

NEWS RELEASE

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Consolidating IIROC and MFDA would save up to half a billion dollars and enhance investor protection

Independent report estimates that a consolidated self-regulator would result in \$380M to \$490M in savings

August 25, 2020 (Toronto, Ontario) – The Investment Industry Regulatory Organization of Canada (IIROC) today released an [assessment of benefits and costs](#) conducted by Deloitte LLP, revealing that a consolidation of IIROC and the Mutual Fund Dealers Association (MFDA) would result in up to half a billion dollars of industry savings -- savings that investment firms could redirect toward enhanced client service, innovation and economic growth.

Highlights of consolidation:

- Reduced operating costs -- consolidation would result in aggregate industry savings of between \$380 and \$490 million over the next 10 years by eliminating costs associated with systems and technology, corporate expenditures, and other expenses related to running two platforms to comply with overlapping regulation.
- More holistic and flexible investment advice -- investors would have access to a wider range of investment solutions and advice to better serve their needs; advisors would have more flexibility to grow and expand to serve the evolving financial objectives and goals of their clients.
- Reduced regulatory fragmentation and regulatory burden -- a more streamlined regulatory framework would have the potential to create efficiencies in oversight and enable more proportionate and consistent application of regulation.
- Enhanced opportunities for new firm entry and innovation -- potential savings would provide businesses with greater resources to invest in technology and other innovations to deliver better solutions and service offerings to investors. Canada would also be a more attractive market for new firms and consolidation would support greater innovation.

"Deloitte's independent assessment confirms and quantifies in real terms what we have heard repeatedly from the industry," said Irene Winel, IIROC's Senior Vice-President of Member Regulation and Strategy. "Eliminating duplicative and overlapping regulation will generate significant savings for

reinvestment as well as simplify and improve the overall client service experience. A more efficient and streamlined SRO would also deliver greater investor protection and enable regulatory resources to further focus on areas of higher risk."

In conducting its assessment, Deloitte collected data from a representative range of small, mid and large firms serving investors across Canada. They also conducted extensive interviews with the participating firms and utilized their own research and third-party data to provide an estimate of reduced costs across the industry over a 10-year period. Deloitte based their approach on guidelines published by the Financial Conduct Authority (FCA).

In June 2020, IIROC published its proposal, [Improving Self-Regulation for Canadians](#), outlining the benefits of bringing together IIROC and the MFDA. Later in June, the Canadian Securities Administrators (CSA) released their public consultation paper about a review of the self-regulatory framework. IIROC supports the CSA's work to make the regulatory system more effective and efficient for all market participants while investors are protected and the public interest is served.

IIROC's stakeholder outreach:

IIROC's proposal, [Improving Self-Regulation for Canadians: Consolidating the Investment Industry Regulatory Organization of Canada \(IIROC\) and the Mutual Fund Dealers Association of Canada \(MFDA\)](#)

Joint IIROC and Accenture report, [Enabling the Evolution of Advice in Canada](#)

IIROC's investor research with The Strategic Counsel, [Access to Advice](#)

About IIROC:

IIROC is the pan-Canadian self-regulatory organization that oversees all investment dealers and their trading activity in Canada's debt and equity markets. IIROC sets high quality regulatory and investment industry standards, protects investors and strengthens market integrity while supporting healthy Canadian capital markets. IIROC carries out its regulatory responsibilities through setting and enforcing rules regarding the proficiency, business and financial conduct of 175 Canadian investment firms and their nearly 30,000 registered employees, the majority of whom are commonly referred to as investment advisors. IIROC also sets and enforces market integrity rules regarding trading activity on Canadian debt and equity marketplaces.

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