

Notes for Remarks by

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**President & CEO**

IIROC Stakeholder Reception

September 25, 2018

Toronto Board of Trade

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## **Welcome and Acknowledgement of Guests**

Thank you Paul.

Welcome everyone. It is wonderful to see so many of you here today, especially this time of year when everyone is so busy.

As a self-regulatory organization, it is important that we – IIROC’s management team and our Board of Directors have the opportunity to meet with and engage informally with our stakeholders but particularly with those we regulate.

After all, Ontario is the jurisdiction where the largest number of head offices are located – 110, with more than 3,100 branch offices employing in excess of 14,000 registrants.

Many of our member firms are represented here tonight – they come from a cross section of business models and include those who serve on IIROC’s Ontario District Council, the National Advisory Committee and our various Standing Committees, as well as representatives from industry associations IIAC and IFIC.

I would also like to highlight the diverse group of people and organizations that are here this evening.

As Paul mentioned, joining us is Maureen Jensen, Chair and CEO of the Ontario Securities Commission, along with a number of her senior management colleagues and commissioners.

We have a strong working relationship with our colleagues at the OSC, with all of their CSA peers across Canada and, importantly, with each of their respective governments. We deeply appreciate their support.

It helps us to do our job better, which in turn fosters investor confidence and supports economic activity.

Also joining us this evening are organizations that work with and represent grassroots consumers, seniors and retail investors as well as many of our regulatory and government partners – all of whom work diligently to ensure that capital markets have integrity and operate fairly and efficiently.

I would like to make note that for the first time, we are joined by representatives from Women in Capital Markets, LGBT in Capital Markets and Pride at Work Canada. At IIROC, we are proud of our culture – one that values inclusion and celebrates diversity as a source of strength and inspiration.

That so many of you are here speaks to the central role that IIROC plays on behalf of all of you – and indeed on behalf of all Canadians as we work to protect investors and support healthy capital markets. So thank you.

Earlier this afternoon we held our AGM where I had the opportunity to comment on the significant progress we have made.

I don't intend to review our accomplishments tonight as most of you were involved in making them happen. We have continued to enhance our regulatory effectiveness, work to create a more level playing field and provide a stronger and more consistent approach to investor protection from coast-to-coast. (There are copies of the Report at the back, if you want to pick one up.)

## **Thank you to Departing Directors and Welcome to New Directors**

This reception is somewhat different from previous years in that we are celebrating IIROC's 10<sup>th</sup> anniversary, saying goodbye to Marianne Harris as Chair – and welcoming Paul Allison as the incoming Chair of the Board.

I am sad to be saying goodbye to Marianne. IIROC has been fortunate to have had her serve on the IIROC Board for eight years, the last six of which she has been our Chair. This kind of commitment provides great continuity and stability for the organization and allows for a long-term vision.

On a personal note, Marianne was one of the first people I met when I was approached about joining IIROC in mid-2014.

Her professionalism, her understanding of the environment in which we operate, her dedication to public service and her unwavering commitment to protecting investors and ensuring healthy capital markets played a huge part in my decision to come and join this organization.

Marianne – It has been an honor for all of us at IIROC to have worked with you – thank you for your service and for your dedication.

I am also grateful to you for ensuring a smooth transition for your successor and am looking forward to working with Paul.

As you've heard, Paul brings more than 30 years of capital markets and investment banking experience to his role on the Board and to his new role as Chair.

And, in yet another example of how small the world is, he and I were colleagues together at Nesbitt Burns a very long time ago.

As a result, I know well that he holds dear IIROC's mission and vision and the same values that Marianne ably demonstrated as Chair.

I would be remiss if I didn't also acknowledge the contributions of our other departing Director, Tom Wittman. Tom joined the IIROC Board as a Marketplace Director in 2016 – his experience and perspective from NASDAQ's marketplace operations around the world were useful to all of us on the IIROC Board.

I also want to add a personal welcome to our two new directors whom Paul just introduced: Jos Schmitt and Lucie Tedesco.



We are pleased to have Jos and Lucie join our Board – a Board made up of an extremely knowledgeable and capable group of professionals, as we navigate through the changing economic and capital markets environment, both domestically and globally.

### **Looking forward and learning from the past**

It's just 10 years and 10 days since Lehman collapsed, the event seen as the beginning of the darkest days of the global financial crisis.

For those unfamiliar with IIROC's roots, it was also just over 10 years ago that IIROC was created when the regulatory arm of the Investment Dealers Association merged with Market Regulation Services to create a new pan-Canadian SRO to oversee all Canadian dealers and their trading on Canada's markets.

To be clear, the two events were not connected!

But, just as the world's financial services regulators spent the last 10 years absorbing the lessons of the crisis and restructuring regulation in response, IIROC – on a much smaller scale – has spent the last 10 years evolving into the organization we are today.

There is a connection between the two journeys and it involves a single word: “trust”. You can add “confidence” as well, I suppose, as the two words are effectively the two sides of the same coin.

I make this connection because unlike the authors and filmmakers of most of the popular accounts of the financial crisis, who focused on the destruction of wealth and the collapse of markets and financial institutions around the world, I believe that the damage done during

that period cannot be measured in monetary terms alone.

I believe that it was damage to confidence and damage to trust. The crisis hurt the confidence we had in our economic and political systems and diminished the trust we had placed in the people who lead them.

It is easy to say that, because Canada came through the period relatively unscathed, trust and confidence were unscathed here too. In my view, that is unfortunately not as true as we would like.

And once trust is destroyed and confidence lost, rebuilding is not easy. For while Canadians can lose trust and confidence as a group, it can be re-earned only one Canadian at a time.

And that has been and continues to be the challenge of financial services and regulators in Canada and around the world.

The question of trust and confidence apply to IIROC too, of course, as they do to every other regulatory organization.

And, as an SRO when people and organizations have confidence in IIROC, they have confidence in each of our members and by extension – all of their employees.

That is why I am so pleased to be able to report that in the past 20 months, six provinces have strengthened IIROC's enforcement toolkit, giving us more effective ways to do our job. For five of those provinces, including here in Ontario, this involved passing legislation with broad stakeholder and legislative support.

The authorities we have been granted have varied somewhat across the country but they are all serious ones. The ability to enforce disciplinary fines through the courts, statutory immunity from civil action and the ability to require cooperation with our investigations and disciplinary hearings. We need these powers to be able to ensure that breaking our rules have consequences for those who harm investors.

But as mentioned, these are serious powers.

Governments would not grant them if we, IIROC and its members working together as an SRO – had not earned the trust of governments and our partners at the Commissions. We would not have been able to do that without you. So thank you again.

Now, just a moment on the future – the future of IIROC which of course also means the future of the industry.

We must acknowledge that financial services businesses are responding to the demands of their customers... a world where the old distinctions between products offered on different platform silos – and the distinctions between the platforms themselves – simply don't make as much sense as they used to. And we have to modernize our approach to keep up.

That's one of the reasons why earlier this year we launched, working with our colleagues at Accenture, a project we've called Enabling the Evolution of Advice.

Its goals were to foster more engaged, flexible and collaborative relationships between IIROC and its members, to better understand and manage the cost burden of regulation and to enable the newly emerging advice and service models that you are introducing while ensuring investors continue to have access to services and are protected.

With Accenture, we've engaged across Canada – going beyond IIROC dealers – and explored emerging wealth management models in the U.S. and around the world.

The result is one of the most comprehensive views ever assembled of how the investment industry sees the future unfolding and how regulation needs to adapt as a result - how regulation must adapt to serve the needs of investors, to serve the needs of Canadians without imposing too great a cost burden, without imposing a burden that makes compliance impossible.

Our report with Accenture is in the works and will be released shortly. So all I will say now is that I believe we are on path that will transform us in parallel with the transformation that the financial services industry is undergoing, transform us in parallel with the transformation that Canadians' financial lives are undergoing. At the same time we will do so in a way that

stays true to the principles of self-regulation and our mandate.

## **Closing**

In closing, I'd like to thank everyone involved in organizing our AGM and reception today.

I want to acknowledge and extend my sincere appreciation to my IIROC colleagues across Canada for their contributions and dedication to delivering on our public interest mandate.

I'd also like to thank our management team and our Board of Directors for their ongoing support and counsel.

And finally to all you.... It is in partnership with all of you that we protect investors and support healthy capital markets.

Thank you.