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by Email

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Request for Comments: IIROC Expert Investor Issues Panel (EIIP)

https://www.iiroc.ca/documents/2021/c5650e22-84fa-40a5-976a-a26335d979f1_en.pdf

Harold Geller and MBC Law Professional Corporation are pleased to comment on IIROC's proposed EIIP. We commend IIROC for this leadership step to further best practices. The preliminary framework is appropriate and an excellent starting point.

We have the benefit of reviewing Kenmar Associates comments and are supportive of their comments. To avoid repetition, we will focus our comments on nuances to supplement our support of the Preliminary Framework and the comment letter of Kenmar Associates'.

Mandate:

The mandate is appropriate and supported.

The mandate should include conceptual oversight of IIROC's retail investor research.

Type:

This should be extended to advising IIROC's staff and Board.

Membership:

- 1) Selection: appropriate and supported.
- 2) Composition: We agree with Kenmar Associates recommendation to include former industry members with investor sales and service relevant credentials. We also recommend that a representative of advocates with experience in assisting investors with their complaints be added to the list of required areas of expertise.
- 3) Terms: appropriate and supported
- 4) Necessary, appropriate and supported.
- 5) Appreciated, but not a significant factor.

We support Kenmar Associates' recommendations with respect to the EIIP member's "unique characteristics."

It is foreseeable that members of the EIIP may, from time to time, represent investors with complaints before IIROC. In keeping with the practices of other Canadian regulators, IIROC should state that such voluntary membership is not an appearance of a conflict of interest or an actual conflict of interest. This is consistent with other committees whose members often belong to firms who are regulated by IIROC. While this is not necessarily a requirement that need be codified in the Preliminary Framework, this issue must be transparently addressed for the benefit of investors, industry and the volunteer EIIP member.

Meetings:

Appropriate and supported. We urge the EIIP to publish an annual report, in keeping with the practices of the OSC's IAP and FSRAO's CAP. Meeting agendas and notes should be made public.

Responsibilities:

Appropriate and supported. For clarification, IIROC should state that members of the EIIP are welcome to continue personal and business-related public comment on IIROC and Canadian regulation of financial markets subject to the committee confidentiality.

IIROC Support:

More details of the support would assist the writers in providing substantive comments. For example, will IIROC consider support for directed research subject to the mandate for the research and the cost of research being pre-approved by IIROC?

Accountability:

Again, in our view, the EIIP should be responsible to IIROC's board and thus "may present" should be changed to "will present." Accountability and transparency is also public facing. Meeting agendas, meeting minutes, and most comments submissions to IIROC should be available to the public. The term "most comments" refers to an acknowledgement that this committee may be consulted in advance of public disclosure of policy initiatives and the committee's policy comments in advance of IIROC publication of an initiative may appropriately be exempted from pre-emptive disclosure.

Closing Comment:

The move towards inclusion of investors in IIROC policy has made recent significant strides and is noteworthy. The conducting of retail investor research was a necessary first step. The limited addition of investor advocates to the IIROC board is a partial step. Investor advocates should be of equal number to firm and industry representation on the board. The addition of an EAIP greatly supplements these earlier moves and increase the credibility of financial markets. IIROC's establishing of its EAIP is an essential component of any consideration of the proposed SRO merger.

Thank you for this opportunity to comment on this important policy initiative.

Yours truly,



Harold Geller and MBC Law Professional Corporation