



October 23, 2020

Alberta Securities Commission  
Autorité des marchés financiers  
British Columbia Securities Commission  
Financial and Consumer Services Commission (New Brunswick)  
Financial and Consumer Affairs Authority of Saskatchewan  
Manitoba Securities Commission  
Nova Scotia Securities Commission  
Nunavut Securities Office  
Office of the Superintendent of Securities, Newfoundland and Labrador  
Office of the Superintendent of Securities, Northwest Territories  
Office of the Yukon Superintendent of Securities  
Ontario Securities Commission  
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island

Submitted by email:

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Dear Sirs & Mesdames:

**Subject: CSA Consultation Paper 25-402 *Consultation on the Self-Regulatory Organization Framework***

Independent Financial Brokers of Canada (IFB) appreciates the opportunity to comment on the CSA's consultation paper to examine a framework for the self-regulatory organizations.

IFB is a national, professional association whose members are licensed financial advisors and planners. Many IFB members are regulated by either the Mutual Fund Dealers Association (MFDA) or the Investment Industry Regulatory Organization of Canada (IIROC). Most are also

life insurance licensees, and as such are regulated by their provincial insurance regulator(s). Some are exempt market or scholarship plan registrants and are regulated by their provincial securities commission(s).

The current fragmented approach to securities regulation has led to a complex system of licensing, market oversight, compliance, and regulatory costs. The CSA identified widespread support to change the current system and to find more effective solutions that will enhance investor protection and confidence in our capital markets, while reducing costs, regulatory burden, and impediments to innovation<sup>1</sup>. We agree.

***IFB supports the continuation of a self-regulatory regime for investments, albeit in a renewed entity. However, it is incumbent on regulators, industry, and other stakeholders to ensure that the process begins and is implemented in a timely way and not encumbered by years of continuing debate.***

To put our comments into context, IFB members are self-employed individuals who generally own small to medium sized financial services practices in their local community. They provide personalized advice and planning to families, individuals, and businesses across Canada, often over many years, and even generations. IFB does not represent employees of financial firms/institutions or career agents of life insurance companies.

### **Issue 1: Duplicative Operating Costs for Dual Platform Dealers**

*Targeted Outcome: A regulatory framework that minimizes redundancies that do not provide corresponding value.*

As an Association representing licensed financial professionals, IFB's interest in how a future SRO might be structured is centered on how it will affect our members and their clients. As mentioned, the majority of IFB members are currently regulated by the MFDA, and their provincial insurance regulator(s). What is paramount to them is how they can continue to advise clients of moderate means at a cost that is not prohibitive to their financial practice or their clients. In this respect, under any newly formed SRO – whether by merger or rethink – they need assurance that there will be a level playing field between mutual fund dealers and IIROC firms to the extent that existing mutual fund firms (and by extension, their advisors) will not be pushed out of the investment industry due to an increase in cost or regulatory burden. The potential impact of any unlevel playing field will be far greater on smaller, independent mutual fund firms and their advisors, than on large integrated firms (like bank-owned investment firms) who will experience greater reduction in duplicative costs (as they operate on both platforms).

It has become clear that a combination of mergers, acquisitions and firms moving to the IIROC platform has reduced the number of firms that want to exclusively serve the restricted mutual

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<sup>1</sup> CSA Consultation Paper 25-402, Consultation on the Self-Regulatory Organization Framework. Page 9.