

November 12, 2019

**BY EMAIL**

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Dear Sirs/Mesdames:

**Re: Proposed Amendments Respecting Disclosure of Information by  
Ombudsman Service to IIROC (the “Proposed Amendments”)**

The Canadian Advocacy Council of CFA Societies Canada <sup>1</sup> (the CAC) appreciates the opportunity to provide the following general comments on the Proposed Amendments.

We understand the purpose of the amendments to IIROC Rule 9500 is to expand the ability for IIROC to receive information from the Ombudsman for Banking Services and Investments (OBSI) because, in part, the current restrictions are no longer consistent with the revised OBSI Terms of Reference. In addition, Canadian securities regulators do not have the same restrictions as IIROC, and another self-regulatory organization, the MFDA, has also recently proposed an amendment to their rules to permit that organization to receive additional information from OBSI.

We are generally supportive of the Proposed Amendments. As we noted in our [letter](#) to the MFDA, we are encouraged by and appreciative of the efforts by Canadian regulators to harmonize rules (to the extent possible). We continue to believe it is important that relevant information be shared by OBSI with other regulators and supervisory bodies, particularly information that could have significant regulatory implications.

If information is shared across the CSA and SROs, it could not only assist regulatory investigations, which is consistent with maintaining investor protection and market integrity, but help registrants achieve best practices and potentially avoid further regulatory burdens. If more than one supervisory body dealing with a complaint or other compliance matter worked with the same data set it could lower the frequency of

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<sup>1</sup> 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](http://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](http://www.cfainstitute.org).

requests made to a dealer or investor, and thus help to improve the investor experience and reduce the regulatory burden placed on dealers. We would continue to encourage IIROC to help reduce regulatory burden on registrants and work collaboratively with other standard setting bodies and regulators.

In the context of information sharing, we note that ongoing collaboration may identify more serious underlying problems at a registrant or with a particular product or practice, and assist in early prevention of further problematic activities. An article abstract from CFA Institute entitled “Regulating Fraud in Financial Markets: Can Behavioural Designs Prevent Future Criminal Offences?” (Digest Summary)<sup>2</sup> suggests that a study of three criminal securities law cases in the United States illustrates that punishments such as fines may not be the ideal deterrent for certain behaviors, but that early detection of such behaviour may have been. The author of the abstract suggests that behavioural insights may be a more effective tool in promoting ethical conduct in the work environment.

### **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](mailto:cac@cfacanada.org) on this or any other issue in future.

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

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<sup>2</sup> Summarized by Marc L. Ross, CFA, “Regulating Fraud in Financial Markets: Can Behavioural Designs Prevent Future Criminal Offences?” (Digest Summary), online: (December 2014) 44:12 CFA Digest ; originally published Hornuf L. & Haas G., “Regulating Fraud in Financial Markets: Can Behavioural Designs Prevent Future Criminal Offences?” (March 2014) 7:2 Journal of Risk Management in Financial Institutions 7:2 at 10.