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May 31, 2016

Brian Mills  
Chief Executive Officer and Superintendent of Financial Services (Interim)  
Financial Services Commission of Ontario  
5160 Yonge Street, Box 85  
Toronto ON M2N 6L9

Submitted by email: [priorities@fSCO.gov.on.ca](mailto:priorities@fSCO.gov.on.ca)

Dear Mr. Mills:

**Subject: FSCO Draft Statement of Priorities 2016**

Independent Financial Brokers of Canada (IFB) appreciates the opportunity to comment on FSCO's draft Statement of Priorities.

IFB is a national, not for profit association representing approximately 4,000 licensed financial advisors. Our members are typically licensed to provide life/health insurance advice and products, and many are also mutual fund representatives, or hold other financial licenses and accreditations.

IFB supports professional standards in the financial services industry by providing high quality educational events in various locations across Canada several times per year, webinars, sponsoring a comprehensive individual and corporate professional liability program, developing compliance tools and resources for members, and representing the interests of our members to government, industry and regulators.

The majority of IFB members are licensed in Ontario, through the Financial Services Commission of Ontario (FSCO).

Introduction

We agree that FSCO needs to be a responsive and innovative regulator. The financial services industry continues to undergo change at a rapid pace and regulatory responses must be fair, transparent and cognizant of the various business models that exist in this marketplace which enable consumers to choose freely how they wish to access financial products and advice. IFB members are 'independent' in

that they believe their ability to provide advice and products from various providers is key to sourcing appropriate recommendations for clients.

At this time, the FSCO mandate review is underway and the extent of the change which may arise from the Expert Advisory Panel's recommendations is, as yet, unknown. That said, it seems likely that both FSCO's governance model and structure will undergo significant change as a result of the Panel's review, and may affect some of the draft priorities set out in this Statement.

Our comments focus on the four areas FSCO has identified for stakeholder input at this time.

Influence the development of provincial, national and international regulatory policy

IFB agrees that FSCO should take an active role in the development of regulatory policy in Ontario, across Canada, and internationally. In doing so, FSCO can share and learn best practices from regulators around the world, as well as contribute to the development of a modern policy framework aimed at supporting successful regulatory outcomes for consumers in Ontario.

In Canada, it is common for financial advisors to hold more than one type of financial license, and, often, in more than one Canadian jurisdiction. In today's mobile world, clients may relocate to another jurisdiction, yet wish to continue with their current advisor. Regulatory harmonization across jurisdictions is an important element to ensuring financial services are delivered in an efficient and consistent basis for advisors and clients alike. We note that at the time of writing, stakeholders, like IFB, are being asked to respond to multiple consultations from securities regulators, insurance regulators and self-regulators, at both the national and provincial levels. These overlapping consultations deal with broad and complex issues that have the potential to fundamentally change how financial advice is delivered. Some examples include: a 'best interest' duty; conflicts of interest; and compensation practices. However, not all of these consultations approach these topics in the same or similar manner. We are concerned that, in the absence of regulatory coordination that defines these concepts using the same terminology, misunderstandings will arise that will undermine the success of these consultations.

IFB holds firm to the belief that anyone providing financial advice and/or product recommendations to consumers should be appropriately regulated and licensed, including sellers of incidental insurance. A number of provinces have already moved to a licensing regime for incidental insurance, and Ontario should too. Licensure provides consumers with greater protection and recourse in the event of a complaint.

Enhance the collection, use, and sharing of market intelligence.

FSCO, like other financial regulators, needs reliable information so it can obtain current market intelligence. Prompt reporting of unsuitable agents, and prompt action by FSCO, are required to ensure timely enforcement and removal of unscrupulous individuals. Agreements to share information across jurisdictions and financial sectors are important elements in this process, and we note that FSCO has increased the number of such agreements it has in place.

The Canadian Insurance Participant Registry (CIPR) developed by the Alberta Insurance Council presents an opportunity for other insurance regulators to build upon and integrate license and disciplinary information from multiple provincial regulators into a central database, in an efficient, non-partisan manner.

Raise awareness of FSCO's actions in the financial services marketplace.

Agent and insurer e-newsletters are good communication tools to keep licensees informed of FSCO's planned and ongoing activities. IFB supports FSCO by using our member communication vehicles to further draw attention to FSCO's content. As well, IFB assists by educating its members on their regulatory responsibilities through targeted emails, regulatory bulletins, online compliance tools and information.

It is very helpful for IFB to have advance notice, where possible, of an impending change to a regulation, policy, or market conduct activity. Including associations, such as IFB, early on in the development stage can help identify potential impacts of changes to regulation and any unintended consequences.

FSCO staff have been regular speakers at IFB educational events for many years. These events provide opportunities to raise awareness of FSCO's activities by addressing a large audience of advisors.

Advisor and company associations in the life insurance industry have a history of working collaboratively with each other, and FSCO, to address issues aimed at improving awareness of, and compliance with, market conduct or other regulatory concerns. IFB looks forward to continuing to partnering with others, to support FSCO in this regard, as opportunities arise.

Provide adequate disclosure of information to enable informed decisions by consumers and pension plan members.

Consumers of financial products need access to plain language information to help them make informed decisions. For this information to be accessible, it must reflect the needs of specific cultural, vulnerable, and other consumer groups, and be available on multiple platforms. For example, studies have shown that consumers will often undertake initial research on the internet before engaging an advisor, or before purchasing a financial product.

Point of sale tools, such as the Fund Facts and Key Facts, assist in the disclosure process by providing summary information and the ability to compare product features and costs from various providers prior to a purchase. Advisor disclosure protocols and documents have been in place for some time that provide specific information for clients related to the services and products the advisor provides and complaint procedures.

Improved disclosure of IVICs for consumers is currently under consideration by the Canadian Council of Insurance Regulators. It recently released an issues paper, which IFB will respond to.

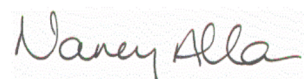
Easy access to enforcement information is another important research tool for consumers. IFB has supported the development of a centralized database where consumers can research licensing and disciplinary information on advisors and firms. FSCO has suggested expanding the availability of the enforcement information it currently makes available, to include media outlets and/or social media. In general, IFB supports the publication of enforcement action, following a fair, and transparent, due process, to help protect the public. We would need to better understand how FSCO envisions utilizing media outlets, and specifically social media, before commenting further.

IFB is a strong proponent of the importance of financial literacy as an empowerment tool for consumers. Regulators, like FSCO, other government agencies, industry, and consumer groups are actively engaged in helping consumers to access information in multiple formats. IFB, for example, posts links to non-partisan information on the public section of our website. Of course, IFB members play an important

role in contributing to financial education every day in their discussions with clients about their financial options, and planning for their individual, or family's, financial well-being.

Thank you for the opportunity to provide our comments. IFB looks forward to continuing to work with FSCO in the coming year, and to providing our input on the recommendations of the Expert Advisory Committee.

Yours truly,

A handwritten signature in dark ink, reading "Nancy Allan", is displayed over a light gray rectangular background.

Nancy Allan  
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