

REMARKS BY ANDREW J. KRIEGLER, PRESIDENT AND CHIEF EXECUTIVE OFFICER OF THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC) AT THE JUNE 2, 2016 TORONTO CONSULTATION SESSION HOSTED BY THE EXPERT COMMITTEE TO CONSIDER FINANCIAL ADVISORY AND FINANCIAL PLANNING POLICY ALTERNATIVES IN ONTARIO.

Good afternoon and thank you for the opportunity to be here today. My name is Andrew Kriegler and I am the President and Chief Executive Officer of IIROC – the Investment Industry Regulatory Organization of Canada.

IIROC strongly supports the regulation of financial planning in Ontario and the principles underlying the Committee’s preliminary recommendations. In particular, we agree with the Committee that Ontario’s existing financial services regulators, including IIROC, the Ontario Securities Commission, the Mutual Fund Dealers Association and the proposed Financial Services Regulatory Authority, be responsible for implementing and applying a consistent regulatory standard for financial planning activities in the province.

As an established and effective public interest regulator of financial services across Canada, IIROC welcomes the opportunity to explicitly include Financial Planning in our mandate in Ontario and we look forward to working together with our partner regulators and all stakeholders to effectively regulate Financial Planning in the province. Today, I will comment on a few specific recommendations.

First, we agree that individuals and firms who provide Financial Planning, and whose Financial Product Sales and Advice activities are regulated by the existing regulatory framework should

have any associated Financial Planning activities regulated by their existing regulator or regulators, for those who have more than one license.

We also believe that individuals who provide Financial Planning and are not currently regulated by a regulator, but are *employed with or acting on behalf of* a firm whose Financial Product Sales and Advice activities *are* regulated by an existing regulator, should be subject to the same regulator.

This would ensure that all individuals providing Financial Planning for a single firm would be regulated by the same regulator for those activities. For example, a Financial Planner working for an IIROC-regulated firm (but not otherwise as an IIROC registrant) would be regulated by IIROC. Supervision would be seamless as both the individual and the supervisor would be operating under the same regime.

This would be consistent with the principle that regulatory gaps and overlaps should be minimized as they make consistent investor protection more difficult, cause confusion and ultimately increase costs for financial consumers and businesses alike.

Second, I would like to comment on the recommendation that there be one universal set of regulatory standards for individuals engaged in Financial Planning.

There has already been much discussion of exactly how this would be accomplished.

You recommend that the regulators work cooperatively to develop a harmonized set of

regulatory standards that apply consistently to all Financial Planners. We look forward to working with our partner regulators and other important stakeholders to build common standards based on the best of what exists today.

I would also like to highlight what we see as an indirect but very positive consequence of your recommendation. As regulators responsible for Financial Planning in Ontario, we would need to ensure that Financial Planners adhere to the common standards we establish. And when they don't, we would need to enforce them and bring disciplinary action as appropriate. Bringing the regulators together opens the door for greater mutuality and reciprocity of sanctions – which is something that IIROC has already been working hard to achieve across the country.

For example, if an individual was sanctioned by one regulator for sufficiently serious misconduct relating to his or her Financial Planning activities, the partner regulators would recognize that sanction, and that individual would not be permitted to register as a Financial Planner with them. We would also expect that the individual would not be able to be registered in *any* capacity with any of the regulators.

There has been much discussion about the need to close regulatory gaps and eliminate any arbitrage that exists between the regulators which allows sanctioned individuals to jump from platform to platform and put the public at risk. As articulated, your recommendation would allow us to do just that – to close the gaps. And as a result, the public can have the confidence of knowing that they can trust their financial services providers, and in turn, have trust in the capital markets in Ontario.

The next step involves IIROC's efforts to obtain the power to enforce monetary sanctions in the courts through changes to the Ontario Securities Act. The OSC and the Superintendent of the Financial Services Commission of Ontario (to be replaced by FSRA) have the power to file their orders for administrative penalties with the Superior Court. For the regulation of Financial Planning to be truly harmonized, with equal sanctions and consequences for all Financial Planners, IIROC should have the same powers to enforce any monetary sanctions it levies against Financial Planners who are under our jurisdiction.

This power, together with the above recommendation, would ensure that sanctioned individuals could not work in another registered capacity in the financial services industry, and could not avoid payment of a monetary sanction once they have left the industry.

This leads to my last comment about the creation of a Central Registry, which we strongly support. IIROC currently offers a web-based tool which allows consumers to research the background, qualifications and disciplinary information of over 28,000 individuals at IIROC-regulated firms. We would be happy to discuss the potential to leverage this database and our expertise in implementing your recommendation.

In closing, I want to reiterate IIROC's commitment to effective regulation of Financial Planners in Ontario. In our view, the regulation of Financial Planning could be seamlessly integrated into IIROC's existing regulatory framework and our mandate to protect investors and support healthy capital markets in Ontario.

Thank you.

About IIROC: IIROC is the national self-regulatory organization which oversees all investment dealers (approximately 170 firms and over 28,000 registrants) and their trading activity in Canada's debt and equity markets. IIROC sets high quality regulatory and investment industry standards, protects investors and strengthens market integrity while supporting healthy capital markets in Canada. IIROC carries out its regulatory responsibilities through setting and enforcing rules regarding the proficiency, business and financial conduct of dealer firms and their registered employees and through setting and enforcing market integrity rules regarding trading activity on Canadian equity marketplaces.