



April 16, 2018

Delivered By Email: Fin.Planning@ontario.ca

Ministry of Finance
Frost Building North, 4th Floor
95 Grosvenor Street
Toronto, Ontario M7A 1Z1

Dear Sirs and Mesdames:

RE: Consultation – Regulation of Financial Planners

We are writing to provide comments on behalf of the members of The Investment Funds Institute of Canada (“IFIC”) with respect to the Ministry’s consultation on the Regulation of Financial Planners. IFIC is the voice of Canada’s investment funds industry.

IFIC supports the regulation of financial planners in order to strengthen consumer protection. IFIC, in a joint submission with the Investment Industry Association of Canada, provided extensive comments to the initial consultation paper of the independent Expert Committee to Consider Financial Advisory and Financial Planning Policy Alternatives (the “Expert Committee”). The Expert Committee rightly identified a regulatory gap in that individuals can call themselves a “financial planner” in Ontario regardless of their qualification. However, the Expert Committee also recognized the need for harmonization given that many financial planners are already regulated within the investment and securities industry and should not be subject to duplicative regulation. IFIC continues to support a harmonized approach to the regulation of financial planners which does not result in duplication of regulatory oversight.

1. Proposal to Restrict use of the “Financial Planner” Title in Ontario

IFIC supports restrictions on the usage of the “Financial Planner” title to those that hold a recognized financial planning credential. However, we would urge the Ministry to work in concert with other provinces to develop an appropriate list of additional titles that should only be permitted to be used by those engaged in financial planning activity. A coordinated approach will better address concerns of consumer confusion across financial services. This is in keeping with the recommendation of the Expert Committee which called for a circumscribed list of approved titles that encompasses the entire financial services sector, regardless of regulatory silos. Such an approach will have the result of protecting consumers irrespective of the type of financial product or service they wish to buy, sell or hold.

We also support standardized proficiency and credential requirements for financial planners as it would improve consumer protection, particularly in cases where a financial planner is not otherwise regulated. This would result in greater harmonization between the services provided by financial planners regulated under existing regulatory regimes and those which are not currently regulated.

IFIC recommends a transition period be granted in order to provide individuals currently operating as financial planners in Ontario an opportunity to obtain the appropriate credentials and suggest that two (2) years is a reasonable timeframe. We also suggest the credentialing process include a challenge exam for existing financial planners in Ontario to transition to the

new regime as well as for financial planners from foreign jurisdictions and other provinces. Such an exam would allow individuals that have the background and specified years of experience, but not necessarily the recognized credentials, to demonstrate their mastery of financial planning without having to necessarily meet the education or course requirement.

2. Proposal to Prohibit Titles Similar to “Financial Planner”

A clear definition of financial planning activity is necessary to developing a list of similar titles that may mislead consumers into reasonably believing that an individual is a financial planner. The proposed general prohibition on the use of other misleading titles also creates uncertainty in the absence of a clear definition of financial planning activity and may inadvertently include activities that are already well-regulated by securities and insurance regulators.

As discussed above, IFIC urges the Ministry to work in concert with other provinces in reviewing the use of titles within the financial services sector. The use of titles such as “Financial Adviser” and “Financial Advisor” should be part of a broader discussion on title reform in the financial services industry. A coordinated national approach across financial services will better achieve the objective of lessening consumer confusion and improving consumer protection. It is important that the Ministry work with the other provinces as consumers should receive the same level of protection regardless of where they live.

3. Proposal to Create a Central, Publicly-Accessible Database of Financial Planners

We support a centralized publicly accessible database of financial planners, but recommend that such a database should seek to leverage existing databases in the securities and insurance industry. A stand alone database of financial planners that only includes Ontario-based financial planners would not be beneficial to consumers as it would create yet another source of information an Ontario consumer would have to use to conduct due diligence on his/her financial planner. We recommend the Ministry work with other regulators to enhance the existing databases to provide information on whether a financial planner holds a recognized credential. This reduces duplication and any potential for confusion and would not add to an already fragmented registration system.

4. Other Question

Financial services regulation that focuses on the nature of the activity or function rather than the business model through which it is being provided will support innovation and growth in the financial services sector. That is, regulation should seek to be agnostic to the delivery model for financial services so that it continues to be applicable despite changes in customer preferences and delivery models. This will ensure consumers in Ontario receive the same regulatory protections irrespective of how they choose to receive financial services. To the extent that innovative business models fall under the ambit of financial planning regulation they should be subject to the standardized proficiency and credential requirements as well as the restrictions on the use of the “Financial Planner” title.

Conclusion

IFIC recommends that the Ministry continue to work towards a harmonized regulatory framework for financial planners such that financial planners who are already subject to regulatory oversight would continue to be overseen by their existing regulator and subject to their existing regulatory regime. Any reforms to the use of other similar titles by financial planners should be coordinated with the investment and insurance regulators. IFIC would be pleased to participate in any panel or consultative committee set up for these purposes.

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Thank you for the opportunity to comment on these proposals to regulate financial planners. We would be pleased to provide further information or answer any questions you may have. Please feel free to contact me by phone (416-309-2314) or by email at mupadhyaya@ific.ca.

Yours sincerely,

THE INVESTMENT FUNDS INSTITUTE OF CANADA

A handwritten signature in blue ink, appearing to read 'M. Upadhyaya', with a long horizontal flourish extending to the right.

By: Minal Upadhyaya
Vice President, Policy & General Counsel