

**CIPF Podcast Series – Investor Protection in Times of Crisis
No. 3 – Investor Education in Modern Times**

Transcript¹

Moderator: Pierre Matuszewski

Speakers: Annie Sinigagliese and Ilana Singer

Pierre Matuszewski:

Hello ladies and gentlemen. The way organizations communicate with their stakeholders looks very different these days. Putting an ad in the daily newspaper doesn't have the same impact it used to. Now, organizations need to identify their target audience and choose the best medium to reach them.

Pierre Matuszewski:

Hello everyone and welcome to the CIPF Podcast Series on Investor Protection in Times of Crisis. My name is Pierre Matuszewski and I'm a Board Member of CIPF. It is my pleasure to be your host today. Our topic is "Investor Education in Modern Times". In addition to traditional communication channels, technology has provided organizations with numerous new channels to reach its audience, such as social media and newsletters. Technology can, therefore, make communication more accessible, but with so much information available, getting the public's attention is still a struggle. Organizations need to provide bite-size information to their audiences in order to reach them. Hence the podcast that you're about to hear.

Pierre Matuszewski:

Today's guests are Annie Sinigagliese and Ilana Singer. Annie Sinigagliese is the Managing Director at the Investment Industry Association of Canada or the IIAC. Hello Annie.

Annie Sinigagliese:

Hello Pierre.

Pierre Matuszewski:

And our other guest, Ilana Singer, is the Vice-President and Corporate Secretary at CIPF. Hello Ilana.

Ilana Singer:

Hello Pierre.

¹ This transcript has been edited for clarity and ease of reading. This podcast is for informational purposes only and is not intended to constitute advice of any kind.

Pierre Matuszewski:

I will ask each of you five questions and invite you to take turns answering. Let's start with you, Ilana. I'd like to ask you the following question: Why is it important for CIPF to educate investors and financial advisors? And as a second part to that, has this become more important in times of crisis?

Ilana Singer:

Thank you, Pierre, and thank you to CIPF for this invitation. To answer your question, CIPF plays an important role in the financial industry as a compensation fund. We help investors by protecting client property held by a member firm if the member firm becomes insolvent. We feel it's important for investors and financial advisors to have a basic understanding of our role and our mandate during times of calm, so that they can maintain confidence in the financial system in times of crisis.

Ilana Singer:

During times of crisis, educating investors and advisors is even more important in order to maintain their trust in the market. It's no surprise that in times of calm, investors are not looking for information about CIPF, unless there's a specific reason for them to do so. People have a tendency to only worry when there is news that directly affects them, such as problems in the marketplace, or news about disruptions in the economy or financial services.

Ilana Singer:

Should those things happen, we hope investors will at least have a minimal level of knowledge, so that they know where to go to get specific and practical information about CIPF – for example, on our website at www.cipf.ca – rather than believing in rumors. And that's where the role of the advisor is even more important, by acting as an information resource for investors, and guiding them to our website and other useful resources.

Pierre Matuszewski:

Thank you, Ilana, and we totally understand the advisor's role, that special role that they have with the client. Over to you now, Annie, the same question but from the point of view of the IIAC: What's important to you when educating investors and financial advisors? And is it more important in times of crisis?

Annie Sinigagliese:

Thanks Pierre, thanks Ilana. Our mission is quite different from CIPF's. Our main mandate is to educate our members, Canadian investment dealers. We work in committees, in working groups, assigned to different topics. These topics include, for example, compliance, operations, taxation, or technology. In those committees, there are lots of communications that deal specifically with regulatory proposals and draft legislation. The goal is for our member firms to understand the regulations and legislation well enough to apply them correctly, so that they can then protect

investors – basically, to avoid the need for CIPF’s protection. So, it's very important. We also do webinars for informational purposes. Firms want to know what's happening elsewhere in terms of financial services. We also do webinars on cybersecurity and technological innovation.

Annie Sinigagliese:

So, is communication more important during times of crisis? Well, this crisis had a large impact on the way we communicate. In 2020, we did what everyone else was doing – we turned to technologies like Zoom to speak with our coworkers, our members and regulatory organizations. We had to cancel conferences that had been planned for the year; they became webinars. So, again, many different technologies were used.

Annie Sinigagliese:

And when I think back to March or April when the crisis started, at that time our role was a bit like being between a rock and a hard place...between industry firms and their regulators and government. Our role was really to provide information that was critical and essential, so that our firms could transition from a traditional operating mode to what has now become a virtual operating mode. Our members were constantly encountering new issues, and calling on us to communicate those issues. Our role was to reach out to the regulatory agencies, the government, to try to get them to ease regulations while maintaining investor protection, and then relay that information back to our members. Communication was obviously more concise and much faster with our members, and it wasn't necessarily pretty. Logos were missing from some of our communications, but the aim was really to provide critical and essential information to our members as quickly as possible.

Pierre Matuszewski:

Thank you for that Annie. I'm glad to have you both here because I think our listeners are in good hands with both of you, in your respective roles. Let me continue with you, Annie.

Annie Sinigagliese:

Yes.

Pierre Matuszewski:

The second question is simply: What are the key messages that you wish to share with investors and their advisors?

Annie Sinigagliese:

Given that we do not speak directly to investors and advisors, and it is to the investment dealers that we transmit our messages, messaging usually deals with regulatory proposals and draft legislation. And the communication really goes in two directions. First, we try to properly communicate the potential impacts of regulations and legislations to member firms and let them know exactly what actions they need to take to be in compliance, so that they can protect

investors. But we also communicate in the other direction, where we reach out to regulatory agencies and government agencies to explain to them, in a very succinct way, the impacts that their rules and legislation will have on our member firms.

Pierre Matuszewski:

OK. So, you really are between a rock and a hard place, like you said...

Annie Sinigagliese:

Yes.

Pierre Matuszewski:

...between the regulators and the firms that are being regulated, ensuring a proper communication flow between the two. Great. And now, Ilana, let's move on to you: What are the key messages that CIPF would like to send to investors and advisors?

Ilana Singer:

Thank you, Pierre, that's an excellent question. Annie talked about concise, critical and essential communication. With CIPF communication initiatives, that is absolutely one of our goals as well. Our first key message involves our role and mandate. CIPF provides limited protection for property held by a member firm on behalf of an eligible client, if the member firm becomes insolvent. Our dealer members are investment dealers who are members of IIROC, the Investment Industry Regulatory Association of Canada. They are also members of the IIAC, the organization that Annie represents. And these member firms are automatically members of CIPF.

Ilana Singer:

The second key message is about our coverage, what we cover and what we don't cover. CIPF covers missing property held by a member firm on behalf of a client, if the member firm becomes insolvent. However, CIPF does not cover losses resulting from a decrease in the value of a client's investments, or investments that were not suitable for the client. We always focus on the quick transfer of the client's accounts to a solvent broker, so that the client can access their account again after the broker's insolvency.

Ilana Singer:

And finally, the third key message is about how our coverage works, especially the \$1 million limit. Customers are covered up to \$1 million for all general accounts combined and up to a maximum of \$1 million for each type of separate account combined. Normally, if a trustee is appointed by the Court after the bankruptcy of a member firm, the maximum of \$1 million is in addition to the distribution made by the trustee. Our guarantee will cover the shortfall for eligible clients. On the other hand, if there is no appointed trustee, the maximum of \$1 million is an absolute amount. You can find a more detailed explanation of the \$1 million limit and an analysis of the distribution of losses among clients on our website at www.cipf.ca

Pierre Matuszewski:

Thank you for that response, Ilana. It's really clear and also really complex at the same time. I'm glad you referred to the website so that listeners can look for more extensive information. Thank you for that excellent explanation. Moving on to the next question, Ilana, if I may continue with you: What are some of the main challenges you face with your communication initiatives?

Ilana Singer:

One of our big challenges at CIPF is communicating with the public, namely investors and financial advisors, especially during times of calm. We undertook some research in 2018 and 2019 to deepen our understanding of the effectiveness of certain communication initiatives. We focused on investors and financial advisors as part of four surveys in Montreal and Toronto, done face to face and online. Based on that research, we drew the following conclusions. First, even though CIPF is well known, many people still misinterpret our mandate and our coverage. Secondly, CIPF has a good reputation in general. Three, those who know us have a better impression of us. Four, in the future, it would be useful to communicate more frequently with advisors, so that they can pass on information about CIPF to investors. And lastly, advisors are not always prepared to talk about CIPF with their clients, especially when they're pressed for time.

Ilana Singer:

So, in light of these research findings, we launched an 18-month communications plan at the start of 2020. By the way, I'd like to thank Annie and the IIAC for your partnership with that communications plan. Our approach is really to focus on the investors' and advisors' attitudes and behaviours that were identified in our research. For example, advisors feel that talking about CIPF is not a good use of their limited time with clients. So, our approach to this problem is to design communications initiatives that are innovative, that demonstrate to advisors why it's worthwhile to talk about CIPF with their clients, and why it's a good use of their time. We focus on language, concepts and channels that advisors mostly strongly connect with, via podcasts for instance, in ways that make CIPF matter to them. Our plan is divided into six modules, published each quarter, so that we can gradually raise awareness among investors and advisors regarding CIPF's role, our mandate and our coverage.

Pierre Matuszewski:

Thank you, Ilana, for that detailed response. CIPF obviously goes to a lot of trouble to prepare material in a form that is accessible to advisors. I'm sure it will be very well received, and that people will listen to and read all the information coming from CIPF. Moving on to you now Annie, same question from the point of view of the IIAC: What are the main challenges you face with your communication initiatives?

Annie Sinigagliese:

One of our biggest challenges is taking information that is often very technical and very complex, and trying to summarize it in a simple way for our member firms. That's one of the big

challenges. But probably the biggest challenge encountered so far is when a class action lawsuit affects one of our files. When that happens, our phones start ringing and we have lawyers from member firms telling us that we must stop all communication, whether it's verbal or written. The reason is that the information can now be admissible in Court. So, it's very difficult to maintain communication when we are prevented from communicating! That is the biggest obstacle, I would say.

Pierre Matuszewski:

For sure, and the crisis certainly doesn't help either. Thank you, Annie. I'll turn to you, Ilana, for the next question, the fourth question: Could you describe some of the education and communications initiatives that you're currently working on?

Ilana Singer:

Ah yes, absolutely Pierre. I'll start by talking about infographics, our main resource for investors and advisors. As part of our communications plan, which I referred to earlier, we published three infographics. The first, "Most Common Myths About CIPF", seeks to dispel two common myths: first, that we protect against market losses; and second, that we cover losses resulting from the failure of an issuer of a security.

Ilana Singer:

We released a second infographic called "CIPF and CDIC -- How Are They Different?", that looks at how CIPF and CDIC differ in terms of membership and coverage. CDIC is the Canada Deposit Insurance Corporation, a federal Crown corporation that provides deposit insurance against the loss of deposits.

Ilana Singer:

The third and most recent infographic gives an overview of some key points about CIPF. It presents four top facts regarding our mandate and our coverage, and gives a simple hypothetical example.

Ilana Singer:

In addition to infographics, we created a webcast that has been accredited for continuing education credits. This webcast includes information on the role of the advisor when explaining CIPF coverage, when the coverage is triggered, and where to find more information about CIPF. As of October 13, 2020, there were almost 800 advisors who viewed the web broadcast, over 650 in English and 130 in French. Over 80% of the viewers rated the web broadcast as excellent overall or very good.

Ilana Singer:

Our third and final resource is the CIPF Podcast Series. We're proud to have launched our first podcast in October, entitled "Lessons Learned from Past Crises". This podcast explores how the

lessons learned from past crises can help us navigate through the current global crisis caused by the COVID-19 pandemic. We hope to release our second podcast "Leadership in Times of Crisis" in the near future. And our third podcast is this one here, which we plan to release in the first quarter of 2021.

Pierre Matuszewski:

Thank you, Ilana, your webcast ratings are excellent. I'm sure your podcast ratings will be even better. Congratulations on those results. Moving on to you now, Annie. You once described the IIAC as a "communications machine". You always have lots of initiatives. Can you describe some of those that you're currently working on?

Annie Sinigagliese:

Sure. Right now, we are developing our webinars for 2021. We are talking with the World Economic Forum. We would like to host a webinar with them where they could explain the innovations that they see in financial services around the world. And I think another important topic in 2021 will be the protection of personal information. Since we now live in a very virtual world, as investors, our data is everywhere. We want to be well protected. Privacy will be one of the topics for our webinars in 2021.

Annie Sinigagliese:

We are also preparing joint communications with other international associations, for example, dealing with market data issues. There are issues regarding exponential price increases and lack of transparency with pricing. We realized that the problem was not purely a Canadian one, other jurisdictions were also having the same problem. You should be seeing a letter of submission coming out soon, probably in February.

Annie Sinigagliese:

Also, I set a personal goal for 2021, which is to produce some short videos that will speak directly to investors.

Pierre Matuszewski:

Oh, I'm sure CIPF will be pleased to collaborate again. The topic that jumped out at me and that I think will be of special interest to listeners is the privacy of personal information. This is a topical issue. Continuing with you, Annie, for the last question, the fifth one: Are there any future initiatives that the public should be aware of? Any IIAC initiatives?

Annie Sinigagliese:

All our upcoming initiatives are published on LinkedIn, on Twitter, in our newsletter that comes out every Monday morning, and on our website at www.iiac.ca. All of our initiatives are listed there. If investors want to see specific webinars that were produced this past year, they are available on our YouTube channel. They are in English, so you would have to search for the

IIAC, the Investment Industry Association of Canada. Investors can watch webinars on artificial intelligence, open banking, as well as other technological innovations.

Pierre Matuszewski:

Really a wealth of information. It's so interesting when it can be available to as many people as possible. And now on the CIPF side, Ilana, the last question in this podcast: Are there any initiatives in the near future that the public should be aware of?

Ilana Singer:

As you know, we've had very good feedback on the podcasts that we've released so far. And as I mentioned before, we're in the process of preparing more podcasts. We look forward to hosting a variety of investment leaders from across Canada and around the world, so that investors and advisors can learn more about CIPF, our regulatory agencies, and other partner organizations. One example of a partner organization is the IIAC. With the assistance and support of Annie and her colleagues, the IIAC has created a web page on its website dedicated to CIPF and we greatly appreciate this support. You also include references to our communications initiatives in your newsletter. This is a partnership that we truly appreciate and that we hope we can continue to develop in the future.

Annie Sinigagliese:

Ilana, earlier I mentioned that we try to give our members information that is essential and critical. And what you do at CIPF is essential and critical. So, we love working with you.

Ilana Singer:

Oh, thank you very much, Annie. We hope to continue our collaboration and we are really pleased to work with you as well. To elaborate further on your question Pierre, we're also planning to create more videos, an illustrated case study, and additional accredited web programs where advisors will be able to learn more about CIPF while meeting their continuing education requirements. We will also create conversation starters for advisors to help them with their client conversations, and additional educational videos -- like you said, Annie, shorter videos that would be more accessible to advisors and investors. We plan to conduct research by consulting an online panel of investors, and we will also update the quantitative and qualitative research that was conducted two years ago. And lastly, we're revamping our website and looking to have a more interactive and dynamic website at www.cipf.ca in the first quarter of 2021.

Pierre Matuszewski:

I'm seeing an abundance of activities coming up for the CIPF, Ilana, congratulations. But listen, our time together is now coming to an end. Our five questions have been well answered and I would like to thank you, Annie and Ilana, for participating in this podcast today and for sharing this important information with our listeners.

Pierre Matuszewski:

I would also like to thank our listeners for their time. I hope they found the discussion interesting. This is the third podcast in our podcast series. If you haven't done so yet, I recommend that you listen to the first and second podcasts that are available as part of this series.

Pierre Matuszewski:

We would also appreciate your feedback. The best way to share it with us is through our website at www.cipf.ca. On behalf of Annie Sinigagliese of the IIAC and Ilana Singer of CIPF, thank you for joining us and see you next time.

Ilana Singer:

Pierre, thank you for your questions and for being such an excellent moderator. Thank you too, Annie. See you next year.

Pierre Matuszewski:

Thank you, Ilana.

Annie Sinigagliese:

Yes, thank you, Pierre, for being an outstanding host. I really enjoyed it. And thank you, Ilana, for the invitation to be part of this podcast, it's greatly appreciated. Thank you and goodbye!

Pierre Matuszewski:

We'll just have to do it again next year!