



SOME IIAC HIGHLIGHTS

2021





## A. CAPITAL MARKETS

### COVID - 19 IMPACT AND REPORTING

On February 25, 2021, the CSA [published](#) the results of its continuous disclosures reviews of reporting issuers on the impact of COVID-19 on issuers' businesses.

On April 12, 2021 the OSC released a [study](#) that explored the impact of the pandemic on the behaviours of retail investors.

The IIAC has compiled data and provided [quarterly industry performance](#) of IIROC dealers. Results as at Q3 2021 are found [here](#). Our research was [covered](#) by Advisor's Edge.

### A NEW SRO

On August 3, 2021, the CSA released its follow up [Position Paper](#) 25-404 - *New Self-Regulatory Organization Framework*. The CSA will support the development of a single, national enhanced SRO.

The IIAC submitted a [Response](#) on October 4, 2021. We support the CSA's position to develop a single, national SRO. A central concern is the need for a dependable short timeline for SRO consolidation. The IIAC encouraged the CSA to consistently select the most expeditious means available to achieve implementation. Consideration of any substantive rule or policy changes should take place after the SRO is operational and should leverage the numerous initiatives currently underway.

On November 18, 2021 the CSA issued a [News Release](#) outlining its proposed timeline for the establishment of the new SRO. The CSA expects the corporate transactions necessary for amalgamation to be completed by the end of 2022. A Special Joint Committee, comprised of IIROC, MFDA and CSA representatives has been formed to recruit and recommend board members of the new CEO. The CSA expects to be able to announce the new SRO CEO in the second quarter of 2022. The IIAC welcomes the timeline presented by the CSA in this announcement. We will continue to communicate with the CSA, IIROC and MFDA to ensure industry is represented during SRO implementation discussions.

### ESG FOCUS

ESG issues have come to the forefront and attracted significant attention from both retail and institutional investors in 2021.

On October 18, 2021, the CSA [published](#) proposed National Instrument 51-107 Disclosure of Climate Related Matters. The proposed instrument is open for comment until January 17, 2022, and the IIAC has formed a working group to prepare a response.

On November 8, 2021, the IIAC hosted its 3rd annual ESG and Transition Bonds Conference. Further ESG events are planned for 2022. The IIAC is also in the process of forming a dedicated ESG Sustainability Committee.

### CAPITAL RAISING MADE EASIER?

On July 28, 2021, the CSA [proposed](#) a new prospectus exemption for which would permit issuers to conduct an offering of less than \$10 million based on the issuer's continuous disclosure and an abbreviated short form disclosure document. The offering could be conducted without the assistance of a registered dealer. In its [response](#) dated October 26, 2021, the IIAC expressed concern that this exemption will compromise investor protection.

On December 6, 2021, the Canadian Securities Administrators (the CSA) [announced](#) a pilot program for the adoption of a "well-known seasoned issuer" (WKSII) regime intended to streamline the process for large, established reporting issuers. Non-investment fund issuers that meet certain criteria and conditions can file a final base shelf prospectus and obtain a receipt on an accelerated basis without first filing a preliminary base shelf prospectus. The temporary exemptions came into effect on January 4, 2022, and are slated to expire on July 4, 2023. The IIAC had [expressed](#) support for a Canadian WKSII regime as part of the Ontario Capital Markets Modernization Taskforce consultation and the CSA [consultation](#) on reducing the regulatory burden for non-investment fund reporting issuers.





## CONTINUOUS DISCLOSURE STREAMLINED

On May 20, 2021 the CSA [proposed changes](#) to the continuous disclosure requirements for non-investment fund reporting issuers. The proposed amendments (i) streamline and clarify certain disclosure requirements in the management's discussion and analysis (MD&A) and the annual information form (AIF) for non-investment fund reporting issuers, (ii) eliminate certain requirements that are redundant or no longer applicable, (iii) combine the financial statements, MD&A and, where applicable, AIF into one reporting document called the annual disclosure statement for annual reporting purposes, and the interim disclosure statement for interim reporting purposes, and (iv) introduce a new requirements to address gaps in disclosure.

In its [response](#) dated September 17, 2021, the IIAC supported amendments that helped investors focus on salient information needed to make an investment decision and that provided issuers with an efficient process. The IIAC expressed concerns about provisions that create uncertainty and unnecessary differences with U.S. regulation.

The final amendments are expected to be published in September 2023 and to become effective on December 15, 2023.

## FINANCIAL BENCHMARKS – A REGULATORY REGIME

In April 29, 2021 the CSA adopted final [rules](#) to establish a Canadian regulatory regime for financial benchmarks. The rules provide for the designation and regulation of benchmarks and their administrators. Additionally, the rules provide a framework for the regulation of persons or companies that contribute data used to determine a designated benchmark. The IIAC contributed [comments](#) during the CSA consultation.

Under the new rules, only Canadian Dollar Offered Rate (CDOR), an interest rate benchmark, has been classified as a designated benchmark and Refinitiv Benchmarks Services Limited (RBSL) as its administrator.

IIAC is an active member of the RBSL CDOR Oversight Committee.

## VALUATION OF ETFS AND OTHER THINLY TRADED EQUITIES

On August 19, 2021, the TSX added three new definitions to Rule 1-101 as follows: TSX Last Ask Price ("TSX Ask"), TSX Last Bid Price ("TSX Bid"), and TSX Closing Price ("TSX Closing Price"), (together, the "Amendments"). The Amendments were aimed at providing market participants with more indicative reference points for ETFs and listed securities and to improve valuations. Amendments were [published](#) for comment on June 19, 2021. The IIAC submitted [comments](#) during the TSX's consultation.

In October 2021, the IIAC published a [White Paper](#) outlining additional considerations related to the way thinly traded securities are valued. An Advisor's Edge [article](#) flagged the IIAC's concerns.

Throughout 2021, the IIAC met with regulators, issuers, and other stakeholders to raise awareness of the issues and consider potential remedies.



## ONTARIO CAPITAL MARKETS ACT

The Ontario Capital Markets Modernization Task force released its [Final Report](#) on January 22, 2021. The IIAC has prepared a [summary](#) of the *Capital Markets Act* (CMA), including an analysis of the IIAC recommendations to the Taskforce as compared to the CMA.

On October 12, 2021, the Ontario government [proposed](#) a new draft *Capital Markets Act* (CMA). The draft [legislation, commentary and table of concordance](#) are open for comment until February 18, 2022. The IIAC formed a number of working groups to review and comment on the draft CMA.

## T+1 SETTLEMENT COMING IN 2024

On December 1, 2021, the U.S. securities industry [announced](#) plans to accelerate their settlement cycle to 'T+1', targeting implementation for the first half of 2024. Accelerated settlement reduces risks for investors and market participants and lowers dealer collateral costs.

The U.S announcement was expected, and preliminary planning has been underway by the IIAC to ensure continued alignment with U.S. and Canadian settlement practices.

On December 20, 2021, Investment Executive [published](#) an IIAC op-ed titled "Shortening Canada's settlement cycle ... again".

The Canadian Capital Markets Association (CCMA) has [announced](#) it will again coordinate industry efforts in Canada. IIAC Staff will actively participate on various CCMA committees to manage Canada's T+1 implementation to facilitate transition efforts for its members.

## B. WEALTH MANAGEMENT



### FINANCIAL PLANNER/FINANCIAL ADVISOR TITLES - MINIMIZING DUPLICATION

Various provinces have enacted, or sought to enact, provincial legislation regulating the use of titles by financial professionals. The IIAC has continually requested an exemption from provincial titling frameworks for SRO registrants. Duplicative regulation of the title “financial advisor” is unnecessary for market registrants and leads to investor confusion.

#### ONTARIO

In May 2021, FSRA released [updated rules](#) and [guidance](#) related to its Proposed Financial Professionals Title Protection framework. The IIAC submitted [comments](#) to FSRA on June 18, 2021. FSRA released its [proposed fee structure](#) on July 22, 2021. The IIAC submitted a [joint response](#) with the Federation of Mutual Fund Dealers on October 5, 2021.

On November 15, 2021 FSRA [sought additional feedback](#) on Proposed Financial Professionals Title Protection Application Guidance and Proposed Supervision Guidance. The IIAC submitted [comments](#) on December 13, 2021.

#### SASKATCHEWAN

In July 2021, the Financial and Consumer Affairs Authority of Saskatchewan (FCAA) released [notice and request for comment](#). The IIAC [responded](#) on October 1, 2021.

#### NEW BRUNSWICK

In August 2021 the Financial and Consumer Services Commission of New Brunswick (FCNB) released a [public consultation](#) on the regulation of the FA and FP titles. The IIAC [responded](#) on October 12, 2021.

In each of our provincial responses, the IIAC supported the CSA’s proposal for a new SRO framework as further reason to exempt SRO members from these proposals.

## IMPLEMENTATION OF CLIENT FOCUSED REFORMS (CFRS)

The IIAC has been active in addressing CFRs throughout 2021.

The IIAC [responded](#) to IIROC on its proposed rule amendments in January 2021. On August 26, 2021, IIROC published its [final version](#) of their rule amendments as well as the final version of their Product Due Diligence and KYP Guidance.

IIROC [published](#) its Proposed Guidance on KYC and Suitability Determination for retail clients on June 21, 2021, to conform with guidance issued by the CSA relating to the CFRs. On August 20, 2021, the IIAC CFR Working Group delivered a [response](#) to the request for comments.

The IIAC formed a CFR Implementation Working Group to address implementation of CFRs which has been active throughout 2021.

The IIAC also has been active on the CSA’s CFR Joint Implementation Committee where we have raised issues addressed by the CSA’s FAQ document that has been regularly revised and updated in 2021. Revised [CFR FAQ](#) and IIROC [KYC and Suitability Determination Guidance](#) were most recently released December 17, 2021.

To further address implementation at a practical level, on December 2, 2021, the IIAC hosted a webinar entitled Know Your Client: Evolving the Risk Discussion. The IIAC will continue to host events to addressing implementation of CFRs throughout 2022.

## PRIVACY LEGISLATION - ADVOCATING FOR A PRACTICAL APPROACH

On June 17, 2021, the Ontario Government published a [White Paper](#) with proposed provisions to create a new privacy legislative framework in Ontario. This new framework would operate in conjunction with existing federal legislation (PIPEDA). The IIAC [expressed](#) concern that the further expansion of the provincial patchwork of privacy rules will introduce additional regulatory inconsistencies, inefficiencies, and costs for Canadian entities operating within and outside of Canada, and foreign entities seeking to do business in Canada.

On September 21, 2021, [Bill 64](#), *An Act to modernize legislative provisions as regards the protection of personal information* was adopted. Certain requirements, such as appointing a privacy officer and reporting security incidents, will come into force within one year. Many other requirements, such as for privacy impact assessments and the implementation of governance policies and practices, will come into force in two years. Bill 64’s data portability requirement to disclose computerized personal information on request in a “structured, commonly used technological format” will come into force in three years. An IIAC response to the Quebec government is in progress.