

# FAIR Canada

## 2023-2028 Strategic Plan



*Canada's trusted, independent voice raising  
awareness and championing fairness on critical issues affecting  
investors and financial consumers*

## Message From the Chair and the Executive Director

We are pleased to present FAIR Canada's **Strategic Plan** for 2023 to 2028. FAIR Canada was established in 2008 during the global financial crisis to be a catalyst for investor rights and to foster public confidence in our markets by promoting effective investor protection standards.

Today, we proudly champion the concerns of investors feeling the impact of financial innovation and changes in public policy, business models and industry practices. Our aim is to ensure decision-makers make good policy choices that consider and appropriately balance the interests of investors, particularly retail investors, with the interests of securities issuers and securities dealers. These retail investors include approximately 17 million Canadian households that collectively hold more than five trillion dollars in financial wealth that needs to be properly managed.

Since becoming a non-profit registered charity, FAIR Canada has earned its reputation as a well-respected, informed advocate that provides thoughtful, influential commentary on significant securities-related policy matters. In an environment, however, where industry concerns are voiced through better resourced and funded associations, FAIR Canada needs to grow to keep pace. Our current resources are inadequate to address the expanding policy challenges, as well as the need for more retail investor-focused research and empirical data.

A stronger FAIR Canada is critical for strengthening Canada's consumer-protection culture.

Since fiscal 2020-21, we have submitted 49 comment letters to governments and regulators, an average of 16 per year. In addition to contributing our thought leadership on regulatory issues, we published two comprehensive guides to assist investors across Canada—one on navigating Canada's fragmented complaint system, and another on how new technology is enabling fraud and why investors continue to fall victim to financial fraud.

And this year, we published a report on a national investor survey we conducted to learn about and better understand the diverse types of retail investors, and their different concerns and experiences. We also commissioned independent research to help us better understand the make-up of investors across Canada, including the types of investments they hold, how they seek advice, and where they purchase their investments.

There is little doubt Canada's financial markets are constantly innovating and responding to wide ranging changes, including in technology, demographics and consumer preferences. Technology has allowed investors to easily buy and sell a variety of products, eroding the traditional boundaries between securities, insurance, and banking. As well, changes in financial products and distribution

channels are exposing weaknesses in the traditional “product-focused” approach to regulation, with potential negative consequences for investor protection.

More than ever, the rapid pace of change in financial markets underscores the need for a strong, national, independent, professional advocate with the resources to help policymakers respond to these challenges.

In our experience, investors are better served when governments, regulators and advocates view them as financial consumers, not just individuals buying or selling securities. For FAIR Canada, this means expanding our advocacy into areas that may be viewed as going beyond the traditional ambit of securities regulations. Today, the fact is most Canadians invest in a wide range of financial products through different regulated—and sometimes unregulated—channels.

To continue to provide insightful commentary on investor-related matters, we need to keep up with where and how Canadians are investing their savings and building their financial well-being. This means meeting them where they truly are as financial consumers, as opposed to how a particular regulatory scheme may characterize them. This requires us to engage more and more with other regulatory frameworks and policy issues affecting investors.

FAIR Canada’s **Strategic Plan** identifies four goals and corresponding priorities that will guide us over the next five years. **To ensure we collectively cultivate a stronger consumer-advocacy culture in Canada, we hope that FAIR Canada will receive the additional financial support we need from donors.**

We look forward to working with the Board, our small but dedicated team of staff members, and our many stakeholders towards achieving our goals and growing the organization. Advocating for the rights of investors is a worthy undertaking and we believe there is no one better placed to do so than FAIR Canada.



Preet Banerjee  
Chair, Board of Directors



Jean-Paul Bureaud  
President, CEO and Executive Director

# Mission and Vision Statement

## Our Mission

FAIR Canada champions the rights of individual investors in Canada. We advance our mission through public policy submissions to governments and regulators, proactive identification of emerging issues, and outreach through public conferences. We also conduct research to hear directly from investors and financial consumers about their experiences and concerns. FAIR Canada has a reputation for independence, thoughtful commentary on public policy issues, and repeatedly advancing the interests of retail investors and financial consumers.

## Our Vision

FAIR Canada is the go-to, trusted, independent voice on significant issues that impact individual investors as financial consumers. Regulators and governments respond to our concerns and incorporate the protection and fair treatment of investors as financial consumers into regulatory policies and priorities.

# Organizational Values

## Independent

We are Canada's only national, non-profit professional organization focused on investors and financial consumers, independent of any government or regulator.

## Collaborative

We work collaboratively with investor and consumer groups, securities regulators, investment industry organizations, and other sector stakeholders. Our focus is on promoting fairness and the interests of individual investors.

## Informed

We advocate treating investors fairly in an articulate and balanced way, based on research and knowledge of securities law and regulations that affect those consumers.

## Respectful

We are respectful in all our interactions and seek to provide constructive policy solutions.

# Critical Factors Affecting Consumers

FAIR Canada has identified three environmental factors that are having a significant impact on investors: Technological Innovation, Market Changes, and the Regulatory Environment and Priorities.

## Technological Innovation

Technology is transforming the financial services industry and how products are manufactured, distributed, and sold to consumers. The COVID-19 pandemic accelerated the development and adoption of digital solutions.

While technology offers tremendous opportunities for growth and improvement, it also presents new challenges and risks. Innovation enables more people to invest on their own terms and can provide better consumer experiences. For instance, robo-advisors offer basic, low-cost investment advice; however, they are typically self-guided online platforms with little to no human intervention. Consumers need to be sufficiently equipped to navigate the increasingly complicated and evolving investing environment.



But not everyone has equal access to technology

or feels comfortable using it. This means there is a risk that some investors, especially those who are more vulnerable, may be left behind by the shift to digital methods of investing.

The pandemic, coupled with innovative technology, has led to an increase in the number of do-it-yourself (DIY) investors. In Canada, many investing accounts are held by DIY investors between the ages of 25 and 34. The surge in DIY investing raises concerns about the adequacy of financial literacy and the regulations surrounding this space. It also raises questions about the quality of the information DIY investors use. For instance, young DIY investors may make their decisions based on social media hype or misinformation, which could expose them to online investment scams. Additionally, the gamification of trading apps can encourage impulsive decision-making and the purchase of high-risk investments that can lead to poor consumer outcomes.

The digitization of investing is blurring the line between what constitutes financial advice and what does not. For example, gamification could be considered advice to the extent it encourages certain investment decisions. Alternatively, might regulators consider an order execution only (OEO) platform's decision to post warnings about buying particular stocks as providing advice, which is prohibited by OEOs?

Digital transformation is raising new questions about Canada's regulatory approaches, which regulators need to understand and address.

The rapid pace of innovation exposes consumers to potential harm and raises questions about whether regulators are doing enough to protect investors.

## Market Changes

Changes in the competitive landscape are affecting the availability of financial products and services and how they are offered. Increased consolidation of financial firms means less choice for consumers.

Similarly, firms are consolidating their product and service offerings. To attract consumers, financial institutions are bundling diverse products or services on more favourable terms, rather than requiring the consumer to buy each product or service separately. Along with making it more difficult to compare individual products and services from different institutions, it may encourage consumers to purchase more than they need.

With the decline in employer pension plans, more people are expected to plan and save for their retirement.

In response to regulatory changes, some institutions have trimmed their product shelves and only sell proprietary products, leaving consumers with fewer options. At the same time, new firms and product offerings are disrupting financial markets, providing novel or alternative choices for consumers. Crypto assets, for example, remain popular among retail investors, despite their volatility and the recent high-profile collapses of several cryptocurrency exchanges. Regulatory systems are trying to keep up with innovative, complex products that continue to expose investors to significant risks of harm.

The sheer number and variety of financial products in the marketplace can make it difficult for consumers to distinguish between them. The average consumer is unlikely to differentiate between securities and insurance products, for example. Some products, such as segregated funds, combine the features of both securities and insurance. Additionally, technology has made it easier for consumers to buy and sell products, reducing the barriers between securities, banking, and insurance. But most consumers are not aware of what type of regulated entity they are dealing with, let alone the regulatory framework that may apply in their circumstances.

Because of the need to plan for and secure their financial well-being into their lengthier retirement years, more consumers are seeking comprehensive financial advice that considers a wider range of financial products to help them achieve their goals. Consumers' needs do not fit neatly into narrow, regulatory silos. Now more than ever, it is critical for advocates to provide a consumer-oriented perspective that transcends the traditional regulatory boundaries.

**Another significant change in financial markets is the increased responsibility Canadians bear for their own retirement.** With the decline in employer pension plans, more people are expected to plan

and save for their retirement. This raises questions about whether Canadians are preparing well enough for their retirement years.



Financial advisors and financial planners are playing an increasingly prominent role in helping Canadians achieve their retirement goals.

This underscores the importance of ensuring there are high proficiency requirements and rigorous standards of conduct for financial advisors and financial planners.

## Regulatory Environment and Priorities

In Canada, financial sector regulation is divided among multiple regulators. This division creates opportunities for “regulatory arbitrage,” which occurs when market participants try to avoid stricter requirements in one regulated sector by recommending products that may be less regulated.

Regulatory fragmentation also leads to an uneven playing field for the industry, as well as gaps in the consumer protection framework. It often means consumers have different rights and protections depending on the product or service.

Even though investors are struggling to manage an increasingly complex environment, some burden reduction initiatives focus on cutting “nuisance” costs for the industry. This seems to take priority over protecting investors...

This regulatory complexity is challenging for investors to understand and navigate. When investors have suffered losses, they often find it difficult to know where to turn to make a complaint. As new products and services are created, investors may find it even harder to plan and manage their finances to improve their financial well-being.

In the past few years, the Canadian Securities Administrators’ business plans have identified reducing regulatory burden as a main priority. Streamlining regulation and reducing regulatory burden continues to be a core theme in the Canadian Securities Administrators’ current business plan.

Proposals to reduce the regulatory burden on industry players often suggest that this will not compromise consumer protection. But without providing analysis or explanation of how burden reduction will be implemented, how have the regulators determined investor protection will not be affected?

Even though investors are struggling to manage an increasingly complex environment, some burden reduction initiatives focus on cutting “nuisance” costs for the industry. This seems to take priority over protecting investors or modernizing the system to improve market efficiency. It is often far easier to calculate costs than it is to show the value of investor protection—thus, tending to tilt the discussion in favour of those arguing for burden reduction.

The recent collapses of a few regional U.S. banks are a cautionary tale about the dangers of prioritizing burden reduction over consumer protection. After the 2008 financial crisis, the U.S. government imposed stricter requirements intended to prevent bank failures. During the Trump Administration, the banking industry successfully lobbied the government to roll back several of these requirements. Investors paid a steep price for this mistake. These bank collapses highlight the need to carefully consider whether reducing regulatory burden is in the best interests of financial consumers, and indeed the financial system.



**More recently, many investors are prioritizing something entirely different: investments that consider environmental, social and governance (ESG) factors.** Typically, ESG investors choose investments that align with their values, such as fighting climate change or improving diversity in the workplace. Investment fund companies and others are responding to investor demand by marketing funds as ESG-focused.

The lack of globally implemented standards for ESG-related information, however, creates the risk that investors will be “greenwashed.” This occurs when marketing materials intentionally or unintentionally mislead investors about the ESG-related aspects of a fund. Canadian and international regulators are making progress in developing and beginning to implement ESG disclosure standards to help investors make better decisions. FAIR Canada would like to participate in this welcome regulatory advancement.



# FAIR Canada's Strategic Goals

## 1 Continue to be a thought leader and go-to, trusted, independent voice on issues that impact individual investors.

### Priorities

#### **Provide informed commentary and constructive feedback on policy proposals.**

Respond to requests for comment from governments and regulators on matters that affect investors as financial consumers. Contribute to discussions on how to address issues arising from changing environmental factors.

#### **Shine a light on emerging issues and those needing a better regulatory response.**

Identify and proactively advocate for changes in industry practices that are potentially harmful to investors and identify opportunities where investor rights or protections need to be enhanced.

#### **Enhance our ability to learn and to be heard through effective working relationships.**

Advance policy issues through informed discussions and meetings with government, regulators, and other stakeholders. Identify new strategic partners to complement our strengths and increase our capacity. Deepen our alliances with consumer rights groups and provide leadership on common issues that would benefit from greater collaboration.

## 2 Expand our public outreach and increase awareness of FAIR Canada's mission, advocacy work, and research.

### Priorities

#### **Enhance FAIR Canada's public reach and ability to share our insights and expertise.**

Enhance our media relations and social media engagement to better inform the public and individual investors about their rights and protections, and to bring our research and advocacy efforts to more communities.

#### **Undertake and share research on key investor insights.**

Conduct and publish research that enables us to provide deeper perspectives directly from individual investors about key policy matters that impact them. Look for ways to leverage these valuable insights and research findings in the media to strengthen our advocacy on policy matters for Canadian financial consumers.

**Engage with stakeholders and promote constructive public dialogue on important issues.**

Support, participate in, and contribute to the public debate on high-priority issues for financial consumers at conferences, roundtables, symposia, and through speaking engagements.

**3 Secure increased, sustainable funding to enable FAIR Canada to expand its advocacy efforts, expertise and research capabilities.**

**Priorities**

**Develop a fundraising strategy that is based on a clear vision and operational plan.**

Create a fundraising action plan and operational design that identifies key deliverables and reflects FAIR Canada's operational needs to be able to deliver on its mission in a changing environment.

**Secure the needed funding support of our key stakeholders.**

Implement a fundraising strategy that secures increased, long-term funding to provide stability and enough resources to overcome gaps in our ability to meet our mission. This includes recruiting more staff to better address complex and emerging policy issues.

**4 Maintain strong governance practices and enhance the organization's resilience, expertise, and capacity to adapt to a dynamic environment.**

**Priorities**

**Maintain effective governance, stewardship, and risk management practices.**

Continue to implement strong governance practices that support our operations and meet new challenges as the organization grows.

**Support staff's professional growth, knowledge development, and well-being.**

Provide targeted opportunities for training and professional development of staff to enhance staff's expertise and strengthen the organization's institutional capacity and knowledge management. Attract and retain high-quality talent to help fulfil our mission and realize our vision.

## Conclusion

Our **Strategic Plan** charts an ambitious path forward for FAIR Canada. We take our mission seriously and we are passionate about our work and advocacy. To date, despite having limited resources, FAIR Canada has been able to achieve more than many expected.

FAIR Canada needs to evolve and grow to keep up with a fast-changing environment and address pressing challenges and emerging issues that affect investors and financial consumers. We are confident that, with the support from our stakeholders and our unwavering commitment to championing investor rights, we will be able to achieve our strategic goals.

As we move forward, we invite our stakeholders, supporters, collaborators, and individual investors to stand alongside us in being catalysts for positive change. Let's work together to build stronger financial markets in which Canadians can save and invest with less risk from poor advice and subpar products.