



January 20, 2025

VIA EMAIL

General Counsel's Office
Canadian Investment Regulatory Organization
GCOcomments@ciro.ca

Re: Distributing Funds Disgorged and Collected through CIRO Disciplinary Proceedings to Harmed Investors (Phase II) (the “Consultation”)

The Canadian Advocacy Council of CFA Societies Canada (the “CAC”)¹ appreciates the opportunity to provide the following general comments on the Consultation.

We commend the Canadian Investment Regulatory Organization (“CIRO”) on its commitment to ongoing stakeholder engagement and transparency in the development of this regulatory initiative and thank CIRO for the responses to our previous comments. We appreciate CIRO’s innovative policy leadership on key aspects of disgorgement policy, and its influence on the broader related policy dialogue.

With respect to our concerns regarding the costs and benefits of the proposed program, we appreciate the clarification that CIRO intends to use its existing resources and organizational structure to operate the program. This will be undertaken through the General Counsel’s Office as Administrator, working with other CIRO groups, and we understand that CIRO has conducted an impact assessment and concluded that the benefits of the program to harmed investors outweigh its administrative costs.

We also appreciate that, as noted in Appendix A to the Consultation, CIRO intends to conduct regular reviews following implementation to monitor the efficacy of the program. We encourage CIRO to publish the results of these reviews, not only to facilitate transparent stakeholder engagement with this program, but also to better inform stakeholders who may use such information to assess comparable programs and initiatives, including those of other regulators.

It is also noted that the Administrator would have the discretion to not pursue a distribution where it is determined that the costs are not justified by the benefits, considering factors such as the total amount of disgorged funds collected and available for distribution, number of eligible claims and their total and individual value, location of claimants, feasibility of effective notice and payment processing. In the event an

¹ The CAC is an advocacy council for CFA Societies Canada, representing the 12 CFA Institute Member Societies across Canada and over 21,000 Canadian CFA charterholders. The council includes investment professionals across Canada who review regulatory, legislative, and standard setting developments affecting investors, investment professionals, and the capital markets in Canada. Visit www.cfacanada.org to access the advocacy work of the CAC.

As the global association of investment professionals, CFA Institute sets the standard for professional excellence and credentials. The organization is a champion of ethical behaviour in investment markets and serves as the leading source of learning and research for the investment industry. CFA Institute believes in fostering an environment where investors’ interests come first, markets function at their best, and economies grow. With more than 200,000 charterholders worldwide across 160 markets, CFA Institute has ten offices and 160 local societies. Find us at www.cfainstitute.org or follow us on LinkedIn and X at @CFAInstitute.



Administrator assesses based on these factors to not pursue a distribution, we would encourage CIRO to publish the reasons supporting the assessment, in furtherance of its commitment to transparency. We have a minor question as to whether the in the instance of a non-pursued distribution, whether any residual collected funds would remain within the CIRO Restricted Fund's segregated amount for disgorgement for application to other claims, or be transferred to the general/non-designated account of the CIRO Restricted Fund for its general purposes, similar to the process for other residual unclaimed amounts. Clarity on this point would be appreciated.

Concluding Remarks

The provision of additional remedial options available to harmed investors is a welcome initiative. We expect, as intended by CIRO, that having an additional mechanism in place to enhance investor protection will further promote the ideals of market integrity and the confidence of investors in the market. We appreciate CIRO's responsiveness to commentary and policy ambition in this project.

We thank you for the opportunity to provide these comments and would be happy to address any questions you may have. Please feel free to contact us at cac@cfacanada.org on this or any other issue in the future.

(Signed) *The Canadian Advocacy Council of
CFA Societies Canada*

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