

Notes for Remarks by

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Check against delivery

Welcome. It is wonderful to see you here today, especially at a time of year when everyone is so busy. Given that, I would like to take just a few minutes this morning to give you a little context for the day's discussion and then we will move into the substance of the agenda.

As many in the room will remember, Lehman filed for bankruptcy on September 15, 2008, just a little over 10 years ago. That day kicked off the darkest days of the global financial crisis.

It has also been just over 10 years since IIROC was formed.

I assure you that the two events were not connected... but I would say that they do have something in common.

The world's financial services regulators, both prudential and conduct, have spent the last decade absorbing the lessons of the crisis and evolving the structure of their regulation in an effort to limit the likelihood of the same problems reoccurring.

IIROC has done the same – spent its time evolving its regulation – and evolving itself – into the organization we are today.

The connection between the two involves a single word: “trust”. You can add “confidence” as well, I suppose, as those two words effectively represent two sides of the same coin.

So why trust? Why confidence? Because those words represent what really matters.

Let me explain.

Most of the popular accounts of the financial crisis focused on the destruction of wealth and the collapse of markets and financial institutions.

Focusing on the numbers, while easy, obscures the real damage done because it simply cannot be measured in monetary terms alone.

In my view, the real damage, which resulted from the crisis, was to trust and to confidence. 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 would obviously be wrong to draw too straight a line from that loss of trust and confidence to the changes we have seen in many countries to what was the established political and social order. Nevertheless, it would also be wrong to dismiss the connection entirely.]

Now, it is easy to say that in Canada, because we came through the crisis relatively unscathed, trust and confidence were unscathed here too. In my view, that is unfortunately not as true as we would like and we can all find evidence of that if we choose to look.

Unfortunately, once trust is destroyed and confidence is lost, rebuilding is not easy. Further, while Canadians can lose trust and confidence quickly and collectively, it must be re-earned slowly, one Canadian at a time.

That has been and continues to be the challenge facing the financial services industry and its regulators. And that is the connection between the financial crisis, IIROC and every person in this room.

Each of our jobs has one thing in common. We must each continue to earn the trust of Canadians, every day. For it is for Canadians that we all truly work.

Today's discussions will give you a sense for how we are planning to advance that duty over the next year.

Right after my remarks, we'll have a panel with members of the IIROC executive management team to share with you more information about IIROC priorities for the coming year and respond to your questions.

Following the priorities panel, you're going to hear from Kathy Engle about our research work with Accenture on the how financial advice is evolving in Canada and indeed around the world – and the ways in which Canadians want to receive that advice are evolving in parallel.

The result of the IIROC – Accenture project will be one of the most comprehensive views ever assembled of how the investment industry sees the future unfolding and how regulation needs to adapt.

I believe that this work will help us answer the question of how our regulation should evolve as the industry evolves... how we can ensure that investors are served and protected. And we must do so without imposing a burden that makes advice too costly to deliver to the people who need it or makes compliance regimes too complicated to comply with.

It is clear that your businesses today are not the same ones you were running 10 years ago when Lehman collapsed. Therefore, the regulation that we apply today cannot be the same as it was a decade ago.

We'll be publishing our report soon and I hope that you will take the time to read and reflect upon it.

Of course, as we transform to adapt and respond to the current climate, we must ensure that our regulation remains credible, efficient and effective.

What I'm talking about, of course, are the efforts we began about three years ago to make sure that we had the enforcement tools to do the job that we've been assigned, that is, the job to protect Canadians.

In fact, it was here in Montreal in May 2015 at my first public speaking engagement that I highlighted how our partnership with the AMF and government of Quebec had resulted in greater investor protection and confidence in the markets with our the ability to collect fines. I also signalled that getting these abilities across the country would be a priority for IIROC.

Over the course of the last 21 months, those efforts have born remarkable fruit.

It is extraordinarily rare to see a majority of provinces move to amend securities legislation in the same way at more or less the same time, but that is what has

happened, including right here in Quebec where the province has continued to demonstrate leadership in enhancing our authority.

The authorities we have been seeking across the country are substantial: the ability to enforce fines through the courts, the ability to require cooperation with our investigations and disciplinary hearings, and protection from malicious lawsuits when acting in good faith to protect investors.

The weight of these authorities – and the support of provincial governments and their securities commissions in their pursuit – is the other connection to the words I started with... trust and confidence. And how important it is that we work to maintain it.

Let give you an example from British Columbia where trust and confidence was lost and where the privilege of self-regulation was lost with it.

I'm speaking of course about the self-regulatory regime in the real estate industry, which ended in June of 2016. The B.C. Government ended that model as it wasn't able to meet the expectations that they or the public had for it.

In contrast, the Government in BC – just as the Government here in Quebec -- saw value in what we do so they gave IIROC further authority to protect this province's investors. They saw that the model of IIROC, working under the oversight of the AMF and its CSA peers, worked. And so they strengthened it.

You may recall that earlier this year the General Assembly passed legislation, which gave IIROC improved

legal authority to collect evidence from third parties during its investigations and improve cooperation at disciplinary hearings to strengthen the prosecution of wrongdoers. It also clarified that IIROC has full protection against malicious lawsuits in the exercise of its oversight and regulatory role.

Similarly, the governments of Alberta, Manitoba, Ontario, and most recently Nova Scotia have also amended their legislation to strengthen our enforcement abilities. PEI, by way of an Authorization Order, also enhanced our powers and was, in fact, the jurisdiction which kicked off this round of changes in early 2017.

Governments do not hand these powers out lightly. And we didn't get them because my colleagues or I are good lobbyists.

We got them because governments and their securities commissions across this country see that IIROC is working to protect investors and to support healthy capital markets.

We are a self-regulatory organization. So when someone has confidence in IIROC that means that they have confidence in the industry – you: the people and organizations we regulate. That means that they have confidence in IIROC's SRO model and confidence in the oversight system led by our colleagues at each of the provincial securities authorities.

So please keep engaging with IIROC and keep contributing to self-regulation that is effective and efficient. It is only together that we are able to make the system better – a system that has integrity and leads to better outcomes for Canadians.

This in turn provides Canadians with more confidence to invest in our capital markets, which is good for your business, and fuels the economy here in Quebec and across the country.

Now, I would like to invite some of my colleagues from the Executive Management Team to join me here on stage for our priorities panel... Please come up...

Elsa, Victoria, Claudyne...