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VIA EMAIL

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Re: Request for Comments: IIROC Expert Investor Issues Panel (the “Panel”)

The Canadian Advocacy Council of CFA Societies Canada¹ (the “CAC”) appreciates the opportunity to provide the following comments on the proposed Panel. We are supportive of IIROC’s intent to further expand the inputs it receives from an investor perspective. Our comments below include suggestions to strengthen certain governance aspects of the Panel, including with respect to the responsibilities of the Panel to make decisions and request changes to IIROC rules.

We are generally supportive of the preliminary framework in the form of the Terms of Reference for the Panel, particularly as it is intended to review investor concerns with various types of investors with different perspectives and issues. However, we believe that the Terms of Reference should be modified such that the composition of the Panel membership more directly reflect and promote a diversity of perspectives (such as geographic diversity (including rural perspectives), underrepresented investor perspectives, investors from historically marginalized communities, investors dealing with smaller brokerages, etc.), particularly given the stated key consideration of different investor perspectives in the notice. We support the term lengths proposed for members, as well as the proposed responsibilities for the Panel Chair.

We have concerns, however, with respect to the fact that Panel members will be selected through a process administered by and with influence from IIROC staff. The selection of Panel members will by necessity define the operations and direction of the Panel, and we are of the view that members should be chosen by a nominating committee comprised solely by members of the IIROC Board’s Corporate Governance Committee, with Executive Management acting in a consultative capacity only with respect to the review of applications. As an example of a similar model existing for a

¹ The CAC is an advocacy council for CFA Societies Canada, representing the 12 CFA Institute Member Societies across Canada and over 19,000 Canadian CFA Charterholders. The council includes investment professionals across Canada who review regulatory, legislative, and standard setting developments affecting investors, investment professionals, and the capital markets in Canada. Visit www.cfacanada.org to access the advocacy work of the CAC.

CFA Institute is the global association of investment professionals that sets the standard for professional excellence and credentials. The organization is a champion of ethical behavior in investment markets and a respected source of knowledge in the global financial community. Our aim is to create an environment where investors’ interests come first, markets function at their best, and economies grow. There are over 173,000 CFA Charterholders worldwide in over 160 markets. CFA Institute has nine offices worldwide and there are 159 local member societies. For more information, visit www.cfainstitute.org.

comparable body, as noted in Appendix B to the Request for Comments, members of the Ontario Securities Commission's Investor Advisory Committee are chosen by the Chair after receiving recommendations from a selection committee consisting of 2 commissioners and 1 Vice-Chair.

If a member resigns or his/her appointment term has expired, the Panel should have a mechanism to appoint new Panel members on its own authority without having to resort back to the nominating committee. Particularly after two to four years, the Panel itself may be in a better position to identify needs and gaps in its composition, and consideration should be given to involving the Panel's members and Chair in the member selection process as its mandate and governance develop over time. The Terms of Reference should also provide the Panel with rights of access to information needed to inform or educate its members on particular topics, upon reasonable request to IIROC staff.

While meeting at least four times per year should be sufficient, Panel members should be explicitly provided with an ability to convene special or project-based meetings in addition to their prior scheduled quarterly meetings. Consideration should also be given to the funding and governance of Panel-directed research, surveys, and projects.

The description of the responsibilities of the Panel members as currently described in the Terms of Reference could benefit from additional specificity with respect to IIROC's expectations of outcomes derived from Panel deliberations. As an example, the Panel could be expected to supervise research with respect to investor outcomes or make recommendations in response to IIROC requests for comments. The draft Terms of Reference does currently contain a reference to the fact that the Panel may prepare and publish written comments to IIROC rule proposals or other initiatives seeking public comment, but that is drafted as a permissive activity and is referenced under the category of "Accountability". We believe accountability should instead refer to the process for discussion and dispute resolution (if any is needed) between IIROC executives, the panel, and the IIROC Board.

Concluding Remarks

We strongly support efforts to gain insights from an investor perspective as a precursor and input to policymaking and rule formulation. We believe the proposed Panel could be strengthened with more specificity on the Panel's composition, and slight alterations to the selection process and responsibilities.

We thank you for the opportunity to provide these comments and would be happy to address any questions you may have. Please feel free to contact us at cac@cfacanada.org on this or any other issue in future.

(Signed) *The Canadian Advocacy Council of
CFA Societies Canada*

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