

FAIR

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

August 7, 2019

Mr. Louis Morisset

Chair, Canadian Securities Administrators
President and Chief Executive Officer, Autorité des marchés financiers
800, square Victoria, Suite 2510
C.P. 400, tour de la Bourse
Montréal, QB H4Z 1J2

RE: IIROC Notice 19-0076 Proposed Amendments to Rules of Investment Industry Regulatory Organization of Canada (IIROC) ~ Minor Contravention Program and Early Resolution Offers

Dear Mr. Morisset,

Please find enclosed a copy of the letter of FAIR Canada dated July 3, 2019 sent to IIROC and the Ontario Securities Commission (OSC) containing our comments on proposals to provide alternative forms of enforcement proceedings available to IIROC by adopting the Minor Contravention Program (MCP) and the proposed IIROC Staff Policy Statement on Early Resolution Offers (ERO) in accordance with the request for comments in IIROC Notice 19-0076 dated April 25, 2019.

We wish to bring this matter to the attention of all members of the Canadian Securities Administrators (CSA) due to the alarming nature of the proposals, their negative impact on the existing system of investor protections via the enforcement proceedings and the apparent disregard that IIROC has treated our earlier comments regarding these proposals.

These IIROC proposals water down a regulatory enforcement regime that is already functioning in a manner that frustrates and does not provide adequate protection to the investing public. The stated focus of IIROC in making these proposals is its own administrative "efficiency" and fails to address the public interest responsibility of IIROC for protecting investors.

IIROC is a public interest regulator carrying out delegated regulatory authority pursuant to statutory orders issued by several members of the CSA. IIROC publicly claims that its enforcement vision is to be known for its integrity, transparency and balanced solutions and its actions are driven by sound, intelligent deliberation and consultation. We fail to see how these

proposals are consistent with IIROC's public interest regulatory responsibility or its vision of itself.

In addition to FAIR Canada's comments, these IIROC proposals are opposed by all investor and consumer protection advocates including:

OSC Investor Advisory Panel

https://www.iiroc.ca/Documents/2019/29bce4d0-c15e-4709-b9d2-91a8f84a2af8_en.pdf

Small Investors Protection Agency

https://www.iiroc.ca/Documents/2019/b65fbed6-bb01-4c2e-955e-4a689c20aaaf_en.pdf


Kenmar Associates

https://www.iiroc.ca/Documents/2019/cc4c539c-7979-4836-b098-1ade23cfa0f4_en.pdf

If implemented as drafted, these IIROC proposals will reduce transparency, accountability and integrity of its enforcement process. We ask that our comments and concerns as expressed both in this letter and our letter to IIROC and the OSC dated July 3, 2019, be provided to all members of the CSA.

We would be pleased to discuss our concerns with the members of the CSA. Please feel free to contact Ermanno Pascutto at 647-256-6693 / ermanno.pascutto@faircanada.ca or Douglas Walker at 647-256-6690 / douglas.walker@faircanada.ca

Sincerely,



Ermanno Pascutto, Executive Director
FAIR Canada

c.c. Douglas Walker
Senior Policy Counsel
FAIR Canada

Attachment: FAIR Canada Comments on IIROC Notice 19-0076 Minor Contravention Program and Early Resolution Offers