



Independent Financial Brokers of Canada
740 - 30 Eglinton Avenue West, Mississauga, ON L5R 3E7

September 11, 2019

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601, 1919 Saskatchewan Drive
Regina SK S4P 4H2

Attention: Dean Murrison, Director, Securities Division

By email: finplannerconsult@gov.sk.ca

Subject: Review of the Regulation of Financial Planners and Financial Advisors

Independent Financial Brokers of Canada (IFB) appreciates the opportunity to comment on whether Saskatchewan should follow the same or similar approach to regulating the titles of financial planner and financial advisor as has been introduced in Ontario.

IFB is a not for profit, national association representing approximately 3,500 individual, licensed financial advisors. IFB is the only association committed to exclusively representing independent advisors – i.e., those who have chosen to operate their own firms so they can offer clients advice and products from a range of financial services providers.

The majority of IFB members are provincially licensed under securities legislation as mutual fund registrants and under insurance legislation as life insurance agents. Many are also licensed or hold credentials that enable them to offer complementary financial services to consumers such as deposit instruments, scholarship plans, exempt market products, estate planning and financial planning.

It is not uncommon for IFB members and their firms to be licensed in multiple Canadian jurisdictions. Therefore, regulatory solutions which are national in scope are preferable to ensure consumers, and those that advise them, are subject to similar treatment regardless of their residency. Having said that, IFB welcomes initiatives which lead to a higher standard of consumer protection and increased transparency, so consumers seeking the services of financial firms and advisors can make more informed decisions, and feel confident in those who are providing such advice. Indeed, this confidence benefits not only consumers, but the financial services industry as a whole.

IFB has been an active stakeholder in the discussions in Ontario, which have debated the regulation of financial planning and financial advice, since 2014. IFB has long supported regulatory clarity around the use of the term 'financial planner' and 'financial planning', and restricting use of the title to those with the appropriate credentials or accreditation, such as the CFP.

Financial Planner

If Saskatchewan is to consider regulating the title of financial planner, it will first need to define the terms Financial Planner and Financial Planning. IFB has recommended using the definition of financial planning recognized by the Financial Planning Standards Council (FPSC) and Institut québécois de planification financière (IQPF)¹. This definition encompasses the holistic, comprehensive review of a client's circumstances that is expected of professional, accredited financial planners. Any oversight of an approved financial planning accreditation should be done by an organization with a public interest mandate.

Without adopting specific definitions, IFB is concerned that restrictions around what constitutes financial planning will fail to recognize, or distinguish between, the existing rules that require licensed financial advisors to comply with their broad obligations under both securities and insurance regulations to know their clients and ensuring recommendations to clients are suitable. Advisors are required to perform financial planning activities which include understanding and collecting information on a client's personal and financial situation, their objectives for the investment or life insurance product, needs analysis, time horizon for the investment and risk tolerance. These types of activities need to be distinguished from the types of financial planning activities which lead to a comprehensive financial plan.

Financial advisor

IFB, along with many others in the financial services industry, has expressed its concerns related to restricting the title of financial advisor to the Ontario government in various submissions and in-person meetings. Unlike the term Financial Planner, financial advisor is commonly used in the industry as a broad based descriptor that is not as easily defined. Furthermore, it's important that any proposed framework not contribute to duplication or obscuring of existing regulation already enforced through securities SROs and the Saskatchewan Insurance Council.

Securities regulation already prohibits licensees from holding out in a manner that could be, or is intentionally, deceptive or misleading with regard to an advisor's proficiency, qualifications or designations. Life insurance regulation related to the suitability of a life insurance agent includes a prohibition against misrepresentation. This type of principles-based guidance balances the need for flexibility to deal with diverse situations and the possibility of marketplace changes which may lead to the use of new titles, which a static list of prohibited titles cannot.

However, certain steps could be taken to effect a more immediate means of addressing consumer confusion specifically, prohibiting the use of corporate titles that do not reflect the individual's role or position. A common example is 'vice president' which is often tied to the size of an advisor's book, not to his or her role in the corporation. This can lead consumers to have undue confidence in the advice they receive, based on the advisor's apparent seniority within the corporation. The test should be whether the individual has the ability to influence the management and direction of the firm. If not, the title should be disallowed.

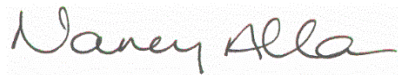
¹ Financial Planning Standards Council, Canadian Financial Planning Definitions, Standards & Competencies March 2015. https://issuu.com/fpsc/docs/fpsc_definitions_en_web

Ultimately, the test for any title should be whether the public is unduly relying on a title for which the advisor or firm has no demonstrable proficiency or license. To deal with this possibility, **IFB supports restricting the title of ‘financial advisor’ to those who are duly licensed and subject to the oversight of a financial services regulator (or self-regulator). This is a simple solution which can be easily understood by the public, represents no increased cost or complexity, and could be quickly implemented – all of which meets the regulatory goal of increased consumer protection.** Building out a new proficiency framework will require dedicated costs and manpower to create an accreditation process and post implementation will need to be updated, monitored and enforced. Attached is a copy of the graphic IFB presented to Ontario’s Ministry of Finance illustrating our approach.

It is our view that if governments or financial services regulators are concerned with the existing proficiencies of licensed financial advisors, that it is within their power to raise these standards using the existing framework. This solution has the added advantage of being implemented on a national basis.

IFB would be pleased to assist the FCAA on any such initiatives, and we welcome any questions you may have on this response. Please contact either myself, or Susan Allemang, Director Policy & Regulatory Affairs (email: sallemang@ifbc.ca).

Yours truly,



Nancy Allan
Executive Director
Email: allan@ifbc.ca
www.ifbc.ca