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AS FORMER BANK OF CANADA GOVERNOR, DAVID DODGE FAMOUSLY DESCRIBED IT, CANADA HAS AN INTERNATIONAL REPUTATION FOR BEING A "WILD WEST" OF FINANCIAL MARKETS.

The Canadian Foundation for Advancement of Investor Rights (FAIR Canada) is a non-profit, independent, national organization that advocates for the interests of Canadian investors. The mission of FAIR Canada is to be a national voice for investors in securities regulation.

Our work is divided into a number of related areas:

POLICY
Make submissions to regulators and governments to address the imbalances between (1) individual investors and the financial service companies and (2) minority shareholders and corporate insiders. Attain positions of influence for investor representatives in policy development.

ADVOCACY
Meet with regulators, civil servants and politicians to promote policies protecting investor interests. Form alliances with other investor/consumer groups. Enhance dialogue and support for reforms.

EDUCATION
Push for disclosure, in clear language, of the major facts about investments. Alert investors to the risks of unsafe financial products. Advocate for financial literacy for all Canadians.

RESEARCH
Conduct research on current and emerging issues. Alert investors and regulators to the risks posed by new products and practices. Analyze specific financial products to weigh their benefits against their risks and fees. Consider international best practices.



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GOVERNANCE
FAIR Canada is governed by an independent board of directors. The board is responsible for appointing and supervising the executive staff.

FAIR Canada's Board of Directors is comprised of experienced individuals from across Canada with a record of supporting enhanced investor and shareholder rights.

- Stanley Beck Q.C. (Chair), *Ontario*
- Neil de Gelder, *British Columbia*
- Stephen A. Jarislowsky, *Quebec*
- Claude Lamoureux, *Ontario*
- Ermanno Pascutto, *Ontario*
- Robert Pouliot, *Quebec*
- Ellen Roseman, *Ontario*
- Tania Willumsen, *Alberta*

FAIR CANADA STAFF
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We invite you to visit our website www.faircanada.ca to see our submissions, reports, newsletters and biographies of our Board of Directors and executive staff. Sign up today at www.faircanada.ca to receive our monthly newsletter.

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



panel 1

HIGH-FEE PRODUCTS. FINANCIAL FRAUD. TOXIC INVESTMENTS.

Sound all too familiar? Investment issues affect all Canadians. FAIR Canada speaks for individual investors by advocating for policies that serve the interests of all Canadians.

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www.faircanada.ca



panel 2

Every Canadian has an interest in shareholder rights and improving protections for individual investors. Are financial firms selling you complex, high-fee products that perform poorly when simpler, low fee products with better investment returns are available? How can you be assured that your financial advisor is working in your best interest? Were you surprised when an investment you thought was safe lost a lot of money? Do you know people who lost their life savings though financial fraud? Do you feel that regulators failed to protect you as a minority shareholder or as a client of a licensed financial firm?

FAIR Canada represents investor interests. We advocate for policies that serve all Canadian investors.

ARRESTS, 922
 CRIMINAL CHARGES
 NORBOURG CASE

OSC charges 'Chinese Warren Buffett' with fraud

MONTREAL FINANCIER EARL JONES ARRESTED FOR THEFT, FRAUD

REGULATORS TARGET DEALERS OVER ABCP

Two Alberta men charged in alleged Ponzi scheme worth up to \$400-million

Fraud becoming a daily headline

Tax enforcement blamed for Alberta Ponzi scheme

Four fined \$26-million for B.C. Ponzi scheme

hit North America's financial regulators, say

Ponzipalooza

New Canadian scandals highlight old scam

panel 3

panel 4

Fair markets, high standards of business conduct and proper regulation are the hallmarks of well-functioning capital markets and are essential for the economic health of all Canadians. FAIR Canada's goal is better investor protection. FAIR Canada's staff and Board of Directors, experienced in securities regulation and investor issues, provide a knowledgeable, objective and balanced voice for Canadian investors.

FAIR Canada's work is divided into two major areas: Shareholder Rights and Individual Investors.

Individual Investors: Protecting Investors as Consumers of Financial Products

- **Complicated, unregulated or high-fee products are being sold to individual investors.**
 FAIR Canada advocates for:
 - 1) fuller and simpler disclosure of key facts such as fees and risks;
 - 2) financial advisors being required to act in the best interests of clients;
 - 3) the review of rules that permit complicated, high-risk investments to be sold to unsophisticated investors; and
 - 4) the timely investigation and enforcement of unfair market practices and securities law violations.
- **Too many Canadians do not understand financial basics such as compound interest, the true costs embedded in many investment products, or the relationship between risk and return, while the financial industry produces more complex, high-fee products.**
 FAIR Canada advocates for financial literacy, including compulsory financial education in high-school curricula so that the next generation is better prepared to invest for the future.
- **Information about investment products is often too complicated and hard to understand. Regulators shift responsibility for investor protection to investors, who are asked to read and understand very legalistic disclosure documents.**
 FAIR Canada advocates for:
 - 1) improved disclosure, using clear, plain language to describe financial products;
 - 2) new rules for point-of-sale materials for investors in mutual funds, segregated funds and other high-fee products—we advocate for materials that contain the most important investment facts in clear language; and
 - 3) regulators shifting responsibility for financial product safety back to the financial firms that manufacture and distribute them.
- **Individual investors have virtually no influence on the regulatory process—a weak investor voice is contrasted with a strong financial industry lobby.**
 FAIR Canada advocates for dedicated investor representatives on regulatory bodies and better consultation through investor advisory panels and forums to allow the perspective of the individual investor to be heard and properly considered.

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Shareholder Rights: For Investors who own shares of Listed Companies

- **Regulators too often fail to correct abuses by the financial services industry and by listed companies. They do not always appear to be acting in the best interests of investors.**
 FAIR Canada is pressing for more effective governmental oversight of regulatory agencies. The Toronto Stock Exchange should address its conflict of interest as the regulator of its clients, the listed companies.
- **Controlling shareholders, directors and other insiders of listed companies engage in related party transactions. Often occurring without proper disclosure and shareholder approval, those transactions are often harmful to public shareholders.**
 FAIR Canada supports better regulation of non-arm's-length transactions by insiders. We advocate for prohibitions on abusive self-dealing, enhanced disclosure, and minority shareholder approval for privatizations and insider deals.
- **Other countries require major transactions by listed companies to be approved by shareholders. In Canada, many important decisions adversely affecting shareholders take place without their input or agreement.**
 FAIR Canada has made submissions to require shareholder votes on major corporate transactions—for example, significant acquisitions that reduce the value of investor shares.

Investor Rights Foundation Launched

To Be FAIR

It's Time to Bring Fairness to Bond Market

BACKGROUND: ORIGINS AND FUNDING OF THE FOUNDATION

The financial services industry plays a significant role in the lives of Canadians. Financial products have become more complicated. Individuals are forced to assume greater responsibility for their own retirement and other social safety-net needs. Regulators shift responsibility to investors, expecting them to read and understand complex disclosure documents—even though most Canadians are not prepared to assume this burden.

The need for a professional, independent organization to speak for Canadian investors has never been greater. Yet important decisions about the regulation of investments too often take place with little or no input from individual investors.

Former senior securities regulator, Ermanno Pascutto, first proposed the idea of an independent investor advocacy organization financed from fines levied on the financial industry in 2006. It took two years to work out the details, gain support, and the necessary funding.

The Canadian Foundation for the Advancement of Investor Rights (FAIR Canada) was officially launched in June, 2008. Funding came from “fines” collected by the financial industry self-regulator, the Investment Industry Regulatory Organization of Canada (IIROC). Their commitment to a one-time grant of \$3.75 million from fines is expected to cover FAIR Canada's operating expenses for at least four years. There is no commitment on the part of IIROC for any future funding from fines. FAIR Canada is completely independent of IIROC and is governed by its Board of Directors.

FAIR Canada urges TSX to Bring Shareholder Approval Requirements in Line with Major Markets

FAIR Canada Turns Up the Heat on Leveraged BetaPro ETFs

FAIR Canada Issues Investor Warning on Leveraged and Inverse ETFs

Investor Organization Calls for Improvements at Point-of-Sale

NEW FAIR VOICE FOR INVESTORS

Inside Trades 'Rampant,' says FAIR Boss

Looking Out for the Interests of Small Investors

INVESTOR PROTECTION IS A PRIORITY NO. 1