



Canadian Investor Protection Fund

## CIPF DISCUSSION PAPER: THE INDEPENDENCE OF COMPENSATION FUNDS MARCH 31, 2021

In late 2019, the Canadian Securities Administrators (CSA) initiated a review of the regulatory framework for the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association of Canada (MFDA). During this period of regulatory reflection, an important question to consider is how CIPF, Canada's compensation fund for investors, fits within the new regime.

To address this question, CIPF is publishing a discussion paper entitled, "[The Independence of Compensation Funds](#)". Specifically, the paper considers whether CIPF should remain an independent body or be integrated within a future self-regulatory organization (SRO). The paper does not consider the issue of a potential merger of CIPF and the MFDA Investor Protection Corporation.

In CIPF's view, any potential benefits derived from consolidation with an SRO do not outweigh the benefits of CIPF remaining independent. The tension that exists between a regulator and compensation fund is both natural and desirable for the efficient and effective protection of investors, and to support the stability of Canadian capital markets more generally.

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