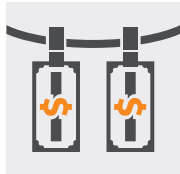


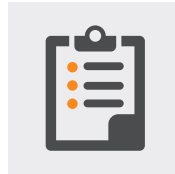
Top 10 Regulatory Insights

for Canadian Risk and Compliance Professionals in 2018



1. AML/ CTF compliance obligations

AML remains a high priority for Canadian regulators. Firms will be expected to become ever more proactive and pre-emptive to mitigate money laundering and other types of financial crime.



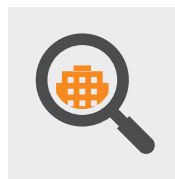
6. Protecting vulnerable investors

Throughout 2017, multiple provincial securities regulators, SROs and the FCAC pursued an array of investor protection initiatives. Financial advisors can expect harsher penalties particularly where vulnerable investors were concerned.



2. Cyber resilience compliance efforts

Firms should expect regular assessments and reviews of cybersecurity practices. Preparing senior managers and cyber-security experts to be able to explain and justify, in detail, how their strategic approach can protect their organization against a cyber attack or data breach would be prudent.



7. Compliance with ongoing disclosure obligations

The reputational and financial damage suffered by Home Capital Group (HCG) following the OSC's investigation underscores the price that listed companies can pay for failing to comply with ongoing disclosure obligations.



3. Developments in cryptocurrency

The 2017 CSA staff notice serves as a strong indicator that Canadian regulators intend to assert their authority over initial coin offerings in 2018 and beyond, particularly if investor protection concerns are evident.



8. Improving gender diversity policies

Boosting female representation in senior positions of listed companies has been slow, prompting calls from institutional investors and some regulators for a stronger regulatory touch. Progress is expected to continue in 2018 with lawmakers making a stronger push to increase gender diversity in firms.



4. Product governance developments

Firms should be aware of emerging investor protection concerns and expect regulators to enforce the new ban on binary options rigorously.



9. Risk-based approach to corporate governance

OSFI's draft corporate governance guidance, expected to come into force in 2018, will place greater emphasis on evidencing and demonstrating compliance, as well as greater personal accountability for board members.



5. Regulatory arbitrage unique to Canada

The delay of the Cooperative Capital Markets Regulatory System (CCMR) requires securities issuers to familiarize themselves with the enforcement priorities that have been set by all of the provincial regulators to which they are subject to oversight.



10. Beware regional market risks

Banks and insurers should heed the warnings from OSFI to consider systemic risks to their businesses from volatility in the property market. Regulators will monitor compliance with AML reporting requirements even more closely in 2018.

This content was initially published in an article written by Helen Chan on Thomson Reuters Regulatory Intelligence on January 17, 2018.