

October 2020

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Chair Summary

Canadian Advocacy Council



Parham Nasser, CFA
Chair, Canadian Advocacy Council

October has been another busy month for our advocacy program and the CAC. At the end of the month we filed a lengthy and thoughtful response to the CSA's consultation on the self-regulatory organization (SRO) framework, the product of many hours of stakeholder engagement and thoughtful discussion. It provides a clear view of our perspective on the right path forward for SROs in Canada.

The CAC's fall virtual half-day meeting in early October saw them 'in Alberta' meeting with the Alberta Securities Commission's Director of Market Regulation, **Lynn Tsutsumi**, and Director of New Economy, **Denise Weeres**. The interactive sessions focused on the positioning of Alberta registrants as they face implementation of the Client-Focused Reforms, and on updates to Alberta's regulatory framework to encourage innovation and economic growth.

As the pandemic continues, we are so grateful for the dedication and engagement of our cross-Canada team of volunteers, united in our pursuit of advancing market integrity, transparency, and investor protection in Canada.

Response Drafting in Progress

Canadian Advocacy Council

FSRA Financial Professionals Title Protection Rule and Guidance (Due November 12, 2020)

About the notice

FSRA's proposals consist of a new Rule and Approach Guidance that relate to granting approval to become a FSRA credentialing body and to obtain a Financial Planner or Financial Advisor credential from those bodies, as well as ongoing requirements to keep such approvals. The Approach Guidance sets out FSRA's proposed administration of and expectations for credentialing body applications and for specific acceptable credentials, all within the framework already set out under the Financial Professionals Title Protection Act, 2019. Once the Act is proclaimed in force, it will restrict the use of these two titles to persons who have obtained a credential issued by an approved FSRA credentialing body. The Rule establishes approval criteria for credentialing bodies, criteria to issue acceptable credentials, sets out the application process and provides transition periods for individuals already using those titles (five years for FPs and three years for FAs). The Rule sets out baseline competency profiles for title users in both categories, and the consultation notes that it focuses on minimum standards instead of trying to build a consistent level of proficiency for all individuals who use either title or hold a license or designation.

IIROC Consultation Paper – Competency Profiles for Registered Representatives and Investment Representatives Retail and Institutional (Due November 16, 2020)

About the notice

The consultation is the first phase in a multi-year project to set out competency profiles for all of IIROC's registration categories, which are sets of knowledge, behaviours and skills that an individual must have to perform effectively in their role. The purpose of the competency profiles is to provide a benchmark to evaluate course providers, provide educational providers with guidance on course content and allow dealers to better understand expectations. For retail registered representatives, IIROC proposes seven categories of high-level competencies associated with relationship skills, regulatory skills and technical skills and more than 30 sub-competencies, some of which depend on the products a person is approved to trade. Institutional registered representatives have different high-level competencies associated with regulatory and technical skills and over 20 sub-competencies. IIROC is not proposing separate profiles for investment representatives but expect registered representatives to understand and apply the competencies and investment representatives to understand, apply or provide support, as applicable.

FSRA Proposed Guidance on High-Risk Offerings issued under the Co-operative Corporations Act (Due November 18, 2020)

About the notice

The proposed interpretation and approach guidance would apply to certain co-operatives issuing securities through the offering statement required by legislation governing co-operatives in Ontario and receipted by FSRA that the regulator considers to be "high-risk offerings". Such offerings include those that appear to be intended as an investment vehicle or that use promoters or market the securities to retail investors. Required enhanced disclosure would include matters related to ranking, details of upcoming debt repayments, how the co-op will satisfy financial obligations, and quantification of risks that could impact the operations of the co-op.

FCNB Proposed Repeal and Replacement of Local Rule 45-509 Community Economic Development Corporations and Cooperatives (Due November 30, 2020)

About the notice

This local rule in New Brunswick provides a registration and prospectus exemption for Community Economic Development Corporations ("CEDCs") and cooperatives which are registered under the Small Business Investor Tax Credit Act in the province, and the proposed replacement rule is intended to reflect the province's new Cooperatives Act. The new rule and companion policy will require a new risk acknowledgement form and exempt distribution form with information relevant for a distribution of securities by a CEDC, and will also deem CEDCs to be market participants, allowing the regulator to conduct compliance reviews. The mandated form of offering document would also be amended to include additional disclosure for investors.

CSA Notice and Second Request for Comment Proposed Amendments to NI 94-101 Mandatory Central Counterparty Clearing of Derivatives and 94-101CP (Due December 2, 2020)

About the notice

The second publication of the proposed amendments to NI 94-101 are intended to address comments received on the first proposal, primarily related to the scope of market participants that would be required to clear a prescribed OTC derivative through a central clearing counterparty, and to refine the scope of products that are mandated to be cleared. As the purpose of the Instrument is to apply to market participants that access clearing agencies that clear the specific derivatives and/or those that have derivatives exposure with potential systemic risk, the proposed amendments, among other things, change certain defined terms such as "affiliated entity", exclude most investment funds and SPVs and clarify the de minimus exemption (entities with a month-end gross notional amount under all outstanding derivatives of less than \$1 billion) to better reflect this intention.

CSA Proposed Amendments to NI 45-106 Prospectus Exemptions and 45-106CP related to the Offering Memorandum Prospectus Exemption (Due December 16, 2020)

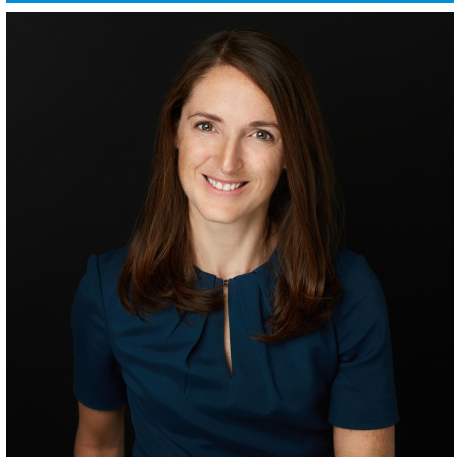
About the notice

The proposed amendments impact the disclosures that would be required to be included in an offering memorandum used by collective investment vehicles or issuers involved in real estate activities for purposes of the offering memorandum prospectus exemption. The new requirements will provide issuers with additional clarity as to what must be disclosed. As examples of additional disclosure that will be required for "collective investment vehicles" (i.e. an issuer whose primary purpose is to invest money provided by its security holders in a portfolio of securities) will be the need to disclose penalties and sanctions for persons involved in the management of the investments and information regarding the performance of the portfolio. Most of the additional obligations will fall to those conducting "real estate activities", which will be defined to include an issuer that intends to spend a material amount of the proceeds of the offering on an interest in real property. Such issuers will need to provide an independent appraisal of the properties in the portfolio. Additional tailored information would be required for developing real property such as a description of the approvals required, and the age, condition and occupancy level of real property that issuers own and operate. General amendments, such as requiring interim financial statements, and disclosing information on redemption/ retraction rights including unfulfilled requests, would be required for all issuers.

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

Volunteer Spotlight

Canadian Advocacy Council



Cristina Lopez, CFA

Cristina Lopez is Managing Director, Energy Investment Banking at National Bank Financial and has significant experience in financial markets and business development. Ms. Lopez joined National Bank in her current role in 2016. Prior to joining National Bank, Ms. Lopez held the role of Vice President, Corporate Development at PrairieSky Royalty where she led the evaluation and successful completion of over \$2.5 billion in acquisitions. Prior to PrairieSky, Ms. Lopez was co-head of Canadian Oil & Gas Equity Research at Macquarie Capital Markets Canada Ltd. During her time as an equity research analyst, Ms. Lopez was charged with primary research coverage of over 35 companies and was recognized multiple times by Brendan Wood International as a top Analyst. Ms. Lopez is a CFA charterholder and holds a Bachelor of Commerce degree majoring in Finance and a Bachelor of Arts degree from the University of Calgary.

1. Why does advocacy matter to you?

Advocacy provides a voice to help effect change rather than just critiquing regulation.

2. What would you tell another Canadian CFA charterholder about the CAC?

The CAC does important, often nuanced work around advocacy on behalf of charterholders. Although not every topic will appeal to all CFA charterholders, the CAC works together as a team to aid in the creation of effective regulation while providing better overall investor protection to Canadians.

News



OSC Dialogue 2020

The Ontario Securities Commission is hosting the 2020 OSC Dialogue Conference virtually on November 4, 2020. The conference will discuss the role regulation has in fostering the confidence for stronger markets and economic growth.

Register Here

Financial Professionals Title Protection Framework Public Consultation

FSRA is currently holding a public consultation on the [Financial Professionals Title Protection Framework Proposed Rule and Approach Guidance](#).

Feedback and comments are due by November 12, 2020.

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 Meeting Scheduled: Tuesday, November 10, 2020 at 4:15pm EST

Contact Us

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