



## **IIROC CEO Opening Statement for Alberta Legislature News Conference**

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First of all, I'd like to congratulate Minister Ceci and the Alberta government.

I also want to thank the Alberta Securities Commission and its chair Stan Magidson, for their ongoing support and deep commitment to investor protection . . .

And of course Prosper Canada and the grassroots organization's Executive Director Liz Mulholland, for advocating on behalf of consumers and investors for these important changes.

Before I get into what these changes mean for Albertans, I want to take a moment to briefly introduce IIROC. We are a public interest self-regulatory organization that oversees all investment dealers and their trading activity on debt and equity marketplaces in Canada.

We are pan Canadian and are recognized by the Alberta Securities Commission and all other provincial securities regulators across the country.

Alberta is one of the larger markets we regulate – there 14 investment firms with head offices and 925 branches employing nearly 3,000 registrants under our jurisdiction in this province.

Alberta continues to truly be a leader in investor protection and providing a model for other jurisdictions to follow.

With legislative changes being announced today, Alberta will become the first province in Canada to provide IIROC with a complete toolkit, granting us full authority to investigate and the legal immunity that allows us to more effectively fulfill our responsibilities as a public interest regulator and bring wrongdoers to justice.

I want to take a moment to give you some examples of the types of investigations and prosecutions we have undertaken in Alberta.

Among the cases we investigated last year, there was one case in which we issued a permanent ban of an investment advisor working out of Red Deer who defrauded his clients. In this particular case, he fraudulently solicited nearly \$700,000 from his clients by claiming to have access to certain attractive investment opportunities. He then misappropriated the funds by depositing them into a personal bank account, and used them for his own benefit.

The majority of our cases involve seniors and the vulnerable.



In another Alberta case, an advisor took advantage of the trust of four clients who were seniors or retired with limited or no investment experience.

The advisor had control over accounts and executed what we described as an unsuitable trading strategy involving high-risk securities. The IIROC hearing panel found his conduct to be “deliberate, calculated, organized, repeated, systematic and pervasive,” involving over 1,200 trades in roughly two years.

Three clients experienced significant losses at a time when they should have been able to enjoy retirement.

Today’s amendments mean so much to the integrity of our system and for the protection of investors.

Under existing rules, IIROC can only oblige registered advisors or investment dealers that are currently regulated by IIROC to cooperate with our disciplinary investigations and prosecutions.

Of course non-registrants can – and do – voluntarily cooperate with investigations. But that is not always the case.

We cannot, for example, oblige the cooperation of issuers, promoters, or other individuals or financial institutions that may have important evidence to give – lessening our ability to bring wrongdoers to justice.

You can see how that can be like operating with one hand tied behind your back.

While we do have the ability to compel cooperation when we eventually get to a disciplinary hearing, there may be instances where we are forced to close an investigation early, before a hearing, because of a lack of information.

Changes introduced today untie our hands and complete the process.

Now we will be able to first test the evidence for relevance and reliability at the investigation stage and strengthen our ability to prosecute.

Under the new rules, IIROC will have the power to oblige individuals to, for example, produce records or provide information during investigations – whether they are IIROC registrants or not.

If they refuse, they could be held in contempt, in the same way anyone can be held in contempt for breaching a court order.



Institutions will also be obliged to provide records during investigations. These are the same powers the Alberta Securities Commission -- which effectively delegates regulatory responsibilities to us – currently has.

As mentioned, in addition to expanding investigative powers, these legislative changes will provide IIROC employees and disciplinary hearing adjudicators protection against lawsuits for acting in good faith when carrying out investigations or holding hearings – immunity that our regulatory partner the Alberta Securities Commission also has.

Conclusion:

Losing hard-earned savings as a result of wrongdoing or negligence can be devastating.

Victims are often seniors and vulnerable investors.

I want to applaud Alberta for truly being at the forefront of strengthening investor protection and for recognizing that Albertans deserve a strong regulatory framework to protect their interests.

Apart from legislative changes announced today, only in Alberta, Quebec and PEI does IIROC have the ability to collect payments we levy on wrongdoers directly through the courts.

As a result of this authority, our collection rates are significantly higher over time in these jurisdictions.

Just last week the Ontario government introduced its own legislative change which will give IIROC the ability to collect our fines directly through the courts in that province as well . . . and we will continue to pursue these changes in other jurisdictions across the country.

Being able to collect penalties and having the ability to fully investigate, sends a powerful message to potential wrongdoers that if you harm investors you will pay the penalty.

No one can disagree with this.

The firms and individuals we regulate, the vast majority who work diligently on behalf of their clients, want to see the “bad apples” in the industry pay the penalty.

Investor organizations like Prosper Canada want to see rules and laws that have teeth.

And consumers, like those we’ve surveyed, want action.



Research conducted by an independent research firm late last year showed that there is strong support in this province for making these changes. In fact, more than 8 in 10 Albertans surveyed wanted to see the government introduce these additional protections.

With today's amendments, the Alberta Government is sending a strong message to Albertans who invest – consumer protection is a priority for this government and those who break the rules will be held accountable.

Today the Alberta government is helping to increase investors' confidence that our capital markets are operating with integrity – which ultimately contributes to the overall health of the Alberta economy.

Thank you.