

# Investor Protection Leveling the Playing Field - Facts & Recommendations -



## **Retail Investors are at a disadvantage**

Canada's investment environment often puts common retail investors at a disadvantage due to the complexity of financial products, the common misconception that the investment industry is uniformly and well-regulated, and the lack of legal recourse and financial restitution in cases of professional fraud or misconduct.

- A third of CARP members polled suffered a loss from an ill-advised investment
- Almost all CARP members believe that financial advisers should be regulated like lawyers and accountants so that those who breach their professional standards would be disciplined, including not being allowed to practice
- Unnecessary number of fragmented securities regulations – There are 13 in total, one for each province and territory in Canada
- No national agency exists with the authority and mandate to investigate and prosecute financial crimes or to order restitution

## **CARP members want a national investor protection agency**

- Most (86%) of CARP members polled agree that National Securities Regulator is needed
- Almost all (92%) think that it should have the power to charge dishonest brokers and collect compensation for the victims from the perpetrators
- The majority of CARP members see value in having a single regulator, but only if it has enforcement and restitution powers
- 25% of CARP members polled say they would have invested more in the past if a robust investor protection program had been in place

## **CARP is calling for a national securities regulator that includes a comprehensive investor protection function comprising:**

- A dedicated agency with specialist knowledge to receive complaints, investigate financial misconduct, and to support prosecutions
- A tribunal with authority to order restitution, undo transactions, and to order compliance
- A compensation fund to pay the restitution
- New criminal charges and more investigation capacity
- Access to local enforcement offices for retail investors, mediation services and to an investor advisory panel

CARP is also calling for legislated fiduciary or 'best interest' standards. A legislated fiduciary duty will bridge the gap between the average retail investor and the financial advice industry, providing investors more protection from conflicts of interests, misconduct and fraud.

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