

December 12, 2021

Via email: tim.miflin@fsrao.ca

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

Attn: Tim Miflin

Re: Financial Professionals Title Protection Framework Second Consultation Summary Report

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 provide feedback on the changes to the proposed Application Guidance and Supervision Guidance.

1. Client Interest First standard for Credentialling Bodies

We are gratified to see a Client Interest First requirement for members of Credentialling Bodies. Without this, the IAFP believes the framework would have had little impact in improving consumer protection.

2. The Nature of Advice vs. Product Licencing

One of the prevalent misconceptions amongst consumers is that investment planning and financial planning are one and the same thing. The IAFP is concerned to see a number of statements in the framework which would perpetuate this erroneous conclusion.

“If proposed by a CB applicant, FSRA will consider credential approval submissions that would leverage the existing Life Licence Qualification LLQP curriculum.”

“... now reflects a focus on standard retail investment products, and how those products should be considered with respect to other areas of financial planning/advice.”

“FSRA will continue to work with the insurance industry to consider options that would permit individuals who only hold a life insurance agent licence to use the FA title.”

“FSRA has amended the proposed Application Guidance to include the identification of appropriate asset allocation as a fundamental concept for both FP and FA credentials.”

True financial planning has nothing to do with the sale of any product. It is concerned with answering client questions using fact-based analysis, solving financial problems and creating plans to achieve one or more objectives. The activity of financial planning requires identifying an issue, the potential solutions and making a recommendation as to a course of

action. It does NOT include recommending a specific product. That is only a consideration at the time the client implements a recommendation – after the planning process is complete.

Requiring a FA to be able to identify an appropriate Asset Allocation returns the focus to investment planning. Indeed this activity is a fundamental responsibility of the FA who is registered to sell securities as defined by the Know Your Client and Know Your Product rules. If a FA does not have the skills to be able to do this, it will be important that the FA fully disclose this insufficiency which will be sufficient for the client to determine suitability of that advisor for their needs.

One of the key elements in planning / advising is being able to identify alternate solutions to a problem. Alternate courses of action, not alternate products. Any course of study that results in a licence to sell a specific product is in itself inherently unsuitable as a qualification for an advising or planning title.

3. Scope of the framework regarding titles

If we understand this correctly, FSRA is now reviewing all titles in use but will initially focus on those most similar to the FP / FA titles. This is appropriate as a starting point since it will provide clarity to consumers in the marketplace and, we hope, dissuade the issuance of additional meaningless credentials.

4. Fees

The IAFP is disappointed to see that no changes have been announced to the fee structure and the inherent duplication evident in the current structure.

Yours truly,

INSTITUTE OF ADVANCED FINANCIAL PLANNERS


Jacquie Skinner