



BY EMAIL: [priorities@fSCO.gov.on.ca](mailto:priorities@fSCO.gov.on.ca)

May 17, 2010

Philip Howell  
Chief Executive Officer and  
Superintendent of Financial Services  
Financial Services Commission of Ontario  
5160 Yonge Street, Box 85  
Toronto, ON M2N 6L9

Dear Mr. Howell:

**Re: Request for Comments on the Financial Services Commission of Ontario's Statement of Priorities (June 2010)**

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We are writing to provide the comments of the members of The Investment Funds Institute of Canada (IFIC) on the proposed June 2010 Statement of Priorities issued for public comment by the Financial Services Commission of Ontario (FSCO).

We are supportive of many of the Commission's priorities, in particular the fostering of a coordinated national approach to regulatory issues. We would like to take this opportunity to highlight several key priorities of our industry that were raised in the proposed FSCO Statement of Priorities.

**Point of Sale**

As part of FSCO's commitment to fostering a coordinated national approach to regulatory issues we have noted FSCO's involvement with the CCIR in the Point of Sale initiative.

In June 2009, the CSA published for consultation a draft proposal on the Point of Sale initiative, and we expect to be advised by securities regulators in the coming months on the current status of the initiative. IFIC supports measures that improve disclosure for investors in all products and that seek to harmonize client experiences with respect to mutual funds and segregated funds.

We recommend that regulators move ahead with requirements to produce and make available Fund Facts disclosure for mutual funds and segregated funds, and that FSCO support our industry's position that requirements for pre-sale document delivery should be put on hold until the implications of these requirements for product arbitrage with other competing products are resolved.

### **CCIR Review of MGAs**

We understand that FSCO will be participating in the CCIR's review of managing general agencies, wholesale agencies and insurance adjusters to identify and address risks to consumers, regulatory gaps, and legislative and regulatory barriers. Since many mutual fund licensed advisors also are insurance licensed and operate their businesses through MGAs, our members have an interest in this review. IFIC and its members look forward to being active participants in these consultations.

### **Pension Reform**

The draft Statement of Priorities notes that the Ontario government is moving forward with pension reform, and that FSCO has identified pension regulatory services as a key focus area. The Statement also notes FSCO's support of the development of harmonized regulatory solutions. IFIC and its members have been participating in consultations on the broader policy issues relating to the current retirement savings system, and we have provided to governments a number of recommendations for ways to prepare our system for the future. One solution that we have proposed that may be of particular interest to FSCO is to simplify and harmonize regulatory and administrative requirements governing retirement savings plans and investments across Canada.

The January 2010 report of the Steering Committee of Provincial/Territorial Ministers on Pension Coverage and Retirement Income Adequacy, entitled "Options for Increasing Pension Coverage among Private Sector Workers in Canada" (Steering Committee report), recognizes that "... rising costs and mounting risks, along with increasing regulatory burden, are making employer sponsorship of [DB and DC] pension plans far less attractive". The rules governing RRSPs are national in scope, which we believe make the RRSP an ideal savings plan type on which to continue building a national solution. Group RRSPs are simpler to set up and generally entail a lower regulatory burden than registered pension plans. They therefore are more attractive for smaller and medium-sized businesses than DB or DC plans. We believe that a national framework such as is offered by GRRSPs would reduce complexity, increase transparency and lower regulatory costs faced by plan sponsors and/or plan participants.

In contrast to RRSPs, DB and DC plans endure an inconsistency in thresholds, time periods and other requirements that differ between provinces. This leads to confusion for investors who move from one province to another or who have different plan types from having worked at different companies. These differences, which seem in many cases to have arisen for historical rather than policy or practical reasons, are contrary to efficient electronic processing, and add costs and risks for pension sponsors, suppliers and financial institutions. We believe that this explains part of the decline or slower growth of standard pension plans. With governments interested in red tape reduction, enhanced, faster service for Canadians and a focus on improving retirement income outcomes, we urge you to take the lead in persuading counterparts in other provinces to address these issues, particularly in light of the fact that significant attention currently is being paid at the political and bureaucratic level to lend momentum to this initiative.

We encourage FSCO to work with the Ontario government to continue to implement improvements that ease the regulatory burden for these retirement savings vehicles and encourage their use by

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employers. We look forward to receiving information on the nature of FSCO's proposed pension reforms, and welcome an opportunity to participate in any upcoming consultations in the pension reform area.

### **Financial Literacy**

With a mandate that includes providing regulatory services that protect the public interest and enhance public confidence in the regulated sectors, we believe that FSCO would agree with our view that raising the level of financial literacy of the population would be a big step towards meeting this mandate.

IFIC actively supports financial literacy by sponsoring an annual Investor Education Award and by chairing the Council for Investor Education. IFIC also holds an annual forum to discuss the issues and potential solutions for enhancing investor financial literacy. We commend the Ontario government on their initiative to integrate into the overall school curricula information for students on how to better manage their financial affairs. We believe that this will have a direct impact on financial literacy rates attained by Ontarians in the future.

Thank you for providing our members with an opportunity to comment. Please contact either me or Jon Cockerline, at 416-309-2327 or by e-mail at [jcockerline@ific.ca](mailto:jcockerline@ific.ca) should you have any questions or wish to discuss these comments.

Yours truly,

**THE INVESTMENT FUNDS INSTITUTE OF CANADA**

