

October 2019

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Chair Summary

Canadian Advocacy Council



Parham Nasseri, CFA
Chair, Canadian
Advocacy Council

The CAC held an in-person meeting on October 18, 2019 in Vancouver.

Following an eventful month of September, October's regulatory consultation agenda was less active. See our summary below. This short, yet timely reprieve provided an opportunity to prepare for, and execute, the CAC's in person meeting in Vancouver. During the meeting, the CAC held meetings with senior leaders of the investment management and regulatory communities and had candid internal dialogue on its priorities for the coming year.

Our in-person meeting in Vancouver proved to be a success. The council met with leaders of the BCSC's policy development and compliance branches. The discussion surrounded the underpinning principles of the CSA's newly formed Client Focused Reforms. Moreover, the BCSC was appreciative of the CAC's informed commentary and focus on investor best interest. In addition, the CAC held an introductory meeting with Barb Zvan, Chief Risk & Strategy Officer of Ontario Teachers Pension Plan. Barb introduced the CAC to Canada's expert panel's recommendations on sustainable finance, invited ongoing engagement with the CAC by way of an informal group, and challenged the group to not underestimate the CAC's trusted voice within the capital market community.

Published Comment Letters

Canadian Advocacy Council

[CSA NI 51-102 Business Acquisition Report Requirements \(filed October 18, 2019\)](#)

About the notice

Reporting issuers must file a BAR subsequent to an acquisition if the transaction constitutes a "significant acquisition" that is determined by one of the specified tests; an asset test, an investment test or a profit or loss test. If the result from any one of these tests exceeds 20%, then a report is required (the threshold is 100% for a venture issuer). The report is intended to provide investors with historical financial information on a significant purchase. If it is not a venture issuer, the reporting issuer must also prepare pro forma financial statements. The proposed changes aim to reduce some of the burden relating to the preparation of these reports. The amendments would change the determination of significance for non-venture issuers such that an acquisition would only be a significant acquisition if at least two of the tests are triggered, and also increase the threshold to 30%.

Overview of the Council's comments

The CAC supports efforts that result in high quality information flowing to the investing public, in a manner that reflects today's technological realities. We agree that the Proposed Amendments may not have a negative impact on the ability of investors to review relevant information in their decision-making process. Although we note the estimated drop in the number of BARs filed is substantial, if the purchased asset(s) are viewed as material by market participants, the acquisition will in our view most likely trigger two (if not all three) of the tests.

The increased threshold further appears reasonable given the large number of smaller reporting issuers.

Given the expected reduction in BAR filings, as with other burden reduction initiatives, the CSA should focus on improving the quality of other disclosure obligations. If an acquisition is not described in a BAR because it does not meet the significance thresholds, then the information provided in the next MD&A disclosure should be supplemented with additional descriptive information about the acquisition in plain language to assist investors.

We agree that no further changes are required to the BAR requirements as they relate to venture issuers at this time.

Response Drafting in Progress

Canadian Advocacy Council

- [Regulatory Consultation Relating to the Mortgage Brokerage Sector \(due November 16, 2019\)](#)

About the notice

As of May 1, 2020, mortgage brokers in Quebec will become representatives under the Act respecting the distribution of financial products and services and will be regulated by the AMF. The draft regulations provide rules specific to this sector to work within the existing framework of the Act. To obtain a certificate, a representative will have to meet minimum qualifications, pass an exam, complete a 12 week probationary period and apply for a certificate. The draft regulations cover topics such as supervisors, separate accounts, duties to clients, disclosure and compulsory professional development.

- [Proposed Amendments Respecting Disclosure of Information by Ombudsman Service to IIROC \(due November 18, 2019\)](#)

About the notice

IIROC is publishing for comment proposed amendments (Proposed Amendments) to IIROC Rule 95001 (Rule 9500) to eliminate restrictions on information IIROC can receive from its approved ombudsman service, the Ombudsman for Banking Services and Investments (OBSI).

- [Reducing Regulatory Burden for Investment Fund Issuers- Phase 2, Stage 1 \(due December 11, 2019\)](#)

About the notice

The CSA has proposed a number of initiatives to reduce the regulatory burden on investment funds, including by codifying routine exemptive relief, reducing the obligation to file documents with duplicative information and using web-based technology to provide certain information about funds. The proposed amendments would permit, for example, private funds to invest in other private funds, in specie payments and redemptions and cross-trades between funds under numerous conditions (including for the latter trades, the creation of an IRC for private funds involved in such trades). For public funds, the annual information form and simplified prospectus would be consolidated, and managers would need to designate a qualifying website on which to post regulatory disclosures. The pre-approval criteria for fund mergers and reorganizations would also be relaxed and the regulatory approval requirements for a change of manager, change of control of a manager or change of custodian that occurs in connection with a change of manager would be repealed.

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

Advocacy Volunteer Spotlight



Kevin Dickinson, CFA

Kevin is a new member of the CAC, the Senior Advisor and past Chair of the Corporate Finance Committee of CFA Society Toronto, and was the Vice-Chair of the Fixed Income Committee. Kevin is a member of the Treasury department at Hydro One. In his role he is involved in debt issuance (long-term and commercial paper), cash management (money market portfolio), foreign exchange, financial risk management and bank financing. He has over ten years of experience in corporate treasury following five years of experience in various corporate functions at Hydro One. He has also held positions with the Federal Government and RBC. 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 children.

Why does advocacy matter to you?

The priorities of the 18,000 Canadian CFA charterholders matter and it's important that we represent their interests in advocating regulatory, legislative, and standard setting developments. I am consistently impressed by the capital markets knowledge and expertise of my fellow CFA charterholders. The CAC can bring this aggregated knowledge and expertise, as well as CFA Institute's high standards of ethical and professional conduct, to

help improve developments by Canadian standard-setting bodies.

What advocacy issue 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
- 3) Improving the quality of financial disclosures for investors

Advocacy Volunteer Opportunities



- [FSRA Consumer Advisory Panel](#)- This opportunity will allow you to play an important role in protecting the public interest in financial services in Ontario. By being a member of the Panel you will serve as an advisory body to FSRA and provide advice from a consumer perspective. **Applications are due November 14th.**

Other Updates



At the in-person meeting in Vancouver, the CAC met with representatives of the following organizations:

- Ontario Teacher's Pension Plan: Barbara Zvan, Chief Risk & Strategy Officer
- British Columbia Securities Commission: Janice Leung, CFA, Manager, Adviser and Investment Fund Manager Compliance Team
- British Columbia Securities Commission: Zach Masum, Manager Legal Services
- British Columbia Securities Commission: Issac Filate, Senior Legal Counsel

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, November 12th, 2019 at 4:15pm EST

Contact Us

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