

December 16, 2019

Mr. Mark White, CEO
Financial Services Regulatory Authority of Ontario
5160 Yonge Street, 16th Floor
Toronto, Ontario
M2N 6L9

Dear Sirs/Mesdames:

Re: Draft F2020-21 FSRA Priorities and Budget (the “Consultation”)

The Canadian Advocacy Council of CFA Societies Canada¹ (the “CAC”) appreciates the opportunity to provide the following general comments on the draft priorities set out in the Consultation.

We are supportive of each of the cross-sector priorities in the draft document, particularly those relating to reducing regulatory burden without having a negative impact on investor protection. We believe the transition to principles-based regulation will allow market participants of various sizes and complexities to operate within the enumerated framework. Regulation in general should be risk and principles-based, as well as technologically neutral and flexible.

We understand that as part of its burden reduction efforts, FSRA is in the process of reviewing existing guidance with a view to ensuring clarity and eliminating overlap or potentially inconsistent requirements. We agree that it is important for regulated entities and investors to understand the intended effects of any published guidance, and we encourage initiatives related to data driven analytics. Where possible, regulation should be based on evidence that rules are required to deal with a regulatory issue.

Information sharing with other regulators is also listed as one of FSRA’s cross-sector priorities. We firmly believe that if information is shared with other regulators in Ontario and across Canada, it could assist with regulatory investigations, which is consistent with upholding investor protection and market integrity. If more than one supervisory/regulatory body dealing with a compliance matter or complaint worked with the same data set, it could reduce investigation time. We agree with the suggestion in the Consultation that such information sharing will also lower the frequency of information requests made to market participants, avoiding further regulatory burden.

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 157 local member societies. For more information, visit www.cfainstitute.org.

The Consultation notes that FSRA is in the process of setting up its Consumer Advisory Panel. We understand that the purpose of the panel is in part to provide ongoing advice to FSRA from a consumer perspective on proposed policy-related matters, and to identify topics for future policy consideration, outreach and/or educational activities. We believe this forward-looking initiative is positive and would encourage the panel to consider benchmarking and reviewing regulations across jurisdictions internationally to look for ways in which their regulators approach their investor protection mandates.

We were encouraged by the quick pace and targeted nature with which FSRA created new forms and disclosure requirements for high-risk syndicated mortgage products. As set out in our letter² to FSRA in response to the consultation on high-risk syndicated mortgage investments, we believe it is necessary for retail investors to be provided with additional information on riskier investment opportunities in syndicated mortgages. In our letter, we also noted that FSRA's targeted approach to concentrate resources on investments that could put retail investors at the highest risk of loss is a valuable one. We believe this pace of innovative regulation can and must continue to help ensure protection of the public interest.

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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² <http://www.cfasociety.org/canada/Comment%20Letters/2019/FSRA%20High%20Risk%20Syndicated%20Mortgages.pdf>