

Joint Forum of Financial Market Regulators

Forum conjoint des autorités de réglementation du marché financier

DISCLOSURE SYSTEM FOR SEGREGATED FUNDS AND MUTUAL FUNDS CONSULTATION ENDS

REGINA (August 1, 2003) - The Joint Forum of Financial Market Regulators (Joint Forum) has completed public consultations on proposals for a new system of providing disclosure to purchasers of mutual funds and segregated funds. The goal of the proposed system is to help consumers with their buying decisions by providing documentation that is more timely and easier to use.

Strong support for the Joint Forum's efforts to improve and harmonize financial services regulation across sectors and jurisdictions was evident in the more than 30 submissions that were received.

"We were very pleased with the responses and with the high level of support for the approach we are recommending," said David Wild, Chair of the Joint Forum and Chair of the Saskatchewan Financial Services Commission. "Moreover, the suggestions brought forward by respondents will help us fine tune our proposals and make the documents even more useful to consumers as sources of information and education."

Research on consumer needs and preferences and the potential offered by current technology, were instrumental in constructing the common sense approach to point of sale disclosure that is being proposed by the Joint Forum.

The most significant element of the proposal is a "layered" approach to disclosure, that is, making material available in components that are readily understood and delivered at the most appropriate time for the consumer. One such component is a generic consumer's guide that explains mutual funds and segregated funds. Another component is an easy-to-read one or two page fund summary document that will be given to all consumers at the point of sale. More detailed information relating to the fund will be available in each fund's foundation document and continuous disclosure record. This system will allow consumers to choose how much information they want.

"We believe the current system tends to overwhelm consumers by asking them to wade through mountains of paper that currently accompany the purchase of segregated funds or mutual funds," said Mr. Wild. "We think the new approach of providing the right information at the right time will be a great step forward."

Responses from stakeholders are available on the web sites of the Canadian Council of

Joint Forum of Financial Market Regulators

Forum conjoint des autorités de réglementation du marché financier

Insurance Regulators (www.ccir-ccrra.org) and the Ontario Securities Commission (www.osc.gov.on.ca).

Members of the Joint Forum will be studying these responses as they finalize the point of sale disclosure recommendations. Several issues have been raised for further consideration. These include whether disclosure should be on an individual or family of fund basis, the method by which information will be delivered to the consumer, and whether or not rescission and withdrawal rights should be continued. “The proposals provide more useful information to investors and let the investor choose how to receive it,” added Mr. Wild.

The Joint Forum was founded in 1999 by the Canadian Council of Insurance Regulators (CCIR), the Canadian Securities Administrators (CSA), and the Canadian Association of Pension Supervisory Authorities (CAPSA), and also includes representation from the Canadian Insurance Services Regulatory Organizations (CISRO) and the Bureau des services financiers in Québec.

-30-

For more information contact:

Moira Gill
Policy Manager
The Joint Forum of Financial Market Regulators
(416) 590-7067