



Amendments to the FSRA Fee Rule to create the FP/FA fee structure

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Huston Loke
Executive Vice President, Market Conduct
Financial Services Regulatory Authority of Ontario
25 Sheppard Avenue West, Suite 100
Toronto, Ontario M2N 6S6
Huston.loke@fsrao.ca

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INTRODUCTION

The Co-operators Group Limited (“The Co-operators”) is a leading Canadian, diversified, integrated, multi-line insurance and financial services organization. As a co-operative, our 45 members include co-operatives and credit union centrals representing a combined membership of millions of Canadians.

Our footprint in Ontario is strong: we insure approximately 704,000 private passenger vehicles, 363,200 homes, 10,200 farms and 45,000 businesses. The insurance and financial products and services provided by The Co-operators are delivered primarily through our independently contracted but exclusive financial advisor channel. We have independent distribution contracts with 250 financial advisors in the province, who operate agencies in 310 locations. In turn, these independent financial advisors hire their own office staff and employ or independently contract with over 1,028 associate insurance and financial advisors.

We are proud to provide insurance and financial services to more than two million Canadians. We are even prouder that we provide financial security to Canadians in their communities while staying true to our co-operative values.

We appreciate the opportunity to participate in FSRA’s consultation on Amendment 1 to the FSRA Fee Rule to create the financial planner and financial advisor title protection fee structure.



FEE CALCULATION

Financial professionals dedicate time, effort and personal funds to obtain and maintain their qualifications. **We do not support the burden of additional fees in order to use the financial advisor or financial planner title.**

We caution that the fees proposed in Amendment 1 pose a serious risk as the additional cost burden on financial professionals could cause advisors, companies, brokers and others in the industry to choose not to participate in the credentialing process, which would undermine the stated goal of consumer protection.

Recognizing that FSRA plans to proceed with a fee rule for financial planners and financial advisors, we strongly recommend fees be **reasonable and fair for everyone** and that they be kept as **minimal and simple as possible**.

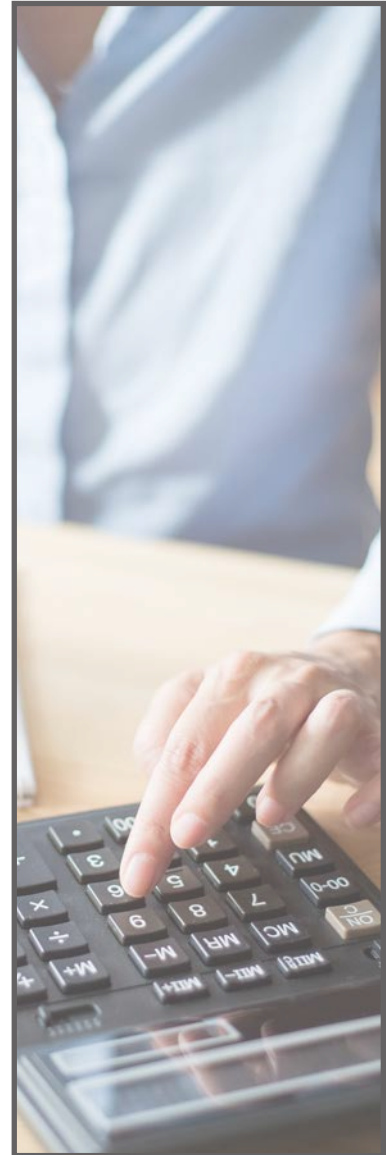
In line with FSRA's stated principles of fairness and simplicity for the fee rule amendments, we do not believe the fee calculation for credentialing bodies should be overcomplicated and would support credentialing bodies blending the costs to credential holders into the fees they already charge.

POTENTIAL FOR MULTIPLE FEES

We do not support the potential for multiple fees for credential holders with more than one credential and those already overseen by an SRO.

As we've noted above, financial professionals already assume a personal financial burden to achieve and maintain their qualifications. Given the underlying consumer protection goal of the title protection framework, we are firmly opposed to charging financial professionals additional fees for multiple designations. Another new fee for these professionals, let alone multiple fees for credentials, adds increased risk that they will opt not to use the financial planner or financial advisor title, not to mention the disincentive to pursue additional designations. This would have immediate and significant impacts on the availability and quality of financial services available to Ontarians.

The title protection framework is centered around the use of the financial planner and financial advisor titles, not the number of designations a financial professional holds. **Therefore, we strongly recommend a financial professional should only be permitted to be charged once under the FSRA fee rule no matter how many designations/credentials they hold.**



As a strong proponent of a **harmonized and consistent approach** to title protection in all jurisdictions across the country, we are pleased FSRA has indicated it plans to engage with other Canadian regulators to discuss how fees and processes could be harmonized to minimize any potential financial impact on credential holders. We urge a focus on maintaining fairness across the country, promoting consumer protection with limited financial burden for financial professionals.

POTENTIAL DISADVANTAGE FOR SMALLER ENTITIES

We believe the proposed fees for credentialing bodies, particularly the fixed annual credentialing body fee, are **excessive**, and recommend FSRA look to lower them. The cost burden to become a credentialing body and maintain this status may limit the number of entities who become credentialing bodies, which would result in less choice for potential credential holders and more limited opportunity to get the recognized education they need.

For smaller entities, these fees will present an even greater burden as they have fewer members to recoup the cost from and their resources are already spread across many other priorities.

Before approving the proposed amendments, we strongly recommend FSRA work to minimize the fee burden for credentialing bodies and credential holders.

IMPACT ON CREDENTIAL HOLDERS

In developing the proposed fee rule amendments, FSRA states it has intentionally not prescribed a practice or process that credentialing bodies must follow with respect to renewal/recertification fees for credential holders. **We believe more guidance needs to be provided to credentialing bodies to ensure credential holders, as well as their clients, are treated fairly.**

Most importantly, we believe FSRA needs a clear standard and associated oversight to ensure credentialing bodies are charging credential holders fairly and appropriately. At a minimum, we believe applicant credentialing bodies should be required to attest that title protection-related fees for credential holders will be purely cost recovery, and that they be held accountable for compliance with this requirement.





CONCLUDING REMARKS

We appreciate the continued opportunity to provide feedback on FSRA's title protection framework, this time focused on the proposed fee rule for financial planners and financial advisors. While we are opposed to additional fees for financial professionals, we urge FSRA to ensure any new implemented costs are **fair, reasonable, minimal and simple**.

We are not a member of the Insurance Bureau of Canada (IBC) and prefer to contribute to the policy development process directly. As a co-operative insurance and financial services organization, we believe we bring a unique perspective to public policy consultations. We are a member of the Canadian Life and Health Insurance Association (CLHIA) and support the feedback they have shared directly.

If you have any questions or require clarification, please do not hesitate to contact our Associate Vice President of Government Relations, Maya Milardovic, at maya_milardovic@cooperators.ca.

Jessica Baker
Vice President, Advisor Alliance
The Co-operators Group Ltd.