



June 2, 2008

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

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

Dear Mr. Christie:

Subject: FSCO Draft Statement of Priorities, June 2008

Independent Financial Brokers of Canada (IFB) is pleased to offer our comments on the draft priorities outlined by FSCO for the upcoming year. As a large component of IFB's membership is life/health insurance licensed, IFB takes a great interest in any governance issues related to this sector of the industry.

As you know, IFB represents the interests of independent financial advisors and has done so for over 20 years. We believe that consumers are best served by advisors who are free to offer products from a variety of providers, thereby finding them the most suitable product(s) to meet their financial needs. It is within this context that we offer the following remarks on the *draft Statement*.

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.

Having said this, we observe a growing frustration amongst financial advisors, like our members, with the current regulatory system. All of us appreciate the valuable role that regulation plays in protecting the public interest and preventing unsuitable persons to act

in positions of trust. However, regulators must appreciate that the continued formulation of rules, demands for regulatory paperwork and proof of compliance represent a significant erosion of time spent conducting and building a successful business, including servicing clients.

This burden is greatest on small and single, owner-operated businesses, which do not have the resources to hire staff dedicated to compliance. To help manage this growing problem, we ask that regulators look to coordinate their work to prevent overlap or duplication. In addition, we ask you to exercise caution when considering adding new rules, including acquiring a fulsome understanding of the magnitude of the problem, assurance that a change in rules is necessary to address a real problem, engaging in a cost-benefit analysis and assessing whether such new rules will reach beyond the target group (so that others are not inadvertently adversely affected).

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.

As we stated in our formal submission on the point of sale initiative, 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. Some of the proposed delivery requirements will make it difficult for these advisors to implement their client's investment instructions in a timely manner. We look forward to participating in further industry discussion on how best to manage this process.

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.

We agree that there should be a coordinated approach to consumer information and education. Consumers should have unbiased resources available to them for self-education. Such knowledge reduces confusion and benefits all industry participants.

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 support the CCIR in its work to understand and evaluate the issues related to the incidental selling of insurance. IFB responded to the discussion paper on this and looks forward to further consultation on this subject. We believe, as do our members, that there are vital consumer protection issues related to these products which must be addressed.

IFB agrees that differences in industry related definitions amongst jurisdictions can lead to confusion. Harmonizing these definitions lead to greater clarity for stakeholders and consumers alike.

We are unclear as to the intent of the goal “to assess the regulation of managing general agencies, wholesale agencies and insurance adjusters...” and, in order to provide our views on its utility, will require further information on what action CISRO and FSCO intends to take.

II. Enhance the risk-based approach to regulation

We are cautiously supportive of the risk-based approach to regulation. In this regard, we reiterate a comment made in our submission to the CCIR consultation paper in February 2008. In this submission, we noted our concern that we would not find it appropriate if insurance regulators were contemplating transferring more day to day market conduct supervision of independent brokers to insurance companies, in order to reduce their own regulatory burden. In our view, regulators function as impartial arbitrators and already have the means to supervise licensees and take enforcement action when required.

IFB believes that the public, including brokers and agents, should have more access to company complaint data. This opinion was supported by responses we received from insurance brokers who completed our survey related to the marketing and sales of incidental insurance products. We hope that it is the intent of FSCO and the AMF to make such information publicly available.

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

IFB has no comment on this section, as there are no identified issues related to life/health insurance.

IV. Improve delivery of services

IFB supports initiatives intended to improve how FSCO delivers service to those under its jurisdiction. In this regard, we encourage FSCO to continue to enhance its website. The on-line license renewal system has been very successful and is a very convenient tool for agents and brokers.

In conclusion, IFB appreciates the opportunity to present our views and trusts you will find them useful. We look forward to continuing the positive, open communication we have enjoyed with FSCO and its staff.

Yours truly,

A handwritten signature in black ink, appearing to read 'John Whaley', with a large, stylized initial 'J'.

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