer?

- A** Telling the dealer representative that you would pay for their client event, regardless of the cost, just as long as they submit the request in writing to us.
- B** Receiving a request in writing to support the cost of an investor event that included a request form signed by the dealer's branch manager, along with the agenda, details of the event costs and material promoting the event
- C** Making a payment to the dealer representative
- D** Receiving a request in writing to support to the cost of an investor event that included a request form signed by the dealer representative along with the agenda, details of the event costs and material promoting the event

# Quiz Time

## *Practical scenarios Q&As*

### Question

# 12

### Multiple Choice

It's important to ensure that we are dealing with the dealer and not directly with the individual dealer representative for certain types of sales practices initiatives and events. Which of the following would be considered dealing with the dealer?

- A** Telling the dealer representative that you would pay for their client event, regardless of the cost, just as long as they submit the request in writing to us.
- B** Receiving a request in writing to support the cost of an investor event that included a request form signed by the dealer representative along with the agenda, details of the event costs and material promoting the event
- C** Making a payment to the dealer representative
- D** Receiving a request in writing to support to the cost of an investor event that included a request form signed by the dealer representative along with the agenda, details of the event costs and material promoting the event



Your answer is **correct!**

Proceed to the next question





## Compliance is everyone's responsibility

Do we want to include the need or requirement for BU controls?  
Do we want to say that their procedures are their team's controls in adhering to the Policy / meeting Policy requirements? May be an important element to note for the BU.


# Contact Us



## Who to contact with questions?

 *Process related* – [Business unit manager/leader](#)

 *Policy related* – [WM\\_Compliance\\_Marketing@manulife.com](mailto:WM_Compliance_Marketing@manulife.com)

 Developing or enhancing training materials, procedures, forms, etc. – business unit manager/leader and [WM\\_Compliance\\_Marketing@manulife.com](mailto:WM_Compliance_Marketing@manulife.com)

# Congratulations!

You have completed this module!





# Thank You!