

INVESTOR ADVISORY PANEL

OSC Investor Advisory Panel

HORIZON PROJECT:

Initial Report

EXECUTIVE SUMMARY

The Horizon Project is an ongoing initiative by the OSC's Investor Advisory Panel (IAP) to identify **emerging disruptive influences** that may impact investors.

To date, 47 individuals and delegations from investor advocacy groups, investment industry organizations, banks, asset managers, public policy agencies, the fintech community and universities have met with the IAP to discuss incipient dangers for investors that regulators must anticipate and innovative benefits that they should be careful to foster and not impede.

Several key learnings emerged from these discussions, including:

- The likely entry of Big Tech firms (i.e., Microsoft, Apple, Google, Facebook, Amazon, Alibaba and Tencent) into retail wealth management, their expected dominance of that sector's mass market, and the potential benefits and risks for financial consumers.
- The risk that slow or incomplete delivery of investor protection reforms and slow regulatory response to boundary-pushing innovation will prompt increasing numbers of consumers to gravitate toward novel financial products and services available through unconventional business models operating outside of the regulatory perimeter – a phenomenon that poses a potential danger not only to consumer safety but also to the potency of financial regulation itself.
- The critical importance of developing public policy and laws safeguarding investors' digital identities, the ownership of their personal information, and their right to exert dominion over use of that information, including its portability.
- The impact of subtle biases embedded deliberately or inadvertently in financial tools' algorithms, and the need for regulatory capability to detect their presence.
- Anticipated effects of a looming advisor shortage caused by retirements and persistent recruitment deficits, as well as homogeneity within the ranks of Canada's existing advisors.
- The pressing need for Canadian financial regulators to collectively develop and coordinate rapid-response capability in order to deal effectively with disruptive change.