

May 2023

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Chair Summary **Canadian Advocacy Council**



It's hard to believe we are nearing the halfway point of 2023; days are getting longer and the weather warmer.

As the seasons and the weather change, so does the regulatory landscape in Canada. The Council remains focused on ensuring that investors and market participants are not negatively impacted by that changing landscape.

The Council recently commented on the Canadian Investment Regulatory Organization (CIRO) proposal regarding the distribution of disgorged funds to harmed investors. We are supportive of measures that aim to redirect ill-gotten gains to harmed investors and advocated for cost-benefit analysis relating to the structure of the proposal and a focus on improved outcomes for investors. We raised concerns about the necessity, effectiveness and justification of CIRO's proposed policy. We noted that firms may alter their harmed investor compensation behaviors due to the proposed policy, and that investors will need to navigate multiple and confusing claims resolution options. For those interested, the summary is below and link to the full comment letter is below.

The initiatives undertaken by the Council would not be possible without the commitment and support of its members. I want to close out by taking this space to thank our volunteer members who give their time to this Council.

Published Comment Letters **Canadian Advocacy Council**

New SRO of Canada - Proposal on Distributing Funds Disgorged and Collected through New SRO Disciplinary Proceedings to Harmed Investors

About the notice
The proposal relates to the current inability of the New SRO to release disgorged funds to investors that have suffered a loss, even if a disciplinary proceeding has ordered disgorgement. Disgorgement aims to ensure that respondents, who are found to be liable for breaching regulatory requirements, do not keep any funds they had obtained (e.g. incorrect fees), or benefit from losses avoided, as a result of their contravention. Based on an internal working group recommendation, the New SRO proposes to enhance its existing enforcement process (which already includes disgorgement and collection) to add a mechanism to distribute these funds to harmed investors. Under the proposal, an eligible investor would be a person who suffered direct financial loss because of the contravention giving rise to the disgorgement directly linked to the enforcement findings. A potential class of investors would be identified at the investigation stage. Once the enforcement process is complete and funds are disgorged and collected, notice would be provided to all known eligible investors, and claimants would need to opt in within a prescribed time frame and declare any recovery obtained elsewhere. Claims for payment would be made and assessed by a separate branch of the New SRO. Harmed investors would not be prevented from bringing civil claims or seeking compensation elsewhere for losses arising from the same conduct. Specific questions posed relate to the proposed restraints on eligibility and the potential for investor confusion with respect to their redress options.

Overview of Council's Comments
The Council is supportive of measures that aim to redirect ill-gotten gains to harmed investors and advocate for cost-benefit analysis and improved outcomes for investors. However, we raised concerns about the necessity, effectiveness and justification of the proposed policy. Further, we questioned whether the benefits of the policy outweigh the costs, citing the limited success of prior collection efforts on disgorgement orders. We noted the need for additional details on the program's implementation, including the adjudication process for investor claims and the identity of the program administrator.

Additionally, we raised concerns that member firms may alter their harmed investor compensation behaviors due to the proposed policy. We queried the priority of claims when a disgorgement order is made alongside a regulatory fine, and questioned whether the New SRO will and should pursue all disgorgement orders regardless of their collectability. We requested clarity on the mechanics of distribution of funds among claimants and the inclusion of de minimis thresholds for claim recognition and payment.

The Council cited the increased potential for investor confusion due to the addition of another program in the investor compensation/claims resolution landscape. Investors will need to navigate multiple confusing options at the risk of overlapping processes and potential limitations on claims.

Response Drafting in Progress **Canadian Advocacy Council**

CSA - Proposed Amendments to Form 58-101F1 - Corporate Governance Disclosure of National Instrument 58-101 Disclosure of Corporate Governance Practices and Proposed Changes to National Policy 58-201 Corporate Governance Guidelines (Due July 12, 2023)

About the notice
The CSA released for comment proposed amendments to Form 58-101F1 Corporate Governance Disclosure as well as NP 58-201 Corporate Governance Guidelines. The changes are specific to board nominations, board renewal and diversity, and would require disclosure on aspects of diversity beyond the representation of women for non-venture issuers. Two versions of Form 58-101F1 are being proposed, which are generally aligned with respect to disclosure requirements related to board nominations and board renewal but use different approaches respecting diversity-related disclosure. The key distinction between the two approaches is that one version does not require reporting on the representation of certain enumerated groups and rather leaves it to the issuers to determine the most relevant aspects of diversity. Similarly, two versions of the amendments to the National Policy are being proposed, to ensure compatibility with the proposed disclosure requirements in the Form. The guidelines would specifically address the responsibilities of the nominating committee, the written policy respecting the director nomination process, the use of a composition matrix, effective succession planning and the mechanisms of board renewal, including term limits. It would also address topics such as the written diversity policy and targets for achieving diversity on the board and in executive officer positions.

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

Volunteer Spotlight **Canadian Advocacy Council**



Geordie Hungerford, CFA

Geordie has served on the CAC since July 2021.

Geordie is a Gwich'in (Northwest Territories and Yukon).

Geordie is CEO at First Nations Financial Management Board. He provides leadership on implementing the strategic direction of FMB set by the Board of Directors, while overseeing staff and their work.

He brings deep experience in finance and financial law, with experience as a securities regulatory lawyer, financial tribunal Chair and CEO, management consultant, and investment banker. He has also practiced Aboriginal and corporate law at a national law firm, driven economic development initiatives for the Gwich'in Nation, and represented the Gwich'in Nation in international Arctic economic development forums. He has initiated and led indigenous networking and Reconciliation and UNDRIP policy development initiatives at the Canadian Bar Association (BC and National). Geordie was a member of the Independent Review Committee on Standard Setting (IRCSS) which recently recommended the creation of the Canadian Sustainability Standards Board, and is a board member of RIA Canada.

Geordie holds an MBA and an MA (East Asian Studies/Chinese) from Stanford University, an LL.B from UBC, and an electrical and computer engineering degree from Queen's University. He is a CFA charterholder, a CIAA Charterholder and an ActIon Canada Fellow.

We asked Geordie what advocacy issues he is most passionate about, and he responded:

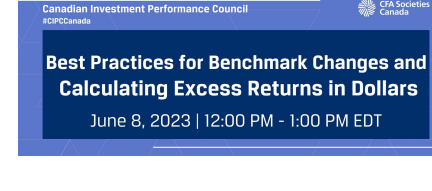
"ESG, with the 'I' meaning Indigenous. It's important to me as an Indigenous person, to see that good and dependable reporting on Indigenous-related issues and in particular diversity, procurement and environmental impact. I also care about investor protection, and the CAC has an ability to be a voice for investor protection issues in a way that individual investors themselves may not know how to do."

News

Register for the CIPC Virtual Roundtable (June 8, 2023)

The Canadian Investment Performance Council of CFA Societies Canada, a volunteer committee dedicated to promoting the GIPS standards in Canada, is hosting their next virtual roundtable on June 8, 2023 from 12 pm to 1 pm.

Join moderator Paul Boaden, CFA and speakers Matt Swan, CFA and Emil Vassenine, CIPM, as they discuss *Best Practices for Benchmark Changes and Calculating Excess Returns in Dollars*.



[Register Here](#)

The University of Saskatchewan earns championship title at CFA Societies Canada Ethics Challenge

The University of Saskatchewan, Edwards School of Business showcased ethical excellence, claiming the well-deserved title of national champions following the seventh annual CFA Societies Canada Ethics Challenge. The winners were announced following the virtual competition finale on May 5, 2023.



[Read More](#)

CFA Society Calgary becomes signatory to CFA Institute's DEI Code

Diversity, equity, and inclusion are crucial elements in the future of the investment industry and the success of investment firms. CFA Institute recognizes that a diversity of perspectives will lead to better investor outcomes; an inclusive investment industry will better serve our diverse society. In response, CFA Institute has developed a voluntary code to guide DEI, beginning in the United States and Canada.



Congratulations to CFA Society Calgary on becoming a signatory to CFA Institute's DEI Code! Thank you for your commitment to meaningful progress.

[Learn More](#)

2023 Hillsdale Investment Management - CFA Society Toronto Research Award

Hillsdale Investment Management Inc., and CFA Society Toronto are committed to advancing the knowledge of investment management practices through the publication of quality academic and practitioner-relevant research. They are offering \$10,000 to the winner of this research award.



Additionally, the winning author(s) will be recognized through a CFA Society Toronto press release, the Society's website, social media channels and quarterly publication, *The Analyst*, as well as in Hillsdale Investment Management's marketing.

Areas of research interest for submission to the Award can include any aspect of investment management, including but not limited to portfolio management, asset valuation, risk management and ESG-related topics. Investments can include all types of traditional and alternative investments, asset classes and investment vehicles (e.g., fixed income, equities, derivatives, etc.). Research Papers will be judged on relevance for practitioners, innovation, and the degree to which their content can have a demonstrable impact on industry practice.

The submission window closes 14 July 2023 11:59 pm EST.

[Learn More](#)

FINRA and CFA Institute Research Report

FINRA Investor Education Foundation (FINRA Foundation) and CFA Institute have released a new report, [Gen Z and Investing, Social Media, Crypto, FOMO, and Family](#).



The report examines attitudes and behaviors around investing among two Gen Z segments (ages 18 to 23) in the United States—those with and those without any investment accounts—and compares them with their investing millennial and Gen X counterparts. The report also profiles Gen Z investors in Canada, the United Kingdom and China and compares them with their counterparts in the United States.

Read the press release [here](#).

[Learn More](#)

OSC seeks applications for Seniors Expert Advisory Committee

The Ontario Securities Commission (OSC) is seeking members for its Seniors Expert Advisory Committee (SEAC).



The SEAC serves as a forum to discuss issues and challenges faced by seniors. First established in 2016, the Committee provides OSC staff with expert opinions and input on securities-related policy, and operational, education and outreach activities that are designed to meet the needs of Ontario's older investors. The Committee consists of up to 15 members, typically including representation from the legal community, academia, industry, medical professionals, and seniors' advocates.

[Learn More](#)

OSC seeks applications for Investor Advisory Panel

The Ontario Securities Commission (OSC) is inviting applications for membership on its Investor Panel (IAP), which provides an investor perspective on policy, rule-making and other regulatory initiatives.



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.

[Learn More](#)

One-Year Countdown Until T+1 Standard Settlement Cycle Goes Live

The Canadian capital markets marked the start of the one-year countdown until launching a standard T+1 (day-after-trade) securities settlement cycle for debt, equities, exchange-traded funds (ETFs), derivatives, and certain other investment assets.



The last day for trades executed to settle on our current two-day settlement cycle in Canada and the U.S. is the fourth Friday in May next year, with one-day settlement starting on the following business day – May 27, 2024 in Canada.

[Learn More](#)

CAC responds to SRO proposal and highlights investor restitution challenges

The Canadian Advocacy Council recently responded to a CIRO proposal that highlighted investor restitution challenges and is quoted in a recent article:



"While the notion of directing funds earmarked as disgorgement to harmed investors has obvious appeal, we have some reservations about the need for and efficacy of such a program."

Read more on how the CAC and other stakeholders are responding to this proposal in this article from Investment Executive.

[Read More](#)

Registration is now open for the 27th Annual GIPS Standards Conference

Reconnect with colleagues as industry and regulatory experts discuss the latest trends and challenges in investment performance. Register by 30 June for the best rates.



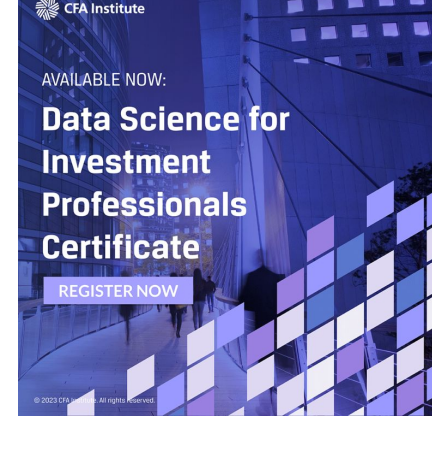
Date: October 17-18, 2023
Location: Chicago, IL

Is your firm interested in being a conference sponsor? Contact Jonathan.Gentry@cfainstitute.org

[Register Here](#)

Launch of Data Science for Investment Professionals Certificate

CFA Institute recently announced the Data Science for Investment Professionals Certificate is now open for registrations.



The Data Science for Investment Professionals Certificate provides practical knowledge of data techniques and machine learning fundamentals and how they are used in the investment process. This certificate is designed to enable the application machine learning concepts to real-world investment problems and explain them clearly to a non-expert audience and clients. Certificate holders will have the opportunity to gain practical experience through immersive code labs that draw on real-world scenarios.

The certificate is composed of five courses with practical application exercises and one final assessment.

[Learn More](#)

Guiding Assets **CFA Institute seeks speakers for Guiding Assets Podcast**

Guiding Assets (formerly Take 15), the flagship podcast of CFA Institute, features intimate conversations with some of the most influential people from the world of finance about the topics that matter most to investment professionals.

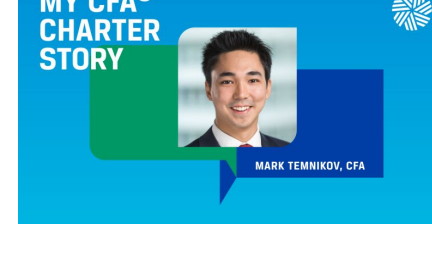


Want to be among the experts they interview? They are currently accepting guest speaker applications. If you or someone you know someone who may be interested, please see the application linked below.

[Apply Here](#)

New episode of the Guiding Assets podcast now available

Listen to the latest My CFA Charter Story podcast with Mark Temnikov, CFA, as he shares his journey through the [CFA Program](#), and discusses his earlier experience as a participant and a [CFA Institute](#) Research Challenge.



[Listen 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, June 13

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