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ONTARIO SECURITIES COMMISSION NOTICE 11-771 – STATEMENT OF PRIORITIES REQUEST FOR COMMENTS REGARDING THE STATEMENT OF PRIORITIES FOR FINANCIAL YEAR TO END MARCH 31, 2016
http://www.osc.gov.on.ca/en/SecuritiesLaw_sn_20150402_11-771_rfc-sop-end-2016.htm

Submission by Debra McFadden

Thank-you for providing the opportunity to comment on the OSC's proposed priorities for the year ahead. I fully support and endorse the comments and recommendations made by the Small Investor Protection Association (www.sipa.ca).

I feel confident that implementation of these grass roots suggestions will make Ontario capital markets a much safer place for small unsophisticated investors.

The OSC has a clear mandate, established by statute, to provide protection to investors from unfair, improper or fraudulent practices and to foster fair and efficient capital markets and confidence in capital markets. There are many challenges and issues which you have listed as: globalization, harmonizing and co-ordinating structural changes in our financial system, an increasingly dispersed and complex financial market, digital/technological advances, demographics particularly an increasing seniors population as the baby boomers age, a continued concern raised by the industry regarding regulatory burden, human capital and most importantly the increasing reliance by Canadian citizens on financial advice.

The five goals outlined are all important admirable goals, the methods and measurements to achieve them fall short of the mark. We are in an important period of time. There has been sufficient research, discussion, roundtables, and feedback given to the Commission, what we need is action. The financial advice industry must honour the complex trust placed in them by those they serve. The industry wants to be seen as a respected profession. The transaction based model does not reflect what consumers expect nor what the wealth management industry portrays in the titles they give themselves and in their advertising to the Canadian public.

The investment industry is getting all the upside of a fiduciary standard, they enjoy the veneer of being a professional, they gain the trust of ordinary Canadians but then want nothing to do with the accountability that true professionals like doctors and lawyers have to adhere to. They also need the requisite skill and training to handle giving advice regarding complex products all the while considering the unique needs of Canadian consumers at various points in their lives. The industry must see past its own immediate self interest or it will fail to build a sustainable long term future. Otherwise lack of trust as consumers become more aware and technology will disintermediate them faster than any regulatory burdens and watchdogs will. In reality a statutory best interest standard will not only serve investors better but in the long run will decrease the red tape of regulation. By continuing to avoid a fiduciary standard regulators have to keep coming up with more and more rules due to new products and new issues that arise. To be blunt, it is much like sticking a finger in the dike to only have another leak spring up elsewhere. Consumers are losing too much money, the industry is buried in paperwork and quite frankly the regulators are running out of fingers to stem the tide coming in!

The structure is flawed. It needs a revamp. It is not a transaction based sales industry it is an advice based industry. Continually working from a wrong premise will not bring about the desired results for anyone. If the foundation of a building is poor, it does not matter what you build on top of it or how nicely you decorate the rooms in it. Canadians deserve advisers who acknowledge the high level of duty we are entrusting them with, understand it and are not afraid to embrace the true role of a fiduciary professional advisor.

Respectfully submitted,

Debra A. McFadden