



May 28, 2007

Bob Christie
Chief Executive Officer and Superintendent of Financial Services
Financial Services Commission of Ontario
Box 85, 17th Floor
5160 Yonge Street
North York ON M2N 6L9

Sent by Email: priorities@fSCO.gov.on.ca

Dear Mr. Christie:

Re: Financial Services Commission of Ontario: Draft Statement of Priorities – June 2007

Independent Financial Brokers of Canada (IFB) is pleased to submit our response to the Financial Services Commission of Ontario's (FSCO) draft statement of priorities for its fiscal year 2007/08.

IFB is a professional association representing approximately 4,000 financial advisors across Canada. The majority of our members are licensed to sell life and health insurance products and mutual funds. A smaller number are licensed providers of other forms of insurance, and securities. Therefore, our comments will be directed at those aspects of the draft Statement which relate to the life insurance industry.

As a general comment, IFB agrees that today's global marketplace in which all business sectors, including financial services, must function presents many challenges to regulators and market participants alike. It is essential that FSCO be equipped to respond

in a timely manner to these challenges in order to ensure the public's confidence in Ontario's financial services sector remains high.

IFB also recognizes the leadership role FSCO has taken in its participation on various task forces dealing with national projects. Such national initiatives present opportunities to harmonize and update current regulatory practices, which reduce the regulatory burden for all participants.

Our comments on FSCO's specific priorities follow.

I Promote a coordinated national approach to regulatory issues.

IFB supports the work of the various provincial and territorial regulators, including FSCO, in their efforts to coordinate the regulation of Canada's financial services industry. Since many of our members conduct business in multiple jurisdictions, we believe that this coordinated approach has the potential to reduce the regulatory barriers that prevent them from serving their clients in an efficient and effective manner.

Joint Forum:

IFB appreciates the work the Joint Forum and its subcommittees have done with regard to developing suggested practices and documentation related to harmonizing the point of sale disclosure consumers receive when considering the purchase of a mutual fund or IVIC. Consumers and advisors alike will benefit from more meaningful disclosure documents. However, we urge FSCO, along with other members of the Joint Forum, not to rely so heavily on creating an identical package for both mutual funds and IVICs that the unique features of these investment products are lost or blurred for consumers.

In addition, IFB is very concerned that some of the proposals related to the delivery of these point of sale documents are too restrictive and may, in fact, lead to changes in how advisors can service their clients in the field. A significant benefit for consumers who deal with IFB members is that they often provide in-home financial consultations with clients, or potential clients. Some of the proposed delivery requirements will make it difficult for these advisors to implement their client's investment instructions in a timely manner. IFB has, in a separate letter, responded to the IVIC Sub-Committee identifying in further detail our concerns. We look forward to commenting more fully when the consultation paper is published in June.

IFB supports FSCO in its goal to work with the Financial Services Ombudsnetwork to define and measure appropriate performance standards for dispute resolution services. In addition, we agree that these services should be consistent amongst each of the industry's OmbudServices.

We note your goal to "examine the regulation of intermediaries and recommend ways to minimize conflicts". As you know, the insurance industry has spent a great deal of time and effort developing disclosure tools for intermediaries to use to identify actual conflict of interest, and potential conflicts of interest, situations to consumers. Any attempts by FSCO to recommend ways to minimize conflicts should recognize that in today's

increasingly borderless business environment, the mere presence of a conflict should not prevent two parties from conducting business provided the conflict has been disclosed and the client has agreed to proceed.

We are cautiously supportive of the goal to provide for more effective sharing of information on regulatory enforcement issues and actions taken in other sectors and jurisdictions. The relationship between financial advisors, like our members, and their clients is one built largely on trust. Those who abuse this trust must be dealt with appropriately so that consumers receive adequate protection and redress. However, enforcement actions must be restricted to proven claims in order to prevent egregious harm to an advisor's reputation.

CCIR:

IFB will continue to work with the regulators and the insurance industry to ensure the success of the principles related to managing conflicts of interest adopted by the CCIR. We will assist in the development of tools to monitor this achievement.

IFB will be pleased to comment further on future draft legislation related to whistleblower protection when it becomes available.

We agree that developing tools to support market conduct concerns shared by other regulators would be helpful. A harmonized approach to address these concerns benefits all industry stakeholders.

II Enhance the risk-based approach to regulation

We suggest that FSCO should conduct more audits related to continuing education and errors and omissions insurance to ensure licensees meet their statutory obligations. In addition, we believe that more meaningful standards for the delivery of continuing education courses and provision of credits should be established.

III Review and recommend amendments to the regulatory framework to keep up with changes in the marketplace.

IFB has no comment on the priorities outlined in this section

IV Improve delivery of services.

IFB supports upgrading the FSCO website and enhancing the on-line tools available on it. Such electronic resources are very useful and save time for licensed agents like our members who use these tools on a regular basis.

In conclusion, IFB appreciates the opportunity to provide these comments and trusts you will find them useful. We look forward to continuing the positive relationship we currently enjoy with the Financial Services Commission of Ontario and its staff.

Yours truly,

A handwritten signature in black ink, appearing to read 'John Whaley', written over a horizontal line.

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