Joint Forum of Financial Market Regulators

Forum conjoint des autorités de réglementation du marché financier

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New disclosure regime will provide more meaningful fund information to Canadian investors

October 24, 2008 (TORONTO) – The Joint Forum of Financial Market Regulators (Joint Forum) unveiled today a new disclosure regime that will ensure investors have meaningful information about a mutual fund or segregated fund before they make their decision to invest.

The Joint Forum has released "Framework 81-406: Point of sale disclosure for mutual funds and segregated funds." A key element of the framework is a two-page document called "Fund Facts", which highlights critical information, including performance, risk and cost. Under the existing disclosure regime, many investors have trouble finding and understanding the information they need because it is buried in long and complex documents, and information may not be provided until after investment decisions have been made.

The framework incorporates changes resulting from consultations on the June 15, 2007 proposed framework, and outlines the next steps for implementation. All comments were carefully considered and a number of changes were made to the framework to address issues raised and changes suggested in the comments by both investors and industry.

The framework reflects the Joint Forum's vision for a more meaningful and effective disclosure regime. It does not outline specific requirements for the new regime. Rather it sets out concepts and principles agreed upon by members of the Canadian Council of Insurance Regulators (CCIR) and the Canadian Securities Administrators (CSA).

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This paper marks the conclusion of the Joint Forum Point of Sale Project. The Joint Forum has turned the framework over to the CCIR and the CSA to begin the processes for making the necessary changes to insurance guidelines and legislation (for segregated funds) and to securities rules and legislation (for mutual funds). Each organization will follow its usual procedures to seek public input from, and consult with, all stakeholders to implement the framework and its principles in a way that balances investor protection and market efficiency. The Joint Forum will monitor their progress, particularly to ensure harmonization between the sectors.

Copies of the framework and accompanying backgrounder are available from the websites of CCIR (www.ccir-ccrra.org), certain members of the CSA (see www.csa-acvm.ca for a list) or the Joint Forum (www.jointforum.ca).

The Joint Forum consists of representatives from the Canadian Association of Pension Supervisory Authorities (CAPSA), the CCIR and the CSA. The goal of the Joint Forum is to continuously improve the financial services regulatory system through greater harmonization, simplification and co-ordination of regulatory activities.

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