



June 16, 2021

Via email: tim.miflin@fsrao.ca

Financial Services Regulatory Authority (FSRA)
5160 Yonge Street, 16th Floor
Toronto, Ontario M2N 6L9

Attn: Tim Miflin

Re: Updates Proposed Title Protection Framework for Financial Planners and Financial Advisors

On behalf of Canada's *Institute of Advanced Financial Planners* (the IAFP) and its hallmark designation (the R.F.P.), we thank you for this opportunity to make recommendations to FSRA on its criteria for credentialing organizations to qualify under the *Financial Professionals Title Protection Act, 2019* (FPTPA).

As you know, the IAFP is strongly in favour of measures which will protect the public in practice, not just in theory. We use that as our guideline when considering the measures FSRA is considering and offer you our comments accordingly.

1. Titles

With respect to the titles that are deemed to be substantially different so as NOT to be confused with the Financial Planner (FP) title, we recommend that the list of titles refer to these additional titles AND any that are similar to these titles such that they would also fall under the Title Protection Rules as we believe they are too similar to the Financial Planner Title:

- a) Wealth Manager
- b) Wealth Coach
- c) Wealth Consultant
- d) Wealth Guru
- e) Wealth Counsellor
- f) Money Consultant
- g) Money Counsellor
- h) Money Manager
- i) Retirement Coach
- j) Retirement Consultant
- k) Retirement Guru
- l) Retirement Counsellor
- m) Retirement Manager
- n) Financial Consultant

In addition, we strongly believe that Title Protection should extend to include business names, not just titles. You can appreciate how a consumer may believe that a FA working for 'ABC Financial Planning' likely has FP credentials when actually they do not.

For Title Protection to offer the consumer the type of protection they need, a more effective approach would be to limit titles to only Financial Planner or Financial Advisor. Given the nuanced distinction between the two, there is plenty of work to be done to educate consumers as to the difference. Permitting additional titles only weakens consumer protection.

2. Competency Profile

While not new, we believe it is worth reiterating that the competency profiles as given are very similar and it would take a knowledgeable consumer to understand the difference. This is perhaps even more so now that the FA competency profile is requiring educational content in the silo of investment planning in order to qualify.

We also strongly believe that disclosure of licenses held must form part of any legislation truly designed to protect consumers.

3. Compliance Reviews

We agree that periodic reviews of Credentialing Bodies (CB) need to take place. However, we question whether annual reviews are necessary and think that suitable protection, and lower fees, can be achieved by less frequent reviews.

If the reviews are to be simply a reporting by the CB to FSRA regarding membership, then an annual frequency makes sense, yet we are dismayed at the fees you are proposing.

4. Fees

The IAFP finds the proposed fees to be unreasonably high.

The annual fee of \$25,000 seems unjustifiable for an oversight function that is described as ‘reporting to FSRA’ on membership.

With regard to the ‘per capita’ fees as proposed, the IAFP recommends the fee be based upon those who operate (not reside) in Ontario. The Rules would then have meaning and benefit for all FAs and FPs operating in Ontario. This could potentially be tracked through the reporting by the MFDA, IIROC and insurance licensing bodies.

It is reasonable to expect that CBs will not absorb the full cost of FFTP compliance. Instead, those costs will have to be passed along to their membership/licensees. As a consequence, title users can expect their annual fees to increase significantly at all organizations with which they are affiliated. Most FPs will pay twice or potentially 3-4 times for the exact same oversight - an undesirable and burdensome outcome.

FSRA has previously mentioned a public education program to educate consumers as to the real and important difference between FAs and FPs. Are those costs going to be covered by the fees you have already proposed, or do you anticipate additional fees to cover the program?

Costs for planners and advisors have escalated over the last few years - licensing fees, administrative overhead, liability insurance - in addition to costs that are passed down from the dealer to the advisor.

These costs are ultimately passed on to the consumer and make service to the “smaller” client unaffordable, which means those who need guidance the most, will be least likely to get it. The fees as proposed will compound the problem.”

Contrary to your stated goal of avoiding duplication, your proposed fee structure will have the opposite effect. For example, most FPs are a member of more than one CB. Within the IAFP at least 86% of our members also hold the CFP designation. Further, should the licenses issued by the MFDA and IIROC qualify for the FA credential, then a full 100% of our members based in Ontario using the FP title will be subject to fees under the Title Protection Framework through multiple channels.

We know that Saskatchewan is moving towards a Title Protection framework of their own and other provinces are considering the same. In the absence of a national framework on Title Protection, this can only result in additional fees for CBs and their title holders with the inevitable fallout to consumers.

5. Compliance

Without more detail on the oversight function FSRA is proposing we are concerned that there may be an additional level of duplication. As stated, many FPs are members of more than one CB. In addition, many of them hold licenses to sell various products and are regulated by organizations that will also be subject to the FPTP rules. For example, a member of our Board holds the R.F.P., CFP designations. They also are IIROC licenced, life insurance licenced and are forced to be a member of Advocis. It is highly inefficient to require 2 organizations to report to FSRA that this person qualifies for the FP title and a further 3 organizations to report that they qualify for the FA title. Further work needs to be done to integrate this reporting / oversight function better.

6. Enforcement

If we understand correctly, FSRA’s sole enforcement tool will be to issue a letter requiring compliance with the framework. Given the importance of consumer protection this seems like an anemic response to an individual who is willfully confusing consumers for their own profit. Furthermore, not having ‘offenders’ listed prominently within the Registry is a disservice to the consumers we are trying to protect. It is also an insult to those professionals who do comply and strive to provide FP and FA services to clients in a transparent and trustworthy manner.

7. Closing Comments

The IAFP believes in consumer protection. We agree that Title Protection should contribute to this goal. The framework as currently written falls short of this objective. We believe there will remain significant confusion in the mind of the consumer. The professionals who hold the CFP or R.F.P. designation will see little to no “cachet” in holding the Financial Planner title if the framework is implemented as it currently stands.

In summary, our primary concerns are:

- There are too many designations that could remain in addition to the Financial Planner and Financial Advisor titles

- There is no meaningful distinction between the Financial Advisor and Financial Planner titles – and their respective competency profiles.
- Not extending Title protection to business / operating names encourages disingenuous behaviour by inappropriately credentialed individuals.
- The lack of a requirement to disclose licenses held by the FP/FA puts the consumer at a distinct disadvantage at the outset of any engagement.
- Fees will ultimately be passed on to the consumer – the exact cohort we are trying to protect.
- Lack of a meaningful enforcement tool
- Lack of reporting of non-compliant individuals on the registry

We understand that the framework as it stands is a work in progress. In its present form, however, the outcome of your considerable efforts will be of little value to the consumer or the FP/FA. It will simply add increased costs without any discernable benefit beyond regulation that is already in place.

Yours truly,

INSTITUTE OF ADVANCED FINANCIAL PLANNERS



Jacquie Skinner, Chair



Melanie Twietmeyer, Past Chair