

Edward Jones  
Sussex Centre, Suite 902  
90 Burnhamthorpe Road West  
Mississauga, Ontario, L5B 3C3  
905-306-8600  
www.edwardjones.com

®

**Edward Jones**

direct line: (905)306-8507  
fax: 844-857-4156  
email: marylou.olton@edwardjones.com

**Via Website Submission System**

November 12, 2020

Financial Services Regulatory Authority of Ontario  
5160 Yonge Street, 16<sup>th</sup> Floor  
Toronto, ON M2N6L9

Dear Sirs / Mesdames:

Re: **Financial Professionals Title Protection - Proposed Rule [2020-001]**

Edward Jones welcomes the opportunity to provide comments to the Financial Services Regulatory Authority of Ontario (FSRA) with respect to the above proposed rule (Proposed Rule) and is pleased to present our submissions in response to the Notice of Proposed Rule and Request for Comment (**Notice**).

**1. Background**

Edward Jones is a limited partnership in Canada and is a wholly owned subsidiary of Edward D. Jones & Co., L.P., a Missouri limited partnership. Edward D. Jones & Co., L.P. is a wholly owned subsidiary of The Jones Financial Companies, L.L.L.P., a Missouri limited liability limited partnership. We are registered with the Investment Industry Regulatory Organization of Canada (IIROC) as an investment dealer and have more than 900 financial advisors located across Canada managing over \$30 billion of assets under care.

As a full-service investment dealer, we help individuals achieve their serious, long-term financial goals by understanding their needs and implementing tailored solutions. At Edward Jones, we build close, ongoing relationships with our clients, beginning with a meeting between client and financial advisor to identify the client's specific long-term goals. We then develop a thoughtful investment strategy and a diversified portfolio of quality investments. It is worth noting that Edward Jones is not a financial planning firm and therefore does not employ financial planners nor does its advisors develop financial plans for a fee. Our advisors are IIROC registrants and they develop and present suitable investment recommendations for our clients.

Edward Jones believes that all clients, regardless of the amount of investable assets, deserve the services of a professional financial advisor and the benefits of professional advice. As a result, we do not provide order execution only services nor do we offer online investing or online advice.

## **2. Overview**

We appreciate the opportunity to comment on the Proposed Rule that introduces minimum standards for use of the Financial Planner (FP) and Financial Advisor (FA) titles in Ontario.

We agree with, and fully support, the substance and purpose of establishing a framework to govern the usage of the FP and FA titles in the financial services industry. We believe this will further strengthen consumer confidence in the quality of investment advice they receive from individuals using the FA and FP titles. The absence of a coherent approach to the use of titles across the financial services industry can and does cause confusion. Importantly, the use of such titles by individuals who may not have the necessary experience and expertise undermines consumer and investor confidence in the industry.

## **3. General Comments**

We are an IIROC member firm, and as such our registered advisors, with the exception of our advisors domiciled in Quebec, currently use the financial advisor title. IIROC members are subject to proficiency standards, ongoing training requirements, and a high standard of conduct. These standards and requirements continue to evolve over time. Edward Jones, our financial advisors and associates are subject to continuing regulatory oversight by IIROC and the provincial and territorial regulators. We support the provision in the Proposed Rule that permits firms, who have been approved by a credentialing body, to use the financial advisor title and believe IIROC should be approved as a credentialing body. With that said if IIROC is not approved as a credentialing body, IIROC member firms should be exempt from the Proposed Rule. Otherwise this Rule could result in the precise inverse of its purported goals: it could complicate the regulatory environment, subject financial advisors to inconsistent and largely unclear regulatory obligations and significantly raise the associated costs of supervision and compliance.

We also see the consultation process as an opportunity to enhance consistency not only among financial services providers in Ontario but across jurisdictions in Canada. We point out that Saskatchewan is currently reviewing a similar initiative and that Quebec already has rules and requirements in place for those individuals using the FA title. Regardless of the treatment of market participants registered with a self-regulatory body, we suggest a coordinated effort in respect of title usage among the different jurisdictions. Such an approach will reduce client confusion while easing the regulatory burden on firms and individuals who are registered or licensed in multiple jurisdictions.

## **4. Comments on Specific Aspects of the Proposed Rule**

Our comments on each of the questions for consideration and comment in the Notice are set out below. For ease of reference, we have reproduced the FSRA questions.

### **FA Credentials**

*FSRA is seeking feedback on the above approach and whether the Proposed Rule and FP and FA baseline competency profile adequately reflect the technical knowledge, professional skills and competencies that should be included in a credentialing body's education program to establish the minimum standard for FP and FA title users.*

We suggest that flexibility should be the key principle underlying the proposed competency requirements, as such requirements may not always align with a firm's business model. We agree that FAs should only be required to meet educational requirements with respect to the products and services provided by the individual (Proposed Rule 6(1)(b)2 and as set out in the Technical Knowledge component of Table 2: Financial Advisor Baseline Competency Profile at page 7 of the Notice).

### **Disclosure**

*FSRA is seeking comments on whether FP and FA title users should be required to disclose to their clients the credential they hold that affords them the right to use an FP or FA title. FSRA is seeking feedback on the form that this disclosure could take and the overall consumer benefits it could achieve.*

In our experience, FA title users disclose their credentials during their discussions with clients and we don't believe an additional written disclosure requirement is necessary or warranted. Clients already receive numerous written disclosures which can be overwhelming and additional written disclosures may not produce the desired impact. Nor do we believe that a prescriptive approach will be effective or efficient regulation in this instance. We believe discussions concerning proficiency are most effective.

We do agree that clients should be able to confirm that an individual is appropriately credentialed. We note that one of the requirements listed under Section 4 of the Rule is that an approved credentialing body must maintain and make public on its website a current list of individuals holding approved credentials that it has issued. If there are multiple credentialing bodies, consumers and investors will need to search through multiple databases in order to confirm whether their advisor is appropriately credentialed. An alternate approach would be to develop and maintain a single centralized registry that is publicly available for consumers to consult and confirm that an individual is properly registered, in good standing and is permitted to use the title.

### **Exemptions**

*FSRA is seeking comments on whether the framework should allow for any exemptions. In particular, FSRA is requesting comments on the principles governing an exemption regime, the extent to which exemptions may be required, to whom they should be made available (if at all), and the benefits and drawbacks of permitting exemptions.*

We believe that consumers should have confidence in the industry and in those individuals that are permitted to use the FA or FP title. Consequently, we strongly discourage the use of exemptions since this will undermine the purpose of the Proposed Rule and the legislative framework.

As noted above, in our view IIROC should be designated as a credentialing body as it has the necessary expertise and experience to do so. However, should IIROC not be designated as credentialing body, we recommend that FSRA consider providing an exemption for those registered with IIROC. If IIROC is not a credentialing body and IIROC members are not exempt, such members will be subject to an increased regulatory burden and duplicative requirements, fees and process which is contrary to FSRA's stated goals and principles.

### **Fees and Assessments**

*FSRA is seeking comment on this fee structure, including whether it allows for fair cost recovery, or if there are any operational challenges that credentialing bodies may experience with such a fee structure. Feedback will inform the development of a fee rule, which will be posted for consultation at a later date.*

Similar to our comments above on reducing regulatory burden, the proposed fee structure will add additional costs to self-regulatory organizations (**SRO**) members such as IIROC members. This will be an additional fee for an individual that has already been assessed fees by IIROC. We recommend that in the case of FAs or FPs who are already members of an existing SRO, which SRO becomes a credentialing body, it should be the SRO, and not FSRA that assesses any additional fees, which could be a nominal, incremental cost to the existing SRO fees (and would reduce the administrative expense of having to pay two separate fees). We recognize that FSRA will incur costs associated with the regulation and oversight of the FA/FP regime. In

order to recoup such costs, FSRA may seek fees from the credentialing body, which could be a proportionate amount based on the number of FPs and FAs that are credentialled by such body. FAs and FPs that are not members of an existing SRO would pay fees directly to FSRA.

### **Consumer Education**

*FSRA is seeking input on options for consumer education campaigns to support and follow implementation. As mentioned above, FSRA is also seeking feedback from stakeholders on how government, regulators, credentialing bodies and industry can educate consumers on financial planning and financial advising services in Ontario and on FP and FA title use.*

In general, we applaud the ongoing effort to provide education to consumers, especially when the education relates to consumer protection. Please consider using easy to find, plain language communications to enable consumers to easily understand the level of proficiency they can expect from individuals using the FA or FP title.

### **5. Areas Requiring Further Clarification**

There are some important aspects of the FA/FP regime that require further clarification and engagement. For example, page one of the Notice states:

*Once proclaimed in force, the FPTPA will, subject to the transition periods described below, restrict the use of the titles “financial planner” (FP) and “financial advisor” (FA) (as well as **equivalents in another language or titles that could reasonably be confused with such titles**) to individuals who have obtained a credential issued by a FSRA-approved credentialing body.*

We would appreciate further guidance and clarification around the statement "...equivalents in another language or titles that could reasonably be confused with such titles...". It is not clear to us which other titles would fit into this definition. While we expect it would include alternate spellings (e.g. “financial adviser”), it is less clear whether it would include terms such as "investment adviser" or "securities advisor" that are generally accepted titles for IIROC registrants. It may be prudent to consult with the investment industry before providing that guidance. We agree that potential confusion should be avoided and the best way to remove potential confusion is by providing guidance and a non-exhaustive list of specific titles that are considered equivalents.

We welcome the opportunity to provide these comments to you. We would be pleased to continue the dialogue and participate in further consultation if appropriate and desirable.

Yours truly,



Mary Lou Olton  
Compliance

- c. David Gunn, UDP, Edward Jones  
Nawaz Meghji, General Counsel (Canada), Edward Jones  
Wayne Bolton, Chief Compliance Officer, Edward Jones