



Canadian Foundation *for*
Advancement *of* Investor Rights
Fondation canadienne *pour* l'avancement
des droits *des* investisseurs

March 30, 2017

The Honourable Charles Sousa
Minister of Finance
7 Queens Park Crescent, 7th Floor
Toronto, Ontario M7A 1Y7

Dear Minister Sousa,

Re: Financial Services Regulatory Authority of Ontario Act, 2016

It is our understanding that Bill 70, Building Ontario Up for Everyone Act (Budget Measures), 2016 has received royal assent, and therefore, the Financial Services Regulatory Authority of Ontario Act has come into force. We would like to congratulate you on the passing of legislation to establish a new regulator to govern insurance, pensions, mortgage brokers (and in the future financial planners).

FAIR Canada contributed to the policy-making process by making two submissions¹ to the Expert Panel that was formed to review the mandates of the Financial Services Commission of Ontario, the Financial Services Tribunal and the Deposit Insurance Commission of Ontario, in addition to an in-person meeting. We are grateful to the Expert Panel for their tremendous efforts and work.

Given the work currently underway to operationalize the FSRA, FAIR Canada would like to highlight two key recommendations included in our comments to the Expert Panel that we believe are essential to an effective regulatory structure.

Firstly, in order to achieve its consumer protection mandate, the FSRA's should have consumer representation on its board of directors. We therefore support the appointment of at least two (depending on the total number of directors appointed) directors to the board who will represent the interests of financial consumers. The appointment of qualified people whose body of work is known to reflect and foster the interests of financial consumers would be in the public interest.

Secondly, we recommend that an independent statutory consumer advisory panel be a statutorily mandated feature of the FSRA and that it be appropriately funded and afforded a broad mandate to represent the interests of financial consumers in the areas the new agency oversees. Consumers currently have little to no engagement on financial services issues, especially in respect of the areas that the new financial agency is set to regulate. FSCO continually struggles to obtain consumer input into the policy-

¹ FAIR Canada's Comments on Preliminary Position Paper on the Review of Mandate of FSCO (December 14, 2015), available online at: <https://faircanada.ca/submissions/fair-canada-comments-on-expert-panels-recommendations-to-restructure-fsco/> ; and FAIR Canada's Comments on Review of Mandate of FSCO (August 21, 2015), available online at: <https://faircanada.ca/submissions/fair-canada-comments-on-review-of-mandate-of-fsco-2/>

making process. By contrast, industry associations and players have significant representation and influence. A consumer advisory panel would be invaluable to the policy-making process of the new regulator and help the FSRA fulfil its mandate.

Our recommendations are not new. The 2009 Expert Panel on Securities Regulation Final Report and Recommendations ("Expert Panel Report") commented on the lack of engagement of retail investors in the securities regulatory process, and recommended the establishment of a national, statutory, independent investor panel. Such a panel was in the draft National Securities Act. In similar fashion, a consumer panel would be an invaluable resource to the mandate of the new agency. In addition, the Standing Committee on Government Agencies, Report on Agencies, Boards and Commissions reviewing the Ontario Securities Commission, in 2010 recommended that the Commission establish an investor advisory body, based on the financial services consumer panel in the United Kingdom and that the Ministry of Finance take the steps necessary to create an investor representative on the Commission's board of directors. The same should hold for the new agency.

Please note we will be making a copy of this letter publicly available on our website. We would be pleased to discuss this letter with you at your convenience or any of the other recommendations in our comment letters. Please feel free to contact Marian Passmore at 416-214-3441 (marian.passmore@faircanada.ca).

Sincerely,



Marian Passmore
Director of Policy and COO