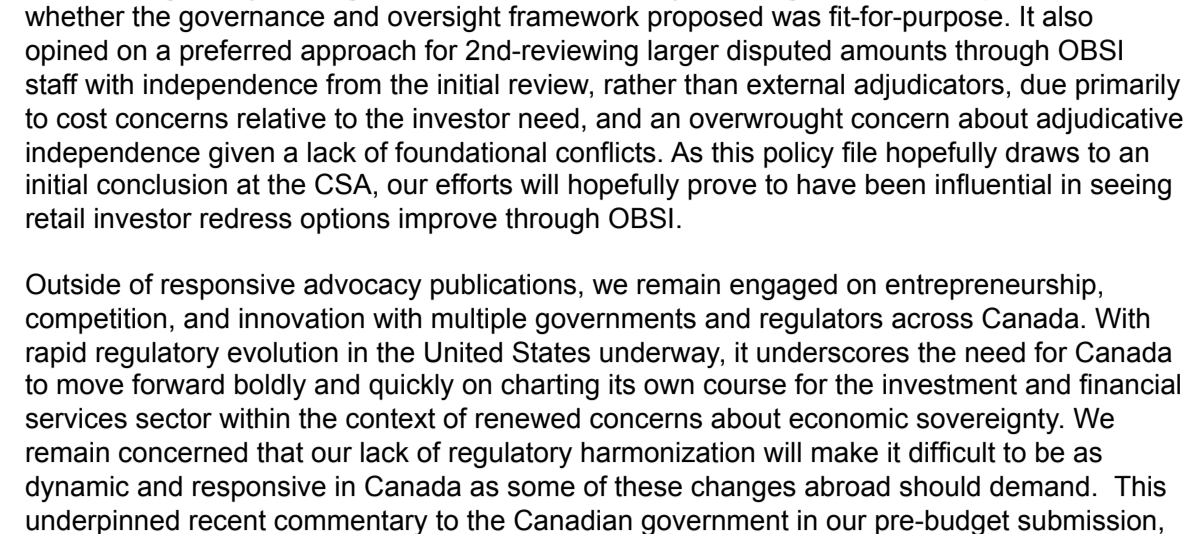


Canadian Advocacy Newsletter
September 2025

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Monthly Summary



We hope everyone is settling into the September pace of things – we’ve certainly been busy. This month, we’ve worked with the CAC to prepare and submit four responsive comment letters to Canadian regulators that focus mostly on regulatory harmonization cross-border (on short selling into offerings), between rulebooks (disgorgement provisions in the mutual fund dealer rulebook), and between different types of fundamentally conflicted fee models (banning chargebacks for investment funds).

The final responsive comment letter this month focused on the CSA’s proposal to give OBSI binding authority. The CAC was broadly supportive of the direction of policy, but noted that an overbuilt regulatory oversight mechanism would carry meaningful costs, and questioned whether the governance and oversight framework proposed was fit-for-purpose. It also opined on a preferred approach for 2nd-reviewing larger disputed amounts through OBSI staff with independence from the initial review, rather than external adjudicators, due primarily to cost concerns relative to the investor need, and an overwrought concern about adjudicative independence given a lack of foundational conflicts. As this policy file hopefully draws to an initial conclusion at the CSA, our efforts will hopefully prove to have been influential in seeing retail investor redress options improve through OBSI.

Outside of responsive advocacy publications, we remain engaged on entrepreneurship, competition, and innovation with multiple governments and regulators across Canada. With rapid regulatory evolution in the United States underway, it underscores the need for Canada to move forward boldly and quickly on charting its own course for the investment and financial services sector within the context of renewed concerns about economic sovereignty. We remain concerned that our lack of regulatory harmonization will make it difficult to be as dynamic and responsive in Canada as some of these changes abroad should demand. This underpinned recent commentary to the Canadian government in our pre-budget submission, and will be the focus of upcoming meetings with both federal and provincial government officials, and with Canadian regulators. We need to work harder to meet this moment by being dynamic, harmonized, and ambitious.

I’ll also be carrying this message to the stage at the upcoming annual Alberta Securities Commission Connect conference in Calgary on October 23rd. I think we need to encourage more genuine conversations about the degree to which financial innovation leads to (in my view) obvious questions of policy and regulatory sovereignty, and how our Canadian institutions (government, regulatory, investment, and financial-sector businesses) need to rapidly adapt to be relevant in this emerging reality. I’m looking forward to the panel and the opportunity to connect with important Alberta-based stakeholders.

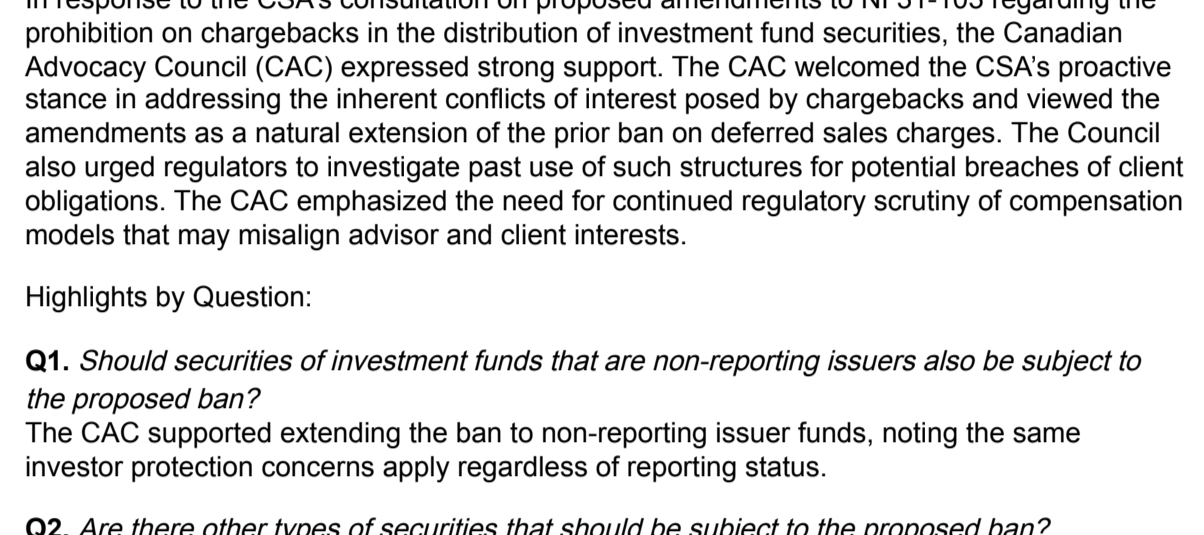
Heading into October, both our proactive outreach agenda and responsive commentary plans remain robust, as we await the Supreme Court’s decision in *Lundin v. Markowich*, and continue to engage on proficiency evolution in the Canadian industry, noting particularly Fitch Learning’s recent purchase of the legacy Canadian Securities Institute business from Moody’s.

We will again highlight that effective January 1, 2026, CIIRO’s new proficiency model takes effect, with significant new recognition for CFA Program in the form of exam waivers. CFA charterholders or recent passers of the Level 1 exam will be able to avail themselves of a waiver for the introductory CSIE exam, and either of the qualifying ‘segment’ exams – Retail or Institutional. This process runs through the CIIRO dealer member firm at the time of registration, so there’s no action to take on an individual level to qualify. See [CIIRO’s proficiency website](#) for more details on the new model, and expect to see more awareness-building soon on what this means for CFA charterholders and current and potential CFA candidates from our channels.

Michael Thom, CFA
Managing Director
CFA Societies Canada

Published Letters

Canadian Advocacy Council



OSC Proposes New Restrictions on Short Sellers Participating in Offerings

Submitted September 19, 2025

The CAC responded to the OSC’s consultation on proposed amendments to Rule 48-501 regarding trading during distributions. The letter emphasized a data-driven, targeted approach that aligned with SEC Rule 105 while being tailored to Canadian market practices (e.g., bought deals and issuer concentration).

- The CAC supported the OSC’s targeted, evidence-based amendments to Rule 48-501, aligned with SEC Rule 105 and calibrated to Canadian financing practices (e.g., bought deals).
- The letter affirmed short selling’s role in liquidity/price formation while backing a focused restriction to curb offering-related arbitrage, with a five-day window and sensible exemptions (including ATMs and NI 45-106 s.2.42).
- It encouraged ongoing monitoring and better data/transparency in securities lending to support surveillance and future policy development.

The CAC viewed the proposals as a well-calibrated response that addressed identified conduct, aligned with established U.S. rules, and preserved legitimate trading activity.

CIIRO Proposes Rule Changes to Clarify Disgorgement Authority for Mutual Fund Dealers

Submitted September 22, 2025

The CAC responded to CIIRO Bulletin 25-0218, which proposed explicit disgorgement provisions in the Mutual Fund Dealer Rules to harmonize them with existing IDPC Rules. The letter emphasized support for harmonization and timely implementation, while also highlighting persistent concerns about collection effectiveness and investor redress complexity.

Key highlights:

- **Support for harmonization:** The CAC strongly supported the proposed amendments, noting they clarified and harmonized rules across dealer types, making explicit a concept already implicitly recognized.
 - **Implementation timeline:** The CAC welcomed CIIRO’s plan to implement amendments in 2026, enabling a timely rollout of the disgorgement distribution program across all member types.
 - **Collection effectiveness:** The CAC reiterated concerns from past comments about IIROC’s historically low collection rate (~13%) on disgorgement orders. It urged CIIRO to prioritize disgorgement collection over fines and costs, pursue innovative collection solutions, and provide transparency about collection rates and processes.
 - **Investor redress landscape:** The CAC cautioned that adding another remedy process could complicate an already fragmented system of investor recourse (complaints, arbitration, OBSI, civil courts). Clear communication about the purpose and limits of disgorgement relative to other remedies was deemed essential.
 - **Transparency and program efficacy:** The CAC encouraged CIIRO to disclose program costs and effectiveness metrics, and to adopt innovative steps to ensure meaningful outcomes for harmed investors.
- The CAC commended CIIRO for its steps toward stronger investor protection and regulatory consistency but stressed that success depended on improving collection effectiveness and designing processes that earn investor trust.

CSA NI 31-103 Proposes Ban on Chargebacks to Strengthen Investor Protection

Submitted September 24, 2025

In response to the CSA’s consultation on proposed amendments to NI 31-103 regarding the prohibition on chargebacks in the distribution of investment fund securities, the Canadian Advocacy Council (CAC) expressed strong support. The CAC welcomed the CSA’s proactive stance in addressing the inherent conflicts of interest posed by chargebacks and viewed the amendments as a natural extension of the prior ban on deferred sales charges. The Council also urged regulators to investigate past use of such structures for potential breaches of client obligations. The CAC emphasized the need for continued regulatory scrutiny of compensation models that may misalign advisor and client interests.

Highlights by Question:

Q1. Should securities of investment funds that are non-reporting issuers also be subject to the proposed ban?
The CAC supported extending the ban to non-reporting issuer funds, noting the same investor protection concerns apply regardless of reporting status.

Q2. Are there other types of securities that should be subject to the proposed ban?
The CAC recommended applying the ban to all investment fund securities, including scholarship plan dealer products and similar fund-like securities. They also called for coordination with insurance and other regulators to ensure consistent treatment of analogous compensation structures.

CSA Seeks Feedback on Proposed Framework for Binding Dispute Resolution

Submitted September 29, 2025

The Canadian Advocacy Council (CAC) has submitted comments on CSA Notice and Request for Comment 25-314, which outlines a proposed framework granting binding authority to the Ombudsmen for Banking Services and Investments (OBSI). The CAC strongly supports binding decisions by OBSI as an important step in strengthening investor protection, but raised concerns about the level of regulatory oversight proposed.

The CAC cautioned that requiring multiple CSA approvals could add unnecessary costs and undermine OBSI’s independence, a key feature for maintaining public trust. Instead, the CAC recommends a more tailored approach, including oversight focused on governance standards rather than line-by-line approvals.

The submission also reiterated CAC’s call to raise the OBSI compensation limit from \$350,000 (unchanged since 1996) to \$500,000 with cost-of-living adjustments, and supported maintaining the current six-year limitation period.

Response Drafting in Progress

Canadian Advocacy Council

CIIRO Proposes Rule Amendments to Improve Account Transfers

Due October 8, 2025

The Canadian Investment Regulatory Organization (CIRO) is seeking comments on proposed amendments to IDPC Rule 4800 and MFD Rule 2.12, aimed at modernizing account transfer requirements across the investment industry.

The proposed changes address long-standing inefficiencies in account transfer processes, which often lead to delays and client service disruptions. These issues stem from outdated manual systems and inconsistent regulatory coverage that currently excludes certain product manufacturers.

CIRO is also exploring technology solutions to enhance transfer efficiency, as outlined in its recent white paper, [Enhancing Timely and Efficient Account Transfers in Canada](#).

CSA Launches Consultation on ETF Regulatory Framework

Due October 17, 2025

The Canadian Securities Administrators (CSA) have published a consultation paper examining whether the current regulatory framework for exchange-traded funds (ETFs) remains appropriate, given the sector’s rapid growth and unique features.

Key areas of focus include:

- Secondary market trading and liquidity
- Creation/redemption mechanisms involving authorized dealers
- The ETF arbitrage process
- Investor access to U.S. and foreign ETFs through brokerage and fund structures

The consultation draws on findings from a recent OSC study and international best practices from IOSCO. ETFs in Canada have grown to \$518B AUM as of year-end 2024, with strong retail participation, a trend the CSA expects to continue.

Stakeholders are encouraged to share their views on regulatory enhancements and cross-border ETF access.

OSC Seeks Feedback on Draft Action Plan for Truth and Reconciliation

Due October 31, 2025

The Ontario Securities Commission (OSC) has published its draft Action Plan for Truth and Reconciliation (APTR) and is inviting feedback from Indigenous communities, investors, market participants, and other stakeholders across Ontario.

The APTR outlines the OSC’s commitment to building a more inclusive, culturally aware, and secure capital markets environment, in alignment with the Truth and Reconciliation Commission of Canada’s Calls to Action.

CIIRO Proposes Updated Guidance on Order Execution Only (OEO) Accounts

Due November 10, 2025

CIRO is proposing to replace its current OEO Guidance (Note 3400-21-003) with new guidance reflecting the rapid growth of do-it-yourself (DIY) investing. The Proposed Guidance clarifies the prohibition on recommendations in OEO accounts under the Investment Dealer Partially Consolidated (IDPC) Rules while broadening the types of decision-making supports OEO Dealers can offer. It adopts a principle-based approach, outlining safeguards that OEO Dealers should consider to better support clients in these channels.

CSA Consults on Harmonized Self-Certified Investor Prospectus Exemption

Due January 5, 2026

Securities regulators across 11 Canadian jurisdictions have published a Notice and Request for Comment on Proposed Multilateral Instrument 45-111, which would harmonize the self-certified investor prospectus exemption. The proposal builds on successful local exemptions and is intended to expand capital-raising opportunities for businesses while allowing eligible investors with relevant experience or expertise to participate more broadly.

If adopted, the harmonized rule would replace existing provincial and territorial blanket orders, set an annual \$50,000 investment cap for self-certified investors, and operate alongside the accredited investor exemption.

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

Volunteer Spotlight

Canadian Investment Performance Council

Lawrence Li, CFA, CIPM
CIPM member since 2020

Lawrence Li, CFA, CIPM, brings deep expertise in investment analytics and global financial leadership to his role as 2nd Vice Chair on the Canadian Investment Performance Council (CIPC). Currently Senior Manager of Investment Analytics Engagement at Connor, Clark & Lunn Financial Group, he leads a team of professionals that provides performance and investment analytics solutions for the firm’s clients and other stakeholders. His career also includes senior positions at HSBC, UBS, Merrill Lynch, and JP Morgan, as well as public service with Japan’s Ministry of Education.

Lawrence joined the CIPC in 2020, drawn by the opportunity to collaborate with peers and further promote the importance of the GIPS performance standards in Canada. He values the opportunity to work alongside professionals passionate about performance measurement and investor confidence.

Reflecting on his volunteer experience, Lawrence shares:

“What I’ve enjoyed most is the people, the collaboration, and the intellectual discussions about how we can better promote the importance of the performance profession in our industry. For anyone who’s passionate about performance measurement and wants to make a real impact, CIPC is the place to be.”

Looking ahead, Lawrence is committed to advancing globally recognized standards like the GIPS® standards, which he sees as essential for building investor trust and strengthening the profession.

Upcoming Events

October 23, Toronto
CIPC Asset Owner Forum on GIPS® Standards and Asset Owner Compliance - Insights and Applications

CIPC Event

Save the Date: CIPC Asset Owner Forum on GIPS® Standards and Asset Owner Compliance (October 23, Toronto)

The Canadian Investment Performance Council (CIPC) of CFA Societies Canada is hosting an in-person forum in Toronto designed exclusively for Canadian asset owners. Sponsored by [TSG Performance](#), this event will explore the practical benefits of adopting the Global Investment Performance Standards (GIPS®) and provide insights from organizations already on the compliance journey.

Through two expert-led panel discussions, participants will gain:

- An overview of the GIPS standards and key findings from the TSG Asset Owner Survey
 - Real-world perspectives from asset owners pursuing compliance
 - Insights into the role of custodians and performance software providers in supporting transparent, consistent reporting
- **Date:** October 23, 2025
• **Location:** Toronto, ON
• **Time:** 2:00-4:00 pm EDT

Who should attend: Executives, compliance officers, and performance and analytics professionals from pension plans, foundations, and endowments.

Registration opening soon — [stay tuned](#) for details.

Realizing our Potential
October 23, 2025 | Hudson, Calgary

Industry Event

Register for ASC Connect 2025: Innovation, Technology, and the Regulator’s Role (October 23, Calgary)

Innovation is accelerating — and Canada is at a pivotal moment. At ASC Connect 2025, industry leaders will examine how securities regulators can support a thriving technology ecosystem while protecting investors and maintaining financial stability.

CFA Societies Canada’s **Managing Director, Michael Thom, CFA**, will join a distinguished panel alongside Steve Everett (TMX Group) and Bilal Hammoud (Ndax). The discussion, moderated by Dr. Ryan Clements (ASC), will tackle pressing issues such as Artificial Intelligence, tokenization, and stablecoins, offering a candid look at the regulatory challenges and opportunities ahead.

Don’t miss this chance to hear directly from the leaders shaping the future of Alberta’s capital markets.

[Register today](#) to join the conversation.

Don’t miss your chance! Ticket prices increase on October 7!

- **Date:** October 23, 2025
- **Location:** Calgary, AB
- **Time:** 8:30-5:00 pm MDT

News

Board of Directors 2025-2026

CFA Societies Canada News

Board of Directors Announcement

CFA Societies Canada is pleased to announce the 2025–2026 Board of Directors.

We welcome four new directors:

- [Brendan Hargrave, CFA](#) (CFA Society Winnipeg)
- [Ritesh Patel, CFA](#) (CFA Society Toronto)
- [Siddharth Rajan, CFA](#) (CFA Society Ottawa)
- [Haig Vanlian, CFA](#) (CFA Montréal)

They join our re-elected and continuing directors, with [Ronald Schwarz, CFA](#), serving as Chair. Together, this dedicated group will guide our mission to champion ethics, education, and professional excellence across Canada’s investment industry.

We thank our outgoing directors, [Emily Burt, CFA](#), [Kathrin Forresti, CFA](#), [Sean Kulik, CFA](#), and [Carl Robert, CFA](#), for their outstanding contributions.

CIPC News

New CIPC Series: Test your Investment Performance Knowledge

When should you use IRR vs. TWR to measure performance?

The Canadian Investment Performance Council (CIPC) has launched a new LinkedIn series to help sharpen your skills with real-world scenarios. In the latest post, you’ll:

- Put your knowledge to the test with a quick quiz.
- Learn how IRR and TWR reflect different perspectives on investor experience vs. manager skill.
- See the official answer, drawn from the CFA Institute [CIPM® Program](#) Curriculum

Check out the [full post](#) on LinkedIn and join the conversation.

CIPM PERFORMANCE TOPIC: Navigating Risk & Performance

CIPM News

CIPC Full LinkedIn Series on Navigating Risk and Performance

The Canadian Investment Performance Council (CIPC) has now published all posts in its 3-part LinkedIn series exploring risk and performance measurement, a topic at the core of sound investment decision-making.

Check out the posts below:

- **Series 1: Understanding Investment Risk**
From market risk to liquidity risk and volatility, the first post breaks down key concepts and common measures like Value-at-Risk (VaR), beta, and standard deviation.
- **Series 2: Risk-Adjusted Returns**
Returns alone don’t tell the full story. This post explores how risk-adjusted returns help investors understand performance relative to the risks taken.
- **Series 3: Understanding Common Risk-Adjusted Returns Measures**
The CIPC breaks down common risk-adjusted return measures: Sharpe, Sortino, Treynor, and the Information Ratio.

RESEARCH AWARD

Society News

Congratulations to the 2025 Research Award Winners

CFA Society Toronto and Hillsdale Investment Management Inc. have announced the winners of the 2025 Research Award.

Kudos to [Najah Attig, PhD](#), Professor of Finance and Chair of the Department of Finance at Dalhousie University, Canada, and [Chahine Attig](#), Data Science Engineering student at ENSAI, for their exceptional research and groundbreaking paper entitled, *“Bay Street Meets Machine Learning: Predicting Stock Risk Premium”*.

The winners were announced at CFA Society Toronto’s marquee event, the 68th Annual Investment Dinner, where they were awarded a \$10,000 cash prize.

For more information, read the [press release](#) and the [winning research paper](#).

Volunteer Opportunity
CSA Investor Advisory Panel

Volunteer Opportunity

Call for Applications: CSA Investor Advisory Panel

The Canadian Securities Administrators (CSA) is seeking new members for its Investor Advisory Panel (IAP), created in 2022 to ensure retail investors’ perspectives are reflected in policy development.

There are currently two vacancies, and the CSA is encouraging [applications](#) from diverse voices and experiences across Canada.

Deadline: October 17, 2025.

Research, Advocacy, Standards and Professional Learning

The Sustainability Story

Podcast

Daniel Warcholak, CFA: Understanding Climate Risk in Mortgage-Backed Securities

How are climate events, transition risks, and insurance costs influencing the future of commercial mortgage-backed securities?

In this episode, Daniel Warcholak, CFA, Head of Capital Markets at Basis Investment Group, shares how extreme weather, sustainability transitions, and green financing incentives are reshaping investment strategies in real estate debt. With over 25 years of experience, he highlights both the risks and opportunities for investors.

Enterprising Investor

Podcast

Rob Arnott: Rethinking Risk, Fear, and the Future of Asset Pricing

Rob Arnott, founder and chairman of Research Affiliates, joins *The Enterprising Investor* to challenge traditional views on the equity risk premium and asset allocation. Drawing on his paper *Fear, Not Risk, Explains Asset Pricing*, Arnott explores why fear, of loss and of missing out, may drive markets more than risk itself. He also discusses historical return data and the role of AI in understanding market sentiment.

The 29th Annual Global Investment Performance Standards Conference

11-12 November 2025
Phoenix, AZ
[REGISTER NOW](#)

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