

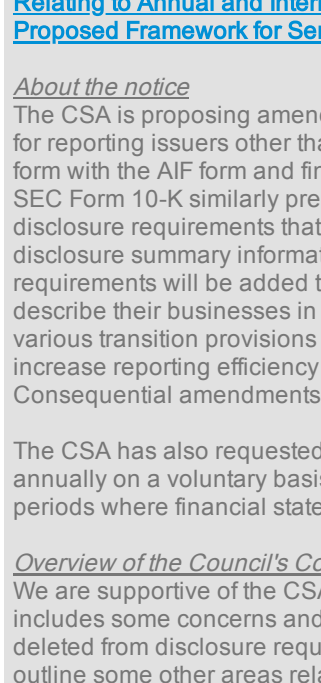
September 2021

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Chair Summary

Canadian Advocacy Council



Cristina Lopez, CFA
Chair, Canadian
Advocacy Council

The “back to school” season has resulted in an incredibly busy month for the volunteers at the Canadian Advocacy Council. The council members submitted a comment letter on the CSA’s proposed amendments to NI 51-102 on reducing duplicative disclosure for reporting issuers. We are supportive of reducing duplicative disclosure but believe the proposal fell short by not addressing how future, integrated ESG disclosure will be handled.

Beyond our comments on NI 51-102, the council has eight comment letters in various stages of drafting and submission. A full summary of our submitted letter on proposed amendments to NI 51-102 as well as upcoming letters for comment are provided below.

As always, thank you to all the volunteers at the CAC for your continued commitment during this very busy period.

Published Comment Letters

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](#) (Filed 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 SED 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 disclose 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.

Overview of the Council’s Comments

We are supportive of the CSA’s intent to streamline and reduce duplicative disclosure. The focus of our comments includes some concerns and additional guidance requested with respect to some of the information proposed to be deleted from disclosure requirements, express our concerns with the potential semi-annual reporting framework, and outline some other areas relating to continuous disclosure that we believe should also be a regulatory focus.

As it relates to removing duplicative disclosure, we reiterate our view that the existing SEDAR systems’ accessibility and (lack of) ease of use and machine readability represent impediments to investor access.

We support new disclosure statements that will generally remove certain materiality qualifiers and have all disclosure requirements subject to the qualification that issuers must focus on material information as set out in the instructions, but would appreciate confirmation that any such change would conform with the understanding of and thresholds relating to materiality in Canadian accounting standards and under IFRS.

We remain concerned, with respect to the potential framework for semi-annual reporting for certain venture issuers, as discussed in more detail in our responses to the specific consultation questions below.

Finally, given the current global policy and regulatory focus on ESG-related disclosure and standards, particularly those relating to issuer disclosure, we were surprised that additional annotations and amendments were not provided with respect to the future integration of ESG reporting which will become an essential part of a reporting issuer’s continuous disclosure. Any such mandated disclosure should be an integrated part of annual disclosure statements and not be contained in a stand-alone document for ease of investor access and reference.

Additionally, we note that the forms will continue to require certain information with respect to an issuer’s credit rating, while removing the requirements for much of this information that can be found by investors elsewhere. Going forward, we suspect some issuers may also wish to include information with respect to their ESG or sustainability rating(s), which may cause some investor confusion if not contextualized as being presented without assurance and properly representing these ratings’ assignment by and redistribution from third parties, with appropriate links to respected ratings frameworks and methodologies.

Some technical key points are noted below:

- Questions relating to additional disclosure for venture issuers without significant revenue:** The disclosure requirement should be broadened to apply more widely, particularly to certain non-venture reporting issuers that may have significant projects that are not revenue-generative. There are both venture and non-venture reporting issuers with no current revenue-generative business operations, which through their promotional activities attract mainly retail investors, leading to an investor protection concern. We believe this is an area that requires further research and analysis and should form the basis of a future policy project.
- Questions relating to risk factors:** Reporting issuers and their advisors would benefit from any and all additional guidance and clarifications with respect to how to determine the “seriousness” of a risk in order to appropriately rank the risk factors.
- Questions relating to the requirement to name authors of technical reports:** In general, we are not aware of any challenges faced by reporting issuers in obtaining technical report author consents, and understand such requirements to be an ordinary course of business in the oil, gas and mining industries.
- Questions relating to semi-annual reporting for certain venture issuers on a voluntary basis:** We do not believe the CSA should pursue the Proposed Semi-Annual Reporting Framework at this time, although further study and analysis could be warranted as part of a dedicated future policy project. In our July 2017 response to the then CSA Consultation Paper 51-404 Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers, we noted our concerns about proposals aimed at reducing financial disclosure for smaller reporting issuers as it could limit the comparability of financial information between larger and smaller issuers for investors to make informed investment decisions.

Response Drafting in Progress

Canadian Advocacy Council

CPAB Consultation on Regulatory Disclosures (Due September 30, 2021)

About the notice

The Canadian Public Accountability Board is seeking comments on potential amendments to the type of information it discloses about the results of its assessments of accountants that audit Canadian reporting issuers. Currently, the rules governing CPAB restrict the sharing of inspection findings to limited circumstances. CPAB is considering certain disclosure principles, including improvements in audit quality, timeliness of CPAB reporting of audit deficiencies, public accountability and cost vs benefit considerations. The consultation seeks input on whether communication of findings to an issuer’s audit committee should be mandated and how much information should be included in CPAB’s public reports and whether CPAB should publicly report on its enforcement actions.

FCAA Saskatchewan - The Financial Planners and Financial Advisors Act – Notice of Proposed Regulations and Request for Comment (Due October 1, 2021)

About the notice

The Financial and Consumer Affairs Authority of Saskatchewan released draft regulations for its local rules relating to title protection, which are based on Ontario’s framework of requiring approval for credentialing bodies (“CBs”) and their financial planner, financial advisor credentials but which recognizes provincial distinctions. The draft regulation establishes approval criteria for CBs as well as for credentials in order for a person to be permitted to use the title of financial planner or financial advisor. Examples of baseline competency profiles are set out in the consultation, including expected content and standards for dealing with retail clients. The regulations include a “best interest” standard of care, including that an FP or FA must put the client’s interest first when making suitability determinations. The FCAA is seeking comments on a number of specific questions, including examples of titles that could reasonably be confusing with the title of financial planner or financial advisor. The transition period for persons utilizing the title of financial planner or financial advisor against a recognized credential is proposed to be four years for the financial planner title and two years for the financial advisor title (from the date the regulation comes into force, and only if the title was already in use as of July 3, 2020).

CSA Position Paper 25-404 – New Self-Regulatory Organization Framework (Due October 4, 2021)

About the notice

The position paper sets out the CSA’s vision for creating a new SRO to replace IIROC and the MFDA, and a new, separate investor protection fund to replace both the CIPF and the IPC. In forming its proposal, the CSA outlined a number of concerns and concluded that the proposed new SRO offered solutions to those issues, including enhanced governance, consistent regulatory requirements, investor education, robust enforcement mechanisms, appropriate oversight, and a reduction in regulatory redundancies. The first phase of the project will focus on the design of the new SRO and IPF and integration of the existing entities into the new framework, including a new governance structure and harmonization of rules, compliance, enforcement processes and fee models. The second phase of the proposal would consider adding in registration categories in addition to investment dealers and mutual fund dealers that could be subject to the new SRO’s oversight in future. As part of the project the CSA is also forming or meeting with existing working groups to consider other issues, such as those that are Quebec specific, the ability to have directed commissions / incorporated salespersons, and whether CBSI should have binding decision making authority.

Department of Finance Consultation on Strengthening Canada’s External Complaint Handling System in Banking (Due October 14, 2021)

About the notice

The consultation document follows a review of the complaint handling process in banking and Canada’s external complaint handling bodies (ECBs) completed by the Financial Consumer Agency of Canada. It seeks views on the guiding principles and structural considerations for the system going forward. The report identified some concerns regarding the current system, including that the multiple model (with more than one complaint handling body) may undermine consumer trust, add complexity, impact impartially and complicate regulatory supervision. All banks in Canada must belong to an ECB, which must be approved by the Minister of Finance on the recommendation of the FCAC Commissioner. There are two approved ECBs, the ADR Chambers Banking Ombuds Office (whose parent firm operates on a for-profit basis) and the Ombudsmen for Banking Services and Investments. The consultation paper suggests that a strong complaint handling system would empower consumers by ensuring they have the ability to clearly set out their complaint with evidence and help them understand the reasons for the final decision of the ECB. Questions in the consultation relate to the structural consideration of allowing banks to choose their ECB, and also solicits views on the attributes of an effective system, such as an ECB’s profit structure, funding model, functions, complainant assistance, governance structure, and whether recommendations should be binding.

FCNB Notice of Public Consultation - Regulation of Financial Planner and Financial Advisor Titles (Due October 25, 2021)

About the notice

The Financial and Consumer Services Commission of New Brunswick (“FCNB”) released a consultation paper on a framework for the protection of the financial planner and financial advisor titles used by financial professionals. The existing proposals in Ontario and Saskatchewan are noted, as well as the fact that Saskatchewan will have different penalties and enforcement provisions for people who use protected titles without authorization. Saskatchewan will also have a process for approving credentialing bodies that have already been approved in another province. The FCNB is seeking feedback on a number of questions, including whether New Brunswick should follow the framework in Ontario and Saskatchewan. It also asks if it should adopt enforcement powers similar to those available in the Saskatchewan legislation and a simplified method for approving credentialing bodies already credentialled elsewhere in Canada. The FCNB is also considering setting out a list of prohibited titles as is currently the case in Quebec, including titles such as “financial consultant” and “private wealth advisor” which are considered to be confusing to the “financial planner” title. In contrast, Ontario’s FSRA has set out a list of examples of potentially confusing titles.

CSA Notice & Request for Comment – Proposed Amendments to NI 45-106 Prospectus Exemptions to Introduce the Listed Issuer Financing Exemption (Due October 26, 2021)

About the notice

The CSA’s proposed new prospectus exemption would be limited to sales of specified securities of reporting issuers that are already listed on a Canadian stock exchange, and that have been reporting issuers for at least 12 months. It is premised on the issuer having up to date public disclosure. It would require the issuer to prepare a short update offering document with prescribed information, including any new developments in the issuer’s business and confirmation that it will have sufficient funds for at least 12 months. Before soliciting purchasers, issuers would have to file a news release about the distribution and the offering document. There is a proposed offering limit of the greater of \$5 million or 10% market cap to a maximum of \$10 million. In addition, the offering can not result in more than 100% dilution for existing shareholders. The exemption could not be used by issuers whose principal assets are cash or its exchange listing, nor by an issuer that intends to use the proceeds for a significant transaction such as an acquisition that would require shareholder approval. Purchasers would have rights under the secondary market civil liability regime, and a contractual right of rescission against the issuer for a period of 180 days in the event of a misrepresentation. The issuer would be required to report sales by filing an exempt trade form but would not be required to complete the schedule that contains the names of the purchasers. The exemption is intended to facilitate offerings for issuers instead of using a short-form prospectus. The securities issued pursuant to the exemption would not be subject to any hold period.

AMF Draft Regulation respecting Complaint Processing and Dispute Resolution in the Financial Sector (Due November 8, 2021)

About the notice

The AMF released a draft regulation that is intended to harmonize the fair processing of complaints in the financial sector in Quebec, and would apply to a number of financial institutions, financial intermediaries (including securities dealers and advisers) and credit assessment agents. The draft regulation sets out requirements for a dispute resolution policy, the appointment of a designated complaints officer, communication with complainants, a complaints register and a timeframe for dealing with complaints and/or forwarding the records to the AMF for examination. The draft also prohibits certain action, such as using the term “ombudsman” in referring to the complaint process. It also sets out the various monetary administrative penalties that may be levied by the AMF for breaching the regulation.

IIROC Consultation Paper (Phase II) – Competency Profiles for Directors, Executives, Ultimate Designated Persons, Chief Compliance Officers, and Chief Financial Officers (Due December 28, 2021)

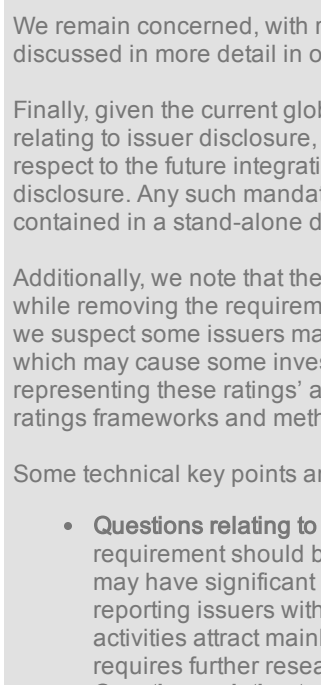
About the notice

The consultation is in the second phase of a multi-year project (to 2024) to set out competency profiles for all of IIROC’s registration categories. A “competency” is a set of knowledge, behaviour, and skills that an individual must have to perform effectively in their role. The purpose of the competency profiles is to provide a benchmark to evaluate course providers, provide educational providers with guidance on course content and allow dealers to better understand expectations. The profiles for directors, executives and UDPs are similar, and consist of four categories of high-level competencies related to the general regulatory framework, corporate governance and ethics, duties, liabilities and defences and risk management and oversight. There are also a number of sub-competencies, including a few directed solely at the UDP. In addition to the general competencies set out above applicable to all executives, CCOs would be subject to an additional 5 categories of high-level competencies, including related to the compliance function and operations, risk management and regulatory reporting, examinations, investigations, and actions, along with 12 sub-competencies. A CFO would be subject to the highest number of competency profiles, as in addition to those that apply to all executives, a CCO would be subject to 7 more categories of high-level competencies, including with respect to capital adequacy, books and records and reporting, credit risk management and customer accounts, and inventory, pricing of securities and underwriting, as well as 31 sub-competencies within those broader categories.

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

Volunteer Spotlight

Canadian Investment Performance Council



Vivian Hu, CFA, CIPM

Vivian has served on the CIPC since June 2020.

Vivian is a Senior Director, Investment Performance and Attribution at British Columbia Investment Management Corporation in Victoria, BC. She leads a team that is responsible for measuring investment performance, benchmarking, attributing, analyzing and reporting performance across multiple asset classes as well as total fund for both internal and external clients. Prior to this, Vivian was the Director, Performance Measurement and Attribution at Canada Pension Plan Investment Board. Vivian holds an MBA from Richard Ivey School of Business, University of Western Ontario, received her CFA charter in 2006 and CPA, CMA designation in 2009.

1. What is it about volunteering with the CIPC that appealed to you most?

It provides the opportunity to interact with highly knowledgeable professionals who work in the same field within the same industry, and the platform to share and promote industry best practices for the ultimate benefit of investors.

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

If you are passionate about promoting industry standards and looking for opportunities to get more involved you’ve come to the right place!

News

CFA Societies Canada 2021-2022 Board of Directors

CFA Societies Canada is pleased to announce new leadership of its Board of Directors and the addition of five new members, effective September 28th.

Newly Appointed Board Chair

Ronald Schwarz, CFA

New additions to 2021-2022 Board of Directors of CFA Societies Canada:

Emily Burt, CFA – CFA Society Winnipeg

Kathrin Forrest, CFA – CFA Society Toronto

Sean Kulik, CFA – CFA Society Ottawa

Carl Robert, CFA – CFA Montréal

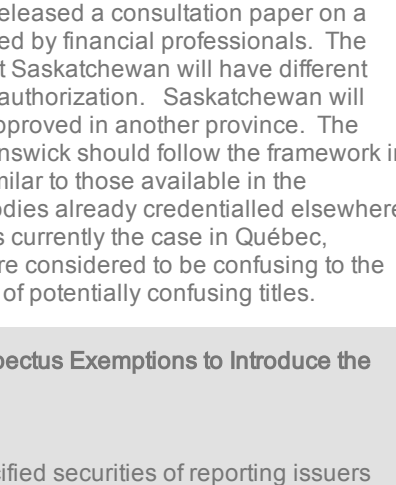
Andrew Walker, CFA – CFA Society Atlantic Canada

We congratulate our new Directors and look forward to working with this great team as they lead CFA Societies Canada over the next year.

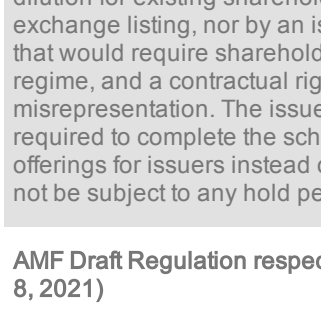
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25th Annual GIPS® Standards Virtual Conference

The 25th Annual GIPS Standards Conference will be held virtually on October 26th and 27th from 11:00 a.m. to 5:00 p.m. ET. Eight virtual sessions will be provided over the course of these two days. These virtual sessions will focus primarily on the latest developments with the 2020 GIPS standards. Subject matter experts will discuss lessons learned from implementing the 2020 GIPS standards, the SEC Marketing Rule, and developments with and benefits of ESG disclosure standards.



[Register Now](#)



OSC announces Market Structure Advisory Committee members

The Ontario Securities Commission has officially announced its Market Structure Advisory Committee members for the 2021-2023 term.

We congratulate those individuals selected, particularly CAC volunteer Rob Gouley, CFA, and CFA charterholders Irina Izzakova, CFA, Alex Perei, CFA, Kelly Reynolds, CFA, Daniel Schlaepfer, CFA MBA, Lisszwan Awan, CFA, and Stephen Bain, CFA.

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OSC announces Investment Funds Technical Advisory Committee members

The Ontario Securities Commission has announced the membership of its Investment Funds Technical Advisory Committee (IFTAC) for the 2021-2023 term.

Congratulations to CFA Societies Canada Managing Director, **Michael Thom, CFA**, on being appointed to his second term alongside fellow CFA charterholders **Mario Ciantarani, CFA**, **Thomas Di Stefano, CFA**, and **Robert Lemon, CFA**.

The IFTAC provides an opportunity for stakeholders to engage with the OSC to further smart and effective regulation in the investment funds and structured products space.

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North American Securities Administrators Association (NASAA) Announces 2021 Award Recipients

The North American Securities Administrators Association (NASAA) announced its 2021 NASAA award recipients during its Fall Annual Meeting in Chicago, September 19th – 21st. Awardees were recognized for their outstanding contributions to investor protection and state securities regulation.

We congratulate Jean Lorrain, Retired Senior Director of International Affairs & Strategic Monitoring, at Lorrain des Marchés Financiers for receiving the Outstanding Service Award.

[Read More](#)

North American Securities Administrators Association (NASAA) Announces Results of 2021-2022 Leadership Elections

The North American Securities Administrators Association (NASAA) announced its 2021-2022 Board of Directors and Section Chairs and Vice Chairs for the upcoming year.

We congratulate Tom Cotter (ASC) for his appointment as Co-Chair of the Investor Education Section, and Kevin Hoyt (FCNB) for his appointment as Secretary of the Board of Directors.

[Read More](#)



Maureen Jensen joins OBSI Board to become next Chair

We congratulate Maureen Jensen on her appointment to OBSI’s Board of Directors. Ms. Jensen has also been selected to be nominated as the next Chair of OBSI’s Board of Directors at the next Annual General Meeting of the organization to be held in March 2022.

Ms. Jensen has been a leader in the investment industry and securities regulation for more than 20 years. She is the past Chair and Chief Executive Officer of the Ontario Securities Commission (OSC).

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