

Lori Wanamaker, Deputy Minister
FIA & CUIA Review
Policy and Legislation Division,
Ministry of Finance
P O Box 9470 Stn Prov Govt
Victoria BC V8W 9V8

June 19, 2018

Dear Ms. Wanamaker,

Thank you for the opportunity to provide feedback to the *Financial Institutions Act & Credit Union Incorporation Act Review*.

Mortgage Professionals Canada is the national mortgage industry association representing 11,500 individuals and 1,000 companies, including mortgage brokerages, lenders, insurers and industry service providers. Our members make up the largest and most respected network of mortgage professionals in the country, whose interests we represent to government, regulators, media and consumers. Together with our members, we are dedicated to maintaining a high standard of industry ethics, consumer protection and best practices.

The mortgage broker channel we represent originates more than 35% of all mortgages in Canada and 55% of mortgages for first-time homebuyers, representing approximately \$80 billion dollars in annual economic activity. With this diverse and strong membership, we are uniquely positioned to speak to issues impacting all aspects of the mortgage origination process.

We have consulted with our members in British Columbia in preparation of our response to your white paper and wish to outline some concerns and general comments received.

Our members' primary concerns are with Recommendations #1, #2 and #5.

- Recommendation #1 - Establish FICOM as a Crown agency
- Recommendation #2 - Expand the mandate of the Commission to exercise certain powers and duties related to mortgage brokers and pension plans
- Recommendation #5 - Provide FICOM with the authority to issue enforceable guidelines/rules. Guidelines/rules will require public consultation and Ministerial approval

While we acknowledge that creating a Crown Corporation with regulation making authority may appear to allow for a swifter regulatory response in the event of future systemic issues, we believe that the Minister of Finance and the provincial legislature via the *Mortgage Broker Act* should continue to have ultimate regulatory oversight over mortgage brokers. In addition, without more details outlining exactly what will be included in the suggested “certain powers and duties” related to mortgage brokers, it is difficult to provide specific commentary on whether we feel the suggested changes will actually provide any improvement over mortgage broker oversight or consumer protections. Similarly, the consultation paper states that the legislation creating the Crown agency would specify the matters on which FICOM may make rules. Without a clearer understanding of what is expected to fall within this authority it is impossible to comment on the possible risks or benefits of the proposal.

That said, we feel expanding the power of independent agencies dilutes our Westminster Parliamentary system. We are concerned that this recommendation will dilute power from the provincial legislature, the provincial Minister of Finance and the Act itself. While FICOM will be required to conduct public consultations and receive Ministerial approval on any future rules it plans to implement, our presumption is that the consultation will be conducted by FICOM, with the Ministry itself receiving FICOM’s summary of findings rather than having direct involvement in the consultation process. FICOM would be structured according to public sector board governance guidelines, however, the members of the board would not be directly accountable to the public, rather to the Ministry. As such, the public policy considerations of potential new rules will likely not receive the same weighting as we would expect from a ministerial consultation.

If FICOM has specific concerns about the current Mortgage Broker Act and related regulations, we recommend that FICOM make those legislative recommendations to the Minister of Finance. The *Mortgage Broker Act* is the more appropriate mechanism to define required practices.

We are supportive of Recommendation #8, “Authorize FICOM to collect and publish certain financial and risk information”. We support better data collection and transparency within the financial services sector. We are also supportive of Recommendation #9, “Require financial institutions to make their public disclosures (i.e., financial statements and auditor’s reports) available online.”

We are also supportive of efforts to promote and increase financial literacy across the province and believe that the proposed coordinated cross-government approach is the right one.

We look forward to continuing to participate in ongoing dialogue and finding ways to find ways to ensure a competitive and balanced marketplace where consumers can be best served.

MORTGAGE
PROFESSIONNELS
CANADA



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HYPOTHÉCAIRES
DU CANADA

Thank you,

A handwritten signature in black ink, appearing to read 'Paul Taylor', with a long, flowing tail extending to the right.

Paul Taylor
President and CEO
Mortgage Professionals Canada