



September 2022

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Chair Summary

Canadian Advocacy Council



Barb Bauer, CFA, CFE
Chair, Canadian
Advocacy Council

Goodbye summer, hello fall. Changing leaves, pumpkin spice everything, sweater weather and the writing and filing of even more comment letters.

We recently filed our consultation letter related to the FCAA's proposed Title Protection regulation in Saskatchewan. While we remain disappointed there has not been a greater attempt in other jurisdictions (namely Ontario) to ensure title protection frameworks are well-grounded in the pursuit of the public interest, and complimentary and additive to existing regulation, we applauded the FCAA on their efforts to present an alternative approach.

In the comment letter pipeline is the Government of Canada's consultation on lowering the criminal rate of interest and the availability of high-cost installment loans offered by alternative lenders (predatory lending). It's been 40 years since the criminal rate of interest was last reviewed. Any change to the criminal rate of interest would apply to all credit products and impact a large range of debt products and many of the most vulnerable members of Canadian society, so stay tuned.

None of these efforts would be possible without CAC's dedicated group of volunteers - I sincerely thank you all for your advocacy efforts and support.

Published Comment Letters

Canadian Advocacy Council

FCAA The Financial Planners and Financial Advisors Act – Notice of Proposed Regulations and Request for Further Comment

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.

Overview of the Council's Comments

The CAC is strongly supportive of a title protection framework to deal with issues of unregulated titles and credentials used by individuals providing or purporting to provide financial services and advice.

The FCAA must implement strong criteria for both credentialing bodies and the financial planner/advisor credentials to ensure strong, uniform minimum standards for title users. It is critical that any title protection framework be harmonized with and supportive of proficiency and conduct regulation, such as securities and insurance regulation.

Some of the proposals contained in the Consultation will result in decreased harmonization with Ontario's title protection legislation. The CAC strongly believes that it should be an overriding priority in this instance to create a strong investor-centric framework with stringent minimum standards for expected knowledge and competencies. Baseline competencies need to be created for both the financial planner and advisor titles that best serve the public interest as their primary objective.

We urge the FCAA and other regulators to consider the intersection of this regulation with the requirements already set out by securities regulators and SROs, otherwise the title protection framework may merely duplicate the existing proficiency/credentialing requirements and are likely to result in increased regulatory burden that does nothing for the public interest.

The CAC does not believe there will be many (if any) circumstances where it would be appropriate to allow an individual to continue to use a protected title in the absence of oversight by a credentialing body. Given the fast-paced nature of change in the financial industry, it is important that financial planners/advisors hold current, active credentials, and are subject to continuous and robust conduct oversight.

Mandatory disclosure of a title holder's credentials and an explanation of those credentials should be the minimum requirement, and can be similar to the requirements placed on securities registrants in their relationship disclosure documentation. The proposed enhanced disclosure requirement is warranted to help alleviate the consumer confusion that currently exists with respect to the standards required to use the title of a financial advisor. Further, credential holders should also have to explain in plain language to their clients any limitation on the scope of their product knowledge or regulatory authorizations.

While we remain disappointed that there has not been a greater attempt in other jurisdictions to ensure that title protection frameworks are complementary and additive to existing securities and insurance regulation, we applaud the FCAA for their consideration of these intersections in the pursuit of the public interest and efficient regulation.

Response Drafting in Progress

Canadian Advocacy Council

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.

Department of Finance - Consultation on Fighting Predatory Lending (Due October 7, 2022)

About the notice

Budget 2021 announced the Government of Canada's intention to consult on fighting predatory lending by lowering the criminal rate of interest in the *Criminal Code of Canada* applicable to, among other things, installment loans offered by alternative lenders, including payday lenders.

This consultation paper seeks feedback on questions related to the criminal rate of interest and the provision of high-cost installment loans in Canada. High-cost installment loans appear to be the most widely held high-cost lending product in Canada. In a recent study conducted by the Financial Consumer Agency of Canada (FCAC), 44 per cent of consumers who had taken out high-cost credit reported taking a high-cost installment loan in 2020.

The criminal rate of interest in the *Criminal Code*, which is currently set at 60 per cent effective annual interest, is applicable to most lending products in Canada (e.g. installment loans, lines of credit, auto loans, auto title loans, credit cards, and more). The only exceptions are payday loans (loans for values of \$1,500 or less and for a term of 62 days or less) offered by licensed or specifically authorized persons in provinces that have enacted consumer protection laws and where the province has been designated by the federal Governor in Council. Nine provinces have been designated. The *Criminal Code* provisions governing payday loans are not the subject of this consultation paper.

IIROC - Consultation Paper (Phase III) — Competency Profiles for Supervisors, Traders, Associate Portfolio Managers and Portfolio Managers (Due December 28, 2022)

About the notice

The Investment Industry Regulatory Organization of Canada (IIROC) is in the process of developing and publishing competency profiles for all IIROC approval categories. Last year, they published competency profiles for their Director, Executive, Ultimate Designated Person (UDP), Chief Compliance Officer (CCO) and Chief Financial Officer (CFO) categories. In 2020, they published for comment the first phase of this project, which involved the development of competency profiles for their Registered Representative (RR) and Investment Representative (IR) categories.

The third phase of this project is the publication of competency profiles for Supervisors, Traders, Associate Portfolio Managers (APMs), Portfolio Managers (PMs). They are publishing this Consultation Paper to solicit feedback on their proposed competency profiles for Supervisors, Traders, APMs, and PMs.

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

Volunteer Spotlight

Canadian Advocacy Council



David Stanton, CFA

David Stanton has served on the CAC since September 2019.

David is a retired financial services executive with 35 years of financial services industry experience, of which he spent the last 25 years in the field of risk management. David was the Enterprise Chief Risk Officer of TMX Group where he was responsible for oversight of all material, emerging and strategic risk exposures. Prior to that, he was the Chief Risk Officer of The Canadian Depository for Securities. He holds an MBA from Queen's University, the Financial Risk Manager (FRM) designation from the Global Association of Risk Professionals and is a CFA charterholder.

Why does advocacy matter to me?

I believe that advocacy is a useful supplement to the work that CFA charterholders do on a daily basis to advance the interests of the investors and the integrity of our capital markets. The issues that we address through our advocacy efforts make a real difference in the investment outcomes of capital market participants and help to provide all Canadians with access to fair and transparent markets supported by qualified advisors with their best interests at heart.

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

While the CAC may fly under the radar of many people, it has a long history of effectively advocating on behalf of CFA charterholders in Canada. I have been on the CAC for three years and I am still impressed every time we get together by the dedication, knowledge, experience and camaraderie of my fellow council members. It has been a rewarding experience and a genuine pleasure to be a part of the CAC.

News



CFA Societies Canada announces new board of directors

CFA Societies Canada announces renewed leadership of its board of directors and is pleased to welcome two new members, Pier-André Blanchet, CFA, and Cecilia Wong, CFA, effective Friday, September 23, 2022. Re-elected board members Carl Robert, CFA, Coreen Sol, CFA, and Stephen J. Thompson, CFA will each serve a renewed two-year term on the board.

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CFA Societies Canada critiques Ontario's approach to advisor education

In a joint release, CFA Societies Canada, FAIR Canada, and The Financial Planning Association of Canada (FPAC) criticized the Ontario government's effort at implementing the regulation of titles for advisors and planners, applauded the FCAA in Saskatchewan for its alternative approach, and called for more stringent proficiency requirements for financial advisors.



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Parham Nasser appointed to the Investor Advisory Panel of the OSC

We wish to congratulate Parham Nasser, CFA, a Canadian Advocacy Council volunteer, on his recent appointment to Investor Advisory Panel (IAP) of the Ontario Securities Commission (OSC).

The IAP advises and comments on proposed rules, policies and investor protection initiatives, while considering the views of a broad range of investors through consultation with investors and organizations representing investors.

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OSC requests new members for the Registrant Advisory Committee

The Ontario Securities Commission (OSC) is seeking applicants for membership on its Registrant Advisory Committee (RAC).

The OSC's RAC serves as a forum to discuss issues and challenges faced by registrants in interpreting and complying with Ontario securities law, including registration and compliance related matters.

The Committee also plays a consultative role by providing feedback to the OSC on the development and implementation of policy and rule making initiatives that promote investor protection and fair and efficient capital markets. We welcome applicants who bring a broad diversity of thought and background including those with retail investor experience.

Applications are due by October 31, 2022.



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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.

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



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: Friday, October 21, 2022 in person, Vancouver

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