

October 18, 2013

Secretariat of the Joint Forum (BCBS Secretariat)
Bank for International Settlements
CH-4002 Basel, Switzerland
Sent via e-mail to: baselcommittee@bis.org

RE: Point of Sale disclosure in the insurance, banking and securities sectors

FAIR Canada is pleased to offer comments on the consultation entitled “Point of Sale disclosure in the insurance, banking and securities sectors” (the “**Consultation Document**”) issued by the Joint Forum (the Basel Committee on Banking Supervision (“**BCBS**”), the International Organization of Securities Commissions (“**IOSCO**”), and the International Association of Insurance Supervisors (“**IAIS**”)) in August 2013.

FAIR Canada is a non-profit, Canadian organization dedicated to putting investors first. As a voice of Canadian investors, FAIR Canada is committed to advocating for stronger investor protections in securities regulation. Visit www.faircanada.ca for more information.

1. COMMENTS

- 1.1. FAIR Canada is supportive of the policy recommendations put forward in the Consultation Document. We encourage the timely implementation of these recommendations.
- 1.2. FAIR Canada agrees that it is imperative that like products are required to provide the same type of information in a point of sale (“**POS**”) disclosure document. In the interests of consumer protection, information must be provided to ensure that consumers can compare competing products irrespective of financial sector from which the products are derived.
- 1.3. As noted in the Joint Forum’s mandate, “...when products are very similar, inconsistent sectoral approaches to disclosure can pose risks to these regulatory objectives, including consumer protection.” We encourage all financial regulators to ensure consistent regulation, including POS disclosure, of similar products.
- 1.4. While FAIR Canada believes that disclosure at the point of sale is an essential element of financial regulators’ consumer protection initiatives, we strongly agree with the Joint Forum’s statement that

...POS disclosure is not a cure-all in the area of consumer protection. Even if armed with clear and relevant POS disclosure, consumers may nevertheless encounter misleading or high-pressure sales tactics aimed at inducing inappropriate transactions. The availability of clear and accurate disclosure should not relieve financial services salespersons of their other sales practice obligations, or result in a “caveat emptor” oversight standard in which the appropriateness or suitability of a salesperson’s recommendation is rendered less important or relevant.

- 1.5. While disclosure is important, it is not a panacea that will cure all the existing gaps in financial consumer protection. We caution regulators from relying too heavily on disclosure, and encourage continued progress in initiatives aimed at bolstering protection for retail financial consumers. Particularly relevant to the point of sale are issues relating to the obligations owed to consumers by the individuals who offer advisory services. FAIR Canada fully supports a best interest or fiduciary standard in the client-advisor relationship.
- 1.6. FAIR Canada suggests that the Joint Forum consider the evolving area of behavioural economics in determining whether providing a POS disclosure document to consumers at the beginning of a more comprehensive disclosure document would facilitate consumers’ access to information. We understand that a short, stand-alone POS document would be most likely to be accessed by consumers, and encourage the use of consumer-testing to ensure that the Joint Forum’s guidance provides a high-level of consumer protection.

We thank you for the opportunity to provide our comments and views in this submission. We welcome its public posting and would be pleased to discuss this letter with you at your convenience. Feel free to contact Ermanno Pascutto at 416-214-3443 (ermanno.pascutto@faircanada.ca) or Lindsay Speed at 416-214-3442 (lindsay.speed@faircanada.ca).

Sincerely,



Canadian Foundation for Advancement of Investor Rights