

Independent Financial Brokers

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June 22, 2010

John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West, Suite 1903, Box 55
Toronto ON M5H 3S8

And,

Members of the Canadian Securities Administrators:
British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Registrar of Securities, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland & Labrador
Registrar of Securities, Northwest Territories
Superintendent of Securities, Yukon Territory
Registrar of Securities, Nunavut

Sent by fax: 416-593-2318

Dear Mr. Stevenson:

**Subject: Modernization of Scholarship Plan Regulation,
Phase 1 – a New Prospectus Form for Scholarship Plans**

Independent Financial Brokers of Canada (IFB) is pleased to offer comments on the Canadian Securities Administrators' (CSA) proposed amendments to National Instrument 41-101, which intends to improve the prospectus disclosure for investors of scholarship plans.

Who we are:

IFB is a not for profit association representing approximately 4,000 licensed financial advisors across Canada. Our members are independent in that they have the contractual ability to offer their clients advice and products from a variety of providers. They believe that this ability is an important determinant in ensuring their clients receive the most suitable investment to meet their financial needs.

While the majority of IFB members are life/health insurance licensed and/or mutual fund licensed, many hold other licenses such as securities, mortgages, general insurance etc. Often they are licensed in more than one provincial jurisdiction.

IFB supports the professionalism of the general financial community, and IFB members in particular, by sponsoring educational events at various locations in Canada several times per year, a comprehensive corporate and individual errors and omissions program, compliance support, and advocacy to ensure the continued viability of the independent channel of sales distribution.

General Comments on the proposed Modernization of Scholarship Regulation:

We support the CSA objective in Phase 1, to provide investors with more meaningful and effective prospectus disclosure. Such disclosure will help investors better understand these products and evaluate whether this type of investment is right for them.

The POS, through the development of Fund Facts and Key Facts, shares the same objective of providing potential investors with improved disclosure using simplified language. IFB conducted surveys of our members some time ago when we were preparing our responses to the CSA and CCIR in relation to the proposed Point of Sale regime for mutual funds and segregated funds. It was the experience of our members that many consumers find prospectuses difficult to understand and therefore are often left unread. This leads to confusion and misunderstandings of the product purchased. This is especially so if the investor does not have the benefit of a knowledgeable advisor.

Prospectuses use complex legal language to describe plan features, fee structures and penalties upon early withdrawal of funds in compliance with Prospectus Requirements. While these documents have value for those who wish gain a deeper understanding of the investment, often investors will simply want to know the key features and potential drawbacks of these Plans so they can assess their suitability.

National Instrument 31-103: Registration Reform

Under Registration Reform, new standards have been set for scholarship plans and their sales representatives. For example, scholarship plan dealers and their sales representatives are required to meet set proficiency standards and be separately registered. This is a positive step towards contributing to a more harmonized regulatory environment.

Sample Plan Summary Document

The Plan Summary document appears to be modelled on the Fund Facts document which will be introduced for investors in mutual funds and segregated funds in 2011.

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We agree that the Plan Summary will improve disclosure and transparency for subscribers by setting out the advantages and potential disadvantages more clearly and in plain language.

We recommend adding a complaint resolution section, likely at the end of the document, indicating who consumers should contact in the event of a complaint.

Specific Questions for feedback

Question 1: Require detailed disclosure under Part C – Plan Specific Information for unregistered education savings accounts.

We have no comment.

Question 2: Allow Part D – Information about the Organization to be made available on request, similar to the annual information form for mutual funds.

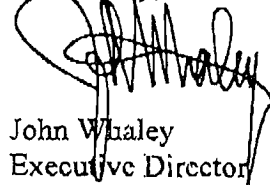
We agree with this approach in the interests of keeping the prospectus shorter and more manageable for investors.

Question 3: Require additional disclosure in the prospectus about the trustee of the scholarship plan.

We are unclear as to the advantage of this to subscribers since in most instances the trustee is a bare trustee. If it is included, it could be contained in a separate Part which could be available on request.

Thank you for the opportunity to provide comments.

Yours truly,



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