

FAIR

Canadian Foundation *for*
Advancement *of* Investor Rights
Fondation canadienne *pour* l'avancement
des droits *des* investisseurs

April 23, 2021

Alberta Securities Commission
Autorité des marchés financiers
British Columbia Securities Commission
Manitoba Securities Commission
Financial and Consumer Services Commission (New Brunswick)
Nova Scotia Securities Commission
Ontario Securities Commission
Registrar of Securities, Northwest Territories
Registrar of Securities, Yukon Territory
Financial and Consumer Affairs Authority of Saskatchewan
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Superintendent of Securities, Nunavut

Sent via email to:

The Secretary
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Email: comments@osc.gov.on.ca

Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
Email: consultation-en-cours@lautorite.qc.ca

Re: CSA Notice and Request for Comment – Proposed Amendments to National Instrument 33-109 and Related Instruments – Modernizing Registration Information Requirements, Clarifying Outside Activity Reporting and Updating Filing Deadlines

FAIR Canada is pleased to provide comments on the proposed amendments to National Instrument 33-109 *Registration Information* and Changes to Companion Policy 33-109CP

Registration Information and Related Amendments to National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations and Changes to Companion Policy 31-103CP Registration Requirements, Exemptions and Ongoing Registrant Obligations and Related Instruments - Modernizing Registration Information Requirements, Clarifying Outside Activity Reporting and Updating Filing Deadlines (“Proposals”).

FAIR Canada is a national, independent charitable organization dedicated to being a catalyst for advancing investors' rights in Canada. As a voice of the Canadian investor and financial consumer, FAIR Canada promotes its mission through outreach and education on public policy issues, policy submissions to government and regulators, and proactive identification of emerging issues and other initiatives.¹

From an investor protection perspective, FAIR Canada is generally supportive of the Proposals as they will, in many respects, enhance the quality of registration information regulators receive. This has the potential to strengthen regulators' ability to assess firms' and individuals' suitability for registration. A robust and effective registration assessment process is a key tool for investor protection and promoting public confidence in the securities regulatory framework.

We wish to highlight two specific aspects of the Proposals that are particularly important from an investor perspective, set out below.

A. Disclosing Detrimental Information – Stopping Bad Apples from Rolling

One of the proposed amendments will clarify that individual registrants must disclose allegations of non-compliance with legal requirements, standards of conduct and certain other detrimental information that existed at the time of the individual's resignation or termination, *regardless of whether it caused or contributed to the resignation or termination.*

This is a welcome and necessary change. Not only does it remove ambiguity from the existing requirement, but it also helps address the issue of “rolling bad apples”. This involves individuals who change firms, or change roles within a firm, without disclosing previous misconduct and with their registration status intact. Introducing a measure that will potentially reduce this practice will help protect investors from future questionable conduct perpetrated by these individuals.

¹ Visit www.faircanada.ca for more information.

B. Collecting Professional Titles Information

The Proposals include a new requirement for individual registrants to disclose the professional titles they use at their sponsoring firm.

As indicated in the CSA Notice, this will help regulators assess whether titles properly reflect the registrant's ability and registration categories. Moreover, in our view, this requirement will be necessary to enable effective enforcement of the Client Focused Reforms prohibition on registrants using misleading titles or designations.² It supports the important objective of reducing a significant source of investor confusion and potential for misplaced investor trust.

While more work needs to be done on the issue of misleading titles and designations, this change is a necessary step in the right direction. A key area of focus for future reform should be investor confusion with the use of the term "advisor" or "financial adviser". Many retail investors place undue reliance on this title usage, and do not appreciate that the individual they are dealing with is not subject to any of the requirements imposed on an "adviser" registered under securities law. This misuse of an alternative spelling misrepresents the proficiency, role, and legal responsibility of the dealer representative, and results in consumer confusion and harm.

We thank you for the opportunity to provide our comments and views in this submission. We welcome its public posting. Please be advised that we intend to make our submission public by posting it to the FAIR Canada website. We would be pleased to discuss our submission with the CSA should you have questions or require further explanation of our views on these matters. Please contact me at jp.bureaud@faircanada.ca.

Sincerely,



Jean-Paul Bureaud,
Executive Director
FAIR Canada | Canadian Foundation for Advancement of Investor Rights

² Reforms to Enhance the Client-Registrant Relationship (Client Focused Reforms), NI 31-103CP, s. 13.18