



Joint Forum of Financial Market Regulators

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Forum conjoint des autorités de réglementation du marché financier

# STRATEGIC PLAN 2005 - 2008

May 2005

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# Joint Forum of Financial Market Regulators

## STRATEGIC PLAN 2005 - 2008

### I. Foreword

I am pleased to introduce the Joint Forum of Financial Market Regulators' Strategic Plan for the period from April 1, 2005 to March 31, 2008. With input from stakeholder groups, the Joint Forum has reviewed its existing and planned strategic initiatives to ensure that they are focussed on the current priorities of financial services regulators.

The Joint Forum was founded in 1999 by the members of the Canadian Association of Pension Supervisory Authorities (CAPSA), the Canadian Council of Insurance Regulators (CCIR) and the Canadian Securities Administrators (CSA) to pro-actively facilitate and coordinate the development of harmonized cross-sectoral and cross-jurisdictional solutions to financial services regulatory issues.

Over the last three years, the Joint Forum accomplished many of the objectives of our previous strategic plan.

**FINANCIAL SERVICES OMBUDSNETWORK** – We collaborated with members of the Financial Services Council of Canada to develop the framework for an integrated, single-window complaint handling and dispute resolution service for financial services consumers in Canada. The FSON was officially launched in November 2002 and we have since been working with the FSON to ensure that consumers and regulators can have a high level of confidence in the system.

**GUIDELINES FOR CAPITAL ACCUMULATION PLANS** – We released the final Guidelines on May 28, 2004, after four years of extensive work and consultation with stakeholders. The purpose of the Guidelines is to outline the roles and responsibilities of plan sponsors, service providers and members; to ensure a similar regulatory result for all CAP plans regardless of the regulatory regime that applies to them; and to ensure that CAP members receive the information and tools they need to make informed investment decisions. We expect that all CAP sponsors in Canada will follow the Guidelines by December 31, 2005.

**PRINCIPLES AND PRACTICES FOR THE SALE OF FINANCIAL PRODUCTS AND SERVICES IN THE FINANCIAL SECTOR** – We released standards of professionalism and fair conduct that Canadian consumers should be able to expect in their financial transactions, regardless of the product or service being sold or the regulatory regime that applies. Rather than add to the proliferation of regulation, we encouraged industry groups to adopt these standards on a voluntary basis and are pleased to see that some have already adopted them while others are considering them. We hope that all financial intermediaries will see the importance of voluntarily adopting these standards and that consumers will become aware of the standards and start demanding that level of conduct from their financial intermediaries. This will improve the overall level of service to consumers of financial products and services and avoid the need for additional regulatory action.

**JOINT FORUM PROJECT OFFICE** – We created the Joint Forum Project Office in the fall of 2002 to provide project management and support for Joint Forum activities and initiatives. The Joint Forum Project Office is also responsible for enhancing communication with stakeholders and was responsible for launching the Joint Forum website, [www.jointforum.ca](http://www.jointforum.ca), last spring.

**REGULATORY HARMONIZATION OF MUTUAL FUNDS AND IVICs** – The Joint Forum conducted a study to compare the regulation of mutual funds and individual variable insurance contracts (IVICs - industry and media often call IVICs “segregated funds”). The study produced several recommendations to harmonize the regulation of these different yet functionally similar products. We are still working on a project to rethink and harmonize point of sale disclosure for mutual funds and IVICs. We will continue to work on this project under our next strategic plan.

As you can see, the Joint Forum has become an active force in harmonizing regulation across industry sectors and jurisdictions. We are confident that this will continue as we pursue the strategic priorities outlined in our new strategic plan.

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

## **II. 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.**

## **III. Vision**

**The vision of the Joint Forum is...**

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

We rely on our vision to establish the overall direction for our work. In pursuing our vision, we support the regulatory system administered by the members of CAPSA, CCIR and the CSA by addressing the gaps and overlaps in that system. We do this to protect consumers of financial services and pension plan beneficiaries, and to enhance the financial stability of the Canadian marketplace. Our goal is to continue to improve the financial services regulatory system through greater harmonization, simplification and coordination of regulatory approaches.

#### **IV. Strategic Priorities**

In order to meet our goal, we have decided to focus on the following strategic priorities:

- Product Regulation,
- Intermediary Regulation,
- Consumer Redress,
- Regulatory Mechanisms, and
- Consumer Information and Education.

In pursuing these strategic priorities, we will work to:

- Simplify regulation, by promoting new laws or rules only where there is a clear necessity,
- Promote the elimination of outdated or unnecessary regulation,
- Encourage streamlining of regulation, by using plain language and reducing the complexity and level of detail in regulatory requirements, and
- Facilitate cross-sectoral communication among our constituent organizations.

We recognize that not all regulators will choose to participate in all of the strategic priorities of the Joint Forum. Each jurisdiction has unique laws and structures in place that may, from time to time, preclude its regulators from participating in initiatives that, for example, duplicate or conflict with existing programs.

## **V. 2005 - 2008 Strategic Initiatives**

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

### **1. PRODUCT REGULATION**

- Complete work related to rethinking and harmonizing point of sale disclosure for IVICs and mutual funds.
- Work with stakeholders to identify the problems resulting from differences in investment rules for pension funds, mutual funds, segregated funds and other pooled investment funds, develop recommendations for possible solutions and coordinate the implementation of adopted solutions.
- Review and, if necessary, coordinate the implementation of outstanding recommendations promoting the regulatory harmonization of individual variable insurance contracts and mutual funds.

### **2. INTERMEDIARY REGULATION**

- Examine the regulation of intermediaries and recommend ways to minimize possible conflicts or undue burden and promote equivalent consumer protection, focussing initially on intermediaries who sell mutual funds and IVICs.

### **3. CONSUMER REDRESS**

- Work with the FSON and relevant industry groups to:
  - define performance standards for dispute resolution services;
  - build appropriate measurement and reporting systems around those standards; and
  - promote harmonization and consistency among the industry-level OmbudServices (OBSI, CLHIO, GIO).

### **4. REGULATORY MECHANISMS**

- Explore mechanisms to allow for more effective sharing of information on regulatory enforcement issues and actions across sectors and jurisdictions.

**5. CONSUMER INFORMATION AND EDUCATION**

- Coordinate regulatory efforts on consumer information and education by creating an inventory of existing resources and content, looking at approaches taken in other jurisdictions and making recommendations for improvement.