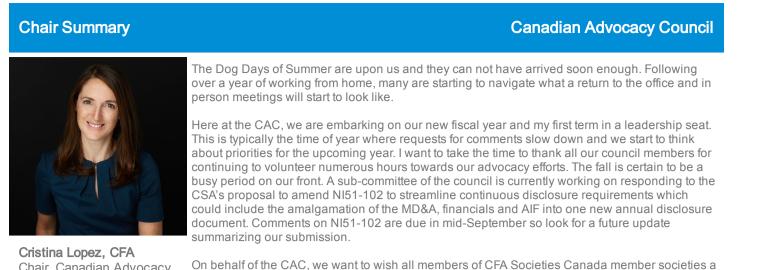


July 2021

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Chair, Canadian Advocacy Council

On behalf of the CAC, we want to wish all members of CFA Societies Canada member societies a restful and safe summer season. We look forward to engaging with you in the coming months and maybe, if all goes well, seeing some of you in person in the near future.

Published Comment Letters

Canadian Advocacy Council

IIROC Request for Comments - IIROC Expert Investor Issues Panel (Filed 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.

Overview of the Council's Comments

The Council is supportive of IIROC's intent to further expand the inputs it receives from an investor perspective.

Our key comments are summarized below:

- We believe that the Terms of Reference should be modified such that the composition of the Panel membership more directly reflects and promotes diverse perspectives.
- Members should be chosen by a nominating committee comprised solely by members of the IIROC Board's Corporate Governance Committee.
- If a member resigns or their appointment term has expired, the Panel should have a mechanism to appoint new Panel members on its own authority without having to resort back to the nominating committee.
- · Panel members should be explicitly provided with an ability to convene special or project-based meetings in addition to their prior scheduled quarterly meetings.
- Consideration should also be given to the funding and governance of Panel-directed research, surveys, and projects.
- Finally, we believe accountability should refer to the process for discussion and dispute resolution (if any is needed) between IIROC executives, the panel, and the IIROC Board.

Response Drafting in Progress

Canadian Advocacy Council

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 promotiona 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 Proposed Guidance on Know-your-client and Suitability Determination (Due August 20, 2021)

About the notice

The Proposed Guidance would replace the existing KYC and suitability guidance in its entirety and is intended to conform IIROC's guidance in all material respects to the CSA's CFRs. The new guidance explains IIROC's expectations on the collection of KYC information, its interpretation of certain terms, its expectations on how dealers can in fact "put the client's interest first" and confirms that KYC requirements are not one-size fits all but depends on a member's business model, service offerings and clients. Similar to the MFDA's guidance, IIROC states that dealers should apply the guidance and the suitability determination requirement to all investment products offered, and not just securities. With respect to specific dealer models, the guidance notes that while the KYC obligation is generally the same for all accounts, some exceptions exist for accounts such as OEO or DEA accounts. The suitability determination obligation not only applies before taking or recommending an investment action for a retail client, but the order type, trading strategy, fee structure and method of financing must also be suitable (and put the client's interests first). In the guidance, IIROC clarifies that it will not review suitability determinations in hindsight, but rather on the basis of what a reasonable dealer or registered individual would have done in the same circumstances.

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.

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

Volunteer Spotlight

Canadian Advocacy Council



Parham Nasseri, CFA **CAC** Past Chair

Parham has served on the CAC since September 2016.

Parham has over a decade of wealth management and regulatory experience. He previously held roles at the Ombudsman for Banking Services & Investments (OBSI) and the Brattle Group. Mr. Nasseri holds a CFA charter and an MBA from Schulich School of Business.

1. Why does advocacy matter to you?

Advocacy is our opportunity to be a citizen of our financial services community. As a citizen, we can have a positive impact by advocating for policy matters that advance the effectiveness and ntearity of our ecosystem.

2. What would you tell another Canadian CFA charterholder about the CAC?

Your views and expertise matter and they can make a resounding impact in the future of the Canadian capital markets. Roll up your sleeves and have your say.

News



CFA Institute Diversity, Equity, and Inclusion Code (USA and Canada)

CFA Institute announced the publication of the first draft of its voluntary Diversity, Equity, and Inclusion (DEI) Code for the investment industry in the United States and Canada.

The draft DEI Code represents collaboration between CFA Institute and a Working Group of industry leaders to foster a commitment that will lead to greater inclusion of wider viewpoints from diverse talent, which should result in better investment outcomes and help create better working environments. The draft is intended to elicit feedback on the proposed Principles outlined within the DEI Code from industry participants, regulators, and other stakeholders.

The draft DEI Code outlines six key Principles within the following categories:

- Pipeline
- Talent Acquisition
- Promotion & Retention
- Leadership
- Influence
- Measurement

Comments on the draft should be provided in the Response Form and submitted to deicode@cfainstitute.org within the 60-day consultation period, which closes on September 4. 2021

Learn More

OSC seeks applications for Investment Funds Technical Advisory Committee

The Ontario Securities Commission (OSC) is seeking applications for membership on its Investment Funds Technical Advisory Committee (IFTAC).

The IFTAC advises staff on technical compliance challenges in the investment funds product regulatory regime and highlights opportunities for improving alignment between investor, industry and regulatory goals.

The IFTAC provides an opportunity for stakeholders to engage with the OSC to further smart and effective regulation that fosters capital market efficiency and capital formation while protecting investors and market integrity in the investment funds and structured products space.

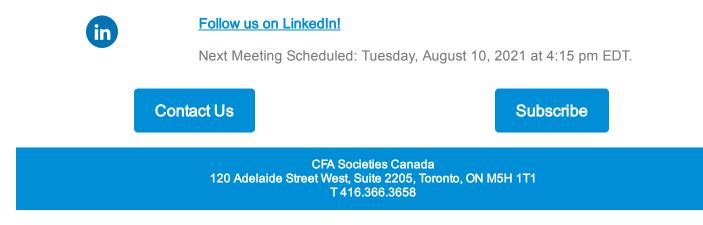
Senior representatives with technical, operational and compliance experience in the investment funds and structured products industry and other interested persons are invited to submit applications for membership on the IFTAC. For the 2021-2023 term, the OSC will again consider applications from senior service providers, senior legal, compliance and accounting professionals, and other senior professional advisors with relevant experience.

Applications are due by August 6, 2021.

Apply Here



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



If you no longer wish to receive future communications from CFA Societies Canada, please reply to info@cfacanada.org with a subject UNSUBSCRIBE