PCMA

PRIVATE CAPITAL MARKETS ASSOCIATION
OF CANADA
THE NATIONAL VOICE OF EXEMPT MARKET DEALERS, ISSUERS AND INDUSTRY PROFESSIONALS

2019 Ontario Budget: No new tax increases and a fully costed plan to return Ontario to fiscal balance in five years.

The Minister of Finance's forward and introduction to the *2019 Ontario Budget* (the "Budget") notes that in 2018-19 the government reduced the inherited $15 billion deficit by $3.3 billion and will restore fiscal balance by 2023-2024. Currently, interest on debt payments [Ontario is forecast to pay $13.3 billion in interest costs in 2019-20] are the fourth largest line item in the budged (after health care, education and social services).

While not included in the Ontario Finance Minister's 2019 Budget Speech, the ***Budget does specifically address Ontario's capital markets and financial services and the government's vision for fostering economic growth through burden reduction.*** In this regard, the Budget states that "businesses across Ontario have been clear that excessive regulation and red tape creates burdens that adversely impact jobs and result in slower economic growth. To ensure that the province is Open for Business, the Ontario government is taking action to eliminate duplicative and outdated regulatory requirements in order to foster a thriving and competitive financial services sector".

In this regard, the Budget addresses (i) creating confidence in Ontario's capital markets; and (ii) fostering modern and effective financial services regulation.

Creating Confidence in Ontario's Capital Markets

The Budget refers to the Province's initiative to reduce burdensome regulation to enhance the competitiveness of Ontario businesses by saving them time and money and notes the OSC's work with the government in this regard through its Burden Reduction Task Force. The government has a five-point plan for creating confidence in Ontario's capital markets, which plan consists of the following:

1. the OSC's Burden Reduction Task Force;
2. establishing the Office of Economic Growth and Innovation (an office within the OSC intended to support innovation in capital markets, which would lead to economic growth);
3. improving the investor experience and protection;
4. ensuring economically focused rule-making (qualitative and quantitative analysis of the anticipated costs and benefits of a proposed rule would be provided within the OSC's rule publications and shared as part of the consultation process); and
5. ensuring competitiveness and clear service standards (the OSC will report on metrics that track the competitiveness of Ontario's capital markets relative to

other jurisdictions and its service standards will be tracked relative to securities regulators in leading jurisdictions).

With respect to modernizing capital markets legislation, the government plans to propose amendments to capital markets legislation to, among other things, facilitate innovation in Ontario's capital markets and to ensure the more economically focused rule-making noted in #4 of the five-point plan noted above.

Although the Cooperative Capital Markets Regulatory System (CCMR) was referenced in the section regarding creating confidence in Ontario's capital markets, there was nothing new in this regard as we are all familiar with Ontario's support for the common regulator.

Fostering Modern and Effective Financial Services Regulation

Under the heading "Fostering Modern and Effective Financial Services Regulation", the Budget addresses the following:

1. Adopting Title Protection for Financial Planners and Financial Advisors;
2. Launching the Financial Services Regulatory Authority of Ontario;
3. Modernizing Legislation for Mortgage Brokers and Lenders;
4. Modernizing Legislation for Ontario's Credit Unions; and
5. Modernizing Legislation for Co-operative Corporations.

With respect to adopting title protection for financial planners and financial advisors, the Budget points out that there is no title protection for financial planners and financial advisors and that this lack of title protection undermines professionalism and confidence in those offering financial planning and advisory services. As a result, the government is moving forward with legislation to protect such titles by requiring appropriate credentials for their use. It should be noted that while the Budget states that "financial planners and financial advisors would benefit from the knowledge that professionals in their space would be held to a higher standard", Finance ministry staff confirmed that the "higher standard" referenced in this regard means proficiency standards and is not related to the ongoing discussions regarding a best interest standard. We would expect that the consultations that will follow regarding strengthening professionalism and supporting the profession should provide an opportunity to advocate for the ability of advisors to incorporate as other professionals.