

Vigourous Intervention on
Issues of Importance to AIMR Members

A Presentation to
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General

There are many issues of great importance to Canadian investment professionals that have been addressed by the CAC in the past. Among these issues are:

- National Securities Regulator
- Harmonization of securities laws across Canada
- Moving towards International Accounting Standards
- Civil Liability for continuous disclosure
- Governance bodies for public mutual funds.

It is not the purpose of this presentation to delve into these issues or comment on the CAC's responses. Rather, it is to advocate a more effectual approach towards having the CAC's recommendations adopted, with the additional benefit of raising the profile of the CFA designation, AIMR and its constituent societies in a positive manner.

The Problem

The issue of presentation effectiveness is best illustrated by the draft minutes of the CAC for the meeting of June 13, 2002: "The OSC Report contains 85 recommendations. Many are restatements of existing initiatives that the CAC has supported in the past and should again support..." It is apparent that CAC support has not been decisive in having these recommendations adopted, even though these recommendations also carry the imprimatur of the Ontario Securities Commission (OSC).

Thus, there are instances in which proposals of clear benefit to the profession (as represented by AIMR and the CAC) have not been expeditiously adopted by Canadian politicians, despite the support of regulatory staff.

Additionally, advocacy by AIMR, the CAC and local societies is virtually invisible to the investing public – it is incumbent on a professional association to represent its membership with the authority derived from its wide base.

Ancillary Issues

As an AIMR creation, the CAC must consider the image projected to the investing public in the course of its activities. Conversely, given that AIMR has given the CAC responsibility for advocacy on Canadian issues, it is incumbent on AIMR to provide the CAC with the funds and authority to perform this function to the standard exhibited by AIMR in its other activities.

AIMR has promoted itself (and the CFA designation) in two major initiatives over the last year:

- A traditional branding campaign.
- An “advertorial” given wide distribution in February 2002, at the time of Mr. Bowman’s presentation to Congress.

The latter approach is much more likely to have had a positive impact on investor perceptions of AIMR and the CFA.

It should also be noted that promotion need not be accompanied by large expense; Barbara Stymiest, CEO of the Toronto Stock Exchange (TSX) was given a very favourable review by Andrew Willis in the Globe and Mail of June 25, 2002, due entirely to her efforts to promote a National Securities Regulator. The impact of such independent commentary by a widely read journalist cannot be underestimated.

Proposals for Action

The following steps are proposed to meet the twin goals of improving the regulatory climate in Canada and enhancing the public image of AIMR and the CFA designation:

- **All comment letters should be released to the press, together with a press release summarizing the issues and recommendations.** In order to accomplish this goal, the CAC will need to maintain (or have access to) a listing of business journalists in Canada, which would include their preferred method of receiving information (eMail, fax, letter). Implementation of this recommendation will require staff time to maintain the distribution list; time to prepare and distribute the press release; and nomination of a spokesman for each release. Successful implementation of this proposal will increase the chance of favourable mention in the press, with respect to both the issue under examination and of AIMR.
- **Press conferences should be held at the time of such release.** Implementation of this proposal will require determination of venues, as well as reference to the listing of journalists mentioned above. Staffed offices of local chapters exist in Toronto, Montreal, Edmonton and Calgary – it would seem beneficial to all parties to hold press conferences in these venues, but premises may be rented in any event.
- **Press conferences should not be limited to CAC members.** In order to provide maximum exposure to the recommendations and display industry unity, attendance at press conferences by interested professionals of high visibility should be sought. For example, a conference regarding recommendations for

mutual fund regulation would be enhanced if the CEO of a national mutual fund firm could be induced to attend and say a few words of support. This recommendation may be implemented through personal contacts of CAC members and “cold calls” by the conference spokesman.

- **An advertising budget should be obtained from AIMR.** The advertising of the recommendations incorporated in Mr. Bowman’s presentation to Congress was very effective. People have seen far more standard “branding” campaigns than they can remember – it will be far more effective public relations to associate AIMR’s image with well-defined recommendations consistent with our Standards of Practice. Implementation of this proposal will require a “template” advertisement that may be customized to present the specifics of a single issue in a manner that the average non-professional investor can understand. A listing of media should also be prepared. The CAC should take particular care to promote its recommendations in provinces in which an election campaign is under way. Placement of advertisements need not be confined to the immediate period of the recommendation – promotion of a National (or, at least, multi-provincial) Securities Regulator every month until implementation would be a significant step forward.
- **Members of the CAC must be prepared to present and defend the recommendations publicly.** All opportunities for public speaking should be pursued – at the very minimum, local societies should be made aware of this resource and be encouraged to utilize it. Additionally, other fora such as Toronto’s “Empire Club” should be contacted to determine if there is any interest. It should also be noted that the cable television companies are desperate for cheap Canadian content and should be contacted by the CAC regarding such events. (Note that each luncheon speech sponsored by the “Empire Club” is televised many, many times by Rogers Television...usually at odd times of the day, admittedly, but it’s free!)
- **Other interested parties should be contacted to cooperate in publicity.** For example, it may well be that Barbara Stymiest would consent to be introduced by a CAC representative at one of her engagements – or to provide an introduction at a CAC event. Even having a single like-minded supporter from a single organization applauding another will increase the credibility granted both to the CAC and to the specific recommendation in the views of attendees, reporters and those to whom the event is reported – particularly the politicians.
- **Effectiveness of implementation of the above recommendations should be measured.** There are innumerable polls taken of the investing public, by AIMR itself, investment advisors and “omnibus polls” prepared by pollsters. These should be thoroughly exploited – both to measure public opinion “before” and “after” major campaigns (with respect to both the specific recommendation and to the image presented), and to serve as fodder for yet more press releases, trumpeting or deprecating the results.
- **Glasnost.** In order that ordinary members may monitor the proceedings and effectiveness of the committee, source materials (to the extent made public by the author), drafts, recommendations and minutes of meetings (when approved) should be made public in an organized and timely fashion on the AIMR website.