

November 28, 2014

To: The Cooperative Capital Markets Regulatory System  
Delivered by e-mail to: [commentonlegislation@ccmr-ocrmc.ca](mailto:commentonlegislation@ccmr-ocrmc.ca)

Dear Sir/Madam:

BridgeForce Financial Group (BridgeForce) is providing comments on the draft Provincial Capital Markets Act that is being developed as part of the Cooperative Capital Markets Regulatory System. BridgeForce is one of the largest Managing General Agencies (MGAs) in Canada. With ten offices throughout Ontario and licensing in most provinces and territories, we provide insurance companies with administrative and marketing services and independent advisors with access to quality products and insurers. We are an active member of the Canadian Association of Independent Life Brokerage Agencies (CAILBA), a voluntary trade association that acts as the single voice for Canadian MGAs.

We fully endorse the positions taken by the Canadian Life and Health Insurance Association (CLHIA) (letter dated November 19, 2014) and by CAILBA (letter dated November 26, 2014). Like those associations, we believe that the existing, specific exemption for insurance products provided in provincial securities legislation is not accidental. It serves an important purpose, given the substantially different considerations that apply to insurance policies as compared to securities. We also believe that maintaining the existing harmonized regulatory approach for such products under insurance legislation is of vital importance. The current insurance regulatory regime may be separate from that of securities regulation but it is no less stringent and no less able to protect consumers.

Unique attributes of insurance products and the generally very different circumstances prompt consumers to purchase these products rather than securities, they should not be regulated as securities. Like all insurance products, IVICs have always been subject to regulation and oversight by insurance regulators (including prudential regulation by OSFI). Significant standards developed by the insurance industry in the form of guidelines also govern the behavior of industry participants.

We seriously question how adding a layer of duplicative and costly securities regulation to the insurance industry's existing, robust legal framework and regulatory regime would add materially to consumer protection. The words "unless otherwise provided by regulation" are unnecessary and should be removed from paragraph (f) in the definition of a "security" in the PCMA.

Should you have any questions regarding our comments, please contact me at [Mwilliams@bfgon.com](mailto:Mwilliams@bfgon.com) or (905) 366-6166 and I will be happy to discuss our position.

Regards,

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