

**1.1.5 OSC Request for Comment Notice #33-901 –  
The Fair Dealing Model: Concept Paper of the  
Ontario Securities Commission – January 2004**

**ONTARIO SECURITIES COMMISSION  
REQUEST FOR COMMENT NOTICE #33-901**

***The Fair Dealing Model:  
Concept Paper of the Ontario Securities Commission –  
January 2004***

The Ontario Securities Commission (the “OSC”) is requesting comment on *The Fair Dealing Model: Concept Paper of the Ontario Securities Commission, January 2004*.

The Fair Dealing Model (FDM) is the OSC’s proposal for renewing and refocusing our regulatory regime to bring it into line with the industry’s current advice-driven business model, and ensure that consumer expectations match the services provided. It is not intended to impose another layer of regulation. We hope the model will contribute to healthier competition, strengthened client-adviser relationships, improved investor decision-making, and fewer disputes.

The FDM has two components: a single “financial services provider” license for all financial services providers whether firms, conglomerates, or individuals; and a set of business conduct standards. These standards are the subject of the present FDM Concept Paper, the first of two papers which read together will cover all aspects of the model. The business conduct standards aim to achieve understandable disclosure, meaningful communication of expectations, and effective management of conflicts of interest. They are based in many cases on observed best practices, and were developed in consultation with people with a wide range of experience in the financial services industry.

Under the FDM three fundamental principles are proposed to govern the regulatory framework: clear allocation of responsibilities between client and service provider, transparency in all dealings and conflicts managed to avoid self-serving outcomes. The FDM would base regulatory requirements on the relationships people and firms form, rather than the products they buy and sell.

In addition to a detailed description of the FDM and examples of how it might apply in practice, the Concept Paper includes a number of Appendices dealing with special subjects, including:

- model account opening and account reporting documents;
- sample investor education documents, and transaction information templates;
- approaches to risk disclosure;
- a detailed exploration of the problem of compensation biases, including case studies and review of comparable initiatives in other jurisdiction;

- the results of the stakeholder survey that formed part of our interactive FDM website at [www.fairdealingmodel.ca](http://www.fairdealingmodel.ca).

**Request for Comment**

We welcome your comments on *The Fair Dealing Model: Concept Paper of the Ontario Securities Commission, January 2004*. Please submit your comments in writing on or before Friday, April 30, 2004. If you are not sending your comments by email, please forward a diskette containing the submissions (in Windows format, preferably Word).

Please address your submission to the Ontario Securities Commission, as follows:

John Stevenson, Secretary  
Ontario Securities Commission  
20 Queen Street West  
19<sup>th</sup> Floor, Box 55  
Toronto, Ontario M5H 3S8  
[jstevenson@osc.gov.on.ca](mailto:jstevenson@osc.gov.on.ca)

We cannot keep submissions confidential because securities legislation requires us to publish a summary of written comments received during the comment period.

Questions may be referred to:

Julia Dublin  
Senior Legal Counsel, Capital Markets Branch  
Ontario Securities Commission  
20 Queen Street West, 19<sup>th</sup> Floor, Box 55  
Toronto, Ontario M5H 3S8  
Tel: 416-593-8103  
E-mail: [jdublin@osc.gov.on.ca](mailto:jdublin@osc.gov.on.ca)

January 29, 2004.

[The Fair Dealing Model is being published in a Supplement to the OSC Bulletin on January 30, 2004.]