



May 19, 2006

Mr. David Wilson
Chair
Ontario Securities Commission
19th Floor, 20 Queen St. West
Toronto ON M5H 3S8

By Mail and Email: dwilson@osc.gov.on.ca

Dear David:

Independent Financial Brokers of Canada (IFB) is pleased to provide its comments on the **2006/2007 Draft Statement of Priorities** of the Ontario Securities Commission (OSC).

We have reviewed the draft Statement and commend the OSC on the breadth of initiatives it has identified for the upcoming year. There is no doubt that the increasingly global nature of the securities marketplace provides increased opportunities and risk to participants. It is therefore essential that Canadian securities regulators work together to provide regulatory oversight reflective of these opportunities and risk to ensure our public companies can compete effectively to raise capital, while minimizing the risk to the investing public.

Goal 1: Provide fair, vigorous and timely enforcement.

IFB supports your commitment to reduce case assessment timelines, investigation timelines and the period between detection of potential infractions and disclosure of investigations. However, we would like to reiterate the position we took in our response to the OSC *2005/06 Draft Statement of Priorities* on the term ‘vigorous’ enforcement. When enforcement is required, it should be fair and measured relative to the conduct in question and the damages incurred. ‘Vigorous’ enforcement should only be employed where there is egregious conduct which is intentional in nature.

IFB agrees that enforcement must be fair. However, we would add that enforcement by OSC staff must not only be fair, but the OSC must be perceived to be a fair institution in that its treatment of errant companies and market participants is equal, regardless of size.

Goal 2: Take actions to better understand and address the needs of the retail investor.

i) Investor Education

One of the key means to achieve a greater degree of investor protection, as you note, is through increased knowledge. This knowledge will ultimately increase the retail investor's ability to make sound financial decisions, which is to the benefit of all market participants – including advisors.

IFB agrees that the Investor Education Fund website is a useful tool in promoting this knowledge and with the OSC commitment to providing more opportunities for public education through media campaigns and community outreach partnerships. We will be interested in the results of your year-end survey of the effectiveness of the Investor Advisory Committee (IAC). IFB believes that the composition of the IAC must include an appropriate cross-section of investors, financial advisors and other knowledgeable participants to be effective. It must operate independently from the OSC and self-regulatory organizations to ensure it adequately reflects the views and experience of the investing public and their financial advisors.

ii) Modernize the point-of-sale regime for mutual funds and segregated funds.

We note that the OSC intends to publish for first comment a national instrument that will require clearer and more understandable product and sales fee disclosure for investors in mutual funds. There is no doubt that mutual fund sales representatives, like our members, will welcome information that is less complex and easier to explain to their clients. We hope that this undertaking will also result in a less overwhelming package of meaningful information materials for clients.

Conceptually, we support more effective “cooling off” rights, improved regulatory harmonization of the point-of-sale regimes for mutual funds and segregated funds and look forward to receiving the details of this proposal as part of this national instrument. We would caution, however, that investors must not lose sight of the fact that investing, by its very nature, involves risk – albeit to varying degrees, depending on the product. Educating investors as to this degree of risk should be an essential part of any educational program, and the responsibility for assuming such risk should not rest solely on the shoulders of their financial advisor. Obviously, criminal or fraudulent behaviour on the part of an advisor, dealer or company, or conduct of a deceitful nature leading to consumer loss, is a serious matter and over which the OSC already has enforcement authority.

Goal 3: Promote a harmonized, simplified and strengthened securities regulatory framework for Canada.

IFB agrees that it is important for the various provincial and territorial securities commissions to work together to ensure that a harmonized and simplified regulatory

framework exists in Canada. We are hopeful that the passport initiative signed onto by most provincial and territorial governments, in conjunction with the recommendations for a national regulator contained in the Purdy report, will advance this goal. Many of our members conduct business across various provincial jurisdictions and the eradication of such barriers will serve to reduce the costs and regulatory burden of compliance inherent in the current system of multiple rules.

Goal 4: Work to achieve appropriate regulatory integration of North American and global capital markets.

We are pleased that the OSC intends to continue its participation in a number of North American and international initiatives aimed at promoting regulatory integration. This will serve to strengthen Canada's reputation in the world-wide financial marketplace.

Goal 5: Support and promote a more flexible, efficient and accountable organization.

IFB supports the OSC's intention to undertake reviews to ensure that its organizational structure and human resources strategies are appropriate and meet the highest standards of accountability.

In conclusion, IFB appreciates the opportunity to have submitted our comments and looks forward to receiving the final copy of the OSC Statement of Priorities when it becomes available.

Sincerely,

A handwritten signature in black ink, appearing to read 'John Whaley', written in a cursive style.

John Whaley
Executive Director