



# Investor Office Activity Report 2015-16

**INVESTOR OFFICE**  
OSC Staff Notice 11-776

**OSC**

ONTARIO  
SECURITIES  
COMMISSION

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We're  
invested in  
people

# CONTENTS

<b>2</b>	<b>6</b>	<b>14</b>	<b>19</b>	<b>62</b>
Director's Message	Who We Are	The OSC	Year in Review	Contact Us

# DIRECTOR'S MESSAGE

## Change is constant.

Yet it's never easy. There are always some who will adapt and thrive, and others who will long for the old status quo.

But let's be clear: the status quo is not an option. We live in a world where change increases by the day. Technology is disrupting the traditional ways of delivering financial services. New media platforms are transforming how investors get information. The ongoing shift from defined benefit to defined contribution pension plans – if any pension plan at all – and the long-running low-interest-rate environment are causing policy-makers to consider new ways to strengthen retirement security. Changing demographics, including a rapidly aging population, are presenting their own set of challenges for both regulators and the financial industry.

The Investor Office sits at the leading edge of these changes. And, in many ways, we are ourselves a symbol of change here at the Ontario Securities Commission (OSC).

## THE NEW INVESTOR OFFICE

Investor protection is at the core of everything the OSC 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 currently proposing a number of initiatives to enhance investor protection. The creation of the new Investor Office was but one way we have advanced investor interests and made them a priority.

We introduced the new Investor Office one year ago, following the merger of the OSC's former Office of the Investor and the Investor Education Fund. And what a year it's been since then.

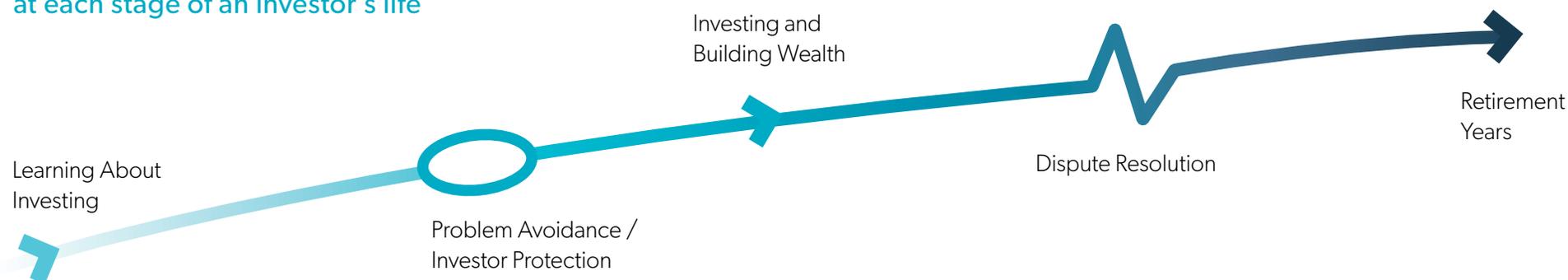
The Investor Office launched with an ambitious agenda. We aim to achieve better investor outcomes by expanding and modernizing the OSC's efforts in investor engagement, research, education and outreach, and by bringing new

perspectives to the organization's policy-making and operations. The response we've received thus far tells us we're on the right track.

In stakeholder comment letters regarding the OSC's 2016-17 Statement of Priorities, one of the top areas of support was for the work of the Investor Office. The feedback surveys we use consistently come back with high ratings. We've established new partnerships with more than 30 organizations. And as you'll read about in this report, our education and outreach activities have seen double-digit, triple-digit (and sometimes quadruple-digit) percentage increases in use and participation.

We accomplished this while innovating and driving efficiencies that have significantly reduced overall costs, freeing resources for other important investor protection initiatives of the OSC.

## We are interested in achieving better outcomes at each stage of an investor's life



### LOOKING FORWARD

I'm proud to work with a team that strives for excellence in everything we do. As we like to say, we're not satisfied with simply checking the box; we aim higher. Even given the progress we've made over the last year, we're not distracted from the work ahead.

Over the next 12 months look for us to advance important projects, some of which are outlined in the OSC's 2016-17 Statement of Priorities.

- We will be publishing a paper that examines behavioural finance and behavioural sciences concepts and investigates how they are applied in other jurisdictions, with a view to identifying how they might be incorporated into our own work.
- Our newly established Seniors Expert Advisory Committee gives the OSC access to a multidisciplinary team of experts on issues related to older investors. We will be

publishing the OSC's overall seniors strategy and work with this new committee to better meet the unique needs of this growing investor group.

- The Investor Office plays a key role in the oversight of the Ombudsman for Banking Services and Investments (OBSI). As the recent independent evaluation of OBSI makes clear, there are a number of areas that warrant attention from regulators in order to maintain a fair and effective dispute resolution system for investors and the industry.
- With over half of web traffic now occurring on handheld devices, we will be launching a new mobile-friendly [GetSmarterAboutMoney.ca](http://GetSmarterAboutMoney.ca), our award-winning investor education website visited by millions of Canadians each year. This will make it easier for investors to access information on their desktops, tablets and phones – any way they want to, when they want to.

- The Investor Office represents the OSC on the International Organization of Securities Commissions Committee on Retail Investors (C8) and will be contributing to important projects originating at the international level.
- We will continue to seek input from investors, the investment industry, the Investor Advisory Panel and other stakeholder partners to help ensure that the regulatory solutions we put forward are appropriate, balanced and effective.
- And as the OSC continues to modernize and become an ever more data-driven organization, we will also contribute to the expansion of the OSC's research capabilities while introducing more innovative and effective tools for investors and the industry.

## A TEAM EFFORT

When transformational organizational change occurs, one might expect some to resist the adjustments to the routines and expectations they were accustomed to. That's why it has been so heartening to feel the enthusiasm that has greeted our work throughout the entire OSC and amongst stakeholders as we launched and established the Investor Office. All staff at the OSC work to achieve better investor outcomes, not just the Investor Office, and the work that you'll read about in this report is the result of a true team effort.

I would also like to extend our appreciation to our Chair and CEO, Maureen Jensen, former Chair Howard Wetston, Executive Director and CAO Leslie Byberg and the members of the

Commission for their vision and leadership in creating a prominent space in the OSC's organizational structure for our new regulatory operations branch dedicated to investor issues. None of what we've accomplished this past year would have been possible without their efforts and ongoing support.

When we launched the new Investor Office last year, I asked in our inaugural report that you all join us as we rolled up our sleeves and got down to business. Well, we're off to the races now, and we look forward to continuing to work with you to keep us on track as we strive forward.



**Tyler Fleming**  
DIRECTOR, INVESTOR OFFICE





**35%**

Visits to Investor Office resources

3.56 million  
to 4.80 million



**26%**

Visits to Investor Office resources excluding introductory video trilogy

3.56 million  
to 4.49 million



**1,216%**

Participants in OSC in the Community and new teletownhall outreach events

274 to 3,605



**486%**

Participants in OSC in the Community outreach events excluding teletownhalls

274 to 1,605



**33%**

Investor Office followers on Facebook and Twitter

6,331 to 8,402



**551%**

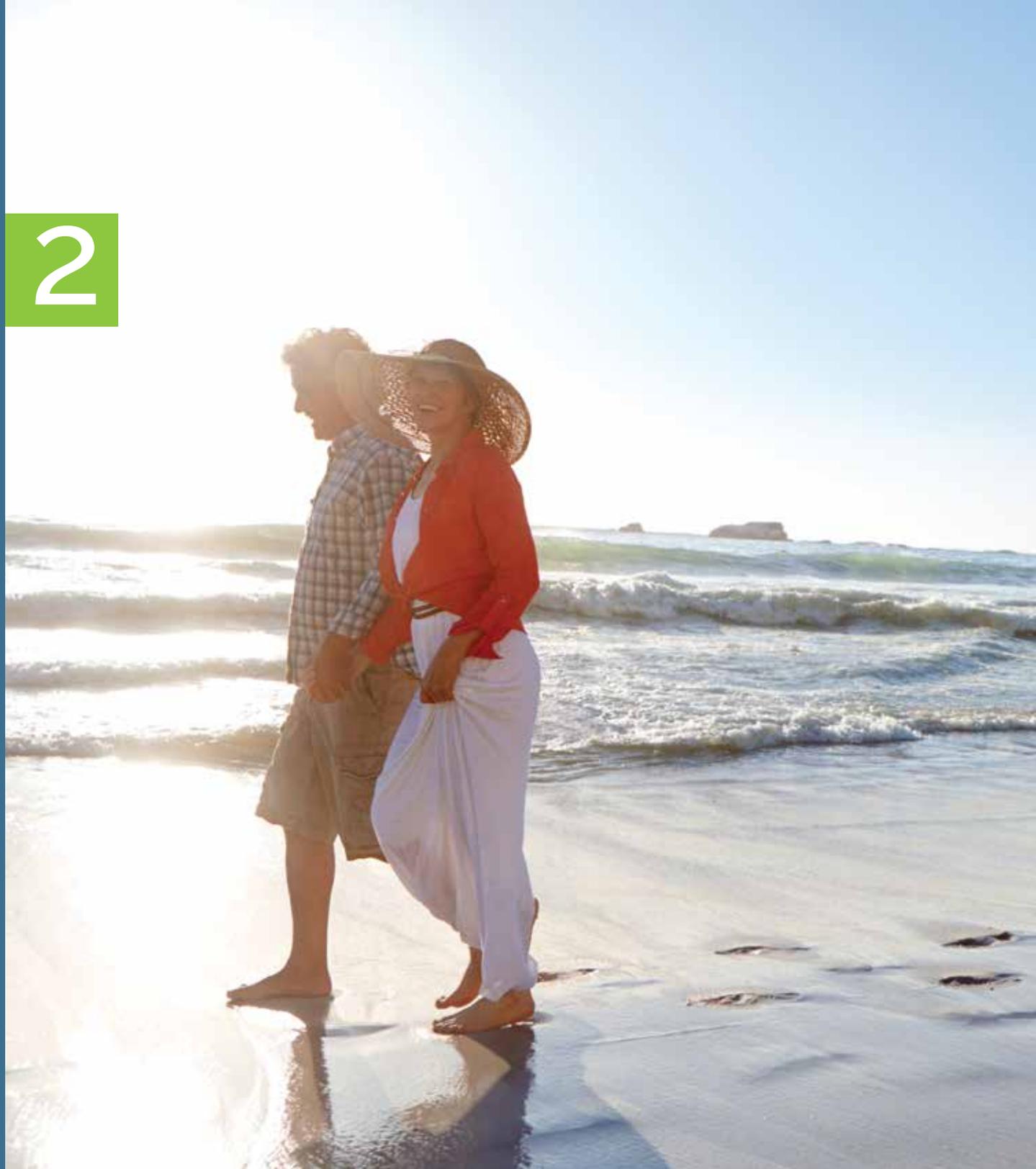
Shares, "likes" and clicks of Investor Office social media communications

5,297 to 34,460

We accomplished this while innovating and driving efficiencies that have significantly reduced overall costs, freeing resources for other important investor protection initiatives of the OSC. For additional information on recovery of investor education and outreach costs, please see the *OSC Annual Report 2016*.

WHO  
WE ARE

2





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.

## OUR MISSION

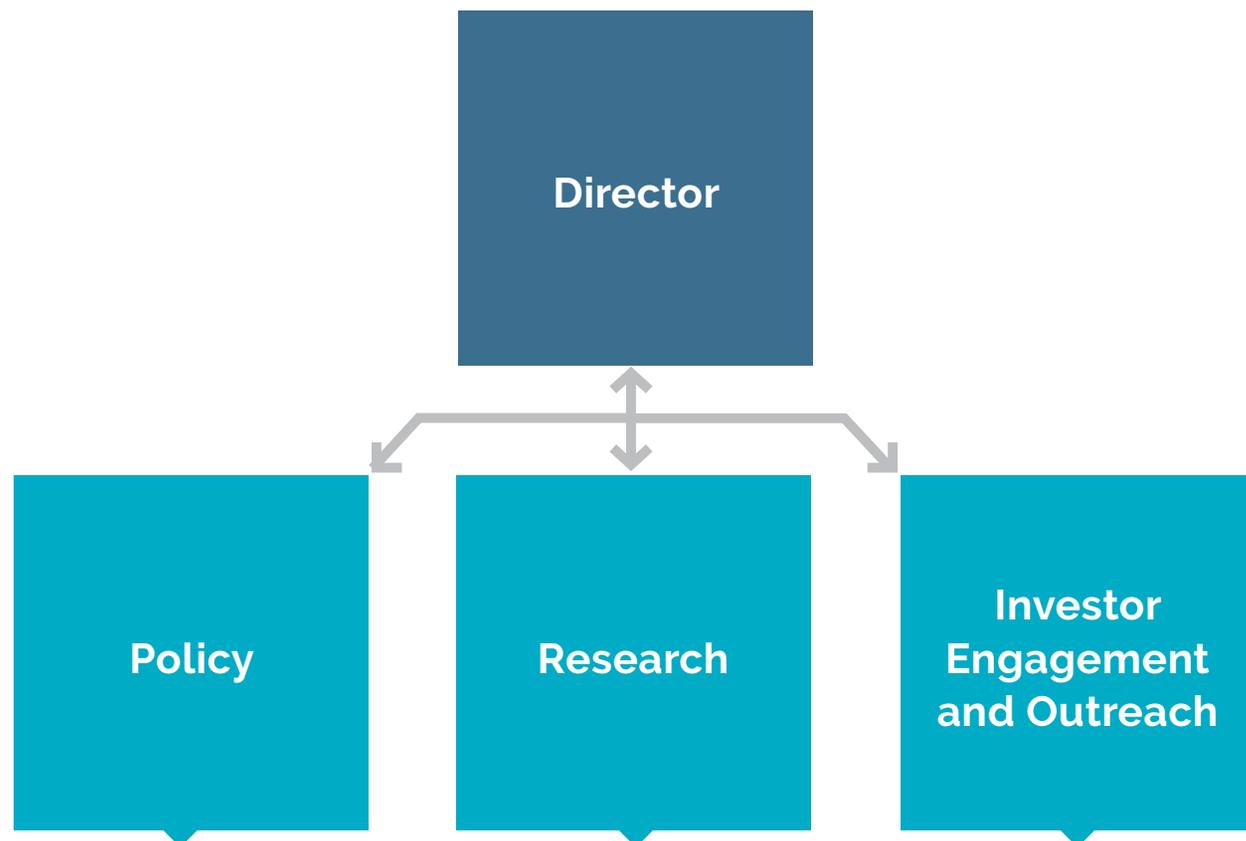
At the Investor Office we're invested in people.

The Investor Office sets the strategic direction and leads the OSC's efforts in investor engagement, education, outreach and research. The Office also brings the investor perspective to policy-making and operations.

The Investor Office plays a key role in the oversight of the Ombudsman for Banking Services and Investments, supports the work of the OSC's independent Investor Advisory Panel and develops the strategy and content for the OSC's award-winning investor site, [GetSmarterAboutMoney.ca](https://www.getsmarteraboutmoney.ca).

## OUR STRUCTURE

The Investor Office is organized into three teams reporting to the Director: Policy; Research; and Investor Engagement and Outreach. The Director is a member of the Executive Management Team of the OSC, reporting to the Executive Director of the OSC.



Provides the investor perspective into the development of OSC policies, rules and operational activities. This team also contributes to initiatives led by other branches, those involving other Canadian Securities Administrators jurisdictions and those initiated at the international level through the International Organization of Securities Commissions Committee on Retail Investors (C8). Team members also participate in engagement with and oversight of the Ombudsman for Banking Services and Investments, and support the work of the Investor Advisory Panel.

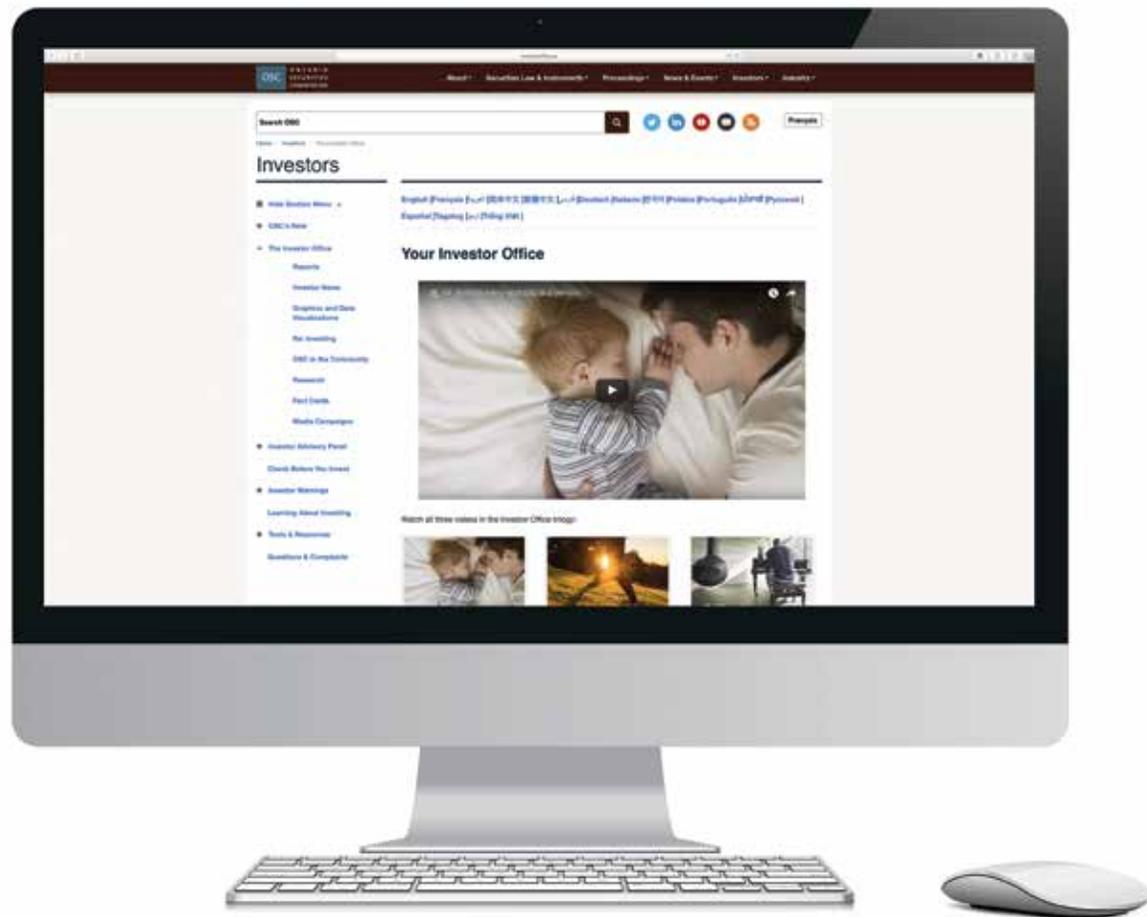
Develops research and thought leadership regarding macro trends and regulatory innovation, and the ways retail investors and securities regulation might be affected by these in the future. This team looks into issues such as aging, what will happen when the "digital generation" accumulates significant investable assets and the application of behavioural finance in a regulatory and industry setting. It also provides insights into how the OSC can continue to be a modern, flexible and responsive regulator.

Leads the Office's investor education initiatives, mainly through the development of innovative and relevant content for the OSC's consumer website, [GetSmarterAboutMoney.ca](http://GetSmarterAboutMoney.ca). This team also leads the Office's investor outreach activities, including the OSC in the Community program, and is responsible for establishing and strengthening the Office's stakeholder partnerships. Outreach to seniors and vulnerable investors is a key area of focus.

## INVESTOR OFFICE LAUNCH

On October 30, 2015, the OSC introduced the new Investor Office.

For the Investor Office launch, we created a new **InvestorOffice.ca** portal, relaunched and expanded the Investor News newsletter, published *The Investor Perspective* (OSC Staff Notice 11-773), created the *Re: Investing* website to receive and answer investor questions, launched a video trilogy (which currently has over 324,000 views) and translated investor information into 17 different languages.





# Re: Investing

Investing and the retirement world can be complex. Re: Investing offers clear, concise answers to your questions on investing, from a 401(k) to a Roth IRA.



Is investing/stocking gold/wine/collectibles a good long-term investment?

If I want to fund my stock portfolio from a non-qualified account, is a TIRA (Roth IRA) better than a traditional IRA?

Is there a plan such as this one that is directed to avoid being in "Qualified"?

What is the best way to invest in the stock market?

Can I buy stock options on my IRA?

What advice do I take to choose an investment that will grow my 401(k)?

What is the right way to withdraw money from an IRA?

How do I transfer the...

What is the best way to invest in the stock market?

Can I buy stock options on my IRA?

Is the 1031 gain restriction to 2008 or was it the 2001 act and applying now at age 43?

How can I help my kid get a 529 plan?

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How can I help my kid get a 529 plan?



Courtesy of BNN



Courtesy of the Globe and Mail



**CLOCKWISE FROM UPPER LEFT:**  
 Investor Office opens the TSX, as seen on TV and in person; Interview with Rob Carrick, *The Globe and Mail*, OSC in the Community presentation; Director Tyler Fleming with Financial Literacy Leader Jane Rooney; Risk Profiling Roundtable

# THE TEAM



**TYLER FLEMING**  
DIRECTOR

As the first Director of the new Investor Office, Tyler was responsible for the vision, strategy and execution of the Office's launch in October 2015. He sets the Investor Office's strategic direction and oversees its day-to-day operations and administration.

Tyler has been involved in a number of important projects throughout his career. As Treasurer and Chair of a public-private partnership of the City of Toronto, Tyler helped successfully launch a \$100 million capital project that will provide new recreation and sports opportunities in downtown Toronto. As a senior staffer at Queen's Park, he played a role in the creation of the Family Day holiday in Ontario. Tyler also advised on what was the then-largest proposed merger and acquisition transaction in Canadian history, served on the Senior Management Team of the Ombudsman for Banking Services and Investments, and was a member of the City of Toronto Seniors Strategy Expert Panel.



**DENISE MORRIS**  
MANAGER, POLICY

Denise is the Manager of Policy for the Investor Office. Her role includes leading the Investor Office's policy initiatives to address investor protection issues. Denise also helps ensure that investor perspectives are considered and addressed in the development of the OSC's policies and rules as well as operational activities.

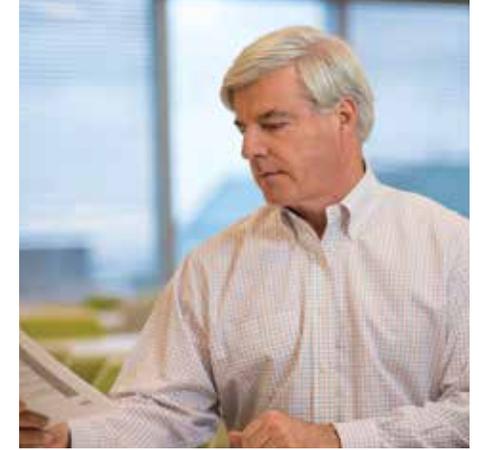
Denise's extensive legal career includes experience with financial institutions, investors and the OSC. Prior to joining the Investor Office, Denise worked in the Compliance and Registrant Regulation branch of the OSC and was involved in important policy and operational work. Denise's unique background positions her to provide a balanced perspective on policy matters.



**GORDON (GORD) KERR**  
MANAGER, INVESTOR  
ENGAGEMENT AND OUTREACH

Gord is the Manager of Investor Engagement and Outreach, whose team develops and executes investor education and outreach programs and initiatives such as [GetSmarterAboutMoney.ca](http://GetSmarterAboutMoney.ca) and OSC in the Community.

Gord's background includes client engagement and outreach within the financial services sector, including digital and social media programming and the delivery of a financial literacy website for a major bank. In addition, Gord helped establish the Parent Engagement Office within the Ontario Ministry of Education.



**JAMES (JASON) STEWART**  
SENIOR ADVISOR

As Senior Advisor in the Investor Office, Jason Stewart provides insights into emerging investor issues and trends, and assists with innovative investor research projects.

Jason's long-standing interest in research and policy includes work at the C.D. Howe Institute, Bank of Canada and Queen's Park. He also spent more than 25 years in financial markets, including as head of government finance at two of Canada's major investment dealers.

Jason's current focus is on behavioural economics and finance concepts, together with lessons from their application in other jurisdictions, and how these offer potential opportunities for securities regulators to improve investor outcomes here in Canada.



( PICTURED FROM LEFT TO RIGHT )

**LINA CRETA**

SENIOR ADVISOR, POLICY

**BETHLEHEM (BETH) DEMISSIE**

PROGRAM COORDINATOR

**VICTORIA MARN**

ADVISOR, ONLINE CONTENT

**KEVAN HANNAH**

ADVISOR, INVESTOR POLICY COMMUNICATIONS

**DOMINI CANALES**

PROJECT AND BRANCH COORDINATOR

**CHRISTINE (CHRIS) ALLUM**

SENIOR ADVISOR, INVESTOR ENGAGEMENT AND  
STAKEHOLDER PARTNERSHIPS

**MICHELLE LA FLECHE**

SENIOR ADVISOR, COMMUNICATIONS

**JASON DURHAM**

SENIOR ADVISOR, DESIGN AND DATA ANALYTICS

THE  
OSC

3



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 OSC contributes to the health and performance of Ontario's economy by using its rule-making and enforcement powers to help safeguard investors, deter misconduct and regulate participants involved in capital markets in Ontario. It regulates firms and individuals who sell securities and provide advice in Ontario. It also regulates public companies, investment funds and marketplaces, such as the Toronto Stock Exchange.

The 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 Commission 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 Commission and its committees.

The Chair, each Vice-Chair and each member are separately appointed for a fixed term by the 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 ORGANIZATION

The Commission is supported by an Executive Director and Chief Administrative Officer, and more than 500 employees working in 16 branches and offices.

The Investor Office is one of eight regulatory operational branches that are responsible for the OSC's regulatory and policy-making activities. Several other branches and offices provide ongoing advice and support to the organization across a range of functions.

## YOUR OSC TEAM

The Commission is supported by an Executive Director and Chief Administrative Officer (CAO), as well as employees working in 16 branches and offices. The Executive Director and 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 Investor Office. Found here are short descriptions of the work each of them do.

### Regulatory Operations

**Compliance & Registrant Regulation** — responsible for regulating firms and individuals who are in the business of advising on 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.

**Derivatives** — responsible for developing a regulatory framework for over-the-counter derivatives trading in Ontario and compliance oversight of derivatives market participants.

**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 investigates and prosecutes violations of the *Securities Act* pursuant to the *Provincial Offences Act* before the Ontario Court of Justice.

**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.

**Investor Office** — sets the strategic direction and leads the OSC's efforts in investor engagement, education, outreach and research. The Investor Office also brings the investor perspective to policy-making and operations, and plays a key role in the oversight of the Ombudsman for Banking Services and Investments.

**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, clearing and settlement.

**Office of Mergers & Acquisitions** — responsible for overseeing merger and acquisition (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.

### Regulatory Advisory

**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.

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

**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.

**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, administrative law, corporate law and corporate governance.

**Strategy & Operations** — leads development of OSC strategic goals and priorities as well as economic and market research initiatives and the OSC's business planning policy prioritization and risk management processes.

### Corporate

**Communications & Public Affairs** — provides strategic advice and services to ensure the timely and effective communication of OSC priorities, policies and actions to external and internal stakeholders.

**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.

**Human Resources** — provides the OSC with strategic and operational advice and services relating to the planning, acquisition, development and engagement of OSC talent, and the planning and administration of the OSC's total compensation plan, performance management and overall organization development.





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**YEAR IN  
REVIEW**

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# OMBUDSMAN FOR BANKING SERVICES AND INVESTMENTS

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

A registered firm is required to document complaints and to effectively and fairly respond to them. 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 customers, OBSI can recommend compensation where warranted of up to \$350,000.

The Investor Office plays a key role in the oversight of OBSI at the Ontario Securities Commission (OSC).

## MEMORANDUM OF UNDERSTANDING

In 2013, in conjunction with amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103) that required all registered dealers and advisers outside Québec to offer OBSI's services to their clients, the CSA and OBSI entered into a Memorandum of Understanding (MOU) that creates a framework for oversight and engagement.

The purpose of the oversight framework is to ensure that OBSI continues to meet the following standards set by the CSA: governance; independence and standard of fairness; processes to perform functions on a timely and fair basis; fees and costs; resources; accessibility;

systems and controls; core methodologies; information sharing; and transparency. It provides a framework for cooperation and information sharing between OBSI and the CSA, and also requires that OBSI undergo an independent evaluation within two years of the amendments to NI 31-103 coming into force and every five years thereafter.

## STANDARDS

1. **Governance** — OBSI's governance structure should provide for fair and meaningful representation on its Board of Directors and Board committees of different stakeholders, promote accountability of the Ombudsman and allow OBSI to manage conflicts of interest.
2. **Independence and standard of fairness** — OBSI should provide impartial and objective dispute resolution services that are independent from the investment industry and that are based on a standard that is fair to both registered firms and investors in the circumstances of each individual complaint. When determining what is fair, OBSI should take into account general principles of good financial services and business practice, and any relevant laws, regulatory policies, guidance, professional standards and codes of practice or conduct.
3. **Processes to perform functions on a timely and fair basis** — OBSI should maintain its ability to perform its dispute resolution on a timely basis and deal with complaints without undue delay and should establish processes that are demonstrably fair to both parties.
4. **Fees and costs** — OBSI should have a fair, transparent and appropriate process for setting fees and allocating costs across its membership.
5. **Resources** — OBSI should have the appropriate resources to carry out its functions and to deal with each complaint thoroughly and competently.
6. **Accessibility** — OBSI should promote knowledge of its services, ensure that investors have convenient, well-identified means of access to its services and provide its services at no cost to investors who have complaints.
7. **Systems and controls** — OBSI should have effective and adequate internal controls to ensure the confidentiality, integrity and competence of its investigative and dispute resolution processes.
8. **Core methodologies** — OBSI should have appropriate and transparent processes for developing its core methodologies for dispute resolution.
9. **Information sharing** — OBSI should share information and cooperate with the participating CSA members through the CSA designates in order to facilitate effective oversight.
10. **Transparency** — OBSI should undertake public consultations in respect of material changes to its operations or services, including material changes to its terms of reference or by-laws.

## JOINT REGULATORS COMMITTEE

At the time the MOU was signed, the CSA and OBSI agreed with the Mutual Fund Dealers Association of Canada (MFDA) and the Investment Industry Regulatory Organization of Canada (IIROC) to form the Joint Regulators Committee (JRC).

### The role of the JRC is to:

- facilitate a holistic approach to information sharing and monitoring of the dispute resolution process with an overall view to promoting investor protection and confidence in the external dispute resolution system.
- support the fairness, accessibility and effectiveness of the dispute resolution process.
- facilitate regular communication and consultation among JRC members and OBSI.

The JRC meets regularly with OBSI to discuss operational matters and other significant issues that could influence the effectiveness of the dispute resolution system.

**Members of the JRC are representatives from the CSA (currently, CSA-designated representatives are from British Columbia, Alberta, Ontario and Québec), IIROC and the MFDA. The JRC meets regularly with OBSI to discuss operational matters and other significant issues that could influence the effectiveness of the dispute resolution system.**

**On April 7, the CSA, IIROC and the MFDA jointly published CSA Staff Notice 31-344 *OBSI Joint Regulators Committee Annual Report for 2015* to serve as the second annual report of the Joint Regulators Committee of the Ombudsman for Banking Services and Investments. The report provided an overview of the JRC and highlighted the major activities conducted by the JRC in 2015.**

## OVERVIEW OF JRC ACTIVITIES IN 2015

**As published in CSA Staff Notice 31-344, during the second year of the establishment of the JRC, four meetings were held: in February, May, August and December. The meetings provided the JRC with an opportunity to be updated by OBSI on specific matters, as directed by the MOU.**

**There was a change in OBSI's CEO in 2015. Douglas Melville, the Ombudsman and CEO of OBSI, left his position at the end of May. The Board of Directors selected Sarah Bradley as the new Ombudsman and CEO, effective September 14, 2015. The Board Chair kept the JRC apprised of the process in place to ensure a smooth transition of executive-level positions, and to certify that OBSI's effectiveness was not adversely affected by a delayed transition.**

## The following matters were considered and advanced by the JRC:

- 1** **Form of quarterly reporting by OBSI to JRC and operational issues**  
The JRC and OBSI established an enhanced standardized form of quarterly reporting to contribute to the monitoring of complaint trends and patterns, with more detailed information now being provided. One of the data points reported is the length of time it takes OBSI to conclude complaints. OBSI reported that its process enhancements resulted in meeting the 180-day timeline standard set by its Board of Directors (80 per cent of case files closed within 180 days). In addition, in 2015, the backlog that had built up from an increase in OBSI's caseload, arising from the 2008 market conditions, was cleared. Other data points reported include the amounts recommended by OBSI and the actual amounts paid by firms.
- 2** **Compensation refusals**  
The JRC reviewed the compensation refusals published by OBSI. While OBSI recommendations are not binding, the JRC expects firms to act in good faith when participating in the OBSI processes. The JRC will continue to monitor compensation refusal cases and consider patterns and issues they raise.

- 3** **Systemic issues protocol**  
Given the removal of the investigation of systemic issues from the OBSI terms of reference, the MOU provides for reporting by the Chair of OBSI's Board of Directors about issues that appear likely to have significant regulatory implications, especially issues that appear to affect multiple clients. In 2015 the JRC finalized with OBSI a protocol to define potential systemic issues and to set out a regulatory approach to address these issues when reported by OBSI.

- 4** **Transitioning of new members to OBSI**  
The JRC monitored the completion of the transitioning of new members to OBSI.

- 5** **Independent evaluation of OBSI**  
The MOU requires that an independent review of OBSI's operations and practices on the investment side of OBSI's mandate commence within two years of the amendments to NI 31-103 coming into force (by May 1, 2016). After issuing a request for proposal in October 2015 and evaluating the candidates, OBSI's Board of Directors appointed Deborah Battell of Headway Consulting to be their evaluator. The appointment of her team was approved by the CSA in consultation with the JRC.

## INDEPENDENT EVALUATION

As per the MOU, an independent evaluator conducted a review of OBSI's operations and practices under its investment mandate. OBSI made the evaluator's report, *Independent Evaluation of the Canadian Ombudsman for Banking Services and Investments' (OBSI) Investment Mandate*, public on June 6, 2016.

The report sets out 19 main recommendations (summarized in section 16 of the report). The review found that OBSI meets the requirements of the MOU with the CSA and has performed well within its current mandate. Decisions were found to be fair and consistent, and OBSI was found to be impartial and fair to both firms and investors. The review also found that OBSI had made significant progress since the last review in 2011, particularly with respect to governance, mandate expansion and the elimination of the complaints backlog.

However, the report also included a number of recommendations for change, including:

- **That OBSI be enabled to secure redress for customers, preferably by empowering OBSI to make awards that are binding on the firm, and on the customer if they accept the award, accompanied by an internal review process.**
- **That OBSI include a public policy function within its stakeholder relations team to prepare formal submissions on relevant regulatory or legislative proposals, and respond to regulatory requests for advice on the effectiveness of existing regulation.**
- **That the OBSI Board supports a strategic approach to ombudsmanship, incentivising staff to use the intelligence gained from cases to provide suitable additional services to participating firms and guidance to customers.**

## PREVIOUS INDEPENDENT REVIEWS

The 2016 independent review of OBSI is the third one that has taken place, though this time the review was only for OBSI's investment mandate. The Navigator Company (Australia) conducted both the first and second independent reviews in 2007 and 2011, respectively.

Following consideration of the 2011 report and a public consultation process, the CSA amended NI 31-103 to require all registered dealers and advisers to use OBSI as the common dispute resolution service, except in Québec where the mediation regime administered by the Autorité des marchés financiers continues to apply.

Requiring that OBSI's independent dispute resolution services be made available to clients is an important component of the CSA's investor-protection framework. The CSA determined it was appropriate to extend this mandate for exempt market dealers, portfolio managers and scholarship plan dealers, whom CSA members directly oversee. The amendments to NI 31-103 hold all registered dealers and advisers (outside of Québec) to the same requirement. Self-regulatory organizations had already mandated their members to make OBSI's services available to their clients and this requirement continues to apply.

## JRC RESPONSE

In response to the release of the independent evaluator's report, the JRC issued a statement in June affirming its members' strong support for OBSI as the dispute resolution service for the investment industry and outlined next steps:

*"An effective and fair dispute resolution system is an important component of the investor protection framework. The members of the JRC strongly support OBSI as the dispute resolution service, and expect registrants to abide by their obligations by participating in OBSI's services in a manner consistent with their obligations to deal fairly, honestly and in good faith with their clients.*

*The Canadian Securities Administrators (CSA) and JRC have now received a copy of the report of the independent evaluators delivered*

*to the OBSI Board, and we thank them for their work on this project. The JRC will be meeting with OBSI staff later in June, and the OBSI Board in September, where we expect to learn more about OBSI's position on the report's findings and recommendations. In the meantime, we will begin analyzing the findings and recommendations, along with other stakeholder input, in considering next steps in response to the report."*

# RESEARCH

Investor research is key to improving our knowledge and understanding of important investor needs and issues, and the Investor Office has undertaken or participated in a number of research initiatives over the past year.

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.

In June, the Investor Office established a [new online research panel capability for the OSC](#). With the OSC now having access to almost 40,000 active survey panelists from across the country, studies can be in the field in as few as 48 hours, with results provided within a week, allowing for much more targeted and timely investor research.

In June, the [2016 CSA Investor Education Study](#) was released by the CSA Investor Education Committee, of which the OSC is a member. The study found that there has been a steady increase since 2006 in the percentage of Canadians working with a financial advisor, from 43 per cent in 2006 up to 56 per cent this year. In addition, when it comes to researching investments, most investors rely primarily on their advisor for information. 70 per cent of investors used their investment advisor as a source when they last looked for investing information, higher than any other information source. Other sources of investing information included media outlets (27 per cent), bank or financial institution websites (26 per cent), and family and friends (26 per cent).

The 2016 CSA Investor Education Study is the fourth survey on investment knowledge, investor behaviour and incidence of investment fraud among Canadians. Previous surveys were conducted in 2006, 2009 and 2012. The 2016

study also included questions around barriers to informed investing behaviour, access to investing information and reviews of risk tolerance.

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As outlined in greater detail elsewhere in this report, the Investor Office will be publishing research by the end of fiscal 2016-17 that examines behavioural economics, [behavioural finance and behavioural sciences concepts](#) and how they are applied in other jurisdictions, with a view to identifying how they might be incorporated into Canadian securities regulators' own work. As part of the study, the Investor Office will be engaging in interviews of leading behavioural academics and practitioners, as well as engaging with international colleagues who participate with the Director on the International Organization of Securities Commissions Committee on Retail Investors (C8).



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In September, the Investor Office released *Retirement Readiness: Canadians 50+*, research that examined issues around retirement readiness and retirement security. The study revisited some of the findings from a similar OSC study released in June 2015 (*Financial Life Stages of Older Canadians*).

**Key findings of the 2016 study include:**

- In Ontario, nearly half (48 per cent) of pre-retirees 50 years of age and older do not have a plan for retirement savings. This is slightly better than the 56 per cent nationally who indicate they do not have a plan.
- Among Ontario pre-retirees, one in five (17 per cent) have not yet started to save money for retirement. Nationally, 22 per cent of pre-retirees ages 50 and over haven't started to save for retirement.
- Three in 10 (32 per cent) have no idea how much money they will need to save to help fund their retirement. That rises to nearly four in 10 (38 per cent) nationally.

# SENIORS

## SENIORS STRATEGY

Seniors are an extremely important and growing segment of investors whose needs and issues demand attention. By 2031, the number of seniors will almost double to nine million people, representing close to one quarter of Canada's population<sup>1</sup>. Changing demographics are posing a challenge for regulators and the financial services industry. Canadians are working longer and living longer. The ongoing shift from defined benefit to defined contribution pension plans – if any pension plan at all – and the long-running low-interest-rate environment are causing policy-makers to consider new ways to strengthen retirement security. As well, for many people, aging can be accompanied by health, mobility or cognitive challenges that may impact the way they interact with financial service providers and make them more susceptible to financial abuse.

As part of the OSC's continued efforts to deliver strong investor protection and responsive regulation, the Investor Office is charged with the development of the OSC's seniors strategy.

Protecting older investors is a priority for the OSC, and we are focused on addressing the issues of older investors in a more comprehensive way, including policy, outreach, training and education.

We know that we can't do it alone. In this past year, the Investor Office has made great strides in establishing partnerships with organizations engaging with older investors, to better understand their unique needs and issues. We also commissioned a new study on retirement readiness for Canadians ages 50 and over, which revealed that over half of Canadians do not have a plan for retirement savings, reinforcing the key findings of a study the OSC conducted a year

ago. We also want to recognize the efforts of the OSC's Investor Advisory Panel, an independent advisory committee created by the OSC in 2010, for their seniors roundtable in 2014 that brought together experts and stakeholders to develop a common understanding of seniors' issues to help create a stronger environment for protecting senior investors.

In response to the challenges of an aging population, regulators are pursuing different approaches for protecting older investors. Improving outcomes for older investors will require commitment and action from all stakeholders, and we believe that creating a comprehensive strategy requires the right people around the table. As such, the Investor Office and OSC announced the creation of the Seniors Expert Advisory Committee in June.

<sup>1</sup> Government of Canada. National Seniors Council (2016).

## SENIORS EXPERT ADVISORY COMMITTEE

The newly created Seniors Expert Advisory Committee (SEAC) serves as a forum to discuss and address older investors' needs.

The SEAC advises staff on securities-related policy and operational developments that impact older investors and provides input on the OSC's related education and outreach activities. The SEAC is constituted for a one-year period and will meet approximately four to six times each year. The committee is chaired by the Director of the Investor Office.

Members of the SEAC represent a variety of disciplines including law, academia, industry, medicine, enforcement and seniors' advocates.

"The Seniors Expert Advisory Committee will give the OSC access to a multidisciplinary team of experts on issues related to older investors, providing us with valuable input on our seniors strategy, an important initiative for the OSC."

**Maureen Jensen,  
Chair and CEO of the OSC**

The first members of the Seniors Expert Advisory Committee are:

### **Ellen Bessner**

Ellen Bessner is a litigator at Babin Bessner Spry LLP with over 25 years of experience working with investment and insurance industry participants. She is also the author of the best-selling book *Advisor at Risk: A Roadmap to Protecting Your Business*.

### **Jan Dymond**

Jan Dymond is the Chair of the Vulnerable Investors Task Force at the Investment Funds Institute of Canada (IFIC) and Vice President, Public Affairs at IFIC, possessing over 35 years of communication and government-related experience.

### **Arthur Fish**

Arthur Fish is a lawyer with over 25 years of experience working with elderly clients in both the public and private sectors. He previously worked with the Mental Competency Clinic at the Baycrest Centre for Geriatric Care, served as Chair of the Ontario Mental Health Foundation, and was a member of the Consent and Capacity Board.

### **Patricia Fleischmann**

Patricia Fleischmann is a retired veteran of the Toronto Police Service who spent the last 16 years of her career as the Vulnerable Persons' Coordinator. She is the co-chair of the National Initiative for the Care of the Elderly's Law and Aging Theme Team. Patricia has served as an elder abuse educator for police and non-law enforcement audiences across Canada and internationally. She is also a founding member of Law Enforcement Agencies Protecting Seniors.

### **Alan Goldhar**

Alan Goldhar has spent almost 20 years as the Chief Investment Officer for Ontario's Office of the Public Guardian and Trustee, managing \$1.5 billion in investments for more than 13,000 clients, most of whom are seniors. In 2001, he was awarded with the honour of Fellow of the Financial Planning Standards Council. Alan is also a former member of the OSC's Investor Advisory Panel.

### **Dr. Amanda Grenier**

Dr. Amanda Grenier is an Associate Professor at McMaster University's Department of Health, Aging and Society and Director of the Gilbrea Centre for Studies in Aging. She has collaborated with seniors' councils and service

organizations dedicated to improving the lives of older people, including the Hamilton Age-Friendly City Project, as well as the Notre-Dame-de-Grâce Senior Citizen's Council and Black Council on Aging in Montréal.

### **Neil Gross**

Neil Gross is the Executive Director of the Canadian Foundation for Advancement of Investor Rights (FAIR Canada). He has been a lawyer for over 30 years, during which time he has represented investors across Canada in hundreds of disputes involving every major investment product category.

### **Marta C. Hajek**

Marta C. Hajek is the Director of Operations with Elder Abuse Ontario (EAO), an organization mandated to oversee the implementation of the Ontario Strategy to Combat Elder Abuse. Prior to joining EAO, Marta coordinated the rollout of the 211 Information and Referral Service in Ontario and served as the Executive Director of the Ontario Gerontology Association.

### **Patricia Kloepfer**

Patricia Kloepfer is the Vice-President of Compliance and Chief Compliance Officer for Investors Group's mutual funds and securities dealers, which actively monitors regulatory developments related to seniors and vulnerable clients.

### **Wanda Morris**

Wanda Morris is the Chief Operating Officer and Vice-President of Advocacy for CARP. She oversees CARP's advocacy priorities, which include retirement income security and investor protection. Wanda has been a CPA for three decades, including seven years with PriceWaterhouseCoopers in Vancouver and Melbourne, Australia.

### **Lindsay Rogan**

Lindsay Rogan represents the Portfolio Management Association of Canada (PMAC), where she serves on the PMAC Practices and Standards Committee. Lindsay also serves as the Managing Director and Chief Compliance Officer of Rogan Investment Management Limited, where she works with senior clients and their families, often dealing with very complicated family trust, estate and tax issues.

### **Bonnie Rose**

As Chief Executive Officer and Registrar for the Retirement Homes Regulatory Authority, Bonnie Rose leads the organization in administering the Retirement Homes Act for the protection, safety and wellbeing of approximately 55,000 seniors living in over 700 Ontario retirement homes.

### **Greg Shaw**

Greg Shaw is the Director of International and Corporate Relations for the International Federation on Ageing. He has previously held senior management positions within the Australian Commonwealth Department of Health and Ageing, where he was responsible for the regulatory regime associated with quality of care and certification programs in both residential and community care services.

### **Dr. Samir Sinha**

Dr. Samir Sinha is the Director of Geriatrics of the Sinai Health System and University Health

Network Hospitals in Toronto. He has consulted and advised governments and health care organizations around the world and is the Architect of the Government of Ontario's Seniors Strategy.

### **Laura Tamblyn Watts**

Laura Tamblyn Watts is a lawyer who focuses on elder law issues. She is a senior fellow at the Canadian Centre for Elder Law and a past long-time national director. She is also the past Chair of the Canadian Bar Association's National Elder Law section. Laura is a board and founding member of the NICE network, a co-facilitator of the World Study Group on Elder Law, a member of the Ombudsman for Banking Services and Investments Board of Directors and former board member of FAIR Canada.

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We look forward to our continued progress on the year ahead with the development of the seniors strategy and our work with the SEAC.

Members of the SEAC represent a variety of disciplines including law, academia, industry, medicine, enforcement and seniors' advocates.

# BEHAVIOURAL FINANCE

The Investor Office will publish research by the end of fiscal 2016-17 that examines how behavioural economics and finance concepts and insights are applied in other jurisdictions, with a view to identifying how they can best be incorporated into our own work.

The use of behavioural economics among policy-makers and regulators has increased significantly over the past 10 years. Numerous jurisdictions across North America, Europe and Asia have introduced behaviourally-informed policies and regulation initiatives that take a fundamentally different approach to consumer markets.

Behavioural economics combines psychology and economic research to examine the influences that affect how people make decisions. It recognizes that people are often uncertain about their choices and can make mistakes given their biases and the limits of





## Behavioural economics and finance research demonstrates that we are frequently not rational and often make mistakes.



their rationality, time and willpower. This is especially the case for complex decisions that have long-term consequences that can be tough to assess, such as planning and saving for retirement.

The Investor Office's report will explore how behavioural economics and finance are shaping policy and regulation in major jurisdictions relevant to Ontario. The report will highlight key aspects of both disciplines and examine how leading practitioners are using them to improve policy and regulatory approaches.

We are often poor predictors of our future behaviour, and our choices are affected by our physiological and emotional states. Being human, we have understandable limits on our thought processes, time available and willpower. Given these limits, we use mental shortcuts or "rules of thumb" for most of our daily and other decisions. Yet traditional economic theory assumes that we are always logical in our behaviour and have rational expectations when making choices. Behavioural economics and finance research demonstrates that we are frequently not rational and can make mistakes, particularly when faced with challenging or complicated decisions that have long-term impacts.

People's thinking often lacks knowledge about the consequences of their choices or feedback

about their behaviour. Their decisions are commonly made with uncertainty and are affected by the context in which they make them. People also have significant limits on their attention and are influenced by readily available information, whether that information generates good or bad feelings, and whether they perceive the information as novel or relevant to making a decision.

Academics such as Daniel Kahneman, Richard Thaler, Cass Sunstein and Dan Ariely have shown that people's decision-making abilities are affected by a number of biases and other influences, such as social norms (like fairness and reciprocity) and social environments (like peer pressure). These biases and other factors can often be predicted, and therefore offer useful insights for regulators and others.

# INVESTOR ADVISORY PANEL

The Investor Advisory Panel (IAP) – an independent committee funded by the OSC to advocate for retail investors in the development of regulatory policy – plays an important role in ensuring that investor perspectives are considered and addressed. Its mandate is to solicit and represent the views of investors on the OSC’s policy- and rule-making initiatives.

The IAP conducts its activities without direction or influence from the OSC. The Investor Office serves as the general liaison between the IAP and the OSC and serves as Secretary to the IAP. The Office provides administrative support to IAP activities and facilitates requests for staff briefings or research information conducted by, or available to, the OSC on specific policy- and rule-making initiatives.

## RESEARCH

In November 2015, the IAP published ***Current Practices for Risk Profiling in Canada and Review of Global Best Practices***, independent research prepared by Shawn Brayman, President of PlanPlus Inc., along with co-authors Dr. Michael Finke, Texas Tech University; Ellen Bessner, Babin Bessner Spry LLP; Dr. John E. Grable, University of Georgia; and Dr. Paul Griffin, Humber Institute of Technology and Advanced Learning.

PlanPlus Inc. was engaged by the IAP to perform research into the current practices in the Canadian marketplace that are used to determine a client’s risk profile and to evaluate these practices compared to best practices globally.

This report is a summary of the outcomes of that research, which is comprised of: an academic literature review; a regulatory review that included Canadian and international regulators; a review of current solution providers; and a review and analysis of current practices in Canada. The latter included a survey of investment advisors’ use of a standard risk assessment questionnaire (responses were received from 338 advisors); a similar survey of firms and their compliance departments; and an analysis of 36 risk profiling questionnaires currently in use by a variety of firms in various sectors of the industry.



“We have seen positive changes at the OSC over the last year and these are most evident in the collaborative relationship that has evolved between the Commission and the Panel, including our work during the year with the newly refocused OSC Investor Office.”

- Ursula Menke, IAP Chair, in the release of the IAP's 2015 Annual Report



**The research found:**

- there is a confusing and universal lack of existence or consistency of the definitions of risk concepts and a lack of understanding of the factors involved in risk profiling.
- almost all regulators surveyed are principles-based and provide little guidance on how a firm or advisor should arrive at the determination of a risk profile. They all recognize and rely on the professional judgment of the advisor and the "process" created by the advisor or firm to determine a consumer's risk profile. No regulator provides clear guidance on how to combine the multiple factors and form a client risk profile.
- risk questionnaires are most widely used in retail channels using mutual funds and less so in wealth management and portfolio manager channels.
- over 53 per cent of respondents to the advisor survey indicated that between 76 and 100 per cent of their clients had completed a risk questionnaire. Almost half of the firms reported that risk questionnaires were developed in-house and another 36 per cent said that advisors could choose their own risk profiling methodology. Only 11 per cent of firms could confirm that their questionnaires were "validated" in some way.
- most of the questionnaires (83.3 per cent) in use by the industry are not fit for purpose: they have too few questions, poorly worded or confusing questions; they use arbitrary scoring or outright poor scoring models; and/or they merge multiple factors (75 per cent) without clarity. 55 per cent had no mechanism to recognize risk-averse clients that should remain only in cash.

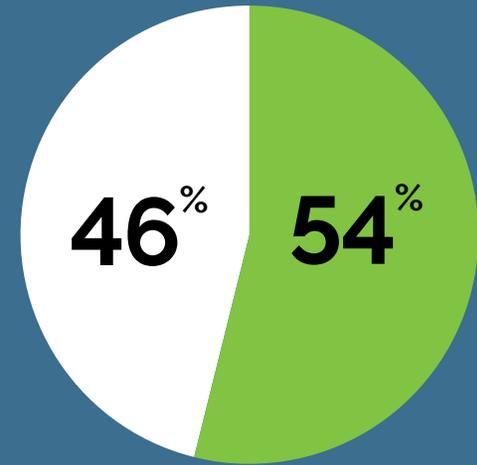
At the request of the IAP, the Investor Office arranged briefings on the research findings to members of the Canadian regulatory community, industry members and representatives and other interested parties to help ensure that these findings were well-known and understood.

## ROUNDTABLE

On September 28, 2016, the Investor Office jointly organized a roundtable with the IAP to explore the findings of the risk profiling research with key stakeholders and to provide insights on possible next steps to improve risk profiling used in the retail investment advice process. Led by an independent facilitator, the roundtable saw active discussion with participants from the financial services industry, academia, law, government, regulatory and investor advocacy organizations. Of the participants who provided written feedback about the roundtable, 100 per cent rated the event as “Excellent” or “Very good” (54 per cent “Excellent”) in achieving its objectives, and 100 per cent said that the event “Met” or “Exceeded” (67 per cent “Exceeded”) their expectations. A facilitator’s report summarizing the discussion is expected to be published in late fall.

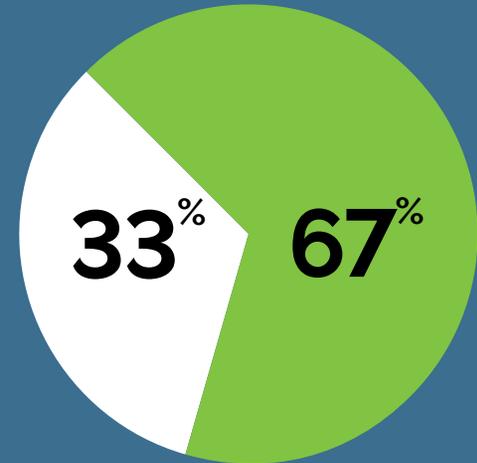
### Participant ratings:

**EXCELLENT** 54%  
**VERY GOOD** 46%  
**ADEQUATE** 0%  
**INADEQUATE** 0%



### Met expectations?

**EXCEEDED** 67%  
**MET** 33%  
**FELL SHORT** 0%



## IAP MEMBERS

The IAP currently consists of seven members, including the Panel Chair. Current IAP members are:

### **Connie Craddock**

Connie Craddock has considerable experience with issues related to Canadian investors as the former Vice-President of Public Affairs at the Investment Industry Regulatory Organization of Canada. She also has experience in consulting and communications in both corporate and government settings.

### **Letty Dewar**

Letty Dewar has been active in the financial industry since 1984, having previously served as Chief Compliance Officer for a major mutual fund company and as the Chief Operations Officer for a portfolio management group. She currently sits on the CFA Society Toronto's Portfolio Management Committee.

### **Harold Geller**

Harold Geller is a leader in the Financial Loss Recovery Group of McBride Bond Christian LLP and an expert on legal issues affecting financial advisors. He assists investors with the analysis of claims and the prosecution and settlement of claims in the civil courts and through the Ombudsman for Banking Services and Investments.

### **Ken Kivenko**

Ken Kivenko is a renowned investor advocate and the president and owner of Kenmar Associates, which assists investors with dispute resolution. He has established the well-used website CanadianFundWatch.com and is the Chair of the Advisory Committee of the Small Investor Protection Association.

### **Alison Knight**

Alison Knight is a life member and former board member of the Consumers Council of Canada. She has served on the boards of

numerous professional, regulatory and non-profit organizations and held senior executive positions with companies in the financial services sector.

### **Ursula Menke – Chair**

Ursula Menke has more than 30 years of experience in finance, law and regulatory matters, most recently as Commissioner of the Financial Consumer Agency of Canada, where she examined matters relating to federal consumer protection laws and focused on building a competitive marketplace.

### **Louise Tardif**

Louise Tardif spent 22 years as an investment advisor for National Bank Financial, where she was also manager of their Ottawa branch. She currently sits on several boards including the Board of Trustees of OPTrust, a pension plan with over \$16 billion in assets.

Complete biographies of IAP members can be found on the OSC's website. As well, visit the IAP **webpage** to read their submissions and **2015 Annual Report**.

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

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





# IOSCO



## IOSCO COMMITTEE ON RETAIL INVESTORS (C8)

The International Organization of Securities Commissions (IOSCO) Committee on Retail Investors (C8) was formed in June 2013. C8's primary mandate is to conduct IOSCO's policy work on retail investor education and financial literacy. Its secondary mandate is to advise the IOSCO Board on emerging retail investor protection matters and conduct investor protection policy work as directed by the IOSCO Board.

OSC staff led the original 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.

The Director of the Investor Office represents Ontario on C8 and is currently participating in several C8 working groups. The Québec Autorité des marchés financiers is the other Canadian jurisdiction on C8. The OSC has previously contributed to the C8 *Outreach to Retail Investors Concerning Regulatory Initiatives* report, as well as its *Sound Practices for Investment Risk Education* report.

C8 meets approximately three times each year. Meetings were held over the past year in London (United Kingdom), Sydney (Australia) and Istanbul (Turkey). The Istanbul meeting was a joint meeting held with the Organisation for Economic Co-operation and Development International Network for Financial Education.





# INVESTOR EDUCATION

Education is a core responsibility of the Investor Office, and we're modernizing the way we deliver it to investors to reflect the ways people today seek out and receive information. Through resources and initiatives like our award-winning investor education website [GetSmarterAboutMoney.ca](http://GetSmarterAboutMoney.ca), the bi-weekly Investor News newsletter, improved social media outreach and new tools like Fact Cards, we aim to raise the bar for investor education in Canada.

Over the past year, Investor Office resources, including [GetSmarterAboutMoney.ca](http://GetSmarterAboutMoney.ca), saw 4.49 million visits from users engaging with a variety of articles and tools, marking a 26 per cent increase over the previous year. This number rises to 4.80 million (35 per cent) when including the introductory video trilogy.

A refreshed and expanded social media strategy has also increased engagement and education among investors and other

stakeholders. People who follow Investor Office accounts on Twitter and Facebook increased by 33 per cent from a year ago, rising from 6,331 at the end of October 2015 to 8,402 as of October 31, 2016. The Investor Office's Twitter account also became verified this past September, gaining a blue checkmark that lets people know the account is authentic, encouraging more users to find and connect with the Investor Office.

One of the biggest investor education initiatives this year was the launch of Fact Cards – free digital cards containing unbiased information on investment topics that can be embedded on third-party websites. These cards provide information on recognizing investment fraud, understanding mutual funds, preventing elder financial abuse, checking the registration of a financial advisor, and many other topics that help Canadians make informed decisions about their money.

21 organizations and individuals – from the financial industry, consumer and investor representatives, law enforcement, educational partners and others – partnered with and supported the Investor Office for the launch of Fact Cards. By sharing Fact Cards and encouraging their use across other sectors and industries, the Investor Office has increased Canadians' access to important factual information from a trusted source, while also reducing the need for organizations to produce their own similar content.

Ahead of Ontario's new equity crowdfunding rules that came into effect in early 2016, the Investor Office developed [CrowdfundOntario.ca](http://CrowdfundOntario.ca), an interactive guide to help Ontario investors understand how equity crowdfunding works and learn about the risks associated with crowdfunded offerings. Visit [CrowdfundOntario.ca](http://CrowdfundOntario.ca) to see the guide.

Other Investor Office initiatives throughout the year included launching a new TFSA calculator, opening the Toronto Stock Exchange in early September to mark the start of "back to school" season for investors, participating in a series of explanatory videos around Client Relationship Model — Phase 2 (CRM2) amendments with The Globe and Mail's Rob Carrick, and publishing a suite of new articles and resources on [GetSmarterAboutMoney.ca](http://GetSmarterAboutMoney.ca). Looking ahead, we will be launching a new, mobile-friendly version of [GetSmarterAboutMoney.ca](http://GetSmarterAboutMoney.ca) in early 2017, making it easy for investors to access the site's tools and resources from their tablets and mobile devices.

## CSA INVESTOR EDUCATION COMMITTEE

The Investor Office continues to work collaboratively with other provincial and territorial securities regulators across Canada to deliver investor education from coast to coast. Through its participation in the CSA Investor Education Committee, the Investor Office helps contribute to national campaigns and initiatives that address timely topics that have an impact on investors across the country.

In May, the Investor Education Committee met to develop action plans for the upcoming year, including a campaign in conjunction with the CSA Enforcement Committee to alert investors about the risks of binary options trading platforms, a campaign promoting the changes introduced with CRM2, a year-long plan to promote the National Registration Search tool and a check registration campaign during Fraud Prevention Month in March 2017.

# INTRODUCING Equity Crowdfunding

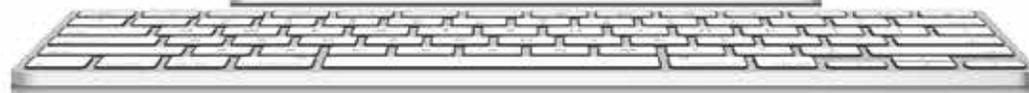
A PRIMER FOR ONTARIO INVESTORS



## ABOUT CROWDFUNDING

At its core, crowdfunding is a simple concept: an individual or organization can raise money over the internet by asking a large number of people each for a small contribution. There's a long history of projects and initiatives that have been funded through crowdfunding campaigns, but using this concept as a model for investing is something that's new for Ontario, and it comes with a number of risks and caveats that potential investors need to know about.

You may have participated in a crowdfunding project in the past, but you likely received a gift or some other token of appreciation in exchange for your pledge. That's because there are a few different types of crowdfunding models, and each is distinguished by what (if anything) you received in return for your money.



# AVOIDING FRAUD





The Investor Office plays an important role in educating investors about how to better protect themselves against fraud.

A major initiative of ours was the creation and launch of a media campaign that reminded investors to always check the registration of any person or business seeking an investment or offering investment advice.

Created in-house, an advertisement tied to [CheckBeforeYouInvest.ca](http://CheckBeforeYouInvest.ca) has been running since March, including in *The Globe and Mail*, *Metro* (Toronto and Ottawa) and various other local and cultural newspapers across the province.

As part of the campaign, the Investor Office also refreshed the OSC's [CheckBeforeYouInvest.ca](http://CheckBeforeYouInvest.ca) website. Our overall Fraud Prevention Month activities in March also included holding two OSC teletownhalls dedicated to protecting against frauds and scams, distribution of OSC anti-fraud Fact Cards, leading the CSA's Fraud Prevention Month activities on the Investor Education Committee, social media campaigns, and the launch of an anti-fraud video in partnership with the Competition Bureau.

# HAMILTON NORTH YORK KITCHENER BELLEVILLE THUNDER BAY ST. CATHARINES INVESTOR OUTREACH PETERBOROUGH ABERFOYLE SUDBURY VAUGHAN WOODBRIDGE ENNER TORONTO CAMBRIDGE TOBIAS

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, now led by the Investor Office with participation of Enforcement staff, brings OSC staff to communities across Ontario to deliver investor seminars and meet with community organizations that are impacted by or have an interest in investor issues.

Aimed primarily at seniors, new Canadians and vulnerable investors, the Investor Office's OSC in the Community events took place in Aberfoyle, Belleville, Cambridge, Fergus, Hamilton, Mississauga, Markham, Owen Sound, Peterborough, Richmond Hill, St. Catharines, Sudbury, Thornhill, Thunder Bay, Toronto (Downtown, Etobicoke, North York, Scarborough), Vaughan and Windsor.

The OSC, together with the Canadian Anti-Fraud Centre, presented a half-day workshop on *How to Protect Your Money* in Thunder Bay. This

workshop was also webcast live (and archived) to satellite locations in Nipigon, Sioux Lookout, Fort Hope (Eabametoong First Nation), Geraldton and Thunder Bay.

Many events were organized with new partners including the Competition Bureau, Elder Abuse Ontario and many others.

OSC in the Community 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.

During the Investor Office's first year, the number of people who attended OSC in the Community events increased by 486 per cent over the previous year, from 274 to 1,605.

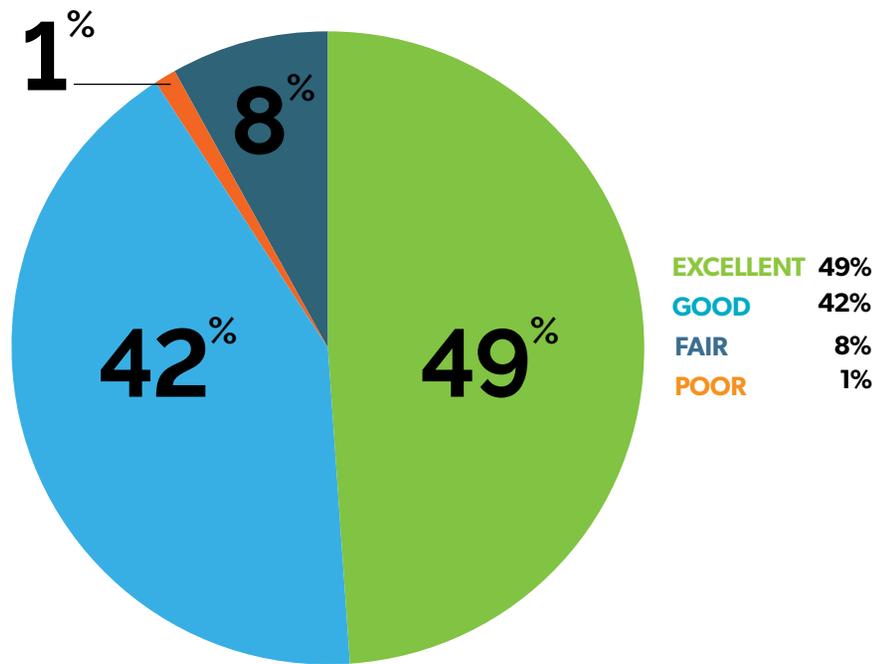
Over the past year we have also introduced new technologies and approaches to meet investors where they are. In March, we introduced a new teletownhall program, which is similar in format

to a call-in radio show, with OSC staff providing information, answering questions and conducting live polls over the course of one hour.

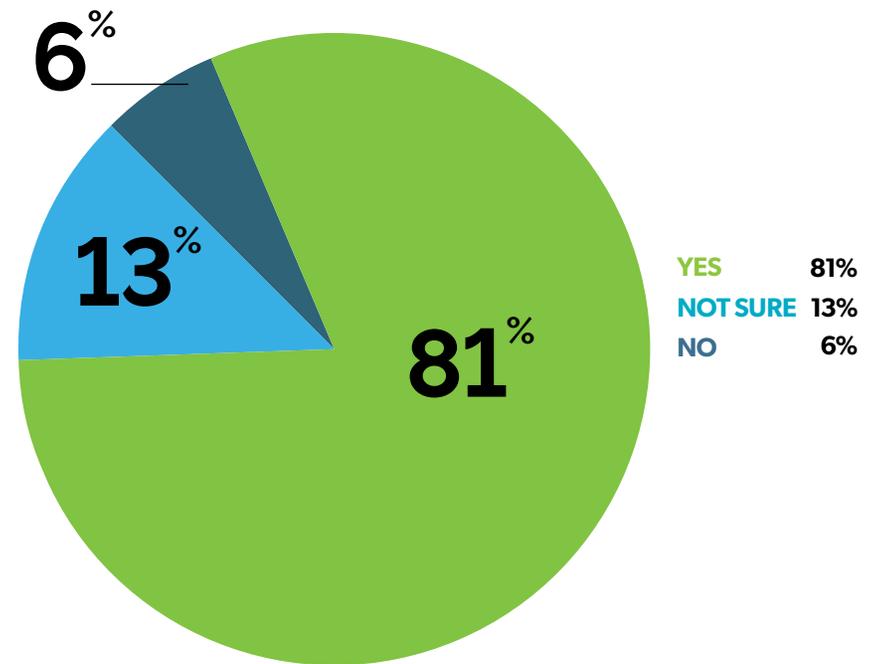
The first two OSC teletownhalls were conducted as part of our Fraud Prevention Month activities, with another two following in June and October for Seniors Month and Investor Education Month, respectively. 80,000 people from all across Ontario received messages informing them that the OSC was hosting the event, and providing the topics and agenda, and details on how to participate. Approximately 2,000 people participated in the first four teletownhalls for a meaningful amount of time. People who asked questions during the teletownhalls came from towns and cities such as Meaford, Beamsville and other places that we haven't yet visited in person as part of our OSC in the Community events.

Combined, the Investor Office reached 3,605 people through OSC in the Community and teletownhalls in our first year, an increase of 1,216 per cent over the previous year.

“Please rate today's telephone townhall.”



“Do you now feel you have more information on what to do if approached about a fraud or scam?”



# INVESTOR NEWS

The Investor Office refreshed and relaunched its Investor News newsletter, substantially increasing the frequency of publication and amount of content in each issue. Almost 6,500 investors, industry participants and other stakeholders are subscribed to stay informed about the latest investor initiatives, educational resources, topical issues, key dates and investor warnings and alerts.

Investors, industry participants and other stakeholders can visit [InvestorOffice.ca](http://InvestorOffice.ca) to sign up for Investor News and view past issues.

The screenshot shows the top of the Investor News newsletter. At the top right, it says "INVESTOR OFFICE" and "OSC ONTARIO SECURITIES COMMISSION". The main title is "Investor News" with the date "August 18, 2016". Below the title are three buttons: "NEWS / TOOLS", "RESOURCES", and "OSCAR'S TIPS".

The main content area features a large image of a group of people sitting on a grassy hill, looking out at a sunset over mountains. Below the image is the text "In case you missed it".

Below the image is a paragraph: "It's the dog days of summer, and what better time is there to get caught up on things you might have missed the first time they ran in *Investor News*. This edition features some of our most popular – and most clicked – articles, tools and information we've published since we launched the new Investor Office last October."

The next section is titled "Calculator" and features a calculator icon. The text reads: "Tools and Calculators In January we introduced our new TFSA Calculator. Our award-winning website [GetSmarterAboutMoney.ca](http://GetSmarterAboutMoney.ca) has many other popular tools and calculators, such as our Compound Interest Calculator, RRSP Saving Calculator, Mutual Fund Fee Calculator and the RESP Savings Calculator." There is a "Learn more" button and an image of a laptop, calculator, and notebook.

The final section is titled "Resources" and features a bar chart icon. It contains two columns of content. The left column has an image of a person in a white shirt pointing at a sign that says "CHECK BEFORE YOU INVEST" and the text: "Check Before You Invest The OSC and the Investor Office launched a media campaign reminding people to always check the registration of any person or business trying to sell you an investment or give you investment advice." The right column has a grid of icons representing various resources and the text: "Seniors Resources Seniors are an extremely important and growing segment of investors whose needs and issues demand attention. We've announced the creation of the [Seniors Expert Advisory](#)."



**MAUREEN JENSEN**  
CHAIR AND CEO

*"I'm very proud of the work that the Investor Office has accomplished since it re-launched last year. People are talking about the role the Office has been playing. Having an operational branch that's focused on delivering investor research, policy, education and outreach provides our organization with an important understanding of the issues facing investors, which then allows all areas of the OSC to fulfill our mandate to protect investors."*

Meet the OSC's new Chair and CEO  
**(Click here to go to interview)**

**LESLIE BYBERG**  
EXECUTIVE DIRECTOR AND CAO

*"The OSC is the only securities regulator in Canada to have an office such as the Investor Office prominently established in our organizational structure and taking part in important policy decisions. It's been exciting to see what its team has accomplished this last year."*

Meet the OSC's Executive Director and CAO  
**(Click here to go to interview)**





“If you say that part of your mandate is investor protection, you need to put your resources there. That’s why we created the Investor Office...”

Maureen Jensen, Chair and CEO, Ontario Securities Commission



## INVESTOR NEWS INTERVIEWS

Over the past year, the Investor Office sat down with many important people whose work impacts investors. In case you missed them, read their interviews. Click the links below to go to the interviews.

**Maureen Jensen, Chair & CEO of the OSC**

**Sarah Bradley, Ombudsman & CEO at OBSI**

**Tyler Bush, Manager of the OSC Contact and Inquiries Centre**

**Leslie Byberg, OSC Executive Director and CAO**

**Debra Foubert, OSC Director of Compliance & Registrant Regulation**

**Kelly Gorman, Chief of the Office of the Whistleblower**

**Susan Greenglass, OSC Director of Market Regulation**

**Neil Gross, Executive Director of FAIR Canada**

**Monica Kowal, Vice-Chair of the OSC**

**Naizam Kanji, Director of the OSC Office of Mergers & Acquisitions**

**Huston Loke, OSC Director of Corporate Finance**

**John Mountain, OSC Director of Investment Funds and Structured Products**

**Rozanne Reszel, President and CEO of the Canadian Investor Protection Fund**

**Grant Vingoe, OSC Vice-Chair and Chair of the OBSI Joint Regulators Committee**

**Lisa Wilkins, OSC Chief Human Resources Officer**

# NEW CANADIANS

## Introduction to Investing

A primer for new investors



### Investing for Your Future in Canada

There are investment options available to help you set money aside for your future needs, like buying a home, saving for your children's education or retiring comfortably.

These investment options fit into three main asset classes:

- Equity**  
Your investments include savings accounts, free-term deposits such as GICs, money market funds, RRSPs, TFSPs, Canada Savings Bonds, money market funds and government and corporate bonds.
- Fixed Income**  
Your investments include federal government and corporate bonds, money market funds, and preferred shares and other debt securities.
- Real Estate**  
Your investments include common stocks, some derivatives (options, futures, commodity swaps) and Leveraged Preferred Shares.

“Educating and protecting investors who are potentially vulnerable are priorities for the OSC. It’s important that investors have access to the information they need to better protect themselves against fraud, regardless of which language they speak.”

**Tyler Fleming,**  
Director, Investor Office

**InvestingIntroduction.ca** provides information in 19 different languages on topics such as Canadian investment products and terminology, warning signs of fraud, how to check advisor and firm registrations, the role of the OSC, our investor education website **GetSmarterAboutMoney.ca**, and how to contact the OSC with inquiries or complaints. This information is important for investors, and it’s not often provided in multiple languages.

The website was created in recognition of changing demographics in Ontario, and to better engage people who speak languages other than English or French. Visit the website at **InvestingIntroduction.ca**.

## Mutual funds: get the Facts

When you buy a mutual fund you will receive fund Facts. Learn how this document can help you understand your investment.

## 9 types of investment risk

When you invest, you're exposed to different types of risk. Learn more about some of these risks and how they can affect your investment returns.

## Types of prospectus exemptions

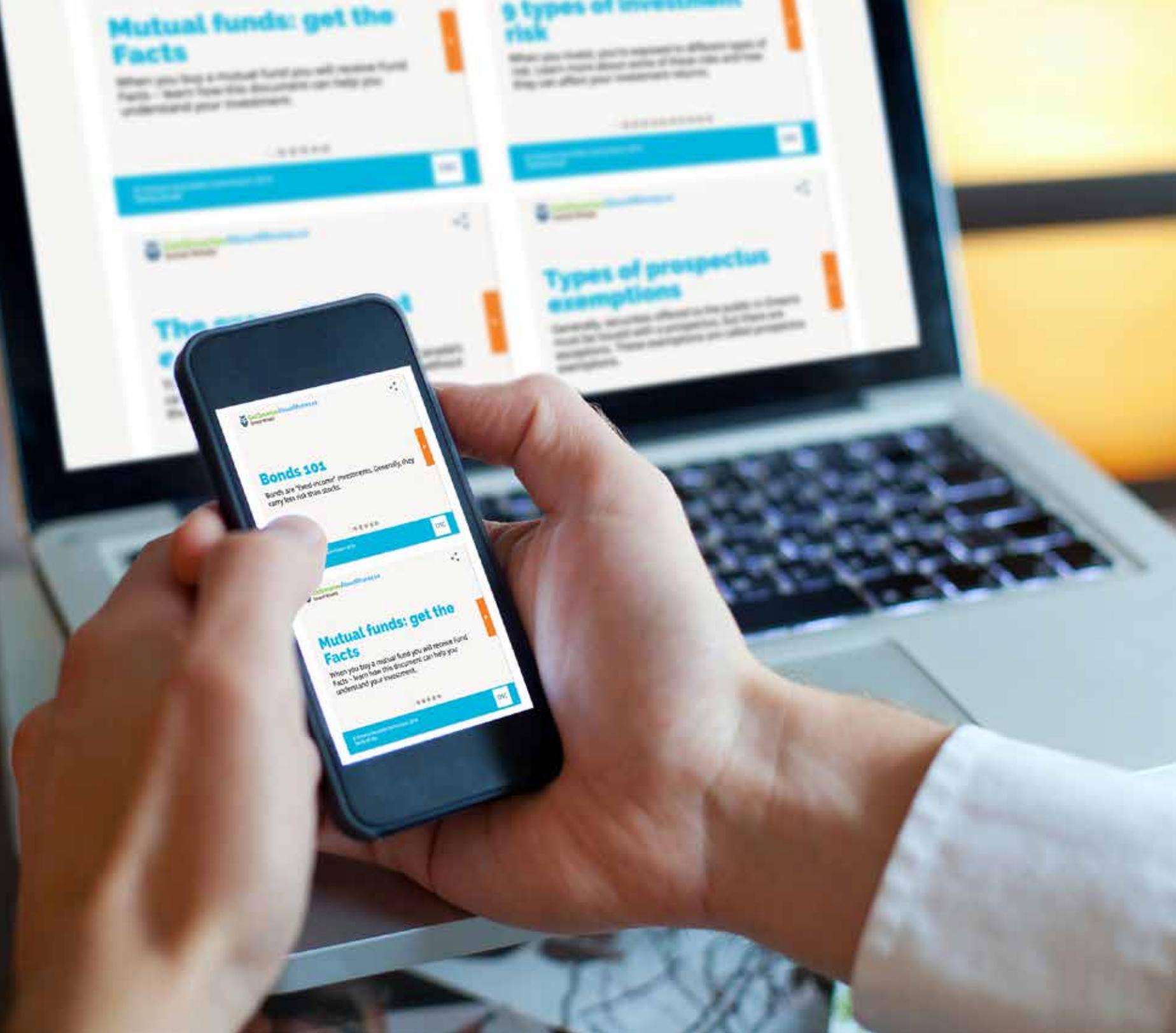
Generally, prospectuses offered to the public in Canada must be drafted with a prospectus. But there are exemptions. These exemptions are called prospectus exemptions.

## Bonds 101

Bonds are "fixed income" investments. Generally, they carry less risk than stocks.

## Mutual funds: get the Facts

When you buy a mutual fund you will receive fund Facts. Learn how this document can help you understand your investment.



# STAKEHOLDER PARTNERSHIPS

**More than 30 organizations are now supporting and partnering with the Investor Office.**

**For OSC in the Community, we often partner with groups such as Elder Abuse Ontario, Toronto Public Library and the Ontario Council of Agencies Serving Immigrants to offer seminars around the province.**

**The following 21 partners supported the February launch of the Investor Office embeddable Fact Cards:**

“Offering personal finance tips in an engaging way is an effective means to increase financial know-how. That is why I am thrilled with the step the Ontario Securities Commission is taking with these Fact Cards to deliver money management information to investors in a new and innovative way.” **Jane Rooney, Financial Literacy Leader, Financial Consumer Agency of Canada**

“Advocis wholeheartedly supports the launch of the OSC Investor Office’s Fact Cards initiative. We believe consumer education is fundamental to the financial well-being of Canadians. Our network of more than 11,000 members is well-positioned to share this valuable information with their clients and online communities.”

**Greg Pollock, President and CEO, Advocis**

“The Canadian Crime Stoppers Association (CCSA), which represents 108 Canadian Crime Stoppers programs providing Crime Stoppers coverage to over 4,500 communities, is pleased to be a partner of the Ontario Securities Commission Investor Office in providing investors and the general public with important information about not only investing but how to spot and prevent fraudulent activity. The Fact Cards will be embedded on our CCSA website and also on our social media accounts. We will also be encouraging our local programs across the country to include the Fact Cards on their websites.” **Ralph Page, President, Canadian Crime Stoppers Association**

“CETFA is pleased with the OSC’s Fact Card initiative. We believe targeted information is what investors (and advisors) are looking for, and given the Fact Cards’ succinctness, organizations will also be able to use them in partnership with their own presentations on similar topics. This strengthens any message firms are offering investors.” **Pat Dunwoody, Executive Director, Canadian ETF Association (CETFA)**

“The Canadian Network for the Prevention of Elder Abuse (CNPEA) is pleased to support OSC Investor Office efforts to develop innovative and user-friendly Fact Cards to raise awareness of financial literacy, fraud and financial abuse prevention. These new tools enhance accessibility of essential resources and information-sharing which aligns with the work of CNPEA and its national Knowledge Sharing Hub, where the Fact Cards will be promoted and available for distribution across Canada.” **Raeann Rideout and Pat Power, Canadian Network for the Prevention of Elder Abuse Board Co-Chairs**

“I am thrilled with the step the Ontario Securities Commission is taking with these Fact Cards to deliver money management information to investors in a new and innovative way.”

Jane Rooney, Financial Literacy Leader, Financial Consumer Agency of Canada

“Canadian Foundation for Economic Education (CFEE) has worked for many years with many groups in our society and one of the most common money issues we encounter is the anxiety so many Canadians have of being taken advantage of by others and putting their hard earned money at risk by making financial mistakes and misjudgements. We applaud the OSC for taking this initiative to help Canadians better protect their money, and avoid costly mistakes, by providing easy access to such helpful, simple-to-use, resources.” **Gary Rabbior, President and CEO, Canadian Foundation for Economic Education (CFEE) and Member of the National Steering Committee on Financial Literacy**

“There is strength in numbers and working together we can all make a difference in the effort to improve the financial literacy of Canadians. The OSC Investor Office ‘Fact Card’ initiative complements the actions of Chartered Professional Accountants of Canada and other

organizations striving to help Canadians gain the skills, understanding and confidence required to make informed financial choices.” **Cairine Wilson, vice-president, corporate citizenship, Chartered Professional Accountants of Canada (CPA Canada) and Member of the National Steering Committee on Financial Literacy**

“FAIR Canada strongly supports the OSC’s Investor Office in its efforts to bring key investor protection information to the attention of Canadians. The new Fact Cards are an innovative way to disseminate that information, and we hope they will be widely used to benefit the public.” **Neil Gross, Executive Director, FAIR Canada**

“The Federation of Mutual Fund Dealers is proud to be able to partner with the OSC in this important initiative that we hope will, through the wide dissemination of this information, go a long way in educating the investing public. A well-educated client is a better investor and a better client. We will encourage our membership

whose advisors count in the tens of thousands, to utilize these Fact Cards with their clients.” **Sandra Kegie, Executive Director, Federation of Mutual Fund Dealers**

“We are pleased to see the OSC’s Investor Office continue to evolve the delivery of its investor education content to best meet the needs of Canadian consumers.” **Cary List, President and CEO, Financial Planning Standards Council (FPSC) and Member of the National Steering Committee on Financial Literacy**

“The OSC’s Investor Office is providing great leadership in modernizing how we communicate with investors. IFIC and its members especially appreciate the Investor Office’s recognition of the important role the mutual funds industry and its network of advisors can play in helping to put these new easy-to-understand materials into the hands of investors.” **Joanne De Laurentiis, President and CEO, Investment Funds Institute of Canada (IFIC)**

# 21

The number of organizations that supported the Fact Cards and encouraged their use

“The features, accessibility and credibility of the OSC Fact Cards make them a useful education tool to gain information and insights on the investing process and financial markets. The Fact Cards will contribute importantly to investor confidence and market participation.”

**Ian Russell, President and CEO, Investment Industry Association of Canada**

“While investor education alone is not sufficient, it is still necessary in order to achieve better outcomes for investors. The Investor Office has accomplished much in a short period of time, and their multi-pronged efforts to get important information to investors through initiatives such as the Fact Cards are to be commended.”

**Ursula Menke, Chair, Investor Advisory Panel of the OSC**

“An important component of investor protection is arming consumers with tools to make sound financial decisions. The OSC Fact Cards will be a welcome addition to the resources IIROC provides to help investors make more informed choices and protect their financial interests. We are pleased to support our regulatory partner, the OSC, and applaud its initiative.”

**Andrew Kriegler, President and CEO, Investment Industry Regulatory Organization of Canada (IIROC)**

“Providing investors with access to meaningful information and enhancing investor knowledge, understanding and engagement are key initiatives under the MFDA’s strategic plan. The MFDA will be using the OSC’s Fact Cards as part of its investor education communications, and is pleased to be able to collaborate with the OSC in disseminating these resources to Canadian investors.” **Mark Gordon, President and CEO, Mutual Fund Dealers Association of Canada (MFDA)**

“This OSC Investor Office initiative is an innovative and pragmatic step towards financial literacy for Canadian investors. Industry can adopt these Fact Cards as part of their informational process of engaging investors, not only as a service for their clients, but to assist them in their clients’ lifelong path of becoming savvy investors.” **Cora Pettipas, Vice-President, National Exempt Market Association (NEMA)**

“Ontario’s police leaders applaud the Ontario Securities Commission Investor Office initiative to make their new Fact Cards available to Ontario’s police services and the communities we serve. Educating the public on smart investing of their money and taking steps to prevent fraud are key to this initiative.” **Ron G. Bain, Executive Director, Ontario Association of Chiefs of Police (OACP)**

“The new investor education Fact Cards represent a timely addition to Ontario educators’ financial literacy education toolkits. They will help to build greater understanding of the possibilities and pitfalls related to investments.”

**Francine LeBlanc-Lebel, President, Ontario Teachers’ Federation**

“PMAC applauds innovative and robust tools that promote financial literacy, raise awareness of investment topics and support our members’ communication with their clients. PMAC members can use the OSC’s new Fact Cards in communication with their own clients in promoting their general awareness and understanding of investment issues.” **Katie A. Walmsley, President, Portfolio Management Association of Canada (PMAC)**

“The Private Capital Markets Association of Canada is pleased to support the OSC Investor Office in its efforts to share clear, thoughtful and relevant financial information with investors. The strength of our capital markets lies in our people, those who build and grow our companies, those who make investments or help others with investment decisions, and all of us as investors who rely on fair and efficient capital markets to support our economy, our families and our future.” **Georgina Blanas, Executive Director, Private Capital Markets Association of Canada (PCMA)**

“Preventing, detecting and deterring crimes that affect the Canadian economy is a priority for the RCMP. Our employees work vigorously to track down those who take advantage of Canadians, stealing their hard-earned money. We also strive to raise awareness about ongoing scams – which is an important part of fraud prevention – by collaborating with our many partners, including the OSC’s Investor Office, to provide information to Canadian businesses and investors in new and innovative ways. We look forward to promoting the Fact Cards.” **Assistant Commissioner Todd Shean, Federal Policing Special Services, Royal Canadian Mounted Police (RCMP)**

# CROSS-BRANCH COLLABORATION

In addition to our own projects, Investor Office staff have contributed to a number of important initiatives led by other branches of the OSC. We drew on our understanding of user behaviour and user experience to help develop the Office of the Whistleblower intake forms, the OSC's Exempt Market website, various human resources recruitment and engagement materials as well as numerous other projects.

Whistleblower Program intake form



Human Resources



OSC Exempt Market website





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**CONTACT  
US**

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The Investor Office sets the strategic direction and leads the Ontario Securities Commission's efforts in investor engagement, education, outreach and research. The Office also brings the investor perspective to policy-making and operations.

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**

Chat with us over social media.  
On Twitter, we're at  
**@smarter\_money**.  
On Facebook we're at  
**GetSmarterAboutMoney.ca**.

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.

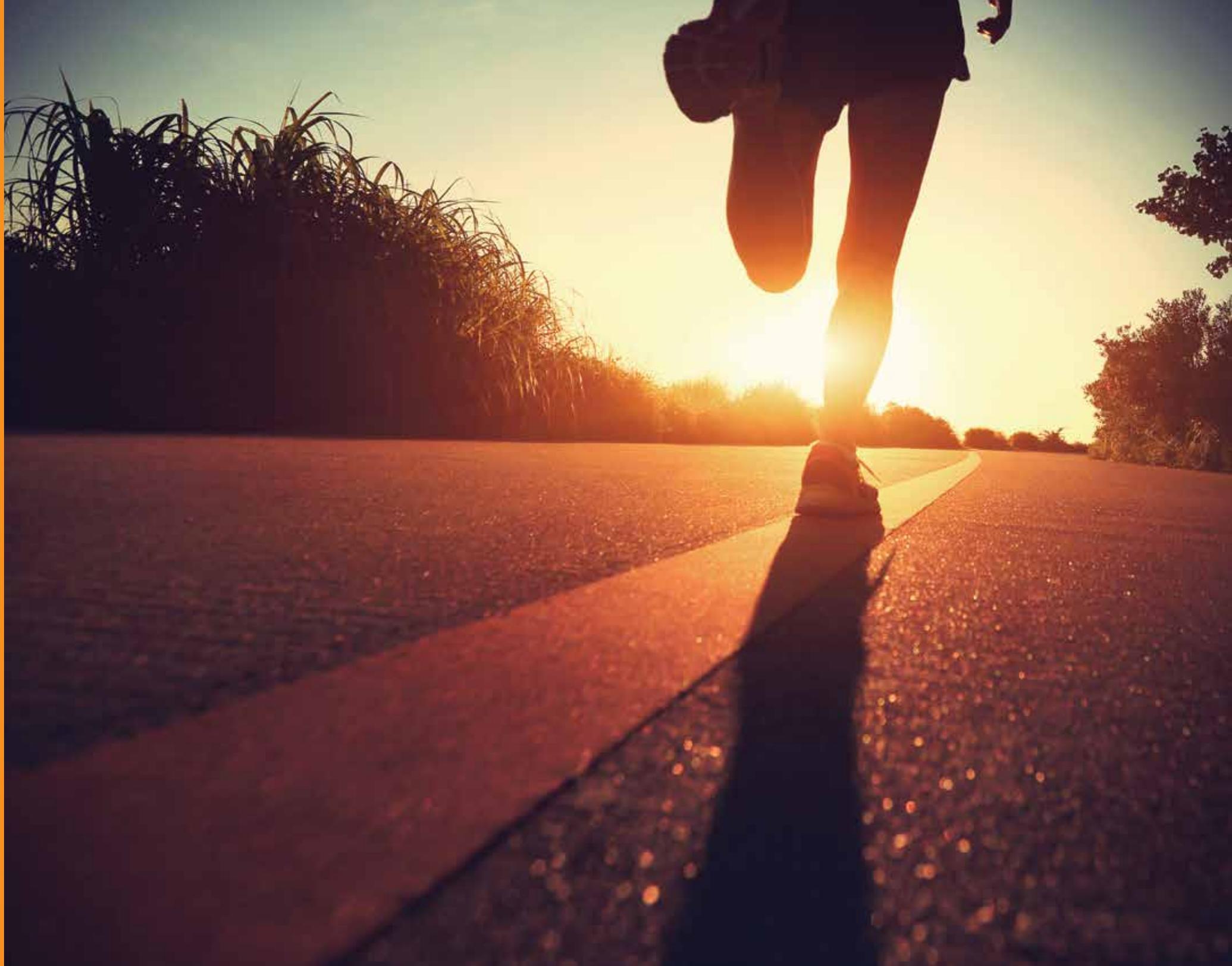
Get in touch through the OSC's Contact Centre.

By phone:  
Local (Toronto): 416-593-8314  
Toll-free (North America):  
1-877-785-1555  
TTY: 1-866-827-1295

By fax: 416-593-8122  
(questions and complaints)

By email: **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  
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