



Submission on Notice of Amendments to the FSRA Fee Rule to create the FP/FA fee structure [2021-010]

10/20/2021

Submission to the Financial
Services Regulatory Authority
of Ontario

The Canadian Bankers Association (**CBA**)¹ appreciates the opportunity to provide input on the Financial Services Regulatory Authority of Ontario's (**FSRA**) Notice [2021-010] – *Amendments to the FSRA Fee Rule to Create the FP/FA Fee Structure* (the **Consultation Paper**).

In line with our prior advocacy on this topic, the below list outlines our suggestions and considerations in relation to the Consultation Paper. We recommend that:

- to avoid overlapping regulatory regimes and inconsistent standards in Canada, FSRA should consider harmonizing its financial professional title protection framework (**FSRA's Proposed FPTP Framework**) with the parallel frameworks currently under development in other provinces;
- the definition of the 'credential holder' variable under FSRA's FP/FA fee structure should be limited to those who "use the FP/FA title within Ontario";
- FSRA should cap the fees that a Credentialing Body (**CB**) can charge an individual credential holder; and
- individuals who have obtained an FP/FA credential under another province's financial professional title protection framework be exempted from the requirement to obtain the FP/FA credential under the FSRA's Proposed FPTP Framework.

Our comments are expanded on in the following submission.

¹ The CBA is the voice of more than 60 domestic and foreign banks that help drive Canada's economic growth and prosperity. The CBA advocates for public policies that contribute to a sound, thriving banking system to ensure Canadians can succeed in satisfying their financial goals while obtaining banking products and services through existing and evolving channels. www.cba.ca.

General Comment

While we are pleased to see that like Ontario, other provinces are also contemplating the creation of their own financial professional title protection frameworks, we are concerned that the implementation of these frameworks in multiple provinces could lead to overlapping regulatory regimes and inconsistent standards across Canada if the respective regimes are not harmonized. This outcome may cause confusion for Canadian consumers as they move from province to province and organizations operating across jurisdictions, particularly if certain titles are accepted in some jurisdictions but not others.

To avoid this unintended outcome, we encourage FSRA to engage with the regulators of other provinces to discuss harmonizing standards and processes amongst the various provincial frameworks. In our view, alignment amongst provinces is particularly important for the following topics:

- *Who is a credential holder?*
 - As we outline below, we believe the appropriate definition of ‘credential holder’ variable under the FP/FA fee structure is “an individual who uses the FP/FA title within Ontario”.
- *The competency profile of an FP/FA*
 - Having consistent standards for the competency profile of an FP/FA simplifies the process for credential holders who wish to conduct business in various jurisdictions. This is particularly important not only for individual credential holders, but also for companies and/or credentialing bodies that may operate nationally. Further, consistent competency profiles across provinces reduces the risk of regulatory arbitrage.
- *Fees for credential holders*
 - In order to minimize the financial impact on credential holders, it is important that the fee structure of the various provincial frameworks be designed to avoid duplicative fees – this includes proactively limiting the fees a CB can charge an FP/FA who may be subject to fees under multiple provincial title protection regimes, so that they are not subject to the applicable fee of multiple jurisdictions.

Ultimately, we believe harmonizing FSRA’s Proposed FFTP Framework with that of other provinces ensures consumers in Ontario can be confident that those who use the FP/FA credential in their province also meet the standard in other provinces.

Consultation Paper – Specific Comments

Defining the ‘credential holder’ variable

FSRA’s Proposed FPTP Framework uses an assessment-based calculation to determine a CB’s annual assessment. This includes allocating a portion of costs according to each CB’s proportion of credential holders. FSRA is seeking feedback on how it should define the “credential holder” variable.

We believe that the ‘credential holder variable’ should be limited to those who “use the FP/FA title within Ontario”.

We agree with the position noted by other stakeholders that FSRA should determine fees based on the number of title users, as not all credential holders may decide to use the FP/FA titles. Individuals not benefiting from FSRA’s Proposed FPTP Framework should not be required to pay a fee.

Further, as an increasing number of individuals engage in remote work, we do not believe that the credential holder variable should be determined by the geographic residence of an individual. Rather, the credential holder variable should apply to where the FP/FA title is used.

Fee cap to reduce impact on individual credential holders

While FSRA has noted that it anticipates the “implementation of the title protection framework will cost CBs a combined annual average cost of approximately \$22 per credential holder for the first five (5) years of the framework”. We believe that the final annual cost to an individual credential holder may be significantly higher and, as a result, may ultimately serve as a barrier to individuals seeking an FP/FA credential. This is due to the fact that FSRA has designed the proposed fee structure to provide CBs with complete discretion as to how they recoup any administrative or operational costs associated with the requirements to participate under FSRA’s Proposed FPTP Framework.

We do not agree with the totality of the discretion provided to CBs to impose fees on FAs/FPs. We believe FSRA should, through the publication of clear rules, cap the fees that a CB can impose on an individual credential holder. We believe such an approach extends the transparency and fairness principles, which are noted as guiding FSRA’s proposed FA/FP Fee Structure, beyond CBs, to individual credential holders.

Relief for FA/FPs who hold credential in another province

Additionally, consistent with our recommendation above regarding the harmonization of standards and processes amongst the various provincial frameworks, we also recommend that individuals who hold an FP/FA credential under another province's financial professional title protection framework be exempted or be mutually recognized among jurisdictions so that they will not be required to re-obtain the same credential(s) under FSRA's Proposed FFTP Framework, nor be subject to duplicative fees under multiple provincial frameworks. Such an approach will help to ensure that credential holders are granted the mobility to carry on business throughout Canada, without being subject to multiple overlapping standards, certifications, and fees.

Thank you for considering our comments on the Consultation Paper. We welcome any questions you may have.