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BY ELECTRONIC MAIL: [commentonlegislation@ccmr-ocrmc.ca](mailto:commentonlegislation@ccmr-ocrmc.ca)

December 08, 2014

Dear Sirs / Madames:

**Re: Consultation - Draft Provincial Capital Markets Act**

We are writing to provide you with comments on the *Provincial Capital Markets Act: A Consultation Draft*, published in August 2014. We appreciate the opportunity to participate in this consultation.

Sun Life Financial is a leading financial services organization providing a diverse range of protection and wealth accumulation products. We have a relationship with 1 in 5 Canadians and have been serving individual and corporate customers for nearly 150 years. Our 8,000 plus employees and close to 4,000 advisors work together to help Canadians achieve lifetime financial security.

Our comments on the draft Provincial Capital Markets Act's (PCMA) are specific to proposed changes in the definition of "security". These changes would fundamentally impact the longstanding dividing line between insurance products and securities. To ensure that customers are well served and appropriately protected it is important to maintain the definition as it stands in current provincial legislation.

Currently, the provincial securities legislation in most of the common law provinces of Canada (including most of the participating provinces) specifically excludes from the definition of "security", variable insurance contracts that provide a guaranteed payment at maturity of at least three-quarters of the premium paid.

The proposed definition in the draft PCMA would permit this fundamental exclusion to be eliminated merely by passing a regulation, with the result that variable insurance contracts would be regulated under both insurance legislation and securities laws. There is no evidence of any need for this duplication. There is a robust regulatory regime for these products under federal and provincial insurance legislation. Variable insurance contracts are insurance products and should continue to be regulated solely by federal and provincial insurance regulators. They have the knowledge and experience needed to regulate them effectively. Regulatory duplication would confuse consumers and impose unnecessary additional costs.

It should not be possible to fundamentally change how these products are regulated, by merely passing a regulation.

We recommend that the following underlined be removed from the draft PCMA definition of securities under paragraph (f) on page 21 in the consultation document:

(f) any agreement under which the interest of the purchaser is valued for purposes of conversion or surrender by reference to the value of a proportionate interest in a specified portfolio of assets, other than, unless otherwise provided by the regulations, a contract issued by an insurance company governed by the laws of Canada or of a province which provides for payment at maturity of an amount not less than three quarters of the premiums paid by the purchaser for a benefit payable at maturity;

Lastly, we note that Sun Life is a member of the Canadian Life and Health Insurance Association ("CLHIA") and is in support of the comments and recommendations of CLHIA's submission.

This is an important issue for Sun Life and our industry and we hope that our comments are helpful to you. We would be interested in having SLF representatives participate in any future consultations or discussions.

Respectfully,

A handwritten signature in black ink, appearing to read "David L. B. Star". The signature is written in a cursive, somewhat stylized font.