

# The Investor Perspective




**INVESTOR OFFICE**

OSC Staff Notice 11-773

**OSC**

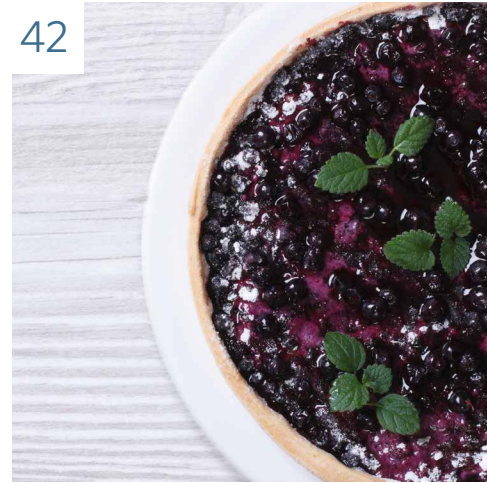
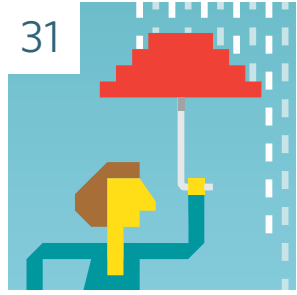
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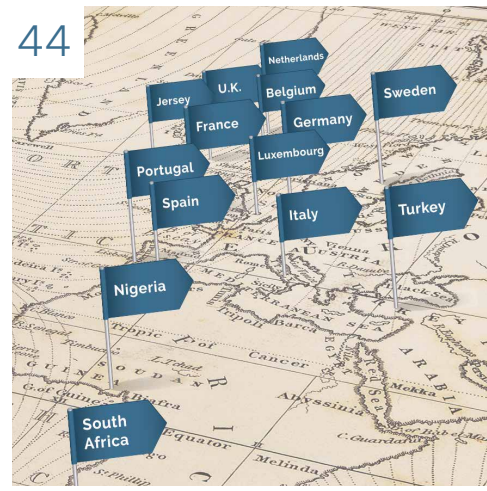
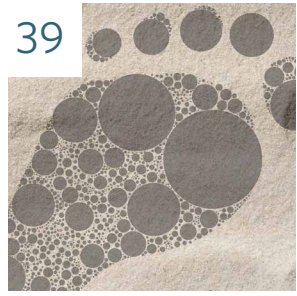
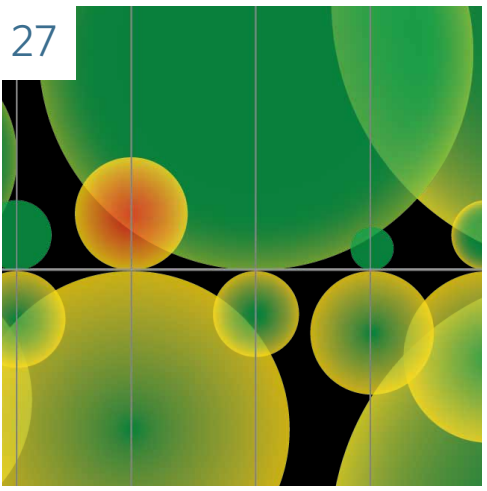
“You never really understand a person until you consider things from his point of view.”

Harper Lee, *To Kill A Mockingbird*

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# Director's message

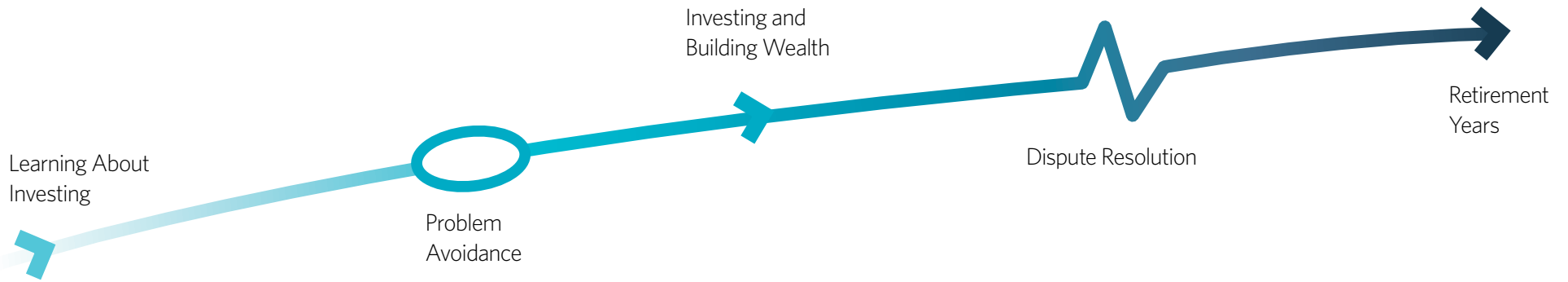


## Investors are people.

This obvious fact is worth emphasizing because the same aspects of human nature that guide us all in our everyday lives — emotions, aspirations, biases, impulses, intuition, trust — are also things we need to be mindful of as securities regulators.

The reality is that for most people, investing isn't really about things like capital formation, risk weightings or asset allocations. It's about our hopes and dreams: for our family, for our retirement, for our future. It's common sense, and at Ontario's new Investor Office, we get it.

Here our focus is on everyday, Main Street investors. We're here to give investors information to help them invest wisely and confidently, ensure their needs are understood by those who make the rules, and share their voice with the boardrooms of Bay Street. At Ontario's new Investor Office, we're invested in people.



## A HOLISTIC VIEW OF THE INVESTOR EXPERIENCE

Ontario's Investor Office was formed as of April 1, 2015 by combining the former Office of the Investor with the Investor Education Fund. I became the first director of this newly integrated Office in July.

Investor protection is at the core of everything the Ontario Securities Commission does. We look out for those people who work hard and play by the rules and provide protection to them from people who don't.

The OSC is strongly committed to delivering on its mandate to protect investors and is proposing a number of initiatives to enhance investor protection. The creation of the new Investor Office is but one way we are putting the interests of investors first.

As noted in the OSC's current Statement of Priorities, investor profiles are diverse and this raises complex challenges. The wide disparity in the level of financial literacy and understanding among investor groups is a key source of risk that needs to be addressed through outreach, education and regulation.

At the Investor Office we are interested in achieving better outcomes at each stage of an investor's life — from before people first invest and are still learning about key financial concepts, to when they begin investing and accumulating assets, all the way through to life's golden years. Our interest in the full arc of the investor experience also includes preventing problems from occurring in the first place and ensuring an effective and fair dispute resolution system is in place in case they do.

Our approach to achieving better investor outcomes can be conceptualized as a three-legged stool, with the three legs being:

1. Delivering strong and effective investor education;
2. Influencing and shaping policy evolution and operational activities; and
3. Strengthening the OSC's own investor touchpoints.

This approach recognizes that no one element is enough on its own to keep the stool standing and achieve our end goal. But similarly, you can't take any one of those elements away without losing the balance.

In these pages you will read more about who we are, what we do, and how we think. But let me first give you a little information about our overall approach and philosophy.

## THE INVESTOR PERSPECTIVE

In everything we do we look at things from the investor perspective. How do they experience the investment framework established by regulators and the services delivered by the financial industry? Do our policies appropriately take into consideration the investor point of view? Are we speaking their language? We try to see things the way other investors see them. By doing so we believe we will be better regulators and be more responsive to investor needs.

## A CENTRE OF EXCELLENCE AND INNOVATION

At the Investor Office we strive for excellence. Our goal is to lead by example when it comes to delivering modern, innovative and responsive regulation and investor education.

We will achieve this in several ways.

Through a combination of solid research, meaningful outreach and an understanding of the behavioural aspects of investing that are often forgotten, we will bring a credible investor perspective to policy and operational discussions. An expanded OSC in the Community program — an outreach initiative that takes the OSC's regulatory mandate from Bay Street to Main Street — that uses new approaches and technology is but one way we will gather broader investor input and feedback.

We will undertake innovative and relevant research and provide thought leadership on emerging issues likely to impact investors and securities regulation in the future. We want to know where the puck is going, not just where it's been.

We will continue to be a leader in areas such as investor education, delivering our content in new ways to ensure it is widely available, seen and read. The OSC's award-winning investor education website [GetSmarterAboutMoney.ca](https://www.getsmarteraboutmoney.ca) already contains dozens of innovative financial and investment tools and calculators, articles, infographics and other sources of information that help Canadians invest wisely and confidently. We will be adding important new tools, both for investors and the industry, to educate investors and help them navigate the complexities of investing in a rapidly changing world.

In everything we do, we take a creative and dynamic approach to our work. We will stay on top of new technologies and incorporate Big Data analysis into our work. We also believe that to be a modern and relevant regulator we can't just keep doing things the way they've always been done, and we aren't afraid to try new approaches.

In sum, we are not satisfied with simply checking the box. We aim higher.

## THE COMMON SENSE

A key priority of our Office is to expand and increase the opportunities for investors to engage with us and provide input into the OSC's activities. Their perspectives — the common sense — are incredibly important for us to hear but are often missing from debates, save for the views of a tireless few who have dedicated their lives to retail investor issues.

We believe that obtaining a wide variety of feedback from diverse sources sees better solutions emerge. We will demonstrate through our actions that investor input is wanted, valued, understood and can make a difference.

I would like to give a special thanks to the members of the OSC's Investor Advisory Panel (IAP) for their work in support of Main Street investors. When people know better, they do better, and the IAP has played an invaluable role in ensuring investor perspectives are considered and addressed in the OSC's policy-making and operations.

## OUR STAKEHOLDERS ARE OUR PARTNERS

Like any organization, the OSC and the Investor Office operate with finite resources. We must maximize our effectiveness and reach in an efficient manner. We know we don't have all the answers to every question, and believe that through collaboration, knowledge sharing and continuous engagement with investors and the industry we can all do better.

Our stakeholders are our partners in achieving better investor outcomes, whether they be investors and investor advocates, market participants, industry associations, regulators or other interested stakeholders. At the Investor Office, we believe we can all do better through continuous engagement and dialogue and the breaking down of silos.

Let me also be clear about one very important point: the financial industry is full of professionals who get up each and every day looking to make their clients' lives better

and their clients' futures more secure. It has helped make our country prosperous and its citizens wealthy. Are there bad actors? Yes, and this concerns industry professionals as well. A key objective of the OSC is to improve the alignment of the interests of advisors and firms with those of investors. In doing so, both investors and industry professionals will benefit.

## SENIORS AND VULNERABLE INVESTORS

Seniors are an extremely important and growing segment of investors whose issues demand attention. We will work closely with all stakeholders and the Investor Advisory Panel to ensure that the views and issues related to seniors and other important investor groups are brought forward and addressed. Reaching, educating and protecting more vulnerable investors in general are priorities for us as we ramp up our activities.

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In closing, let me say that the work we do at the Investor Office is challenging but always rewarding. We appreciate the active engagement of our stakeholder partners who inspire us and teach us to be better. In all of our activities we are determined to be an accessible and relatable voice for retail investors and we take our public service mandate to heart. We know that behind every statistic there is a person, behind every person there is a story. Join us as we roll up our sleeves and get down to business.



"A key objective of the OSC is to improve the alignment of the interests of advisors and firms with those of investors."

A handwritten signature in black ink that reads "Tyler Fleming".

**Tyler Fleming**  
Director





# Who we are



# Who we are

The Ontario Securities Commission (OSC) is Canada's largest securities regulator, with a mandate to provide protection to investors from unfair, improper or fraudulent practices and to foster fair and efficient capital markets in which investors can have confidence.

The public interest is at the core of everything the OSC does, including the enforcement of securities laws, product regulation and the oversight of registered firms and individuals. The newly created Investor Office integrates the former Office of the Investor and the OSC's Investor Education Fund.

## OUR MISSION

We're invested in people.

At the Investor Office we take a common sense approach to our work. We're here to give investors information to help them invest wisely and confidently, ensure their needs are understood by those who make the rules, and share their voice with the boardrooms of Bay Street.

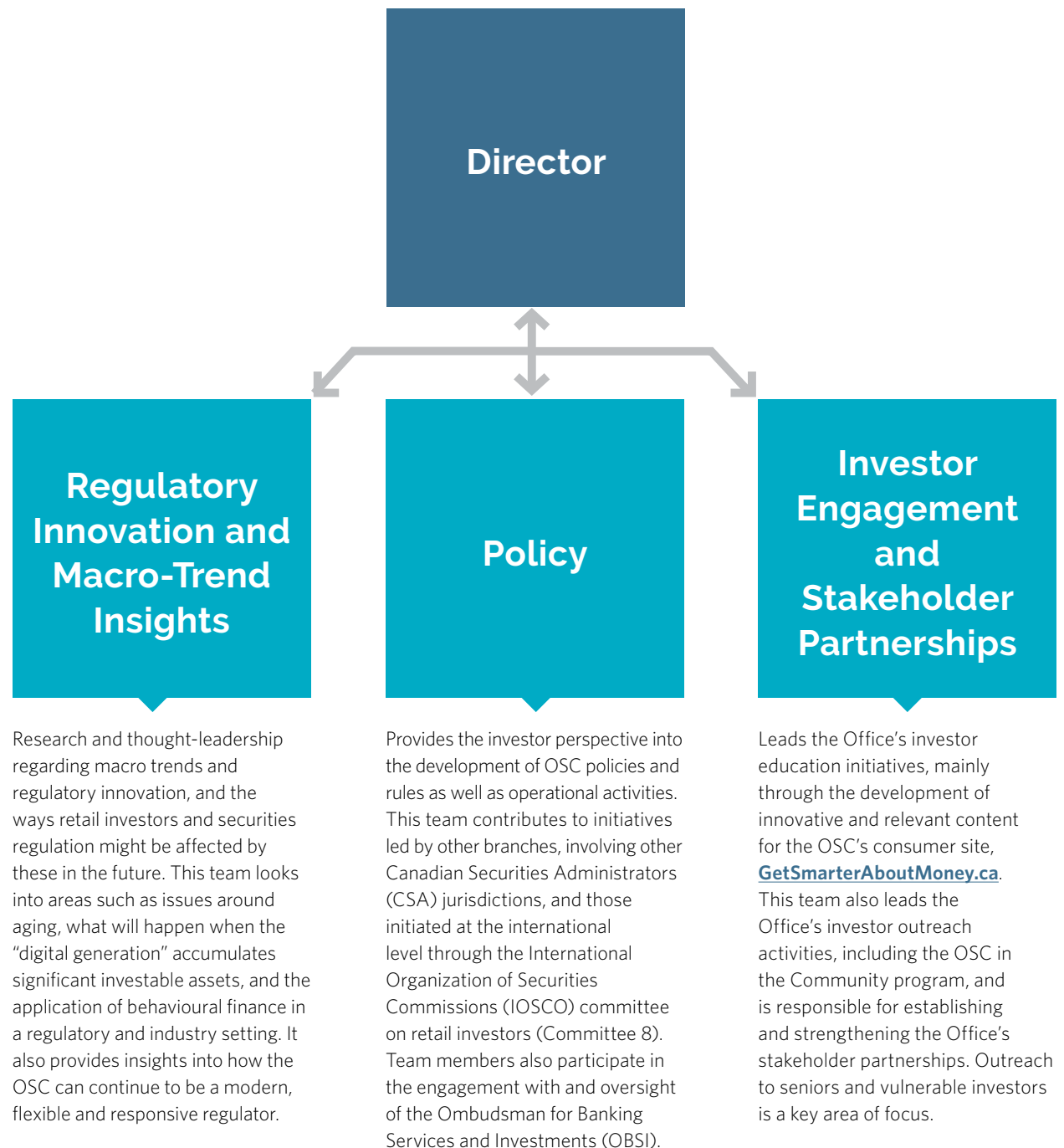
The Investor Office sets the strategic direction and leads the OSC's efforts in investor engagement, education and outreach. The Office also advocates for and supports OSC objectives and policy priorities to advance investor protection.

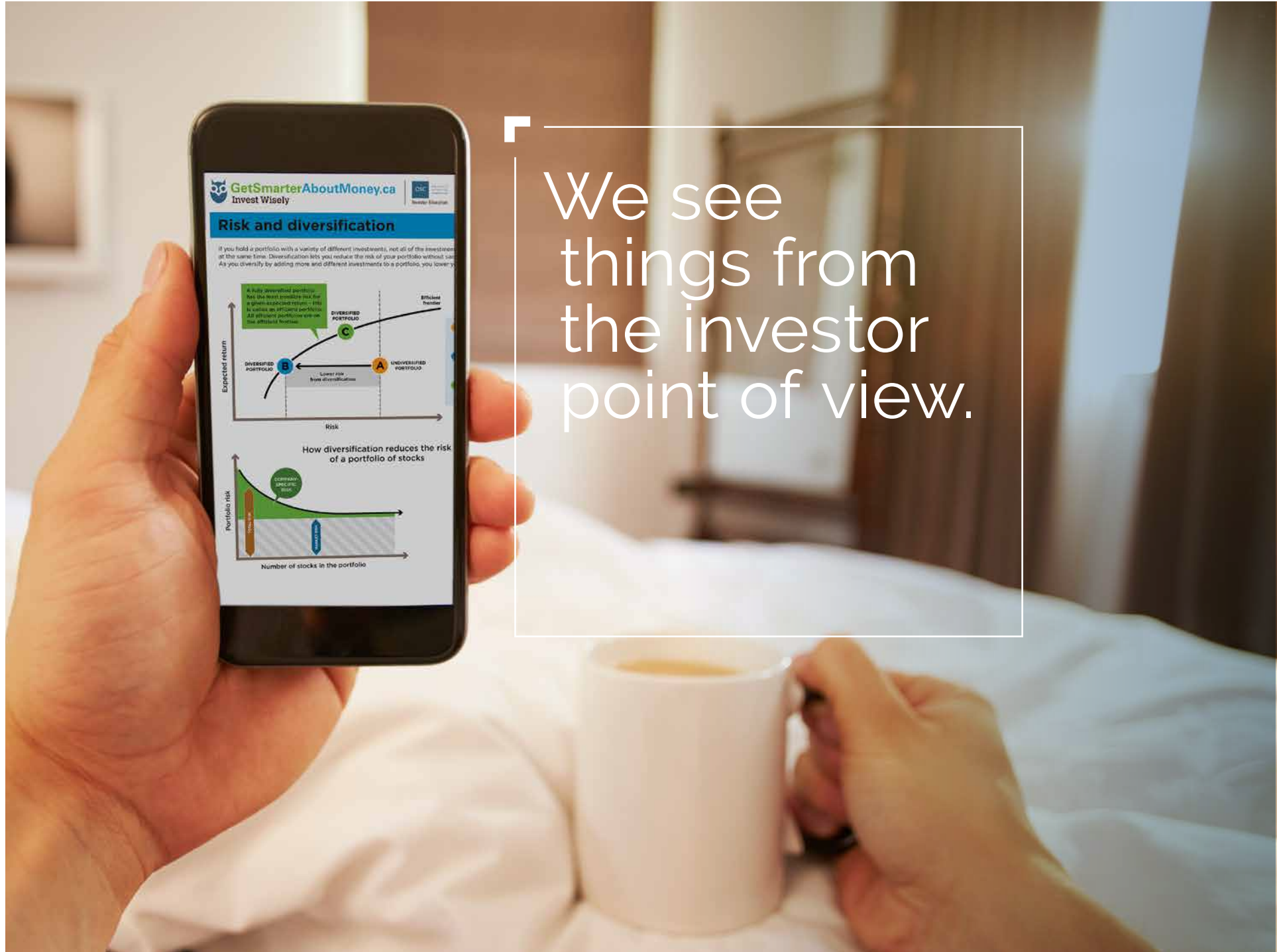
The Investor Office coordinates all investor-focused initiatives including working with the OSC's Investor Advisory Panel and developing content for the OSC's award-winning consumer site, [GetSmarterAboutMoney.ca](https://www.getsmarteraboutmoney.ca).

## OUR STRUCTURE

The Office is organized into three teams reporting to the Director: Regulatory Innovation and Macro-Trend Insights; Policy; and Investor Engagement and Stakeholder Partnerships. The Director is a member of the Executive Management Team of the OSC, reporting to the Executive Director of the OSC.

Day in and day out, all OSC branches work to achieve better investor outcomes. Investor Office staff work in partnership with other OSC staff to meet our shared goals.





We see things from the investor point of view.

## OUR APPROACH

We aim to achieve better investor outcomes in a variety of ways:

Working alongside all OSC branches and engaging all employees.

Being an accessible and relatable voice for retail investors.

Establishing and strengthening stakeholder partnerships.

Delivering effective and innovative investor education that is modernized to match the way people now consume content.

Driving better policy and operational outcomes by not just having a seat at the table, but by being a voice in the discussion.

Providing thought leadership on regulatory innovation, emerging investor issues and macro-trends likely to have an impact on securities regulation in the future.

Voicing a credible, fact-based investor perspective that is grounded in solid and innovative research and outreach.

Not being satisfied with simply checking the box. We aim higher.

## YOUR INVESTOR OFFICE TEAM

Investor Office staff have a variety of skills and experiences they bring to their work in support of Main Street investors. Instead of listing off all our professional accomplishments, we thought we'd tell you a bit about what really matters — who we are as people.

Not pictured: [Jacqueline Johnson](#)



### Tyler Fleming

Director

Tyler is the first Director of the new Investor Office, setting the branch's vision and strategic direction and overseeing the day-to-day operations and administration. An active volunteer in the community, Tyler believes in the importance of giving back. He and his siblings learned at an early age from his math-teacher father and stay-at-home mother about key financial concepts and the importance of managing one's financial affairs wisely. Tyler is also a subscriber to the "everything you need to know you learned in kindergarten" theory of life.

### Christine (Chris) Allum

Senior Advisor, Investor Engagement and Stakeholder Partnerships

Chris' focus is on bringing the OSC's regulatory mandate from Bay Street to Main Street and meeting investors where they are. In her spare time, Chris enjoys travelling and is saving for her next big adventure. She once booked a stay at what was billed as an authentic farmhouse in the Black Forest of Germany, but it turned out to be the smelly attic of an old barn. She is now an avid TripAdvisor reader.



### Domini Canales

Project and Branch Coordinator

Domini works closely with the Director and other team members to support the Investor Office's work. Recently married and with a young daughter, she and her husband have many financial objectives: saving to upgrade from their condo to a more spacious house, building up their retirement nest egg and making regular contributions to their daughter's registered education savings plan.



### Bethlehem (Beth) Demissie

Program Coordinator

Beth provides project management and coordination assistance for the Office's various projects and initiatives. Beth was born in Ethiopia and arrived in Canada 15 years ago after a short stint in England. She is passionate about travelling so she divides her savings between a travel budget, an RRSP contribution and other investments every year. She has travelled to five continents so far and hopes to continue to explore more of the world.





### **Kevan Hannah**

Advisor, Investor Policy Communications

Kevan works to make regulatory policies, initiatives and concepts more easily understandable. A recent transplant from Manitoba, Kevan's previous experience includes time at the Manitoba Securities Commission as well as a stint as a journalist where he covered everything from small-town municipal elections to Canada's vast independent music scene.



### **Gordon (Gord) Kerr**

Manager, Investor Engagement and Stakeholder Partnerships

Gord leads the day-to-day operations of our investor education and outreach programs, including [GetSmarterAboutMoney.ca](http://GetSmarterAboutMoney.ca). He and his wife are putting their two sons through post-secondary education programs. Once that's over they look forward to paying off their mortgage and saving for an active retirement. Outside of work, Gord and his wife can often be found on local hiking and cross country ski trails.

### **Katherine Kruk**

Senior Advisor

A lawyer by training but with an undergrad degree in film studies, Katherine works to ensure that investor perspectives are considered and addressed in the OSC's policy-making and operations. Katherine is our resident fitness fanatic, squeezing in a daily class whenever she can. Her goal is to become an empty nester in the next one or two years. Three years, max.



### **Victoria Marn**

Online Content Advisor

Victoria's focus is on improving and maintaining our online education tools and resources. Despite loving all that the city offers, living frugally has allowed her to pay for her education and save for a down payment on a home. Victoria's an avid baker, enjoys mystery novels and spends too much time on social media.



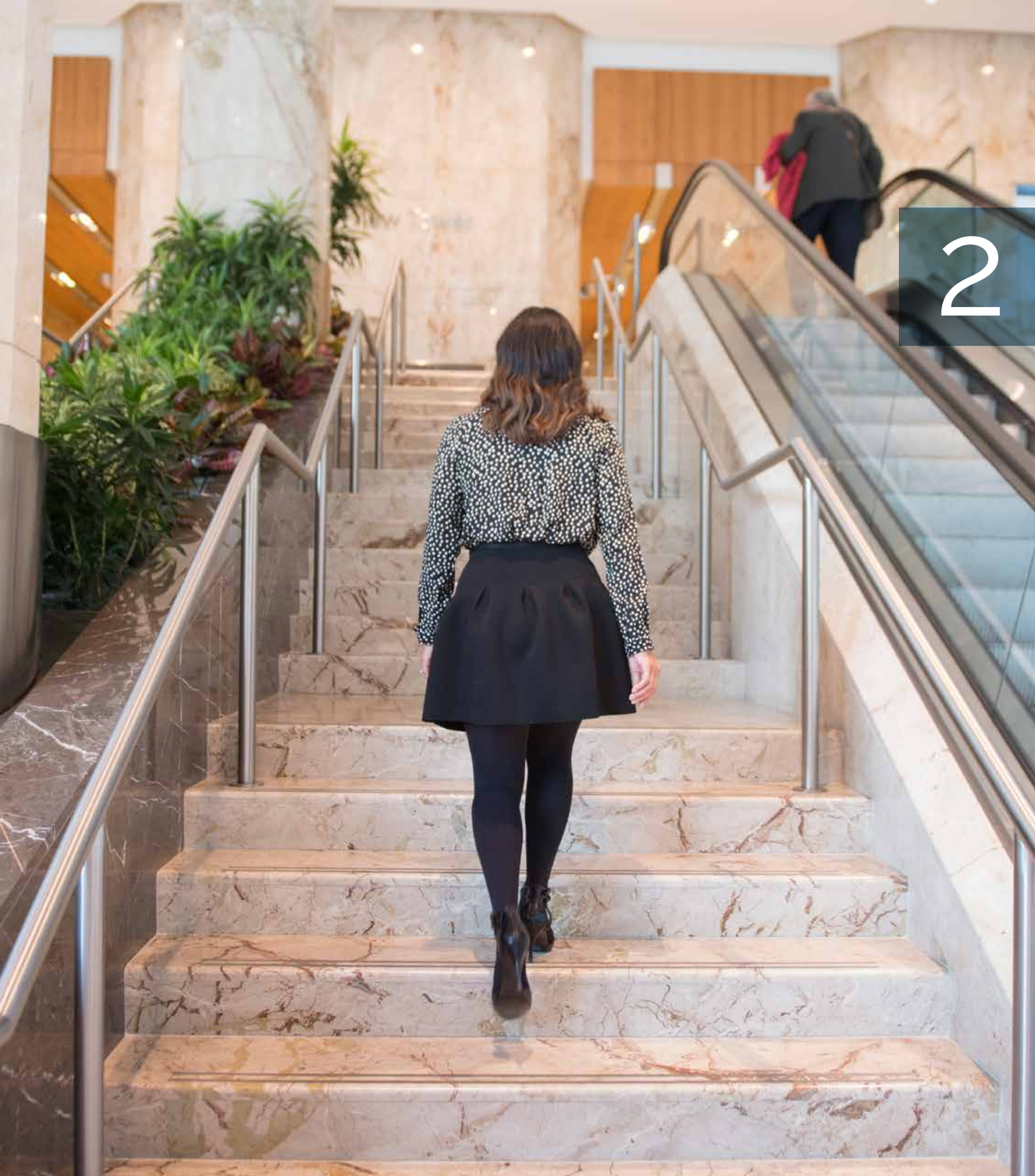
### **Jennifer (Jen) Price**

Senior Communications Advisor

Jen's focus is on ensuring our investor communications and education activities are innovative, relevant and accessible. She first learned how to get smarter about money from her parents, who taught her that "interest is something that's paid to you, not something you pay!" Jen now owns a small home in Toronto, loves to entertain friends and has a line item in her budget specifically for costume parties.



**For more on our work experience, visit our [LinkedIn profiles](#).**



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# The OSC

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# The OSC



The Ontario Securities Commission (OSC) is a self-funded Crown corporation, accountable to the Ontario Legislature through the Minister of Finance. The OSC operates under the direction of the Commission.

## THE COMMISSION

The Commission has two related but independent roles. It serves as the board of directors of the Crown corporation and it performs a regulatory function, which includes making rules and policies and adjudicating administrative proceedings. The Chair is both the Chair of the Board and the Chief Executive Officer, as set out in the [Securities Act \(Ontario\)](#).

The Commission consists of nine to 16 members, called Commissioners. The Chair and Vice-Chairs are full-time members, and the other members are part-time. One part-time member is elected by other part-time members to act as Lead Director, whose duties include overseeing the operations of the Board and its committees.

The Chair, each Vice Chair and each member are separately appointed for a fixed term by the Ontario Lieutenant Governor in Council. Appointments to the Commission are made according to the procedures of the [Public Appointments Secretariat](#) of the Government of Ontario. The [Member Profile](#) sets out the areas of expertise, skills and qualifications needed by the Commission to fulfill its duties.



## YOUR OSC TEAM

The Commission is supported by an Executive Director & Chief Administrative Officer (CAO) and employees working in 16 branches and offices. The Executive Director & CAO manages and directs the OSC's day-to-day operations to achieve its [operational and strategic objectives](#). The duties of the Executive Director are set out in the [Securities Act \(Ontario\)](#) and the [Commodity Futures Act \(Ontario\)](#).

All OSC branches and Offices work to achieve better investor outcomes, not just the OSC Investor Office. Found here are short descriptions of the work that each of them do.

### **Office of the Chief**

**Accountant** — supports the OSC in creating and promoting a high-quality framework for financial reporting by market participants.

**Communications & Public Affairs** — supports and facilitates timely and effective communications to keep stakeholders informed of OSC priorities, policies and actions.

**Compliance & Registrant Regulation** — responsible for regulating firms and individuals who are in the business of advising or trading in securities or commodity futures, and firms that manage investment funds in Ontario.

**Corporate Finance** — responsible for regulating reporting issuers other than investment funds and for leading issuer-related policy initiatives. The OSC establishes the regulatory framework for securities offerings in the public and exempt markets, and monitors compliance through ongoing reviews.

**Corporate Services** — supports the effective operation of the OSC through a diverse set of systems and services, including financial management (including planning, reporting and treasury), administration and office services, facilities management, information technology, library and knowledge management, procurement, and records and information management.

**Derivatives** — responsible for developing a regulatory framework for over-the-counter derivatives trading in Ontario.

**Office of Domestic & International Affairs** — provides advice and support to the OSC in its dealings with other regulators and governments, both in Canada and internationally.

**Enforcement** — responsible for investigating and litigating breaches of the *Securities Act (Ontario)* and seeking orders in the public interest before the Commission and the courts. In addition, the Joint Serious Offences Team (JSOT) investigates and prosecutes violations of the *Securities Act* pursuant to the *Provincial Offences Act* before the Ontario Court of Justice.

JSOT also investigates Criminal Code offences in collaboration with the RCMP and OPP, which are prosecuted by Crown Counsel from the Ministry of the Attorney General.

**General Counsel's Office** — an in-house legal, policy, strategy and risk-management resource to the OSC. It also oversees organizational integrity and ethical conduct.

**Human Resources** — provides the OSC with strategic and operational advice and services relating to the planning, acquisition, development and engagement of OSC talent.

**Investment Funds & Structured Products** — responsible for regulating investment products that offer

securities for sale to the public in Ontario, including mutual funds, exchange-traded funds, structured products and scholarship plans.

**Market Regulation** — responsible for regulating market infrastructure entities (including exchanges, alternative trading systems, self-regulatory organizations and clearing agencies) in Ontario, and for developing policy relating to market structure and clearing and settlement.

**Office of Mergers & Acquisitions** — responsible for overseeing mergers and acquisitions (M&A) transactions and proxy voting matters involving public companies, and for rule and policy development in the areas of M&A and shareholder rights.

**Office of the Secretary to the Commission** — supports the members of the Commission in their statutory mandate as regulators and as a board of directors by providing counsel on adjudicative matters and administrative law, corporate law and corporate governance.

**Strategy & Operations** — assists the OSC in the delivery of its strategic goals and priorities through policy advice and economic and market research. Also provides support for the OSC's business planning, policy prioritization and risk management processes.



## OSC VISION

To be an effective and responsive securities regulator — fostering a culture of integrity and compliance and instilling investor confidence in the capital markets.

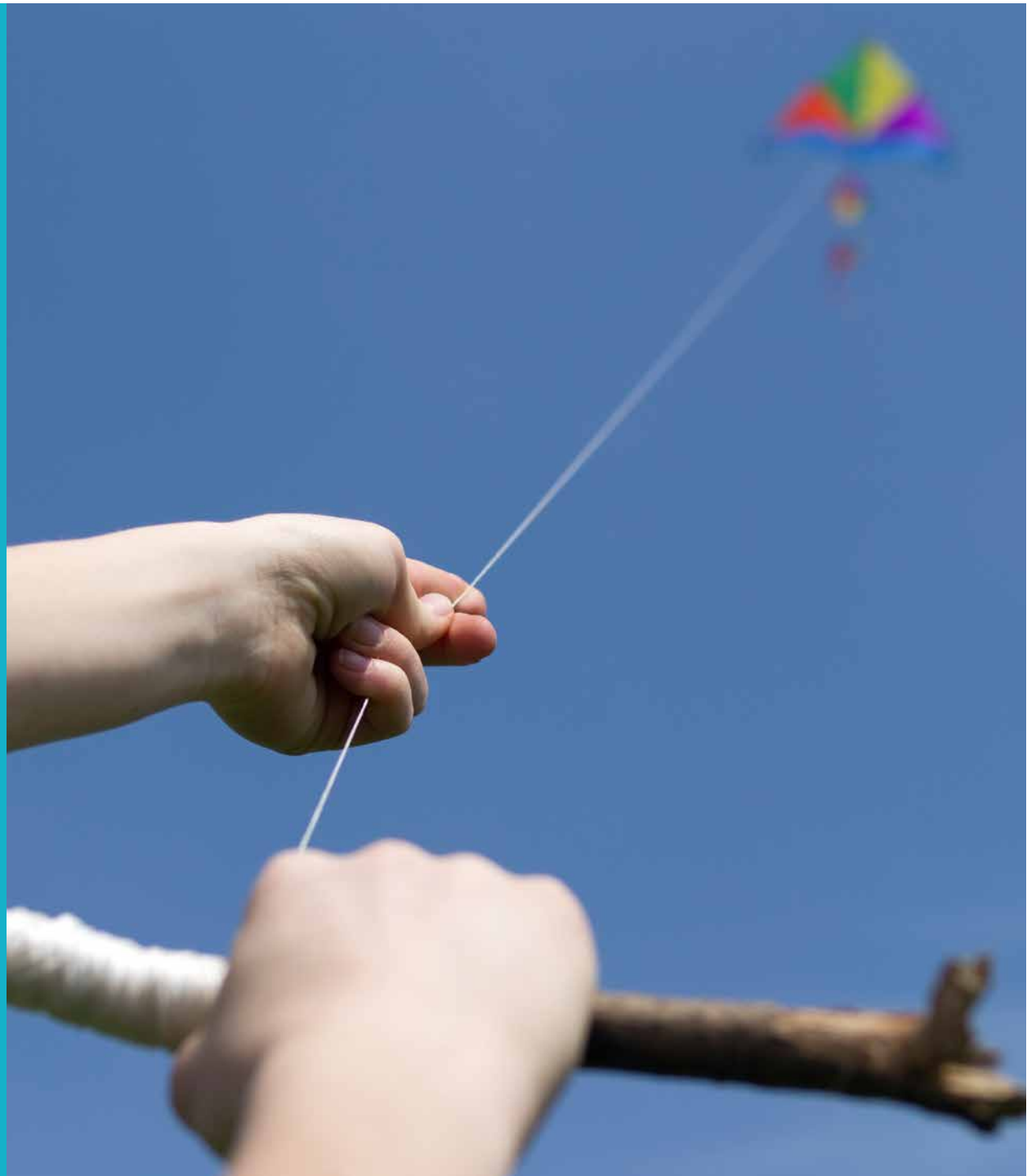
## OSC MANDATE

To provide protection to investors from unfair, improper or fraudulent practices and to foster fair and efficient capital markets and confidence in capital markets.



## OSC ORGANIZATIONAL GOALS

- 1 Deliver strong investor protection
- 2 Deliver responsive regulation
- 3 Deliver effective enforcement and compliance
- 4 Support and promote financial stability
- 5 Run a modern, accountable and efficient organization



## OSC VALUES

### Professional

- Protecting the public interest is our purpose and our passion
- We value dialogue with the marketplace
- We are professional, fair-minded and act without bias

### People

- To get respect, we give it
- Diversity and inclusion bring out our best
- Teamwork makes us strong

### Ethical

- We are trustworthy and act with integrity
- We strive to do the right thing
- We take accountability for what we say and do





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Our focus

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# Research



At the Investor Office we believe in the importance of relevant and innovative research. As a philosophy, we want to know where the puck is going, not just where it's been. We also look at macro-trends, including demographic, social and technological changes, and identify how they will impact retail investors and securities regulation in the future.

In addition to broad-based studies led by external research experts, we also conduct targeted research using methods such as polling, focus groups and online panels. This gives us a comprehensive understanding of the investor perspective, providing important inputs into the OSC's policy development and our investor education and outreach.

Research reports include:

[Financial Life Stages of Older Canadians](#)

[Investor Risk, Behaviour & Beliefs](#)

[Home Equity as a Source of Retirement Income](#)







**GetSmarterAboutMoney.ca**  
Invest Wisely

OSC  
INVESTOR EDUCATION  
INVESTOR EDUCATION  
COMMISSION

[View alternative text version](#)

*The Canadian Money*  
**State of Mind**  
RISK SURVEY 2014

A recent Investor Education Fund survey\* explored behavioural and economic factors that affect Canadians' risk-taking when investing.

Canadians invest based on:



Canadians who invested based on emotion and then regretted their decision:



# Regulatory innovation

Investor Office staff believe strongly that to meet the needs of today's retail investors we must be modern, responsive and innovative regulators.

We recognize that investing is as much about behaviour as it is about economics. We embrace new technologies and incorporate Big Data analysis into our work. We apply a modern lens to the work we do by seeing things through the eyes of the investor and walking a mile in their shoes. We embrace excellent design as a way of engaging with investors and other stakeholders, not because it looks good but because it is effective. Finally, we take a "customer service" approach to our work and take our public service mandate to heart.

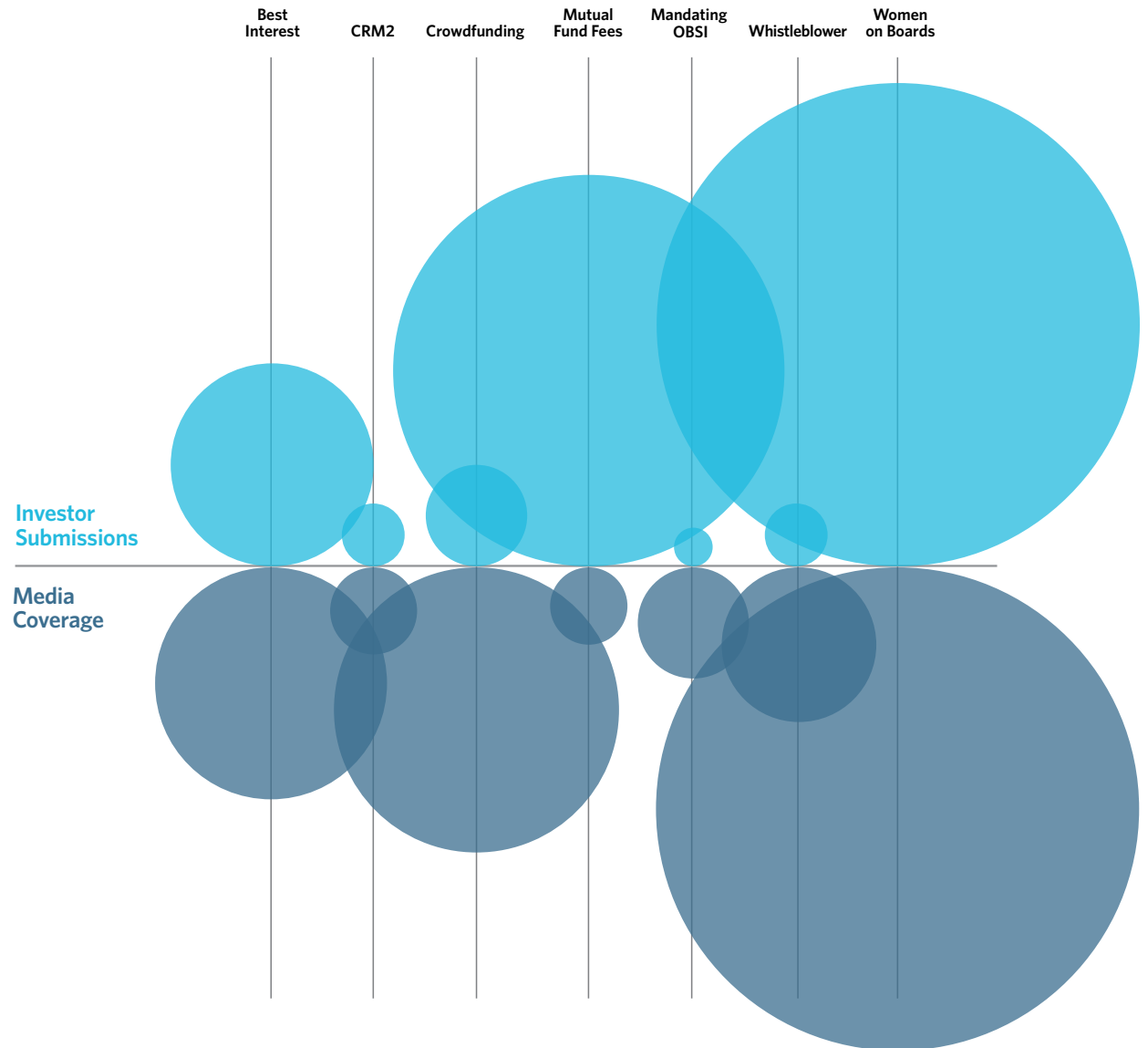


# Investor consultation

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Public consultation is an integral part of the policy development process at the OSC. It is a goal of our Office to increase investor engagement and participation in policy-making by providing meaningful and additional opportunities for input.

This data visualization shows the relative proportions of investor submissions on certain high-profile consultation topics as well as the amount of media attention those topics received in several major Canadian news outlets. The amount of media coverage an issue receives is not necessarily indicative of investor sentiment.

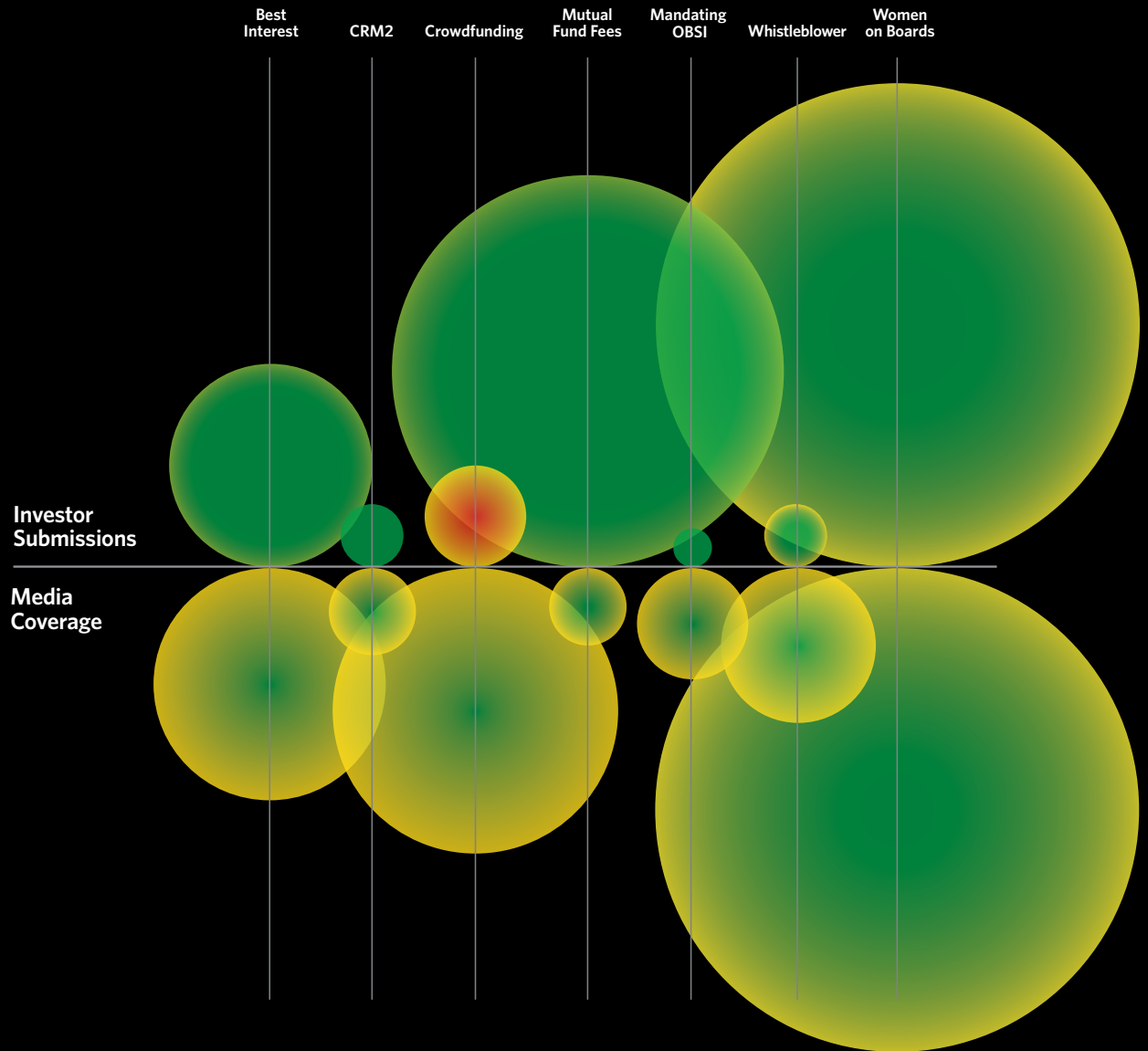
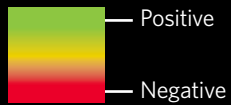


Approximate proportions are employed for illustration purposes. A variety of media search terms were used to capture the different categories' relative proportions to one another. Modifying the search criteria might alter the proportions. Both categories show the relative number of submissions or hits for each issue in relation to others in that category only; the top and bottom sections of the data visualization do not relate to each other.

# Investor consultation



The same investor comment letters and media coverage look a little different when analyzing their sentiments and tone. The “heat map” lens applied on this page illustrates the intensity of investor support for policy proposals and the tone of media coverage.



Approximate proportions are employed for illustration purposes. A variety of media search terms were used to capture the different categories' relative proportions to one another. Modifying the search criteria might alter the proportions. Both categories show the relative number of submissions or hits for each issue in relation to others in that category only; the top and bottom sections of the data visualization do not relate to each other.

# Investor Advisory Panel

The Investor Advisory Panel (IAP) plays an integral role in ensuring that investor perspectives are considered and addressed in the OSC's policy and operational activities. Its mandate is to solicit and represent the views of investors on the OSC's policy and rule-making initiatives. While the IAP functions independently, Investor Office staff work closely with the IAP to help them deliver on their mandate.

The IAP consists of seven members, including the Panel Chair. Each member of the Panel has been appointed for a two-year term. Current IAP members are:

Connie Craddock	Alison Knight
Letty Dewar	Ursula Menke, Chair
Harold Geller	Louise Tardif
Ken Kivenko	

Biographies of IAP members can be found on the [OSC's website](#).

Investors or other stakeholders may contact the Panel by email at [iap@osc.gov.on.ca](mailto:iap@osc.gov.on.ca) or by writing to:

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

## Seniors Roundtable

Consultation September 29, 2014

Hosted Jointly by the Investor Advisory Panel  
and the Investor Office  
**Facilitator's Report**



## Seniors

Seniors are an extremely important and growing segment of investors whose issues demand attention. Their needs and priorities, both as a group and on an individual level, are a key focus of the Investor Office.

Hosted jointly with the Investor Advisory Panel (IAP), a roundtable discussion on seniors issues was recently held. The event involved a wide range of participants including

seniors advocates, investor advocates, regulators and industry representatives. A number of common themes emerged and several suggestions were made to better serve and protect seniors. The OSC is studying the report and intends to address recommendations where possible. The Investor Office will have further discussions with the IAP on this important subject.

Since the creation of the Investor Office in the spring of 2015, our staff have increased engagement with groups that serve and advocate for older Canadians, including the Canadian Network for the Prevention of Elder Abuse (CNPEA) and CARP. Investor Office Director Tyler Fleming has also participated in a number of roundtable discussions on issues that affect seniors, including one organized by the federal Minister of State (Seniors).



## Expect the unexpected

The Investor Office recently released the results of a **research study** we conducted to better grasp the financial issues faced by Canadians in and approaching retirement. If older Canadians could take what they know now about the financial realities of retirement and apply that knowledge earlier in life, what would they change? The study provides some of those insights and more.

# 58%

of our survey respondents experienced major life events that challenged their financial plans.

### The top three events experienced were:

- Supporting a family member
- Covering healthcare expenses
- Loss of investments or income



# The digital generation

The emerging generation of investors has grown up on the internet. Digital personal and professional interactions, the instant gratification of mobile connectivity, so-called “edutainment,” and millions of messages competing for their attention are all they’ve ever known. Just as their upbringing has shaped how they create and keep relationships, how they learn and how they work, it’s shaped how they think about money and investing.

As the digital generation begins to accumulate significant investable assets, this emerging investor segment will demand greater attention from securities regulators. Whether we’re identifying how the digital mapping of the physical world is changing people’s everyday interactions, studying the growing trend of so-called “robo-advisors” or using gamification strategies to better convey key investing concepts, we’re always looking for opportunities to level up.





# Behavioural finance

Investors are people, and investing and the capital markets are guided as much by emotion and behaviour as they are by economics. It's such an obvious truism that it's amazing it was overlooked by many for such a long time.

We're working to find new ways of bringing in the lessons of behavioural finance to the securities regulatory context. We're willing to study new approaches and technologies, look at what's being done in other jurisdictions around the world, and change the way we talk about investing to achieve better investor outcomes.

# Informed investors make for better investors

The OSC aims to be a leader in educating investors.

The way people seek out and receive information is different now than it was ten years ago or even ten months ago. We put ourselves in investors' shoes to see how they consume information today. In addition to our core investor education resource, the award-winning [GetSmarterAboutMoney.ca](http://GetSmarterAboutMoney.ca), the Investor Office is modernizing our investor education delivery methods and channels through new initiatives such as *Re: Investing*.

The OSC's investor education efforts are represented by Oscar the Owl, depicted here in various life scenes where the OSC can offer relevant investor resources.

 [GetSmarterAboutMoney.ca](http://GetSmarterAboutMoney.ca)  
Invest Wisely



# Investor education from coast to coast



Investor education isn't delivered by any one organization alone; it's a team effort. Right across the country, Canadians benefit from the efforts of the provincial and territorial securities commissions that collectively make up the Canadian Securities Administrators (CSA). Every jurisdiction puts its own stamp on investor education.

Investor Office staff participate in the CSA's investor education committee by contributing to national efforts such as fraud prevention campaigns, promoting the [AreTheyRegistered.ca](https://www.aretheyregistered.ca) website and addressing other timely topics that have an impact on investors across the country.

Other organizations, including the Investment Industry Regulatory Organization of Canada, the Mutual Fund Dealers Association of Canada, the Ombudsman for Banking Services and Investments, investor advocates and industry associations, also engage in significant education efforts that help people invest wisely and confidently.





# Investor dispute resolution



An effective and fair dispute resolution system is an important component of the investor protection framework.

Many firms have in place an internal system for resolving investor complaints and try to do right by their clients. The Ombudsman for Banking Services and Investments (OBSI) resolves disputes between investment firms and their customers if they can't solve them on their own. Offering an independent and impartial alternative to the legal system that is free to investors, OBSI can recommend compensation where warranted of up to \$350,000.

At the OSC the Investor Office plays the lead role in engagement with and oversight of OBSI. Securities regulators including the OSC have entered into a memorandum of understanding (MOU) with OBSI that creates an oversight

framework to ensure the dispute resolution system meets the needs of investors. Included in the MOU is a commitment by OBSI to an independent evaluation of its operations and practices, scheduled to begin in early 2016. The Investor Office will closely study the findings of this independent review.

## CHECK BEFORE YOU INVEST

Since OBSI's inception, the overwhelming majority of complaints have been successfully resolved. Those complaints that end in refusals by firms to compensate their customers have historically been rare, but they do happen. Investors may wish to consult OBSI's [list of firms](#) that have refused to compensate investors where OBSI felt it was warranted, to determine if their investment firm is right for them.

## THE INVESTOR EXPERIENCE

When deciding where to invest their money, investors frequently see warm and comforting words in firms' marketing materials. When something goes wrong, investors might wonder what their firm's corporate DNA really is. This word cloud contrasts the language used in OBSI's investigation report in cases where firms refused to compensate investors (top) with the language those same firms use to describe themselves on their websites (bottom). The larger the word the more frequently it appears.



# OSC in the community

In early 2013, the OSC launched an outreach program that takes its regulatory mandate from Bay Street to Main Street. The OSC in the Community program, led by the Investor Office and the Communications and Public Affairs Branch, brings OSC staff to communities across Ontario to deliver investor seminars and meet with local businesses, government officials, law enforcement and other community organizations that are impacted by or have an interest in investor issues.

We are introducing new technologies and approaches to meet investors where they are. OSC in the Community also doesn't just think of communities as being a geographic concept. At the Investor Office we understand that different forms of community exist and believe in the importance of continuous engagement.





# Industry engagement

While the Investor Office engages with investors we also work with industry associations and investment firms to achieve better investor outcomes. Firms and advisors are the ones who have the most direct access to investors and for whom providing a good investor experience is a top-of-mind concern. In addition to working together on shared goals such as protecting seniors from abuse, the Investor Office is also developing new tools and education resources for the industry to use with their clients.

• 1 person

1000 people



When it comes to investment firms not all are the same. From boutique one-person shops to large international bank-owned firms, there is a firm for every type of investor. This graphic shows the overall footprint of the industry based on the number of registered dealing and advising representatives at each Ontario-registered firm. Each circle represents an investment firm, or group of firms under the same corporate umbrella, relative in size to one another.

# Mystery shopping for investment advice

The OSC, Investment Industry Regulatory Organization of Canada and Mutual Fund Dealers Association of Canada recently released a [joint report](#) offering a line of sight into the advice process through the eyes of potential investors.

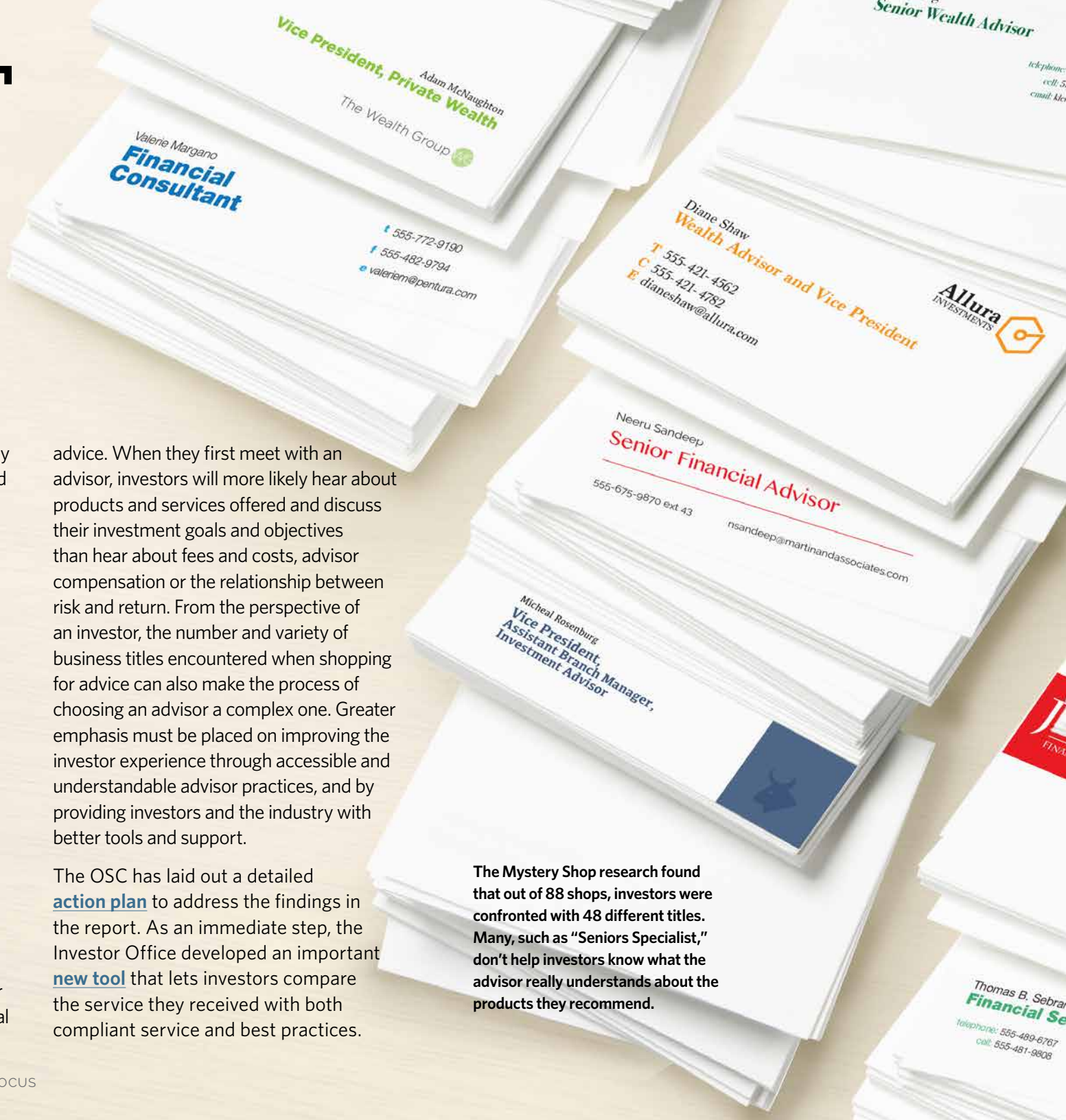
This mystery shop research, led at the OSC by the Strategy & Operations Branch, allowed us to take the perspective of potential investors and see things from their point of view. In doing so, we could see how investors participate in the advice process, how they understand it, and what their expectations are when they get advice. We were also able to reflect on how those experiences and their understanding and impressions correspond with our regulatory expectations.

The study concluded that it is difficult for investors to comparison shop for financial

advice. When they first meet with an advisor, investors will more likely hear about products and services offered and discuss their investment goals and objectives than hear about fees and costs, advisor compensation or the relationship between risk and return. From the perspective of an investor, the number and variety of business titles encountered when shopping for advice can also make the process of choosing an advisor a complex one. Greater emphasis must be placed on improving the investor experience through accessible and understandable advisor practices, and by providing investors and the industry with better tools and support.

The OSC has laid out a detailed [action plan](#) to address the findings in the report. As an immediate step, the Investor Office developed an important [new tool](#) that lets investors compare the service they received with both compliant service and best practices.

The Mystery Shop research found that out of 88 shops, investors were confronted with 48 different titles. Many, such as “Seniors Specialist,” don’t help investors know what the advisor really understands about the products they recommend.





Names, companies and contact information are fictional.  
Titles are real ones encountered by shoppers in the research study.

# Regulatory collaboration

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Our focus is on securities but much household wealth is actually in product categories overseen by other regulators. This pie chart shows the overall picture of household wealth in Canada. We work actively and collaboratively with financial regulators in other sectors because we know that investors consider the full picture of their wealth when making investment decisions.



Source: Statistics Canada

# Investors' best interests

7 out of 10 investors believe there is currently a legal best interest duty



Investors need to be confident that the advice they receive regarding financial products and services is unbiased and of high quality. Investors also need to better understand the cost of advice and be assured that compensation structures will not adversely affect the quality of advice they receive or their long-term investment outcomes.

A priority for the OSC this year is the development and evaluation of regulatory

provisions to create a “best interest duty” for advisors and dealers, an initiative led by the Compliance & Registrant Regulation Branch. Other jurisdictions, including the UK, Australia and US have adopted or are evaluating a similar standard.

Research shows that there are gaps between what investors assume to be the duty owed to them by financial advisors as compared to the current reality. We conducted a [research study](#)

in 2012 that found that some seven out of 10 investors believe their advisor has a legal duty to put the client’s best interests ahead of his or her own. The study also found that investors rely on their advisor to select the best investment for them and most believe the advisor will recommend what is best for the client even at the expense of their own commission.

# International cooperation

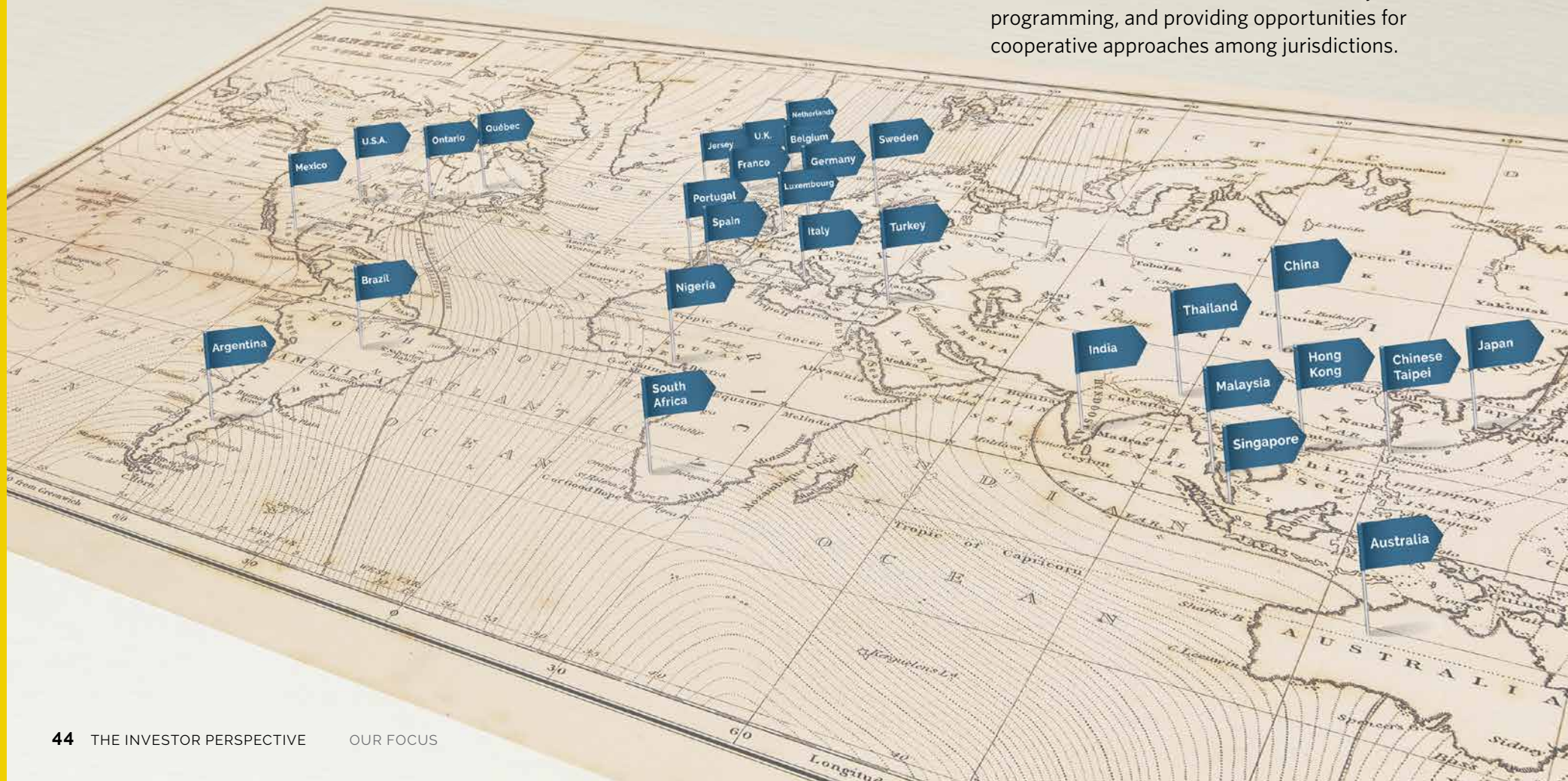
The OSC has taken an international leadership position to support Main Street investors and help achieve better investor outcomes.

The OSC Chair heads the Committee 8 on Retail Investors (C8) of the International Organization of Securities Commissions (IOSCO) with the Director of the Office serving as staff lead.

C8 was formed in June 2013 to conduct IOSCO's policy work on investor education and financial literacy and also advise the IOSCO Board on emerging retail investor protection matters.

OSC staff led the development of the C8 strategic framework that sets out IOSCO's role in investor education and financial literacy, a strategy for program development and proposed work streams.

C8's work includes developing innovative approaches to investor education and financial literacy programming, and providing opportunities for cooperative approaches among jurisdictions.



# Protecting investors

The OSC's Enforcement Branch is responsible for investigating and litigating breaches of the *Securities Act* (Ontario) and seeking orders in the public interest before the Commission and the courts. In addition, the Joint Serious Offences Team (JSOT) investigates and prosecutes violations of the *Securities Act* pursuant to the Provincial Offences Act before the Ontario Court of Justice. JSOT also investigates Criminal Code offences in collaboration with the RCMP and OPP, which are prosecuted by Crown Counsel from the Ministry of the Attorney General.

At the OSC's Investor Office we work closely with the Enforcement team to educate investors on how to protect themselves from frauds and scams. We also work together to get investor warnings and alerts widely circulated and read.

## CHECK BEFORE YOU INVEST: TIPS AND TOOLS FOR INVESTORS

- Visit [CheckBeforeYouInvest.ca](https://www.checkbeforeyouinvest.ca) to find out if the person or firm you're dealing with is registered to sell investments or offer investment advice, or has any restrictions imposed on them.
- Check the [Investor Warning List](#), which highlights companies that appear to be engaging in activities that pose a risk to investors.
- Review the concluded and ongoing [disciplinary proceedings](#) against individuals and firms.

# Diversity of opinion

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It is important to us that investors see themselves reflected in who we are and what we do. The OSC has taken a leadership role in ensuring corporate governance and executive roles as well as the OSC's own workforce are diverse. Diversity of opinion is a catalyst for constructive dialogue and better decision-making, which ultimately benefits Main Street investors too.

The OSC's Corporate Finance Branch has led an initiative to increase gender diversity on boards and in executive officer positions. As OSC Chair Howard Wetston has said, "diversity speaks directly to the core principles of fairness and equal opportunity. Talent is not gender specific; talented people must have the opportunity to succeed regardless of background and gender."

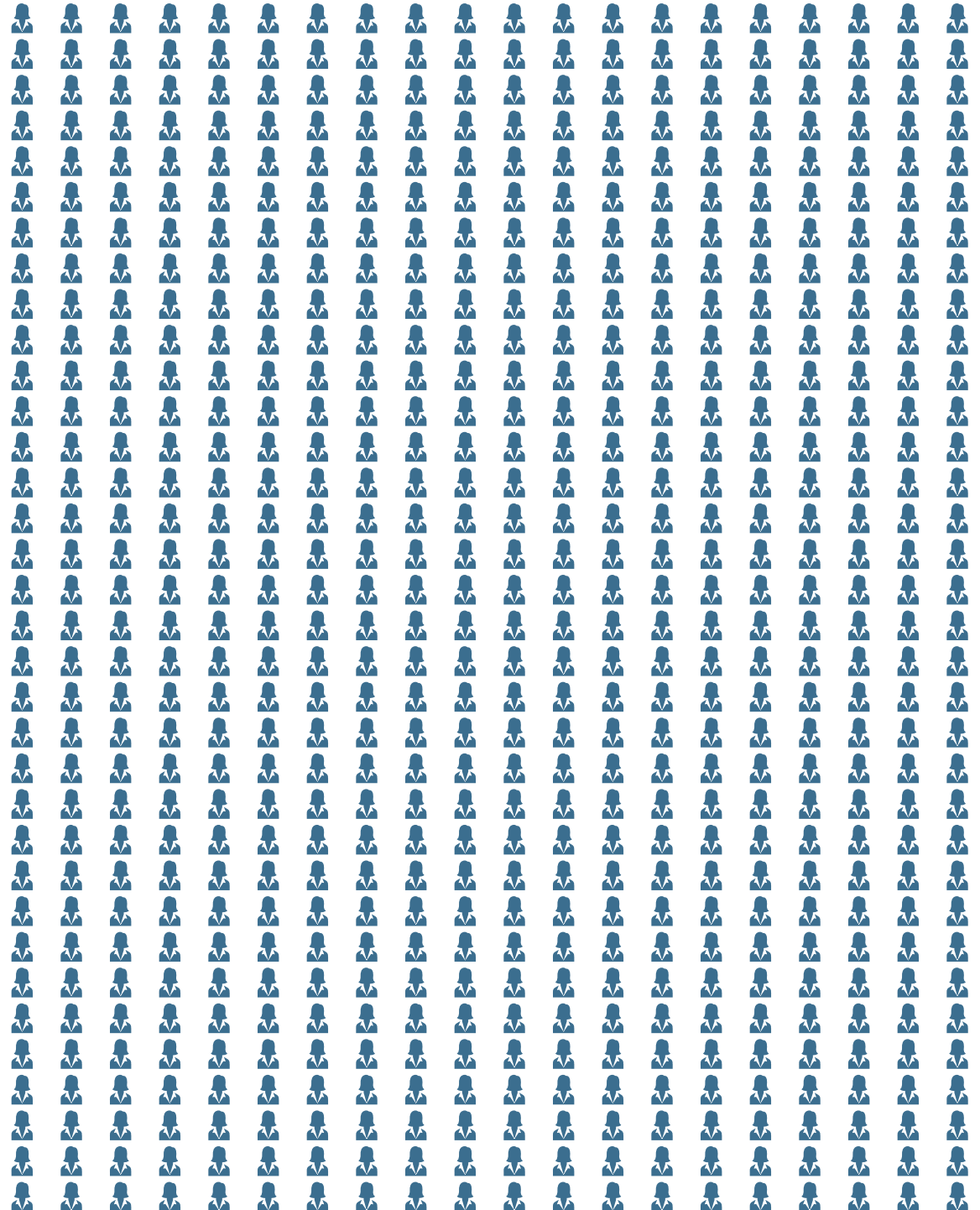
**Corporate Finance Branch staff studied 897 issuers in 2014 and found that women hold only 749 out of 6,730 board seats. This graphic shows the number of female board members as well as those who should be there according to population statistics but are not.**



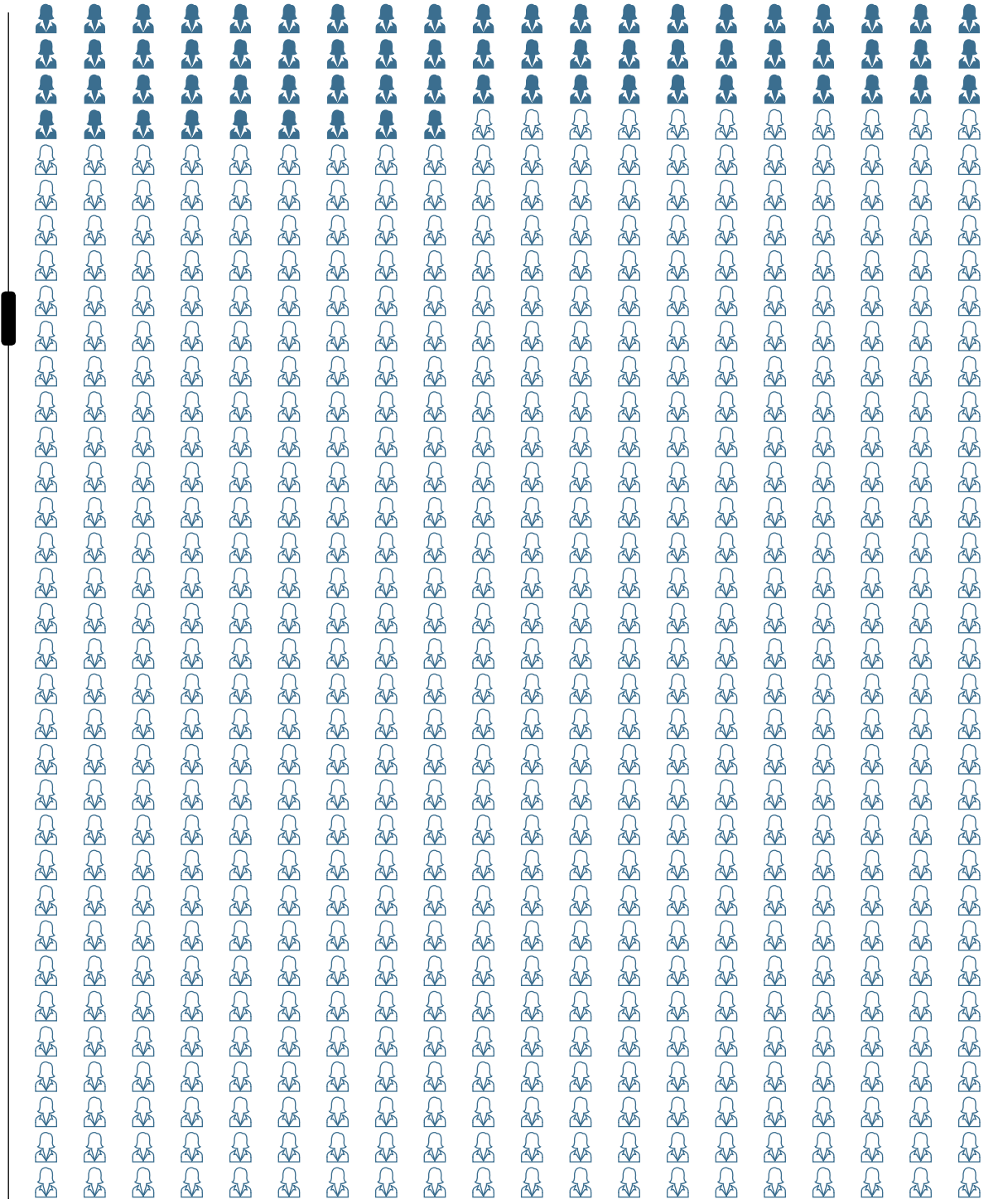
Female board members in 2014

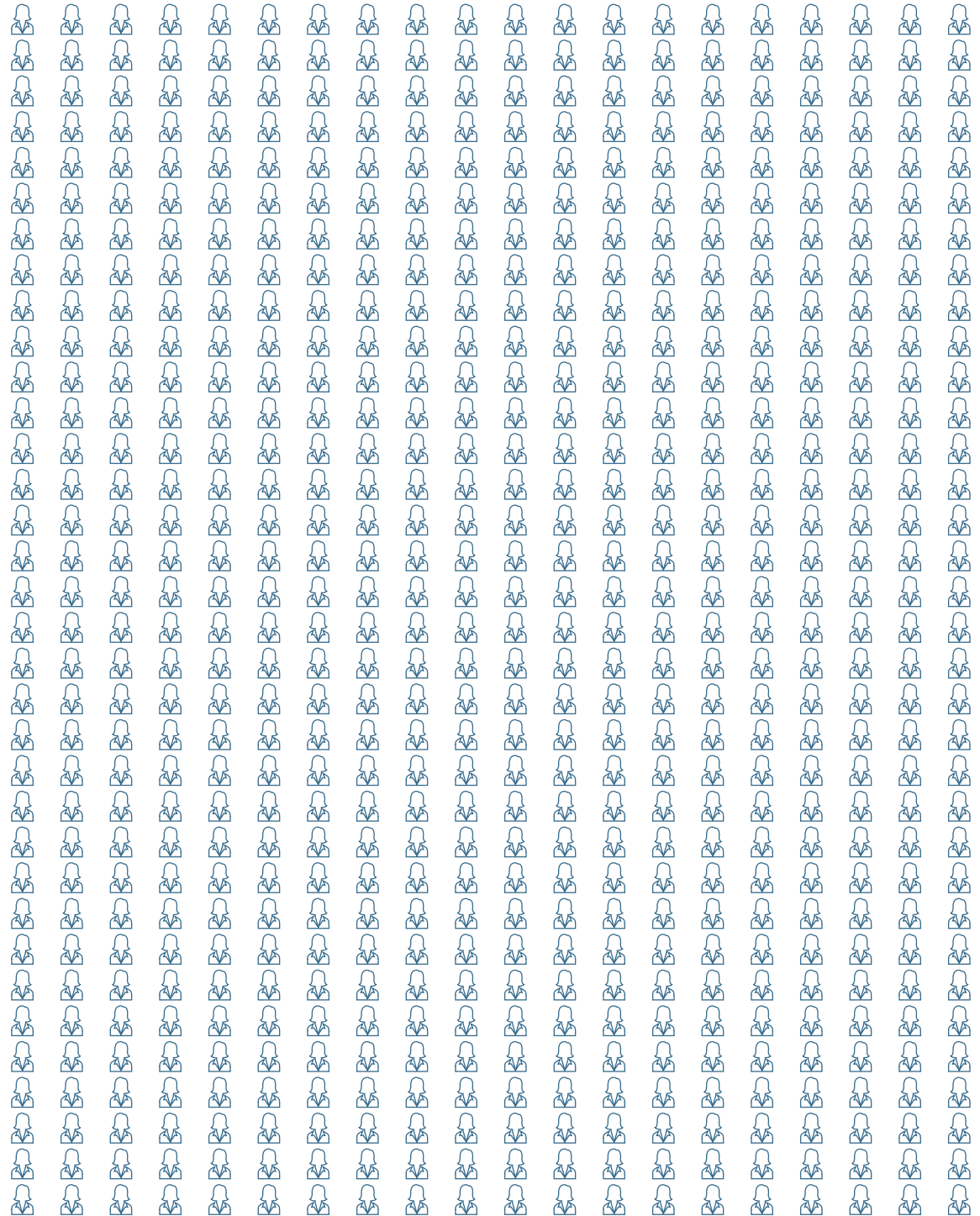


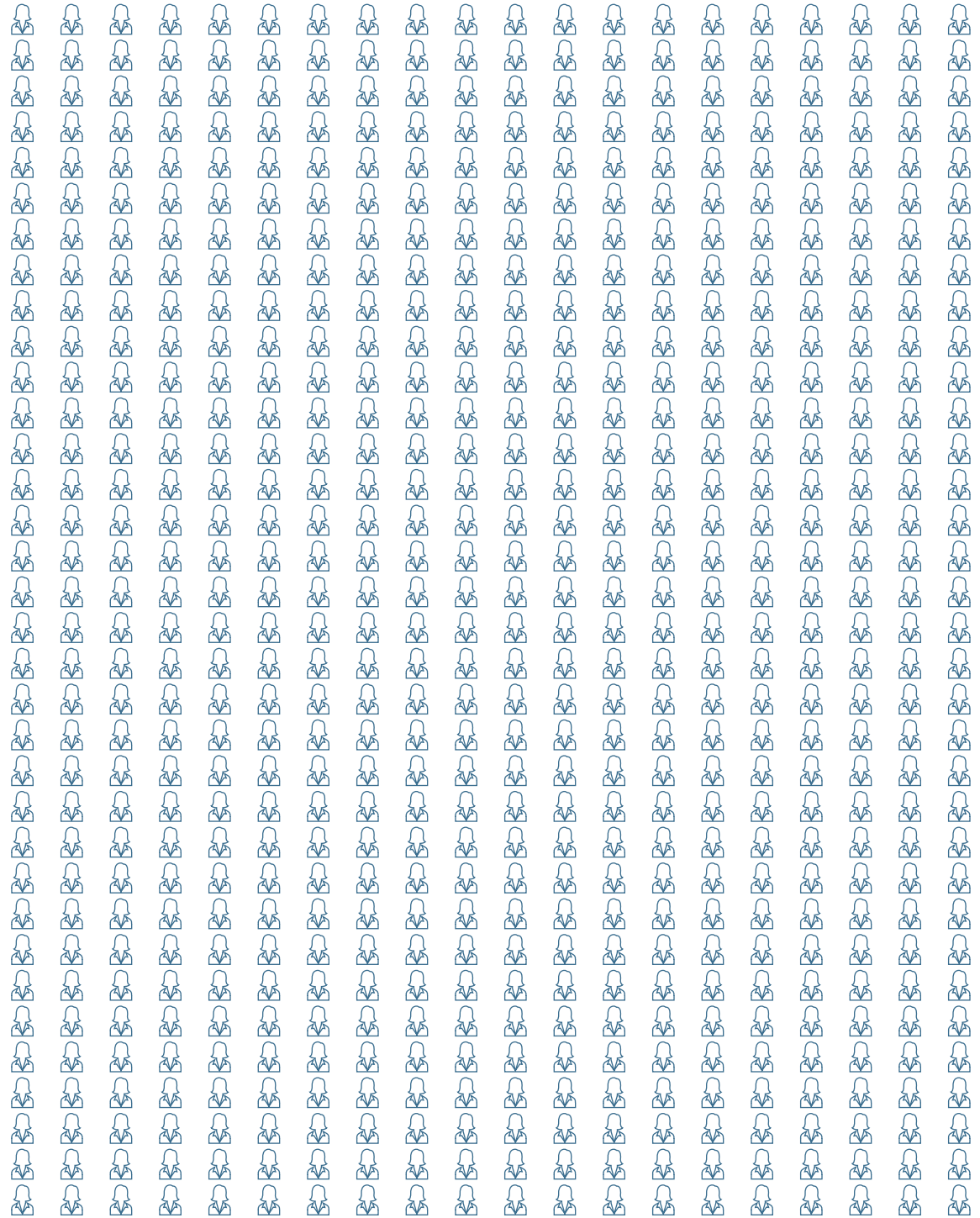
Female board members needed to reflect gender equity

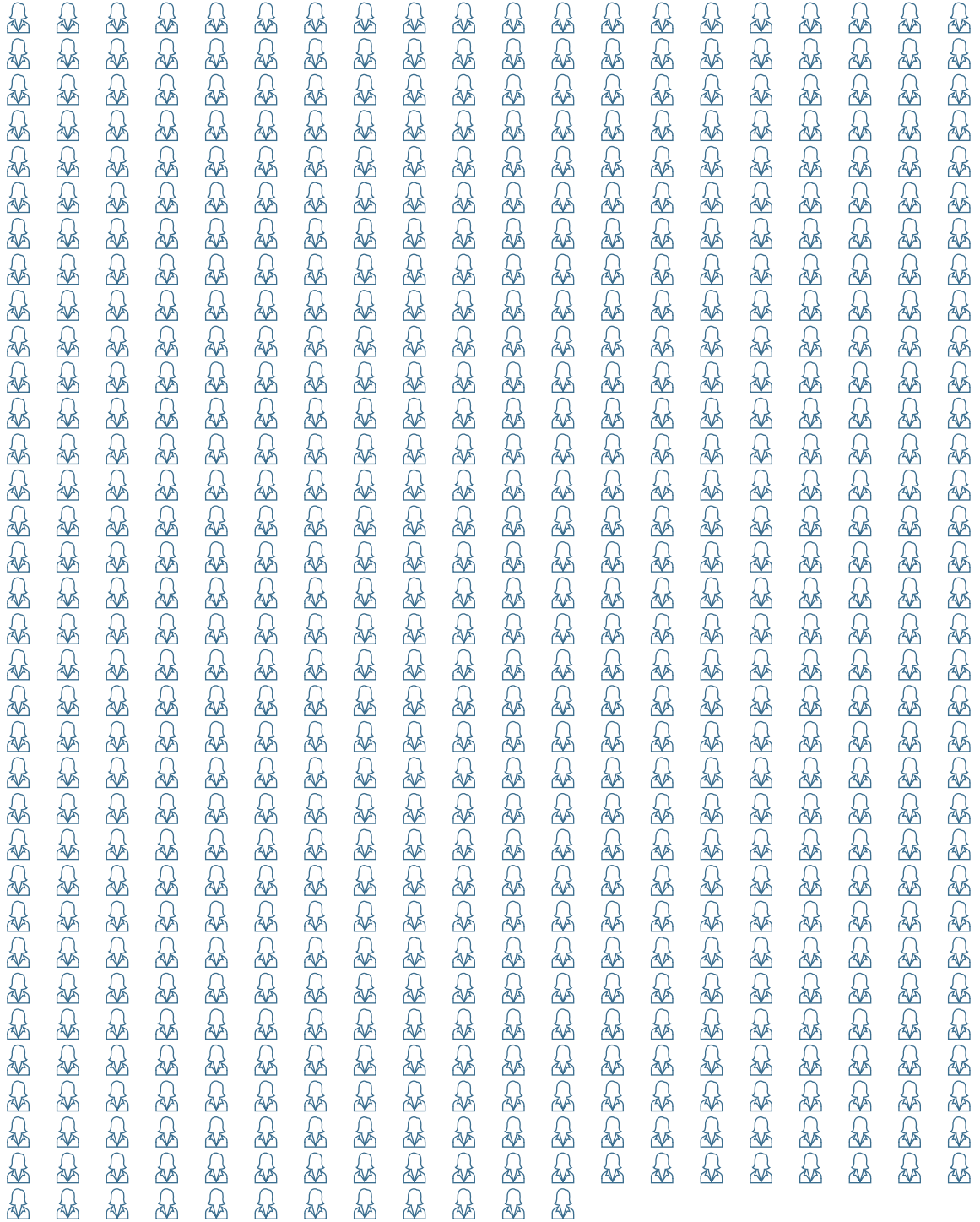














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**Share  
your  
voice**



As we said at the beginning, at the Investor Office we're here to give you information to help you invest wisely and confidently, ensure your needs are understood by those who make the rules, and share your voice with the boardrooms of Bay Street.

We want to hear from you.

## THERE ARE MANY WAYS YOU CAN ENGAGE WITH THE OSC AND YOUR INVESTOR OFFICE

Subscribe to our **[Investor News newsletter](#)**

Email us at **[investoroffice@osc.gov.on.ca](mailto:investoroffice@osc.gov.on.ca)**

Chat with us over social media. On Twitter, we're at **[@smarter\\_money](#)** we're at **[GetSmarterAboutMoney](#)** on Facebook.

Attend an OSC in the Community event. Not only do we provide information that is relevant to investors on fraud and working with advisors, but we have staff experts on hand to help answer your questions.

Get in touch through the OSC's Contact Centre.

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1-877-785-1555  
TTY: 1-866-827-1295

By Fax: 416-593-8122  
(Questions and Complaints)

By Email: **[inquiries@osc.gov.on.ca](mailto:inquiries@osc.gov.on.ca)**

Stay on top of the latest OSC news and information by following us at **[@OSC\\_news](#)** on Twitter or on LinkedIn at **[Ontario Securities Commission](#)**.







If you have any questions or comments about this report, please contact:

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**Ontario Securities Commission**

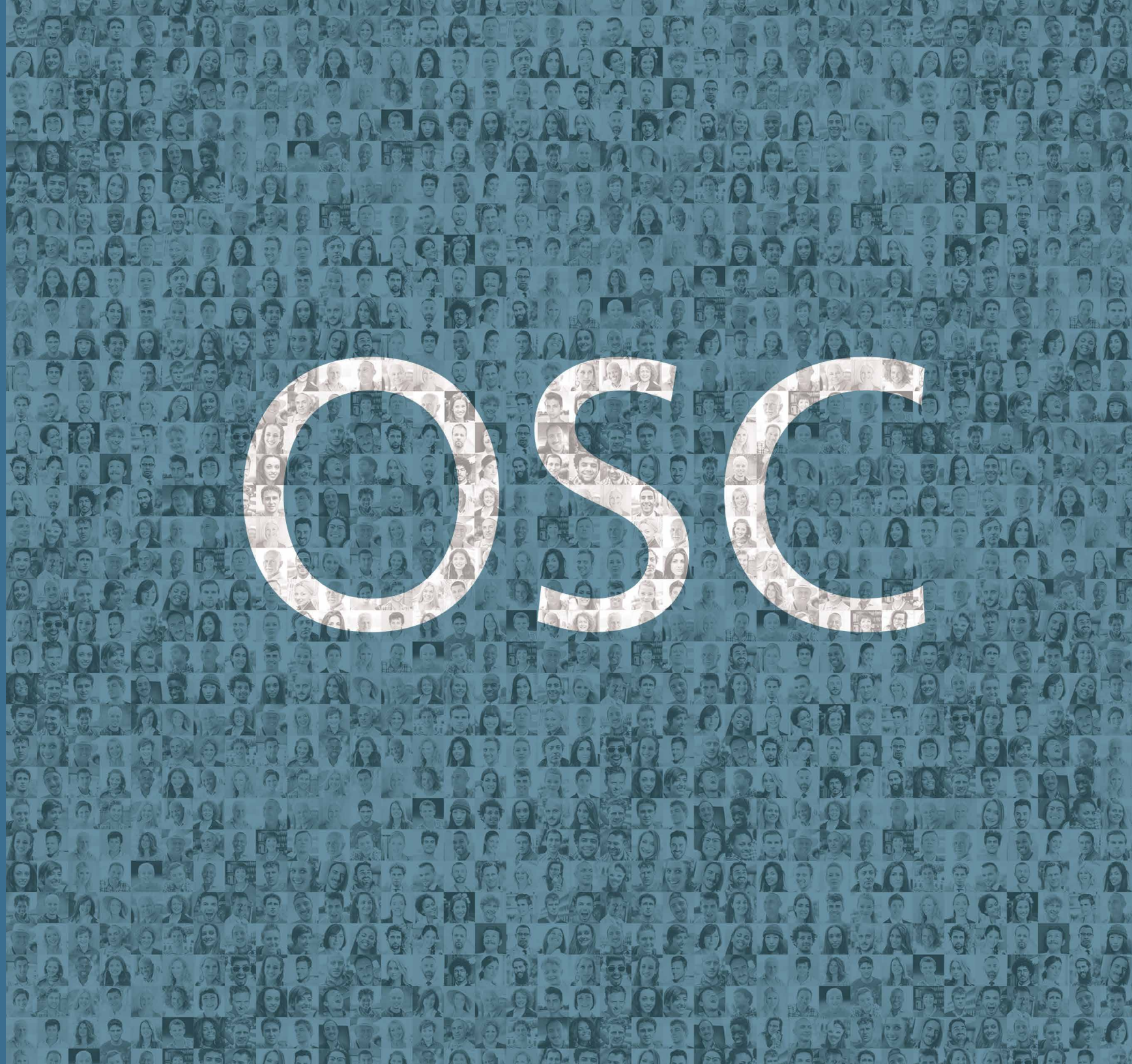
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