

VIA email

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**Re-Publication of Proposed Amendments of Requirement to Disclose
Membership in IIROC as a Dealer Member**

<http://docs.iiroc.ca/DisplayDocument.aspx?DocumentID=4B387279A5C34AB0BA23B2DE412BB1A2&Language=en>

Kenmar Associates is an Ontario- based privately-funded organization focused on investment fund investor education via on-line research papers hosted at www.canadianfundwatch.com. Kenmar also publishes **the Fund OBSERVER** on a bi-weekly 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.

Kenmar are delighted to see this important initiative finally re-activated. We have been promoting the inclusion of the IIROC logo on dealer documents for nearly a decade. We are disturbed however at IIROC's passionate exposition of member dealer cost pain on paying for a few drops of ink on client statements. " *In order to understand the costs associated with the inclusion of the IIROC Logo on client account statements and trade confirmations, IIROC engaged in discussions with a vendor that designs, prints and/or circulates client account statements and trade confirmations on behalf of some of our Dealer Members. Through these discussions and consistent with the cost concerns expressed by Dealer Members during consultations and through public comment letters, it is highly likely that the inclusion of the IIROC Logo on these documents would be very costly to Dealer Members and, in some cases, may result in higher ongoing fees if the redesign substantially changed the layout of the relevant document (i.e., from 1 page to 2 pages)*". This is amazing in the face of modern digital printing, increasing use of eStatements and the quarterly profits in the billions of dollars of Member dealers. It is actually insulting our intelligence.

Kenmar believes that it is appropriate to require Dealer Members to disclose their membership in IIROC to promote public awareness of the advantages of working with an IIROC-regulated and as a potent investor protection measure.

We firmly believe IIROC Membership Disclosure on account statements would add to investor protection. Account statements being "push" disclosures are read and are received on a periodic basis and thus can be effective disclosures for the retail investor.

We also recommend that Dealers be required to include the IIROC Official Logo on the front of each trade confirmation slip sent to clients .IIROC may also want to have dealers:

- (1) display the IIROC Official Logo at each physical Dealer Member business location to which retail clients have access;
- (2) prominently display the IIROC Official Logo on their website

This proposal is entirely appropriate, that as CRM2 is rolled out, that one of the most basic disclosures to investors is introduced by the IIROC .We are speechless that dealer Members will be given 2 years to make any system changes before the Proposals become effective. This is nothing more than a slap in the face to retail investors and another stalling tactic.

Including a logo is consistent with IIROC policy of recommending clients consult the NRD to check out advisors and dealers. This initiative will make it easier for clients to identify the applicable regulator.

We agree that Dealer Members should have the option to circulate the IIROC Official Brochure electronically **providing prior client concurrence is obtained.**

One further point. We have stated on numerous occasions that consultations such as this one are fundamentally deficient in that the number of industry respondents far outnumbers those from the investor side. This imbalance can mislead IIROC. We therefore repeat once again our request that IIROC establish a funded Investor Advisory Panel to ensure the voice of Main Street is heard.

In the event this initiative is again deferred or rejected, it is our firm conviction that a deeper assessment of IIROC's investor protection mandate be undertaken by the CSA.

Kenmar Associates agree to public posting of this Comment Letter.

We would be pleased to discuss our comments and recommendations with you in more detail at your convenience.

Sincerely,

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APPENDIX I: Selected References

- 1 **Duties of Disclosure** <http://www.lawgazette.com.sg/2003-6/June03-feature.htm>

Kenmar Associates
Investor education and Protection

2 **Bridging the Trust Divide: The Financial Advisor-Client Relationship**
http://knowledge.wharton.upenn.edu/papers/download/ssga_advisor_trust_Report.pdf

3. **CRM2 and Investor Behaviour** Feb. 27, 2014 Smarten Up Institute
http://iiac.ca/wp-content/uploads/SESSION_6_CRM2.pdf (54 pages)