

INVESTOR ADVISORY PANEL

February 19, 2019

Maureen Jensen
Chair and CEO
Ontario Securities Commission
20 Queen Street West
20th Floor
Toronto, ON M5H 3S8

Dear Ms. Jensen,

RE: Reciprocal Enforcement of Bans and Suspensions

I am writing to you on behalf of the Investor Advisory Panel to initiate a discussion about enhancing the reciprocal enforcement of regulatory orders in Canada.

Reciprocal enforcement is a laudable and important measure for curbing serial misconduct within the sphere of activity governed by provincial and territorial securities legislation. However, it is a measure designed to operate only within the securities “silo” and not as an integrated mechanism to help curtail wrongdoer migration into other financial sectors such as insurance, banking, pensions, mortgage financing and financial planning. The IAP would like to suggest that this can and should be improved by broadening the effective ambit of reciprocal enforcement.

To state the matter simply: No one who lacks integrity or who has proven themselves ungovernable should be permitted to provide financial services of any sort, nor should they be allowed to advise the public about any type of investment. In our view, therefore, a ban or suspension imposed by any Canadian financial services regulator, including one of the SROs, should normally translate immediately and automatically into an equivalent ban or suspension by all federal, provincial and territorial financial services regulators and SROs across the country.

We believe this viewpoint accords with the public’s expectations. Making it a reality would serve the public interest.

A ready mechanism for achieving this purpose may already exist in the ability of financial services regulators to assess fitness for registration/membership (both initial and ongoing); and we doubt the public would consider it inappropriate if a person banned or suspended by one regulator is deemed presumptively ‘unfit’ by all other regulators for the duration of the ban or suspension. Indeed, we believe the public would give overwhelming support to this concept.

We recommend, therefore, that the OSC initiate discussions with all CSA members and with all other financial services regulators in Canada for the purpose of implementing an effective process to automatically apply bans and suspensions to all spheres of financial service.

We would be pleased to discuss this further with you or the Commission, at your convenience.

Sincerely,

A handwritten signature in blue ink, appearing to read "Neil Gross".

Neil Gross
Chair, Investor Advisory Panel