



October 19, 2021

Via FSRA Website

Re: Comment on the Amendments to the FSRA Fee Rule (Amendment 1)

The Canadian Securities Institute (CSI) is pleased to submit its comments on the Amendments to the FSRA Fee Rule.

CSI is a leading provider of accredited financial services proficiency learning solutions in Canada. We offer courses and examinations for securities, mutual funds and insurance licensing purposes and a broad range of specialized certificates and designations including the Personal Financial Planner (PFP®).

CSI generally supports FSRA's effort to protect consumers by limiting the use of the Financial Advisor (FA) and Financial Planner (FP) titles. We will address specific elements of the proposed amendments.

Overall Comments on the Fee Structure

- Annual Fee to Recover Start-up Costs

We understand that the FSRA operates as an independent, self-funded regulator. That said, we do not agree with the approach that the cost of multi-year efforts of policymaking and rule/regulatory development to create a new regime should be fully absorbed by credentialing bodies and credential holders. The cost is over \$3 million to date and will be higher by the time the rule is in place. These costs will ultimately be borne by financial institutions and industry professionals. Our concern is that this is a burden on the industry and may simply discourage credentialing bodies and credential holders from opting into the new framework and seeking accreditation.

- Credential Holder Annual Variable Fee

The annual cost recovery model hinges completely on the number of credential holders. If the annual costs (along with the recovery start-up costs) become prohibitive, it is likely that some credentialing bodies may simply not apply. If the SROs (IIROC and MFDA) with the largest number of registrants were to decide not to seek accreditation, then the burden would fall on a small number of credentialing bodies. As an example, in the securities industry (i.e. IIROC jurisdiction), the term, financial advisor, is not generally used; the SRO could decide not to apply to become a credentialing body if their registrants did not see an advantage in using the Financial Advisor title.

The FSRA estimates that the annual cost per credential holder would be \$22 annually per credential holder. This estimate assumes that 78,000 advisors would be credential holders. If the MDFA and IROC were not to seek accreditation as credentialing bodies, the cost per credential holder could increase to between \$80 - \$100 annually depending how many credentialing bodies were to be accredited. If it comes to this, this fee may discourage other credentialing bodies and industry professionals from opting in, ultimately weakening the entire framework and investor protection.

Comment on Questions for Consideration

- Fee Calculation – Credential Holder Variable

The variable fee component should be based on holders who hold the credential granted by the credentialing body and are resident and/or conduct significant business in Ontario. Given that it is very difficult for credentialing bodies to track the use of FP/FA titles by credential holders, fees should be based on the number of credential holders in good standing whether they use the FP/FA title or not.

- Potential for Multiple Fees

This has been addressed in the overall comments mentioned above.

- Potential Disadvantage for Small Entities

We believe the proposed fixed fee amount is very reasonable and would not hinder the ability of legitimate credential bodies to enter the framework.

We truly appreciate the FSRA policy team's extensive consultation with stakeholders over the couple of years and hope to continue the dialogue on the next steps in this process.

Regards,

Signed "Marc Flynn"

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