

**CIPF Podcast Series – Leadership
No. 17 – Resilient Leadership**

Transcript¹

Moderator: Donna Howard
Speaker: Rozanne Reszel

Intro:

You are listening to the Canadian Investor Protection Fund Podcast Channel. Here, we connect with industry leaders and experts in the financial sector.

Donna Howard:

Hello, everyone. Welcome to the CIPF Podcast Series on Leadership. I'm Donna Howard, Chair of the Board of Directors of the Canadian Investor Protection Fund or, as it's also known, CIPF. It is my pleasure to be your host today. Our topic is Resilient Leadership and, today, we have with us Rozanne Reszel.

Rozanne Reszel:

It is a pleasure to be here. Thank you for having me.

Donna Howard:

Rozanne is retiring from her role as President and CEO at CIPF as of December 31st, 2022. She joined CIPF in 1990 and has served in the role of President and CEO since 1998. During her tenure as President and CEO, she has led the organization through eight member firm insolvencies. She also played an integral role in the evolution of the organization, including the advancement of initiatives that underpin CIPF's Coverage Policy and the fund resource model. Under her leadership, she strengthened CIPF's regulatory and industry connections and oversaw the successful implementation of measures to enhance communication and engagement with investors and member firms. More recently, Rozanne guided the organization through the unique challenges posed by the COVID-19 pandemic and facilitated preparation for CIPF's transition to the new Investor Protection Fund.

Welcome, Rozanne. It's wonderful to have you on this podcast.

Rozanne Reszel:

Thank you. It's an interesting time for me, for sure.

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.

Donna Howard:

Well, let me turn to a couple of questions. Reflecting back to when you first joined CIPF, can you describe those early days at CIPF?

Rozanne Reszel:

Oh, my, the new CIPF started in 1990, and it was a restructure of a fund that had been in existence since 1969. The elements that were new were: it was the first time the fund had full-time staff and it was the first time the fund had imposed limits on its coverage. Prior to that, the industry fund was basically coverage without limit. It was the creation of an industry that had been privately held for many, many years, and the members put the full faith of their capital behind their promise to protect individual clients.

I would say the industry evolved quite a bit in the late '80s when the four pillars fell, and firms became public and owned by other public companies. While we still have private firms, I think there has certainly been a major impact by that change in the '80s. The new coverage limits in 1990 were \$250,000, of which \$60,000 could be cash and that was to parallel the coverage offered by CDIC. Out of the gate, we were a very small staff. Our first CEO was Don Leslie. I was the first professional that he hired, and I hired a small team. At that time, we had five sponsoring self-regulatory organizations (SROs): four stock exchanges were still active in member regulation and the Investment Dealers Association.

One of the primary roles of CIPF was to ensure that all five SROs maintain very consistent approaches to regulation. The fund had minimum standards and basically was engaged in a process to make sure that the capital formula maintained liquidity in all our member firms.

I'll stop there because that was, I would say, a very big change and a brand new chapter in the role of CIPF.

Donna Howard:

It is interesting you started off by saying the new CIPF because we are heading into that new year where it is going to be a new CIPF once again. You have described some of the changes in the organization and a couple of changes in the industry. Is there anything else you would like to reflect on in terms of where we are now versus when you started in 1990?

Rozanne Reszel:

I think the nature of the industry engagement has always been very high, and it continues to be. I know there is an incredible commitment made by people in the industry to engage in the formulation of the rules and practices around the industry that they work in and that they commit to the Investor Protection Fund for. I think that the evolution of the member regulation regime has been considerable. The exchanges merged and exited member regulation. The IDA spun off its industry association and became IIROC and absorbed Regulation Services which regulated the stock markets. There has been a huge degree of specialization on the regulatory and oversight side, but I think the constant is the commitment of the members to be engaged in the industry and to help formulate the rules that they live with.

Donna Howard:

Rozanne, maybe you can tell us about some of the greatest challenges that you faced at CIPF and maybe reflect on how that changed you as a leader going through those challenges.

Rozanne Reszel:

I would say, from the outset, the transition into the role happened regrettably because of the ill health of my predecessor, so it was not a planned succession in that regard. That being said, it was a very interesting time in the industry in 1990. I certainly could not have foreseen after we had had seven quiet years without an insolvency, there had been one in 1991, that suddenly we would have four insolvencies in five years. There wasn't a whole lot of time to think about getting accustomed to the role of President and CEO. It was really more a lot of firefighting and fast decision-making and trying to determine what resources that we had that we could bring to bear.

I would say, with respect to how it impacted me as a leader, I think it was very much a question of having to make the best decision I could make without complete information. I would have to say, in this role, you never have complete information. And then just not being shaken by all the things that were popping off at the same time because I would have to say that, if everything can go wrong, it often does, and that is just the way of the world. But remembering that you are part of an incredibly strong team, not only the staff at CIPF, but its Board and also the members and the regulators. In that respect, although the problems sometimes seemed huge, it was also a good reminder about the phenomenal network and support that exist in the industry.

Donna Howard:

Maybe as you sit back on these final days, what would you consider would be your greatest successes or accomplishments as President and CEO?

Rozanne Reszel:

I think there are two or three things that I would reflect on. One is I think Canadians should be very proud to have a fund that offers a level of coverage at a million dollars for any combination of cash and securities that is really without comparison in terms of its level. I think it is quite generous and should offer a very high degree of confidence and security to investors.

The second thing is that we have always tried to make sure that we use the best tools available to estimate risk. The introduction of a credit-based model some years ago has become an important tool not only to determine what sort of resources we need to back our promise to pay our coverage limit, but also how to provide an incentive to members to de-risk or minimize risk with respect to how they organize their operations. We have done a fair bit of work there with members on the location of securities, how their securities are held because we have learned that it gets pretty complicated when you start going beyond the borders of our country and our own domestic depository to retrieve securities in a bankruptcy.

I guess the last thing would be just the network of people I have had an opportunity to meet and work with, not only our staff and our boards, but the other domestic compensation funds in Canada and our international colleagues. I think that among the group, both domestically and internationally, it has been a very strong relationship in many cases, has become a friendship over the years and always offers that opportunity when the need arises to pick up the phone and ask if

someone has had a similar experience or what they have done to address a particular problem. I think that would certainly be something that stands very vividly in my mind.

Donna Howard:

That would apply to your domestic colleagues that also provide protection to investors as well, I think. That is what I have seen working with you in terms of those relationships.

Rozanne Reszel:

Yes. We formally meet once a year in Canada. I think that that puts an anchor date on the calendar to get together in a more organized way, but I think the things that I value and treasure is the ability to just pick up the phone and call one of my colleagues and, again, ask them if they have had a particular experience or how they are approaching a particular issue.

Donna Howard:

That is great. It is a fairly specialized area, and I think it is hard to find peers, and so that is great, the international and domestic colleagues that you have developed over the years. When you look ahead, what do you believe the financial industry direction will be in the next few years and maybe how CIPF's role will evolve with that evolution?

Rozanne Reszel:

I think there is no question that technology is having a huge impact on the industry, not only on the huge range of products. I was listening to a panel the other day that was talking about technology having reached a stage where, literally, portfolios could be customized by individual, which could in time lead to delayering the cost of having to have packaged products like mutual funds or closed-end funds or ETFs. I thought that was fascinating, but I think, on the flip side, and one of our former Chairs had observed that, no matter how much technology we have, it is still very much a relationship business. I think clients look to their advisors in our industry not just for investment recommendations, but for a much more holistic look at their financial plan, their family plan, everything from being organized with respect to their estates to perhaps transferring intergenerational wealth.

I think there is a huge degree of specialization that is available in our industry that can be brought to clients, but at the root of it all is a very strong and very personal relationship, and I think that will carry forward regardless of the technology. The technology will just be the facilitator that helps that happen.

Donna Howard:

It is interesting you touched on technology, Rozanne, because I have seen the way you have maximized the benefit to the organization of technology while maintaining that personal touch and the relationships. You rely heavily on technology. Is there any special advice you would give to people that use technology to the extent that this organization does?

Rozanne Reszel:

Well, I smile and say we are small, but mighty, and we can only be that way because of technology. I think people are always surprised to hear that CIPF is a single office with 26 people. I don't think that we could be the size we are without using technology both to capture information about our member firms, but also to think about the impact of potentially new products and services on the liquidity needs that we have.

Obviously, I love technology. I think sometimes it is a blessing and a curse. We all get frustrated by it sometimes, but I think it is a wonderful tool, and I would certainly encourage its maximum use to the extent that it can be done. I think, for me, technology aside or technology included, the things that I take away from having worked in this industry for the time I have in different roles both on the audit side, the regulatory side, the member side and, now, the investor protection side, is it is so important just to be endlessly curious. It is such a great industry, and there is always something new popping. But, secondly, to always have a healthy skepticism, not to be taken in by the latest shiny object or a new and exciting idea. Regrettably, we see a bit too much of that lately in the press, but I think that it is that balance of curiosity and skepticism that is very important in our role.

Donna Howard:

Well, as your term comes to an end in one sense, and I'm sure it is new beginnings in another, what words of advice would you pass on to your successor and your other colleagues at CIPF before you go?

Rozanne Reszel:

I think an extension of the comments that I made with respect to being endlessly curious. It is an ongoing learning process, I don't think anyone can ever say that they have got their arms around the whole thing, and to remember that you're supported by and to leverage the tools, the opportunities that come from being supported by a very robust board of directors, very strong staff, strong regulators who are really there to help us through some of these journeys in particular, in this case, the one where we are merging two compensation funds. They certainly provide quite a structure for us to help support that initiative. Although it can seem sometimes like it is a lonely journey, it certainly is not. There is a lot of people making the same one, and it is always a great opportunity to exchange ideas and provide that mutual support.

Donna Howard:

Well, thanks, Rozanne. It has been a pleasure speaking with you today as always. Thank you again for joining me on this podcast and for offering your valuable insights to our listeners.

Rozanne Reszel:

Thank you very much. I have appreciated the opportunity to be with you today.

Donna Howard:

Well, we can't let you go without extending our deep appreciation for your dedication and years of service to CIPF. You have played a vital role in shaping CIPF as to what it is today. It has been

a great honor for me to work with you both now during this podcast, but also over the past six years. I love this opportunity to be able to reflect back on your career through this podcast.

That will conclude today's podcast. I would like to thank our listeners for their time and hope that they found this discussion interesting. We always welcome your comments, and the best way to reach us is through our website. Finally, we invite you to listen to CIPF's other podcasts available on CIPF's website and podcast channels or to read through the transcripts which are available in both English and French on our website. Thank you for joining us, and goodbye for now.

Outro:

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