

## July 2023

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## Chair Summary

## Canadian Advocacy Council



**Doug Sarro, CFA**  
Chair, Canadian Advocacy Council

We've had a light regulatory agenda so far this summer—the key proposals on our radar have been the Canadian Securities Administrators' proposals on diversity disclosure with respect to TSX-listed issuers.

The Ontario regulator has endorsed disclosures offering insight into gender diversity as well as representation by Indigenous peoples, visible minorities, persons with disabilities, and the LGBTQ+ community among listed (non-venture) issuers' boards and executive officers. Individual directors and officers would make their own personal decisions about what aspects of their identities to disclose, and issuers would be required to present this self-disclosed information in a standardized format.

The British Columbia, Alberta, Saskatchewan, and Northwest Territories regulators oppose standardized disclosure, saying issuers largely should get to decide what diversity information to present to investors, in what format. The other provinces and territories are undecided.

As a CFA charterholder and a member of the LGBTQ+ community, these proposals are important to me. Investors want and should have access to standardized, comparable, decision-useful information about diversity at the highest levels of Canada's largest public companies. Of course, issuers should be free to provide additional information that places the standardized disclosures in context, as is the case with standardized financial disclosures. They also should be free to provide supplemental disclosure on aspects of diversity not mentioned above, like representation of linguistic minorities. The proposals endorsed by Ontario accommodate these considerations. Our comment letter will highlight this, and seek to respond to any other concerns raised in our many and ongoing bilateral conversations with regulators and stakeholders.

Before closing, I want to pay tribute to three of our outgoing CAC members: Barb Bauer, CFA, our Chair this past year; Cristina Lopez, CFA, also a former Chair of CAC; and Pierre-François Payette, CFA, who served on the CAC with distinction for almost a decade. We are greatly indebted to them for their leadership and expertise.

I also want to say how excited I am to serve on CAC's executive this year alongside Vice Chairs Kevin Dickinson, CFA, and Ijeoma Madueke, CFA. The CAC is a critical voice in promoting investor protection and ethics in Canadian financial services. We all look forward to fostering these goals over 2023–24.

## Published Comment Letters

## Canadian Advocacy Council

[FSRA - Consultations on updated proposed amendment to the Unfair or Deceptive Acts or Practices \(UDAP\) Rule.](#)

*About the notice*

The proposed amendments to the UDAP involves DSCs for customers in existing individual segregated fund contracts (no new DSCs are permitted after June 1, 2023). The amendments would permit insurers to provide simplified disclosure to customers if they provide customers with a new sales charge option that is better than a DSC. The amendments provide four criteria to be considered in determining whether a sales charge option is better than a DSC, and that specifically, an advisor chargeback sales option is not unequivocally better than a DSC. The simplified disclosure would focus on the new sales charge option and could be provided after the change in option, rather than a detailed description of all the other sales charge options available prior to any change which would have to be provided in circumstances where the sales charge option is not an improvement.

*Overview of Council's Comments*

The Canadian Advocacy Council (CAC) has submitted a letter to the Financial Services Regulatory Authority of Ontario (FSRA) regarding the latest proposed amendments to the Unfair or Deceptive Acts or Practices Rule (UDAP Rule). While the CAC supports the amendments, it is concerned that the changes do not go far enough in protecting policyholders from unfair sales charge practices.

The CAC reiterates its support for the ban of all upfront compensation structures, including advisor chargebacks, across the insurance and investment industry. They believe that such conflicted compensation structures should be uniformly prohibited to ensure consistent standards and avoid regulatory arbitrage. The Council emphasizes that advisor chargebacks pose irresolvable conflicts of interest and should be banned. They argue that disclosure alone is insufficient as a conflict mitigation tool, especially when there are inadequate controls to ensure that the information is effectively communicated and understood by policyholders. The CAC advocates for additional supervisory tools and broader rulemaking authority be granted to FSRA to further address conflicts in agent conduct and to strengthen regulatory oversight.

The CAC notes the ongoing review by the Canadian Securities Administrators (CSA) and the Canadian Investment Regulatory Organization (CIRO) regarding chargebacks in the mutual fund industry, and believes this presents a unique opportunity for regulators in both the insurance and securities sectors to address the conflicts posed by these fee structures through regulatory prohibitions.

In conclusion, the CAC urges FSRA to ban advisor chargebacks outright, emphasizing that this would better align agents and their customers, and would help to eliminate compensation structures that distort the interests of agents relative to those of their customers. They believe such a ban would effectively limit undesirable outcomes and promote the trust and integrity of the insurance and securities industries.

## 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 \(Due September 29, 2023\)](#)

*About the notice*

The CSA released for comment proposed amendments to Form 58-101F1 *Corporate Governance Disclosure* as well as to 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 [cac@cfacanada.org](mailto:cac@cfacanada.org)\*\***

## Volunteer Spotlight

## Canadian Advocacy Council



**Tamara Close, CFA**

Tamara has served on the CAC since December 2019.

Tamara is the Founder and Managing Partner of Close Group Consulting, which is global boutique ESG strategy advisory and due diligence advisory firm. She was previously the Head of ESG Integration for KKS Advisors, a global ESG Advisory firm, and spent 10 years in senior leadership roles within the risk and public markets investment groups of PSP Investments. She has over 25 years of combined experience in capital markets and ESG strategy and has held various front office investment management positions for the Bank of Montréal and Credit Lyonnais in the global derivatives and foreign exchange markets. She was also the head of research and risk for Structured Asset Management, a fixed income asset management firm in Montréal.

Tamara is a Board director for Valeo Pharma, a publicly traded pharmaceutical firm, and for Evovest, an investment management firm using artificial intelligence and evolutive learning techniques to manage investment portfolios.

Tamara holds the Chartered Financial Analyst (CFA) designation, is a member of the ESG Examination Subcommittee for CFA Institute, and is a council member of the Canadian Advocacy Council for CFA Societies Canada. She is also a member of the Investment Committee for the JGH Foundation, a Board director for CFA Montréal and was previously the Chair of the CFA Montréal ESG Committee. Tamara is a Strategic Advisor to the Veristell Institute, and an Advisor and Contributor to PracticalESG, a source for ESG thought leadership. Tamara is a regular contributor to industry journals and author of thought leadership on ESG, risk management and sustainable investing and is a sought-after speaker. She earned a Bachelor in Economics from McGill University and a Master of Science degree in Finance from the John Molson School of Business at Concordia University. She is based in Montréal and is fluent in English and French.

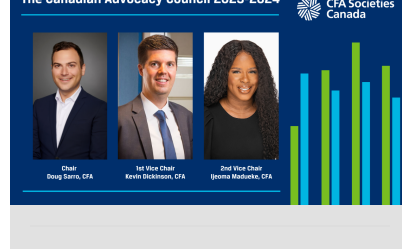
**What is it about volunteering with the CAC that appealed to you most?**

Working with an outstanding group of dedicated people that are experts in their fields, to bring educated, research and evidence based opinions in a relevant, coordinated, and organized advocacy approach.

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

The CAC exists to advance market integrity, transparency and investor protection, on behalf of CFA Societies Canada and Canadian CFA charterholders in a reactive and proactive approach with market and industry stakeholders.

## News



**Canadian Advocacy Council Leadership Election Results**

We are pleased to announce the results of the CAC leadership elections for the 2023-2024 year, effective July 1st.

Chair: **Doug Sarro, CFA** (CFA Society Toronto)

1st Vice Chair: **Kevin Dickinson, CFA** (CFA Society Toronto)

2nd Vice Chair: **Ijeoma Madueke, CFA** (CFA Society Toronto)

Please join us in congratulating them! We look forward to their leadership this year.

[Learn More](#)

## The CIPC welcomes new volunteers

Please join us in welcoming the newest members of the Canadian Investment Performance Council:

- [Andrew Pennington, CFA, CIPM](#)
- [Bradley Sinclair, CFA, CIPM](#)
- [Daniel Talje, CFA, CIPM](#)

We look forward to working with you to provide thought leadership on investment performance best practices and promote adoption of the GIPS® standards in Canada.

[Learn More](#)



**The CAC welcomes new members**

Please join us in welcoming the newest members of the Canadian Advocacy Council of CFA Societies Canada:

- [Derek Butcher, CFA](#)
- [Shirui Datta, CFA](#)

Thank you both for volunteering and we applaud your commitment to advancing advocacy in Canada.

[Learn More](#)

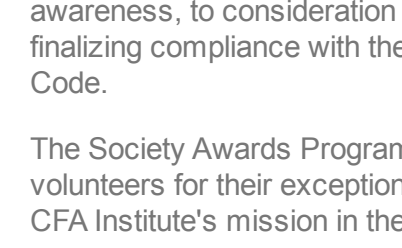
**CFA Societies Canada is one of CFA Institute's 2023 Society Awards Programme Winners for Impact and Innovation, AMER (Americas)**

We are thrilled to announce that CFA Societies Canada is the winner of the 2023 Impact and Innovation Award for the Americas region. This award is in recognition of our promotion and adoption of the CFA Institute Investment Industry Standards in Canada.

To achieve standards adoption, we instituted extensive outreach and opportunity tracking processes for each standard, with a 5-stage process from generating awareness, to consideration of adoption, then through to finalizing compliance with the respective Standard or Code.

The Society Awards Programme recognizes societies and volunteers for their exceptional leadership in advancing CFA Institute's mission in their markets.

[Learn More](#)



**Reminder to renew your CFA Institute and Society membership**

Renew for 2023–2024 to maintain your credential and ensure you don't miss out on benefits available to the global network of charterholders.

The deadline is July 31.

[Renew Here](#)

## 27th Annual GIPS® Standards Conference

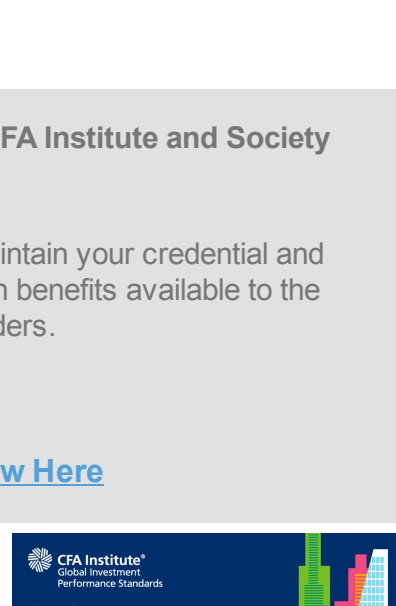
Gain insights into outsourcing considerations and reconnect with industry peers at the 27th Annual GIPS Standards Conference this October.

Registration includes your live event pass, networking opportunities with the GIPS standards community, and access to on-demand session recordings.

Taking place October 17-18 in Chicago, IL.

Register by July 31 to secure early registration pricing!

[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, August 8 at 4:15 pm EDT

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