

May 4 2021

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Request for Comments: IIROC Expert Investor Issues Panel (EIIP)

https://www.iroc.ca/documents/2021/c5650e22-84fa-40a5-976a-a26335d979f1_en.pdf

Kenmar Associates are delighted to see IIROC moving forward with an EIIP. Such a Panel is a core component of a modern SRO.

Our comments on the request for consultation are:

Mandate: We think the proposed basic structure and mandate are appropriate for the EIIP. The mandate should include the right and obligation to raise emerging issues with staff. The EIIP mandate should include the ability to comment on investor protection issues from entities other than IIROC if they are relevant to IIROC's mandate.

Member selection process: A public application process administered by IIROC staff is the proper approach. Consideration should be given to involving independent Directors with a specific investor focus in the selection process.

Composition: The composition is appropriate but might change if a new SRO was formed. At least one Member should come from a recognized professional credentialing body or an individual with experience in providing personalized financial advice. Consideration should be given to accepting class action lawyers, govt. depts. such as the Office of the Public Guardian and OBSI staff as eligible EIIP Members. Current and former Industry participants and industry service providers should not be eligible as Members.

Meetings: A minimum of four meetings per year is reasonable.

Term limits: The proposed limits are reasonable.

Panel Chair. The proposals are in line with most Panel's operating in other jurisdictions.

Honorarium: We recommend a nominal \$500 for each meeting - \$250 for attendance at the meeting and \$250 for pre-work preparing for the meeting. Individual employees representing a Firm or organization should not be compensated. All applicable travel and accommodations expenses for individuals should be reimbursed.

Accountability: The proposed meeting frequency (twice a year) with IIROC's executive to discuss issues of significance to investors is appropriate. At least one meeting with the IIROC Board each year is necessary.

Operations: An annual budget should be made available to conduct research on topics deemed important to the EIIP and IIROCs mandate.

Confidentiality: We agree that RIIP Members must maintain the confidentiality of non-public information provided to the Panel by IIROC including documents provided or the content or existence of any discussions held between them or IIROC, unless specific consent is provided by IIROC

IIROC Support: The proposal that IIROC will provide the necessary administrative support to enable the Panel to operate effectively and provide access to information as reasonably required is fair and reasonable.

Transparency: The EIIP should publish meeting agendas on a dedicated section of the IIROC website. The EIIP should be required to publish an annual report on its activities to be disclosed on its section of the IIROC website.

In addition to the cited qualifications befitting an EIIP Member we would suggest the following unique characteristics:

Credibility amongst investor advocate stakeholders - including:

- (a) A track record for advocating for fairness in investor protection for Canadians
- (b) Ability to work collaboratively with the OBSI Consumer and Investor advisory Council, other investor protection groups, seniors Associations etc.
- (c) Knowledge of industry complaint processes – including:
 1. A basic understanding of the role of an independent financial ombudsman in modern society and
 2. Familiarity with key standards and principles for fair dispute resolution and restitution such as ISO.10003

Credibility with industry stakeholders -including

- (a) Knowledge of the Canadian financial sector and retail services/products
- (b) General knowledge of applicable Canadian securities law and regulation
- (c) An understanding of the underlying retail investor issues related to KYC, risk profiling practices and suitability assessment

In addition, EIIP Reps should ideally possess certain personal attributes:

1. Can clearly articulate the primary issues adversely impacting retail investors
2. Has demonstrated willingness and capability to take independent positions that may be in opposition to IIROC decisions and policies when retail investor interests would be better served.
3. Able to walk the fine line between being co-opted into an industry-funded group and thereby silenced, and being a strong implacable retail financial consumer advocate who manages to stimulate change in IIROC policies and practices.

Independent work: Confidentiality requirements and potential conflicts of interest provisions of an EIIP Member should not prevent such individuals from independently advocating and writing on a number of key issues related to IIROC.

We encourage IIROC to proceed with EIIP implementation as expeditiously as possible

Kenmar Associates
Investor Education and Protection

given the backlog of investor protection issues.

Please contact us if there are any queries regarding our submission.

Permission is granted for public posting.

Sincerely,
K. Kivenko, President
Kemar Associates