



Mr. Brian Mills,  
Chief Executive Officer and Superintendent of Financial Services  
Financial Services Commission of Ontario  
5160 Yonge Street, Box 85  
Toronto ON M2N 6L9

May 31<sup>st</sup>, 2016

Dear Mr. Mills,

Thank you once again for providing stakeholders the opportunity to respond to FSCO's annual Statement of Priorities. I am writing on behalf of Mortgage Professionals Canada, the national association for the mortgage broker channel representing approximately 11,500 mortgage brokers, lenders and insurers across Canada.

Your invitation for comment posed 4 questions. I will address them in the order presented.

**1) How can FSCO strengthen its role as a leader in this area in relation to your industry?**

**Are there specific regulatory coordination initiatives that FSCO should lead or join that would enhance consumer protection across jurisdictions and help foster a balanced and healthy competitive marketplace? Please describe.**

FSCO is already a strong leader in the Canadian mortgage broker regulatory arena. The legislation in Ontario is quite mature by national standards. FSCO's ongoing interpretation of the act and regulations is very consistent and demonstrates a clear understanding of the language and legal intent within each respectively. FSCO's risk based approach to regulations also suits our business environment well.

Mortgage Professionals Canada would like to see FSCO continue its role within the MBRCC by providing insight and guidance to provincial regulatory members who may not have the same tenure of oversight or maturity of legislation. While we understand that there is no mandate within the MBRCC to harmonize regulations, we would suggest it is incumbent upon FSCO to share its experiences with other jurisdictions and to encourage regulatory best practises at the national level.

**2) FSCO currently gathers annual information returns from three sectors, namely pensions, mortgage brokering and insurance. Should we consider requiring all other regulated entities to submit an annual information return at a minimum?**

**What role, if any, do you feel industry or stakeholders should play in helping enhance FSCO's market intelligence?**

**How can we create additional opportunities for the exchange of information between FSCO and industry – particularly information that could help FSCO better understand the marketplace – and what would be the best mechanisms for sharing that information?**

FSCO conducts an Annual Information Return for mortgage brokerages and administrators which we at Mortgage Professionals Canada find incredibly valuable. If FSCO does not currently provide this service to its other regulated sectors, i.e., Credit Unions, pensions, etc., then we would suggest you should. The gathering, tabulation and presentation of the mortgage brokerage and administrators AIR is an extremely valuable service as it provides great intelligence for the larger mortgage broker channel industry segment.

Mortgage Professionals Canada conducts consumer surveys bi-annually to determine, amongst other things, the prevailing sentiment of consumers toward the housing markets, as well as affordability and economic relevant factors such as interest rates, down payment rules and employment. We publish the final survey reports and share them with consumers through the media. We would be happy to share with FSCO any information gathered from these surveys in the raw, unformatted data, and work to answer any questions that arise from analysis.

**3) How do you feel about FSCO's current methods and frequency of communication? What other things could we do to ensure you get the information you require? What type of information do you find relevant to receive on a regular basis?**

**What role should industry trade associations play in educating their members on regulatory requirements?**

Mortgage Professionals Canada is satisfied with the current method and frequency of communication from FSCO. We have no substantive suggestions at this time.

As an industry trade association, we would be happy to work with FSCO in the dissemination of materials related to regulatory changes. In practise, we have already been doing so for a number of years now. We consider ourselves fortunate to enjoy a strong consultative and working relationship with FSCO and hope to continue building this relationship into the future. We have circulated relevant E-blasts to members once FSCO reports have been made public, and in the event of a regulation or legislative change, we would work in tandem to create appropriate messaging during the release and throughout the implementation. We would also provide training and educational materials to ensure compliance within our association membership. As the provider of the re-licensing course, we would also expect to work with FSCO to ensure that the most up-to-date materials have been included in both the required education program and examination. Mortgage Professionals Canada is also happy to provide consultative input to FSCO during investigative discussions, and to work collaboratively on the development of educational materials, as well as on their dissemination, following any change.

In addition, we have found that more and more of our members who are lenders are being pressed by both internal and external auditors to conduct licence reviews for all approved brokers and mortgage agents.

This practise is becoming a defacto requirement as it has become an industry best practise. Perhaps Mortgage Professionals Canada could work with FSCO to create a mechanism that would allow us to provide a verification service of licensing “good standing” of mortgage brokers in Ontario.

- 4) FSCO is considering expanding the information it currently provides on its enforcement actions to better inform the public (e.g., proactively sharing details of actions taken against non-compliant entities with media outlets and/or on social media). What are your thoughts on this direction?**

**How can FSCO and industry work together to improve the financial literacy of consumers and pension plan members?**

**How can FSCO improve transparency in how it undertakes its regulatory services?**

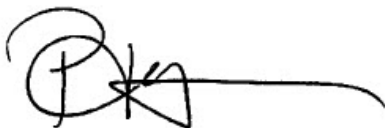
Mortgage Professionals Canada is very supportive of FSCO increasing its consumer outreach and communication regarding regulatory actions taken against non-compliant entities. Making clear actions taken to enforce compliant practices by industry professionals is important for the purpose of letting the public know their interests are being protected; that the government is in fact actively working to protect consumers. Increasing consumer awareness of FSCO’s regulatory decisions will provide additional peace of mind to Ontarians and can also educate them on how to identify for themselves fraudulent entities or individuals. This may also hopefully help consumers to avoid interactions with non-compliant agents, or worse.,.

Sending out simplified, yet thorough, information packets/emails to the public on financial literacy would assist their understanding of FSCO’s good works. When doing so, FSCO should also provide recipients the opportunity to respond with any enquiries they may have on the information received (for the purpose of clarification/further understanding).

Mortgage Professionals Canada does not have a position on how to increase financial literacy of pension plan members.

In closing, thank you for once again for providing us the opportunity to comment on your upcoming operational priorities for 2016. We hope our comments are useful and we look forward to continued discussion on mortgage industry issues.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Paul Taylor', with a long horizontal line extending to the right.

Paul Taylor  
President and CEO  
Mortgage Professionals Canada