



September 29, 2019

Via email: [tim.miflin@fsrao.ca](mailto:tim.miflin@fsrao.ca)

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

Attn: Tim Miflin

**Re: Financial Planner and Financial Advisor Title Protection Framework – Consultation Meeting Questions**

On behalf of Canada's Institute of Advanced Financial Planners (the IAFP), we thank you for this opportunity to once again comment on FSRA's proposed design for Ontario's framework of qualifications to use the titles Financial Planner and Financial Advisor.

The IAFP represents experienced financial planners who have demonstrated their ability to apply their technical knowledge at an advanced level. Established in 1987, the IAFP's Registered Financial Planner (R.F.P.) designation remains the longest-standing and most stringent financial planning designation in Canada. The R.F.P. designation differs from the CFP designation in a number of ways, most importantly, every R.F.P. must affirm each year that their primary vocation is financial planning.

**Q1: What qualifications, experience and/or other criteria should an individual have to be credentialed as a) a Financial Planner; b) a Financial Advisor?**

Financial Planner:

In order to use the title Financial Planner, the IAFP recommends the following qualifications, experience and other criteria be required:

1. Technical knowledge – to address the comprehensive nature of true financial planning, the candidate must successfully complete a course of study that includes the following areas:
  - a. Cash Flow, Debt Management
  - b. Risk Management, including but not limited to Insurance Needs Analysis
  - c. Tax Planning
  - d. Retirement Planning
  - e. Investment Management
  - f. Estate Planning
2. Sample Financial Plan – a comprehensive sample financial plan of reasonable complexity must be presented for review and adjudication.
3. Code of Ethics – the candidate must be subject to a Code of Ethics that requires a 'Best Interest' standard when dealing with clients.
4. Practice Standards – the candidate must be subject to Practice Standards that require adherence to a comprehensive approach to client engagements.
5. Conflicts of Interest – the candidate must be required to disclose in writing any Conflicts of Interest that may be present in the engagement with the client.

6. Disclosure – the candidate must be required to disclose in writing the full nature of their compensation, including any ‘soft’ compensation in the form of bonuses, perks, gifts etc.
7. Continuing Education – the candidate must be required to complete a minimum 20 hours of continuing education in a variety of subject areas including Professional Ethics.
8. Experience – the candidate must have no less than 36 months of experience in the financial services industry.
9. Annual Attestation – the candidate must attest each year that they continue to meet the current requirements of their designation(s).

#### Financial Advisor:

The IAFP recommends against the use of the title Financial Advisor believing that the public will not be able to distinguish appropriately between this title and the Financial Planner title. We believe that the word ‘Financial’ implies competency to provide comprehensive financial advisory services, and where those skills do not exist, the term should be prohibited. We further believe that the best interests of the public are served by qualifying the term ‘Advisor’ with the product the candidate is licensed to sell. For example, Mutual Funds Advisor, Insurance Advisor, Securities Advisor.

The IAFP recommends the following qualifications, experience and other criteria be required for Advisors:

1. Licensing – the candidate must have successfully completed the course of study required by the licensing body
2. Good Standing – the candidate must be in good standing with the regulatory body overseeing their licence
3. Errors & Omissions insurance – the candidate must have adequate E&O insurance
4. Code of Ethics – the candidate must be subject to a Code of Ethics that requires a ‘Best Interest’ standard when dealing with clients
5. Continuing Education – the candidate must complete a minimum of 20 hours of continuing education (CE) annually in a variety of subject areas including Professional Ethics. In the event that they hold more than one licence, the CE must include hours in each of the disciplines for which they hold a licence.

#### Trade Names:

We believe that the protection of titles must also apply to business trade names. If someone does not have the appropriate Financial Planning credential, then their firm name (or any other form of advertising) must not include ‘Financial Planning’.

#### New Entrants:

New employees of financial planning firms should be required to use the title ‘Associate’ until such time as they qualify for use of either the Advisor or Financial Planner title.

**Q2: Which certifications and/or educational programs currently available in the Ontario financial services market would qualify an individual to use the a) Financial Planner title; b) Financial Advisor title?**

### Financial Planner:

The Registered Financial Planner (R.F.P.) practitioner designation, conferred by the Institute of Advanced Financial Planners, would qualify.

The CFP, Certified Financial Planner would qualify.

We believe that the course of study and prerequisites to obtain the Pl. Fin. designation would also qualify the candidate to use the Financial Planner title.

We are not aware of any other organizations in Canada that offer programs with the stringency and breadth of content sufficient to provide assurance of the financial planner's competency.

### Financial Advisor:

It would be difficult to provide an exhaustive list of all the designations related to the financial services industry. We believe that if a designation is not the CFP, R.F.P. or Pl. Fin. then the holder should be granted the use of only an Advisor title.

It is our position that an Advisor is an individual who holds a licence to sell a financial product (securities, mutual funds, insurance). Again, to assist the public in establishing the specific area of expertise of the candidate, we recommend that the Advisor title be qualified by the product the candidate is licensed to sell.

## SPECIAL CLASS OF TITLE USE: EXEMPTIONS FROM OBTAINING A CREDENTIAL

**Q3: Which regulatory licences and/or professional body memberships or certifications, if any, should be given an exemption from the requirement to obtain: a) an approved FP credential; or b) an approved FA credential?**

### Financial Planner

None. The very nature of true Financial Planning is a comprehensive analysis of a clients' situation and the ability to weigh the relative merits of one course of action over another. It is common to encounter a situation where, for example, one tax strategy merits implementation but doing so would create a problem in the client's legal situation. We could not be assured that a specialist would be able to assess such contradictions and provide a reasoned compromise.

For that reason, even a competent professional (such as an accountant or lawyer) who wishes to use the title Financial Planner should be required to demonstrate and maintain their competency in comprehensive financial planning before being allowed to use the title.

We would support offering exemptions within the course of study / prerequisites for the subject area of the candidate's specialization.

### Financial Advisor

None. The IAFP perceives an Advisor to be a candidate that holds a licence to sell financial products. Hence, there can be no exemptions to the licensing requirements.

**Q4: For each such exemption by virtue of a professional membership or certification, what other criteria should apply to those using the FP or FA titles?**

Financial Planner

We do not believe that any other criteria would be sufficient to grant the Financial Planner title.

Financial Advisor

We do not believe that any other criteria would be sufficient to grant the Financial Advisor title.

**Q5: How many years of FP/FA title use should be required in order to qualify for grandfathering?  
10 years? 15 years? 20 years?**

To protect the integrity of the FP/FA titles, there must be some form of current competency assurance. Otherwise, unqualified individuals who happen to have used one of those titles in the past would be misleading consumers into believing that their title reflects a current standard of competency and ethics.

Financial Planner and Financial Advisor

None. This is the exact problem identified by the CSA in their Client Focused Reforms, June 2018. They identified that “Clients are not getting the value or returns they could reasonably expect from investing: in their suitability analysis, some registrants fail to consider all of the factors relevant to helping clients meet their investing goals.” The IAFP contends that client outcomes will not be improved if clients continue to pursue financial planning goals with advisors who are acting in a limited capacity.

That said, a competent candidate who has been in the business for 10+ years will have built a practice based on their reputation. It is unlikely that a clarifying change in their title would compromise their ability to earn a living.

SPECIAL CLASS OF TITLE USE: TRANSITION

**Q6: If a transition period is implemented, how long should the period be?  
2 years? 3 years? 4 years? 5 years?**

We note that Quebec protected the Financial Planner title with virtually no transition period, which would be ideal. The sooner, the better.

For example, a Financial Advisor who is currently using the financial planner title would be required to use the title Insurance Advisor, Securities Advisor or Mutual Funds advisor until such time as they are able to satisfy the requirements for the Financial Planner title. In reality, this should result in no disruption to their ability to earn a living.

In closing, we believe that titles must be limited to Financial Planner or (product) Advisor. We know that the plethora of titles and designations has had a detrimental effect on the financial status of Ontarians. If only the titles ‘Financial Planner’ and ‘Financial Advisor’ are protected, then we expect to see a proliferation of ‘Wealth Advisors / Wealth Managers / Financial Consultants’ and so on. That will render this whole process irrelevant. Instead, the IAFP recommends FSRA be authorized to enforce a ban on

similar sounding titles that could imply to the average consumer that the individual or service is an authorized form of financial planning or advice.

Yours truly,

***INSTITUTE OF ADVANCED FINANCIAL PLANNERS***



Jacquie Skinner, President



Melanie Twietmeyer, Board Chair