
Joint Forum of Financial Market Regulators

Forum conjoint des autorités de réglementation du marché financier

**Strategic Plan
2002 - 2005**

Updated January 2003

Strategic Plan 2002-2005

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Strategic Plan for the Joint Forum of Financial Market Regulators 2002 - 2005

I. Forward

The first Strategic Plan for the Joint Forum of Financial Market Regulators was released in December 2001 to the members of the Joint Forum and its constituent organizations. The plan outlined the mission and long term vision for the organization, as well as strategic priorities and initiatives to be undertaken by the Joint Forum.

Since the release of the Strategic Plan, members of the Joint Forum have expressed the need to explicitly enunciate the Joint Forum's commitment to not only coordinate and harmonize, but also to simplify and improve the regulatory environment for securities, insurance and pensions. As a consequence, at its Spring meeting in April 2002, the Joint Forum reviewed its strategic plan and revised its vision statement, strategic priorities and initiatives.

More recently, against a backdrop of continued and rapid change in the financial services sector, the Joint Forum has conducted a further review of its existing and planned strategic initiatives to ensure that they are focussed on the current priorities of financial services regulators.

The result is this updated strategic plan which the Joint Forum will implement over the next three years.

David Wild
Chair, Saskatchewan Financial Services Commission
and
Chair, Joint Forum of Financial Market Regulators

II. The Environment

At the dawning of the twenty-first century, the Canadian financial services industry is facing a transformation that challenges the traditional structures of financial services regulation. The boundaries separating the four pillars that dominated the industry - - banking, trust companies, insurance, and securities - - have eroded due to cross-ownership among institutions, integrated marketing of diverse financial products and services, and development of similar financial products in different legal forms. From a regulatory perspective, while Canada is considered by organizations such as the International Monetary Fund to have one of the soundest financial systems in the world, future developments will test the resilience of the Canadian regulatory and supervisory framework, principally in the areas of harmonization and coordination.

Given the constitutional realities of provincial responsibility for regulation of securities, pensions and insurance, the regulators in each of these sectors work together through national organizations to address regulatory gaps and overlaps across jurisdictions. In order to enhance the coordination and cooperation among regulators in all three sectors on a national basis, the Canadian Association of Pension Supervisory Authorities (CAPSA), the Canadian Council of Insurance Regulators (CCIR) and the Canadian Securities Administrators (CSA) have come together under the banner of the Joint Forum to meet the regulatory challenges that the evolving marketplace presents.

III. Structure

The Joint Forum is comprised of:

- Four (4) CAPSA representatives, including the Chair of CAPSA who is the sectoral lead.
- Four (4) CCIR representatives, including the Chair of CCIR who is the sectoral lead.
- Four (4) CSA representatives, including the Chair of CSA who is the sectoral lead.
- The Chair of the Canadian Insurance Services Regulatory Organizations (CISRO).
- The President of the Bureau des services financiers (BSF).

A nominating committee comprised of the three sectoral leads will nominate a candidate for the position of Chair of the Joint Forum. The Joint Forum will then review the nomination and appoint a Chair for a two-year term of office.

The representation of the CSA, CAPSA and CCIR on the Joint Forum is determined by the CSA, CAPSA and CCIR. While not subject to pre-determined term limits, the representation is reviewed by the CSA, CAPSA and CCIR every two years.

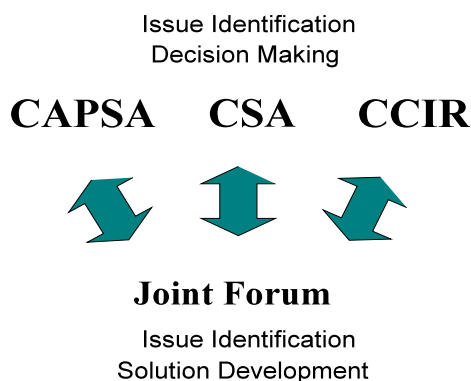
The sectoral leads coordinate the nomination processes to ensure that the membership of the Joint Forum reflects, to the highest degree possible, the geographic diversity of Canada.

The Joint Forum will endeavour to include members of the constituent organizations who are not directly represented on the Joint Forum, in the work of the Joint Forum committees. The Joint Forum recognizes the importance of utilizing the knowledge and energies of all constituent regulators to achieve the vision of the Joint Forum.

IV. Decision Making Process

The decision making process employed by the Joint Forum is as follows:

- Issues that are cross-sectoral and cross-jurisdictional in nature are identified as such by the constituent organizations or by the Joint Forum.
- The role of the Joint Forum is to develop solutions to the issues and facilitate their implementation, once the constituent organizations have given their approval. Implementation of the solutions is the responsibility of the regulators and/or their respective governments.



V. Mission

The mission of the Joint Forum is to be...

An effective forum representing CAPSA, CCIR and CSA that pro-actively facilitates and coordinates the development of harmonized cross-sectoral and cross-jurisdictional solutions to financial services regulatory issues.

VI. The Existing Environment

Our goal is continuous improvement of the financial services regulatory system through greater harmonization and coordination of regulatory approaches. To achieve this, we must recognize and build on our strengths, and identify and take advantage of existing opportunities for improvement.

A. Strengths

1. Knowledgeable and experienced regulators.
2. Commitment to cooperation and collaboration.
3. Respect for local differences and autonomy.
4. Established good foundation and credibility.

B. Opportunities/Challenges

1. Anticipation and monitoring of changes in the marketplace.
2. Identification of regulatory gaps, overlaps, duplication and mismatches.
3. Uneven ability of regulators to implement changes in a timely manner.
4. Cross-sectoral and cross-jurisdictional barriers to harmonization.

VII. Vision

The vision of the Joint Forum is...

**A coordinated, harmonized, and simplified
financial services regulatory system in Canada.**

The vision of the Joint Forum sets out the overall direction for our work. In pursuing this vision, the Joint Forum's role is to support CAPSA, CCIR and the CSA in addressing the gaps and overlaps in the regulatory system. The purpose is to protect consumers of financial services and pension plan beneficiaries, and to enhance the financial stability of the Canadian marketplace.

VIII. Strategic Priorities

In order to constructively act upon the existing opportunities for improvement, we have established the strategic priorities outlined below to focus our efforts towards achieving our vision. In pursuing these strategic priorities, the Joint Forum will work to simplify regulation, only promoting regulations where there is a clear necessity. The Joint Forum will also seek opportunities to promote elimination of outdated or unnecessary regulation, and reduction in the complexity and level of detail in existing regulations.

The strategic priorities established by the Joint Forum are as follows:

- Improve, harmonize and simplify product disclosure in regulated sectors.
- Advance intermediary proficiency and licensing initiatives.
- Promote consumer protection initiatives.
- Increase the effectiveness of the Joint Forum.

The Joint Forum recognizes that in pursuing the strategic priorities that have been established, not all jurisdictions will choose to participate in all of the initiatives which are to be undertaken. Each province has unique laws and structures in place that may from time to time preclude the participation of member jurisdictions in initiatives that, for example, duplicate or conflict with existing programs.

IX. 2002 - 2005 Strategic Initiatives

The Joint Forum will complete the following initiatives over the next three years:

1. Improve, harmonize and simplify product disclosure in regulated sectors

- Review the product disclosure needs of consumers and identify principles for developing appropriate disclosure rules.
- Develop and coordinate the implementation of regulatory principles for capital accumulation plans.
- Coordinate the implementation of recommendations promoting the regulatory harmonization of individual variable insurance contracts and mutual funds.

2. Advance intermediary proficiency and licensing initiatives

- Develop underlying principles for codes of conduct for all financial services intermediaries.
- Develop a harmonized competency and licensing model for multi-licensed financial services intermediaries.

3. Promote consumer protection initiatives

- Identify public education and information needs, and develop consumer materials.
- Establish an integrated dispute resolution system for all financial services consumers across Canada.
- Harmonize, where appropriate, the investment rules governing pension, segregated, mutual and pooled funds.

4. Increase the effectiveness of the Joint Forum

- Enhance communication among the Joint Forum and its constituent groups.
- Enhance the Joint Forum's communication with external stakeholders.
- Develop processes for conducting research, monitoring issues and anticipating new developments in the financial services marketplace.