

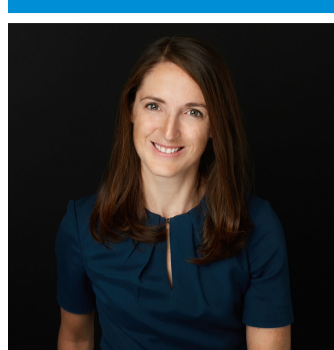
January 2022

Was this forwarded to you? [Subscribe here to get future updates.](#)

[Subscribe](#)

Chair Summary

Canadian Advocacy Council



Cristina Lopez, CFA
Chair, Canadian
Advocacy Council

January is drawing to a close and I don't believe I'm alone in thinking that we have come roaring out of the gates in 2022. As we look towards the impending celebration of Lunar New Year, I reflect on what the Chinese Zodiac lays out for us. Under the Chinese zodiac cycle, we are entering into the Year of the Tiger. Common characteristics of the tiger are to be dynamic, fiery and unpredictable. Tigers are also known to have strong ethics and can be very passionate about causes. At the CAC we are driven by our Mission Statement to advance investor protection, industry professionalism, market integrity and transparency to the benefit of society.

The team is currently drafting six letters that will be submitted in the coming weeks including CSA's request for comments on climate related disclosures and the Ontario Ministry of Finance's Capital Markets Act consultation.

Response Drafting in Progress

Canadian Advocacy Council

CSA Staff Notice and Request for Comments 11-343 – Proposal to Establish a CSA Investor Advisory Panel (Due February 1, 2022)

About the notice

The CSA has proposed to establish an Investor Advisory Panel (Panel), in order to better represent the views of retail investors through a pan-Canadian panel instead of just through ad hoc engagement with various CSA members or through comment letters. The Panel is intended to represent a diverse range of investor interests, be independent from the CSA yet have direct access to the CSA, and the CSA will invest resources to support the Panel. Its focus will be on providing feedback to proposed CSA rules and policies. The Panel will be able to use a number of methods to get input, including focus groups and surveys. Applications for membership will be solicited in early 2022 (5-9 members) and members will be remunerated for their work. The Panel is expected to meet at least quarterly, provide an annual report on its activities and attend the CSA Chairs' meeting to report on matters specified by the CSA. The draft terms of reference sets out a number of operational items, including the membership selection process, the duration of Panel terms and expectations for disclosure of conflicts.

FSRA Discussion Questions: Complaints Resolution – Policy Framework and Best Practices (Due February 15, 2022)

About the notice

The CSA has proposed to establish an Investor Advisory Panel (Panel), in order to better represent the views of retail investors through a pan-Canadian panel instead of just through ad hoc engagement with various CSA members or through comment letters. The Panel is intended to represent a diverse range of investor interests, be independent from the CSA yet have direct access to the CSA, and the CSA will invest resources to support the Panel. Its focus will be on providing feedback to proposed CSA rules and policies. The Panel will be able to use a number of methods to get input, including focus groups and surveys. Applications for membership will be solicited in early 2022 (5-9 members) and members will be remunerated for their work. The Panel is expected to meet at least quarterly, provide an annual report on its activities and attend the CSA Chairs' meeting to report on matters specified by the CSA. The draft terms of reference sets out a number of operational items, including the membership selection process, the duration of Panel terms and expectations for disclosure of conflicts.

Ontario Ministry of Finance – Capital Markets Act Consultation Draft (Due February 18, 2022)

About the notice

The Ministry of Finance (Ontario) has released a new Capital Markets Act (the "Act") that would replace the current Ontario Securities Act and Commodity Futures Act, and is responsive to many of the recommendations made in the final report of the Capital Markets Modernization Taskforce (the "Taskforce") released in January. The new Act sets out a platform framework for the legislation governing capital markets participants, the OSC's powers (both regulatory and enforcement) and the new Capital Market Tribunal's (the "Tribunal") adjudicative powers, which will be separate from the OSC's regulatory powers which are to be exercised by its board or the Chief Regulator / CEO. The Chief Adjudicator will be responsible for directing the Tribunal's operations. Further to other legislation released earlier this year, the current Chair and CEO functions at the OSC will also be separated into two positions. It is intended that detailed requirements will be left to rules and not set out in the Act itself in order to promote flexibility and allow the OSC to respond to market developments in a more timely manner. The purposes of the Act will be expanded as suggested by the Taskforce, to include fostering capital formation and competition in capital markets. If the Act goes forward, commodity futures contracts and commodity futures options would be regulated as derivatives under the Act.

In addition to the requirements for recognized entities, designated entities and other marketplaces, the CMA will outline a regulatory regime for benchmarks and benchmark administrators. Similar to how the Securities Act is organized today, the Act will set out the basic registration requirements for dealers, advisers and investment fund managers, as well as the basic requirements for the distribution of securities, while leaving the detailed requirements for the content of documents, filings and exemptions for the relevant rules. A new section in the Act will regulate trading in derivatives, including permitting the OSC to make rules imposing registration requirements on OTC derivatives dealers and advisers. The Act will continue to prescribe disclosure requirements for reporting issuers, but will be expanded somewhat to include specifics regarding the composition of the board, code of conduct, and procedures to regulate conflicts and meeting requirements. The market conduct provisions of the Act would be expanded to include specific references to promotional activities and prescribed requirements relating to those activities. Many of the changes proposed to be included in the Act relate to the investigation and enforcement powers of the new Tribunal, Chief Regulator and Superior Court of Justice, including with respect to orders to provide information such as data found in electronic format. It is proposed that decisions of the Tribunal be appealed to the Divisional Court, and that most (not all) decisions of the Chief Regulator may be appealed to the Tribunal. OSC decisions that are final and not subject to Tribunal appeal would be subject to judicial review by a court. Other changes regarding enforcement actions include a new provision allowing the Tribunal to make disgorgement orders and the Chief Regulator to apply to a court to appoint persons to administer and distribute the disgorged amounts, including to investors that suffer direct financial losses.

It is also proposed that the OSC must publish a proposed rule for public comment for at least 60 days (currently 90 days), and the Act will provide for more flexible rule making and transitional matters from the current legislation. The Act also increases the maximum administrative penalty that can be imposed by the Tribunal to \$5 million and fine for offences imposed by a court to \$10 million. The Ministry has set out 30 consultation questions throughout its commentary on the new Act, seeking feedback on matters ranging from the appropriate statutory civil liability for distribution of ETF securities, to the impact of including the independent review committee of a private fund to the definition of a "market participant", to the appropriate requirements for managing conflicts of interest.

CSA Notice and Third Request for Comment – Proposed National Instrument 93-101 Derivatives: Business Conduct and Proposed Companion Policy 93-101 CP Derivatives: Business Conduct (Due March 21, 2022)

About the notice

The Proposed NI and CP set out a business conduct regime for OTC derivatives, and will apply to derivatives advisers and dealers regardless of registration status. This third publication addresses comments received on the rule, generally with respect to the potential negative impacts that would have resulted on derivatives market liquidity from the prior proposed requirements. The NI and CP are intended to, among other things, reduce systemic risk and improve transparency in the OTC derivatives markets while still meeting IOSCO's international standards. It includes provisions relating to conflicts, know-your-derivatives-party, senior management duties and suitability. It will apply to a person or company that meets the definition of "derivatives adviser" or "derivatives dealer", including federally regulated Canadian financial institutions, and a business trigger test (the same as for NI 31-103) will be used to determine which provisions of the NI will apply. Even if an entity is subject to the requirements (because they meet the business trigger and can not utilize one of the exemptions in the NI), certain eligible derivatives parties can waive certain of the requirements.

The changes from the prior iterations of the rule are intended to streamline the operationalization of the requirements (i.e. primarily to allow registered advisers to leverage their existing compliance infrastructure) and ensure that access to OTC products will not be unduly limited to customers in the Canadian OTC derivatives market. For example, a new foreign liquidity provider exemption will be available to foreign dealers when they transact with Canadian derivatives dealers (i.e. the inter-dealer market), and a new exemption will be available to foreign advisers, dealers and sub-advisers which are similar to the existing international exemptions in NI 31-103. In addition, IIROC dealer members will be exempted from certain requirements when they comply with IIROC requirements, and Canadian financial institutions will be exempt from certain provisions when they comply with the Bank Act or OFSI requirements. The proposed requirement to have a senior derivatives manager will now only apply to certain derivatives dealers with a specified notional amount of derivatives outstanding. The complaint handling provisions and tied selling provisions, on the other hand, have been extended to apply to all derivatives parties. A new transition period will allow certain derivatives firms to treat existing permitted clients, etc. as "eligible derivative parties" under the NI for up to five years, and there will be a delayed effective date of one year from the final publication of the NI. The CSA is seeking general comments, and responses to eight specific questions, including some related to the requirements to have a senior derivatives manager, the commercial hedger definition (as part of the eligible derivatives party definition), the treatment of registered securities advisers/commodity trading managers, and whether the new CFRs should be included in the NI.

IIROC Proposed Amendments - Reporting, Internal Investigation and Client Complaint Requirements (Due April 14, 2022)

About the notice

IIROC has proposed changes to a variety of rules impacting their ComSet reporting requirements and some reporting requirements under the Universal Market Integrity Rules relating to client complaint handling processes and certain potential disciplinary matters, which are intended to clarify regulatory expectations and reduce duplicative reporting requirements. IIROC believes the amendments will address inconsistencies in how dealers interpret current requirements with respect to reporting, internal investigations and other client complaint matters and also help IIROC anticipate client complaints and better assess dealer risk. While the current ComSet reporting requirements are prescriptive, the amendments introducing a definition of "serious misconduct" that is more principles-based and that would require dealers to report on a specific list of activities (such as theft, material breaches of client personal information), but also other actions where there is either a reasonable risk of material harm to clients or the capital markets, or material non-compliance with IIROC requirements, securities laws or any other applicable laws. The amendments would focus the reporting on matters IIROC staff are most concerned about, and require all client-related misconduct to be reported through ComSet. Dealers would be required to conduct internal investigations and report to IIROC if they become aware that the dealer, an Approved Person or an employee may have engaged in serious misconduct, within the prescribed time frames. The amendments also codify some best practices with respect to client complaint handling procedures including removing the distinction between verbal and written complaints, setting time limits for internal dispute resolution, prohibiting the use of the term "ombudsman" for internal dispute resolution services, and requiring dealers to document and respond to each client complaint in a manner that a reasonable investor considers effective, fair and expeditious. In addition, IIROC is republishing amendments first published in 2019 to Rule 9500, which eliminates the restriction currently placed on OBSI from sharing information with IIROC staff.

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

Volunteer Spotlight

Canadian Advocacy Council



Kevin Dickinson, CFA

Kevin has served on the CAC since September 2019.

Kevin is a member of the Treasury department at Hydro One. In his role he is involved in debt issuance, bank financing (including sustainability linked loans), financial risk management, cash management and foreign exchange. He has over thirteen years of experience in treasury following five years in various corporate functions at Hydro One. He has also held positions with Indigenous Services Canada and RBC.

As a volunteer with CFA Society Toronto, Kevin is a Senior Advisor and past Chair of the Corporate Finance Committee and was the Vice-Chair of the Fixed Income Committee.

Kevin holds an MBA from the Schulich School of Business and a BA in Economics from the University of Waterloo. He is a Chartered Professional Accountant (CPA, CMA) and a CFA charterholder. Kevin lives in Oakville, Ontario with his wife and two energetic young children.

1. Why does advocacy matter to you?

A sustainable financial system benefits society, and it's with this lens that the Canadian Advocacy Council addresses regulatory, legislative, and standard setting developments.

2. What advocacy issues are you most passionate about?

The advocacy issues that I am most passionate about are: 1) capital markets efficiency, particularly as it relates to the fixed income market; 2) regulatory burden reduction; and 3) improving the quality of financial disclosures for investors.

News



Apply for the CFA Institute Disciplinary Review Committee

The application for the [CFA Institute Disciplinary Review Committee](#) (DRC) is now open for the term beginning FY23. Volunteers for the DRC must:

- Safeguard the CFA Institute Code of Ethics and Standards of Professional Conduct
- Hear and decide on cases brought forth by Professional Conduct
- Represent our diverse membership, and
- Commit approximately 100–150 hours of service over the course of the term.

Applications will be accepted from January 31, 2022 to March 11, 2022. Individuals who have CFA Institute login credentials should use those when registering.

[Apply Here](#)

AIA's Journey to GIPS Compliance

Three years ago, after AIA Group CIO Mark Konyon initiated a project to improve practices across both its external managers and internal investment teams, Insurer AIA Group set off along the road to implement the CFA Institute GIPS standards. In this process, AIA became the first asset owner in Asia Pacific to adopt the GIPS standards. Additionally, AIA used this process as the catalyst to make sweeping changes that have modernized its operations, improved its investment outcomes, and added robust governance to support its balance sheet.



[Read the Report](#)

Call for members for FSRA Stakeholder Advisory Committees



The Financial Services Regulatory Authority of Ontario (FSRA) is committed to an open, transparent, and collaborative approach that involves stakeholders and ensures broad input and perspectives to inform its direction.

FSRA is seeking new members for its [Stakeholder Advisory Committee](#) which serve as consultative bodies to FSRA's Board of Directors and management.

The Stakeholder Advisory Committee will serve as the voice of stakeholders to provide FSRA with input and advice on FSRA's priorities, budget, principles-based regulation, and other matters as the Board deems appropriate.

Applications will be accepted until Friday, February 25, 2022.

[Apply Here](#)

OSC Announces New Commissioner Appointments



Ontario Securities Commission (OSC) Chair and CEO Grant Vingoe announced the following appointments to the Commission. These Commissioners will each serve a two-year term, effective January 13, 2022.

OSC announces new Commissioner appointments

- Kevan Cowan
- Jennifer Fang, CFA
- Dieter Jentsch
- David Lewis, CFA
- Hari Panday
- Cindy Tripp

[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, February 8th at 4:15 pm EST

[Contact Us](#)

[Subscribe](#)

CFA Societies Canada Inc.
120 Adelaide Street West, Suite 2200 Toronto, ON M5H 1T1
T 416.366.3658

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