

Notes for Remarks by

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## **Welcome**

Thank you, Marianne.

Hello and welcome everyone. I appreciate that all of you took time to be here with us today.

It is good to be here in Calgary, with so many partners, people and organizations with whom we work closely to protect investors and support healthy capital markets.

I am very pleased that among those joining us this evening is Minister of Finance and President of the Treasury Board the Honourable Joe Ceci, who will share some perspectives with us in a few moments.

I am equally pleased that we are joined by Stan Magidson, Chair of the Alberta Securities Commission and many of his colleagues with whom we work so closely every day.

As a self-regulatory organization, the engagement of our member firms, our many partners from government, their regulatory agencies, the industry writ large, investor groups and other stakeholders is critical to our success. Having you all with us this evening makes this event something of a celebration of that success.

Tonight I will not give you the typical summary of what we've accomplished this past year— even though it has been an exceptional year. You all know what we've done as we've done it together.

There is, however, one point I want to make before I turn the floor over to the Minister. It relates to our shared goal of working together in the public interest to protect investors and simultaneously support healthy capital markets – that is to say, markets in which investors have confidence.

Many of you have heard me say that we are still dealing with the echoes of the global financial crisis – a crisis that began, almost unbelievably, over a decade ago.

While many of the accounts of the period focused on the destruction of wealth and the collapse of markets and financial institutions around the world, in my view the real damage done cannot be measured in monetary terms alone.

That is because it was damage to confidence and damage to trust. The crisis hurt the confidence we had in our economic and political systems and diminished the trust that we had placed in the people who lead them.

It is easy to say that, because Canada's financial institutions came through the period relatively unscathed, that trust was unscathed here too. In my view, that is unfortunately not as true as we would like.

For that reason, among others, all of us in this room and our counterparts across the country today operate in a social, political and regulatory environment that continues to demand change from the financial services sector. And by change, I mean improvements in service, in transparency and in accountability.

So while the financial services sector has seen significant reform over the past decade, and while there is an understandable degree of regulatory fatigue, I would say that it's not clear that Canadians are satisfied yet. And since it is Canadians for whom we all work, if they aren't satisfied, there is more to do.

Why do I believe this to be true?

First of all, in recent years we seen the emergence of a much better organized investor advocacy movement – a movement that is more actively involved in presenting the “voice” of the consumer at the policy making table.

It's difficult to say whether the rise of advocacy has resulted in more media scrutiny or whether greater media attention has led to greater activism on the part of investors.

Regardless though, the echoes of the financial crisis, an aging population and an increasing number of high profile cases where financial consumers, particularly seniors, have suffered significant losses, have all contributed to heightened media attention and an increased focus on the need for regulatory and government intervention on behalf of their constituents.

As just one example from the banking sphere, consider the incredible amount of media attention focused over the last year on sales practices in retail branches – and the subsequent reviews by the Financial Consumer Agency of Canada and OSFI, reviews which I expect will ultimately lead to further regulatory and/or legislative change.

Governments – and their regulatory agencies – have heard these voices and, as they do when they hear the voices of the people who elected them, governments have responded, often by embedding a formal consumer perspective in their policy making process.

For our own part, to ensure we could hear directly from investors, IIROC established its own proprietary online panel of 10,000 Canadians from coast to coast so that they can provide their perspectives to IIROC as we consider initiatives to better protect investors.

We've also established stronger relationships with organizations like CARP, PROSPER and FAIR so we understand equally the views of Canadians and the thoughtful organizations that advocate on their behalf.

And, as these types of groups and the people they represent are given more of a voice, they are having more of an impact on the formation of policy, legislation and regulation.

More generally, of course, there is also a sense that regulation needs to catch up to the world we live in today.....a world where the old distinctions between products offered on different platform silos – and the distinctions between the platforms themselves – simply don't make as much sense as they used to.

So, in addition to addressing evolving needs of Canadians, the system also needs to keep up. That's why IIROC recently announced a three-part strategy that responds to changes in demographics, investor behavior and technology, all of which are changing the way Canadians make investment decisions.

First, recognizing that these changes are affecting the products and services offered by our member firms, we have enhanced our process for reviewing changes in dealers' business models to allow for a faster, more efficient process while still adhering to our underlying principles.

We also issued final guidance to order execution only firms, also known as discount brokerage, to clarify the products, tools and information they can provide on their platforms.

Lastly, working together with the global consulting firm Accenture, we launched a forward-looking consultation with industry to better understand how IIROC's rules impact the evolution of advice and service, and where we might find opportunities for improvement.

We believe that these steps will go a long way toward ensuring that IIROC's regulation remains flexible and relevant in the face of ongoing change -- while ensuring investors are protected no matter how they choose to access investments.

Ensuring regulation remains flexible and relevant is important but of course it also has to be credible. That is to say, it has the teeth required to maintain the discipline that underlies investor confidence in our capital markets.

I'm speaking of course about IIROC's ongoing efforts to ensure we have the right legal tools to make our enforcement activities effective.

I would be remiss if I didn't thank the Alberta government and Minister Ceci in particular for the leadership they have shown in supporting our efforts to hold wrongdoers accountable for their actions – efforts that also speak to regaining trust and confidence.

Alberta was the first province to give IIROC the legal authority to collect its fines through the courts and then, last spring, was the first to build on that foundation by giving IIROC the rest of the enforcement toolkit we need to do the job we've been assigned.

When Bill 13 received Royal Assent, it provided IIROC with the legal authority to collect evidence during the investigations so that we could effectively prosecute wrongdoers. In addition, IIROC and its disciplinary tribunals now have protection against malicious lawsuits when acting in good faith to carry out our public interest mandate. There was



unanimous support in the Alberta Legislature for this Bill and we are grateful.

I must also highlight and thank our colleagues at the Alberta Securities Commission for their support for these changes, visible support that evidenced the exceptional relationship between the ASC and IIROC as we work on their behalf here in the province.

Since that time, we have been pleased to see other provinces again following Alberta's lead.

Just a few weeks ago, British Columbia passed legislation giving IIROC legal authority to pursue the collection of disciplinary fines through the courts.

Manitoba also introduced amendments to grant us fine enforcement powers and added protection against malicious lawsuits when we act in the public interest. These measures are in front of the legislature and I am optimistic that they will pass in the near future.

And in Québec, a major financial services bill before the National Assembly includes provisions which would provide IIROC with similar legal protections, the province having previously given us fine enforcement powers.

So, there is significant change in progress across Canada and momentum. We continue to work collaboratively with securities commissions and their governments across Canada to obtain the tools we need to do the job we've been assigned.

As a self-regulatory organization, which operates in every jurisdiction of this country, IIROC is in a unique position.

We can and must work effectively with governments, securities commissions, investors and other stakeholders coast-to-coast. We do so with the goal of enhancing regulatory consistency and effectiveness, which both helps to protect investors and keeps the capital markets healthy.

Those of you working at IIROC-regulated firms are an integral part of our policy-making process – from those who serve on IIROC's Board, to our District Council network, to those who participate in our various policy committees.

You need to be engaged because you are an important part of our economic system. You work directly with investors, helping them achieve their financial goals.

You expect us, and our regulatory and government partners to ensure that there is a level playing field so that all market participants can

effectively contribute to the health of our economy – here in Alberta and across the country.

Thank you all for your ongoing support, participation and partnership.

Now, I would like to turn it over to the Minister Ceci.

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