

**B.1.2 CSA Staff Notice 25-310 – 2022 Annual Activities Report on the Oversight of Self-Regulatory Organizations and Investor Protection Funds**



**CSA STAFF NOTICE 25-310**

**2022 ANNUAL ACTIVITIES REPORT ON THE OVERSIGHT OF SELF-REGULATORY ORGANIZATIONS AND INVESTOR PROTECTION FUNDS**

**April 20, 2023**

**INTRODUCTION**

The Canadian Securities Administrators (**CSA** or **securities regulators**) is the umbrella organization of Canada's provincial and territorial securities regulators. As part of an effort to achieve transparency and to foster public confidence in the regulatory framework, the CSA is publishing this report which summarizes the key activities in 2022 through which the CSA conducted oversight of: (i) self-regulatory organizations (**SROs**), being the Investment Industry Regulatory Organization of Canada (**IIROC**) and the Mutual Fund Dealers Association of Canada (**MFDA**); and (ii) investor protection funds (**IPFs**), being the Canadian Investor Protection Fund (**Former CIPF**) and the MFDA Investor Protection Corporation (**MFDA IPC**).

This report covers the period of January 1 – December 31, 2022 (the **Reporting Period**).

CSA staff (**Staff**) have an obligation to oversee the SROs' and IPFs' compliance with securities legislation requirements, including the terms and conditions in the Recognition or Approval/Acceptance Orders<sup>1</sup>.

The Reporting Period was the last year during which the two SROs and two IPFs operated as separate legal entities. As of [January 1, 2023](#), IIROC and the MFDA became amalgamated into the New Self-Regulatory Organization of Canada<sup>2</sup> (**New SRO**) and, separately, Former CIPF and the MFDA IPC amalgamated and retained the name Canadian Investor Protection Fund (**CIPF**). The next activities report will provide details on Staff's oversight of New SRO and CIPF<sup>3</sup>.

The remainder of this report follows the structure described below:

- Section 1 – Executive Summary
- Section 2 – Framework for New SRO and CIPF
- Section 3 – Oversight Committees
- Section 4 – Overview of CSA Oversight Program
- Section 5 – Summary of Key Information, Oversight Activities and Observations
  - (A) IIROC
  - (B) MFDA
  - (C) Former CIPF
  - (D) MFDA IPC
- Appendix 1 – SRO and IPF Regulatory Framework Pre-amalgamation
- Appendix 2 – Composition of the SRO Oversight Committees
- Appendix 3 – Rule/By-law/Policy and Procedures Amendments
- Appendix 4 – Other Materials Filed

<sup>1</sup> Details about the framework under which the SROs and IPFs operated in 2022 is found in Appendix 1.

<sup>2</sup> The name "New Self-Regulatory Organization of Canada" is a temporary legal name. A new permanent name will be chosen in 2023.

<sup>3</sup> As described in CSA Position Paper 25-404 [New Self-Regulatory Organization Framework](#)

## 1. EXECUTIVE SUMMARY

Prior to 2023, the SRO regulatory framework in Canada required investment dealers to be members of IIROC and mutual fund dealers to be members of the MFDA, except in Québec and Newfoundland and Labrador<sup>4</sup>. This framework was in place for more than 20 years and, in that time, the delivery of financial services and products had continued to evolve. In response, the CSA announced in 2019 that it was appropriate to revisit the structure of the SRO regulatory framework.

On June 25, 2020, a CSA working group published CSA Consultation Paper 25-402 [Consultation on the Self-Regulatory Organization Framework](#), which sought public input on seven key issues identified through informal consultations conducted by the working group in late 2019 and early 2020. During the public comment period, 67 letters were received from a broad range of stakeholders. The information and views provided by stakeholders were considered – along with other data and analysis, including dozens of academic publications pertaining to SRO design, operation and best practices, and their applicability to the Canadian capital markets – for the CSA working group to arrive at its subsequent position.

The overall solution for a new single enhanced SRO and, separately, a combined protection fund was described in CSA Position Paper 25-404 [New Self-Regulatory Organization Framework](#), published on August 3, 2021 (**Position Paper**). The Position Paper supported the formation of a new SRO that would consolidate the functions of IIROC and the MFDA, while a new IPF would combine Former CIPF and the MFDA IPC into an integrated fund independent of the new SRO.

During the Reporting Period, the primary focus of the CSA was concentrated on realizing the SRO and IPF amalgamations in accordance with the solutions described in the Position Paper. A summary of the CSA's amalgamation work can be found in section 2 of this report. In addition to amalgamation matters, the CSA continued to oversee the SROs and IPFs under the regulatory framework that existed before the transaction. The ongoing oversight work conducted by the CSA during the Reporting Period is set out in sections 3 to 5 of this report, and a description of the pre-amalgamation regulatory framework can be found in Appendix 1.

## 2. FRAMEWORK FOR NEW SRO AND CIPF

### *Integration Process*

After the publication of the Position Paper, Staff were organized to lead and manage different aspects of the integration project. Comment letters about the framework, which revealed overall support for the New SRO framework outlined in the Position Paper, were reviewed and considered by Staff in the following workstreams. Stakeholders were also engaged by Staff.

- Workstream 1 – Establishment of an enhanced governance structure
- Workstream 2 – Review of SRO/IPF recognition and approval/acceptance applications
- Workstream 3 – Drafting of SRO/IPF Recognition and Approval/Acceptance Orders and Memoranda of Understanding (**MOUs**)
- Workstream 4 – Considering any ancillary/consequential legislative amendments
- Workstream 5 – Considering issues related to registration
- Workstream 6 – Revising methodology for CSA oversight of SROs and IPFs to align with the oversight principles for New SRO and CIPF
- Workstream 7 – Advancing the analysis of the issues relating to directed commissions / incorporated agents
- Workstream 8 – Enhancing market information sharing between the CSA and New SRO
- Workstream 9 – Review of applications by the MFDA and IIROC seeking to use money collected by the respective SROs from enforcement fines to pay for certain costs related to the SRO amalgamation

To address the specific regulatory landscape in force in Québec and to facilitate the transition to the New SRO, the AMF put together a forum with senior representatives of the Chambre de la sécurité financière, IIROC's Montreal Office and the Conseil des fonds d'investissement du Québec, which is the voice of the Investment Funds Institute of Canada in Québec.

IIROC and MFDA staff also worked together on the necessary operational components needed to combine their respective organizations and retained an outside consultant, Deloitte, to serve as an integration manager. MFDA staff also worked with MFDA

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<sup>4</sup> In Québec, mutual fund dealers were directly regulated by Autorité des marchés financiers (**AMF**). The Office of the Superintendent of Securities, Digital Government and Service Newfoundland and Labrador (**NL**) was not a recognizing regulator of the MFDA prior to 2023.

IPC staff to transition certain functions. Previously, the MFDA provided services and support to the MFDA IPC in areas such as information technology and accounting, which post-amalgamation is provided by CIPF.

Furthermore, a [Special Joint Committee \(SJC\)](#) was formed, comprised of representatives nominated by IIROC, the MFDA and the CSA. The mandate of the SJC was to identify and recommend candidates for the New SRO's chief executive officer (**CEO**), who would also be a voting member of the board, as well as six industry directors and eight independent directors, with one of the independent directors serving as the New SRO's chair. The SJC retained Russell Reynolds, a global leadership advisory and search firm, to assist with recruitment. The [New SRO board](#) was announced on May 12, 2022; and its [new CEO](#) was announced on June 27, 2022.

The creation of the New SRO Advisory Committee (**NSAC**) was also announced on June 27, 2022. NSAC was comprised of the New SRO's chair and CEO, and the vice chairs of IIROC and the MFDA. The purpose of NSAC was to advise the IIROC and MFDA boards on the amalgamation and integration process. The NSAC remained active until the December 31, 2022 closing date.

### ***Use of Restricted and Discretionary Funds***

During the Reporting Period, the CSA received separate applications from the SROs<sup>5</sup> seeking to use funds from enforcement fines to pay for costs related to the creation of the New SRO (**New SRO Integration Costs**). Specifically, IIROC and the MFDA sought approval to direct unallocated monies from the IIROC Restricted Fund and the MFDA Discretionary Fund (collectively, the **Restricted Funds**) to defray New SRO Integration Costs paid to external advisors (e.g., legal fees, accounting support, and fees relating to the executive search). Staff created a dedicated working group who conducted a thorough review of the applications. Based on the working group's recommendation, the CSA determined that it was in the public interest to allow the SROs limited access to their Restricted Funds. Each SRO was permitted to access up to \$4.29 million from its Restricted Fund on the basis that:

- the New SRO Integration Costs directly arose from the creation of the New SRO, mandated by the CSA;
- the underlying intent of the Restricted Funds, as set out in the SRO Recognition Orders, was for fine and settlement monies to be used for public interest and investor protection purposes. The CSA stated in the Position Paper that the creation of the New SRO would contribute to a regulatory framework that has a clear public interest mandate, which will enhance investor protection. As such, the specified use of the Restricted Funds for the payment of external advisory costs associated with the formation of the New SRO, that is in the public interest, is consistent with the intent of the Recognition Orders;
- the use of the Restricted Funds was limited to the New SRO Integration Costs;
- the SROs are required to report to the CSA on a quarterly basis and to provide a summary of all New SRO Integration Costs incurred in the prior quarter and reasonably expected to be incurred in the next quarter;
- senior executives<sup>6</sup> of the SROs are required to certify on a quarterly basis that expenses incurred were not operational in nature and only related to the New SRO Integration Costs and, after payment of these costs, sufficient funds remained in the Restricted Funds for other expenses originally contemplated by the Recognition Orders; and
- the Restricted Funds were not to be used for any New SRO Integration Costs incurred after December 31, 2022.

### ***Approval of New SRO***

IIROC and the MFDA applied on behalf of New SRO for its recognition as an SRO by the securities regulators in all the provinces and territories of Canada (**Regulators**). The application was [published for comment](#) on May 12, 2022 by the CSA, and [comments](#) from 37 stakeholders were received demonstrating continued overall support from both industry stakeholders and investor advocates for the enhanced regulatory framework outlined in the Position Paper.

On November 24, 2022, the Regulators [recognized](#) the New SRO, effective January 1, 2023. The notice of approval for the New SRO included the following documents:

- Recognition Order of the New SRO
- MOU among the Regulators regarding the oversight of the New SRO

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<sup>5</sup> The AMF and NL did not receive the MFDA's application because they were not recognizing regulators of the MFDA.

<sup>6</sup> The terms and conditions of the approvals require certification by each SRO's Chief Financial Officer, President, and the Chair of the Finance, Audit and Risk Committee.

- By-law No. 1 of the New SRO
- Interim Rules of the New SRO
- Interim Fee Model Guidelines Applicable to Investment Dealer Members and Marketplace Members
- Terms of Reference for the New SRO Investor Advisory Panel
- Summary of public comments and the Regulators' responses to those comments

The statutory amalgamation of IIROC and the MFDA in accordance with the *Canada Not-for-Profit Corporations Act* allowed them to be combined and continue as one corporation by operation of law. The amalgamated corporation adopted the temporary legal name "New Self-Regulatory Organization of Canada" which will be replaced by a new permanent name, to be determined at a later date. The corporate transactions necessary for amalgamation were completed by the end of 2022.

The AMF also implemented [transitional provisions](#) relating to the requirement for mutual fund dealers registered in Québec (**Québec MFDs**) to become members of New SRO. These provisions allowed the AMF to begin its proposed transition plan for the supervision of Québec MFDs to New SRO.

### **Approval and Acceptance of CIPF**

Former CIPF and the MFDA IPC applied on behalf of CIPF for its approval and acceptance as an IPF by the Regulators. The application was also [published](#) for comment on May 12, 2022 by the CSA, and [comments](#) from 12 stakeholders were received demonstrating similar support.

On November 24, 2022, the Regulators [approved or accepted](#) the combined compensation/ contingency fund organization, effective January 1, 2023. The notice of approval and acceptance for CIPF included the following documents:

- Approval or Acceptance Order of CIPF
- MOU among the Regulators regarding the oversight of the CIPF
- By-law No. 1 of the CIPF
- Coverage policy, claims procedures, appeal committee guidelines, and disclosure policy of CIPF
- Summary of public comments and the Regulators' responses to those comments

Mutual fund dealers, including Québec MFDs, are not required to contribute to CIPF's Mutual Fund Dealer Fund in respect of customer accounts located in Québec and those accounts are not eligible for coverage by CIPF. Québec MFDs, however, continue to contribute to Québec's financial services compensation fund, *Fonds d'indemnisation des services financiers*, as required by law, and their clients continue to be eligible for the payment for indemnities by this fund.

### **Post-amalgamation**

During the Reporting Period, the SROs and IPFs entered into a Transitional Agreement (**TA**) that came into effect on January 1, 2023, designed to ensure existing arrangements between the SROs and IPFs continue to govern the relationship between New SRO and CIPF. The TA is intended to be in place until a new, permanent Industry Agreement has been negotiated and implemented. Discussions regarding a new permanent Industry Agreement are currently underway.

In order to comply with the CIPF Approval Orders issued by the AMF and the Financial and Consumer Services Commission of New Brunswick (**FCNB**) in effect on January 1, 2023 that require CIPF to provide services in French on the same basis as they are provided in English, CIPF Board approved the addition of a French interface to the Securities Industry Regulatory Financial Filing (**SIRFF**) system. Programming and translation commenced during the Reporting Period and are on track to be completed by the end of 2023.

Post-amalgamation in 2023, Staff will continue their work on the various solutions outlined in the Position Paper to be implemented after the closing of the transaction. Most notably, this will include, but is not limited to, the CSA's oversight of: (i) transitions plans developed by the New SRO and CIPF to address post-close integration activities; (ii) work conducted by the New SRO on the consolidation and harmonization of the IIROC and MFDA rulebooks; and (iii) policy work related to directed commissions. There will also be work on improving information sharing and collaboration, particularly as it relates to data sharing between the CSA and New SRO. Staff will determine whether ongoing CSA projects can be leveraged to improve the SRO complaint resolution process and enforcement and registration practices.

### 3. OVERSIGHT COMMITTEES

During the Reporting Period, the CSA Market Regulation Steering Committee<sup>7</sup> was the forum for coordination and providing updates where issues related to more than one SRO or IPF. There were also oversight sub-committees for each SRO and IPF to act as a forum to discuss issues, concerns and proposals related to the oversight of each SRO or IPF. The oversight sub-committees included representatives from each of the securities regulators<sup>8</sup>, with the Principal Regulator<sup>9</sup> serving as the lead. The committees held scheduled quarterly meetings with each SRO and semi-annual meetings with each IPF during the Reporting Period.<sup>10</sup> The respective committees also held numerous ad hoc meetings with the respective entities throughout the Reporting Period as part of their oversight of specific issues, primarily related to the amalgamation of the SROs and separately the IPFs, as well as proposed rule amendments and filing requirements.

### 4. OVERVIEW OF CSA OVERSIGHT PROGRAM

The oversight program for SROs and IPFs included:

- **Annual Risk Assessment** – an evaluation of potential inherent risks and mitigating controls for each entity, to identify specific risks and control factors in each functional area of the entity. The evaluation can become the basis of future oversight activities as determined by the net adjusted risk attributed to each functional area.
- **Oversight Reviews** – a more in-depth process for Staff to make an independent assessment of whether and how the entity meets its regulatory obligations. For example, oversight reviews<sup>11</sup> provide an opportunity to validate the information received from the entity through interviewing staff, obtaining an understanding of the systems and processes in place, reviewing written policies and procedures, and examining files on a sample basis. The scope of an oversight review is determined by the results of the annual risk assessment and/or specific issues that arise on a periodic basis.

Based on the annual CSA risk assessments of IIROC, the MFDA, Former CIPF and MFDA IPC which considered resourcing constraints of the SROs, IPFs and the CSA, a determination was made that oversight reviews of the SROs and IPFs during the Reporting Period were not warranted and that action items resulting from the risk assessments could be addressed by other oversight mechanisms. Staff continued to review the required filings, hold meetings with the entities, review applicable rule proposals in the normal course, and follow-up with queries as necessary.

- **Review and Approval of Proposed New and Amended Rules, Policies and Constatng Documents (collectively, rules)** – Under their respective Recognition Orders and MOUs, SROs were required to seek approval from securities regulators for proposed new rules and by-laws, and any changes to existing rules and by-laws. Similarly, under their respective Approval Orders and MOUs, IPFs were required to seek approval or non-objection for any changes to certain policies (e.g., coverage policy) and their by-laws. Staff were involved in the rule review process with the Principal Regulator coordinating communication with the entity. Staff coordinated their review of rule proposals and amendments, provided consolidated comments, and assessed the entity's responses. Staff also considered if the entity's responses to public comments were adequate and reasonable. Only when satisfied that the public interest had been met, Staff recommended rule proposals and amendments for approval or non-objection to their decision makers. If Staff of all securities regulators were not prepared to support approval or non-objection, the entity generally withdrew the rule proposal or amendment, or made revisions to address issues raised. The chart below reflects the number of rules approved during the Reporting Period and in progress as of December 31, 2022.<sup>12</sup>

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<sup>7</sup> More information about the current membership of the Market Regulation Steering Committee and the sub-committees is provided in Appendix 2.

<sup>8</sup> More information about the securities regulators is provided in Appendix 1.

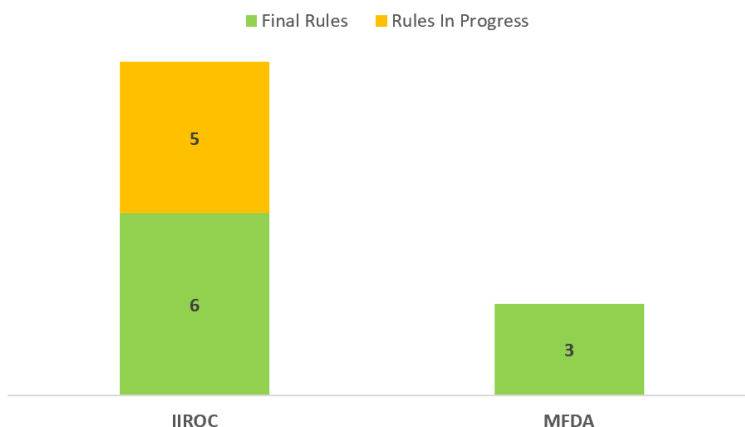
<sup>9</sup> The British Columbia Securities Commission (**BCSC**) was the Principal Regulator for the MFDA, and the Ontario Securities Commission (**OSC**) was the Principal Regulator for IIROC, Former CIPF and the MFDA IPC.

<sup>10</sup> The 2022 annual in-person meetings were postponed due to COVID-19, but are scheduled to resume in 2023.

<sup>11</sup> Pre-pandemic oversight reviews could be desk or onsite reviews. Upon the return to the office, we expect oversight reviews to integrate both desk and onsite features (hybrid), leveraging technology as needed.

<sup>12</sup> Details of the approved/in progress rules are provided in Appendix 2.

### Rules<sup>13</sup> Approved or Withdrawn During the Reporting Period, and In Progress as of December 31, 2022<sup>14</sup>



- **Review of Materials Filed** – SROs and IPFs were responsible for filing certain information (other than proposed rules or by-laws) with each securities regulator, as required by the Recognition/Approval Orders. This information included, but was not limited to, reports on financial condition, regulatory self-assessments, risk management scorecards, systems integrity, market surveillance, internal audit, progress on compliance examination results and enforcement matters.<sup>15</sup> Staff reviewed the materials filed, and the Principal Regulator coordinated the necessary follow-up with the SRO or IPF on significant issues identified. Staff’s review of issues and materials filed informed the annual risk assessment process.
- **Meetings and Other Discussions with Entities**
  - **SROs** – In addition to scheduled bi-weekly meetings, Staff had ongoing amalgamation discussions with the SROs. Staff also met with IIROC and, separately, with the MFDA on a scheduled *quarterly* basis to discuss issues relating to each SRO’s regulatory activities, the oversight process, and to share information about emerging and/or ongoing regulatory issues and trends. In addition, Staff of certain securities regulators held regular meetings with management of the SROs at regional offices to discuss regional issues. Staff also discussed key or escalated issues with each SRO’s management as they arose.
  - **IPFs** – Staff and the IPFs met at least bi-weekly to discuss progress and issues related to the amalgamation. Staff also met with each IPF on a scheduled *semi-annual* basis to discuss issues relating to the IPFs’ activities, the oversight process, and to share information about emerging and/or ongoing regulatory issues and trends. Staff also discussed issues with each IPF’s management as they arose.

## 5. SUMMARY OF KEY INFORMATION, OVERSIGHT ACTIVITIES AND OBSERVATIONS

### (A) IIROC

#### i. Regulatory Status

IIROC as an SRO oversaw all investment dealers and trading activity on debt and equity marketplaces in Canada<sup>16</sup> and was approved as an information processor for corporate and government debt securities. IIROC’s head office was in Toronto with regional offices in Montréal, Calgary and Vancouver.

<sup>13</sup> “Rules” in this chart may refer to amendments to IIROC and MFDA by-laws.

<sup>14</sup> There were no new proposed policies or by-law amendments pertaining to the IPFs during the Reporting Period.

<sup>15</sup> Further details of these materials filed are provided in Appendix 3.

<sup>16</sup> IIROC was recognized by the Alberta Securities Commission (**ASC**); the AMF; the BCSC; the Financial and Consumer Affairs Authority of Saskatchewan (**FCAA**); FCNB; the Manitoba Securities Commission (**MSC**); the Nova Scotia Securities Commission (**NSSC**); NL; the OSC; the Prince Edward Island Office of the Superintendent of Securities (**PEI**); the Office of the Superintendent of Securities, Northwest Territories; the Office of the Superintendent of Securities, Nunavut Office; and the Office of the Yukon Superintendent of Securities (collectively, the **IIROC Regulators**).

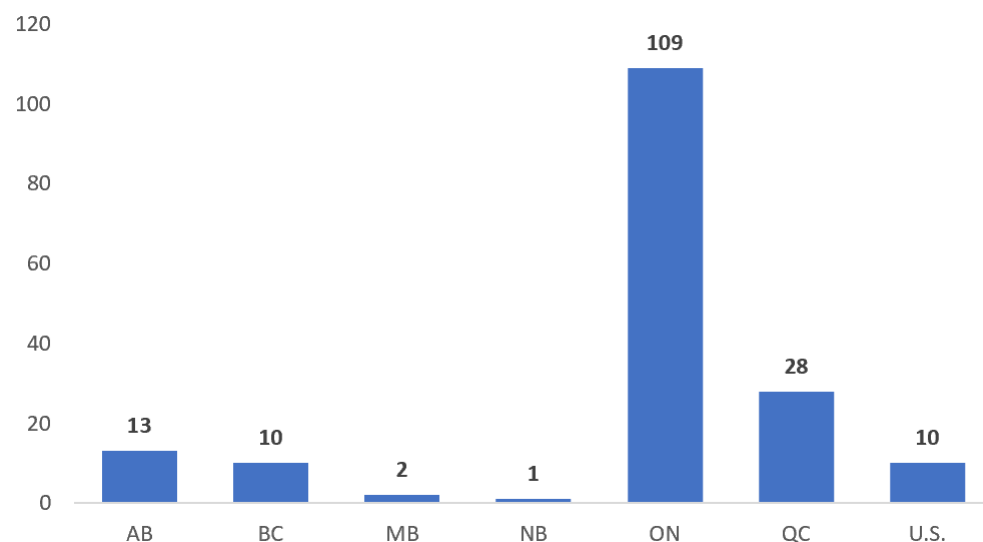
## ii. Member Firm Statistics

As at December 31	2022	2021	Change	% Change
Assets Under Management	\$3.4 Trillion	\$3.8 Trillion <sup>17</sup>	-\$0.4 Trillion	-10.5%
Approved Persons	31,646	30,747	899	2.9%
Firms	173	172	1	0.6%

(Source: IIROC and National Registration Database (NRD))

The decrease in IIROC's assets under management was mainly attributable to a decline in both equity and bond markets of approximately 10% during the Reporting Period.

## iii. IIROC Member Firms by Head Office Location



(Source: NRD)

## iv. Rule Reviews

During the Reporting Period, six IIROC rule amendments were approved or non-objected to by the IIROC Regulators. Five rule amendments continue to be under CSA review as of December 31, 2022.<sup>18</sup>

Of particular note, IIROC finalized and the CSA approved rule amendments for a futures segregation and portability customer protection regime. The amendments align IIROC requirements with the corresponding rule changes at the Canadian Derivatives Clearing Corporation to implement a new customer protection segregation and portability regime based on the use of a gross customer margin model.

## v. Materials Filed

IIROC was responsible for filing certain information with Staff on a regular or ad hoc basis. Required filings were outlined under the Recognition Orders and included, but were not limited to, items such as quarterly regulatory activities reports, quarterly and annual financial statements, internal audit and enterprise risk management reports, certifications of compliance by the CEO, independent systems review reports, market activity statistics, exemptions granted from Universal Market Integrity Rules (UMIR), disclosure of members in financial difficulty, and terms and conditions on members.<sup>19</sup>

<sup>17</sup> The value of the assets under management as of December 31, 2021 differs from what was previously published due to reclassifications.

<sup>18</sup> More information about IIROC rule approvals is provided in Appendix 2.

<sup>19</sup> Further details about materials filed by IIROC (other than rule amendments) are provided in Appendix 3.

**vi. Meetings and Other Discussions**

During regular meetings held with IIROC, among other varied topics, the following key subjects were discussed and followed up on by Staff:

- *Market Surveillance* – IIROC's market surveillance infrastructure continued to operate effectively. Pre-pandemic, system capacity and processing capability was set at 1 billion messages. Market activity was unprecedented during the pandemic and, subsequently during the Reporting Period, was pushed even higher in response to global events, such as the war in Ukraine, and by fears of both inflation and recession. In response to the heightened activity, in 2020, IIROC had completed server and storage upgrades to the market surveillance system, which allowed IIROC to handle the recent spikes in market activity. As of August 15, 2022, IIROC's market abuse and trade surveillance system (**SMARTS**) has the ability to handle approximately 3 billion real-time messages per day.

On January 24, 2022, IIROC and the Montréal Exchange (**MX**) entered into an [MOU regarding cross-market surveillance](#) of the securities and derivatives markets to help mitigate the risk of market integrity breaches. The CSA gave the cross-market surveillance mandate to both IIROC and the MX, and the MOU reflected the collective commitment to fostering fair and efficient capital markets through cooperative oversight and effective enforcement. Cross-asset surveillance was implemented on August 15, 2022 and IIROC began the intake of derivatives trading data messages in addition to equity messages into a modified version of SMARTS.

- *Order Execution Only (OEO) Service Levels* – As noted, there was a significant increase in trading volumes during the pandemic, including retail specific trading, partially attributable to the work-from-home environment and the ease of opening new trading accounts. Within the OEO platform, the impact of higher trading volumes and new account openings resulted in a corresponding increase in service level complaints from clients (e.g., delays in opening new accounts, system response times and service disruptions). Given the increasing importance of online trading services, IIROC surveyed dealers with OEO trading platforms to collect quantitative and qualitative information. This information will assist in IIROC's examination of the point at which service levels and interrupted access to investments would become an explicit investor protection issue. A working group comprised of industry representatives and IIROC staff was also established to provide insight into key factors that could be considered as part of an appropriate regulatory response to this growing sector highly reliant on technology. The working group considered various options and completed its analysis, which is now being reviewed by New SRO senior management.
- *Short Selling* – On December 8, 2022, the CSA and IIROC published Joint CSA and IIROC Staff Notice 23-329 [Short Selling in Canada](#) to provide an overview of the existing regulatory landscape surrounding short selling, give an update on current related initiatives, and request public feedback on areas for regulatory consideration. The publication reflects the commitment of the CSA and IIROC to ensure that the regulatory framework is current and appropriate given the way markets continue to evolve, especially in light of the public feedback with respect to short selling and international developments. The comment period ended on March 8, 2023.
- *Advertising and Social Media Guidance* – IIROC is developing a proposal to update the existing advertising and social media guidance, currently found in Guidance Note GN-3600-21-002 [Review of Advertisements, Sales Literature and Correspondence](#), dated October 14, 2021. The updated guidance will reflect on recent trends such as the growing use of social media influencers, gamification, and third-party research reports based on non-traditional inputs (i.e. social media sentiment indicators). The proposal is expected to be issued for public comment in 2023.
- *Crypto / Digital Assets* – IIROC's Membership Intake Team continued to review applications for: (i) new membership from crypto-asset trading platforms (**CTPs**); and (ii) business change from existing IIROC dealers planning on expanding into the distribution of crypto asset products and/or provision of service offerings. IIROC continued to engage with Staff at various levels to discuss how IIROC rules and securities legislation apply to CTPs, enabling the consideration of targeted applications for exemption based on customized terms and conditions for each business model.

As an example, on October 12, 2022, Coinsquare Capital Markets Ltd. (**Coinsquare**) was the first CTP [admitted by IIROC into membership](#). To accommodate the business model of a CTP, IIROC's Board of Directors also granted exemptive relief to Coinsquare from certain IIROC requirements relating to insurance and the location of client assets. At the same time, the [CSA granted time-limited relief](#) from the prospectus requirement, trade reporting requirements and certain provisions of the marketplace operation rule, subject to certain conditions, including investment limits and requirements to provide disclosure and reporting to the CSA.

Future new rules and guidance, as well as standardized compliance procedures, relating to crypto assets are expected to be developed by New SRO in collaboration with Staff.



- *Cybersecurity Incidents* – In 2019, amendments to IIROC’s reporting requirements were implemented, requiring dealer members to report certain cybersecurity incidents to IIROC. After reviewing the incident reports received over one year, IIROC staff issued further guidance to dealer members in February 2022 on how to demonstrate compliance with the cybersecurity incident reporting requirements. During the Reporting Period, CSA staff were kept apprised of cybersecurity incidents reported by dealer members and engaged with IIROC staff to ensure proper oversight.  
  
IIROC also worked with a national consulting firm to develop a cybersecurity self-assessment tool, which could be used by IIROC firms to assess their own cybersecurity posture<sup>20</sup> and maturity, and identify areas for improvement. In July 2022, the free tool was made available for download upon request by any IIROC firm. The launch was well received, with eight requests for the self-assessment tool in the first 24 hours and downloads by approximately 70 IIROC dealer members to-date.
- *Client Focused Reforms (CFRs)* – With the implementation of the CFRs conflicts of interest requirements on June 30, 2021, the CSA, IIROC and the MFDA harmonized their compliance modules specific to the CFRs conflicts of interest requirements. IIROC added specific questions to the annual request of information from firms, a mechanism used by IIROC for data collection to assist in the assessment of compliance risk. IIROC also incorporated the CFRs conflicts of interest review into its regularly scheduled business conduct compliance exams, and fieldwork was completed during the Reporting Period. In parallel with IIROC’s and the MFDA’s examination of its members, the CSA conducted a targeted CFRs conflicts of interest sweep of other registrants. Together, the CSA, IIROC and the MFDA are discussing the results, and plan to publish findings from the coordinated review and provide additional implementation guidance to the industry on the enhanced conflict requirements.
- *OEO Trailer Ban* – In 2020, the CSA adopted amendments that implemented a ban to prohibit the payment of trailing commissions by fund organizations to dealer members who do not make a suitability determination, such as OEO dealers. The amendments also prohibited the solicitation or acceptance of trailing commissions by such dealers. The OEO trailer ban came into effect on June 1, 2022. Prior to the effective date, each CSA jurisdiction issued a temporary exemption from the OEO trailer ban to facilitate the implementation process. Accordingly, IIROC updated its OEO compliance module to review the process used by dealer members to ensure that all switches were conducted correctly, rebates were paid, and trade confirmations and other client communications were sent in accordance with the conditions of the temporary exemptions.
- *Hybrid Work Model* – IIROC continued to function under a hybrid work model, with most staff being required to work a portion of each week in the office and certain groups continuing to work fully remotely. IIROC staff continued to have the tools, equipment and support necessary to execute IIROC’s regulatory responsibilities. The remote work pilots of IIROC and the MFDA were already closely aligned, thereby affording the two entities the ability to develop a single remote work policy going forward for New SRO.
- *Other Initiatives* – Over the Reporting Period, Staff also engaged IIROC staff on other specific matters of regulatory concern such as:
  - IIROC staff’s participation in Former CIPF’s insolvency simulation exercise (discussed further in the Former CIPF section below);
  - IIROC staffing matters; and
  - IIROC’s specific investor protection initiatives, such as:
    - proposed changes to IIROC’s arbitration program and the return of disgorged funds to investors;
    - proposed amendments to clarify the proficiency requirements applicable to approved persons;
    - IIROC’s in-house Continuing Education accreditation program;
    - publication for comment of IIROC Notice 22-0132 *Consultation Paper (Phase III) – Competency Profiles for Supervisors, Traders, Associate Portfolio Managers and Portfolio Managers*;

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<sup>20</sup> Cybersecurity posture refers to a firm’s overall defense against cyber-attacks, encompassing any security policies, employee training programs, or security solutions in place.

## B.1: Notices

- publication of IIROC Notice 22-0190 *Failed Trade Study*; and
- proposed modernization of back-office and introducing/carrying broker arrangements, and subordinated loan arrangements.

### (B) MFDA

#### i. Regulatory Status

The MFDA was the SRO that oversaw mutual fund dealers in Canada, except in Québec where mutual fund dealers operating only in the province were directly regulated by the AMF.<sup>21</sup> The MFDA head office was in Toronto, with regional offices in Calgary and Vancouver.

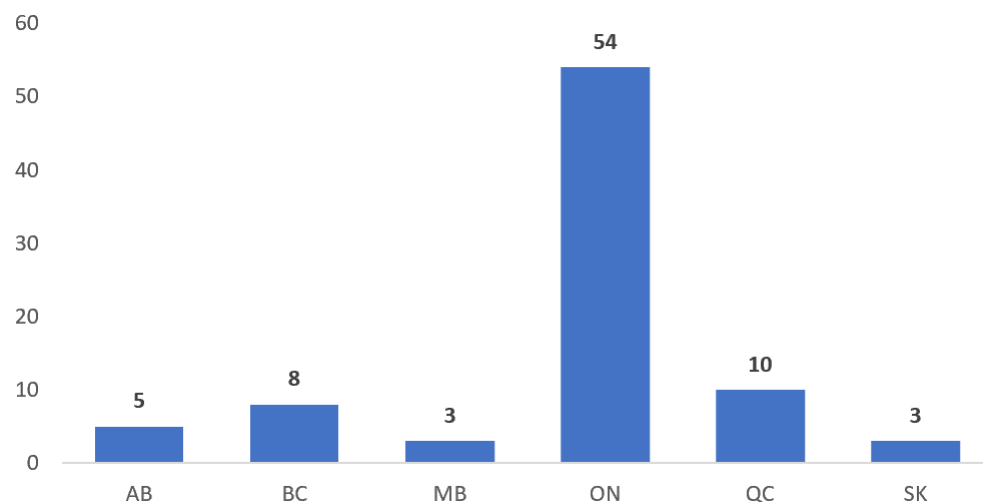
#### ii. Member Firm Statistics

As at December 31	2022	2021	Change	% Change
Total Mutual Fund Assets Under Administration	\$635B	\$729B	-\$94B	-12.9%
Approved Persons	77,341	77,383	-42	-0.1%
Members	83	86	-3	-3.5%

(Source: MFDA and NRD)

The decrease in the MFDA's total mutual fund assets under administration was mainly attributable to a decline in both equity and bond markets of approximately 10% during the Reporting Period. In addition, there was a shift in purchases away from mutual funds to guaranteed investment certificates (**GICs**), likely due to increased GIC returns during the Reporting Period and the low-risk rate of return offered by GICs.

#### iii. MFDA Member Firms by Head Office Location



(Source: NRD)

#### iv. Rule Approvals

During the Reporting Period, three MFDA rule amendments were approved or non-objected to by the MFDA Regulators. To simplify the transition to New SRO, the MFDA aimed not to introduce rule amendments close to the amalgamation date. Accordingly, there were no proposed rule amendments under CSA review as of December 31, 2022.<sup>22</sup>

<sup>21</sup> The MFDA was recognized by ASC, BCSC, FCAA, FCNB, MSC, NSSC, OSC, PEI, the Northwest Territories Office of the Superintendent of Securities, the Nunavut Securities Office, and the Office of the Yukon Superintendent of Securities (collectively, the **MFDA Regulators**).

<sup>22</sup> More information about MFDA rule approvals is provided in Appendix 2.

**v. Materials Filed**

The MFDA was also responsible for filing information with Staff on a regular and ad hoc basis. Required filings were outlined in the MFDA Recognition Orders and included, but are not limited to, annual and quarterly financial statements, disclosure of members in financial difficulty, and quarterly operations reports.<sup>23</sup>

**vi. Meetings and Other Discussions**

During regular meetings with the MFDA, the following key topics, among other varied subjects, were discussed and followed up on by Staff:

- *Cybersecurity* – Cybersecurity for both the MFDA and its members continues to be an area of focus. The MFDA engaged external IT consultants to test its own security controls by having the consultants perform a number of attack scenarios. The results of these tests were provided to Staff. In May 2021, the MFDA issued a mandatory cybersecurity survey to all its members. During the Reporting Period, IT consultants analyzed the results and identified that smaller members tended to have resource issues in dealing with cybersecurity; however, due to regulatory requirements and the high threat pressure on the financial services industry, even smaller MFDA members were deemed to be more prepared and invested in cyber protection than similar-sized entities in other sectors. The consultants also issued individualized reports with specific feedback to all MFDA members. To provide further support, the MFDA hosted a webcast featuring the consultants who explained how MFDA members should interpret and use the survey report, and could access free consultations. The consultants also offered additional guidance in some key areas to smaller MFDA members.
- *Client Research Project* – The 2016 and 2019 MFDA Client Research Project provided the MFDA with information and insight into members' business models, their approved persons and their clients. The MFDA, in collaboration with the AMF, issued a mandatory data request to all its members, requiring that client data be provided by June 30, 2021. Subsequently, the MFDA worked with research consultants to perform an analysis of the results. *Client Research Report 2022: An Ongoing Look Into Clients, Members, and Advisors* was published on December 30, 2022 and builds on the first two client research reports.
- *Expanded Cost Reporting* – On April 28, 2022, the CSA and the Canadian Council of Insurance Regulators (CCIR) published [proposed enhanced cost disclosure reporting requirements](#) for investment funds and segregated fund contracts. The proposal was developed by a joint project committee comprised of members from the CSA, CCIR, Canadian Insurance Services Regulatory Organizations, the MFDA and IIROC, and follows on the work that securities regulators began after the completion of the Client Relationship Model, Phase 2 project in 2016. The public comment period ended on July 27, 2022.
- *Continuing Education* – In 2019, the CSA approved or non-objected to the introduction of Continuing Education (CE) requirements for mutual fund approved persons. In July 2021, the CSA also approved or non-objected to amendments to establish a CE accreditation process. To ensure the stability and adequacy of the CE system, the MFDA contracted third-party specialists to successively review, test, identify and remedy potential concerns with the new MFDA CE reporting and tracking system (CERTS) prior to launch. The CE cycle commenced in December 2021. During the Reporting Period, MFDA staff on-boarded all member administrators, participants and education providers onto CERTS; recognized two entities as third-party accreditors; and continued CERTS development work for additional functionality. In the last quarter of 2022, more than 40 third-party (non Member) education providers, over 600 CE activities, and 50,000-plus attendance records were added to CERTS. A [separate section relating to CE](#) has been added to the MFDA website to consolidate information for ease of reference.
- *Hybrid Work Model* – During the Reporting Period, MFDA staff returned to the office under a pilot hybrid workplace model. In the MFDA's view, productivity, quality of work, and the ability to meet deadlines and operational benchmarks were either not affected or positively affected when MFDA staff was working remotely. The MFDA and IIROC worked towards developing a single remote work policy for the New SRO.
- Other Initiatives – Over the Reporting Period, Staff also engaged MFDA staff on other specific matters of regulatory concern such as:
  - MFDA staffing matters; and
  - MFDA's review of member firms' compliance with enhanced CFRs conflicts of interest requirements.

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<sup>23</sup> Further details about the materials filed by the MFDA (other than rule amendments) are provided in Appendix 3

**(C) Former CIPF****i. Regulatory Status**

Former CIPF was approved and accepted as an IPF to provide protection within prescribed limits to eligible clients of IIROC dealer member firms suffering losses, if client property held by a member firm was unavailable as a result of the insolvency of a dealer member.<sup>24</sup> Former CIPF's head office was in Toronto.

**ii. Fund Statistics**

As at December 31	2022	2021	Change	% Change
General Fund	\$516M	\$540M	\$-24M	-4.4%
Insurance	\$440M	\$440M	-	-
Lines of Credit	\$125M	\$125M	-	-
<b>Total</b>	<b>\$1,081M</b>	<b>\$1,105M</b>	<b>\$-24M</b>	<b>-2.2%</b>

(Source: 2022 CIPF Audited Annual Financial Statements)

**iii. Meetings and Other Discussions**

During the semi-annual meetings held with Former CIPF, the following key topics were discussed and followed up on by Staff:

- *Crypto Assets* – During the Reporting Period, the Coverage Committee and Board of Former CIPF plus the MFDA IPC Board approved a draft of the CIPF Coverage Policy that explicitly excluded crypto assets from coverage. This draft was included in the application for CIPF's approval, published for comment on May 12, 2022. Some commenters questioned the rationale for excluding crypto assets, crypto contracts, and other crypto-related property from CIPF's Coverage Policy. Like its predecessors, CIPF will undertake regular reviews of the scope and terms of the Coverage Policy; however, the primary areas of interest for CIPF continue to be the custody, control and pricing of crypto assets. The CIPF Coverage Policy was approved and published in final form on November 24, 2022 without significant changes to the draft originally published for comment.
- *Simulation Exercises* – The final Phase 2 simulation exercise was held in May 2022 with participants in Calgary and Vancouver. Previously, Phase 2 simulations were held in Montreal in October 2021 and Toronto in April 2021. The focus of the Phase 2 simulations was the manner in which operational strategies, tools and regulatory processes changed during the pandemic (e.g., the use of virtual hearing panels), and how these changes could impact the handling of a member firm insolvency. Topics for future simulation exercises by CIPF are being considered, potentially as Phase 3.
- *Review of Adequacy of Level of Assets, Assessment Amounts and Assessment Methodology* – Former CIPF used a credit-risk based fund model to project its liquidity resource requirement and assist in the setting of its fund size (**Fund Model**). During the Reporting Period, Former CIPF's Board reviewed the adequacy of the level of resources available in relation to the risk exposure of IIROC member firms. No changes have been made to the methodology, parameters and input since October 2021 when Former CIPF's Board reviewed and approved the Fund Model.
- *Insolvencies* – During the Reporting Period, there were no IIROC member insolvencies whereby Former CIPF was actively involved.
- *Hybrid Workforce* – During the Reporting Period, staff of Former CIPF's office continued to work remotely and came into the office two or more days per week. Staff of Former CIPF learned how to work effectively in a hybrid environment.

<sup>24</sup> Former CIPF was deemed acceptable or approved as an IPF by the AMF, ASC, BCSC, FCAA, FCNB, MSC, NL, NSSC, OSC, PEI, the Northwest Territories Office of the Superintendent of Securities, the Nunavut Securities Office, and the Office of the Yukon Superintendent of Securities.

**(D) MFDA IPC****i. Regulatory Status**

The MFDA IPC was approved as an IPF to provide protection within prescribed limits to eligible clients of MFDA mutual fund dealer member firms suffering losses as a result of the insolvency of a mutual fund dealer member.<sup>25</sup> The MFDA IPC's head office was in Toronto.

**ii. Fund Statistics**

	<b>December 31, 2022</b>	<b>June 30, 2021</b>	<b>Change</b>	<b>% Change</b>
General Fund	\$53M	\$53M	-	-
Insurance	\$40M	\$40M	-	-
Lines of Credit	\$30M	\$30M	-	-
<b>Total</b>	<b>\$123M</b>	<b>\$123M</b>	-	-

(Source: 2022 MFDA IPC Audited Financial Statements<sup>26</sup>)

**iii. Meetings and Other Discussions**

During semi-annual meetings held with the MFDA IPC, the following key topics were discussed and followed up on by Staff:

- *Fund Size Target* – The Board of the MFDA IPC oversaw the annual review of the general fund size and monitored the ongoing stability of this fund. The MFDA IPC reached its general fund size target of \$50 million. In 2021, the MFDA IPC added a secondary layer of insurance in the amount of \$20M in respect of any losses to be paid by the MFDA IPC in excess of \$50M. This was in addition to the original layer of insurance of \$20M in respect of any losses to be paid by the MFDA IPC in excess of \$30M. Insurance is being renewed in Spring 2023 and will be coordinated under CIPF going forward.
- *Insolvencies* – There were no MFDA member insolvencies during the Reporting Period whereby the MFDA IPC was actively involved.
- *Simulation Exercise* – In previous years, MFDA IPC staff conducted annual simulation exercises. For example, one exercise took the Board members through the key events that would take place in an insolvency and the key decisions requiring Board involvement. External legal counsel and third-party consultants helped to facilitate the exercise. The simulation exercise during the Reporting Period was deferred and will take place after the amalgamation for the combined CIPF entity.
- *Governance* – Following the risk assessment in 2020 and with a view to further strengthen MFDA IPC's governance controls, the MFDA IPC implemented a code of conduct for its staff in 2021, aiming to help mitigate any potential conflicts of interest. This was important given the MFDA IPC's integration with the MFDA (e.g., shared accounting resource). During the Reporting Period, Staff recommended and the MFDA IPC agreed to expand the code of conduct to capture contract employees.
- *Hybrid Workforce* – During the Reporting Period, MFDA IPC staff continued to work remotely, although they were in the office more regularly. After the amalgamation, MFDA IPC staff moved into CIPF's existing offices. The November 2022 Board meeting was conducted in a hybrid environment, with directors attending both virtually and in person.

<sup>25</sup> The MFDA IPC is currently approved as an IPF by the ASC, BCSC, FCAA, FCNB, MSC, NSSC, OSC, PEI, the Northwest Territories Office of the Superintendent of Securities, the Nunavut Securities Office, and the Office of the Yukon Superintendent of Securities. The MFDA IPC operates in all provinces except Québec, which has its own compensation fund.

<sup>26</sup> The MFDA IPC's auditors performed an audit of the six month stub period from July 1 to December 31, 2022. Going forward, CIPF will use a December 31 year-end.

## APPENDIX 1 – SRO and IPF REGULATORY FRAMEWORK

### PRE-AMALGAMATION

The following is a description of the regulatory framework in place during the Reporting Period, specifically before the IIROC/MFDA and Former CIPF/MFDA IPC amalgamation closing date of December 31, 2022.

Prior to the amalgamation, the two SROs were IIROC and the MFDA. IIROC was recognized by all thirteen provinces and territories, while the MFDA was recognized by eight provinces and three territories<sup>27</sup>.

The former SROs were entities that had been given the responsibility by securities regulators to govern the operations and business conduct of certain players in the investment industry, with a view to promoting the protection of investors and the public interest. In Canada, SROs operated under the authority and supervision of the CSA, which also acted as securities regulators. Applicable legislation in each province and territory provided each securities regulator with the power to recognize an SRO through a Recognition Order. The Recognition Orders<sup>28</sup> in place during the Reporting Period also set out the authority of each SRO to carry out certain regulatory functions and the terms and conditions that the SRO was to comply with in carrying out its regulatory functions.

The oversight of the SROs was coordinated through two separate MOUs.<sup>29</sup> Each MOU described how the securities regulators oversaw the SRO's performance of its self-regulatory activities and services to ensure that the SRO was acting in the public interest and complying with the terms and conditions of its Recognition Orders.

Also prior to the amalgamation, the two IPFs were Former CIPF and the MFDA IPC. Former CIPF was approved/accepted by all thirteen provinces and territories, while the MFDA IPC was approved by eight provinces and three territories.<sup>30 31 32</sup>

The former IPFs were authorized to provide coverage within prescribed limits for financial losses suffered by eligible clients in the event of the insolvency of an investment dealer or a mutual fund dealer who were members of the respective SROs. Analogous to the recognition and oversight of SROs, the securities regulators had the power to approve/accept an IPF through an Approval Order, and separate MOUs coordinated the oversight of the IPFs among the securities regulators.

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<sup>27</sup> The MFDA was recognized by ASC, BCSC, FCAA, FCNB, MSC, NSSC, OSC, PEI, the Northwest Territories Office of the Superintendent of Securities, the Nunavut Securities Office, and the Office of the Yukon Superintendent of Securities.

<sup>28</sup> Recognition Orders set out the authority of [IIROC](#) and the [MFDA](#).

<sup>29</sup> Two separate MOUs described how the Regulators oversaw [IIROC](#) and the [MFDA](#).

<sup>30</sup> Approval Orders provided [Former CIPF](#) and the [MFDA IPC](#) with the authority to carry out their mandates.

<sup>31</sup> In Québec, Former CIPF was an accepted investor protection fund.

<sup>32</sup> Two separate MOUs described how the Regulators oversaw [Former CIPF](#) and the [MFDA IPC](#).

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**APPENDIX 2 – COMPOSITION OF THE SRO OVERSIGHT COMMITTEES**
**MARKET REGULATION STEERING COMMITTEE**

<b>AMF</b>	Dominique Martin	<b>MSC</b>	Paula White	<b>NSSC</b>	Chris Pottie
<b>ASC</b>	Lynn Tsutsumi	<b>FCNB</b>	Clayton Mitchell	<b>OSC</b>	Susan Greenglass
<b>BCSC</b>	Mark Wang	<b>NL</b>	Scott Jones	<b>PEI</b>	Steve Dowling
<b>FCAA</b>	Liz Kutarna				

**NEW SRO OVERSIGHT COMMITTEE**

<b>AMF</b>	Jean-Simon Lemieux Roland Geiling Herman Tan	Pascal Bancheri Catherine Lefebvre	Serge Boisvert Lucie Prince
<b>ASC</b>	Sasha Cekerevac Amy Tollefson	Rose Rotondo	Gerald Romanzin
<b>BCSC</b>	Michael Brady Lenworth Hays Liz Coape-Arnold	Zach Masum Georgina Steffens Michael Grecoff	Joseph Lo Anne Hamilton
<b>FCAA</b>	Liz Kutarna	Curtis Brezinski	
<b>FCNB</b>	Amélie McDonald	Nick Doyle	
<b>MSC</b>	Paula White	Angela Duong	Jon Lamb
<b>NL</b>	Scott Jones		
<b>NSSC</b>	Chris Pottie	Brian Murphy	Angela Scott
<b>NT</b>	Matthew Yap	Elizabeth Doyle	
<b>NU</b>	Shamus Armstrong		
<b>OSC</b>	Joseph Della Manna Stacey Barker Yuliya Khraplyva	Karin Hui Felicia Tedesco Dimitri Bollegala	Scott Laskey Yan Kiu Chan
<b>PEI</b>	Curtis Toombs	Kelly Everest	
<b>YK</b>	Rhonda Horte		

**CIPF OVERSIGHT COMMITTEE**

<b>AMF</b>	Jean-Simon Lemieux	Lucie Prince	Herman Tan
<b>ASC</b>	Sasha Cekerevac Amy Tollefson	Rose Rotondo	Gerald Romanzin
<b>BCSC</b>	Michael Brady Zach Masum	Joseph Lo Anne Hamilton	Georgina Steffens Liz Coape-Arnold
<b>FCAA</b>	Liz Kutarna	Curtis Brezinski	
<b>FCNB</b>	Amélie McDonald	Nick Doyle	

**B.1: Notices**

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<b>MSC</b>	Paula White	Angela Duong	Jon Lamb
<b>NL</b>	Scott Jones	David White	
<b>NSSC</b>	Chris Pottie	Brian Murphy	Angela Scott
<b>NT</b>	Matthew Yap	Elizabeth Doyle	
<b>NU</b>	Shamus Armstrong		
<b>OSC</b>	Joseph Della Manna Scott Laskey	Stacey Barker	Karin Hui
<b>PEI</b>	Curtis Toombs	Kelly Everest	
<b>YK</b>	Rhonda Horte		



**APPENDIX 3 – RULE/BY-LAW/POLICY AND PROCEDURES AMENDMENTS**

**As of December 31, 2022**

**IIROC Rule/By- Law Amendments**

*Completed*

1. Housekeeping Amendments Relating to Registration Information Requirements, Outside Activity Reporting and Updated Filing Deadlines
2. Housekeeping Amendments to IIROC Rules and Form 1 Relating to LBMA Memberships
3. Housekeeping Amendments to Form 1, Part II – Report on Compliance for Insurance, Segregation of Securities and Guarantee/Guarantor Relationships Relied upon to Reduce Margin Requirements During the Year
4. Amendments Respecting the Trading of Derivatives on a Marketplace
5. Amendments Respecting the Codification of Certain UMIR Exemptions
6. Amendments to the IIROC Rules and Form 1 Relating to the Futures Segregation and Portability Customer Protection Regime

*In Progress*

1. Proposed Margin Requirements for Structured Products
2. Proposed Amendments Respecting Reporting, Internal Investigation and Client Complaint Requirements
3. Republication of Proposed Amendments Respecting the Derivatives Rule Modernization, Stage 1
4. Proposed Amendments to IIROC Rules and Form 1 – Floating Index Margin Rate Methodology
5. Proposed Amendments to Permit Reduced Margin for Swap Position Partial Offsets Held in Inventory<sup>33</sup>

**MFDA Rule/By-Law Amendments**

*Completed*

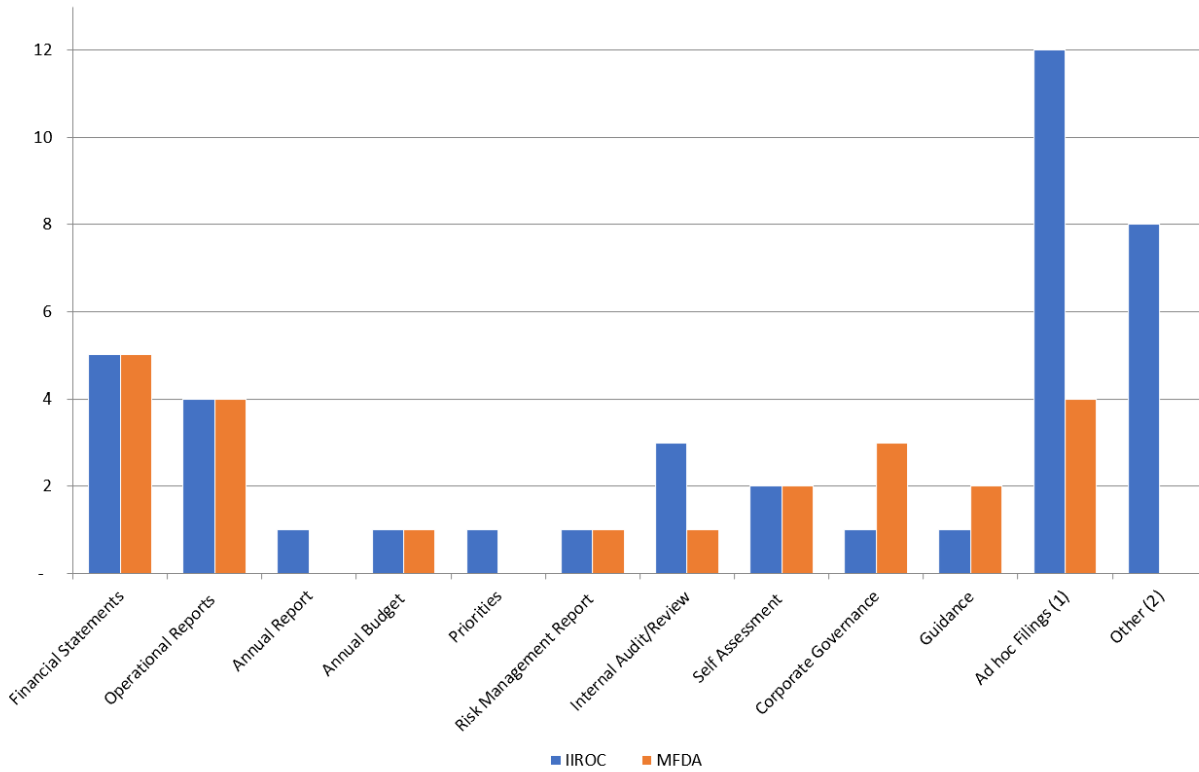
1. Amendments to MFDA Rule 1.1.2 (Compliance by Approved Persons)
2. Amendments to MFDA Rules 2.3.2 (Limited Trading Authorization), 2.3.3 (Designation) and 5.1 (Requirement for Records)
3. New MFDA Policy No. 11 *Proficiency Standards for the Sale of Alternative Mutual Funds*

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<sup>33</sup> Subsequent to the Reporting Period, the amendments to permit reduced margin for swap position partial offsets held in inventory were published on April 13, 2023.

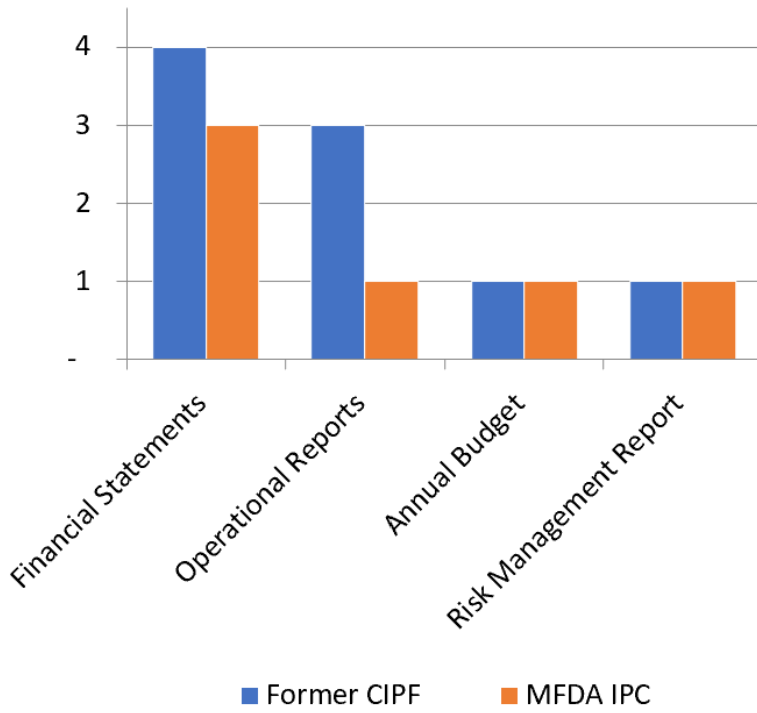
APPENDIX 4 – OTHER MATERIALS FILED

SRO Filings During the Reporting Period



- (1) Ad hoc filings include, for example, notifications about dealer members in financial distress, cybersecurity breaches and significant exemption requests.
- (2) Other filings include, for example, publications and miscellaneous reports.

IPF Filings During the Reporting Period



## Questions

If you have any questions or comments about this CSA Staff Notice, please contact any of the following:

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