October 19, 2020

http://www.osc.gov.on.ca/en/SecuritiesLaw_csa_20200625_25-402_consultation-self-regulatory-organization-framework.htm

Dear Osc
Regarding CSA location of comments regarding the SROs

Such as iiroc
There are a couple of quick observations
1 regarding overlap. The actual focus between entities may be quite different even though it may appear that there is an overlap

For example regarding outsourcing protocol
The osfi oversees federally regulated entities including banks and their dealer broker arms
But the osfi is not a hands enforcement body nor is the Csa specifically regarding errant registered firms or dealer members. It leaves this to the chain of oversight including iiroc.

So while duplication is to be avoided it is too simplistic to just assume all the bodies have the same specific functions.

There are some key misalignment with iiroc and for example Osc concerns. For example. Material disclosure for listed issuers and firms. This is ground zero for decision making for all capital market participants. Including the retail investor for example using the discount brokerage services

But no one including iiroc is taking the lax third party oversight seriously when it comes to theretail investor and distortions of listed issuers material disclosures

The issuer will have filed correctly, but the third party data stream feed engaged by for example Td direct (tdwaterhouse) has relayed distortions of material disclosure. And the terms of service retail investors sign to open accounts to participate in the capital markets. Have the retail investor consent to errors omissions and other deficiencies on the relay of material disclosure by Thompson Reuters or its affiliates...Td for example is quite aware that the data feed may be subpar..And a distortion of what the original issuers have filed. And seeks the retail investors consent to this....a condition none of the other capital market participants have to operate under or consent to.

In fact Td wears many different hats. One as a service provider in its discount brokerage role. And a different one as a registered firm with its proprietary trading behalf of the bank

Thus you have a conflict of interest that iiroc and osc have not addressed. Because Td bank trades in the same capital markets wearing one of its many hats but is not blindfolded by the terms and conditions its Tdw arm lays out for its retail discount brokerage clients. That the retail investor must agree to if they wish to use TDS platform and services to access the capital markets....(errors omissions interruption of service)

But TD banks own proprietary arm is not hampered by the conditions its discount brokerage side insists on for the retail investor client

Nor are any of the other large capital market participants

And yet iiroc has still failed to address this in any meaningful way.

So Td for example is taking advantage of its own retail discount brokerage clients setting up conditions in the terms of service the retail client must agree to if they wish to access the capital markets using TD direct as an intermediairy

Which is very convenient for TD bank and it's own trading desks. Including for options as it is not inhibited by these conditions even though both it and the retail client are both participating in the same capital markets.

The osc states its purpose is to oversee a fair and efficient capital market for all participants...so why the lopsided less diligent care or concern for the retail discount brokerage client having to agree to such questionable terms.....how is this fair or an equal opportunity?

IIrocs staff are given considerable discretion as to the weight they give compliant depending on internal priorities. Even if they are in fact a violation of iiroc and osc and osfi compliance expectations and similarly for Csa directives

So once again why this lopsided approach?

Further retail investors participate in the capital markets to build financial assets to serve as cushions later on including in retirement.
I note age is not defined as starting at age 65. But under human rights law can occur at any time in a person's life. Although two provinces have the chronological clock start at age 18 or 19. The rest leave it open and the likelihood the elderly person has assets that are ripe to be plucked. And can't easily mitigate the financial loss

But investing starts long before retirement...so really the osc needs to widen its focus if it wishes to prevent age discrimination...to non compliant practices with securities law iiroc rules and Csa directives to encompass all age groups here...

As should iiroc

What I keep observing is a skew that defers to industry agendas and downplays the injury suffered by the retail investor on myriad of compliance violations. That aside from possibly fees are ignored completely

None of the industry seems to be practicing what they have laid out for compliance when it comes to the electronic discount brokerage service model. And I would like to understand why?

As again this is a skew to industry agendas at cost to the retail investor capital market participant.

And I have yet to see any comprehension on the part of Csa regarding this.

Retail are not treated as equal participants in the capital markets nor are they provided with equal protection before the law compared to the other market participants. And again I find this disturbing.

https://www.ft.com/content/ed619409-dab9-49fb-bef4-2b582407353d. This link demonstrates why it is critical to insist the chain of regulatory oversight do more than just talk about investor protection. And actually evenly enforce the industries codes of conduct to ensure an even playing field in the capital markets for all participants. Including the retail investor. Especially those using the discount brokerage access services.

Further while it is important accommodation be made for disabilities including cognitive especially when there is more likely to be a higher based on statistical risk with some seniors. Not all serious are cognitive impaired, any more than younger investors. But they are given the years of accumulation ripe to be targeted, and very little time to mitigate the financial harm.

However the investment industry is rife with discriminatory practices. Including the terms of service retail investors of all ages must agree to to open accounts to invest. That are also violation as iiroc has noted of layers of financial industry compliance expectations. (Iiroc 19-0177)the

And more critically this impacts all retail investors who agree to such terms regardless of their chronological age.   And the harm compounds overtime as a result of these deceptively worded liability disclaimers. In way compound interest grows. Except it is in the negative.

Yours truly
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