

July 10, 2019

BY EMAIL:

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and

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Dear Sirs/Mesdames:

**Re: Minor Contravention Program (“MCP”) and Early Resolution Offers (the
“Proposed Programs”)**

The Canadian Advocacy Council of CFA Societies Canada¹ (the CAC) appreciates the opportunity to provide the following general comments on the Proposed Programs.

We largely support the proposed MCP and Early Resolution Offers as they may assist staff in deploying resources to more serious offences. In our view, the fairness of the program relies on the overall governance regime with respect to the discretion exercised by staff. It is important that the process for determining cases eligible for the MCP remains transparent and consistent. While the proposal describing the MCP sets out the criteria that will be used when choosing whether to issue an MCP notice, it is not clear exactly what type of technical contraventions are anticipated to be eligible for this alternative program.

¹ The CAC is an advocacy council for CFA Societies Canada, representing the 12 CFA Institute Member Societies across Canada and over 18,000 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 more than 165,000 CFA charterholders worldwide in 164 markets. CFA Institute has nine offices worldwide and there are 156 local member societies. For more information, visit www.cfainstitute.org.



We believe that staff's discretion should not be constrained by a specific list of contraventions and the MCP should remain a principled program. However, the MCP would be more transparent to the public and market participants if there was at least an illustration of the type of activity that could qualify. To ensure the program has appropriate oversight, it should also be reviewed after a year or periodically to assess the appropriateness of cases selected.

If an MCP notice will be issued in lieu of a full disciplinary hearing, it will be particularly important for IIROC staff to ensure that there are not more serious systemic issues underlying the one small contravention. It will be critical to closely monitor Approved Persons who have been subject to an MCP notice for further infractions.

We also query whether a proposed MCP Agreement should be submitted for acceptance automatically to a one-member hearing panel rather than potentially a three member hearing panel if the circumstances so warrant.

Concluding Remarks

We thank you for the opportunity to provide these comments. We would be happy to address any questions you may have and appreciate the time you are taking to consider our points of view. 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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