

June 25, 2015

Expert Advisory Panel – FSCO/FST/DICO Mandate Reviews
Ministry of Finance
Financial Institutions Policy Branch (FIPB) &
Income Security & Pension Policy Division
Frost Building North, Room 424
95 Grosvenor Street, 4th Floor
Toronto, Ontario
M7A 1Z1

Dear Panel,

The Toronto Financial Services Alliance (TFSA) is pleased to provide comments to the “Expert Panel” in response to the consultation paper dated April 21, 2015, on the review of the mandates of the Financial Services Commission of Ontario (FSCO), Financial Services Tribunal (FST) and the Deposit Insurance Corporation of Ontario (DICO).

The TFSA has a mandate to promote and grow the Toronto region as a global financial services centre. We note that Canada’s financial sector is respected internationally, based on the strength and stability of its financial institutions, the majority of which are based in Toronto, and to the soundness of its regulatory system at federal and provincial levels. An effective and credible regulatory environment will continue to be a key component in supporting TFSA’s mandate as it impacts the financial services sector’s ability to be competitive and attract employment and investment.

To accomplish the objective of an effective regulatory environment that ensures a strong, stable and growing Toronto-based financial services sector, we recommend that the Panel strongly consider the principles outlined below during its review.

These principles would further cement the world-class reputation of our regulatory system and thus complement the efforts being made by the industry and government to develop the stature of Toronto as a world-class financial centre. Further to this, it will be important that Canadian financial sector regulators remain coordinated (notably across provincial lines), with a focus on the future, on how technology and changing consumer needs will affect financial services, and what this means for regulation. This will be crucial if the sector is going to be able to remain competitive and continue to grow in a rapidly changing environment.

Some Key Principles for an Effective Regulator:

- Adopt a principle-based code of good regulation and exploit the full potential for using risk-based methods in exercising its regulatory/supervisory responsibilities.
- Have the capacity to undertake practical research on markets and consumers, including a cost benefit analysis of proposed regulations and active consultation with consumers and industries.
- Seek to enter into arrangements with other regulators aimed at rationalizing and reducing overlap of supervision.
- The external and internal governance structure should reflect the following OECD principles:
 - Role Clarity
 - Preventing Undue Influence and Maintaining Trust
 - Decision-Making and Governing Body Structure for Independent Regulators
 - Accountability and Transparency
 - Engagement
 - Funding
 - Performance Evaluation
- The ability of a financial services regulator to command respect for the integrity of its decision-making is paramount. In order to accomplish this, it is important that the structure of a regulator places itself and its decision-making at some distance from the political process. It should understand that this independence needs to be complemented with strong accountability mechanisms, such as reporting requirements and the ability to appeal its decisions to an impartial review body.
- A regulator should have adequate resources to fully perform its mandate with respect to the regulation of all areas under its jurisdiction. It should follow a transparent cost-recovery model that does not impose unnecessary or burdensome costs on regulated entities. A regulator should receive multi-year funding to attract high-calibre staff with industry knowledge and include staff seconded from industry to build organizational capability and promote organizational integration.

The development of a sound, stable, and effective regulatory environment helps keep the Toronto region competitive and helps attract jobs and investment. Many of the principles outlined above are applicable to various areas of the financial services sector and we look forward to continuing to work with government, regulators, and other stakeholders in developing effective regulatory policy.

Please do not hesitate to contact me should you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Janet Ecker". The signature is fluid and cursive, with the first name "Janet" being more prominent than the last name "Ecker".

Janet Ecker
President & CEO
TFSA