CFA Societies Canada

CANADIAN ADVOCACY NEWSLETTER

June 2021

Was this forwarded to you? Subscribe here to get future updates.

Subscribe

Chair Summary — Canadian Advocacy Council

Fiscal 2021 (drawing to a close June 30th) was very much a defining year for the CAC team. Notwithstanding the fallout of the global pandemic and the WFH restrictions, I am particularly proud of how our team came together, grew stronger and pushed through the adversity. During the year, we developed many new and important relationships on the regulatory and policy front. We recruited incredibly talented volunteers and began the groundwork for establishing a strategic plan for the coming years.

As we embark on a new calendar year, we are energized by the recent results of our advocacy efforts. Drawing upon this experience, we will aim to be laser focused on driving impact and fostering high quality engagements. As a group of volunteers representing the voice of CFA charterholders across Canada, we are often reminded that our voice for advocating for market integrity, transparency and investor protection matters.

Parham Nasseri, CFA
Chair, Canadian Advocacy Council

Published Comment Letters — Canadian Advocacy Council

FSRA Amended proposals regarding Financial Professionals Title Protection Rule and Guidance (Filed June 21, 2021)

About the notice
The revised proposed rule continues to establish approval criteria for credentialing bodies as well as approval criteria for financial planning and/or financial advisory credentials. Several amendments were made to the application guidance, including to specifically require applicant credentialing bodies to show their policies and procedures with respect to real or perceived conflicts of interest. Additional expectations are set out with respect to the curriculum of credentialing bodies' credentials, such as a specific requirement for a financial advisor credential curriculum to provide an understanding of standard retail investment products. FSRA's approach to supervision will include annual reviews of approved credentialing bodies. FSRA also expects that credentialing bodies will have a process in place to review the good standing of their own credential holders in the event regulatory action is taken by another credentialing or regulatory body. An appendix to the draft supervision guidance now provides examples of titles that FSRA considers could reasonably be confusing and those that would **not** likely be confused with the title of financial planner or financial advisor. The transition period for persons utilizing the title of financial planner or financial advisor without a recognized credential has been shortened to four years for the financial planner title and two years for the financial advisor title (from the date the rule comes into force, and only if the title was already in use as of January 1, 2020).

It is also proposed that credentialing bodies provide FSRA with information that will allow it to create a central registry of credential holders. FSRA has also set out for the first time its overview for its intended collection and remittance of fees, for which a separate consultation will be launched in the next few months.

Overview of the Council's Comments
The Canadian Advocacy Council of CFA Societies Canada (the "CAC") are supportive of FSRA's intent to create minimum standards that entities will have to meet to obtain approval as a credentialing body, as well as to obtain approval of an acceptable financial planner ("FP") or financial advisor ("FA") credential.

We are strongly supportive of FSRA's proposal to create a central registry of credential holders on its website. We continue to believe that FSRA should be responsible for any consumer education campaign to ensure that consumers of financial advice and financial planning services understand the purpose of the credentialing regulation and process, the recognized credentials, and permitted use of titles.

We support efforts to regulate the use of the FP and FA titles in Ontario as an investor protection measure and believe that the Proposed Rule could be strengthened by removing the list of 'not confusing' titles from the approach guidance, specifically requiring credential curriculums to address asset allocation, and by further shortening the transition timelines.

Response Drafting in Progress — Canadian Advocacy Council

CSA Proposed Amendments to NI 51-102 Continuous Disclosure Obligations and Other Amendments and Changes Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers and Seeking Feedback on a Proposed Framework for Semi-Annual Reporting – Venture Issuers on a Voluntary Basis (Due September 17, 2021)

About the notice
The CSA is proposing amendments to NI 51-102 in order to streamline and clarify continuous disclosure requirements for reporting issuers other than investment funds. The proposed amendments would include consolidating the MD&A form with the AIF form and financial statements into new annual and interim disclosure statements. It is noted that the SEC Form 10-K similarly presents that information in one document. The proposed amendments will eliminate some disclosure requirements that have been deemed duplicative or redundant, such as the current MD&A requirement to disclosure summary information for the last 8 quarters as the information can be located in previous filings. A few new requirements will be added to address perceived gaps in disclosure, such as a requirement for venture issuers to describe their businesses in their MD&A. The final amendments are expected to be effective December 15, 2023 and various transition provisions have been proposed. The CSA expects the amendments will streamline reporting and increase reporting efficiency for reporting issuers while increasing the quality of the disclosure for investors. Consequential amendments to other instruments and rules will be required.

The CSA has also requested comments on a framework for venture issuers that would allow them to report semi-annually on a voluntary basis if they are not SEC issuers, and provide alternative disclosure for interim (quarterly) periods where financial statements and MD&A are not being filed.

BCSC Proposed Instrument 51-519 Promotional Activity Disclosure Requirements (Due July 26, 2021)

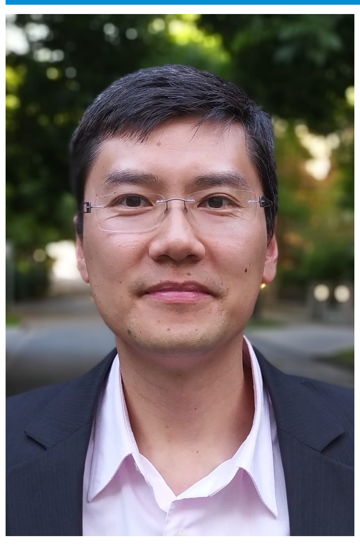
About the notice
The proposed instrument sets out a framework for required disclosure relating to promotional activities. The proposals are in part a response to issues earlier identified by the CSA of misleading promotional activities, including campaigns that provided unbalanced material claims about reporting issuers. The proposals would require issuers to include specific information about their promotional activities when they are undertaken, including a description of the compensation paid to third parties, any interest in any security or derivative that is the subject of the promotional activity, and each platform or medium through which the activity is being conducted. Certain of such information must also be provided in response to an inquiry relating to promotional activities when a third party is retained or compensated to conduct promotions. Venture issuers would have additional obligations, such as a requirement to include specific information about promotional expenses in their MD&A if total expenditures on promotional activities exceed 10% of the issuer's total operating expenses in any annual or interim period. Venture issuers would also have to issue and file a news release that includes specified information if they retain or compensate a person to engage in promotional activity. Certain activities would be excluded from the application of the instrument, including promotional activity conducted by directors, officers, and employees (who identify themselves as such), registrants when conducting registerable activities, and activities of investment funds or persons engaged in promotional activity in respect of such funds.

IIROC Request for Comments – IIROC Expert Investor Issues Panel (Due June 30, 2021)

About the notice
IIROC is currently seeking input into the proposed framework of an Expert Investor Issues Panel, including its creation, structure, and operation. The Panel is intended to enhance IIROC's investor outreach efforts and help it accomplish its goal of investor protection. The framework includes provisions addressing membership composition, meetings, and responsibilities. The Request for Comments includes an appendix with a comparative study of similar panels of other public interest regulators.

****If you would like to participate or provide comments to ongoing initiatives, please contact cac@cfacanada.org****

Volunteer Spotlight — Canadian Investment Performance Council



Lawrence Li, CFA, CIPM

Lawrence has served on the CIPC since June 2020.

Lawrence is currently the Head of Performance Management and Analytics at HSBC Global Asset Management Canada, where he leads a team of innovative professionals to provide performance and investment analytics services to various investment and sales professionals across the firm. He was seconded in 2019 to join HSBC Global Insurance in Hong Kong to develop the derivative investment operations Global Target Operating Model as well as the operational processes and infrastructure for the insurance manufacturing entities globally.

Prior to joining HSBC, he progressed through various senior positions at Mitsubishi UFJ, JPMorgan, Merrill Lynch, and UBS. Before his finance career, he spent 3 years working for the Government of Japan as a language consultant and badminton coach.

1. What would you tell new members about the CIPC?

If you are passionate about performance measurement and want to make a difference in this discipline, CIPC is the place for you!

2. Why are you passionate about the GIPS standards/What aspects of the GIPS standards are you most passionate about?

Because this is the only globally recognized reporting standard accepted by many well known industry leaders. I think it is great that CFA Institute has continued to invest in the evolution and promotion of these standards. I can't think of another industry-led standard that has the breadth of adoption and recognition that GIPS has.

News

OSC seeks applications for the Market Structure Advisory Committee

The Ontario Securities Commission (OSC) is inviting applications for membership on its Market Structure Advisory Committee (MSAC).

Established in 2011, the MSAC serves as a forum to discuss issues associated with market structure and marketplace operations. The MSAC also acts as a source of input and feedback for OSC staff to help facilitate the development of policy and rule-making initiatives that promote investor protection, fair and efficient capital markets, and confidence in those markets.

Members are selected for their extensive knowledge of the Canadian capital markets and market structure, and for their strong knowledge of the regulatory requirements of securities legislation in Canada. Serving up to two consecutive two-year terms, the 12 to 15 committee members meet quarterly, and those yet to reach their term limits have the opportunity to express an interest in renewing their membership. The MSAC is currently chaired by the Director of the Market Regulation Branch of the OSC.

Contact marketregulation@osc.gov.on.ca for more information.

Applications are due by July 7, 2021.

Learn More

Reminder - Annual GIPS Compliance Notification Forms and Asset Manager Code Notification Forms are due June 30, 2021

Organizations that claim compliance with the GIPS standards are required to notify CFA Institute of their claim of compliance by submitting a Notification Form by June 30th of each year.

Organizations that claim compliance with the Asset Manager Code are also required to notify CFA Institute of their claim of compliance by June 30th of each year. Organizations can submit an Asset Manager Code Notification Form here.

Organizations that are newly claiming compliance with the GIPS standards and/or the Asset Manager Code must submit the appropriate Notification Form before publicly claiming compliance. Once an organization claims compliance, it must submit an updated Notification Form annually, between 1 January and 30 June of each year.

Notification forms are due June 30, 2021.

ESG Disclosure Standards for Investment Products: Exposure Draft

On 19 May, CFA Institute, in collaboration with its volunteer ESG Technical Committee released an Exposure Draft of the CFA Institute ESG Disclosure Standards for Investment Products. The Standards establish disclosure requirements for investment products with ESG-related features. The purpose of the Standards is to provide greater transparency and consistency in ESG-related disclosures, resulting in clearer communication regarding the ESG-related features of investment products.

Please refer to the Providing Feedback guidelines for submitting comments. All comments must be received by 14 July 2021 in order to be considered. Any individual, group, or organization may submit a comment letter.

Read More

The Canadian Advocacy Council, on behalf of CFA Societies Canada, advances investor protection, industry professionalism, market integrity and transparency to the benefit of society.

Follow us on LinkedIn!

Next Meeting Scheduled: Tuesday, July 13, 2021 at 4:15 pm EDT.

Contact Us

Subscribe

CFA Societies Canada
120 Adelaide Street West, Suite 2205, Toronto, ON M5H 1T1
T 416.366.3658