

Canadian Advocacy Newsletter December 2024

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Chair Summary Canadian Advocacy Council



Doug Sarro, CFA
Chair
Canadian Advocacy Council

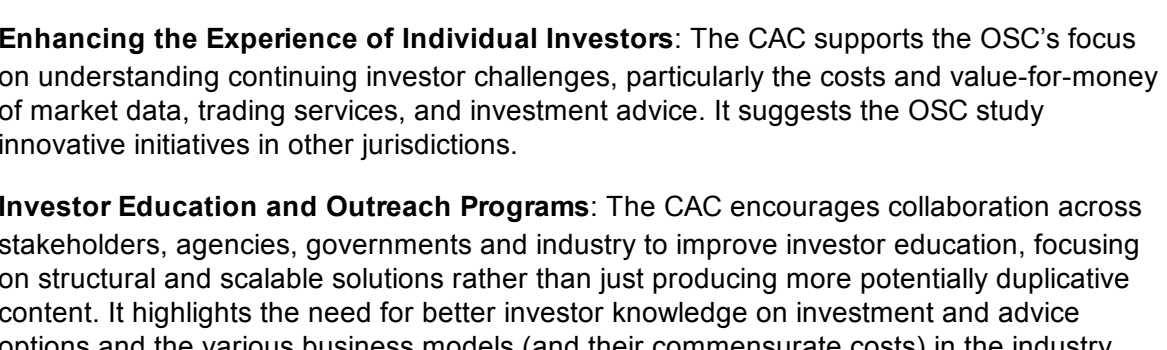
Over the past year, CAC has submitted comment letters on a wide range of high-profile issues. We engaged in continued advocacy for empowering the Ombudsman for Banking Services and Investments as an accessible, binding dispute resolution regime for retail investors, and for the adoption of Canadian Sustainability Disclosure Standards for public issuers.

We also asked regulators to think bigger when it came to designing meaningful options for redistributing disgorged funds to harmed investors. And we offered feedback on the Canadian Investment Regulatory Organization's ongoing efforts to consolidate its rulebook, including by flagging potential perverse consequences from their proposal to let more advising representatives divert their compensation into personal corporations.

At several points this year, we asked regulators to be clearer about the evidence and value judgments that underlie their proposals—without this background, it's sometimes difficult for us to offer meaningful feedback. The two comment letters we submitted this month, on the Ontario Securities Commission's annual statement of priorities and proposed changes to the mandatory central counterparty clearing regime for derivatives, drive these points home.

In 2025, we look forward to participating in even more conversations about the future direction of securities and broader financial regulation. Until then, Happy Holidays!

Published Letters Canadian Advocacy Council



CSA - Proposed amendments to mandatory central counterparty clearing of derivatives

Submitted December 18, 2024

The CAC submitted comments on the CSA's consultation regarding proposed amendments to National Instrument 94-101 related to mandatory central counterparty clearing of derivatives.

The proposed amendments to National Instrument 94-101 aim to update the list of mandatory clearable derivatives to reflect the transition to a new interest rate benchmarks regime based on overnight risk-free interest rate benchmarks. Specifically, the Proposed Amendments reflect the cessation of certain inter-bank offered rates (IBORs) and the Canadian dollar offered rate (CDOR) interest rate benchmarks. The Proposed Amendments also contemplate adding credit default swaps (CDS) referencing certain indexes as mandatory clearable derivatives.

The CAC agrees with the proposed amendments and appreciates the inclusion of a cost-benefit analysis. However, they request more detailed information to facilitate better stakeholder engagement and understanding of the decision-making process behind the proposed changes.

Specifically, the CAC seeks clarification on the thresholds used to determine which derivatives require clearing, including any factors beyond trading activity, and how international harmonization was considered. The CAC would like to review the analysis and criteria behind the selection of certain derivatives for mandatory clearing, as well as why some were excluded. Providing this additional data would help stakeholders assess the sufficiency of the proposed changes and understand potential future amendments to NI 94-101.

OSC - Statement of Priorities 2025-2026

Submitted December 18, 2024

The Canadian Advocacy Council of CFA Societies Canada (CAC) provided feedback on the Ontario Securities Commission's (OSC) proposed Statement of Priorities (SoP) for Fiscal Year 2025-2026. Key points include:

Enhancing the Experience of Individual Investors: The CAC supports the OSC's focus on understanding continuing investor challenges, particularly the costs and value-for-money of market data, trading services, and investment advice. It suggests the OSC study innovative initiatives in other jurisdictions.

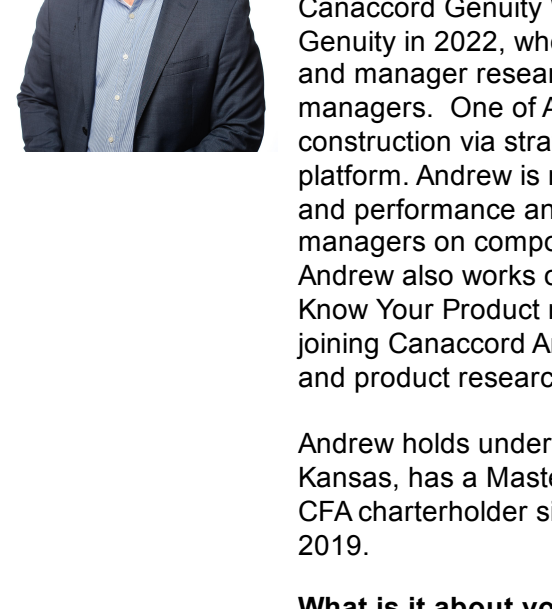
Investor Education and Outreach Programs: The CAC encourages collaboration across stakeholders, agencies, governments and industry to improve investor education, focusing on structural and scalable solutions rather than just producing more potentially duplicative content. It highlights the need for better investor knowledge on investment and advice options and the various business models (and their commensurate costs) in the industry.

Conflicts of Interest: The CAC remains concerned about conflicts arising from firms' proprietary product offerings in certain channels/lines of business, and urges the OSC to conduct research and provide further guidance on managing these conflicts in a competition-positive and client-centered way.

Dynamically Right-Sizing Regulation: The CAC recommends the OSC address the narrow interpretation of experience requirements for advising representatives and calls for a more flexible approach that aligns with contemporary business models and practitioner experience. It also emphasizes the need for a policy project to address educational proficiency requirements in light of upcoming changes to CIRO licensing exams.

Sustainability-related Regulation: The CAC urges the OSC to formalize clear, codified sustainability-related regulations and disclosure practices for investment funds, as the current guidance may lead to unclear disclosure and compliance expectations.

Response Drafting in Progress Canadian Advocacy Council

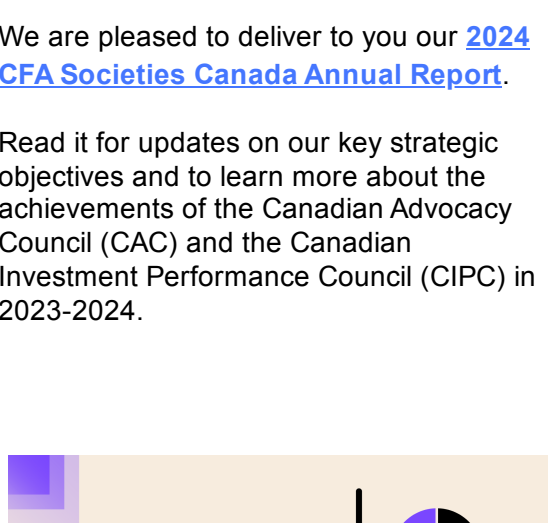


CIRO - Distributing Funds Disgorged and Collected through CIRO Disciplinary Proceedings to Harmed Investors (Phase II)

Due January 20, 2025

CIRO has published for comment Phase II of its Proposed Process for Distributing Funds Disgorged and Collected through CIRO Disciplinary Proceedings to Harmed Investors

For this current Phase II, they have added to the original Proposal clarifications and further details in their responses to the comments, their impact assessment of the Proposal, and an updated list of consultation questions.



CIRO - Rule Consolidation Project - (Phase 4 Proposed DC Rules)

Due February 4, 2025

CIRO is publishing for comment Phase 4 of its Rule Consolidation Project rule proposals. The Rule Consolidation Project will bring together the two member regulation rule sets currently applicable to investment dealers (IDPC Rules) and to mutual fund dealers (MFD Rules) into one set of member regulation rules applicable to both categories of CIRO Dealer Members.

The objective of Phase 4 of the Rule Consolidation Project (Phase 4 Proposed DC Rules) is to adopt requirements that are mostly unique to the IDPC and MFD Rules and have been assessed as having differences deemed to be significant with potential material impacts on stakeholders.



CSA - Proposed Access Model Changes for certain disclosure documents of non-investment fund reporting issuer

Due February 17, 2025

The Canadian Securities Administrators (CSA) is seeking feedback on proposed amendments and changes to implement an access model for certain disclosure documents of non-investment fund reporting issuers (the Proposed Access Model).

The Proposed Access Model aims to modernize the way documents are made available to investors by allowing issuers to provide investors with electronic access to certain continuous disclosure documents without impacting investors' ability to request, or provide standing instructions to request, those documents in electronic or paper form. It will give issuers another alternative to send annual financial statements, interim financial reports and related management's discussion & analysis (MD&A) (collectively, CD documents) instead of following the current requirements found in securities legislation.

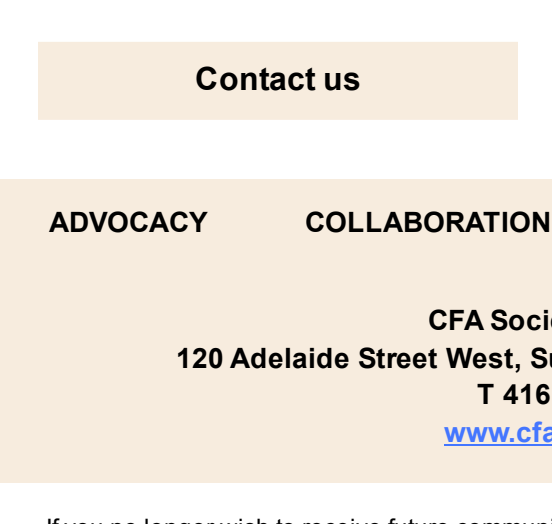


CSA - Proposed amendments to the principal distributor model

Due April 28, 2025

The Canadian Securities Administrators (CSA) has published for comment proposed amendments to the principal distributor model in the distribution of mutual funds.

The proposed amendments clarify that a principal distributor may only act for mutual funds in the same mutual fund family and require disclosure of principal distributor arrangements and mutual fund securities distributed by principal distributors.



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

Volunteer Spotlight Canadian Advocacy Council

Andrew Pennington, CFA, CIPM

Andrew has served on the CAC since July 2024.

Andrew is a Product Specialist on the Portfolio Solutions team at Canaccord Genuity Wealth Management. Andrew joined Canaccord Genuity in 2022, where he is responsible for investment oversight, and manager research for the firm's third-party investment managers. One of Andrew's main initiatives is portfolio model construction via strategic asset allocation on CGWM's UMA platform. Andrew is responsible for manager selection, onboarding, and performance analysis. He also works with discretionary portfolio managers on composite construction and performance reporting. Andrew also works on various compliance initiatives, with a focus on Know Your Product requirements, and investor protections. Prior to joining Canaccord Andrew held roles in investment due diligence and product research at Manulife Securities.

Andrew holds undergraduate degrees from the University of Kansas, has a Masters in Organizational Management, has been a CFA charterholder since 2017, and earned his CIPM designation in 2019.

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

CAC is a great group of like-minded people of differing backgrounds that is dedicated to moving the Canadian investment industry forward. I think a well-regulated investment industry is essential for long-term success, and I enjoy lending my voice to different regulatory initiatives.

Looking to the future, where do you think the CAC's contributions might be most needed?

Standardization of investment reporting for Canadians and KYP enhancement for registrants.

News

CFA Societies Canada News

CFA Societies Canada 2024 Annual Report

We are pleased to deliver to you our [2024 CFA Societies Canada Annual Report](#).

Read it for updates on our key strategic objectives and to learn more about the achievements of the Canadian Advocacy Council (CAC) and the Canadian Investment Performance Council (CIPC) in 2023-2024.

CIPC Performance Topic

Performance Topic: Swing Pricing

The Canadian Investment Performance Council frequently posts various performance topics and other items of interest to the performance measurement community on LinkedIn.

In their most [recent post](#), they discuss swing pricing and how it can be used as a strategy to mitigate the impact of large client transactions that have the potential to negatively impact existing fund subscribers. They outlined the different types and the advantages and disadvantages of each.

CFA Institute News

CFA Institute Standards of Practice Council

The CFA Institute Standards of Practice Council (SPC) is accepting [applications](#) for new members through January 27, 2025.

The SPC is a group of dedicated CFA® charterholder volunteers who contribute to the development and promotion of ethics initiatives of CFA Institute, including global industry ethical codes and standards and ethics education products in support of CFA Institute goals and objectives.

CFA Institute News

Call for CFA Institute Board of Governors Nominations

The Nominating Committee of the CFA Institute Board of Governors is accepting applications for candidates to serve on the board for a three-year term beginning September 1, 2025. Share this opportunity with your networks and encourage interested candidates to complete the [Governor Application Form](#) as soon as possible.

Solicitations will close January 10, 2025.

Research, Advocacy, Standards and Professional Learning

Research

CFA Institute Research Report: Pensions in the Age of Artificial Intelligence

The 22 largest pension markets globally hold \$55.7 trillion in aggregate assets, representing 69% of the GDP of these economies, according to the Thinking Ahead Institute. Despite this vast capital, however, these pension systems face mounting challenges. Aging populations, rising economic inequality, and heightened inflation are creating significant pressures. Many countries are transitioning from defined benefit (DB) plans, where employers guarantee payouts, to defined contribution (DC) plans, which shift financial responsibility to individuals.

This [report](#) highlights how AI technologies, including generative AI and machine learning, are being implemented across the pension value chain to enhance efficiency, personalization, and governance while promoting sustainable retirement security.

Podcast

Amanda Voegeli, CFA: Insights from Canadian Pension Plans

Mike Wallberg, CFA, welcomes Amanda Voegeli, CFA, President and Managing Partner of Southlea Group, to discuss the unique landscape of Canadian public sector pension plans. The conversation dives into the competitive challenges these faces in attracting and retaining talent compared to private finance giants such as Blackstone and Goldman Sachs. Amanda also highlights findings from a recent study by Southlea Group that sheds light on compensation strategies and talent retention within these massive public entities. Tune in for valuable perspectives on the intersection of pension management and human capital in Canada.

Happy Holidays

Ron Schwarz, CFA, Chair; Michael Thom, CFA, Managing Director; Candice Szpruta, Director of Operations; Christina Lloyd, Operations Specialist

Be the first to know about the latest RPC news, research, policy work, and standards shaping the future of the industry!

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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, January 14 at 4:15 pm EST.

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ADVOCACY COLLABORATION COMMUNICATION INNOVATION

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