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Attention: Grant Swanson, Chair  
CCIR, IVIC Point of Sale Committee

Dear Mr. Swanson:

**Subject: Implementation of the Joint Forum Point of Sale Framework for Segregated Funds**

Independent Financial Brokers of Canada (IFB) is pleased to offer our comments on the proposed implementation of the point of sale (POS) framework for segregated funds. IFB has been an active participant in this process for a number of years.

IFB is a voluntary professional association of approximately 4,000 licensed financial advisors – many of whom provide advice and products to consumers related to life and health insurance and mutual funds. As such, the POS framework and delivery obligations will have a significant impact on how they transact this business with their clients in the future.

Our members are generally very supportive of the objectives of this framework - that being, that consumers should receive well-timed, easily understood information about the mutual fund or segregated fund they are considering purchasing. They offer this level of service to clients through personalized meetings and utilizing product information already available in the marketplace. Our comments on the POS framework in previous consultations, therefore, have tended to focus on the potential impediments to the timely execution of transactions presented by the delivery restrictions, rather than on the merits of improved disclosure.

In general, IFB was pleased that the framework proposed by the Joint Forum was more flexible than previous versions. We believe that providing consumers with more choice on how and when they receive the Fund Facts (FF) is an important improvement. However, we are concerned that there appear to be significant differences between how the Joint Forum framework has been adapted by the CCIR and CSA in their respective consultation documents. For example, the CSA consultation revisits whether investors should receive the FF for subsequent purchases in the same fund, while the requirement to receive the FF in such circumstances was eliminated in the final Joint Forum model and, therefore, not contemplated in the CCIR proposal.

In addition, the CSA envisions a staged implementation whereby the FF would be required to be made available to investors in ‘phase 1’ while the delivery requirements would come into effect in a later phase, about 2 years later. There appears to be no consideration of a staged implementation in the CCIR consultation and we are concerned that such differences will be confusing to investors and for advisors, like our members, who frequently sell both products. We believe it is imperative that these issues be resolved at the regulatory level before industry stakeholders can respond appropriately to the proposals before us.

Furthermore, we note that we have been asked to comment on a revised version of the CLHIA Guideline G-2, *Individual Variable Insurance Contracts Relating to Segregated Funds*, which has been amended to support the POS framework. Concurrent with this consultation, the CLHIA is consulting with its members on these revisions to Guideline G2. We wonder, then, if it is premature to be soliciting comment from other industry stakeholders prior to our receiving the benefit of any changes that may be recommended in response to CLHIA member comments. We trust that if such changes are made that we will have the opportunity to comment further.

It has been our position in previous consultations – and remains so - that an overly detailed, prescriptive approach to implementing the POS framework will limit the insurance and mutual fund industries’ ability to develop solutions which meet the objectives of this initiative and restrict the flexibility they need to be responsive to the differences that exist between the distribution of mutual funds and segregated funds, and future product changes.

The flexibility inherent in a principles-based system is better suited to meeting the demands of change than one constricted by a set of rules. In this regard, we note that the CCIR framework reflects this principle-based approach more so than the CSA proposal. While the CSA proposal and Companion Document provide valuable insight as to the details of the CSA’s vision, they would be better sited as procedural guidance materials, rather than entrenched in regulation.

In conclusion, IFB and its members support a process which will improve the disclosure tools and resources available to investors to the extent that they improve their understanding of the product being purchased. It is important, however, that such products should not be looked at in isolation but rather as part of a financial plan to meet the wider needs of the client. The FF is not a replacement for professional advice and guidance.

We look forward to working with the CCIR and CSA as this process continues.

Yours truly

A handwritten signature in black ink, appearing to read 'John Whaley', with a stylized flourish at the end.

John Whaley  
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