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Awareness and Attitudes Related to Provisions to
Protect Vulnerable Investors and Investment
Firms/Advisors

Presentation of Key Findings

May 2019

Objectives

The objectives of the survey are:

- To benchmark awareness and familiarity of the average investor with policies and procedures that protect vulnerable investors and investment firms/advisors in their role in that protection;
- To explore overall understanding of, support for, and concerns with, the concepts of a ‘trusted contact’ person, ‘safe harbour’ and ‘temporary hold’ policies and specific elements within.

Methodology



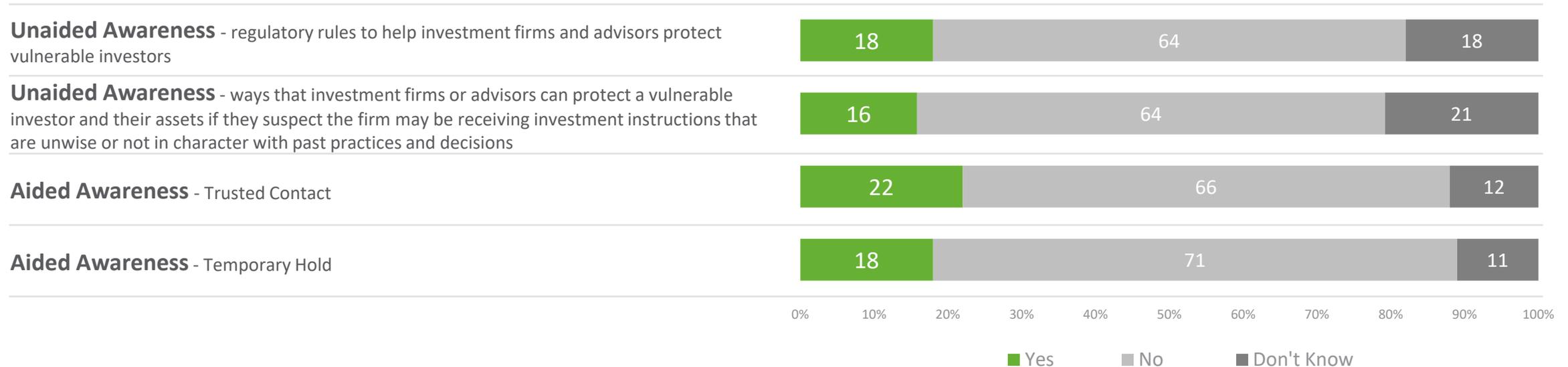
This report is based on an online survey of 1,000 investors and is proportionate to the distribution of the population across the country. Respondents were screened to ensure that they had some type investment instrument: mutual funds, equities, bonds, GICs, etc. and were representative of the age and gender distribution of investors.



The survey was undertaken between March 7th and 14th, 2019.

Awareness of tools to protect vulnerable investors is low.

Awareness of regulatory tools and rules that protect vulnerable investors generally, as well as ‘trusted contact’, ‘temporary hold’, and ‘safe harbour’ specifically, is low on both an unaided and aided basis.



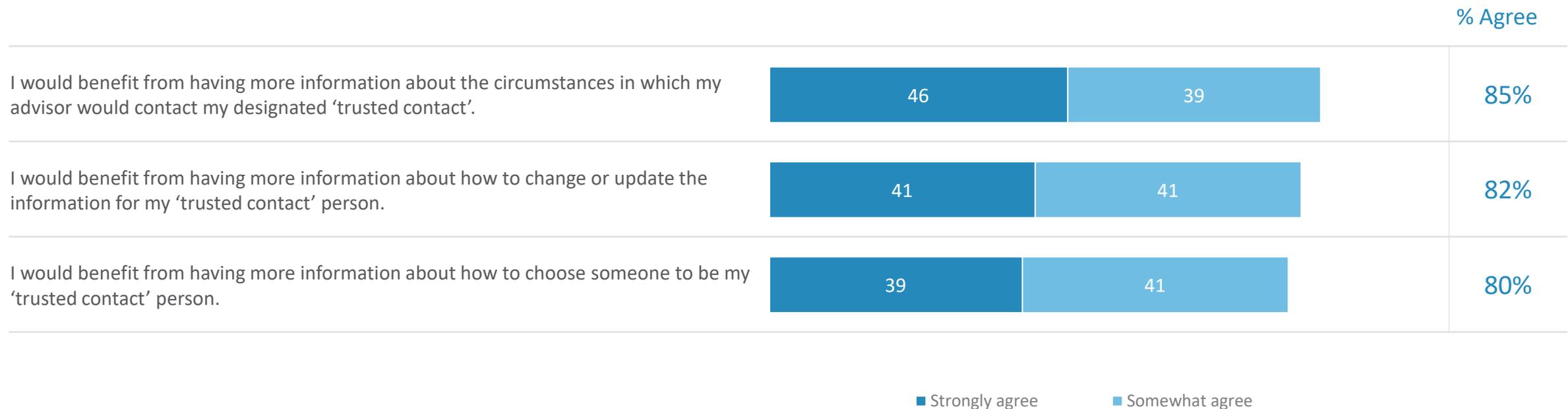
Q7a. Have you heard, read, or seen any information about regulatory rules to help investment firms and investment advisors protect vulnerable investors? Q8a. Have you heard, read, or seen any information about ways that investment firms and investment advisors can protect a vulnerable investor and their assets, if they suspect the firm may be receiving investment instructions that are unwise or not in character with past practices and decisions?

Q9a. Are you familiar with the term 'trusted contact' - a person that an investment firm or advisor may contact in the event that the investor becomes vulnerable? Are you familiar with the term 'temporary hold', which would allow investment firms or investment advisors time to do some checking when they suspect an investor may have become vulnerable and is giving investment instructions that are not wise, out of character or not in the investor's best interest?

Base: Total Sample (n=1,000)

Specific information about concepts is needed to build understanding of tools along with overall awareness.

More than 8-in-10 agree that they would benefit from more information about specific aspects of this role.

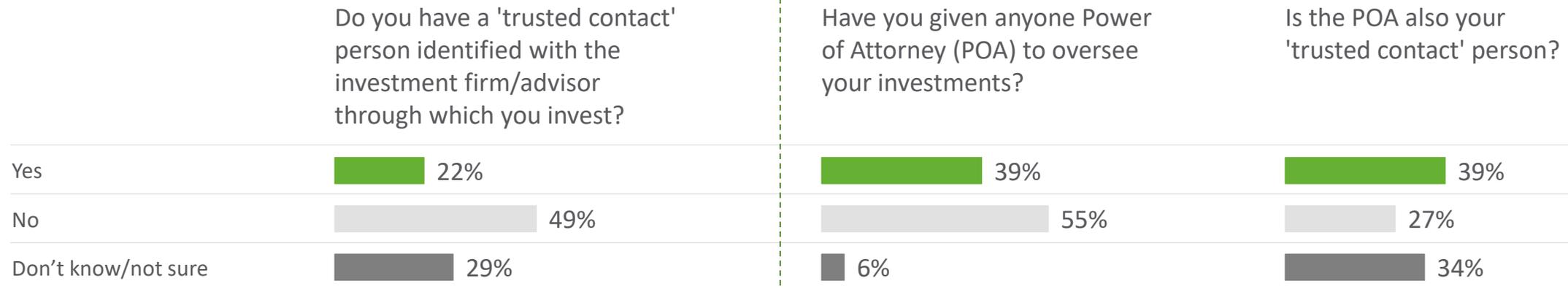


Q22. To what extent do you agree or disagree with each of the following statements?
Base: Total Sample (n=1,000)

Uptake levels are low.

As with awareness, uptake is similarly low. Among those with an advisor, just 22% report that they have identified a 'trusted contact' for their investments. Only 2% of those who do not have a 'trusted contact' say their advisor has spoken to them about this role.

Uptake of a 'trusted contact' may be underreported as 39% of those working with an advisor say that they have given a Power of Attorney to oversee their investments, and among those who have a POA, 39% say their POA is the same person as their 'trusted contact'.



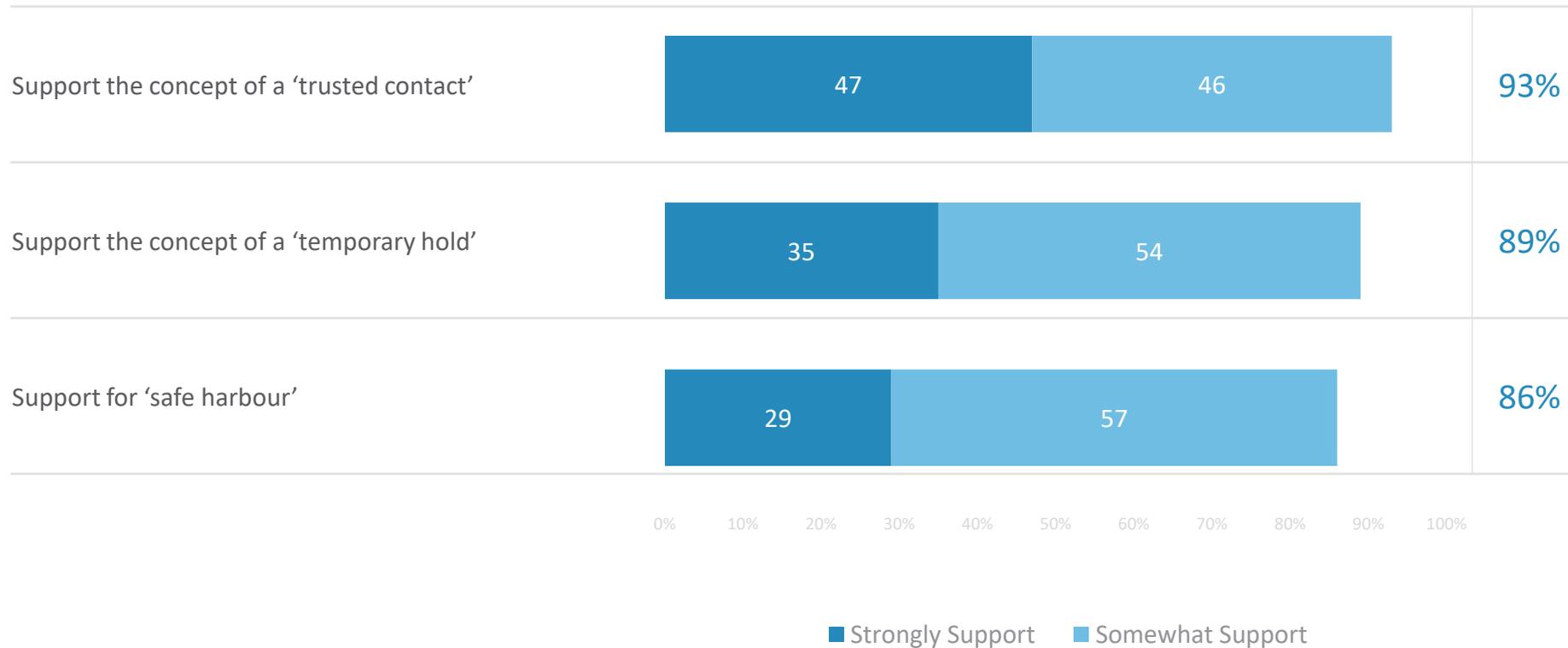
Q14. To the best of your knowledge, do you have a 'trusted contact' person identified with the investment firm/advisor through which you invest? Base: Total Sample (n=1,000)

Q15. Have you given anyone Power of Attorney (POA) to oversee your investments, in the event you become unable to make your own investment decisions? Base: Work with an advisor (n=718)

Q16. If you have given a Power of Attorney, is the POA also your 'trusted contact' person? Base: Yes/DK at Q15 (n=321)

Support for tools that protect vulnerable investors is high.

While awareness and uptake of these concepts is low, support is high, particularly for those concepts aimed directly at investor protection ('trusted contact' and 'temporary hold').



Q12. Based on what you know about this role, to what extent do you support a requirement to have a 'trusted contact' identified for all investor accounts?

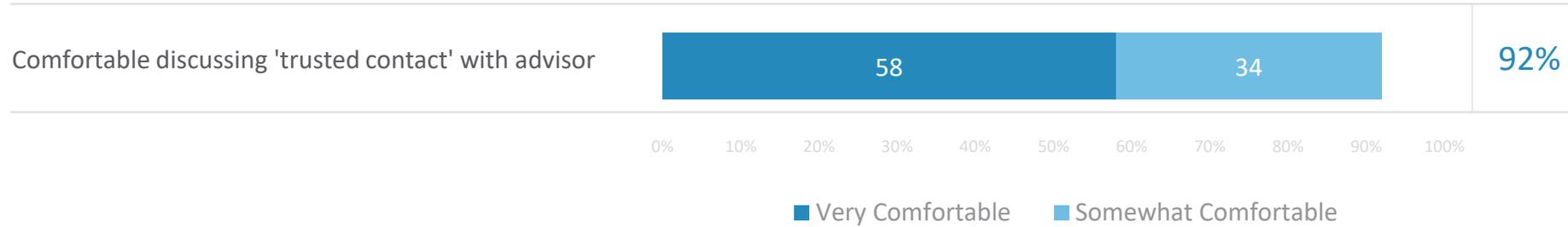
Q23. To what extent do you support investment firms having the ability to put a "temporary hold" on buying and selling investments or dispersing funds from a client's account if they suspect the investor has become vulnerable or is being exploited?

Q27. Based on what you know, to what extent do you support a 'safe harbour' for protecting investment firms and investment advisors from legal consequences of taking action to protect vulnerable clients from making poor decisions or preventing them from being exploited by others?

Base: Total Sample (n=1,000)

Support for tools that protect vulnerable investors is high. [cont'd]

Investors see these types of tools as necessary for their protection, and are comfortable with discussing a trusted concept with their advisor.



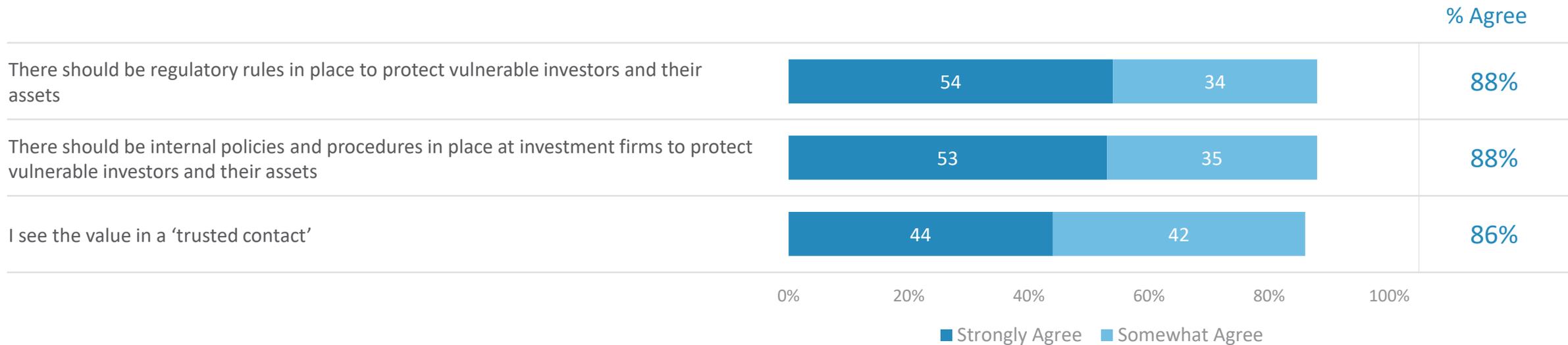
71% would provide a name of a trusted contact if asked by the advisor.

92% agree it is necessary for investment firms and advisors to have regulatory tools in place – such as a ‘trusted contact’ and a ‘temporary hold’ - to allow them to protect investors they know or suspect are vulnerable.
52% strongly agree with this sentiment.

- Q11. How necessary do you believe it is for investment firms and advisors to have regulatory tools in place – such as ‘trusted contacts’ and a ‘temporary hold’ - to allow them to protect investors they know or suspect are vulnerable?
Base: Total Sample (n=1,000)
- Q20. If your investment advisor raised the idea of adding a 'trusted contact' to your account information, how comfortable would you be discussing this matter with your investment advisor?
- Q19. If asked by your investment firm or advisor, would you provide them with a 'trusted contact'?
Base: Work with an advisor and said No/DK at Q14 (n=559)

A foundation value of investor protection underlies support for the specific concepts tested.

The level of support that investors have for the tested concepts is grounded in the overall value that is placed on the protection of vulnerable investors.



Q22/Q.25. To what extent do you agree or disagree with each of the following statements?

Base: Total Sample (n=1,000)

Tools that support protection of vulnerable investors have a positive impact on investor confidence overall

Overall, regulatory tools that protect vulnerable investors also have a positive impact on investor confidence.

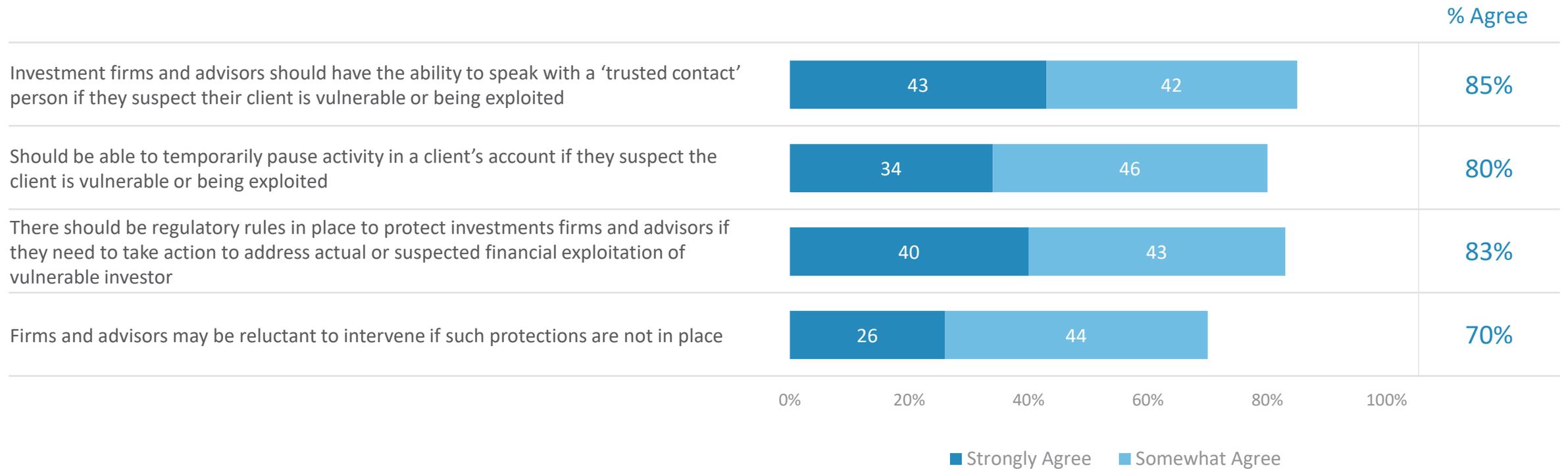
- The majority of investors indicate that it would make them feel better protected as an investor to know these ‘temporary hold’ and ‘safe harbour’ rules were in place (80% agree, 37% ‘strongly’).



Q28. What, if any, impact would knowing that there is a rule in place to protect investors who become vulnerable or who face financial exploitation have on your confidence in the following areas? Would it increase, decrease, or have no effect on your ... ?

Base: Total Sample (n=1,000)

Investors support tools that empower firms and advisors to protect vulnerable investors.



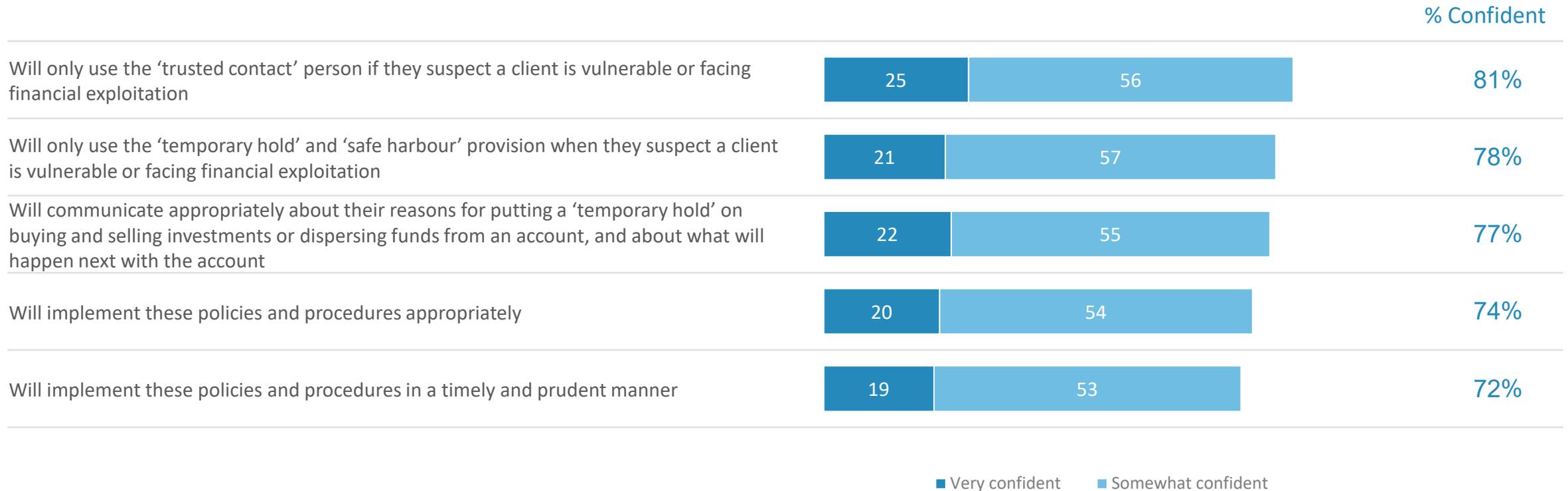
Q25. To what extent do you agree or disagree with each of the following statements?

Base: Total Sample (n=1,000)

Investors trust that the tools will be used appropriately.

Moreover, the majority believe that investment advisors would use these tools in the investor’s best interest.

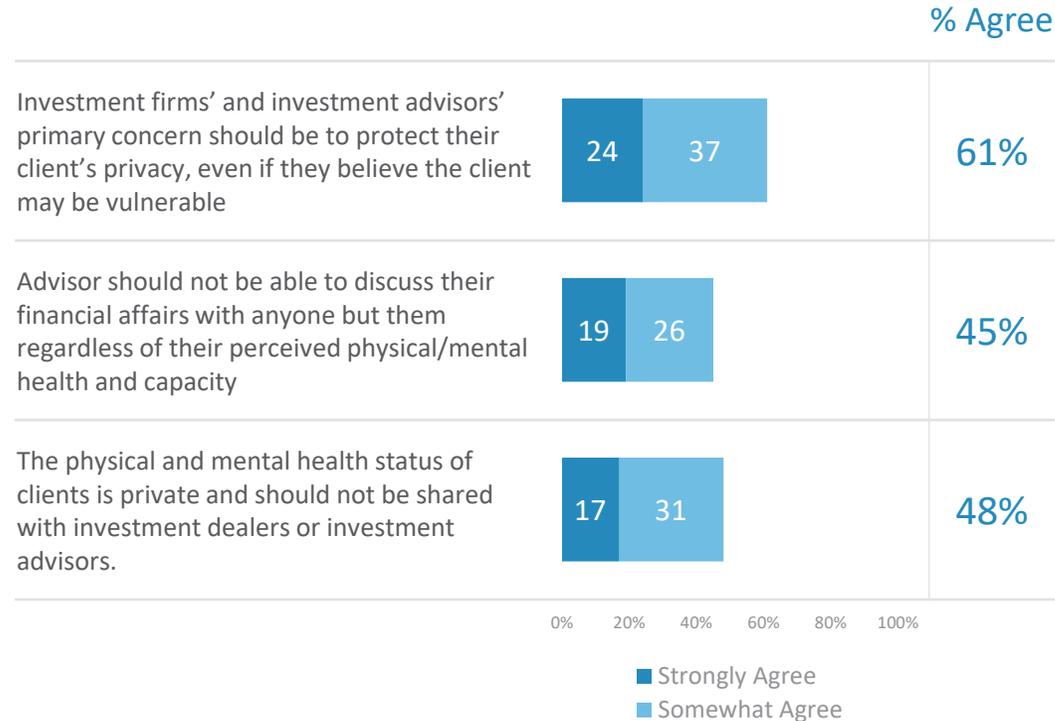
- 72% agree (32% strongly) that their advisor is looking out for their interests by recommending that they designate a ‘trusted contact’ person and are confident that they would implement them appropriately based on sound judgement.



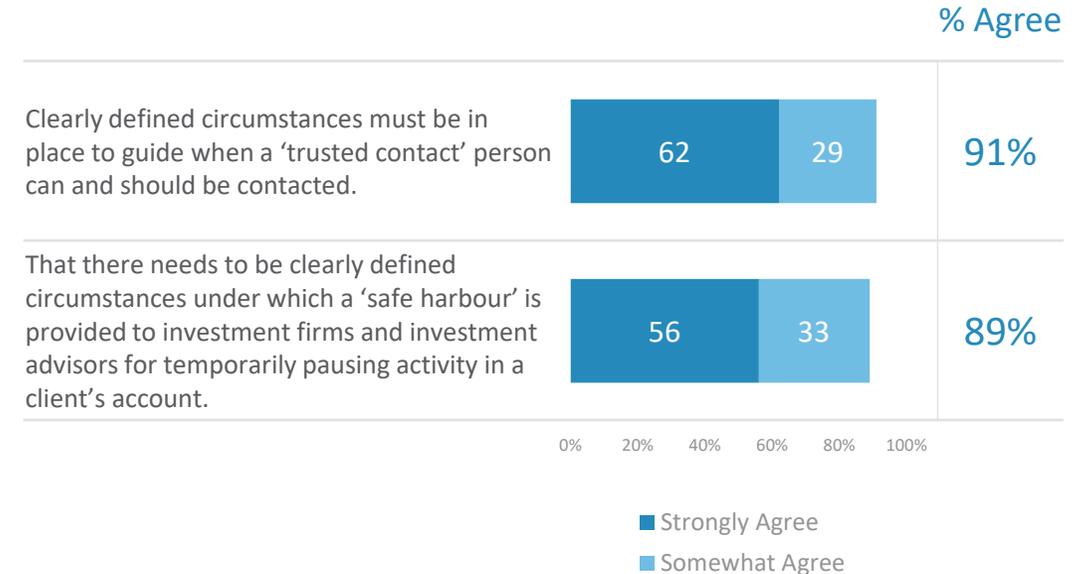
Q26. How confident are you that investment advisors: ?
 Base: Total Sample (n=1,000)

Values of investor privacy and control over their financial affairs must guide the development, execution and communication of these tools.

While the base of support for tools that support investor protection is high, investors remain conscious of the value of investor privacy and ability to have control over their financial affairs.



There is a clear call for clarity and transparency in how and when these values will be overridden for the sake of protection.



Q22/Q.25. To what extent do you agree or disagree with each of the following statements?

Base: Total Sample (n=1,000)

Investment management behaviour – and the attitudinal profile that underlies that behaviour – has a greater impact on perceptions of the tested concepts and tools than do demographics.

There are little notable differences in the findings based on demographics.



However, behaviourally, those who manage their investments themselves are less likely across the board to support and see the value in regulatory tools that seek to protect vulnerable investors, and empower and protect advisors in that pursuit.

This is likely due to their overall disposition toward independence and autonomy in handling their financial affairs.

It is important to note that this investor group does support these tools overall, just to a lesser degree than the overall investor population.

1

Investors are supportive of, and open to, any tools that will enhance the protection of their assets.

Advisors can be encouraged to broach the conversation about a 'trusted contact' person and a 'temporary hold' with confidence

2

Moreover, the positive impact of these tools extend beyond the perceived benefits for individual protection to an increased sense of confidence in the safety and protection of Canadian investors, and the regulation of the Canadian market.

3 Part of investors' sense of protection is in maintaining their privacy and control over their financial affairs.

Therefore, any tool or rule that requires overriding that privacy and control will need to have clear parameters for execution, and investors will need to be able to clearly understand these parameters.

Public communication efforts and information sources aimed at the transparency and clarity of these tools and rules will be important and beneficial in maintaining investor support and confidence.

4 Advisors are likely an effective channel for disseminating this information at the individual investor level.

Previous research has highlighted the strong trusted relationship that investors have with their advisor, and this study confirms that investors would extend that trust to their advisor to implement these provisions appropriately and judiciously, and would be open to having a conversation with their advisor about designating a 'trusted contact'.