

FAIR

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



Accountability Report

June 2008– December 2011

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Our Mission

FAIR Canada's mandate is to be a strong, independent, credible, national voice for investors.

We are committed to advocating for stronger investor protections in securities regulation.

www.faircanada.ca

Message from the Chair



On behalf of the Board of Directors, I am proud to present this accountability report for FAIR Canada's operations to date. This report will provide insight about the initiatives that FAIR Canada is leading that will improve the protection of the rights and advancement of the interests of individual shareholders and retail investors.

FAIR Canada was established in 2008 during a period of significant market and economic turmoil. The global economic and financial sector crisis resulted in a renewed focus on Canada's financial sector and financial industry. The crisis provided an opening for FAIR Canada to begin to advocate on behalf of retail investors and individual shareholders on a wide range of important issues where investor representation was urgently needed and gave us an opportunity to compare Canada's responses to the crisis to other international jurisdictions.

FAIR Canada quickly established itself as an organization that was independent and proactive, and able to provide a sophisticated, objective and balanced voice for Canadian investors on a national basis. It has established itself as a credible representative of investor rights in Canada and receives significant media coverage. We have worked hard to establish relationships with investor rights, corporate governance, and consumer organizations in Canada and elsewhere, as well as financial market regulators, governments, self-regulatory organizations (SROs) and educational institutions and will continue to develop these relationships.

FAIR Canada has issued submissions to securities regulators, SROs, government and other organizations on a wide range of policy issues that affect investors, such as the governance of Canada's major stock exchanges; the need for a client-first model for the financial advisor-client relationship; the need for improved prevention, detection and enforcement of financial fraud; warning investors and regulators about unsuitable products such as inverse and leveraged ETFs; and the need and support for a national securities regulator, to name but a few.

In addition, FAIR Canada has responded to the initiatives that have been set by securities regulators, such as the Canadian Securities Administrators' (CSA) consultation on the Registration Reform Project, the Point of Sale initiative, and the Client Relationship Model.

I am optimistic about what the organization will be able to achieve going forward, particularly the increased level of attention being paid to these issues, some of which I have no doubt is a result of FAIR Canada's efforts.

On behalf of the Board of Directors, I wish to commend Ermanno Pascutto and staff for their effort and dedication to representing individual investors and shareholders.

A handwritten signature in dark ink, appearing to read 'Stanley Beck'.

Stanley Beck
Chair
FAIR Canada Board of Directors

Message from the Executive Director

FAIR Canada celebrated its third anniversary in 2011. It launched its operations in the fall of 2008 as a non-profit, independent, national organization with a mandate to represent the interests of Canadian investors in securities regulation. Prior to the launch of FAIR Canada, regulators and government policy-makers would receive input from financial industry, listed issuers, financial institutions and their legal and other advisors, but would receive limited input from the investors they were mandated to protect. Retail investors did not have the resources necessary to advance their interests, while industry and their lobby groups were robustly funded. While a few active investor advocates gave generously of their time, they had very limited resources to make sure the investor perspective was included in the policy-making process. Generally, investors' views were absent from the discussion of policy and priorities in securities regulation.



Given the clear need for a stronger investor voice, I proposed the idea of a national investor rights organization to the boards of two financial industry self-regulatory organizations (in 2006 to Market Regulation Services Inc. (RS) and in 2007 the Investment Dealers Association of Canada (IDA)). In 2008, these two boards agreed to use a portion of financial industry "fine money" (formally known as restricted funds) to fund the creation of FAIR Canada and finance its operations for the first three years. Shortly after providing the initial part of the funding, the IDA and RS merged to form the Investment Industry Regulatory Organization of Canada (IIROC). The willingness of two industry SROs to fund an investor rights organization speaks volumes of how far they have progressed.

During its first year of start-up activities, FAIR Canada set to work:

- appointing a credible national Board of highly respected directors from across Canada;
- building an organization staffed with individuals with expertise in securities regulation and investor rights issues;
- establishing relationships with investor rights, corporate governance and consumer organizations to help identify issues of greatest concern to investors;
- developing relationships with as many stakeholders as possible;
- creating a bilingual website and establishing other processes to facilitate dialogue and communication between stakeholders and FAIR Canada; and
- developing ties with law and business schools with the objective of involving them in developing educational programs on investor rights.

Over the course of our first year (during half of which I was the only full time staff member), we made six submissions to regulators, exchanges or government, issued one investor alert, began issuing our monthly newsletter and started to get attention from the media and other stakeholders. Of particular note was our submission to the Standing Committee on Government Agencies during its review of the Ontario Securities Commission (OSC). That Committee adopted our key recommendations in their unanimous report. Our reports on the hazards posed by leveraged, inverse and commodity ETFs also attracted significant attention from regulators and media in the U.S., U.K. and Hong Kong as well as Canada.

During FAIR Canada's second year of operations, we launched the fiduciary debate in Canada with a conference on the fiduciary standard. One of FAIR Canada's top priorities has been to push for a requirement that advisors provide advice that is in the best interests of their clients. We made ten submissions to regulators and issued topical monthly newsletters during our second year, including a response to the OSC's draft Statement of Priorities which urged the OSC to implement an investor advisory panel and pointed out the need for the appointment of a Commissioner with a strong retail investor perspective. Other submissions identified: the need for a "best interests of the client" standard (in response to the client relationship model initiative); problems with group RESPs which are known as "scholarship plans"; and problems with the point of sale initiative for mutual funds. FAIR Canada also made a recommendation to the National Task Force on Financial Literacy and provided comments on the CSA's proposed reduction in investor protection for investors in venture issuers.

By the end of our third year, FAIR Canada had become a nationally recognized voice for retail investors in securities regulation. FAIR Canada has endeavored to provide submissions (twenty-five in the third year) in response to requests for comment from the CSA and provincial commissions, IIROC, Mutual Fund Dealers Association (MFDA) and governments when the issues impact retail investors. (For a complete list of submissions see [Appendix B](#) of this report.)

Message from the Executive Director

Over the past three years, we have released reports on major issues that require the attention of governments and regulators such as (1) the appropriate governance of listing regulation by Canada's major stock exchanges; (2) the need for improved prevention, detection, and enforcement of financial fraud and compensation for defrauded investors; (3) warning investors and regulators about unsuitable products such as inverse and leveraged ETFs; and (4) responding to the urgent need to support the Ombudsman for Banking Services and Investments (OBSI) as a single, national, independent dispute resolution service for consumers.

*Task Force to Modernize Securities Legislation in Canada:
“Regulators and others need to work together to develop a
credible, national, well resourced and coherent
voice for consumers in Canadian securities regulation.”*

I believe that in its short existence, FAIR Canada has made a difference and has helped to “move the yardsticks” on the key priorities set by our Board, including:

- *Improved investor representation in securities regulation* – We made a submission to the Standing Committee on Government Agencies in 2009 and several representations to the OSC on the need for an investor advisory panel. The 2010 unanimous report of the Committee adopted our recommendation and the OSC announced the creation of their Investor Advisory Panel (IAP) when the report was released. We also worked closely with the Canadian Securities Transition Office to organize two roundtables on investor representation in securities regulation via a statutory consumer panel.
- *The proposed national regulator* – We played a role in the debate over a national securities regulator including obtaining intervenor status in the reference to the Supreme Court of Canada. We were the only consumer organization to appear in front of the Supreme Court of Canada in support of the need for change in order to achieve better investor protection.
- *Fiduciary duty/Best interest standard for financial service providers* – FAIR Canada led the debate on whether registrants should have a fiduciary duty or duty to act in the best interests of the client. We organized the first Canadian event focusing on this topic through a conference on fiduciary duty in March 2009, and also hosted a follow-up roundtable in February 2011. Prior to this conference, this topic had been the subject of significant discussion by regulators in the U.K., U.S. and Australia but not by regulators in Canada. The OSC has undertaken to issue a report on fiduciary duty in its 2011-12 Statement of Priorities.
- *Influenced regulatory action on leveraged, inverse and commodity ETFs* – In May 2009, FAIR Canada issued an investor alert, bringing to regulators' and investors' attention to the dangers posed by leveraged, inverse and commodity ETFs. In June 2009, IIROC issued a guidance note for its dealer members on their duties with respect to these complex products. Some retail firms decided to prohibit their advisors from selling these products to retail investors.
- *Money Market Funds* – In March 2010, we drew attention to the fact that, unbeknownst to most retail investors, \$56 billion in money market funds were providing zero or even negative returns when high interest savings accounts were providing better returns and were guaranteed by CDIC. We called for better regulation of money market funds.
- *Governance of Canada's major stock exchanges* – We led the debate on the conflict of interest between the commercial and regulatory functions of the TSX (and TSX-V) in regulating listed companies in the public interest. We believe that Canadian regulators are now focused on the real risks posed by this conflict of interest.

Message from the Executive Director

FAIR Canada does not have any power to make decisions or to implement changes in securities regulation; at the end of the day it is up to regulators, government and industry to effect change in order to better protect investors. As an organization, we are seeing increased receptiveness to ideas from the investor perspective and more focus on investor protection from the regulators (both provincial securities regulators and self-regulatory organizations, as well as various government agencies), which is very encouraging.

We are pleased at the willingness of regulators to engage in discussions with FAIR Canada and other investor advocates, and we perceive that they are giving more attention to the submissions and suggestions from investor advocates including FAIR Canada. While there is still much to be done in order to ensure an optimal level of investor protection in Canada, we are optimistic that regulators are more receptive to considering new approaches to regulation in order to better protect investors.

The Future

As our initial funding is projected to run out in 2012, FAIR Canada is seeking new funding in order to continue to fulfill the need for a credible, national, well-resourced, coherent voice in Canadian securities regulation. While we may have made an impact, there is clearly much more that needs to be accomplished in order to have securities regulation serve its investor protection purpose adequately.

Three years after its launch, FAIR Canada is a small team of people who come to work each day with the goal of making a difference for retail investors and financial consumers. Covering the entire spectrum of issues in securities regulation requires professional staff who are dedicated, hard working and passionate about investor protection. I would like to express my thanks to the team at FAIR Canada for their hard work.

I would also like to express staff's appreciation to our volunteer Board of Directors led by the Chair, Stanley Beck, for their guidance and support over the past three-plus years.



Ermanno Pascutto, Executive Director
FAIR Canada

“.... consumer advocates in Canada are less well resourced, less organized and have much less political influence than in other jurisdictions we are familiar with.”

Phil Khoury, The Navigator Company
Ombudsman for Banking Services and Investments Report:
2011 Independent Review (Fall 2011)

Accountability

FAIR Canada is accountable to both our funders and Canadian investors for the use of the funding provided to it. We have an obligation to account for and accept responsibility for our use of funds and to disclose our activities in a transparent manner. Below, we discuss how FAIR Canada is held accountable under law, contract and governance and our efforts at transparency.

Law

Contract

Governance

Transparency

- FAIR Canada is incorporated as a non-profit corporation under the *Canada Corporations Act* and is required to comply with the provisions of the *Act*. The *Act* requires the appointment of an auditor and proper financial records. FAIR Canada's Directors have a fiduciary duty under common law to act honestly and in good faith with a view to the best interests of the corporation (i.e. FAIR Canada). They also owe a duty of care to be diligent in supervising and managing the corporation's affairs.
- Our Letters Patent set out the objects of FAIR Canada:
 - “To act as a resource for and voice representing Canadian individual or retail investors on regulation and policy in relation to the financial markets with a view to advancing the interests of investors and protecting investors from unfair, improper or unsuitable practices, including:
 - Making submissions to securities regulators, government and other persons on priorities, policy, legislative change and enforcement;
 - Proactively identifying emerging issues that affect individual investors and seeking reform to mitigate the possibility of harm to investors;
 - Identifying conduct that is detrimental to investors and, where appropriate, encouraging regulators and others to take action to enhance investor rights and protection; and
 - Other purposes consistent with these objects.”

Law

Contract

Governance

Transparency

- The initial funding to establish FAIR Canada was provided by RS and the IDA (now merged to form IIROC) pursuant to an agreement entered into in May 2008. The agreement provides that the funds (which were from restricted funds or “fine” money) must be used to further the purposes set out in the agreement which are consistent with the objects in our Letters Patent.
- The contract between FAIR Canada and IIROC provides for semi-annual written reports on FAIR Canada's activities to ensure that funds are used in a manner consistent with the terms of the agreement. It also requires FAIR Canada to implement internal controls, governance, ethical standards and to provide a copy of audited financial statements. IIROC plays no role in the activities of FAIR Canada.
- IIROC advanced an initial amount of \$1.5 million in 2008. Further installments were provided in 2009 and 2010 with the final installment in 2011 based on the submission of Budgets approved by FAIR Canada Board of Directors for total funding of \$3.75 million.

Accountability

Law

Contract

Governance

Transparency

- FAIR Canada is governed by a Board of Directors currently consisting of ten Directors (nine independent Directors and the Executive Director).
- The Board is responsible for appointing and supervising executive staff, approving budgets and financial statements, providing strategic direction on positions taken by FAIR Canada and setting priorities. As noted above, Directors have a fiduciary duty and a duty of care to FAIR Canada.
- The Board has established an Audit Committee (composed of a minimum of three independent directors) which oversees the financial aspects of the organization including preparation of audited financial statements. The current members of the Audit committee are Stanley Beck, Robert Pouliot and Ellen Roseman.
- Since 2008, the Board has expanded from six directors to ten directors to increase diversity and expertise. In light of the expansion, the Board recently established an Executive Committee.

Law

Contract

Governance

Transparency

- FAIR Canada provides information to stakeholders about its background, governance, strategic priorities and financial statements on its bilingual website.
- FAIR Canada communicates its activities to stakeholders via its website (which includes a copy of all submissions and reports) and monthly newsletters.
- We published this Accountability Report in February 2012 and plan to publish annual update reports in the future.

*Our Letters Patent set out the objects of FAIR Canada:
To act as a resource for and voice representing Canadian
individual or retail investors on regulation and policy in
relation to the financial markets with a view to advancing the
interests of investors and protecting investors from
unfair, improper or unsuitable practices...*

Governance and Board of Directors

FAIR Canada is governed by its own Board of Directors. The Board of Directors is responsible for appointing and supervising the executive staff. The Board is composed of Directors from across the country—two from Western Canada, four from Ontario, two from Québec and one from Atlantic Canada plus the Executive Director. In selecting the nine independent members of the Board of Directors, the following were key criteria in identifying potential Directors including:

- knowledge and experience in financial markets;
- expertise in law, financial disclosure and regulation;
- representation of different regions of Canada;
- representation of investors, with particular reference to individual investors; and
- reputation for integrity and acting in the public interest.

Directors do not receive any compensation for serving on the Board. The Board generally meets bi-monthly and also holds a full-day strategic planning meeting each year. The last strategic planning meeting was held on October 13, 2010. The next strategic planning meeting will be held shortly. In addition to the regular board meetings, staff also consults the Board on important policy submissions and reports. FAIR Canada plans to focus on four strategic priorities for the years 2011 to 2012, as outlined in our 2011 objectives.

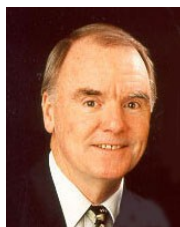
Committees

The Audit Committee is currently comprised of three Directors: Ellen Roseman (Chair), Stanley Beck and Robert Pouliot. The financial statements of FAIR Canada are audited, and its fiscal year runs from July 1 to June 30. The Board-appointed auditor is Cowperthwaite Mehta, Licensed Public Accountants, which specializes in not-for-profit administration. The recently formed Executive Committee is comprised of three directors to be appointed.



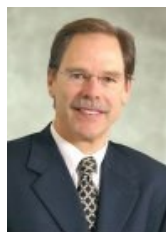
Stanley Beck
Granville Arbitrations Limited
Toronto, ON
Director/Chair since June 2008

Stanley Beck is a former Chair of the Ontario Securities Commission (1984-1989) and is currently President of Granville Arbitrations Limited. Mr. Beck serves as a Director of a number of Canadian corporations and as Chairman of GMP Capital Corp. and of the 407 ETR Concession Company Ltd. Mr. Beck was a Professor at Osgoode Hall Law School from 1967 to 1990 and was Dean of Osgoode from 1977 to 1982.



Stan Buell
Small Investor Protection Association (SIPA)
Toronto, ON
Director since February 2011

Mr. Buell is President of the Small Investor Protection Association, a national non-profit organization with over 600 members in ten provinces across Canada. In 2010, Mr. Buell was appointed to the Ontario Securities Commission Investor Advisory Panel.



Neil de Gelder
Stern Partners Inc.
Vancouver, ON
Director since June 2008

Mr. de Gelder is a past Executive Director of the British Columbia Securities Commission. He practiced law with a leading Canadian law firm for almost 25 years with a focus on mergers and acquisitions, financings, corporate governance and financial services matters. He joined Stern Partners Inc., a private investment company, as Executive Vice President in 2005 and is involved in all aspects of the group's activities.



Stephen Jarislowsky
Jarislowsky Fraser Limited
Montreal, QC
Director since June 2008

Stephen Jarislowsky is a Harvard Business School graduate. In 1955 he co-founded Jarislowsky, Fraser & Company, where he served as President for over 40 years and currently acts as Chairman and CEO. The firm is now one of the most successful investment management firms in Canada. He is also a co-founder of the Canadian Coalition for Good Governance. He is the recipient of honorary doctorates of law from several Canadian universities.

Board of Directors



Claude Lamoureux
*Ontario Teachers' Pension Plan
Toronto, ON
Director since June 2008*

Claude Lamoureux has more than 35 years of executive experience in the financial, pension and investment industries. He was the inaugural President and CEO of the Ontario Teachers' Pension Plan. He oversaw Teachers' development into one of the world's leading pension plans with more than \$100 billion in net assets, an innovative investment program, and outstanding services to more than 250,000 plan members. Mr. Lamoureux co-founded the Canadian Coalition for Good Governance.



Robert Pouliot
*FidRisk Investor Services
Montreal, QC
Director since May 2009*

Robert Pouliot is an author and co-founder of the Quebec Coalition for the Protection of Investors. He is an experienced financial consultant specializing in credit, corporate governance and risk ratings. Mr. Pouliot is managing partner and board member of FidRisk Investor Services, which aids pension funds and endowments to assess investment managers and to promote best fiduciary practices.



Ellen Roseman
*Toronto Star
Toronto, ON
Director since March 2009*

Ellen Roseman is a personal finance and consumer affairs columnist and former business editor of the Toronto Star. She previously spent two decades at the Globe and Mail as a columnist on consumer affairs, personal finance and mutual funds, and was associate managing editor of the Report on Business. Ms. Roseman is also author of numerous books for consumers and retail investors.



Dawn Russell
*St. Thomas University
Fredericton, NB
Director since November 2011*

Dawn Russell is President and Vice-Chancellor of St. Thomas University in Fredericton, New Brunswick. Prior to that, she practiced law in Halifax for five years with Stewart McKelvey Stirling Scales. She was the first female Dean of the Dalhousie Law School (now the Schulich School of Law at Dalhousie University). Ms. Russell was a Public Governor of the Canadian Investor Protection Fund from 1998-2006. She was a member of the Crawford Panel on a Single Securities Regulator (2005-7), and the Expert Panel on Securities Regulation in Canada (2008-10).



Tania Willumsen
*Willumsen Consulting
Okotoks, AB
Director since January 2010*

Tania Willumsen has over forty years of experience as a senior executive in the areas of institutional investment management and pensions. A past Director with the Institute of Corporate Directors, she has been a frequent speaker on pension and corporate governance issues. Ms. Willumsen currently serves as independent advisor on numerous pension and investment committees.



Ermanno Pascutto
*FAIR Canada, Executive Director
Director since June 2008*

See biography on page 15.

Board of Directors

Past Directors



Ed Waitzer

*Jarislowsky Dimma Mooney
Chair in Corporate Governance,
York University and Partner,
Stikeman Elliott LLP
Toronto, ON
June 2008—March 2009*

Mr. Waitzer was Chair of Stikeman Elliot LLP from 1999 to 2006 and is a senior partner whose practice has focused on complex business transactions. He also advises on a range of public policy and governance matters. He has served (1993-1996) as Chair of the Ontario Securities Commission (and of the Technical Committee of the International Organization of Securities Commissions) and as Vice-President of The Toronto Stock Exchange. Mr. Waitzer has been the Falconbrige professor of Law at Osgoode Hall Law School and is currently the Jarislowsky Dimma Mooney chair in Corporate Governance and is director of the Hennick Centre for Business and Law at Osgoode Hall Law School and Schulich School of Business at York University.



Whipple Steinkraus

*Director
Toronto, ON
June 2008—January 2009*

Whipple Steinkraus was a director from June 2008 until her untimely death in January 2009. During this brief period, Whipple made an enormous contribution mentoring Ermanno Pascutto and ensuring that our focus would be on retail investors and the “financial advisor” relationship.

Ms. Steinkraus was a retired Assistant Deputy Minister of Business Practices in the then Ontario Ministry of Consumer and Commercial Relations. In that capacity, she was responsible for the administration of 21 consumer protection and regulatory statutes. Mrs. Steinkraus was a founding member of the Queen's Park QCC as a not-for-profit corporation and served on its board and oversaw its investment portfolio. She served on many boards or advisory committees including the Financial Services Commission of Ontario, the Ontario Association of Credit Counselling Services and the Consumers Council of Canada.

FAIR Canada Staff



Ermanno Pascutto

*Executive Director
Since June 2008*

Ermanno Pascutto has had a career spanning over 30 years as a senior securities regulator and legal practitioner in the financial markets in Canada and Hong Kong. He is the initial Executive Director of FAIR Canada and is a former Executive Director of the OSC. Before joining the OSC, he was Director of the Market Policy Division of the Toronto Stock Exchange. He is a former independent director of Market Regulation Services Inc., an SRO which merged with the IDA to form IIROC in June 2008. Mr. Pascutto is a former Vice-Chairman of the Hong Kong Securities and Futures Commission.



Ilana Singer

*Deputy Director
Since August 2009*

Ilana Singer is FAIR Canada's Deputy Director. Ms. Singer is involved in all of FAIR Canada's day-to-day operations. Given her fluency in French, Ms. Singer is FAIR Canada's key liaison in Québec. Prior to joining FAIR Canada, Ms. Singer was Senior Advisor, International Affairs at the OSC, where she focused on shareholder and investor rights from a global perspective. Ms. Singer also led the OSC team during the International Monetary Fund's assessment of the securities regulatory framework in Ontario.



Marian Passmore

*Associate Director
Since April 2011*

Marian Passmore is Associate Director. Prior to joining FAIR Canada, Marian was Associate Director in the Regulatory Affairs Group at Advocis, The Financial Advisors Association of Canada, where she was involved in many policy issues facing the financial services sector. Ms. Passmore is a lawyer who articulated and practiced litigation at Osler, Hoskin & Harcourt LLP and worked in-house at Ernst & Young LLP's legal department.



Lindsay Speed

*Research Advisor
Since June 2010*

Lindsay Speed is FAIR Canada's Research Advisor. Ms. Speed is a 2010 called lawyer who has a long-held interest in securities regulation and investor protection. She obtained both her Bachelor of Commerce and law degrees from the University of Windsor. Ms. Speed summered and articulated at Gowling Lafleur Henderson LLP prior to joining FAIR Canada.

Why do we need FAIR Canada?

Making a Difference



The financial services industry plays a significant role in the lives of Canadians. Over time, financial products have become increasingly complicated. Individuals have also become forced to assume greater financial responsibility for their own retirement and for other important financial safety-net needs in recent years. Regulators have increasingly passed responsibility to investors, expecting them to read and understand complex disclosure documents despite the fact that most Canadians do not have the time or expertise to assume this burden.

Given this environment, the need for a professional and independent organization to represent Canadian investors' interests has never been greater. Important decisions about the regulation of investments, and the Canadian equity

markets generally, often neglect to consider the individual investor perspective, unless they receive sophisticated, constructive input on these issues.

FAIR Canada has tried to fill a gap which existed in the Canadian consumer advocacy sector as it lacked an expert, well-resourced, and independent voice to advocate on behalf of Canadian investors in securities regulation.

Lack of Investor Voice in Canada

An expert report by Professor Julia Black, commissioned by the Task Force to Modernize Securities Legislation in Canada (2006) noted that, *"Consumer advocates can play an essential role by communicating the interests and needs of retail investors to regulators. There are many active and committed individual consumer advocates in Canada, and a few advocacy groups. However, on the whole the larger, established national consumer advocacy bodies have not been active in securities regulation. This contrasts with the position in Australia, the UK and the EU. Whilst there are many committed and active individuals, there is no real, coherent, national, well-resourced consumer voice representing the interests of all Canadian retail investors in securities regulation."*

One of the key recommendations of the expert report was the establishment of an investor advocacy organization: ***"Regulators and others need to work together to develop a credible, national, well resourced and coherent voice for consumers in Canadian securities regulation."***

Industry representation

FAIR Canada advocates on behalf of consumers, to ensure that the investor voice is included in the regulatory policy-making process. While individual investors often lack the sophistication, expertise, and time to provide their input, the investment industry brings a strong, well-reasoned and well-financed voice to the debate. In order to ensure that all stakeholder voices are heard, it is important that regulators receive constructive, articulate input that focuses on investors' interests. FAIR Canada attempts to improve the policy-making process by balancing out the financial industry's voice which is strong, well-resourced and includes profit-motivated lobbying and submissions by: corporations in the investment industry; law firms, accounting firms, and other well-resourced service providers to the financial industry; and industry associations and advocacy groups, including but not limited to:

The Financial Advisors Association of Canada (Advocis)
Alternative Investment Management Association
Canadian Bankers Association (CBA)
Exempt Market Dealers Association of Canada
Federation of Mutual Fund Dealers
Independent Financial Brokers of Canada
Investment Advisor Association

Investment Counsel Association of Canada
Investment Funds Institute of Canada
Investment Industry Association of Canada
Managed Funds Association
Portfolio Management Association of Canada
RESP Dealers Association of Canada

Why do we need FAIR Canada?

Asymmetry

Clearly there is an asymmetry in stakeholder representation in the policy-making process. Given the resources dedicated by the investment industry to ensure that their concerns are taken into account in the regulatory process, it is essential that investors be provided with a credible voice to represent their interests where they are unable to speak for and protect themselves. Despite its relatively small size and limited financial resources, FAIR Canada endeavours to provide counterbalance by representing the interests of individual investors in the policy-making process.

Regulators have increasingly passed responsibility to investors, expecting them to read and understand complex disclosure documents despite the fact that most Canadians do not have the time or expertise to assume this burden.

Consumer Advocates

There are other consumer rights organizations in Canada that represent the retail investor perspective. However, these organizations are not national in scope or bilingual, have few financial resources and generally rely on volunteers to represent the interests of retail investors. These organizations often have a focus on the relationship between investors and financial advisors/institutions. In addition, there are dedicated individual investor advocates; while they have made heroic efforts without any funding, they alone are not able to advance a level playing field or ensure the investor voice is heard in securities regulation.

Providing Balance

Canadian securities commissions have a statutory mandate to protect investors from unfair, improper and fraudulent practices and to foster fair and efficient capital markets. In the process of developing policy and priorities, regulators receive substantial input from listed issuers and financial institutions and their legal and other advisors as well as industry lobby organizations. However, regulators (including SROs) and government receive limited input from individual investors. The interests of financial institutions, listed issuers (including their directors and officers) and their advisors are often different from (or even in direct conflict with) those of retail investors and public shareholders. When regulatory organizations such as members of the CSA issue requests for comments on proposals for regulatory reform, they generally receive well-written, persuasive submissions from profit-motivated stakeholders in the securities markets but not from retail or individual investors.

Regulators and governments pursuing reforms would benefit from retail investor support for reforms, particularly when reforms face strong opposition from the financial industry. Prior to the creation of FAIR Canada, the public process for developing policy and priorities (including legislative change) lacked a balance such that retail investors were woefully underrepresented. The existence of FAIR Canada helps to provide much-needed balance to the securities regulatory policymaking process.

2011-12 Strategic Priorities

FAIR Canada's priorities are set by the Board at an annual strategic planning meeting. The last strategic planning meeting was held on October 13, 2010. The next strategic planning meeting will be held shortly. The four current strategic priorities are:

Retail Investor Representation

To strengthen retail investor representation in securities regulation with an emphasis on investor representation at the major provincial securities Commissions and the national SROs.

Conflicts in Client-Advisor Relationships

To align interests in the client-advisor relationship, particularly in light of the fiduciary standard debate in the U.S. and related developments in leading jurisdictions, by promoting a best-interests of the client standard.

High-Fee Mutual Funds and Other Products

To investigate and analyze the impact of complex and high-fee products on investor returns. FAIR Canada will make proposals to securities regulators and governments to aid in improving, clarifying and policing meaningful disclosure.

Improve Fraud Prevention and Compensation

To encourage government and regulators to implement improvements in the prevention, detection, investigation and prosecution of financial frauds and compensation for victims.

Education and Communication

As a voice of Canadian investors, FAIR Canada advocates for stronger investor protections in securities regulation by promoting awareness of issues and by providing constructive recommendations in the policy-making process.

Website

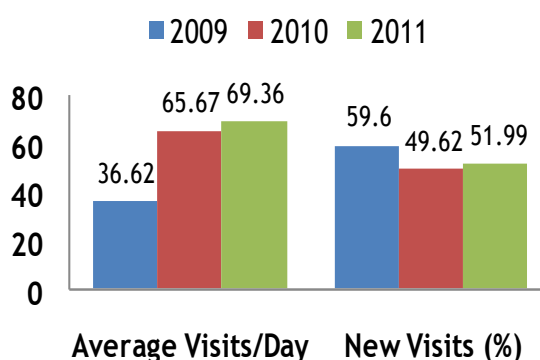
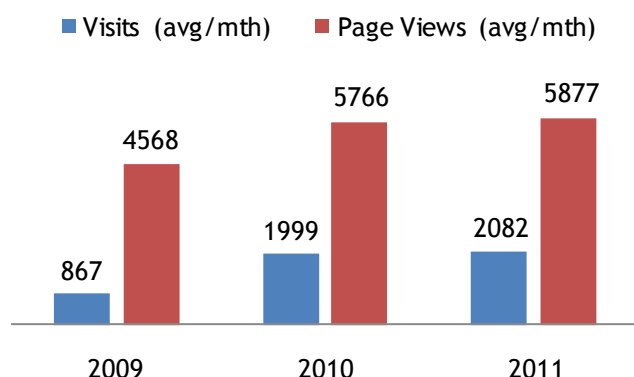
FAIR Canada's bilingual website serves as its primary source of communication with stakeholders. FAIR Canada strives to educate investors, regulators, government, industry, the media and others on issues of importance to investors and the investor perspective. Through concise articles posted under the Top News and Dialogue sections of FAIR Canada's website, we provide insight and links to further topical information, including our comment letters, investor warnings, news about regulators, important legal or policy developments in securities regulation, informative media articles, relevant conferences, and reports of relevance to investors.

The number of average monthly visits to and page views of FAIR Canada's website continue to increase each year. Average visits per day have also continued to increase, with an average of 69 visits per day. While the percentage of new visits have leveled off, FAIR Canada's profile has grown; the fact that 52 percent of the visits are new indicates that FAIR Canada is continuing to expand its profile and reach new interested individuals and organizations.

Investors with complaints or inquiries regularly contact FAIR Canada after finding and reviewing information on our website.



Website Activity



Social Media



In order to reach and provide a source of information to a broad audience, FAIR Canada has developed a Facebook Fan Page, LinkedIn Connections and Group, as well a following on Twitter. Our website information is duplicated on these sites, which link the reader back to our website.

Education and Communication

Conferences and Events

FAIR Canada undertakes to host and co-host events with educational institutions and other investor-oriented groups on investor-focused topics in order to stimulate debate and to encourage initiatives to further investor protection. In January 2010, we hosted the Investor Advocate Roundtable which was attended by 25 individuals focused on investor rights issues. In March 2010, FAIR Canada and the Hennick Centre for Business and Law introduced the fiduciary debate in Canada with *The Fiduciary Standard and Beyond: Rethinking the Financial Advisor-Client Relationship*. This event was attended by 130 participants. The initial fiduciary event was followed by a Fiduciary Roundtable in February 2011, also co-hosted by FAIR Canada and Hennick. In April 2011, FAIR Canada co-hosted an Investor Advisory Panel Symposium with the Canadian Securities Transition Office, which included discussion by international experts on investor advisory panels.



April 6, 2011 Investor Advisory Panel Symposium

February 23, 2011 Fiduciary Roundtable 2011

March 25, 2010 The Fiduciary Standard and Beyond: Rethinking the Financial Advisor-Client Relationship (hosted by FAIR Canada and The Hennick Centre for Business and Law)

January 25, 2010 Investor Advocate Roundtable

Investor Protection Course

In conjunction with Osgoode Hall Law School from 2009-2011, FAIR Canada co-hosted the Investor Protection course held weekly at Stikeman Elliott LLP. Led by Professors Ed Waitzer (Jarislowsky Dimma Mooney Chair in Corporate Governance), Poonam Puri, FAIR Canada's Executive or Deputy Director and Globe & Mail journalist Jacquie McNish, this dynamic course examined many of the issues at the forefront of FAIR Canada's investor protection efforts.

Monthly Newsletter



FAIR Canada issues a monthly educational newsletter, which typically focuses on an issue that is timely and of real concern to investors. For example, in October 2011 the newsletter was entitled "Leveraging strategies too risky for most retail investors". This newsletter outlined FAIR Canada's concerns, and linked to a letter FAIR Canada wrote to the CSA which called for better investor protection from the risks associated with registrants who encourage retail investors to borrow funds to purchase mutual funds and similar products. Not only was this newsletter intended to draw the risks of leverage to the attention of the retail investors who subscribe to our newsletter, but also to bring the importance of this emerging issue to the attention of regulators.

We actively engage over 2,000 subscribers (including media) on a monthly basis with our email newsletters and newsflashes. These emails, sent in both English and French, consistently maintain an "open" rate of 22 percent or higher (the standard set for this industry is 20-22 percent). We have a strong readership and many subscribers forward our newsletters to their colleagues and friends. We also receive feedback from various stakeholders as well as personal inquiries about readers' financial situations; we have observed a strong correlation between the timing of our newsletter email and our receipt of investor complaints or inquiries from the public, which suggests that our message is reaching a receptive audience on issues of relevance to them.

Education and Communication

News Coverage

FAIR Canada endeavors to provide media interviews and to appear on popular television programs (such as BNN Headline , CBC's Lang & O'Leary Exchange and CTV's W5) to reach a wide audience and ensure an awareness of issues of importance in investor protection. Through this media coverage, FAIR Canada educates by raising the consciousness of the public and encouraging investors and regulators to be aware of potential problems in order to minimize harm.

See Appendix B or our website for a list of FAIR Canada's media coverage. Some examples of media who have covered FAIR Canada include:

Television

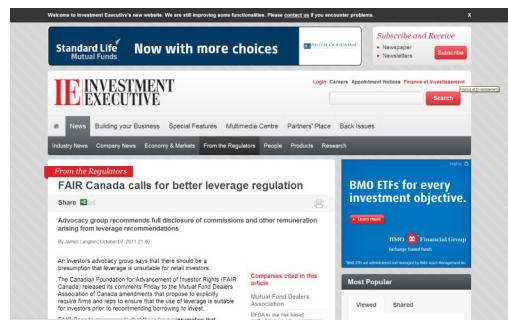
BNN—Market Call / Squeeze Play / Headline
CTV News and W5
CBC Lang & O'Leary Exchange Show
Global TV—Focus Ontario



Print and Online Media

Canadian Business Online
Investment Executive
Le Devoir
London Financial Times
Macleans
Montreal Gazette
The Calgary Herald

The Financial Post / National Post
The Globe and Mail
The Toronto Star
The Vancouver Sun
The Windsor Star
Virage
Wall Street Journal



Notable Initiatives

Combating Financial Fraud

On February 18, 2011, FAIR Canada issued a report entitled “A Decade of Financial Scandals” calling for government and regulatory action to improve the prevention, detection and prosecution of financial fraud, and to better compensate victims of investment fraud. FAIR Canada studied a cross-section of fifteen cases of financial fraud selected from across the country based on the high profile media coverage they garnered, the number of investors affected and the significant amount of losses incurred. The report makes a number of wide-ranging recommendations calling on the federal and provincial governments and regulators to take coordinated action to combat financial fraud. FAIR Canada is continuing its follow up with government and regulators on the recommendations in the report.

Enhancing Professional Standards and the Fiduciary Duty/Clients’ Best Interests Debate

FAIR Canada identified the lack of a fiduciary standard owed by “financial advisors” to their clients as a major defect in the client relationship model and targeted this as a priority. The topic has been the subject of significant discussion by regulators in the U.K., U.S. and Australia but not to the same extent in Canada. FAIR Canada led the debate in Canada on whether registrants should have a fiduciary duty or duty to act in the best interests of their client.

The Fiduciary Standard and Beyond: Rethinking the Financial Advisor-Client Relationship

On March 25, 2010, FAIR Canada co-hosted a one-day conference in Toronto, in cooperation with The Hennick Centre for Business and Law, examining the fiduciary standard in Canada. The conference garnered significant media coverage and was an overwhelming success, with over 110 lawyers, investor and shareholder advocates, industry representatives, financial dealers and advisors, regulators and business and law faculty and students in attendance. The event’s four panels examined the fiduciary debate in Canada and in other jurisdictions, with discussions focusing on enforcement, investor remedies, and implementation of a standard.

Fiduciary Roundtable 2011

On February 23, 2011, FAIR Canada hosted an invitation-only Fiduciary Roundtable 2011 in cooperation with the Toronto CFA Society and The Hennick Centre for Business and Law. The roundtable was a success, and attendees included representatives from the financial industry, regulators, governments and academia. This follow-up roundtable to FAIR Canada’s March 2010 Fiduciary Conference examined in further detail practical issues at the centre of the fiduciary standard debate. FAIR Canada used the information discussed to develop its strategy aiming to improve regulation of the client-advisor relationship in the interests of investors, as well as to develop further recommendations for regulators, government and industry.

OSC Statement of Priorities

FAIR Canada, the OSC’s Investor Advisory Panel and other investor advocates recommended that the OSC publish a consultation paper on implementing a fiduciary duty or requirement to act in the best interests of the investor. The OSC undertook to issue a report on fiduciary duty in its 2011-12 Statement of Priorities.

Building a National Investor Rights Organization

Establishing A Truly National Board of Directors

As a national investor and shareholder rights organization, FAIR Canada is focussed on seeking out and maintaining national representation on its Board of Directors. FAIR Canada’s ten-member Board includes independent directors from across the country, including three Directors from Ontario, one Director from British Columbia, two Directors from Québec, one Director from Alberta and one from Atlantic Canada. FAIR Canada continually seeks to enhance and diversify its Board.

Notable Initiatives

Building a National Investor Rights Organization

Strengthening Alliances with Other Investor Advocacy Groups and Individuals Across Canada

Since its inception in 2008, FAIR Canada has sought to create and strengthen its alliances with investor and shareholder rights advocates across the country. FAIR Canada believes that building and strengthening its relationships with other investor organizations forms a vital part of its role as a national investor protection organization. FAIR Canada has worked with the Canadian Coalition for Good Governance, the Small Investor Protection Association, the Québec Coalition for the Protection of Investors and FA-DOQ (the Québec Federation of Senior Citizens). FAIR Canada has also reached out to the Common Front for Retirement Security, the Toronto Chartered Financial Analysts Society and its US parent, the CFA Institute, as well as various investor and consumer groups in Québec, including MEDAC. In the past year, FAIR Canada has met with the OSC's Investor Advisory Panel to discuss initiatives and the potential for future collaboration and synergies.

Developing Relationships with Regulators and the Financial Industry

FAIR Canada recognizes the importance of fostering an open dialogue with regulators and the financial industry to ensure open communication and an exchange of knowledge and ideas. FAIR Canada has developed relationships with Canadian regulators and has regularly scheduled meetings in order to discuss current issues, bring areas of concern to their attention, and to stay apprised of regulatory initiatives. We also request ad-hoc meetings to discuss particular consultations or concerns. FAIR Canada seeks to further cultivate relationships with regulators across Canada to ensure we maintain our national scope.

FAIR Canada recognizes the importance of working collaboratively with industry to advance investor rights. FAIR Canada meets with relevant individuals and firms and financial industry organizations to discuss issues of importance to investors in an effort to bring awareness of investor issues to the industry's attention, to foster cooperation, and to identify common ground upon which further consensus can be built.

Additionally, FAIR Canada has developed relationships with regulators and other organizations in the U.S. and the U.K. in order to compare approaches to investor protection and maintain awareness of developments in these jurisdictions. FAIR Canada has been invited to represent the retail investor perspective at the International Organization of Securities Commissions and the Council of Securities Regulators of the Americas.

Investor Representation in Securities Regulation

Standing Committee on Government Agencies (SCOGA)

FAIR Canada made a submission to Ontario's Standing Committee on Government Agencies (the Committee) in 2009, as well as several representations to the OSC about the need for an investor advisory panel. The 2010 unanimous report of the Committee adopted our recommendation, and the OSC announced the creation of their Investor Advisory Panel (IAP) when the report was released.

Investor Advisory Panel Symposium

On April 6, 2011, FAIR Canada and the Canadian Securities Transition Office (CSTO) co-hosted an investor advisory panel symposium to explore the design, operation and experiences of the investor advisory panels established by the U.S. Securities Exchange Commission (SEC) and the U.K. Financial Services Authority (FSA) in preparation for an investor advisory panel to be established by the proposed Canadian Securities Regulatory Authority (CSRA). The symposium was moderated by FAIR Canada Director Ellen Roseman. Panellists included members and staff of the UK FSA's Financial Services Consumer Panel and the SEC's Investor Advisory Committee. FAIR Canada also worked closely with the Canadian Securities Transition Office to organize two roundtables on investor representation in securities regulation via a statutory consumer panel.

Investor Representation on Committees and Councils

FAIR Canada encourages regulators to appoint investor-focused representatives to their committees and councils. FAIR Canada represents the investor perspective on the OSC's Market Structure Advisory Committee, and Investment Funds Product Advisory Committee, and on IIROC's Market Rules Advisory Committee. FAIR Canada's Executive Director is also a member of OBSI's Consumer and Investor Advisory Council.

Notable Initiatives

National Securities Commission

Federal Government Referred Constitutionality of the Proposed Canadian Securities Act to the Supreme Court of Canada (SCC)

The federal government referred to the SCC the constitutionality of the proposed Canadian *Securities Act* (CSA) and the proposed creation of the Canadian Securities Regulatory Authority (CSRA). FAIR Canada supported the establishment of a national regulator because it believes that the current securities regulatory system of provincial and territorial regulators does not provide an adequate level of investor protection for Canadians. FAIR Canada obtained intervenor status in the SCC reference and made its submissions as intervenor when the case was heard before the SCC on April 13 and 14, 2011. The SCC's opinion on the matter was released on December 22, 2011. The SCC held that the proposed CSA was not valid under the general branch of the trade and commerce power under section 91(2) of the *Constitution Act, 1867*. It recognized federal jurisdiction to deal with those areas which are truly of national concern (such as systemic risk) and suggested the provinces and federal government cooperate in the area of securities regulation.

Emerging Investor Rights Issues

Reports on Leveraged, Inverse and Commodity ETFs

On May 14, 2009, FAIR Canada issued its first report on exchange-traded funds entitled "Heads You Lose, Tails You Lose: The Strange Case of Leveraged ETFs", which called on regulators to protect retail investors from these potentially harmful financial products. While FAIR Canada identified simple ETFs as suitable investment vehicles for Canadian investors, it further identified the dangers of using leveraged and inverse ETFs in retail investors' portfolios. In June 2009, IIROC issued a guidance note for its dealer members on their duties with respect to these complex products. Some retail firms decided to prohibit their advisors from selling these products to retail investors. FAIR Canada issued a follow-up report on July 13, 2009 acknowledging the positive response by SROs and the financial press to its initial report on the topic. Despite FAIR Canada's success in drawing attention to the hazards of leveraged, inverse and commodity ETFs, its second report urged regulators to further improve disclosure for leveraged, inverse and commodity ETF products, and the report identifies the need to enforce prohibitions on misleading advertising used to promote ETFs in Canada.

"While FAIR wasn't the first to pick up on the dangers of inverse ETFs, its ability to bring the issue to regulators and make it headline news speaks to the foundation's potential."

"Here for the little guy" - David Pett, Financial Post Magazine

Notable Initiatives

Emerging Investor Rights Issues

Emerging Market Listings

Events in 2011 involving Sino-Forest and a number of TSX issuer listings whose securities have been cease traded, suspended or are under investigation have resulted in substantial losses to investors have damaged investor confidence. In June 2011, FAIR Canada called on Canadian securities regulators to establish a task force that includes the Canadian exchanges, underwriters, auditors, legal advisors as well as regulators in order to tackle the problems that have come to light in emerging market listings, including standards of audit, due diligence, and the ability of regulators to oversee, investigate and prosecute directors and officers of companies whose books and records and mind and management are located in a foreign country. FAIR Canada also recommended examination of market manipulation and market integrity issues raised by so called “analysts” who engage in short selling in advance of the public release of highly negative “research reports”. Tighter, more effective regulation of venture issuers is required, including a requirement that venture issuers be incorporated in a jurisdiction with corporate legislation that meets minimum corporate governance standards, including directors’ duties to act honestly and in good faith with a view to the best interests of the corporation and to exercise care, skill and diligence.

In November 2011, at the 2011 Dialogue with the OSC, Howard Wetston, Chair of the OSC, spoke about the challenges and limits of regulating emerging market listings. Mr. Wetston spoke about the difficulties in enforcing Ontario’s *Securities Act* internationally and how representatives of stock exchanges, other regulators and industry could help address broader issues such as the role of auditors and underwriters, listing standards, as well as regulatory policy. FAIR Canada is pleased that the OSC is examining the broader issues that create risks for investors.

Governance of Listed Companies by For-Profit Exchanges

FAIR Canada has also drawn attention to the inherent conflicts of interest that exist within the TSX, through an expert report entitled “Managing Conflicts of Interest in TSX Listed Company Regulation”, and through other submissions to regulators. These conflicts arise between the regulatory and commercial functions of the Toronto Stock Exchange and the TSX-V, where the responsibility for regulating listings can conflict with the profit-motivated listings business. FAIR Canada’s report recommended changes that could be implemented to address the conflicts of interest.

Leveraged Investing

FAIR Canada identified leveraged investing strategies to be a systemic problem that regulators must address so that investors do not continue to adopt these risky strategies with resulting financial losses and an increasing number of investor complaints. On October 26, 2011 we wrote an open letter to the Canadian securities regulators calling for better investor protection for strategies involving borrowing to invest. We stressed that registrants who recommend leverage strategies must clearly and completely explain the risks of leverage to clients and the risks must be clearly understood by consumers. We also called for a certification requirement, proper supervision by firms, along with a presumption that leverage is unsuitable for retail investors in order to place the onus on the salesperson and firm recommending leverage to demonstrate that leverage is suitable for the client. Marketing materials should not be permitted to play down the risks. The appropriateness of contractual relationships among mutual fund companies, financing companies and registrants needs to be reviewed as does the misalignment of interests between intermediaries and investors in order to address the systemic problem of investors being unsuitably placed into leveraged investment strategies.

High Mutual Fund Fees

In September 2011, FAIR Canada wrote an open letter to Canadian Finance Minister Flaherty requesting that he refer an examination of the high cost of owning mutual funds to the Senate Committee on National Finance’s study of price differentials between products in Canada and the United States. Minister Flaherty subsequently asked the Committee to add mutual funds to the list of products to be compared and FAIR Canada has requested to appear before the Committee to make submissions. FAIR Canada hopes to appear in order to provide policy recommendations which will improve transparency and price competition, lower fees and require registrants to act in the best interests of consumers.

Notable Initiatives

Emerging Investor Rights Issues

High Mutual Fund Fees—cont'd

A renewed focus by the Canadian media on high mutual fund fees has ensued, including questions about the sincerity of the mutual fund industry in improving financial literacy given that Canada's MERs are amongst the highest in the world. Many of these articles point out that while knowledge of fees is improving, many investors are still unaware of the impact of high fees and are wrongly trusting mutual fund salespeople to act in their best interest. FAIR Canada is concerned that investors do not receive meaningful statements that provide information in a form they can easily understand in order to make informed investment decisions.

Independent Ombudsman Under Attack

"The latest round came earlier this week when the Canadian Foundation for Advancement of Investor Rights (FAIR) asked Finance Minister Jim Flaherty to add mutual funds to a Senate committee's inquiry into why Canadians pay more than Americans for various things."

"Let's stop hiding the cost of mutual fund fees" - Rob Carrick, The Globe and Mail

In May 2011, the Ombudsman for Banking Services and Investments (OBSI) came under full-scale attack from several major financial institutions. Some industry players sought the ability to choose their own dispute resolution provider rather than be required to use OBSI. FAIR Canada issued a letter in June 2011 to regulators in support of the current requirement for IIROC and MFDA member firms to participate in OBSI as a dispute resolution mechanism at the request of their clients.

FAIR Canada believes that a single dispute resolution service provider is essential to investor protection in order to avoid fragmentation, inconsistencies, and serious potential conflicts of interest. Additionally, OBSI is charged with identifying and investigating systemic or widespread issues that arise from complaints in the course of its work, which would be very difficult to accomplish if a variety of private dispute resolution firms were used. Instead of permitting registrants to use private dispute resolution services, FAIR Canada urges reforms to strengthen the accountability and independence of OBSI. FAIR Canada also recommends the formal recognition of OBSI, through recognition orders issued by CSA members, which would improve oversight and accountability. FAIR Canada also provided comments to OBSI on their loss calculation methodology consultation in July 2011 and kept investors up to date about developments regarding OBSI, including the independent review of, and subsequent report regarding OBSI by The Navigator Company entitled "Ombudsman for Banking Services and Investments Report: 2011 Independent Review" released in Fall 2011 (also known as the Khoury Report).

As a result of the lack of progress and TD Bank pulling out of OBSI, FAIR Canada subsequently wrote an open letter to Canada's Minister of Finance in November 2011 in support of OBSI as the single external dispute resolution (EDR) provider for complaints arising from the banking sector and to require mandatory bank participation in OBSI. We pointed out that one single EDR provider is necessary in order to avoid fragmentation, inconsistencies, serious potential conflicts of interest, consumer confusion, and to enable the detection of systemic or widespread issues.

"In its missive, FAIR says OBSI is "under attack" by the investment industry which wants to choose and pay for their own mediators, but FAIR argues that despite its flaws, OBSI remains "a simple, inexpensive alternative for retail investors.""

"Investor groups lobby to save banking ombudsman" - Teresa Tedesco, The Globe and Mail

Financials

FAIR Canada was officially launched in June 2008. It operates independently from government and regulatory authorities and is governed by its Board of Directors. Funding originated from fines and monetary penalties collected by RS and the IDA which merged to form IIROC in June 2008. Their commitment to a one-time grant of \$3.75 million is expected to fund FAIR Canada's operating expenses until December of 2012.

Funds received from IIROC must be held at one or more Canadian chartered banks or trust companies. Monies in excess of operating costs are managed in accordance with FAIR Canada's Investment Policy, which provides that the portfolio will be invested in the following: a) Canadian Chartered bank money market funds; b) Securities issued or guaranteed by a Canadian government or short-term deposits issued by a Canadian Chartered Bank; or c) Liquid instruments such as treasury bills with a term to maturity of less than two years. All cash accounts and instruments are held in FAIR Canada's name.

There is no commitment on the part of IIROC for any future funding. FAIR Canada's fiscal year runs from July 1 to June 30. Below is an outline of the funds received and disbursed since FAIR Canada was created in June 2008:

REVENUE	2008-09	2009-10	2010-11
IIROC Disbursements	\$ 1,827,600	\$ 281,700	\$ 743,000
Investment Income	\$ 36,454	\$ 5,416	\$ 8,872
	\$ 1,864,054	\$ 287,116	\$ 751,872
EXPENSES			
Compensation and Benefits	\$ 318,605	\$ 614,267	\$ 582,368
Occupancy	\$ 57,202	\$ 101,418	\$ 103,118
Research and Consultants	\$ 6,237	\$ 78,758	\$ 112,525
Communications and Marketing	\$ 42,931	\$ 59,493	\$ 50,651
Travel and Meetings	\$ 9,297	\$ 38,265	\$ 26,321
Office and General	\$ 43,888	\$ 36,093	\$ 40,408
Other	\$ 3,053	\$ 1,359	\$ 3,515
Amortization	\$ 5,267	\$ 5,161	\$ 5,161
	\$ 483,427	\$ 933,455	\$ 924,067
EXCESS (DEFICIENCY)	\$ 1,380,627	(\$ 646,339)	(\$ 172,195)

Budget 2011-12

REVENUE		2011-12
IIROC Disbursements	\$	897,700
Investment Income	\$	5,000
Balance Carried Forward from 2010-11	\$	562,093
TOTAL	\$	1,464,793
EXPENSES		
Compensation and Benefits	\$	651,000
Occupancy	\$	80,000
Research and Consultants	\$	70,000
Communications and Marketing	\$	50,000
Travel and Meetings	\$	35,000
Office and General	\$	42,400
Other	\$	5,300
TOTAL	\$	933,700
EXCESS (DEFICIENCY)	\$	531,093

**Revised 2011-12 Budget approved by the Board of Directors on January 18, 2012*

Milestones

Investor Representation in Securities Regulation

OSC Created an Investor Advisory Panel – FAIR Canada made a submission to the Standing Committee on Government Agencies in 2009 and several representations to the OSC on the need for an investor advisory panel. The 2010 unanimous report of the Committee adopted our recommendation and the OSC announced the creation of their Investor Advisory Panel (IAP) when the report was released. We also worked closely with the Canadian Securities Transition Office to organize two roundtables to discuss investor representation in securities regulation.

National Securities Regulator

FAIR Canada Intervened in Supreme Court of Canada on Behalf of Investors – We played a role in the debate over the proposed national securities regulator, including obtaining intervenor status in the reference to the Supreme Court of Canada. We are the only consumer organization that appeared before the Supreme Court of Canada in support of a national regulator.

Fiduciary Duty/ Best Interest Standard

OSC to Issue a Report on Fiduciary Duty – FAIR Canada led the debate in Canada on whether registrants should have a fiduciary duty or a duty for financial advisors to act in the best interests of their client. We organized the first Canadian fiduciary duty conference in March 2009, and also hosted a follow-up roundtable in February 2011. This topic had been the subject of significant discussion by regulators in the U.K., U.S. and Australia. The OSC undertook in its 2011-12 Statement of Priorities to issue a report on fiduciary duty.

Complex Investment Products

Guidance Note Issued to Dealers on Duties in Selling on Leveraged, Inverse and Commodity ETFs – In May 2009, FAIR Canada issued an investor alert, bringing to regulators' and investors' attention the dangers posed by leveraged, inverse and commodity ETFs. In June 2009, IIROC issued a guidance note for its dealer members about their duties with respect to these complex products. Some retail firms decided to prohibit their advisors from selling these products.

Governance of a the TSX

Regulators Now Focused on Conflicts of Interest in Governance of Canada's Major Stock Exchanges – FAIR Canada led the debate on the conflict of interest between the commercial and regulatory functions of the TSX (and TSX-V). We believe that Canadian regulators are now focused on the real risks posed by this conflict of interest. In addition, this issue was addressed at some length in the consultation papers issued by regulators in dealing with the Maple Proposal.

FAIR

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

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Appendix A

**CANADIAN FOUNDATION FOR
ADVANCEMENT OF INVESTOR
RIGHTS**

FINANCIAL STATEMENTS

JUNE 30, 2011

Cowperthwaite Mehta

C H A R T E R E D A C C O U N T A N T S

INDEPENDENT AUDITOR'S REPORT

To the Members,
Canadian Foundation for Advancement of Investor Rights

Report on the Financial Statements

We have audited the accompanying financial statements of Canadian Foundation for Advancement of Investor Rights, which comprise the statement of financial position as at June 30, 2011 and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Foundation for Advancement of Investor Rights as at June 30, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Cowperthwaite Mehta

Chartered Accountants
Licensed Public Accountants

September 21, 2011
Toronto, Ontario

Appendix A

CANADIAN FOUNDATION FOR ADVANCEMENT OF INVESTOR RIGHTS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2011

	2011	2010
OPERATIONS		
Excess of expenses over revenue for the year	\$ (172,195)	\$ (646,339)
Add back non-cash items:		
Amortization of capital assets	5,161	5,161
Net change in non-cash working capital items:		
Increase in prepaid expenses	(620)	(6,098)
Increase (decrease) in accounts payable and accrued liabilities	<u>(7,986)</u>	<u>(37,547)</u>
Net cash used in operations	(175,640)	(684,823)
INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	<u> </u>	<u>13,434</u>
CASH AND CASH EQUIVALENTS USED IN THE YEAR	(175,640)	(671,389)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>729,130</u>	<u>1,400,519</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 553,490</u>	<u>\$ 729,130</u>

see accompanying notes

CANADIAN FOUNDATION FOR ADVANCEMENT OF INVESTOR RIGHTS

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2011

1. THE ORGANIZATION

Canadian Foundation for Advancement of Investor Rights (the "organization") is a not-for-profit organization incorporated by letters patent under the Canada Corporations Act without share capital. The organization seeks to advance the interests of investors and the integrity and fairness of the Canadian capital markets by identifying emerging issues and conduct of market participants that may be detrimental to investors, and to make submissions to regulators and government on priorities, policy and legislative change needed to advance the interests of investors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian generally accepted accounting principles applied on a basis consistent with prior years. Outlined below are those policies considered particularly significant:

Cash and cash equivalents

Cash and cash equivalents consists of cash and guaranteed investment certificates, with maturities not exceeding 90 days, with insignificant risk of changes in value.

Investments

The organization classifies its mutual fund investments as held-for-trading. Held-for-trading securities, which are purchased for sale in the near term, are reported at estimated fair value. Realized and unrealized gains and losses are recognized as investment income when they arise. Transaction costs related to financial instruments classified as held-for-trading are expensed as incurred.

Property and equipment

Property and equipment is recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Furniture & equipment	- 3 years straight line
Computer equipment	- 3 years straight line

Revenue recognition

The organization follows the deferral method of revenue recognition. Its principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

- i) Revenue on investments is recorded when earned. Realized and unrealized gains and losses are recognized as investment income as they arise.
- ii) Revenue from operating grants and all other fundraising sources are recorded in the period they are received unless the contribution has special restrictions on its use imposed by the donors.

Expense recognition

Expenses for goods or services are recorded when incurred.

Appendix A

CANADIAN FOUNDATION FOR ADVANCEMENT OF INVESTOR RIGHTS

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2011

3. FINANCIAL INSTRUMENTS AND RISKS

The organization's financial assets and liabilities are carried at cost, which approximates their fair value due to their short-term nature.

It is management's opinion that the organization is not exposed to significant interest, currency or credit risks.

4. MANAGEMENT OF CAPITAL

In managing capital, the organization focuses on liquid resources available for operations. The organization's objective is to have sufficient liquid resources to continue operating despite adverse events with financial consequences and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at June 30, 2011, the organization had met its objective of having sufficient liquid resources to meet its current obligations.

5. PROPERTY AND EQUIPMENT

Property and equipment, recorded at cost, is as follows:

	Cost	Accumulated Amortization	2011 Net	2010 Net
Furniture and fixtures	\$ 7,397	\$ (6,165)	\$ 1,232	\$ 3,698
Computer equipment	<u>8,085</u>	<u>(6,738)</u>	<u>1,347</u>	<u>4,042</u>
	<u>\$ 15,482</u>	<u>\$ (12,903)</u>	<u>\$ 2,579</u>	<u>\$ 7,740</u>

6. LEASE COMMITMENTS

The organization has short-term leases for its premises which expire December 2011. The minimum monthly lease payments are \$11,500.

7. ECONOMIC DEPENDENCE

The organization's main source of funding is a third-party grant for the first four years of operations. Its ability to continue viable operations is dependent upon finding new sources of funding when the original seed funds have been expended.

8. INCOME TAX STATUS

The organization is exempt from income tax in Canada as a not-for-profit organization under Section 149(1)(L) of the Income Tax Act (Canada).

9. COMPARATIVE AMOUNTS

Certain balances of the preceding period have been reclassified to conform with the current year's basis of financial statement presentation.

Appendix B

FAIR Canada Reports

18-Feb-11	A Decade of Financial Scandals
23-Jul-10	Managing Conflicts of Interest in TSX Listed Company Regulation
11-Mar-10	Money Market Funds – Zero Returns
2-Nov-09	Contracts for Difference: Gambling for Retail Investors
13-Jul-09	The Strange Case of Leveraged and Inverse ETFs, Part 2: A Few Steps Forward; Much Remains to be Done
14-May-09	Investor Alert on the Dangers of Leveraged and Inverse ETFs: Heads You Lose, Tails You Lose: The Strange Case of Leveraged ETFs

FAIR Canada Submissions—2011

20-Dec-11	OSC Proposed Enforcement Initiatives
10-Nov-11	Stage 2 of Point of Sale Initiative
7-Nov-11	Maple Proposal
27-Oct-11	Ongoing Governance and Disclosure Requirements for Venture Issuers
26-Oct-11	Dark Liquidity
11-Oct-11	Proposed Amendments to Part IV of the TSX Company Manual
6-Oct-11	MFDA Leverage Suitability
23-Sept-11	Cost Disclosure & Performance Reporting
31-Aug-11	Proposed Rules and Rule Amendments Relating to Securitized Products
25-Jul-11	Phase 2 Investment Fund Proposals
25-Jul-11	OBSI Consultation Loss Compensation
11-Jul-11	Guidance Note – Outside Business Activities
29-Jun-11	TMX/LSE Proposed Transaction
27-Jun-11	Investment Risk Classification Methodology Disclosure Requirements of National Instrument 81-101 Mutual Fund Prospectus Disclosure
6-Jun-11	FSCO Draft Statement of Priorities
1-Jun-11	FAIR Canada Supports Mandatory OBSI Participation for IIROC and MFDA Member Firms

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FAIR Canada Submissions—2011

27-May-11	Alpha Exchange Application
13-May-11	Proposed Changes to the CFP Code of Ethics
27-Apr-11	Ontario Securities Commission 2011-2012 Statement of Priorities (Draft for Comment)
8-Apr-11	IIROC Guidance on Advertising and Client Communications
8-Mar-11	IIROC Proposals to implement the core principles of the Client Relationship Model
25-Feb-11	Alberta and Quebec Proposal for Incorporation of Individual Representatives of Registered Dealers and Advisers
25-Jan-11	Limitation on IIROC Enforcement Proceedings
14-Jan-11	OSC Investor Advisory Panel Seeks Input
7-Jan-11	IIROC Request for Comment on Plain language rule re-write project - Dealing with clients

FAIR Canada Submissions—2010

29-Nov-10	Letter to Ontario Minister of Finance: Securing Our Retirement Future: Consulting with Ontarians on Canada's Retirement Income System
29-Nov-10	Proposed Revisions to OBSI Terms of Reference
8-Oct-10	MFDA Proposed Fees and Charges Rule Amendments
8-Oct-10	IIROC Proposed Award Limit Increase and Costs Awards
30-Sep-10	CSA Proposed Amendments to Registration and Requirements
24-Sep-10	CSA Amendments to Fund Regulation and Disclosure
17-Sep-10	CSA Proposed Venture Issuer Regulation Amendments
7-Sep-10	CSA Proposed Amendments Re. Beneficial Owners and Continuous Disclosure
27-Aug-10	IIROC Proposed Personal Financial Dealing and Outside Business Activities Proposals
7-Jul-10	CSA Modernization of Scholarship Plan Regulation Phase 1 – A New Prospectus Form for Scholarship Plans
3-May-10	Requirements and Best Practices for Distribution of Non Arm's-Length Investment Products
30-Apr-10	The Task Force on Financial Literacy's "Leveraging Excellence" Consultation Document

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FAIR Canada Submissions—2010

- 16-Mar-10 [Review of IIROC Arbitration Program](#)
- 12-Feb-10 [OSC Draft Statement of Priorities for 2010-11](#)

FAIR Canada Submissions—2009

- 1-Dec-09 [IIROC Draft Guidance Note: “Know your client and Suitability Guidelines”](#)
- 17-Oct-09 [CSA Proposed Amendments to the Sale of Mutual Funds to Retail Investors](#)
- 6-Aug-09 [MFDA Task Force on Governance Issues Report](#)
- 23-Jul-09 [CSA, IIROC and MFDA Proposals Re. the Client Relationship Model](#)
- 23-Jul-09 [MFDA Proposed Amendments to Relationship Disclosure and Performance Reporting](#)
- 16-Jul-09 [IIROC Proposed Over-the-Counter Securities Fair Pricing Rule and Confirmation Disclosure Requirements](#)
- 4-May-09 [Toronto Stock Exchange Proposed Changes to Part VI of TSX Company Manual](#)
- 23-Feb-09 Standing Committee on Government Agencies – [Review of the Ontario Securities Commission](#): *A Matter of Investor Confidence*
- 23-Jan-09 The CSA on [Point of Sale of Mutual Funds](#)
- 21-Jan-09 TSX on [Shareholder Approval of Major Transactions and International Standards](#)

FAIR Canada Submissions—2008

- 9-Oct-08 [Joint Standing Committee on Retail Investors Issues - Product Suitability Consultation](#)
- 29-Sep-08 [TSX and OSC on Special Purpose Acquisition Corporations \(SPAC\)](#)

Appendix C

FAIR Canada Newsletters/Newsflashes—2011-2010

December 2011	<u>OSC Proposes No Contest Settlements and Other Enforcement Initiatives</u>
November 2011	<u>Canada Needs a Single Provider of External Dispute Resolution Services</u> <u>Letter to Minister Flaherty: Mandate OBSI as the Single Provider of External Dispute Resolutions for All Financial Institutions</u>
October 2011	<u>Leveraging Strategies Too Risky for Most Retail Investors</u>
September 2011	<u>Senate National Finance Committee to Examine Mutual Fund Fees</u> <u>Letter to Minister Flaherty: Compare U.S. and Canadian Mutual Fund Fees</u>
August 2011	<u>Dishonest Advisors Continue to Prey on Investors in Canada</u>
July 2011	<u>Fund Facts Misleading Investors About Risk</u>
June 2011	<u>Sino Forest/Muddy Waters Scandal Raises Systemic Questions</u>
May 2011	<u>Ombudsman under fire from financial industry</u>
April 2011	<u>Morningstar Global Report Gives Canadian Mutual Fund Fees “F-” Grade</u> <u>Investor Engagement in Securities Regulation</u>
March 2011	<u>FAIR Canada Calls on Prime Minister to Take Action: Canadians need leadership on combating fraud</u> <u>No Clear Benefits from TMX Merger</u>
February 2011	<u>A Decade of Financial Scandals: FAIR Canada calls for National Action Plan to Tackle Investment Fraud</u>
January 2011	<u>Will Canadian Securities Regulators Rise to the Challenge in 2011?</u>
December 2010	<u>FAIR Canada Calls for Reform of M&A Timely Disclosure Rules: Eliminate the Opportunity for Insider Trading</u>
November 2010	<u>FAIR Canada Calls on Ontario Government to Strengthen Retirement System</u>
October 2010	<u>Welcome Back, Mr. Wetston</u>
September 2010	<u>FAIR Canada Granted Leave to Intervene in Supreme Court of Canada Reference</u>
August 2010	<u>The Most Important OSC Chair in Modern Times</u>
July 2010	<u>Managing Conflicts of Interest at the TSX—FAIR Canada Releases Expert Report</u> <u>Problems with Scholarship Plans Identified/Mutual Fund Point of Sale Proposal Falls Short</u>
June 2010	<u>FAIR Canada Calls on OSC to Stop Magna Deal</u>
May 2010	<u>Conflicts of Interest Go Alpha</u> <u>Putting Clients’ Best Interests First</u>
April 2010	<u>Legislative Report Highlights “Public Interest” Mandate of OSC</u>

Appendix C

FAIR Canada Newsletters/Newsflashes—2010-2008

March 2010	<u>Putting the Client's Best Interests First (March 25, 2010 Conference)</u> <u>FAIR Canada Issues Report on Money Market Funds: Canadians Losing Out on \$300-500 Million</u>
February 2010	<u>FAIR Canada Submits Comment Letter to the OSC on its Draft Statement of Priorities</u>
January 2010	<u>FAIR Canada Supports Call for National Pension Summit</u>
October/November 2009	<u>Contracts for Difference: Gambling for Retail Investors</u>
September 2009	<u>Focus on Financial Literacy</u>
July 2009	<u>Leveraged and Inverse ETF Update: A Few Steps Forward— Much Remains to be Done</u>
June 2009	<u>FAIR Canada Works with Quebec Coalition for the Protection of Investors</u>
May 2009	<u>FAIR Canada Special News Alert—Heads You Lose, Tails You Lose: The Strange Case of Leveraged ETFs</u> <u>FAIR Canada Makes Submission to TSX on Shareholder Rights</u>
April 2009	<u>TSX Conflict of Interest and OSC Takes Positive Steps for Investors</u>
February 2009	<u>FAIR Canada Makes Submissions to Ontario Standing Committee Reviewing OSC</u>
January 2009	<u>FAIR Canada Applauds OSC Decision in Hudbay Case and Urges TSX to Bring Shareholder Approval Requirements in Line with Major Markets</u>
December 2008	<u>Looking Out for the Interests of Small Investors</u>

Appendix D

FAIR Canada News Coverage (Television)—2011-2009

22-Dec-11	BNN Headline – Supreme Court Rules on National Securities Regulator Plan
1-Oct-11	CTV W5 – Who is Protecting your investments?: All that Glitters
19-Sep-11	BNN Headline – Investor Protection
24-Aug-11	BNN Headline – Corporate Governance and Shareholder Rights (Part 1) (Part 2) (Part 3)
6-Jul-11	BNN Headline - OSC Probes Canadian Companies in China
30-Jun-11	BNN SqueezePlay – Competition Concerns for Maple
22-Jun-11	BNN Headline – “Bear Attacks” and How to Protect Investors from Unwarranted Assaults
14-Apr-11	BNN Headline - National Securities Regulator? (3 Parts)
6-Apr-11	CBC Lang & O’Leary Exchange — Enforcement Gap (47 minutes into video)
15-Feb-11	BNN SqueezePlay—NYSE Takeover Red Flags
21-Dec-10	BNN SqueezePlay – Tipped Off
12-Nov-10	BNN SqueezePlay – Insider Trading in Canada
4-Oct-10	BNN Market Call – Wary of Leveraged ETFs
26-Jul-10	CBC Lang & O’Leary Exchange – Magna Transaction
4-May-10	BNN The Close – Regulation and Reform - National Securities Regulator
19-Nov-09	Canal Argent – Fraude financière: améliorer l’indemnisation des victimes
28-Sep-09	Interview with Rob Carrick – Feeling ripped off, investors? You are not alone
21-Sep-09	Interview with Rob Carrick – Some simple, good investments
25-Aug-09	Financial Post Video – Jonathan Chevreau’s Interview with Ermanno Pascutto
8-Aug-09	TV Appearance – Focus Ontario on Global TV
28-Aug-09	CTV News Montreal – Federal Liberals meet Jones clients

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FAIR Canada News Coverage (Television)—2009

- 27-Jul-09 [Interview with Rob Carrick – Investment products that are not good for investors](#)
- 6-Jan-09 [BNN – The Close: Are Retail Investors Adequately Protected When they Deal with Professionals in the Investment Industry? featuring FAIR Canada Director – Whipple Steinkrauss](#)

FAIR Canada News Coverage (Print) | Current Issues—2011

- 22-Dec-11 [Toronto Star - What they said about: A national securities regulator](#)
- 21-Dec-11 [Toronto Star – Decision Day by Supreme Court on National Securities Watchdog](#)
- 5-Dec-11 [Global News – Supreme Court set to rule on national securities regulator](#)
- 1-Dec-11 [Globe and Mail – Canadian investors ‘gouged’ by fees](#)
- 1-Dec-11 [Financial Post – Regulators must scrutinize Maple’s TMX bid: OSC](#)
- 1-Dec-11 [Toronto Star – Maple bid a recipe for monopoly, critic warns](#)
- 28-Nov-11 [Financial Post – Good news and bad news for TMX suitor Maple](#)
- 21-Nov-11 [Investment Executive – FAIR Canada calls on Ottawa to strengthen OBSI](#)
- 21-Nov-11 [Financial Post – FAIR urges Ottawa to make OBSI mandatory](#)
- 17-Nov-11 [London South East \(www.lse.co.uk\) – Canada’s TMX deal to run gauntlet of public scrutiny New Brunswick Journal](#)
- 10-Nov-11 [Toronto Star - OSC calls in police to probe Sino-Forest](#)
- 7-Nov-11 [Financial Post – TMX Group’s Canadian equity exchanges lead in new listings](#) (same article posted
- 6-Nov-11 [thestar.com – Roseman: OSC’s investor panel bites back](#)
- 5-Nov-11 [The Montreal Gazette - Occupy Wall Street: Reining in the rich](#)
- 28-Oct-11 [Investment Executive – OSC advisory panel wants greater say in policymaking](#)
- 22-Oct-11 [Financial Post – Planners should make plans](#)
- 21-Oct-11 [Globe and Mail – OSC proposes ‘no-contest’ settlements](#)

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FAIR Canada News Coverage (Print) | Current Issues—2011

21-Oct-11	<u>The Star – OSC aims to speed up cases with new rules</u>
21-Oct-11	<u>Financial Post – OSC unveils new American-style enforcement measures</u>
17-Oct-11	<u>The Windsor Star – Good financial planners put clients first</u>
14-Oct-11	<u>Winnipeg Free Press – Know what you’re paying fund managers</u>
13-Oct-11	<u>Financial Post – Pierrie Lortie: Single national securities regulator wouldn’t better serve Canada’s needs</u>
12-Oct-11	<u>Investment Executive – FAIR Canada supports TSX corporate governance improvements</u>
7-Oct-11	<u>Investment Executive – FAIR Canada calls for better leverage regulation</u>
4-Oct-11	<u>Financial Post – Mediator under attack</u>
3-Oct-11	<u>Globe and Mail – Want more lower fee funds? Vote with your wallet</u>
28-Sept-11	<u>Globe and Mail – Let’s stop hiding the cost of mutual fund fees</u>
27-Sept-11	<u>Globe and Mail – Ottawa price probe asked to look at mutual fund costs</u>
27-Sept-11	<u>canoe.ca (Money) - FAIR Canada asks Flaherty to tackle high mutual fund fees</u>
27-Sept-11	<u>Toronto Sun – FAIR asks Flaherty to review high mutual fund fees</u>
26-Sept-11	<u>Investment Executive – OSC considering fiduciary duty for dealers and advisors</u>
23-Sept-11	<u>Investment Executive – Advisory panel gains traction</u> (Page 1 – 2)
23-Sept-11	<u>Investment Executive – Guest column: Fund Facts still seriously flawed</u>
23-Sept-11	<u>Investment Executive – Flying under the radar</u>
18-Sept-11	<u>Financial Post – Ombuds report fails to bridge gap between industry and mediator</u>
15-Sept-11	<u>Toronto Sun – Dishonest financial advisers slip through the cracks, FAIR says</u>
13-Sept-11	<u>Macleans - Really bad investment advice</u>
1-Sept-11	<u>Investment Executive - Give SROs more power to collect fines, Fair Canada says</u>
26-Aug-11	<u>The Star – Tough to monitor company based in China</u>
26-Aug-11	<u>Financial Post – OSC claims potential fraud at Sino-Forest</u>

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FAIR Canada News Coverage (Print) | Current Issues—2011

26-Aug-11	Investment Executive – Gripes hit OBSI
26-Aug-11	FP Street – OSC finally makes a big move
17-Aug-11	FP Street – Free bond price quotes could disrupt market model
14-Aug-11	Investment Executive – CSA proposes two-day limit for “fund facts” delivery
28-Jul-11	The Star – Maple Leaf adopts poison pill plan
20-Jul-11	Investment Executive – U.S. regulators seek penalties against RBC Capital Markets
7-Jul-11	Financial Post – Chinese listings already on the ropes
7-Jul-11	Investment Executive – Fund companies withholding investment risk methodology
6-Jul-11	The Star – Investor lessons from the Sino-Forest affair
24-Jun-11	Edmonton Journal – Two controversies show dealings with China not always simple
22-Jun-11	BNN – Regulators face dilemma with Chinese companies
21-Jun-11	Financial Post – Mud on our face
21-Jun-11	CTV News – A chill falls over Chinese stocks
11-Jun-11	FP News – Stalemate threatens ombudsman
8-Jun-11	Investment Executive – FAIR Canada calls for better protection for insurance buyers
6-Jun-11	Windsor Star – Ombudsman for investors under fire
3-Jun-11	Financial Post – Investor groups lobby to save ombudsman
30-May-11	Investment Executive – Gearing up to work with “fund facts”
19-May-11	The Street – LinkedIn’s IPO: Why you Weren’t Invited
13-May-11	CBC News – Securities regulator lawsuit is ‘very unusual’
30-Apr-11	Globe and Mail – Whether penny stock or leveraged ETF, know what you are buying
29-Apr-11	Investment Executive – Fatal flaw in feds’ plan?
14-Apr-11	Globe and Mail – National Regulator no ‘slippery slope’, Ontario tells Supreme Court

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FAIR Canada News Coverage (Print) | Current Issues—2011-2010

13-Apr-11	Investment Executive – National regulator necessary for proper oversight, Supreme Court hears
14-Mar-11	Globe and Mail – In TMX/LSE merger, whose rules apply?
14-Mar-11	Mining Markets – A cure for insider trading
10-Mar-11	Globe and Mail - More protection urged for mutual fund investors
7-Mar-11	MSN Money – Canada’s Worst Financial Scams
28-Feb-11	The Wall Street Journal - Practice Management Canada: Discerning Fraud In Investment Practice
25-Feb-11	Moneyville.ca - Investment fraud victims deserve a better deal
24-Feb-11	Investment Executive – Codify requirement to put clients’ best interests first: FAIR Canada
23-Feb-11	Financial Post – Fraudsters not put off by penalties
19-Feb-11	Global-Investment-Institute.com – FAIR Canada is an organization dedicated to fighting fraud
19-Feb-11	Montreal Gazette - Inadequate investor protection a ‘disgrace’
18-Feb-11	Globe and Mail – Fraud report urges whistleblower requirement, tipping rewards
18-Feb-11	Montreal Gazette - Isn’t it finally time to protect investors?
18-Feb-11	Investment Executive – Investor rights group calls for fix to Canada’s financial fraud problem
9-Feb-11	Globe and Mail – Technology savings a big driver of deal
21-Dec-10	BNN SqueezePlay – Tipped Off
Dec-10	2011 Investment Executive Canadian Investment Guide
1-Dec-10	Investment Executive - Investor rights group calls on Ontario to strengthen retirement
16-Nov-10	Globe and Mail – Ensuring secrets stay that way
1-Nov-10	Investment Executive - OSC facing major challenges
19-Oct-10	The Globe and Mail – Do your shares have the power?
17-Sep-10	Canadian Business Online – Earl Jones: Who’s in charge?
16-Sep-10	Macleans – The brawl on Bay Street

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FAIR Canada News Coverage (Print) | Current Issues—2011-2010

7-Sep-10	The National Post – Who’s Got Your Back?
30-Aug-10	The Financial Post – Checking on your advisor just got easier
17-Aug-10	The Financial Post – OSC in need of overhaul
15-Aug-10	Investment Executive – FAIR Canada calls for appointment of an “investor-focused” OSC chair
23-Jul-10	The Financial Post – Magna deal shows not all investors are equal
19-Jul-10	Canadian Couch Potato – Another Reason to Distrust the Fund Industry
14-Jul-10	Investment Executive – Many groups seek intervener status in single regulator court case
12-Jul-10	Investment Executive – CSA criticized for slow pace of mutual fund disclosure reform
8-Jul-10	Investment Executive – Tougher regulation of scholarship plans needed: FAIR Canada
2-Jul-10	The Financial Post – Trailer fees are first to go
17-Jun-10	Reuters – UPDATE 2—Magna documents may not seal Stronach deal
16-Jun-10	Globe and Mail – Globe Investor – More line up to fight Magna deal
15-Jun-10	Canadian Business Online – Ontario regulator opposes Magna’s plan to end its dual-class structure
15-Jun-10	Victoria Times Colonist – OSC attempts halt on Magna share deal
15-Jun-10	The Toronto Star – Securities watchdog seeks to stop Magna deal
15-Jun-10	The Financial Post – Group calls for hearing into Stronach deal
15-Jun-10	The Financial Post – OSC says Stronach share deal should be stopped
15-Jun-10	The Calgary Herald – Regulator opposes Magna conversion
15-Jun-10	The Investment Executive – FAIR Canada calls on OSC to quash Magna share proposal
15-Jun-10	Globe Investor Streetwise Blog – Stronach will get his payday
23-May-10	Canadian Business Online - Insider trading detection, enforcement needs to be beefed up: experts
17-May-10	The Windsor Start - Investors protect their own interests
24-Apr-10	CBC News – Canada’s biggest exchanges faces rivals

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FAIR Canada News Coverage (Print) | Current Issues—2010

6-Apr-10	Investment Executive – No shortage of options for IIROC arbitration reform
Spring 2010	Virage – Be a well informed investor
8-Mar-10	Investment Executive – The Elephant in the Room
28-Feb-10	Investment Executive – Investor Advisory Panel to give input on OSC initiatives
28-Feb-10	The Unbiased Portfolio – Follow up on FAIR
19-Feb-10	Investment Executive – It's time to fight scammers
15-Feb-10	Investment Executive – OSC urged to create panel for small investors
31-Jan-10	Bryan Borzykowski – How to Spot Weasel Words that Can Sink Your Portfolio
Mid – Nov-09	Investment Executive – Investor Protection is Priority No. 1
2-Sept-09	National Post – Here for the Little Guy
Aug-09	The Bottom Line – Inside trades 'rampant,' says FAIR boss
Summer 09	Argyle Magazine – To Be Fair
23-Jan-09	TMCNet.com - FAIR Canada Applauds OSC Decision in HudBay Case and Urges TSX to bring shareholder approval requirements in line with major markets
9-Nov-09	Financial Post - Canada struggles to tackle insider trading problem
21-Oct-09	Investment Executive – Investor organization calls for improvements to CSA point of sale initiative
28-Aug-09	CTV News Montreal – Federal Liberals meet Jones clients
12-Aug-09	Financial Post – Edward Waitzer: The client must always come first
28-Jul-09	The Globe and Mail – Globe Investor – It's time to bring fairness to bond market
13-Apr-09	Globe and Mail Report on Business – TSX proposal on takeovers gets cold response
13-Apr-09	Investment Executive – FAIR Canada pleased with OSC plans for Investment Secretariat
30-Jan-09	Investment Executive – FAIR Canada urges TSX to bring shareholder approval requirements in line with major markets
25-Jan-09	Investment Executive – FAIR Canada applauds OSC decision in HudBay case

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FAIR Canada/Hennick Centre Fiduciary Duty Conference News Coverage (Print)—2010

5-May-10	CTV – Whose interest does your financial adviser have at heart?
4-May-10	Globe and Mail – Do advisors put your interests first?
26-Apr-10	Globe and Mail – It's high time to prevent conflicts of interest
7-Apr-10	Globe and Mail – Globe Investor – Brokers balk at rule change to put clients' interests first
6-Apr-10	Investment Executive – Should advisors become fiduciaries?
5-Apr-10	Law Times – Lawyers clash over imposing statutory fiduciary duties for financial advisers
1-Apr-10	Globe and Mail – Globe Investor – Let's get the ethics clear here
1-Apr-10	Globe and Mail ROB – Canada unlikely to see a ban on fund commissions
30-Mar-10	Globe and Mail – Tougher rules sought for financial advisers
28-Mar-10	Investment Executive – Opinions divided over whether fiduciary standard should apply to Canadian advi-
28-Mar-10	Investment Executive – Imposing a fiduciary duty advisors would increase complexity, not protection

FAIR Canada Money Markets/Mutual Funds News Coverage (Print)—2010

8-Apr-10	The Toronto Star – Money fund investors missing out
18-Mar-10	Ellen Roseman.com – Today's low, low interest rates
15-Mar-10	financial-planning.com – Canadian Activist Group Tells Investors: Get Out of Money Funds
12-Mar-10	advisor.ca – Money market funds should go: report
12-Mar-10	National Post – Money market funds paying nothing or losing money: FAIR report
12-Mar-10	Wall Street Journal Online – Getting Personal Canada: Money Market Investors Missing Out
11-Mar-10	Globe and Mail – Globe Investor – Money market funds are losers: investor rights group
11-Mar-10	Canadian Business Online – FAIR Canada Issues Report on Money Market Funds...
11-Mar-10	Investment Executive – Money market investors missing out on returns: FAIR

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FAIR Canada Leveraged and Inverse ETFs News Coverage (Print) —2010-09

15-Apr-10	The Financial Post, Calgary Herald, Ottawa Citizen, Vancouver Sun - Signs of ETF industry's growing sophistication
15-Apr-10	National Post, Montreal Gazette - Pair-trading ETF only for the brave
1-Mar-10	Globe and Mail – Globe Investor – BetaPro eyes Australia for its leveraged ETFs
26-Jan-10	Canadian Couch Potato – The Trouble with Leveraged ETFs
6-Jan-10	The Globe and Mail – Globe Investor – BetaPro markets leveraged ETFs through Blackberry
24-Dec-09	Financial Post – A New Twist on Exchange Traded Funds
20-Nov-09	Morningstar – Leveraged buyers beware
9-Nov-09	The Globe and Mail – Globe Investor – Leveraged ETFs in the Crosshairs
10-Sep-09	Financial Post – Horizons BetaPro ramps up its paid PR campaign on leveraged ETFs
10-Jul-09	The Globe and Mail – Report on Business – The trouble with leveraged ETFs
18-Jun-09	ETF Database – Canadian Regulators Respond to Industry
12-Jun-09	The Globe and Mail – Globe Investor – Industry watchdog issues warning on leveraged ETFs
12-Jun-09	Financial Post – Regulator cautions dealers on ETF sale
12-Jun-09	Investment Executive – IIROC spells out sales obligations for leveraged ETFs
Jun-09	Canadian MoneySaver – Leveraged Exchange-Traded Funds
1-Jun-09	Financial Post – How “risky” leveraged inverse ETFs might be used to reduce risk
31-May-09	London Financial Times – Investors warned about niche ETFs
30-May-09	Toronto Star – Leave BetaPro's ETFs to the professionals
28-May-09	Sympatico MSN Finance – Are ETFs a better investment than stocks or mutual funds?
23-May-09	ETF2X (A Blog Devoted to The Intelligent Application of Proprietary Timers to Double Exposure ETF's)
22-May-09	Morningstar.ca
22-May-09	Canadian Capitalist – A Canadian Personal Finance Blog – This and That: Leveraged ETFs, CreditCard Legislation and more...

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FAIR Canada Leveraged and Inverse ETFs News Coverage (Print)—2009

21-May-09	<u>ETF Daily News – Simple is best with ETFs - (same as Financial Post article)</u>
21-May-09	<u>The Financial Post – Simple is best with ETFs</u>
16-May-09	<u>ETF Daily News – Canadian Investor blasts makers of leveraged ETFs - (same as The Market Guardian</u>
15-May-09	<u>Morningstar.ca – FAIR Canada turns up the heat on leveraged BetaPro ETFs</u>
15-May-09	<u>Investment Executive - FAIR Canada issues investor warning on leveraged and inverse ETFs</u>

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FAIR Canada French News Coverage (Print)—2011-2009

21-fév-11	Les Affaires – FAIR Canada veut un organisme dédié à combattre la fraude
19-fév-11	le Devoir – FAIR Canada demande à Ottawa de créer une brigade antifraude
25-sept-10	le Devoir – La transparence en Bourse – Des provinces veulent alléger le fardeau des petites sociétés
24-sept-10	Finance et investissement – Commission unique: FAIR Canada appuie le projet
23-sept-10	Conseiller – Valeurs mobilières: FAIR Canada devant la Cour suprême
28-juil-10	le Devoir – Selon un rapport de FAIR Canada, la Bourse de Toronto est en conflit d'intérêts
15-juil-10	le Devoir – Valeurs mobilières – Bachand ne veut pas plus d'une agence unique et décentralisée
12-juil-10	Finance et investissement – Les ACVM, trop lentes aux yeux de FAIR Canada
12-avr-10	le Devoir – Ces fonds qui ne rapportent rien
Printemps 2010	Virage – Be a well informed investor
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oct-09	le Conseiller – FAIR, la réplique des investisseurs
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