

January 26, 2020

Submission for CSA on delivery of company filings.

Some concerns

Not all seniors are tech savvy. And many who are especially seniors do not have printers to print off the material if they wish to discuss it further

This is a constant refrain that I hear in my condo and my condo is a very high end one.

Some are others may still want to ensure if they use the advisory model that their advisor is diligent.

Further the industry keeps saying how financially illiterate the public are.

There is a duty to accommodate for the above unless the whole intent is simply to serve the industry.

Further there are still many compliance items that dealer members are circumventing that get in the way of OSC's (for example) stated purpose of NP51-201 and reaching all market participants including retail.

Unfortunately because IIROC and OSFI and the securities commissions still have not made meaningful progress in ensuring that dealer members also known as registered firms are fully compliant with oversight of their. Third party service providers they outsource duties to including those streaming data to investors using the order only execution only models (electronic)

Because the terms of service have retail consent to errors omissions interruption of service including items tied to data feed streaming. That certainly do reference material disclosure and updates from listed companies.

So regardless of how it is decided that delivery from the primary source. E.g. listed companies, the terms and lack of diligence by dealer members including arms of banks will still cloud up listed companies efforts re filing due to dealer members (fre registered firms) poor ownership of their compliance duties per OSFI B10. CSA and OSC CP 31-103. And IIROC guidance notice 14-0012. (And rule 2207(2) for order execution only retail models and industry proprietary trading version.

The terms of service retail sign in order to open up such order execution only models will always undermine the efforts of compliant listed companies

As well as broader generic access to electronic services agreements where again a bank is seeking dispensation for its negligence including re third party services for all its electronic "banking" services

Read this as seeking permission to side step compliance protocol when outsourcing as well.

There must be a good reason the federal provincial and SRO bodies (IIROC) all have a concern about poor ownership when outsourcing to their parties is engaged including by dealer members for interface with retail investors.

So why haven't these declarations of non compliance in terms of service and even access to electronic services been addressed by members under CSA including OSFI as well as IIROC and OSC?

Because this certainly does undermine listed companies efforts to comply with per IROC their own duties when filing material disclosure updates?

IROC has had since 2014 to sort this out for complaints refer to it by OSC re DM behaviour.

So why hasn't it.

As IROC focus on material disclosure Change it tied to Dealer member firms own internal structures not listed companies which is the focus for OSC and CSA.

So even with the final conclusion re how listed companies can consider their updates as delivered, IROC will not be vetting this, nor the distortion that occurs and is permitted per the problematic terms of service the investing public and even those more generally seeking access via electronic services to see their credit card records must agree to to have access.

And make no mistake the terms speaking only to access to electronic services in general certainly do speak to issues of concern regarding securities industry compliance items and specifically re lax oversight of third party vendors when seeking consent to be negligent (and one bank actually says negligent)

Further to close down problematic terms of service relating to CP 31 103 and IROC 14-0012 regulators will have to examine not just terms tied specifically to a particular type of investment model but also with respect to terms of service speaking to electronic service usage and access more generally.

So until oversight addresses these very loose ends including items IROC recently mentioned in its guidance notice 19-0177, the most vulnerable participant will be left out of the loop re how listed companies file per this latest proposal.

And yes I tested this disconnect in the past between what was being filed and what was being streamed to retail and tried to alert the dealer member but got no where

And it is very true as TD Direct has asserted NO regulatory body has objected to its terms of service and the specifics I have red circled as being non compliant.

So why would they or others change the wording? Yes they should be much more proactive but they aren't and oversight is deluding itself if they believe industry will be forthcoming.

So bottom line focusing on how listed companies file or don't file is ignoring broader issues that continue to undermine these efforts

Aside from my sense that the only parties being considered here are industry insiders .

This might lighten the companies load but the loose ends left dangling by our regulators despite what they have on the books will compromise this

And it also is out of alignment with the so call out reach to the less expert participants the investing public where their needs aren't ever being considered.

Outsourcing and electronic aka on line digital dissemination really ramp up the systemic risks to the capital markets as well as oversight is ignoring these other aspects of compliance. In a disjointed focus on listed companies per the latest item.

Oversight is actually adding fuel to the contagion due to its inattention to the loose ends re other compliance expectations for other parties beyond the listed company item.

Until other loose ends such as the above are addressed seriously your objective regarding listed companies and filing will continue to be undermined

Yes material disclosure is a key element for decision making but there is more involved than the focus on how listed companies deliver disclosures that have been left unaddressed

Printing expectations but not enforcing them or doing so in a half way measure is token oversight.

And our regulators have only themselves to blame for this current mess and negligence in their own duties to oversee a fair and efficient market for all participants including the investing public

If I were a listed company executive I would be livid at how the corporate efforts to comply were blown out the window by the regulators themselves and their failure to connect all the regulatory dots here

As a retail investor who has repeatedly tried to alert the powers that be only to be brushed off....why should I bother?

26You do need to clean up your own acts and then your efforts will be more effective.

I also understand the dealer members arm of the big bank and their pragmatic position since only a retail investor has objected there is no reason to better align the terms of service to the DM or the Banks compliance obligations'

Focusing on listed companies compliance at this point is a half measure.

Bev Kennedy