

OPEN LETTER

March 26, 2013

Canadian Securities Administrators
c/o Mr. Bill Rice
Chair, Canadian Securities Administrators
Suite 600, 250-5th Street SW
Calgary, Alberta T2P 0R4
Sent via e-mail to: bill.rice@asc.ca

Dear Members of the Canadian Securities Administrators:

RE: Checking Registration Essential but Consumers Need a Simplified Comprehensive National Database

FAIR Canada was very pleased to see the Canadian Securities Administrators' ("CSA") press release (dated March 5, 2013) that encourages consumers to check the registration of any firm or individual selling securities or offering investment advice. FAIR Canada fully supports the CSA initiative to create a national Check Registration Day on March 26. We encourage Canadian consumers to verify the registration of any person or firm who sells securities or offers investment advice.

FAIR Canada calls upon the CSA Members to improve the system for checking registration and other background information of registrants in the interests of investor protection. We do not believe that regulators appreciate the difficulty that consumers encounter in conducting a full and proper registration check using the current system.

Regulators need to provide a single, national comprehensive background check that Canadians can easily use to check the background, registration status, proficiency and disciplinary history of registrants. The system should also include self-regulatory organization ("SRO") membership information (Investment Industry Regulatory Organization of Canada ("IIROC") and Mutual Fund Dealers Association of Canada). FAIR Canada points to the U.S. Financial Industry Regulatory Authority' (FINRA) BrokerCheck and IIROC's AdvisorReport as more comprehensive and accessible background check databases and user interfaces. We recommend that Canadian regulators look to these systems as examples.

The current system is very complicated and necessitates the search of several databases. It also requires the consumer to know the registered name of the firm, although this may not be the business name the consumer knows. Further, we question the CSA's assertion that "registration

status or category is more important than a title, because either one tells the investor what types of products or services a firm or individual is qualified to sell or provide advice on.” FAIR Canada does not believe that the average investor is sufficiently familiar with registration categories to know whether a firm or individual is selling investments that they are qualified to sell or provide advice on once they are aware of the person’s registration category.

FAIR Canada recommends that the CSA engage in investor focus groups to inform the development of a more accessible and informative information system for retail investors to use to verify the registration of firms and individuals and conduct basic background checks, including disciplinary history, SRO membership, and proficiency.

In order to better facilitate registration checks, as encouraged by the CSA, FAIR Canada urges the CSA to provide a simplified, comprehensive, national one-stop source for registration and disciplinary information for consumers. The provision of a simpler, more user-friendly interface for consumers to check the registration of any person or firm who sells securities or offers investment advice will assist consumers in performing the necessary checks to ensure that the firm or individual is appropriately registered. We believe that Canadian securities regulators must provide an accessible and user-friendly system in the interests of investor protection.

We would be pleased to discuss this issue with you at your convenience. Please contact me at 416-214-3443 (ermanno.pascutto@faircanada.ca).

Sincerely,



Ermanno Pascutto
Canadian Foundation for Advancement of Investor Rights

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