

CSA Staff Notice and Request for Comment 11-343
Proposal to Establish a CSA Investor Advisory Panel**December 2, 2021****Introduction**

The Canadian Securities Administrators (the “CSA” or “we”) plan to establish an Investor Advisory Panel (“CSA IAP” or “Panel”) and are seeking comments on the proposal, including the proposed Terms of Reference that will govern the CSA IAP’s functioning.

Executive Summary

The CSA has identified the need to establish an expert group of individuals, as advisors to the CSA, who can represent the views of retail investors on pan-Canadian policy development initiatives more effectively. This body will include seasoned experts on retail investor issues from different regions in the country to allow for an expanded representation of retail investors’ views. The CSA currently receives comments from investors notably through a notice and comment process and through the work of other panels or committee established in Canada, but we think retail investors’ views can be represented in a more consistent and comprehensive manner through the mechanism of a pan-Canadian panel.

Substance and Purpose

The CSA thinks that a CSA IAP will (i) improve regulation and policy development by CSA members and (ii) improve investor involvement in the financial services market regulation. A CSA IAP will play a crucial role in assuring regulators that CSA policy development efficiently addresses retail investors’ needs by providing current knowledge, analysis and critical thinking. As a communication channel, it will facilitate and promote dialogue between retail investors and CSA members.

Currently, retail investor advocates participate in the rule-making process by providing comment letters or through *ad hoc* engagement with CSA members. The Panel allows for a more structured approach, facilitating ongoing dialogue that will significantly improve this process. Moreover, we expect retail investor participation and feedback to increase as a result of the Panel’s outreach efforts. As regulators, we hope to have more meaningful insight into retail investor concerns about rules and policies through the Panel’s representation of a greater sample of the retail investor population.

Overall, the CSA IAP would ensure a more structured and sustained exchange between retail investors and the CSA and would address current access barriers to the rule-making process as noted by some retail investor advocates. Furthermore, continuous input from the CSA IAP would likely broaden CSA policy-makers’ awareness of retail investors’ areas of concern. Given that the IAP members would have broad geographic representation and diverse background, academic and research expertise, the CSA IAP could explore further these areas of concern and help the CSA find suitable solutions.

In developing this proposal, the CSA reviewed similar existing bodies, such as the Ontario Securities Commission (“OSC”) Investor Advisory Panel, the *Autorité des marchés financiers* (“AMF”) Financial Products and Services Consumer Advisory Committee, the U.S Securities and Exchange Commission’s Investor Advisory Committee, the UK Financial Conduct Authority’s Financial Services Consumer Panel, the Australian Securities and Investment Commission’s Consumer Advisory Panel, and the Investment Industry Regulatory Organization of Canada proposal to establish an Expert Investor Issues Panel. This review demonstrated the value of collecting additional investor input through a dedicated body.

In designing the CSA IAP, the CSA followed these guiding principles:

- The Panel will represent a broad and diverse range of investors and investors’ interests
- The Panel will be independent of the CSA
- The Panel composition will be diverse
- The Panel will be free to choose which CSA policy initiatives it will consider
- Panel members will be remunerated
- The Panel’s work will not be a substitute for the work conducted by CSA members’ existing panels or committee
- The Panel will have a direct access to the CSA
- The CSA will invest resources to support the work of the Panel

We have anticipated questions commenters may have and provide answers to these below.

Q. What will the focus of the CSA IAP’s work be?

The Panel will focus on providing feedback and written comments to ongoing CSA proposed rules, policies, concept papers and discussion drafts. The Panel is expected to develop its own work plan, identifying the areas of focus for the next year. The CSA may expand the Panel’s mandate if necessary.

Q. Who should apply for the Panel membership?

We expect the members of the Panel to represent a diverse range of experience and skills with respect to a wide spectrum of retail investor issues. We also expect the members of the Panel will come from different regions in Canada. CSA will strive to encourage broader diversity among Panel members, based not only on geographic representation but on other demographic factors as well. While Panel members will come from different jurisdictions in Canada and may contribute different perspectives and experiences based on where they live, they are not expected to represent the interests of retail investors only from these jurisdictions. Instead, Panel members are expected to represent the views of retail investors in general and based on their area of expertise. Applicants are expected to have qualifications, skills or experience in one or more of the following areas:

- Involvement in a community-based organization with a demonstrated commitment to advancing public policy, preferably relating to the financial well-being of Canadians or more specific demographic groups in Canada;
- Involvement in an investor or consumer association with experience representing views of Canadians or more specific demographic groups in Canada;
- Advising investors, as a professional, such as a lawyer or an accountant;
- Providing financial advice to household; or
- Market or academic research.

To ensure appropriate interconnection between the Panel and the OSC Investor Advisory Panel (OSC IAP), at least one Panel member will be selected by the OSC from the membership of the OSC IAP, to which Ontario residents are encouraged to apply through the OSC's periodic application process.

Q. What is the application and selection process for Panel members?

Applications for membership in the CSA IAP will be solicited in the winter of 2022, through an announcement on the CSA Website. The CSA hopes to complete the member selection process in the spring of 2022. All applications will be considered by a Selection Committee composed of CSA members' executives. The Committee will recommend the nominees for appointment by the CSA Chairs. The CSA Chairs will appoint between 5 and 9 Panel members for staggered terms of up to 3-years. The terms are one-time renewable.

Q. Will it be a requirement that Panel members attend meetings in person?

Panel members will be expected to attend meetings virtually. In-person meetings will be subject to CSA approval. Members must maintain a good attendance record. Panel members will be remunerated for their participation.

Q. How will the Panel represent the perspectives of Canadian retail investors?

Although the Panel members will be expected to be highly skilled and experienced individuals, they will not likely be experts in all issues considered by the Panel. To advance its work plan, the Panel will be encouraged to draw on the expertise and experience of others through consulting with stakeholders to obtain appropriate input into its deliberations. The Panel may use a variety of methods including roundtables, focus groups or surveys. To that end, and subject to the CSA approval, the Panel will be provided with a yearly budget to support its retail investor consultation efforts and to procure professional services to assist it in an effective realization of its mandate. Procurement of services will be conducted by one of the CSA members on behalf of the Panel.

Q. How will the Panel communicate and report about its activities?

The Panel will communicate in writing through publishing its comments in response to requests for comment from the CSA and through the annual report of the Chair of the Panel to the CSA Chairs. The CSA will also report annually on its CSA website on the activities of the Panel.

Q. Who has responsibility for the effective operation and governance of the Panel?

The Panel is intended to operate independently from the CSA. The Panel will have its own Chair, who will have principal responsibility for the Panel's deliberations to ensure that it can fulfill its mandate effectively. The Panel Chair will lead and manage its activities and will be responsible for ensuring that the Panel develops an annual work plan at an early stage. The Panel will be given administrative support through the CSA Secretariat's office.

Q. Are there any confidentiality restrictions with respect to the Panel's work?

Panel members will be expected not to disclose information that has been specifically identified by the CSA as confidential. Members will also be expected to respect the confidentiality of Panel deliberations and any personal information that might be provided to the Panel by investors or other participants in connection with the Panel's consultations.

Q. Are there conflict of interest provisions with respect to the Panel's work?

Panel members may be in a conflict of interest if any employment, business, financial or other personal considerations could interfere with their ability to express opinions on investor issues being considered by the Panel. Article 11 of the proposed CSA IAP Terms of Reference provides more information on identifying, reporting and resolving potential conflicts of interest. To avoid potential conflicts of interest, it is not expected that current employees of capital markets regulators would be appointed to the Panel.

Q. How will the Panel remain independent from the CSA?

The Panel itself will determine which issues and priorities to comment on. In addition to responding to CSA requests for advice and comment, the Panel will select issues that are believed to have significant retail investor impact and will be expected to provide objective and unbiased opinions on these issues. The Panel will conduct its deliberations without involvement from the CSA. It will also consult widely with retail investors as determined by the Panel Chair.

Q. What financial commitment is the CSA making to the Panel?

Members will be remunerated for their work on the Panel. Members will receive \$275 for attending meetings and will be paid \$275 per day for time spent preparing for a meeting or for follow-up work after a meeting, up to a maximum of three days per meeting. The Chair will be paid \$550 for meetings and \$550 per day for pre and post meeting work. The OSC will remunerate representatives from the OSC IAP according to its remuneration schedule.

Subject to the CSA approval, the Panel will be provided with a yearly budget for activities such as consultations, research, outreach or preparation of submissions, to facilitate its ability to carry out its mandate.

Other Panel members' expenses may be reimbursed subject to the CSA approval.

The CSA members, through the CSA Secretariat, will ensure the Panel receives administrative support. A part time administrator will act as liaison between the CSA and the Panel and will support the Panel Chair in preparation of agenda and organization of meetings.

Q. How is the Panel accountable to the CSA?

The Panel will be given a specific mandate and Terms of Reference to focus its work. The Panel's expected deliverables are:

- Meet at least quarterly every year
- Provide written responses to relevant notices and requests for comments that are published by the CSA in respect of proposed rules and policies, concept papers and discussion drafts
- Respond to CSA requests for advice and comment
- Prepare an annual report on its activities for the preceding year
- Attend, by invitation to the Panel's Chair, the CSA Chairs' meeting to report on matters specified by the CSA

The CSA is committed to the success of the Panel. It is anticipated that the input from the Panel will be critical in formulating rules that are designed to deliver protection to retail investors. It is also anticipated that CSA members' staff will provide commentary about the consideration it gave to the Panel's comments at the time it publishes a final rule or policy.

Request for Comments

We welcome comments on the CSA Investor Advisory Panel proposal, including the proposed Terms of Reference.

Please submit your comments in writing on or before February 1, 2022.

Address your submission to all of the CSA as follows:

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers

Financial and Consumer Services Commission (New Brunswick)
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon
Superintendent of Securities, Nunavut

Deliver your comments only to the address listed below. Your comments will be distributed to the other participating CSA jurisdictions.

The CSA Secretariat
C.P. 400, Place Victoria
800, rue du Square-Victoria, suite 2002
Montréal, QC, H4Z 1J2
Tel. : 514-864-9510
Fax : 514-864-9512
E-mail : csa-acvm-secretariat@acvm-csa.ca

Comments Received will be Publicly Available

We cannot keep submissions confidential because securities legislation in certain provinces requires publication of the written comments received during the comment period. All comments received will be posted on the websites of each of the Alberta Securities Commission at www.albertasecurities.com, the AMF at www.lautorite.qc.ca and the OSC at www.osc.gov.on.ca. Therefore, you should not include personal information directly in comments to be published. It is important that you state on whose behalf you are making the submission.

Questions

Please refer your questions to:

Laura Belloni
Secretary General
Canadian Securities Administrators
514-864-9511
laura.belloni@acvm-csa.ca



February 1, 2022

VIA EMAIL

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon
Superintendent of Securities, Nunavut

The CSA Secretariat
C.P. 400, Place Victoria
800, rue du Square-Victoria, suite 2002
Montréal, QC, H4Z 1J2
Email: csa-acvm-secretariat@acvm-csa.ca

Re: CSA Staff Notice and Request for Comment 11-343 - Proposal to Establish a CSA Investor Advisory Panel

The Canadian Advocacy Council of CFA Societies Canada¹ (the “CAC”) appreciates the opportunity to provide the following comments on the Proposal. As an overarching comment, we are highly supportive of the CSA’s proposal to establish an Investor Advisory Panel. Our comments below include suggestions of matters for further consideration relating to items addressed in the Staff Notice and the IAP’s Terms of Reference.

We agree with the propositions underlying and in the Substance and Purpose in the Staff Notice, in that we also believe regulation and policy development will be improved through increasing investor involvement in the policymaking and regulatory processes, and that more active intervention on the part of regulators to increase this involvement is

¹ The CAC is an advocacy council for CFA Societies Canada, representing the 12 CFA Institute Member Societies across Canada and over 19,000 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.

CFA Institute is the global association of investment professionals that sets the standard for professional excellence and credentials. The organization is a champion of ethical behavior in investment markets and a respected source of knowledge in the global financial community. Our aim is to create an environment where investors’ interests come first, markets function at their best, and economies grow. There are more than 178,000 CFA Charterholders worldwide in over 160 markets. CFA Institute has nine offices worldwide and there are 160 local member societies. For more information, visit www.cfainstitute.org.



necessary. As one of the more active investor-minded commenters in Canada on securities policy matters, we would welcome additional informed and resourced advocates for the interests of investors and fairer markets. Relative to other adjacent or comparable securities regulatory jurisdictions, it is our view that there is a stark paucity of such advocates in Canada, and that Canada's securities regulation and ultimately investors would benefit from the active encouragement, development, and more frequent articulation of investor-focused policy views. **We applaud the CSA for the major step in that direction that this Staff Notice represents.** With investor protection being a primary purpose of securities legislation and attendant regulation, we believe that it's incumbent upon regulators to develop more robust sources of investor-related information and inputs, both qualitative and quantitative. We believe that the proposed CSA IAP would be well-positioned to inform and potentially partially direct such development, and to contribute to solving the collective action problem of the diffuse beneficial interests of retail investors in improved securities regulation.

While the Staff Notice primarily contemplates responsive functions of the IAP, we would also encourage the CSA to consider what proactive or strategic functions might be informed through the involvement of retail investor advocates, such as specific investor-focused policy projects being raised to the CSA Chairs' or Policy Coordination Committee's attention for consideration, or the origination and direction of research efforts relating to investor issues or strategic policy matters. We note particularly the lack of a standing and coordinated strategic policy function within the CSA that could be directed towards matters of major import and perform detailed cross-jurisdictional, legal, or subject matter research and analysis on major regulatory questions. We believe that the IAP could be well-positioned to partially inform and/or govern such a function should one come into existence.

We note the existing fragmentation of CSA jurisdictions' considerable investor education and outreach efforts, and question whether the IAP might have some role in encouraging the harnessing of these resources towards thoughtfully coordinated and more impactful efforts for Canadian investors.

While we note and applaud the diversity considerations in the panel's intended composition and selection criteria, we query whether a body primarily composed to represent retail investor interests broadly can also satisfy the outstanding need within Canadian securities regulation to specifically consult on and consider matters relating to diversity, equity, inclusion, and Indigenous reconciliation. We would encourage further efforts on the part of the CSA to regularize specific consideration and consultation relating to these matters as part of the policy process.

We believe that regularized influx of investor perspectives are missing relating to several major operational areas of regulatory function, particularly those where policy formation and related consultation is not a regular activity. We believe that the functioning of securities regulation in Canada and accountability to its investor-focused purpose could be helped by establishing more regularized dialogue between investor advocates and these areas of operational regulatory function, perhaps starting through dialogue with the IAP.

We would appreciate greater detail on the selection criteria and intended composition of the Panel's membership, and how consideration of candidate/member experience, professional background, and subject matter expertise can be balanced with the need to control for conflicts and/or implicit interests relating to professional commitments or other economic interests of candidates/members. Consideration should also be given to familiarity with a range of regulated registration categories and business models, and an interface through which items relating to areas under the supervision of a self-regulatory organization can be effectively communicated. We particularly note prior proposals and discussion relating to formalized investor advisory mechanisms for IIROC and the New SRO, of which we were supportive, and would encourage formalized communication and coordination with such a body. We would also appreciate greater detail on any anticipated communication and/or coordination with similarly-purposed advisory bodies of provincial securities regulators, such as the OSC's IAP.

We would be supportive of greater resourcing of the IAP relating to in-person IAP meetings, particularly in its formative stages, as we believe the degree of engagement in and efficacy of longer-form strategic and governance-oriented meetings in virtual/electronic formats is limited. We also believe that relationships within the IAP and with the CSA Secretariat and Chairs could be strengthened through increased support for regularized in-person meetings.

Concluding Remarks

We strongly support the CSA's efforts to gain insights from an investor perspective through the proposed creation of an Investor Advisory Panel. As noted above, we believe the Panel could be improved through additional resourcing and consideration of an expanded mandate, either initially or following some series of initial Panel milestones.

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 future.

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

**The Canadian Advocacy Council of
CFA Societies Canada**

FAIR

Canadian Foundation *for*
Advancement *of* Investor Rights
Fondation canadienne *pour* l'avancement
des droits *des* investisseurs

January 21, 2022

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon
Superintendent of Securities, Nunavut

The CSA Secretariat
C.P. 400, Place Victoria
800, rue du Square-Victoria, suite 2002
Montréal, QC, H4Z 1J2

Sent via email to:
csa-acvm-secretariat@acvm-csa.ca

CSA Request for Comment 11-343 – Proposal to Establish a CSA Investor Advisory Panel

FAIR Canada is pleased to provide our comments and recommendations on the above-referenced proposal to establish a CSA Investor Advisory Panel (“CSA IAP” or “Panel”).

FAIR Canada is a national, independent charitable organization dedicated to being a catalyst for the advancement of the rights of investors and financial consumers in Canada. It advances its mission through outreach and education, public policy submissions to governments and regulators, and proactive identification of emerging issues. FAIR Canada has a reputation for independence, thoughtful public policy commentary, and repeatedly moving the needle in the interests of retail investors and financial consumers.¹

¹ Visit www.faircanada.ca for more information.

General Comments

FAIR Canada is supportive of the proposal to establish the CSA IAP. If properly implemented and resourced, the Panel could serve as a helpful source of additional retail investor insight to inform CSA member regulation and policy development efforts. This would be a welcome addition to the perspective provided by investor advocacy groups and individual investors through the existing CSA notice and comment process and other stakeholder engagement efforts.

Ensuring that retail investor concerns are given thorough consideration in this process acts as an essential counterweight to the influence wielded by well-resourced and professionally organized industry lobbyists. Any effort that will help further level the playing field in this respect is one that we would encourage.

Panel Mandate and Budget

The draft CSA IAP Terms of Reference (ToR) and accompanying CSA Staff Notice (Staff Notice) indicate that the Panel will be expected to consult with and obtain input from investors to inform its advice and submissions. We agree that, to the greatest extent possible, the Panel's work should be supported by data to augment its own expertise. Moreover, the Panel should have access to behavioural insight expertise to help structure its interactions with investors and interpret the resulting data.

Obtaining funding for these efforts will be key to the Panel's ability to meet these expectations effectively. In this regard, we recommend that Article 10 of the ToR be clarified by specifying that the Panel will be provided with a yearly budget, rather than simply stating that the Panel "may make funding requests to the CSA".

The above-recommended clarification would align the ToR with language in the Staff Notice and be consistent with the ToR of the Ontario Securities Commission (OSC) IAP.

Further, we note that the Panel's ToR limits its ability to provide advice and commentary to:

- existing and proposed national and multilateral instruments and policies; and
- concept papers and discussion drafts.

We recommend that this list be expanded to include commenting and advising on CSA Business Plans and the equivalent plans of CSA members. Given their importance in shaping the regulatory and policy agenda, commenting and advising on these plans should be specifically noted in the Panel's mandate, as is the case with the OSC's IAP, for example.

CSA Obligation to Engage the Panel

The draft Panel ToR only requires the CSA to provide guidance and assistance to the Panel and respond to “official communications” from the Panel. There is no positive obligation for the CSA to consult the Panel on relevant issues.

To ensure that the Panel is proactively engaged when relevant and as early as possible in the policy and regulation development process, the ToR should be amended to require the CSA to consult the Panel on any issues relevant to retail investors.

In addition to enhancing the Panel’s effectiveness, this would better align with practices adopted in other jurisdictions. For example, the mandate of the UK’s [Financial Services Consumer Panel](#) includes a positive obligation for the Financial Conduct Authority to consult the Panel “**throughout its deliberations** on policies and practices that have a consumer impact” (emphasis added).

Panel Member Qualifications

FAIR Canada is generally supportive of the proposed areas of expertise for Panel members as listed in the Staff Notice. We recommend that expertise in behavioural research related to investing and decision-making be added to the areas listed.

Conclusion

We thank the CSA for the opportunity to provide our comments in this submission. We look forward to engaging with the Panel as it works to add valuable insight into issues that matter to retail investors. We would be pleased to discuss our submission should you have questions or require further explanation of our views. Please contact me at jp.bureaud@faircanada.ca.

Sincerely,



Jean-Paul Bureaud,
Executive Director

VIA EMAIL ONLY

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
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January 27, 2022

Re: CSA Staff Notice of Consultation 11-343 Proposal to Establish a CSA Investor Advisory Panel

The Federation of Mutual Fund Dealers ("Federation") has been, since 1996, Canada's only dedicated voice of mutual fund dealers. We currently represent dealer firms with over \$124 billion of assets under administration and nearly 30 thousand licensed advisors that provide financial services to over 3.8 million Canadians and their families. As such we represent the majority of non-bank licensed advisors, and maintain a keen interest in all matters that impact the dealer community, its advisors, and their clients.

The Federation is pleased to provide comments on the captioned Proposal. We are generally in favour of the objectives put forward in the proposal;

- (i) improve regulation and policy development by CSA members and
- (ii) improve investor involvement in the financial services market regulation.

"A CSA IAP will play a crucial role in assuring regulators that CSA policy development efficiently addresses retail investors' needs by providing current knowledge, analysis and critical thinking."

The proposal also states that the panel allows for a more structured approach, facilitating ongoing dialogue that will significantly improve this process. Moreover, the CSA expects retail investor participation and feedback to increase as a result of the proposed Panel's outreach efforts. The CSA aims to have a more meaningful insight into retail investor concerns about rules and policies through the Panel's representation of a greater sample of the retail investor population.

The CSA's initiative further aims to provide an avenue for retail investors to be involved directly in improving financial services market regulation, providing knowledge, analysis and critical thinking, with a more structured approach, and facilitate investor outreach initiatives.

Our ongoing and primary concern remains the burgeoning cost of regulatory oversight. The continuing growth of duplicative efforts are borne by industry, and necessarily passed on to the only fee payer, the Canadian investor.

We inquire whether this new panel can be efficiently leveraged for providing this perspective across all CSA members? There should only be one level of IAP and if this panel is to service the full CSA, all provincial IAPs should disband in favour of this integrated approach.

The aim noted is to improve investor involvement in market regulation. While we acknowledge the importance of this goal, we believe we will see the same roster of participants that exist in IAPs currently. Should this panel be formed, we hope to see a fresh, growing, and broad pool of experienced investors with regulatory exposure involved in the panel (eg. senior advocacy associations, pension plans, family offices, individual investors), rather than this being an additional forum for the traditional advocate voices that are omnipresent in regulatory input, and who will likely overlap with the concurrently proposed new SRO Investor Panel.¹

We feel the CSA should expand upon both the Membership and Conflict of Interest sections in the Terms of Reference. Conflict considerations should integrate with the membership selection criteria in advance of participation, in addition to the ongoing requirements included in section 11. There is an inherent risk of conflict between investor panel participants and their direct involvement in market regulation. Beyond 'diversity and geographic location', the nature, character, and history of candidates are significant. Prior to appointment are candidates required to disclose items such as; undue influence, conflicts, affiliations with regulated, non-regulated, or international firms? Has a cooling-off period been contemplated? These should frame the nature of policy proposals put before each member, and help confirm all members always remain at arms-length.

As market conduct regulators with a mandate for consumer protection, is including the noted goal of 'outreach' ideal? We suggest the securities regulators communicate and source needed input for the panel from the public directly, and the panel be provided with access to those resources, constrained to providing regulatory input. We have apprehension regarding the costs of launching and subsequent growth of another 'public outreach' initiative.

¹ CSA Position Paper 25-404 - New Self-Regulatory Organization Framework pp.12 <https://www.securities-administrators.ca/wp-content/uploads/2021/10/CSA-Position-Paper-on-SRO-Framework-Final-with-Appendices.pdf>

We believe that industry experts add value to the regulatory development process, and should be provided with equivalent early stage opportunities to provide input into the development of policy proposals, and a spokesperson invited as needed to the CSA Chairs' meeting. The recently completed CSA effort to involve industry in the CFR Implementation Committee is a worthy example of a successful input mechanism, and could be used again, for example, with the SRO Integrated Working Committees.

Lastly, we will note that this additional cycle of internal feedback being added into the regulatory process comes at a time when the idea of reducing the length of comment periods has been floated by other bodies. For the record, we do not support the idea of lengthening the period of pre-consultation at the expense of the formal and necessary public consultations with the broader industry and its experts.

The Federation appreciates this opportunity to provide input on this proposal.

Respectfully,

MATTHEW LATIMER
Executive Director

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December 10, 2021

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Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon
Superintendent of Securities, Nunavut

Re: CSA Staff Notice and Request for Comment 11-343 Proposal to Establish a CSA Investor Advisory Panel

Ladies and Gentlemen,

I appreciate this opportunity to comment on the Proposal to Establish a CSA Investor Advisory Panel. As a longstanding investor advocate, I was pleased that the CSA is acknowledging and beginning to address the need to incorporate a more meaningful investor perspective in its rule making and policy

development. At the risk of appearing a bit churlish, I do wish that the CSA proposal had been a bit more ambitious and creative. As proposed, the CSA IAP (the “Proposed IAP”) would provide an additional forum for the investor voice, but it does not remedy the problem that this investor voice is only heard towards the end of the decision-making process, thereby limiting its impact. I hope that this consultation process will provide the CSA with an opportunity to reconsider its proposal and recraft it in a way that will allow the Proposed IAP to inform the regulatory decision-making process at an early enough stage to provide value add for the CSA and retail investors alike.

It is clear that the CSA has borrowed heavily from the OSC IAP model in crafting the structure and terms of reference of the Proposed IAP. This relationship is underscored by the stipulation in the proposal that at least one member of the OSC IAP will, at all times, serve on the Proposed IAP. As a former member of the OSC IAP, I am flattered that the Proposed IAP is modeled so closely after the OSC version. However, given the extent of the overlap in both mandate and membership profile, I am unclear what additional value either the CSA or retail investors can expect to gain from the Proposed Panel. The two panels appear so similar that I find myself wondering if it would have been more efficient to simply add additional members from other CSA jurisdictions to the OSC IAP, increase its budget and rechristen it the CSA IAP. To be clear, I am not advocating this approach, but it seems reasonable if the CSA is content creating an IAP that will essentially duplicate the efforts of the OSC IAP.

Personally, I would like to see the CSA set its sights higher. I encourage the CSA not to be content copying the OSC IAP and instead to create a forum or a process that builds on and complements what that group is already doing. To create this type of forum or process, it is helpful to understand and evaluate what the OSC’s IAP was intended to do, what it has actually done and how effective it has been. Launched in 2010 the OSC’s IAP was mandated to solicit and represent the views of investors on the OSC’s policies and rule-making initiatives. It was designed to advise and comment on proposed rules and investor protection initiatives and to provide input on the effectiveness of investor protection measures; consult with investors and organizations that represent investors; and forward policy issues to the Commission that emerge as a result of its consultation activities. The IAP, consisting of a maximum of nine members, was required to meet at least quarterly (members receive a per diem for attending and preparing for meetings) and was intended to function independently, save for administrative support, from the OSC.

Acknowledging a degree of bias, I think that the OSC IAP has done well fulfilling its job description. It has been a prolific submitter of comment letters on a wide range of investor-related matters. While the majority of these comment letters have been addressed to the OSC, they typically deal with proposed National Instruments or national issues and are readily accessible to regulators in all CSA jurisdictions. In addition, the OSC IAP, is required to comment on the OSC’s Annual Statement of Priorities. While each year there are priorities that are unique to the OSC, many of the priorities are also CSA priorities and are consequently addressed in OSC IAP comment letter. Lastly, the OSC IAP has, subject to OSC approval, the ability to commission or undertake research on retail investor relevant topics. In recent years, the key research initiatives undertaken by the OSC IAP have included: [Current Practices for Risk Profiling in Canada](#) (2015); [A MEASURE OF ADVICE: How much of it do investors get?](#) (2019); and [IAP Horizon Project - Initial Report](#) (2021). None of these research projects was OSC or Ontario centric and their findings and observations were available to all CSA regulatory agencies.

In light of the foregoing, it would appear that in most instances the contribution of the Proposed IAP, as currently structured, will be duplicative rather than additive. This would be a suboptimal outcome for both investors and the CSA. I therefore encourage the CSA to rethink its proposal by identifying the limitations of the OSC IAP and proposing a forum or process that addresses some of these shortcomings in a way that will complement the excellent work already being done by the OSC IAP. Identification of these limitations requires a clear-eyed evaluation of the effectiveness of the OSC IAP. This evaluation is difficult to calculate. It is impossible to compare the current state of investor protection against the counterfactual of a regulatory environment without a functional OSC IAP since 2010. At the same time, the presence of the OSC IAP has not facilitated quick or easy solutions for even some of the most pressing investor protection issues in Canada or Ontario. In spite of multiple well-reasoned comment letters penned by the OSC IAP, trailing commissions have not been banned, a best interest standard has not been adopted, OBSI has not been granted binding authority, the titling of advisers has not been reformed, the complaint handling process has not been simplified and an investor restitution fund has not been established. Similarly, there are few examples of the OSC IAP comment letter prompting changes to the OSC's Annual Statement of Priorities. Also, the OSC IAP's research efforts have not, to date, generated substantive policy responses. No regulatory action has yet been taken with respect to the risk measurement deficiencies identified by the research undertaken in 2015; the 2020 research that challenged the industry position that eliminating trailing commissions would create an advice gap have gone unheeded; and the recent Horizon Report that highlighted the evolving regulatory opportunities and challenges associated with regtech, fintech, digitization and crypto did not motivate the Ontario provincial government to reimagine how best to regulate securities in the 21st century.

These outcomes cannot and should not be attributed to the membership (obviously) of the OSC IAP or the quality of its work. Instead, it reflects the fact that, structurally, OSC IAP input is only available at the final stages of the regulatory/policy making process. By the time that the OSC IAP has the opportunity to comment on a rule or input on a policy initiative, other key stakeholders have already participated in the discourse and influenced the outcome. I often compare regulatory policy making to working with cement – to have a meaningful impact you need to be there when the cement is being mixed and not when it is already being poured and starting to set. OSC IAP input is typically only solicited or considered after other stakeholders have already participated in the mix and the mold for a new policy or rule has already been formed. It is unfair to criticize the OSC IAP for not advancing its investor agenda more effectively when it is perennially forced to play catch up in the decision-making process.

I encourage the CSA to reconceive the Proposed IAP to better ensure that the investor perspective is incorporated as early as possible in the rule making and policy development process. Think in terms of a Proposed IAP that is not focused on commenting on the penultimate versions of 'proposed' regulatory initiatives and instead is designed to collaborate with CSA regulators at the formative and development stages of new rules and policies. This would entail two primary functions for the Proposed IAP – participating in the development and oversight of the CSA Business Plan and providing early and, when appropriate, ongoing input to CSA working groups tasked with developing a new policy or rule. The Proposed IAP could operate with up to twelve members and would not include any members then serving on the IAP of any provincial jurisdiction. The Proposed Panel would meet (virtually) at least quarterly. The Proposed Panel would be required to prepare an annual public report that both comments on the CSA Business Plan and reviews CSA performance on investor-related issues during the preceding 12 months. Members of the Proposed Panel should be fairly and appropriately compensated

to ensure that the CSA is able to attract a qualified, talented and diversified a pool of candidates. Members would serve for a 3-year term, subject to a maximum of two consecutive terms.

I hope that you find this feedback helpful.

Do not hesitate to contact me if you require any clarifications or any additional information.

Sincerely,

Harvey S. Naglie

December 7, 2021

The CSA Secretariat C.P.400,
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Montréal, QC, H4Z 1J2
Tel.: 514-864-9510 Fax: 514-864-9512
E-mail: csa-acvm-secretariat@acvm-csa.ca

British Columbia Securities Commission
Alberta Securities Commission –
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Superintendent of Securities, Department of Justice and Public Safety, Prince
Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon
Superintendent of Securities, Nunavut.

**CSA Staff Notice and Request for Comment 11-343, Proposal to Establish a
CSA Investor Advisory Panel**

https://www.securities-administrators.ca/wp-content/uploads/2021/12/CSA_IAP_Notice_E.pdf

Kenmar want to formally express our respect for CSA leadership and vision in establishing an Investor Advisory panel (IAP).

Kenmar appreciate the opportunity to comment on the proposed CSA retail investor IAP. An independent IAP is critically important for millions of Canadians saving for their retirement, their children's education, the purchase of a home or other important life goals. An IAP provides the CSA a vehicle to comply with the G20 HIGH-LEVEL PRINCIPLES ON FINANCIAL CONSUMER PROTECTION. Effective investor involvement improves the democratic accountability of the CSA and builds trust and confidence in the CSA.

Kenmar Associates is an Ontario-based privately-funded advocacy organization focused on investor protection and investor education via on-line articles hosted at www.canadianfundwatch.com. Kenmar also publishes **the Fund OBSERVER** on a monthly basis discussing investor protection issues primarily for investment fund investors. An affiliate, Kenmar Portfolio Analytics, assists, on a no-charge basis, abused investors and/or their counsel in filing investor complaints and restitution claims.

Our comments

Kenmar Associates

The key to effective investor- regulatory involvement is knowledge on the part of both investors and regulators. Retail investors have to know about the regulatory regime if they are to be able to be effectively involved in it. Regulators have to have knowledge about retail investors' knowledge, behaviour and needs if they are to design regulation which provides them with appropriate protections.

This renewed policy and regulatory focus on retail investor protection results inter alia from the increased transfer of opportunities and risks to individuals and households in various segments of financial services, as well as the increased complexity of financial products and rapid technological change. Rapid financial market development and innovation, unregulated or inadequately regulated and/or supervised financial services providers, and misaligned incentives for financial services providers increases the risk that retail investors face abuse ,misconduct and fraud. In particular, low-income and less experienced consumers often face particular challenges in the market place. A CSA IAP provides a voice for Main Street to address these challenges.

Corporate Canada and the financial services industry have the power and resources to effectively and continuously lobby government and CSA decision makers. The Canadian retail investor has extremely limited capabilities to access decision makers or lobby for necessary policy and procedural reforms. An IAP provides a vehicle to rebalance the huge gap in access to the CSA. An IAP is in fact a fundamental component of socially responsible regulation and should be considered a fundamental investor right. The existence of an IAP is in the Public interest.

Mandate: There are two main components. The first is to respond to requests for advice/ comments from New SRO. The Panel will also advise New SRO with respect of its annual priorities and strategic plans .The second is for the Panel to raise current and emerging investor issues to the CSA for consideration/ action. The Panel may speak out publicly when it wishes to draw attention to matters in the Public interest.

The Terms of Reference should include a mandate to advise and challenge the CSA from the earliest stages of its policy development to ensure it takes into account the investor viewpoint. The Panel should be able to speak freely and forthrightly.

The Panel is expected to respond to CSA policy/consultation requests and other consultations deemed crucial to investor protection. For clarity, these other consultations will include those of other CSA member Commissions, New SRO and OBSI. The IAP shall consult with the CSA when planning to comment on a consultation other than a direct CSA originated consultation.

The Panel is expected to develop its own work plan and choose which topics and priorities to address, in addition to responding to CSA requests for advice and comment. The Panel should commission such research as it considers necessary in order to help it to fulfil its duties under the Terms of reference.

Kenmar Associates

Composition: We recommend that the IAP consist of seven to nine Members to provide the necessary competencies, perspectives and geographic coverage. The composition of the Panel membership should reflect and promote a diversity of perspectives (such as geographic diversity-including rural perspectives, age demographics, underrepresented investor perspectives and investors from historically marginalized communities), expertise and experience. A Panel size of five is too small to be effective and could be inoperative if one Member is unable to attend. For coordination purposes, a reserved position for an OSC IAP member shall be maintained provided such person meets CSA IAP participation requirements. A Member of the Autorité des marchés financiers ("AMF") Financial Products and Services Consumer Advisory Committee and the New SRO IAP (yet to be formed) should each have Observer status on the Panel to prevent duplication of effort and provide liaison.

Recruitment: Members should be recruited via a public solicitation.

Timing: Completion of the Member selection process in the Spring of 2022 is reasonable.

Independence: The Panel itself will determine which issues and priorities to comment on. In addition to responding to CSA requests for advice and comment, the Panel will select issues that are believed to have significant retail investor impact and will be expected to provide objective and unbiased opinions on these issues. The Panel will conduct its deliberations without involvement from the CSA. It will also consult widely with retail investors as determined by the Panel Chair.

IAP Member credentials:

Members should have a broad skill set which could include financial consumer advocacy, behavioural finance, financial planning, law and academia

There must be credibility amongst investor advocate stakeholders - including:

- (a) A track record for advocating for fairness in investor protection for Canadians
- (b) Ability to work collaboratively with other investor protection groups, seniors Associations, Public Guardians etc.
- (c) Basic knowledge of the Canadian financial sector and retail services/products
- (d) General knowledge of applicable Canadian securities law and regulation
- (e) An understanding of current retail investor issues

Panel Chairperson duties. The Panel Chairperson responsibilities will include: (a) Leading IAP activities and discussions; (b) Preparing meeting agendas; (c) Chairing Panel meetings and (d) Act as the Panel's spokesperson and liaison with the CSA.

Meeting times: The time and duration of meetings shall be structured to accommodate Members residing in different Canadian time zones.

Kenmar Associates

Service Terms: The CSA Chairs will appoint Members for staggered terms of up to 3-years. The terms are one-time renewable.

Meeting schedule: A minimum of four meetings per year with the CSA is appropriate with additional meetings scheduled as deemed necessary.

Compensation: The proposed remuneration appears to be in the ball park, albeit on the low side. All applicable transportation, food and accommodations expenses incurred should be reimbursed.

Confidentiality: IAP Members must maintain the confidentiality of non-public information provided to the Panel including documents provided or the content or existence of any discussions held between them or the CSA, unless specific consent is provided by IIROC

Budget: Subject to the CSA approval, the IAP will be provided with an annual budget for activities such as consultations, research, surveys, outreach or preparation of submissions, to facilitate its ability to carry out its mandate.

CSA technical support: The CSA will provide reasonable access to CSA Member subject matter experts as may be required for the IAP to competently perform its mandate.

CSA admin support: New SRO shall provide the necessary administrative support to enable the Panel to operate effectively and efficiently. The administrative support would include notifying Panel Members of dates/times when meetings are to be held and to take charge of recording minutes of the meetings and distributing them.

Web presence: A section of the CSA website should be dedicated to the Panel and an email address provided for contacting the Panel Chair.

Transparency: The IAP should publish meeting agendas and minutes (redacted as necessary) on a dedicated section of the CSA website. The IAP should be required to publish an Annual report on its activities and viewpoints to be disclosed on its section of the CSA website. All Comment letters prepared by the Panel shall be publicly posted on appropriate websites.

Termination of the IAP: The possibility of an abrupt cancellation of an IAP sends a very bad message. When the OSC suddenly failed to renew the IAC mandate a decade or so ago, the distrust of the OSC soared. This is not a provision a modern securities regulator wants to include in the IAP mandate document. We strongly urge the CSA to delete the provision. Rescinding an IAP mandate would be unconscionable. It is so unlikely that the CSA would want to terminate an IAP, there is no need for this provision. If the CSA must have an exit clause, we recommend that at least 6 months' notice be provided based on a unanimous decision of all provincial and territorial jurisdictions. Our recommendation is the opposite- embed

Kenmar Associates

the IAP into CSA culture and Terms of Reference.

Independent work: Confidentiality requirements and potential conflicts-of-interest provisions of an IAP Member should not prevent such individuals from independently advocating and writing on a number of key investor protection issues nor acting as Intervenor/Counsel involving CSA enforcement cases. In these situations, the Member shall not be permitted to utilize any non-public information provided to him/her as a result of her/his IAP membership.

We sincerely hope you find this feedback useful.

Do not hesitate to contact us if there are any questions.

Permission is granted for public posting of this Comment letter.

Ken Kivenko, President
Kenmar Associates



CSA Staff Notice and Request for Comment 11-343, **Proposal to Establish a CSA Investor Advisory Panel**

https://www.osc.ca/sites/default/files/2021-12/sn_20211202_proposal-to-establish-csa-iap.pdf

Submission by the Transparency Task Force, January 28th 2022

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Montréal, QC, H4Z 1J2
Tel.: 514-864-9510 Fax: 514-864-9512
E-mail: csa-acvm-secretariat@acvm-csa.ca

British Columbia Securities Commission
Alberta Securities Commission –
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick) Superintendent of
Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon
Superintendent of Securities, Nunavut.

About the Transparency Task Force

The Transparency Task Force is a UK-based Certified Social Enterprise, meaning that we exist to make an impact, not profit.

The mission of the Transparency Task Force is to promote ongoing reform of the financial sector, so that it serves society better. Our vision is to build a large, influential and highly respected international institution that helps to ensure consumers are treated fairly by the financial sector. The primary beneficiaries of our work will be consumers; but the sector itself will also benefit through improved market conduct and increased trust in the services it provides.

Our objective is to carry out a broad range of activities that help to drive positive, progressive and purposeful finance reform, such as:

- Building a collaborative, campaigning community; the larger it is the more influence it can have in driving the change that is needed
- Raising awareness of issues; so that society better understands the problems that exist in the financial sector and how they can be dealt with
- Engaging with people who can make change happen; because through such dialogue we can influence thinking, policy making and market conduct

In recent years the Transparency Task Force has become increasingly international, with members around the world, including in Canada, see:

<https://www.transparencytaskforce.org/the-ttf-international-initiative/>

We have hundreds of Ambassadors, in 22 countries around the world, including Canada, see here: <https://www.transparencytaskforce.org/ttf-ambassadors/>

For further information about the Transparency Task Force see:

<http://www.transparencytaskforce.org>

This response is all non-confidential. Please note that all comments in this response are part of the response, and should be considered.

Some of this response is contained in answers to CSA's specific questions below, but the parts of the response not shown as direct answers to questions are equally part of this response, and for consideration by CSA.

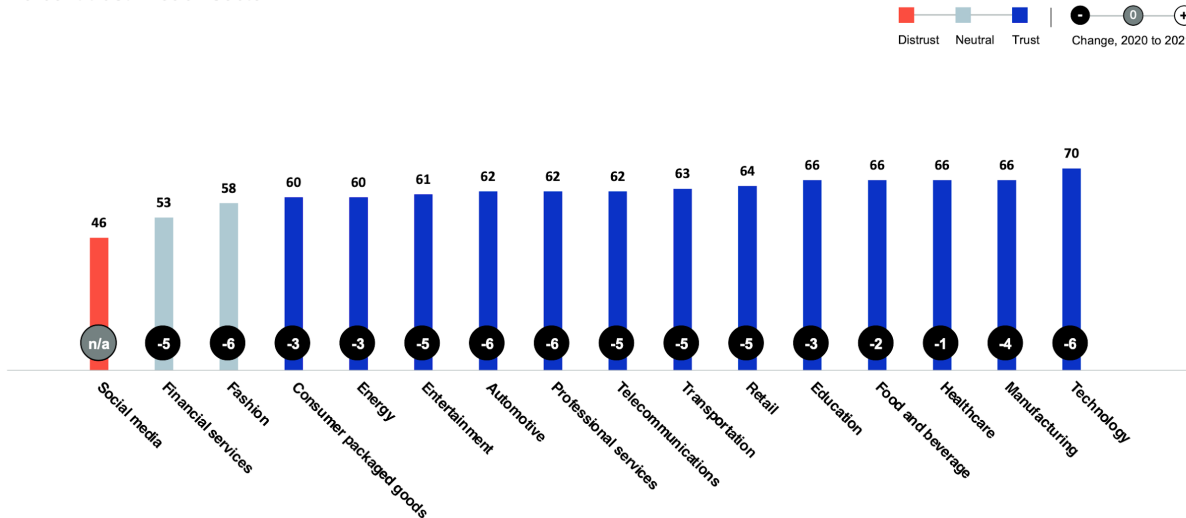
We are extremely grateful to Ken Kivenko of Kenmar Associates, on whose thoughts this response is based.

As always, context is key

We believe that there is cause for concern about the reputational integrity of the financial services sector, in most parts of the world. There is ample evidence to suggest that society is distrusting of financial services. The highly credible [2021 Edelman Trust Barometer in Financial Services](#) shows it to be the second most distrusted industry; second only to social media, as the chart on the following page shows:

TRUST DECLINES ACROSS SECTORS

Percent trust in each sector



2021 Edelman Trust Barometer. TRU_IND. Please indicate how much you trust businesses in each of the following industries to do what is right. 9-point scale; top 4 box, trust. Industries shown to half of the sample. General population, 27-mkt avg.

Edelman | 46

Given the fundamental need for the financial sector to be trusted for it to function successfully, it should be a great concern for the sector's market participants, trade bodies, professional associations and regulators that it is a sector that society does not trust.

We believe that the CSA's Investor Advisory Panel has the potential to make a positive difference in this regard as it can help to introduce reforms in Canada that will produce better outcomes for consumers, and thereby help to bridge the trust deficit.

For these reasons, Transparency Task Force wishes to formally express our respect and appreciation for CSA leadership and vision in establishing an Investor Advisory Panel.

Transparency Task Force believes an independent IAP is critically important for millions of Canadians saving for their retirement, their children's education, the purchase of a home or other important life goals. An IAP provides the CSA a vehicle to comply with the [G20 High-Level Principles on Financial Consumer Protection](#). Effective investor involvement improves the democratic accountability of the CSA and builds trust and confidence in the CSA itself as well as the ecosystem that it presides over.

Our comments

1:

The key to effective investor- regulatory involvement is knowledge on the part of both investors and regulators. Retail investors have to know about the regulatory regime if they are to be able to be effectively involved in it. Regulators have to have knowledge about retail investors' knowledge, behaviour and needs if they are to design regulation which provides them with appropriate protections.

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4:

The IAP into CSA culture and Terms of Reference.

Independent work: Confidentiality requirements and potential conflicts-of-interest provisions of an IAP Member should not prevent such individuals from independently advocating and writing on a number of key investor protection issues nor acting as Intervenor/Counsel involving CSA enforcement cases. In these situations, the Member shall not be permitted to utilize any non-public information provided to him/her as a result of his/her IAP membership.

We sincerely hope you find this feedback useful.

Do not hesitate to contact us if there are any questions.

Permission is granted for the public posting of this Comment letter.

Kind regards,

Andy

Andy Agathangelou FRSA

Founder, Transparency Task Force; a Certified Social Enterprise

Governor, Pensions Policy Institute

Chair, Secretariat Committee, APPG on Pension Scams

Chair, Secretariat Committee, APPG on Personal Banking and Fairer Financial Services

Chair, Violation Tracker UK Advisory Board

Policy Adviser to Parrhesia, the Whistleblower Research Charity

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Wealthsimple

400 - 80 Spadina Avenue
Toronto, ON M5V 2J4

DELIVERED BY EMAIL

January 31, 2022

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon
Superintendent of Securities, Nunavut

c/o The CSA Secretariat
C.P. 400, Place Victoria
800, rue du Square-Victoria, suite 2002
Montreal, QC H4Z 1J2
csa-acvm-secretariat@acvm-csa.ca

Dear Sirs/Mesdames:

Re: CSA Staff Notice and Request for Comment 11-343 - *Proposal to Establish a CSA Investor Advisory Panel*

Wealthsimple is pleased to provide comments to the Canadian Securities Administrators (CSA) on their proposal to establish an Investor Advisory Panel to further enhance retail investor protection. We support the CSA's efforts to establish a panel to represent the interests of retail investors in pan-Canadian policy development activities.

Our mission is to help everyone achieve financial freedom, no matter who they are or how much they have. We started by providing smart, simple investing, without the high fees and account minimums associated with traditional investment management, through our Wealthsimple Invest product. Since the launch of Wealthsimple Invest, we have introduced more ways for our clients to reach their goals and manage their money. We operate an online brokerage platform that provides commission-free trading and high-interest savings through our Wealthsimple Trade product. In 2021, we launched Canada's first regulated crypto trading platform. More than 1.5 million Canadians use Wealthsimple products, and we have more than \$15 billion assets under administration.

We support the CSA's efforts to improve the retail investment experience and expand investor protection through establishing the Investor Advisory Panel. We are committed to making investing more accessible and less intimidating, particularly for first-time and younger investors. We look forward to working with the Investor Advisory Panel in its efforts to improve the investment experience for these investors.

Past research conducted by Canadian securities regulators has shown that the traditional investing environment can put up barriers to investing for certain demographics. For example, the OSC's research on millennials, published in OSC Staff Notice 11-782 (July 12, 2018), outlined three barriers to engaging Ontario's millennials:

- low motivation to taking action when potential benefits are uncertain and distant in time,
- complex and unfamiliar environments like investing, are overwhelming and discouraging, and
- triggers for building confidence with investing are difficult to design due to the other barriers and because approaches to investing are very dependent on an individual's circumstances.

Our own experience, as the operators of a digital advice platform and a self-directed trading platform popular with millennial and Generation Z investors, has shown that the lowest point in the customer journey for first-time investors is the "discovery phase", when prospective investors are just starting to learn about investing and deciding on a course of action. Therefore, we encourage the CSA to appoint members to the Investor Advisory Panel who represent younger investors, to ensure that their perspectives are included in regulatory initiatives aimed at improving the investing experience.

We believe it is essential that all Canadians can access and use simple and affordable investment tools that position them for long-term financial success. We therefore believe that the Investor Advisory Panel's terms of reference should include an explicit reference to promoting regulatory initiatives that remove barriers to responsible investing. The Investor Advisory Panel should work together with regulators and industry to address gaps for under-served investors, including:

- rethinking engagement strategies,
- reassessing the meaning of investor protection, and
- approaching new ideas with an open mind.

The Investor Advisory Panel's work should also include ongoing measurement of, and reporting on, investor diversity. An important objective for both regulators and industry should be an increase in the overall diversity of the investor population.

Finally, we encourage the CSA to appoint representatives to the Investor Advisory Panel who are knowledgeable in crypto asset trading. We support the CSA's efforts to strengthen oversight of crypto asset trading platforms. However, we believe that there is a need for broad and transparent consultation among policymakers and regulators to achieve the appropriate balance to regulating crypto asset platforms that protects investors and promotes responsible innovation. Therefore, we

believe that the Investor Advisory Panel requires members with expertise in the crypto asset sector.

We would be pleased to meet with the Investor Advisory Panel once it is established to provide qualitative and quantitative input on the challenges we believe our clients face from the current investing environment. We hope that our comments will be considered positively by the CSA and helpful in establishing the Investor Advisory Panel. We welcome the opportunity to discuss our comments with you.

Yours very truly,

“Blair Wiley”

Blair Wiley
Chief Legal Officer
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