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

Attn: Tim Miflin, Joel Gorlick

Re: Proposed Fee Structure for Credentialing Bodies

On behalf of Canada's *Institute of Advanced Financial Planners* (the IAFP) and its hallmark designation (the R.F.P.), we thank you for this opportunity to make recommendations to FSRA on the proposed fee structure for the FPFATP and credentialing organizations. Our recommendations are offered below under each of the areas in which you are seeking feedback.

Fee calculation – credential holder variable

The IAFP recommends that FSRA implement fees based on whether the individual

- conducts business in Ontario AND
- holds an approved credential OR
- uses the FP or FA title (or remotely similar)

If the fundamental purpose of the legislation is to protect consumers in Ontario, then it must capture all FAs & FPs operating in Ontario whether they hold a credential or not. Otherwise, the rule will be ineffective.

2. It has been suggested that approved CBs should have the discretion to identify credential holders in a manner that best suits their business needs and operations. For example, a CB could create a sub-designation within its membership, which could be submitted for approval to FSRA as an FP/FA credential. In this scenario, use of the FP/FA titles would be limited to those individuals who hold the designation that has been approved by FSRA. FSRA is seeking feedback on this potential approach.

The IAFP recommends against the use of sub-designations. One of the problems already identified by the Framework is the myriad of designations that already exist. The IAFP believes there is a simple solution. Allow individuals to choose either the FP or FA title, but they must use one of these titles if they are going to operate in Ontario. It is unrealistic to expect that consumers can / will differentiate between more than 2 titles. Should the CB determine they do not qualify for the FP or FA title as defined by FSRA, they simply cannot hold themselves out as such.

3. FSRA is seeking feedback on the potential impact of these potential approaches, including with respect to the collection of data regarding residency, title use, or business conduct of credential holders.

Data regarding residency and the provinces in which one operates could be confirmed with the licensing regimes in the province (FSRA for insurance, MFDA/IIROC for investment dealing). For those planners operating without a licence or registration, the information could be provided by credentialing bodies through the data gathered at membership renewal.

With regard to title use and business conduct, the IAFP wonders at the purpose of obtaining a credential if it is not going to be used in the course of day-to-day business. We can only assume, in such a case, that the purpose would be to give the impression that an advisor conducts their business in a certain manner when in fact they do not. This is the type of misleading behaviour we hoped would end with Title Protection. In our opinion, if an individual does not wish to operate according to their credentials, they can simply choose to not renew the credential. This would provide a great deal of clarity for the consumer when selecting a FP or FA to work with.

Potential for multiple fees

4. FSRA is seeking feedback on how its proposed approach may impact individual credential holders.

If fees are collected at the CB level, individuals holding multiple credentials will face duplication or potentially even triplication of oversight and fee increases. Yet they will likely only use one Title (FP or FA). It seems clear to the IAFP that the fees should be levied per title, not per credential. In this way, the fees that you are proposing would be equitably applied across all titleholders. We think this could be effectively managed through building out the registry that is planned and ensuring that CB's share a common database to avoid double billing a title holder.

Potential disadvantage for smaller entities

5. FSRA is seeking feedback on the potential impact of the proposed fixed fee amount on smaller entities' ability to enter the framework as CBs.

Without more detail on the nature and frequency of proposed supervision and monitoring of credentialing bodies, the IAFP cannot make substantive comment on the fairness of the proposed fees.

The IAFP is most concerned that the fee schedule is open ended - FSRA leaves themselves the option to assess fees for "other activities to support the framework." It would be imprudent on our part to apply for Credentialing Body status without fully understanding the potential cost, especially when other provinces are considering a similar framework and potential fee structure. The adoption of this framework across Canada and concomitant fees in each jurisdiction is a potential disadvantage for smaller entities.

Closing Comments

The IAFP has been an ongoing participant in the formulation of the FPFA Title Protection consultations. We were optimistic that clarity within the financial services marketplace would follow Ontario's legislation and with it, enhanced consumer protection. Throughout, we were hopeful for a meaningful threshold to be established for those seeking or using a financial planning title and that a well-defined distinction between financial planners and financial advisors would ensue.

As we consider the proposed framework, we are not convinced that any material improvement in consumer protection will be achieved. We believe that far too many titles will remain in use that are too similar to Financial Planner and Financial Advisor. We believe that not restricting business names as well as titles is a serious shortfall of the rule. Without any meaningful enforcement tool, we expect non-compliance to be an ongoing issue. We seriously question that levying a significant fee will bring about any clarity in the distinction between those using the FP and FA titles.

The IAFP has never had visions of large membership numbers. Based on experience, we don't believe there are thousands of advisors in Canada who wish to or hold out as being bona fide financial planners where their primary vocation is financial planning. It is this individual who we represent. We have set the standards for financial planning in Canada which have been liberally copied by others. We have had our trademarks infringed upon by an organization that continues to do so regardless of a legal decision made in our favour. We are now potentially faced with a proposed framework that dilutes our efforts even further, or at best, does little to accomplish a meaningful distinction between FP and FA titles in Ontario. As mentioned, the fees proposed are considerable for our boutique organization and pose a significant threat should other provinces adopt similar structures.

We value our participation in the creation of this important framework. But even more, we support your continued efforts toward creating a meaningful platform that is equally beneficial to financial planning professionals and the consumers of financial planning / advising services.

Yours truly,

INSTITUTE OF ADVANCED FINANCIAL PLANNERS



Jacquie Skinner, Chair



Melanie Twietmeyer, Past Chair