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**Regulatory Visit Report On
Preliminary/Informal Meeting Between
CAFII Representatives and Expert Advisory Panel On FSCO Mandate Review;
Wednesday, May 21, 2015, 4:30 p.m.
Frost Building - 7 Queen's Park Crescent, Toronto**

Attendees

Expert Advisory Panel/Ontario Government

James Daw, freelance personal finance writer; panel member

Larry Ritchie, Partner, Osler, Hoskin & Harcourt LLP; panel member

David McLean, Policy Advisor, Financial Institutions Policy Branch, Ministry of Finance

Absent: George Cooke, Board Chair, Omers Administration Corp.; panel member

CAFII

Greg Grant, CAFII EOC Chair, CIBC Insurance

Moiria Gill, TD Insurance

John Lewsen, BMO Insurance

Brendan Wycks, Executive Director

Expert Advisory Panel Workplan and Timetable

David McLean outlined the following high level work plan and timetable for the Expert Advisory Panel:

- June 5/15: Deadline for response submissions to the consultation paper
- Summer 2015: Panel holds Stakeholder roundtable meetings with respondent groups
- Early Fall 2015: Panel drafts and releases for comment “trial balloon report” based on written submissions and roundtable meetings
- Late Fall 2015: Panel assimilates stakeholder input on trial balloon recommendations; and drafts final report
- Winter 2016: Panel delivers final report to Minister of Finance

Preliminary Dialogue On FSCO's Future Mandate And Consultation Document

CAFII's dialogue with the Panel focused on “Future of the Financial Services Sector” and “Structural Models” as highlighted under “additional issues and questions” on pages 10 through 13 of the consultation document.

In conversation, Panel members provided the following feedback:

- FSCO's mandate really hasn't been previously reviewed since its inception in 1998, from the viewpoint of coherence with the government's needs.

- FSCO's structure is not easy to understand and is not nimble. We recognize that our challenge as an advisory panel, especially when it comes to FSCO, is to try to find and fit the best possible mandate model into an evolving world.
- We're not rejecting the status quo as an option out-of-hand, but our initial assessment is that change is needed to make things better.
- We'd like to have your input on a possible merger between FSCO and the Ontario Securities Commission, to create a fully integrated regulator akin to the AMF. If the benefits of being a fully integrated regulator include having more money and resources; and having internal policy expertise that enables the regulator to be more proactive, to be an involved participant in international developments, and to be a true leader in national co-ordination and harmonization efforts, then this option is something to think about seriously. There are some strong arguments for this model.
- We recognize that the OSC is regarded as taking a more draconian approach to things, whereas a risk- and principles-based approach to regulation appears to be working in insurance and certain other financial services sectors. So that distinction would definitely have to be taken into account if the final model is that of a fully integrated regulator.
- In your submission, don't give us platitudes and generalities. Rather, give us specifics as to what model would work best for your members and for consumers. Lay it out for us as to how it should work. Specify what the pros and cons of the model are; and why, all things considered, you favour it.
- We'd like to have your input on the current Ontario government initiative re regulation of financial planners, whether that be as a short appendix to your consultation submission or just verbally in the follow-up meeting that you'll be invited to attend in the summer.
- This mandate review – with the help of your Association and other stakeholders – is essentially a transparent, intellectually honest exercise of trying to make Ontario the model for efficiency and effectiveness in financial services regulation.
- Let's start with what you see as ideal, but something that is also do-able. We (the Panel) are prepared to recommend radical change, if and to the degree necessary.