



Joint Forum of Financial Market Regulators

Forum conjoint des autorités de réglementation du marché financier

Meeting Highlights of Joint Forum Fall Meeting

September 26, 2012
Charlottetown, Prince Edward Island

Product Disclosure and Regulation

The Joint Forum established a Product Disclosure and Regulation Committee in 2010 to examine the responsibilities of financial product manufacturers, intermediaries and consumers in ensuring that consumers are offered suitable products and are able to make informed decisions.

The Committee reported that, as its first step, the Committee has been engaged in a dialogue with key stakeholder associations and their member companies which manufacture financial products to obtain information from the product manufacturers on their processes and practices, particularly as they relate to the impact on retail investors.

Earlier this year, the Canadian Life and Health Insurance Association (CLHIA), the Investment Funds Institute of Canada (IFIC) and representatives from their member firms presented to the Committee an overview of processes and practices for the development of Individual Variable Insurance Contracts (IVICs) and mutual funds. Subsequently, CLHIA and IFIC have provided written reports with more detailed information on the processes and practices.

An update of the progress of the initiative was provided at the meeting. Analysis of the practices will be conducted as the next step.

Dispute Resolution Committee

The Dispute Resolution Committee was established in 2007 by the financial services regulators and Finance Canada in consultation with the three OmbudServices: Ombudsman for Banking Services and Investments (OBSI), OmbudService for Life and Health Insurance (OLHI), and General Insurance OmbudService (GIO). The Dispute Resolution Committee is guided by the Financial Services OmbudsNetwork Framework for Collaboration and its Guidelines, to ensure that public interest objectives are met and regulators have confidence in the OmbudServices.

In the last year, there have been a number of developments related to external dispute resolution services for banking and securities. The Canadian Securities Administrators (CSA) has become directly involved in the implementation of the recommendations of an independent reviewer of OBSI. In addition, Finance Canada recently consulted on the

regulations which set the criteria for approval by the Minister of Finance of complaint handling bodies offering services for the banking sector.

As such, the regulatory approach for the oversight of the OmbudServices is changing, with movement toward direct oversight by the CSA and Finance Canada of the OmbudServices for securities and banking, respectively.

At this meeting, the Joint Forum approved the recommendation of the Dispute Resolution Committee to dissolve the Committee and to move the direct responsibility for overseeing OLHI and GIO to the CCIR, subject to CCIR agreement.

Capital Accumulation Guidelines

The Joint Forum Capital Accumulation Plans (CAP) Committee has been re-constituted to address issues related to CAPs referred to it by the Canadian Association of Pension Supervisory Authorities (CAPSA) as well as to assess the implications of the Proposed Pooled Registered Pension Plans (PRPPs) and developing governance standards on CAPs.

The Committee hosted an in-person consultation session with stakeholders to obtain input on these issues based on a research and analysis paper the Committee had developed. Many of the industry representatives stated that the Guidelines were sufficiently flexible and worded broadly enough to address the emerging trends and issues under consideration and, consequently, the guidelines themselves did not require any changes. After reviewing the input, the Committee decided further work needs to be undertaken on the issue of fee disclosure.

The Committee established a CAP Guidelines Fee Disclosure Industry Working Group to investigate whether the spirit and the letter of the Guidelines is being met in terms of fee disclosure given the current level of transparency, access to and member understanding of fee-related information and provide recommendations for potential changes. The CAP Guidelines Fee Disclosure Industry Working Group submitted its report and recommendation in August for consideration by the Committee.

At this meeting, the Joint Forum approved the Committee recommendation that no changes be made to the CAP Guidelines based on the findings of the Working Group at this time; and to consider making the recommended amendment by the Working Group if and when other amendments are made to the CAP Guidelines resulting from the implementation of PRPPs or other industry developments.

Role and Future Direction of the Joint Forum

Last year, a review was started to determine what the role and future direction of the Joint Forum should be going forward. The consensus feedback of the constituent organizations was that changes should be made to enhance the value of the Joint Forum. There were concerns regarding resource commitments and the need to align the work of the Joint

Forum with the priorities of the individual constituent organizations.

The Joint Forum decided that the next step in defining the role and future direction of the Joint Forum should be to arrange a session in April 2013 with participation from members of the Joint Forum and other senior decision-makers from each of its constituent organizations.

Next Meeting

The Spring 2013 Joint Forum meeting will be held on April 10, 2013 in Toronto, Ontario.