

2022 ANNUAL REPORT  
OF THE ONTARIO SECURITIES COMMISSION'S  
INVESTOR ADVISORY PANEL

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MAY 2023

## **Introduction**

The Investor Advisory Panel (IAP, or the Panel) is pleased to present our 2022 Annual Report outlining the IAP's activities, submissions, consultations, and meetings during the calendar year.

Since its formation in 2010, the IAP has been an active channel for bringing the perspective and concerns of Ontario investors to the attention of policymakers mandated to protect them. We have worked closely with the OSC's Investor Office and with other OSC staff to address existing and emerging areas of concern and risk for retail investors, actively participating in the policymaking process – from issue identification to policy development to commenting on new rules and processes once they have been drafted and proposed for implementation.

Retail investor input is key to ensuring a healthy and fair regulatory regime. The IAP's mission is to provide that input, thereby serving as a useful policymaking resource for the OSC in its development and administration of rules that protect investors and promote fair and efficient capital markets.

## **How the Investor Advisory Panel Works**

The IAP provides input to the OSC at all three stages of the policy development process:

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### **Stage 1**

#### **Issue Identification**

We bring an investor perspective to the OSC to inform policymaking at the earliest stages by sharing insights through face-to-face meetings with key staff. When appropriate, we follow up with specific recommendations.

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### **Stage 2**

#### **Input on Policy Development**

We provide the OSC with an investor viewpoint on regulatory policy development through face-to-face meetings and in follow up communications. Through ongoing discussions with OSC staff we maintain constructive and thoughtful dialogue regarding investor issues.

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### **Stage 3**

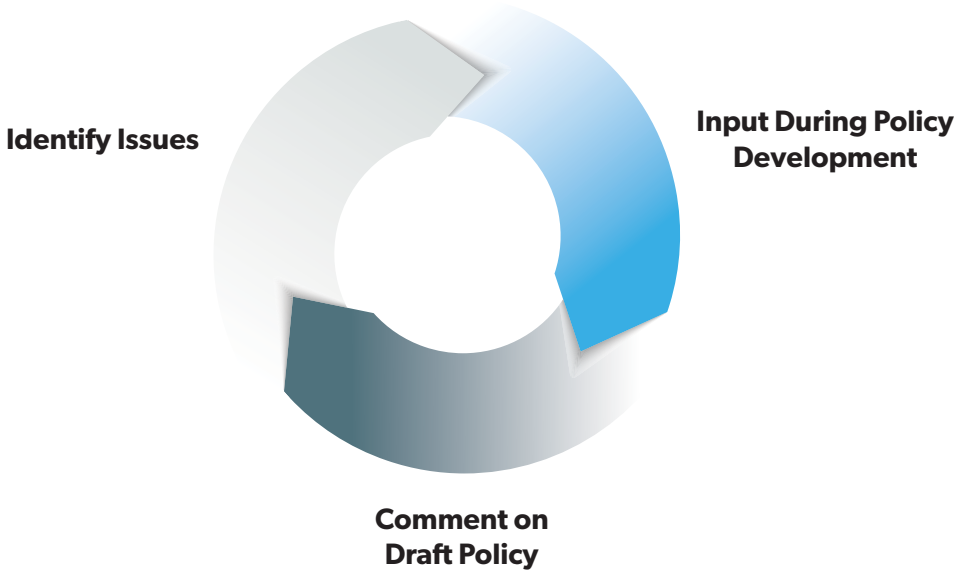
#### **Policy Proposals and Discussion Papers**

We regularly provide input on policy proposals once they have been published for comment to ensure the investor voice is considered in final outcomes.

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The IAP brings an investor voice to policy making

## How the IAP Engages with the OSC



### Key numbers for 2022

**11**  
.....  
Meetings

**4**  
.....  
Submissions,  
letters and reports  
to the OSC/CSA

**4**  
.....  
Submissions to  
other bodies

**22**  
.....  
Meetings  
with external  
organizations

## **2022 in Review**

In 2022, investors globally faced a host of challenges including the impact of inflation, rising interest rates, geopolitical tensions, and a simultaneous plunge in the price of stocks and bonds, the traditional pillars of portfolio diversification. Technological innovation also continued to impact investors in both positive and negative ways, perhaps most notably the collapse of crypto asset prices and the implosion of the cryptocurrency exchange, FTX.

For the Investor Advisory Panel, events during the year further highlighted the importance of investor protection and of innovative and timely securities regulation that can keep pace with a rapidly shifting investment environment seemingly filled with new and unprecedented risks. These themes made their way into our meetings and in submissions to the OSC and other regulatory bodies as we explored their potential impact on investors.

Through 2022, several major themes arose - some are new topics, others have been addressed repeatedly over the years. They are set out below.

## **Theme 1: The Future of Investor Protection in an Age of Disruption**

The year 2022 saw the introduction of the *Capital Markets Act* (CMA), a long overdue effort to modernize Ontario's capital markets and promote economic growth. In our [response to the consultation](#), we expressed our support for the introduction of platform legislation as a way to address the evolution of the investment industry and the disruptive influences driving its transformation. Troubling for the Panel, however, are amendments to the *Securities Act* requiring the OSC to "foster capital formation," a change that we fear will push the organization to focus more on business interests and less on investor protection. As we wrote, this new bifurcated purpose risks "upsetting a carefully considered regulatory balance of those interests essential to maintaining fair capital markets and public confidence in them."

That critical balance has traditionally underpinned the guiding principles directing the OSC in interpreting the purposes of its governing statute and we expressed our concerns that the new mandate would tilt this balance into "disequilibrium". This worry was exacerbated by concerns expressed in the 2021 Auditor General of Ontario's [Value-for-Money Audit Report on the Ontario Securities Commission](#) over the OSC's vulnerability to political interference in the regulatory process. As we wrote in our response to the CMA consultation:

"It concerns us, however, that the CMA's platform approach may be insufficient to streamline the regulatory process. No amount of legislative renovation will accomplish this unless, at the same time, the OSC's specialized expertise is acknowledged and consistently utilized as the most appropriate, even-handed resource for addressing rapidly evolving capital markets and the growing complexity of investment products."

The Panel expressed further concerns over the OSC's expanded mandate in [its response to the organization's draft Statement of Priorities](#) where, once again, we acknowledged the challenges involved in delivering on a mandate split between investor protection and an explicit requirement to foster competition and capital formation. The Panel raised flags about the potential for such a mandate to overburden the organization with too many competing and conflicting priorities.

We urged the OSC to pare back its list of goals and to set meaningful and actionable imperatives to ensure that it can carry out its mandate in ways that can be measured:

*"We find, once again, that the goals lack specificity such as concrete and transparent deliverables, desired outcomes and, most importantly, stated progress markers that could provide a roadmap for delivery on the many competing goals in the Statement of Priorities. Also absent from the Statement of Priorities are success measures or data-gathering related to one of the most significant regulatory initiatives of the last decade: the ongoing implementation and impact on investors of the Client-Focused Reforms, which are referenced only once and not in relation to any specific goal."*

## Theme 2: Crypto assets

The Panel continues to believe crypto assets constitute a growing risk for financial consumers. The Panel strongly supports the OSC's commitment to strengthening oversight and enforcement in the crypto asset sector, and has cautioned the OSC against placing the goal of fostering innovation ahead of its central investor protection mandate.

For the Panel, crypto events during the year such as the onset of "crypto winter" and the FTX collapse further highlighted the need for the OSC to continue focusing on investor protection and increase its visibility among, and education of, crypto investors. The OSC can and should work to ensure that investors are provided with accurate information by qualified market participants regarding the risks associated with participating in this market. Further, innovative, and timely securities regulation is necessary to keep pace with a rapidly shifting investment environment seemingly filled with new and unprecedented risks. We were pleased to see the CSA strengthen its approach to oversight of crypto trading platforms by creating and then expanding requirements for platforms operating in Canada.

The above-mentioned shift in the regulatory environment in Ontario is taking place at a time when global policymakers are often seeking ways to enhance investor protection. Notably, 2022 saw [additions to the Organization for Economic and Cooperation and Development's \(OECD\) High Level Principles on Financial Consumer Protection](#). In the [Panel's response to the OECD's proposed changes](#), we expressed our support for the three new "cross-cutting" themes (digitalization, sustainable finance and financial well-being). We urged the OECD to recognize and specifically address the emergence of crypto assets and the risks they present to consumers across both new and pre-existing themes outlined in the proposals.

Such themes made their way into our meetings and in submissions to the OSC and other regulatory bodies, as we explored their potential impact on investors.



## Theme 3: Strengthening OBSI

The Panel continued to express its strong support, including in [its response to the OSC's draft Statement of Priorities](#), for strengthening investor redress through the creation of a fairer dispute resolution process. Providing the [Panel's input on the Independent Evaluation of the Ombudsman for Banking Services and Investments' \(OBSI\) Investment Complaints Mandate](#), we reiterated our recommendations to:

- mandate the use of OBSI as the single, fully integrated dispute resolution service for banking related complaints as well as investment-related ones;
- grant OBSI authority to render decisions that are binding on respondent banks and investment firms; and
- recognize that the fairness and integrity of dispute resolution in Canada's financial system depends on OBSI being able to examine and provide full compensation for all wrongdoing evident in the circumstances of each complaint.

We also noted that “we believe OBSI's record of achievement and its structure as an independent, not-for-profit ECB make it uniquely qualified to maintain public confidence in Canada's financial system through optimization of dispute resolution outcomes. We hope you will recommend that they be given the mandate and tools needed for the task.”

The Panel is pleased that the CSA anticipates publishing for comment this year a proposal to provide OBSI with authority to make binding awards through a framework that is accessible, fair and efficient.

## **Theme 4: Improving Transparency for Investors**

The Panel turned its attention to two regulatory initiatives related to transparency of reporting for investors. Our response to the [Canadian Securities Administrators proposed Total Cost Reporting for Investment Funds and Segregated Funds](#) noted that this initiative is a welcome development that will provide investors with clear information about the full cost of the products and services that they purchase. In [our response](#), we expressed our support for better transparency regarding costs, as well as for the standardization of reporting across investment and segregated funds.

We flagged two issues:

- (a) the crucial importance of presentation format, and
- (b) the need for swifter implementation of this initiative, as well as more industry-regulatory collaboration on systems design in the future to avoid unnecessary delays in achieving policy outcomes.

Moving forward, the Panel urges the industry to move quickly on this issue so that investors have consistent, transparent information regarding costs in the investment and segregated funds areas.

Throughout the year, the CSA also requested comments on its [Proposed Amendments and Proposed Changes to Implement an Access Equals Delivery Model for Non-Investment Fund Reporting Issuers](#). We understand that these changes are designed to modernize the way documents are made available to investors and reduce the costs associated with printing and mailing. In the [Panel's response](#), we expressed strong support for the goal of delivering information to investors in a manner that is efficient, effective and environmentally responsible, and that reduces costs and unnecessary burden for issuers.

We encouraged the CSA to consider modifications to these proposals so that information is made available without diminishing investor protections or making information acquisition burdensome for the investing public. To that end, the Panel made several suggestions:

- The provision of a direct electronic link to the document, as well as the ability to download a PDF version of the document
- A website maintained by issuers where prescribed documents are available for viewing and downloading
- Mandated standardization for the location and presentation of these documents on issuers' websites so that investors can easily find them

We also reiterated the need to leverage a full array of technological tools - including push notifications – so that investors have timely, easy and clear access to the documents they need to make informed investment decisions.

## **Theme 5: The Evolution of Financial Services**

The Panel initiated the Horizon Project three years ago in an effort to identify emerging disruptive influences – new technologies, investment products, market strategies, business models, service modalities and other developments – that may impact investors either negatively or positively. In doing so, our goal has been twofold:

- To advise the Commission on how its investor protection activities should potentially be adapted based on this shifting landscape
- To encourage regulators to support and promote innovative changes that may be beneficial to investor outcomes.

Since the start of the Horizon Project, the Panel has met with 52 individuals, organizations and institutions, all of whom presented their unique insights regarding the effects of disruptive change in capital markets. We ask each invitee to speak candidly about potential emerging risks for investors that regulators will need to anticipate, as well as disruptions that could impact investors in a positive way and that regulators should be careful not to impede.

In 2022, we built on the findings of [our 2021 Horizon Project report](#) and explored several themes and topics in our discussions, including:

- the rise of open banking and the need for greater flexibility for consumers through data sovereignty;
- operational risk and technology and the potential for widespread outages or system failure to impact the entire financial system;
- growing mistrust of public markets among Canadians; and
- the risks posed by unregulated markets to investors and the need to balance innovation and investor protection.

We look forward to continuing to hear from thought leaders and industry innovators in the months and years ahead, as we explore the extent to which these disruptive influences are impacting investors, regulators and the capital markets more generally.

## **The Year Ahead**

Moving into 2023, the Panel will remain focused on key areas of importance to investor protection, especially as the investment landscape continues to evolve. In the months ahead, we are committed to continuing to review and advise on the impact of disruptive technologies for retail investors as well as encouraging the OSC to prioritize investor protection as the cornerstone of its multi-pronged mandate.

The Panel will continue to push for strengthening of OBSI's mandate, including binding authority, and to build our ties with relevant stakeholders so that our advice continues to be well-founded and fact-based. We will continue to remain involved in discussions regarding innovations in the investing landscape for retail investors, and how best to empower investors with the necessary information in today's digital age. We remain, as always, committed to encouraging securities regulators to continue to operate in a manner that is proactive, agile, and focused on investor protection.

## About the IAP

The IAP is an independent advisory panel to the Ontario Securities Commission. The IAP's mandate, membership terms, operating procedures and remuneration and budget are set out in its [Terms of Reference](#).

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## Our Mandate

Our mandate is to solicit and represent the views of investors on the Commission's policy and rule-making initiatives. In order to fulfill our mandate, the IAP will:

- Advise and comment in writing on proposed rules, policies, concept papers and discussion drafts, including the Commission's annual Statement of Priorities
- Consider views representative of a broad range of investors through consultation with and input from investors and organizations representing investors in formulating its advice and written submissions to the Commission
- Bring forward for the Commission's consideration policy issues that may emerge as a result of the IAP's investor consultation activities and comments on the potential implications for investors posed by those issues, and
- Advise and comment in writing on the effectiveness of the investor protection initiatives implemented by the Commission.

Investors are welcome to contact the IAP by email at: [iap@osc.gov.on.ca](mailto:iap@osc.gov.on.ca) or by writing to:

Investor Advisory Panel  
c/o The Investor Office  
Ontario Securities Commission  
20 Queen Street West, 22nd Floor  
Toronto, ON M5H 3S8

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## **Our Membership**

The IAP is comprised of members appointed by a selection committee composed of the Chief Executive Officer of the Commission and two Executive Directors following a public application process. Members of the IAP are appointed for terms of up to two years, with possible reappointment for one additional term.

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## **How We Operate**

The IAP generally meets monthly, either in person or by video conference. We maintain frequent contact between meetings to develop our written submissions and to share and exchange views on developments in securities law and other relevant matters. During our meetings, we discuss upcoming submissions and plans for future outreach, research and consultation.

Our work plan is set to a large extent by the Commission's priorities and current developments in the investment industry. Our meeting agendas often will focus on specific OSC initiatives, including the Commission's annual Statement of Priorities and business plan, policy and rule proposals, and ongoing or under-development investor protection initiatives.

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## **Independence**

The IAP conducts its activities without direction or influence from the Commission.

The OSC Investor Office serves as the general liaison between the IAP and the Commission and serves as secretariat to the IAP. The Investor Office provides administrative support to IAP activities and facilitates our requests for staff briefings or research information conducted by, or available to, the Commission on specific policy and rule-making initiatives.

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## **Transparency**

Transparency of our work is important. We provide regular reporting through our [Investor Advisory Panel section of the OSC website](#), through our published reports, submissions, letters to the Commission and our Annual Report. We publish all meeting agendas on our webpage.

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## **Consultations**

To assist us in fulfilling our mandate, we regularly consult with organizations and financial and legal experts, industry associations and investor advocacy bodies.



## IAP Members – 2022

### Brigitte Catellier

Ms. Catellier is Associate Director of the Investor Protection Clinic at Osgoode Hall Law School where she is also an adjunct professor. The Clinic provides free legal advice to people who believe their investments were mishandled and who cannot afford a lawyer. As Associate Director of the Clinic she oversees all activities including strategic direction, file management, student supervision and seminar instruction. She also teaches Financial Services Regulation in the Financial Law LLM at Osgoode Hall Law School. Ms. Catellier obtained her BCL/LLB degrees from McGill University and was admitted to the Quebec Bar. She is a Fellow of the Chartered Governance Institute and currently serves as VP, Chief Governance Officer and Corporate Secretary at The Co-operators Group.

### Supriya Kapoor

Ms. Kapoor is the founder and principal of Aurelius GRP, an investment governance, regulatory and policy consultancy. As a regulatory consultant Ms. Kapoor provides advice and guidance to develop effective compliance programs, operational infrastructures, and robust governance structures to ensure investor needs and interests are being appropriately met. Ms. Kapoor has approximately 25 years' experience in securities regulatory compliance, including as Chief Compliance Officer and a member of senior management of multiple registered firms. Ms. Kapoor serves on various Independent Review Committees, industry committees and has previous experience on other OSC and CSA committees.

### Ivy Lam

Ms. Lam most recently served as the inaugural director of the University of Toronto Investor Protection Clinic, which provides free legal services and public legal education to members of vulnerable communities who are at risk of suffering harm, or may have suffered harm, relating to their investments. The Clinic engages in a broad range of activities to educate the community and promote investor protection and rights. Ms. Lam is a senior lawyer with over 20 years' experience in private practice at top law firms and as in-house counsel at an international rating agency and a hedge fund.

### Cary List

Mr. List most recently served as President & CEO of FP Canada, the non-profit body that confers CFP and QAFP certification, where he worked to elevate the professional standards, proficiencies and competencies of financial planners and make financial planning more accessible to all Canadians. In 2021, he was recognized for lifetime achievement for his contributions to the financial planning profession. A strong advocate for greater financial literacy and empowerment, Mr. List served on the inaugural National Steering Committee for Financial Literacy. Mr. List holds the FCA, FCPA and CFP designations and the FP Canada Fellow distinction. Since retiring in 2021, Mr. List continues to provide strategic consulting to a number of organizations.

## **Parham Nasser**

Mr. Nasser has over 15 years of regulatory and wealth management experience, which includes senior roles in regulatory analytics, digital transformation and loss valuation with the Ombudsman for Banking Services and Investments. He is a past Chair of the Canadian Advocacy Council of CFA Societies Canada and is a CFA Charterholder. Mr. Nasser currently serves as Vice-President, Product & Regulatory Strategy at InvestorCOM.

## **James (Jim) Sinclair**

Mr. Sinclair has over 35 years of experience providing legal services in a wide variety of capital markets settings, often with a focus on investor protection and issues facing investors. Most recently, he served as General Counsel at Common Wealth, a company that offers a digital retirement platform to help Canadians achieve their retirement goals. Prior to that role, Mr. Sinclair served for over five years as General Counsel at the Ontario Securities Commission and was appointed Acting Director of Enforcement for some of that time, during which he helped usher in the OSC Whistleblower Program. Prior to joining the OSC, he was the Director of Legal Services at the Ontario Ministry of Finance, where he was engaged in significant securities, pension, insurance and tax reform. Before joining the Ministry, he was Chief Legal and Compliance Officer at a large investment management firm.

## **Ilana Singer, Chair**

Ms. Singer is Vice-President and Corporate Secretary of the Canadian Investor Protection Fund (CIPF), and a bilingual member of CIPF's senior management team. She leads a team that focuses on claims, policy issues, communications and stakeholder outreach, and corporate secretarial matters. Ms. Singer is a Securities Expert for the World Bank, providing a global perspective on investor compensation schemes. Ms. Singer previously served as an adjunct instructor for the Investor Protection Seminar at Osgoode Hall Law School, Chair of the Securities Advisory Board of the Toronto Centre, Chief Operating Officer and Deputy Director at FAIR Canada, and Senior Advisor, International Affairs at the Ontario Securities Commission.

## **Leslie Wood**

Ms. Wood is a Chartered Professional Accountant and former senior executive in the investment fund industry bringing over 25 years of experience. She has successfully completed several mutual fund acquisitions, product re-engineering, systems integration and conversions, brand and distribution development, and oversight of all back-office operations and new product launches. Ms. Wood retired in 2016 and now serves on multiple Independent Review Committees.

## Outgoing Members

We extend our thanks and recognize the service of the following members whose term on the IAP concluded in 2022:

### Daniel Brunet

Daniel Brunet is a lawyer, a Board Director and the Treasurer of the National Association of Federal Retirees, a not for profit corporation with a membership of about 170,000 federal pensioners focused on the protection of federal pensioners' economic interests. A member of the bar for more than 40 years, he has a background in federal litigation and previously served on the Disciplinary Council of the Quebec Bar. Prior to his retirement from the Federal Public Service, he held various positions including: Director of Legal Services at the Office of the Information Commissioner of Canada, Crown Prosecutor, as an agent of the Attorney General of Ontario and as an agent of the Attorney General of Quebec. He completed the academic requirements for the Directors Education Program at the University of Toronto's Rotman School of Management and has obtained his ICD.D designation.

### Neil Gross

Neil Gross, a lawyer with over 35 years' experience focused on investor protection issues, served as Chair of the Panel from 2018 to 2022. He currently serves on the Advisory Council to the CEO of the OSC and the CSA Investor Advisory Panel while also acting as a director, independent review committee member and consultant for several investment firms, public policy advocacy organizations and charities, and as a periodic columnist for The Globe and Mail. He is a former Executive Director of FAIR Canada.

### Serge Kalloghlian

Serge Kalloghlian has been a lawyer for 15 years, with a litigation practice focusing on class actions and investor rights advocacy. He has represented harmed investors in securities class actions and other investor rights litigation at all levels of Ontario's courts and the Supreme Court of Canada.

## Consultation – External Organizations

### **Alberta Investment Management Corporation**

- Mark Wiseman – Chair

### **Alternative Investment Management Association (AIMA)**

- Claire Van Wyk-Allan – Managing Director, Head of Canada

### **Bank of Canada**

- Scott Hendry – Senior Special Director of Financial Technology

### **Binance**

- Rob Binnington – Chief Operating Officer
- Stasha Ninkovic – Director of Operations and Product Development

### **Canadian Association for Retired Persons (CARP)**

- Anthony Quinn – Chief Community & Benefits Officer

### **Canadian Coalition for Good Governance (CCGG)**

- Catherine McCall – Executive Director
- Sarah Neville – Director of Policy Development

### **Canadian Securities Administrators**

- Louis Morisset – Chair and President and Chief Executive Officer, Autorité des marchés financiers
- Laura Belloni – Secretary General

### **Ernst & Young Inc.**

- Sharon S. Hamilton – Partner & Senior Vice-President

### **Financial Services Regulatory Authority of Ontario (FSRA)**

- Glen Padassery – Executive Vice President, Policy and Chief Consumer Officer
- David Bartucci – Director, Policy, Consumer Office

### **Financial Services Regulatory Authority of Ontario’s Consumer Advisory Panel (FSRA CAP)**

- Laura Tamblyn Watts – Chair

### **International Monetary Fund (IMF)**

- Nobuyasu Sugimoto – Financial Sector Expert, Monetary and Capital Markets Department
- Parma Bains – Financial Sector Expert, Monetary and Capital Markets Department

**Investment Funds Institute of Canada (IFIC)**

- Paul Bourque – President and Chief Executive Officer
- Carolyn Quick – Vice President, Communications & Public Affairs

**Investment Industry Association of Canada**

- Laura Paglia – President and Chief Executive Officer

**Investment Industry Regulatory Organization of Canada (IIROC)**

- Andrew J. Kriegler – President and Chief Executive Officer

**Meridian Credit Union**

- Dilys D'Cruz – Vice President and Head of Wealth Management

**PMG Intelligence**

- Tierney Mimeault – Analysis Vice President, Research

**Portfolio Management Association of Canada**

- Katie Walmsley – President

**Stikeman Elliott**

- Elizabeth Pillon – Partner

**Syntoniq Inc.**

- Brian Pasalich – Chief Executive Officer and Co-Founder
- Prasad Ramani – Chief Product Officer and Co-Founder

**TruX Investments**

- James Fraser – President and Chief Executive Officer

**University of Calgary Faculty of Law**

- Dr. Ryan Clements – Assistant Professor, Chair, Business Law and Regulation

**Wellington - Altus Private Wealth Inc.**

- Jessica Keus – Investment Advisor

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## Consultation – Ontario Securities Commission Staff

Discussed the following topics:

- CSA consultation on Access to Real Time Market Data
- Emerging Regulatory Issues
- Investment Funds and Structured Products Regulatory Policy Update
- Investor Education and Outreach
- Investor Research
- OSC Self-Certified Investor Prospectus Exemption Pilot
- OSC TestLab
- Proxy Advisory Firms
- Review of ESG-Related Investment Fund Disclosure
- SEDAR+
- Social Media Influencers in Finance

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## The IAP met with the following branches:

- Compliance and Registrant Regulation
- Corporate Finance
- Executive Office
- General Counsel's Office
- Investment Funds & Structured Products
- Investor Office
- Market Regulation
- Office of Economic Growth and Innovation
- Office of Mergers and Acquisitions

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## Submissions, Letters and Reports

January 31, 2022

[Independent Evaluation of the Ombudsman for Banking Services and Investments with respect to Investment-Related Complaints](#)

February 17, 2022

[Capital Markets Act – Consultation Draft](#)

February 22, 2022

[OECD public consultation on draft proposed revisions to the Recommendation on G20/OECD High-Level Principles on Financial Consumer Protection](#)

July 5, 2022

[CSA Consultation – Access Equals Delivery Model for Non-Investment Fund Reporting Issuers](#)

July 7, 2022

[OSC's Investor Advisory Panel Releases 2021 Annual Report](#)

July 26, 2022

[CSA and CCIR Consultation - Total Cost Reporting for Investment Funds and Segregated Funds](#)

December 22, 2022

[OSC Draft Statement of Priorities for 2023-2024](#)

