

July 2022

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Chair Summary

Canadian Advocacy Council



Barb Bauer, CFA, CFE
Chair, Canadian
Advocacy Council

The warm weather has arrived and with the heat turned up it's hard to believe that summer is almost half over. I hope all our members are enjoying these summer days (and those nights) with more normalcy than in the prior two years. Here at CAC, we remain busier than ever in our advocacy efforts. As we begin a new leadership term at the CAC, I wish to extend my sincere thanks to Cristina Lopez, CFA and Laura Bewick Howitt, CFA for their leadership this past year and a warm welcome to Kevin Dickinson, CFA and Doug Sarro, CFA in their Vice Chair roles - I am truly excited to be part of another tremendous team.

Although July was quiet in terms of published comment letters, we made excellent progress on matters we deem to be a priority, including the CSA's Total Cost Reporting proposal. As always, we will continue to cascade these continued efforts to members through this monthly newsletter and on LinkedIn. Please enjoy the remaining sunny days and stay tuned as much more will be coming from CAC this year as things heat up on the regulatory front.

Following Cristina Lopez's leadership, I want to conclude my monthly address by also thanking all the volunteers at CAC for their continued dedication and support.

Published Comment Letters

Canadian Advocacy Council

[CSA Notice and Request for Comment - Proposed Amendments to Implement an Access Equals Delivery Model for Non-Investment Fund Reporting Issuers](#)

About the notice

The CSA has proposed amendments and changes to various national instruments in order to implement an access equals delivery model for most types of prospectuses, annual & interim financial statements and related MD&A for non-investment fund reporting issuers. Delivery will generally be deemed to have occurred (or in BC, an exemption will be available) when an issuer provides access to the document through SEDAR and notifies investors that the document is available there through a press release. The press release would need to indicate that the document is available electronically and that a paper copy can be obtained on request. No press release would be required in connection with the delivery of a preliminary prospectus. The model is intended to be more cost-effective for issuers and dealers, particularly with respect to the requirement to deliver paper copies of prospectuses. The proposals would not apply to rights offerings by way of prospectus or MTN programs (or investment funds). The two day right to withdraw from an agreement to purchase securities would be amended to reference the later of the date that access to the final prospectus (or amendment) has been provided and the date the purchaser has agreed to purchase the securities. With respect to delivery of financial statements and MD&A, the proposals include references to the current process of obtaining standing instructions from beneficial owners and the interaction of those instructions with an access equals delivery model.

Overview of the Council's Comments

The council is generally supportive of an electronically enabled access equals delivery (AED) model that can benefit investors and issuers by providing more timely disclosure over paper delivery and reducing costs related to printing and mailing documents. However, we remained strongly concerned as the proposed model relies heavily on SEDAR, whose current interface poses challenges for many investors to locate and access documents. We believe functionality enhancements to SEDAR (the implementation of its successor SEDAR+) are necessary before the implementation of the Proposed Amendments.

Our key comments are summarized below:

- We support an AED model as it would modernize the method by which documents are made available to investors and is a cost-efficient, timely, and environment friendly communication manner if appropriately implemented.
- However, we are concerned with the Proposed Amendments' heavy reliance on SEDAR, given its current interface makes it difficult for many investors to electronically locate and access the relevant documents.
- We believe that in order for the Proposed Amendments to have the intended effects, SEDAR must function as an accessible, intuitive and modern resource for disclosure documents. Therefore, the implementation of the proposed AED model should be delayed until SEDAR+ is fully implemented.
- We think that SEDAR+ should expeditiously roll out enhancements that enable investors to subscribe to electronic alerts for new filings on issuers of interest and that SEDAR+ should enable the use of value-added "open data" solutions by issuers, vendors and dealers.
- We also believe issuers should be encouraged to maintain a website as a secondary point of reference for their disclosures.
- As for the consultation questions, we do not think the requirement to issue and file a news release after filing financial statements and related MD&A is unduly costly or onerous, or that it is necessary to consider alternative ways to alert investors. The cost to issue and file a news release should not be a material expense to any reporting issuer.

Response Drafting in Progress

Canadian Advocacy Council

[CSA Proposed Amendments to NI 31-103 and to 31-103CP and Proposed CCIIR Individual Variable Insurance Contract Ongoing Disclosure Guidance Total Cost Reporting for Investment Funds and Segregated Funds \(Due July 27, 2022\)](#)

About the notice

The amendments for securities relate to enhanced cost disclosure reporting requirements, the purpose of which is to enhance investor protection by improving awareness of ongoing embedded fees for investment funds such as MERs and trading expense ratios. Currently, there is no requirement to provide ongoing reporting of such costs after the initial sale in a form that is specific to an individual investor's holdings. In the securities sphere, the amendments would impact the account reporting requirements for registered dealers and advisers and would place obligations on registered investment fund managers to provide dealers and advisers with the required information. The proposed insurance guidance would apply to all insurers offering segregated fund contracts and is intended to add new cost and performance reporting requirements for individual variable insurance contracts. The changes to the insurance guidance also seeks to improve awareness of the rights of policyholders to guarantees and how their actions might affect their guarantees.

The changes to NI 31-103 would require those providing account statements to include information on embedded fees as a percentage (i.e. the newly-coined "fund expense ratio") for each fund held on the monthly/quarterly account statement. In addition, information would be required to be included on the annual cost and compensation report which shows the aggregate dollar amount of fund expenses for all investment funds and the aggregate dollar amount of any direct investment fund charges (e.g. redemption fees or short term trading fees) held in the account during the year. The disclosure would apply in respect of all investment funds, including foreign funds and prospectus exempt funds. Existing exemptions for non-individual permitted clients would continue to apply. IFMs could rely on publicly available information in fund facts, prospectuses, or MRFPs to provide information for those reports, unless that information is outdated. If advisors or dealers did not believe the information received is reliable, there would be an obligation to make reasonable efforts to obtain the information by other means. It is proposed that final amendments would come into effect in Sept 2024, meaning the new first quarterly account statements would be required for the period ending Dec 2024, and the new annual reports for the period ending Dec 2025.

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

Volunteer Spotlight

Canadian Advocacy Council



Robert Gouley, CFA, CAIA

Robert has served on the CAC since January 2015.

Robert Gouley has worked on the Trading desk of OMERS for the past 11 years trading global equities. Prior to the Trading desk, Robert also worked in the Investment Operations and Finance divisions of OMERS. As a Trader, Robert is the eyes and ears of the OMERS organization. Robert implements investment decisions, on a global basis, by leveraging a strong network of relationships.

Robert has an Honours BA in Economics from McMaster University, is a CFA charterholder, a CAIA charterholder, a FRM in the Global Association of Risk Professionals, a CMT and member of the Market Technicians Association, and a Fellow of the Canadian Securities Institute. Robert is a member of the FSRA Consumer Advisory Panel, co-lead of the Trading Issues Committee, a past Chair of the Canadian Securities Traders Association, and a past Chair of the Canadian Advocacy Council of CFA Societies Canada.

Robert is the proud father of Chelsea Gouley. In his spare time, he enjoys swimming, marathon running and competing in Ironman Triathlons.

What advocacy issues are you most passionate about?

As an advocacy volunteer my focus is aimed at understanding, and where appropriate, re-structuring behavioral incentive systems to encourage better results for investors.

What is it about volunteering with the CAC that appealed to you most?

As charterholders, we are all ambassadors of the CFA Institute [Code of Ethics and Standards for Professional Conduct](#). Getting involved with CFA Societies Canada, and the CAC specifically, is a great way to apply the code of ethics and to give something back to your community.

News

Canadian Investment Performance Council Leadership Election Results

We are pleased to announce the results of the CIPC leadership elections for the 2022-2024 year, effective July 1st.

Chair: **Jaclyn Moody, CFA Society Toronto**

1st Vice Chair: **Benjamin Banyai, CFA, CIPM, CFA Society Toronto**

2nd Vice Chair: **Matt Swan, CFA, CFA Society Toronto**

Please join us in congratulating them! We look forward to their leadership this year.



26th Annual GIPS® Standards Conference

Register for the upcoming 26th Annual GIPS® Standards Conference, taking place in Boston, Massachusetts, United States, 25-26, October, 2022.

Early bird registration ends September 23, 2022.

Register Here

CFA Institute My Charter Story Podcast

The CFA Institute My Charter Story podcast aims to uncover the inspirational stories that led people across the globe down the path to CFA charterholder.

The seventh episode with **Santiago Castillo Pino, CFA** is now available wherever you listen to podcasts.



Listen Here



Call for members for FSRA's Financial Planners and Financial Advisors Stakeholder Advisory Committee

Financial Services Regulatory Authority of Ontario (FSRA) is encouraging consumer / investor advocates, approved credentialing bodies, financial services trade / industry associations and professionals working in the financial services sector to apply to its Financial Planners and Financial Advisors Stakeholder Advisory Committee. The individuals selected will provide advice to FSRA's Board of Directors and management on the regulator's priorities, budget and other matters the Board deems appropriate.

Applications are due by August 15, 2022.

Read More Here

IIROC Solicits Advisory Committee Nominations

IIROC (Investment Industry Regulatory Organization of Canada) has put out a call for volunteers for two industry advisory committees.

Requests for nominations were issued to join its Market Rules Advisory Committee (MRAC) and its Fixed Income Advisory Committee (FIAC).

Nominations for both committees are due by August 26 for two-year terms, starting October 4, 2022.



Read More 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.



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Next CAC Meeting Scheduled: Tuesday, August 9, 2022

Contact Us

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