

August 2020Was this forwarded to you? [Subscribe here](#) to get future updates.[Subscribe](#)**Chair Summary****Canadian Advocacy Council**

Parham Nasser, CFA
Chair, Canadian
Advocacy Council

The summer months have continued to be rather active on several major industry advocacy opportunities. As outlined below, our team has been dialed in and engaged on the Ontario Capital Markets Modernization Taskforce's initial consultation report and the CSA's Consultation Paper on the Revised Self-Regulatory Organization (SRO) Framework. This month at our monthly virtual CAC meeting, we hosted Joseph Della Manna, Manager, Market Regulation at the OSC and Douglas Mackay, Manager, Market and SRO Oversight at the BCSC (Co-Chairs of CSA Working Group on SRO Review) and various other CSA Working Group members and CSA senior executives, to inform our team about the consultation.

In addition to our external advocacy efforts, our leadership team has been involved in the annual one-on-one review meetings with the CAC council members. This process allows the team to review key accomplishments and generate a tactical roadmap for the coming year. This year, CAC Vice-Chairs Barb Bauer, CFA and Laura Bewick Howitt, CFA have led the initiative and are having very productive and insightful conversations with our council members.

Response Drafting in Progress**Canadian Advocacy Council****Ontario Ministry of Finance Capital Markets Modernization Taskforce: Consultation Report (Due September 7, 2020)***About the Notice*

The taskforce was formed in February of this year and reports directly to Ontario's Minister of Finance. It prepared an initial public consultation report highlighting 47 high-impact policy proposals and seeks feedback prior to providing the Minister with its final list of initial recommendations. The proposals are wide-ranging and include topics such as governance of the OSC, improving regulatory structure, reducing duplicative regulatory burden, enhancing competition for smaller capital markets players, and improving investor protection. Among the proposals are suggestions to separate the regulatory and adjudicative functions at the OSC, moving to a single SRO, streamlining continuous disclosure requirements making it

easier to raise capital through additional prospectus exemptions and relaxing restrictions on EMDs. Several proposals relate to the proxy voting system, including the addition of proxy advisory firm regulation and rules to prevent over-voting, as well as suggestions to increase OSC enforcement powers and give OBSI authority to issue binding decisions. Other proposals relate to fostering innovation, such as the creation of a regulatory sandbox involving both the OSC LaunchPad and FSRA.

FSRA Supervision Approach for Non-Qualified Syndicated Mortgage Investments with Permitted Clients and Legacy Non-Qualified Syndicated Mortgage Investments (Due September 21, 2020)

About the Notice

FSRA's draft approach and guidance describes how the regulatory agency will supervise the activities of mortgage brokers and administrators dealing in certain syndicated mortgage investments post March, 2021 when the securities registration and prospectus exemptions currently available for trades in syndicated mortgages will be removed in Ontario and certain other jurisdictions. After the amendments, FSRA will remain responsible for supervising those who trade in mortgages, qualified syndicated mortgages and non-qualified syndicated mortgages where the investor/lender is a permitted client. They will also regulate mortgage brokers dealing in non-qualified syndicated mortgages when they act on behalf of the borrower even if the investor/lender is a non-permitted client in which case the trades will also be subject to supervision by the Ontario Securities Commission with respect to the investor/lender. The objectives of FSRA's supervisory approach is to monitor and evaluate non-qualified syndicated mortgages with permitted clients through regular data collection and analysis, and to ensure compliance with applicable brokerage legislation. Using data and its other resources, FSRA will create risk profiles for each mortgage brokerage (and administrator) and target increased oversight where warranted. One focus will be the due diligence conducted by the brokerages to confirm the status of the investors/lenders as permitted clients. Permitted clients may waive a suitability assessment, and non-individual permitted clients will be exempt from certain disclosure requirements, including disclosure of conflicts.

CSA Notice of Amendments to National Instrument 45-106 Prospectus Exemptions and National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations and Changes to Companion Policy 45-106CP Prospectus Exemptions and Companion Policy 31-103CP Registration Requirements, Exemptions and Ongoing Registrant Obligations relating to Syndicated Mortgages (Due September 21, 2020)

About the Notice

The CSA has finalized their proposed amendments relating to the registration and prospectus exemptions involving syndicated mortgages. They have removed the current syndicated mortgage exemptions, introduced new disclosure requirements for use with the offering memorandum prospectus exemption and amended the private issuer exemption so that it is no longer available for trades in syndicated mortgages, all as of March 1, 2021. However, a number of jurisdictions have each proposed further changes to the registration and prospectus exemptions. Ontario, New Brunswick, Nova Scotia and Newfoundland and Labrador have reintroduced registration and prospectus exemptions for "qualified syndicated mortgages", the definition of which is substantially harmonized across the jurisdictions. Alberta and Québec have proposed a prospectus-only exemption for qualified syndicated mortgages. Ontario and New Brunswick have, in addition, proposed registration and prospectus exemptions for trades in non-qualified syndicated mortgages to permitted clients; Alberta has proposed a similar exemption that would be a registration exemption only, and Québec is not proposing to add this exemption but has asked specific consultation questions with respect to such an exemption. Each of Ontario and New Brunswick have proposed that exempt distribution reports not be required to be filed for syndicated mortgages sold to permitted clients.

MFDA Consultation Paper on Account Transfers (Due September 29, 2020)

About the notice

Current MFDA Rules require MFDA dealers to act diligently and promptly to facilitate the transfer of accounts in an orderly and timely manner. The Consultation Paper seeks comments on recommendations regarding account transfer rules, as those that involve non-MFDA members or certain assets can become complicated. The MFDA is requesting preliminary feedback on issues that contribute to delays in the transfer of assets as well as potential solutions.

CSA Staff Notice 31-358 Guidance on Registration Requirements for Chief Compliance Officers and Request for Comments (Due September 30, 2020)

About the notice

The Notice introduces three new models for registrants and their Chief Compliance Officers (CCO). The first model would permit smaller registrants to share a CCO, the second would allow larger firms with different business lines to have more than one CCO, and the third model would allow CSA staff to consider an individual's industry specific experience when determining proficiency as CCO for a non-traditional or specialized firm. For the first model, registrants would need to demonstrate that certain concerns, such as potential conflicts and constraints on time commitments, would be addressed, and the individual would likely require previous registration as a CCO. Comments are being sought from registrants as to how the new models address their needs and how they may be used in their operations.

CSA Consultation Paper 25-402 Consultation on the Self-Regulatory Organization Framework (Due October 23, 2020)

About the notice

The CSA is seeking comments on the current structure of the SRO framework, particularly how the evolution of the financial services industry has impacted the framework as well as the specific targeted outcomes set out in the Consultation Paper. Some stakeholders had indicated to the CSA that the two current SROs result in duplicative costs and a lack of oversight standards. Additionally, stakeholders were concerned about higher operational costs and investor confusion by clients who can't access the same product from their representatives across platforms and don't know the redress avenues available to them for issues. The Consultation Paper inquires about these issues as well as others, such as concerns raised about lack of public confidence in the current environment as a result of regulatory capture and the separation of market surveillance from statutory regulators. Next steps will include a consultation paper with the CSA's proposed option(s) for further comment.

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

Volunteer Spotlight

Canadian Investment Performance Council



Isabelle Henri, CFA, CIPM, FRM

Isabelle is a Senior Performance Analyst at Addenda Capital. She is responsible for calculating, validating and analyzing performance, and producing performance statistics and attribution for clients and the firm's pooled funds. She also takes care of composites' management and reporting. Finally, Isabelle plays an important role in ensuring the firm meets GIPS requirements and is in charge of the verification process with the firm's verifier.

Isabelle graduated from the University of Québec in Montréal with a M.Sc. in Applied Finance in 2009. She became a certified Financial Risk Manager (FRM), a CFA charterholder and a CIPM certificate holder in 2010, 2013 and 2016 respectively. Isabelle has served on the CIPC since June 2018.

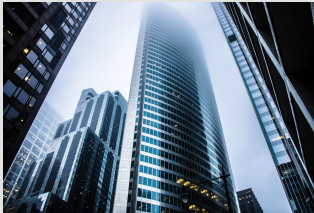
1. What is it about volunteering with the CIPC that appealed to you most?

I was excited to meet other performance professionals to discuss ideas and encounter new points of view. Regarding GIPS specifically, I was interested in making it easier for firms that need to produce GIPS reports in French, as we do at my firm, and this year I actually got to participate in a project to translate required disclosures. It's very rewarding to know that I was part of an effort that will help some firms who want to adopt the GIPS Standards.

2. Why do you think promotion of industry standards like the GIPS Standards is important?

It really speaks to my personal values of ethics, fairness and truth. It's unfortunately too easy to manipulate numbers to make them say what you want, especially to investors with limited financial knowledge. Having a set of standards like GIPS curtails that and fosters more confidence from investors in the financial system.

News



AMF Call for Volunteers

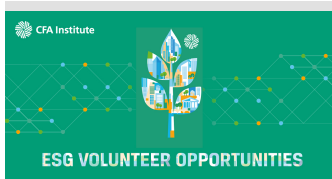
The Autorité des marchés financiers (AMF) is looking for volunteers for their Policy Advisory Committee. The committee provides regulators with input on issues involving financial planning, insurance and mortgage brokerage. **Applications are due September 4, 2020.**

[Read More](#)

TMX Call for Volunteers

TMX is soliciting candidates for the Options Market Structure Advisory Committee. The main goal of the Committee is to provide stakeholders with an opportunity to share their perspective on existing market structure. **Applications are due September 7, 2020.**

[Learn More](#)



Consultation Paper for the Development of CFA Institute ESG Disclosure Standards for Investment Products

CFA Institute recently released the Consultation Paper on the Development of the [CFA Institute ESG Disclosure Standards for Investment Products](#) for public comment. The goal

of the Consultation Paper is to elicit feedback on the proposed scope, structure, and design principles of the forthcoming standard. Comment letters from stakeholders will help shape an exposure draft, including a preliminary version of the standard, which CFA Institute expects to publish in May 2021. To comment, please use the response form available at the link above and submit to standards@cfainstitute.org by 19 October.

Upcoming Webinar on the Consultation Paper

A live webinar about the Consultation Paper on the Development of the CFA Institute ESG Disclosure Standards for Investment Products is scheduled for Tuesday, 15 September 2020 at 1:00 p.m. US ET. The hosts will provide an overview of key concepts contained in the Consultation Paper and answer questions from participants. [Register now.](#)

Volunteer Opportunities

In addition, new ESG committees are forming to support the next steps of this important initiative, with volunteers now being actively recruited to serve as chairs and members of both the ESG Technical Committee and the ESG Verification Subcommittee. More information about and applications for these volunteer opportunities can be found [here](#). **The deadline to submit applications is 23 September 2020 by 5:00 p.m. ET.** If you have any questions, please email volunteers@cfainstitute.org.

[Read More](#)

The Canadian Advocacy Council strives to advance market integrity, transparency and investor protection, on behalf of CFA Societies Canada and Canadian CFA charterholders.



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Next Conference Call Scheduled: Tuesday, September 8, 2020 at 4:15pm EDT

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