

April 2020

FAIR Focus: Group Plan RESPs

FAIR Canada Calls for COVID-19 Relief for Group Plan RESP Investors

The COVID-19 pandemic has dramatically impacted the employment and business incomes of millions of Canadians. FAIR Canada has [called on](#) the securities regulators, the Ontario Securities Commission and the Canadian Securities Administrators, to impose a moratorium on default or cancellation terms, penalties and forfeitures for group plan RESP subscribers that arise due to missed contributions.

Group plan RESPs are investment products sold to Canadians to provide savings and investment returns intended to pay for the cost of post-secondary education for their children. The terms of Group Plan RESPs can be costly and punitive for subscribers who cannot afford to continue to comply with the required contribution schedule by the payment due dates. The risks and complexities are significant. Payout is partially based on subscriber attrition.

Canadians and particularly the less affluent are in a financial crisis caused by the exceptional circumstances of the COVID-19 pandemic. Many are relying on temporary government income assistance and are experiencing uncertain employment and financial circumstances resulting in uncertain path to post-secondary education.

Please see FAIR Canada's [press release](#) regarding group plan RESP COVID-19 relief released on April 23.

FAIR Canada Proposes Fundamental Review of Self-Regulatory Organizations

Should the securities regulatory system in Canada continue to rely on self-regulatory organizations (SROs) that are controlled by the securities industry? Canada is one of the few jurisdictions in the world that continues to rely on SROs.

If Canadians are to rely upon and have confidence in the securities regulatory system, how can the system of SROs address the inherent conflict of interest of having the very dealers and markets requiring regulation to control their own



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misconduct, regulate themselves?

FAIR Canada has provided its [views](#) to the Canadian Securities Administrators (CSA), on the scope of review that the CSA should conduct of the SROs regulatory framework. The CSA announced in December 2019 that it intends to conduct such a review and will be publishing a consultation paper for public comment later this year.

Given concerns about the role and effectiveness of these SROs in areas of governance, transparency, accountability and enforcement, FAIR Canada proposes the CSA conduct a broad and thorough review to ensure the system of regulation works in the public interest. See also our [media release](#) of March 31 2020.

Protecting Against Coronavirus Investment Fraud

Fraudsters continue to exploit the chaos and anxiety of the current public health crisis to further attempts to fraudulently steal from members of the public. The Ontario Securities Commission (OSC) and Royal Canadian Mounted Police (RCMP) issued a [news](#) release on April 23, 2020 on potentially fraudulent attempts by companies to seek investments from the public for products or services claiming to cure COVID-19. The press release also refers to series of fraud alert videos developed by the OSC to help investors identify and avoid potential scams related to COVID-19 including work-from-home scams, fake warning about your finances, pump-and-dump scams, and fake government messages.

FAIR Canada in the Media

FAIR Canada seeks relief for group RESP plan subscribers

On April 23, 2020 [Wealth Professional](#) and [Investment Executive](#) reported FAIR Canada's request to the OSC and CSA to implement urgent measures to protect the investment savings in group plan RESPs of vulnerable Canadians who have been financially impacted by COVID-19 public health restrictions.

SRO framework review

FAIR Canada's proposal that the Canadian Securities Administrators (CSA) conduct a broad and thorough review of the regulatory framework that governs the Mutual Fund Dealers Association (MFDA) and the Investment Industry Regulatory Organization of Canada (IIROC) was reported in the [Investment Executive](#) March 31, 2020 and [Wealth Professional](#) April 2, 2020

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