



August 2022

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Chair Summary

Canadian Advocacy Council



Barb Bauer, CFA, CFE
Chair, Canadian
Advocacy Council

As summer begins to draw to a close, I hope our members have been able to take advantage of opportunities they may have missed the past two summers.

Speaking of missed opportunities, CAC recently issued a comment letter related to the CSA and CCIR's efforts to enhance cost disclosure in the securities and insurance sectors. Our comments noted several missed opportunities for the CSA to foster comprehension and comparability across disclosures and product types, and the need for transparency in policy formation. While we support the CSA's efforts, we believe that total cost reporting in the securities sector is long overdue.

CAC will continue to comment on proposed regulatory amendments and changes. We advocate in a manner that we believe best represents our members while supporting market transparency and protecting investors.

I thank our dedicated group of volunteers for their continued involvement and support.

Published Comment Letters

Canadian Advocacy Council

[CSA Proposed Amendments to NI 31-103 and to 31-103CP and Proposed CCIR Individual Variable Insurance Contract Ongoing Disclosure Guidance Total Cost Reporting for Investment Funds and Segregated Funds](#)

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.

Overview of the Council's Comments

We support the CCIR's efforts to enhance cost disclosure in the insurance sector. We also believe that total cost reporting in the securities sector is long overdue. But we had expected the CSA to do more to ensure the disclosures retail investors would receive under the Proposals are easy to understand and act on.

Our comments note several missed opportunities for the CSA to foster comparability across disclosures and product types. For example, they could have used this opportunity to undertake a much-needed review of point-of-sale disclosures and ensure comparability across point-of-sale and ongoing disclosures such as cost and performance reports.

We do not support the proposal to present management-related expenses and trading expenses as a single, combined metric. It obscures the differences between these costs, denies investors full disclosure about their costs of investing, leaves investors without the tools to engage in meaningful value-for-money analysis, and impairs comparability across different investment funds, and their managers and strategies.

We expected that the CSA would draw a far clearer connection between available evidence and the design of the cost reporting templates included in the Proposals:

- The UK and EU adopted total cost reporting over four years ago, but the Proposals disclose no efforts by the CSA to learn from the experience of these jurisdictions.
- The Proposals do not explain how the templates incorporate findings from previously-published behavioral insights research.
- We are not prepared to give weight to the unpublished OSC research cited in the Proposals as being reflected in the templates, as OSC staff have refused to share this research with stakeholders. If the OSC and CSA have enough confidence in this research for it to form a basis for proposed rules, they should have enough confidence to share it with stakeholders.

Given the importance of total cost reporting for investor protection, and the resulting need to move swiftly with adoption and implementation, we hope the CSA corrects course sooner rather than later.

Response Drafting in Progress

Canadian Advocacy Council

FCAA The Financial Planners and Financial Advisors Act – Notice of Proposed Regulations and Request for Further Comment (Due September 20, 2022)

About the notice

The Financial and Consumer Affairs Authority of Saskatchewan released revised draft regulations for its local rules relating to title protection. The original draft regulations were based on Ontario's framework but in response to comments the FCAA is consulting on changes that would de-harmonize some of those requirements. Similar to Ontario, the FCAA regulations would require approval for credentialing bodies ("CBs") and their financial planner / financial advisor credentials in order for a person to be permitted to use the title of financial planner or financial advisor. The FCAA is consulting on potentially changing the baseline competency profiles for the financial advisor credential to be closer to that of a financial planner. The new language would require a broader expertise when providing suitable recommendations to a client and thus would require a financial advisor credential to have educational requirements related to estate planning, tax planning, retirement planning, investment planning, finance management and insurance and risk management. As a corollary, the FCAA has asked whether the transition periods for FAs should be extended to match those of FPs (4 years from the date the regulation comes into force).

Feedback is also being sought on the proposed fee schedule, as well as the process the FCAA should follow for transitions in circumstances where the approval of a CB or the operation of a CB ceases. Questions are also posed with respect to whether the transition date (the date by which persons would have had to be actively advising clients in order to utilize the transition periods) should be moved up from July 3, 2020 to a date closer to when the regulations are in force.

Department of Finance - Corporate Governance Consultation: Improving Diversity and Facilitating Electronic Communications in Federally Regulated Financial Institutions (Due September 23, 2022)

About the notice

Canada's federally regulated financial institutions (FRFIs) and their owners (e.g., shareholders, members of credit unions, certain insurance policyholders) are supported by a robust corporate governance framework, which is contained in the Bank Act, the Insurance Companies Act, and the Trust and Loan Companies Act (collectively referred to as the federal financial institutions statutes). As a general approach, the federal financial institutions statutes typically follow the framework set out for federally incorporated companies in the Canada Business Corporations Act (CBCA). This framework is modified as necessary to reflect the unique nature of FRFIs.

The corporate governance framework for FRFIs should take into account the changing social, economic, and technological context in which they operate, to best enable them to respond to today's challenges for the benefit of their owners and clients.

In light of recent developments, including the introduction of diversity disclosure requirements in the CBCA and the digitalization of the financial sector that has been further accelerated by the COVID-19 pandemic, the Government is reviewing certain aspects of the corporate governance framework. In this context, Budget 2021 proposed a public consultation on measures that would:

- adapt and apply the Canada Business Corporations Act diversity requirements for FRFIs; and,
- expand FRFIs' use of electronic communications with their owners, including the delivery and provision of governance documents, as well as virtual meetings.

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

Volunteer Spotlight

Canadian Investment Performance Council



Jaclyn Moody, Chair

Jaclyn has served on the CIPC since June 2018.

Jaclyn is Vice President of Sustainability & Institutional Services at Burgundy Asset Management Ltd., a global investment manager providing discretionary investment management for private clients, foundations, endowments, pensions, and family offices.

Jaclyn joined Burgundy's Legal & Compliance team in September 2016 to focus on marketing compliance, evaluation of regulatory risk and policy implementation. In 2020, she joined Burgundy's Institutional team to oversee the Institutional Services group to focus on supporting outstanding client service, day-to-day institutional reporting needs, strategic projects, and elevate the firm's presence on global databases used by consultants around the world. In 2022, she was appointed Head of Sustainability & Institutional Services.

Before joining Burgundy, Jaclyn held various roles at Gluskin Sheff + Associates Inc. in client wealth management, compliance, and corporate governance. Prior to that, Jaclyn held a variety of positions at Excel Funds Management Inc.

Jaclyn earned a Bachelor of Science, Honours, Major in Biological Sciences from the University of Guelph and became a Certified Anti-Money Laundering Specialist (CAMS) in 2013.

Jaclyn serves as a Board member of the Bruce Trail Conservancy and as Governor for the North York General Foundation. She is a former Board member of the National Society of Compliance Professionals.

What would you tell new members about the CIPC?

The CIPC is composed of volunteer members who are passionate about meeting the council's goals to improve fair representation and full disclosure of investment performance in Canada. Members are knowledgeable, enjoy participating in lively discussions, and are engaged to share learnings with other volunteers for the benefit of the CIPC, CFA Institute and their own firms in general.

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

Promotion of industry standards like the GIPS standards is important to investors as they benefit from consistent and transparent performance reporting and instills investor confidence. It allows for better investment making decisions as it enables marketplace participants to easily, and fairly, compare the past performance of asset managers. By adopting the GIPS standards, firms benefit by establishing best practices for calculating and presenting performance and reduce barriers for stronger competition.

News



CIPC Comment Letter

The [Canadian Investment Performance Council](#) of CFA Societies Canada, had the recent opportunity to provide comments to the GIPS® Standards Technical Committee on the [Exposure Draft Guidance Statement on Benchmarks for Asset Owners](#).

[Read the Council's Letter](#)

New Canadian Members of CFA Institute Global Industry Standards (GIS) Committees

The GIS Nominating Committees have recently announced that two of CFA Societies Canada's volunteers have been appointed effective September 1, 2022. They are:

- **Kenrick Ohid**, CIPM, a member of the Canadian Investment Performance Council, has been appointed to the GIPS® Standards Technical Committee.
- **Tamara Close**, CFA, a volunteer on the Canadian Advocacy Council and a CFA Montreal board member, has been appointed to the ESG Examination Subcommittee.

Please join us in congratulating Kenrick and Tamara on their new roles. We look forward to their leadership and thank them for their dedication to promoting GIPS Standards across the investment industry.

[Read More](#)



Rotman Book Launch Series for CFA Society Members

CFA Societies Canada has partnered with University of Toronto - Rotman School of Management to offer Canadian societies and their members access to four co-presented "book and author" events over the coming year.

The first book in the series is: *Something Within Me: A Personal and Political Memoir* by Michael Wilson. As Minister of Finance under then Prime Minister Brian Mulroney, the late Michael Wilson shaped some of the most impactful economic policies in generations. In this special in-conversation event, TRH Brian Mulroney will discuss with Senator Pamela Wallin the legacy of his collaboration with Wilson and how it continues to shape Canada to this day.

Event Details (in person and virtual):
September 13, 2022 5:00 pm - 6:00 pm (EDT)
Price: \$29.95 + HST (*CFA Society Member Price: \$24.94 + HST)
Includes a copy of the book shipped complimentary post event.

*Contact your [local society](#) for your CFA Society Member discount promo code!

[Register Here](#)

Applications open for the upcoming season of "My Charter Story"

Do you have a compelling story to share about your journey to becoming a CFA charterholder? CFA Institute is looking for more inspirational stories to share with the world. If so, they want to hear from you! You might be their next featured guest!

[Apply Here](#)



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](#)

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, September 13, 2022

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