

28 May 2023

FSRA Proposed 2022 Fee Rule Now Open for Further Consultation

To Whom It May Concern;

Thank you for the opportunity to comment on FSRA's Fee Rule. This comment seeks only to address the fees applicable to Credentialing Bodies (CB) and their members under the Financial Advisor (FA) / Financial Planner (FP) Title Protection framework.

Disagreement:

The 'Notice of Changes and Request for Further Comment' document, at the 'Background' section, includes this statement:

"It would not be consistent with FSRA's principles to charge fees for work that is already conducted by the Ontario Securities Commission (OSC)."

This comment is based on the justification that:

"The comments received during the public consultation prompted additional proposed amendments to the Fee Rule with respect to fees charged in the Financial Planners / Financial Advisors (FP/FA) sector."

From what I can see in reviewing the submitted Comments

(<https://www.fsrao.ca/engagement-and-consultations/consultation-now-open-fsras-new-2022-fee-rule#tab-panel-0>), only one commenter discussed this, and that was the New SRO (soon to be CIRO, and hereafter identified as such) itself, which is effectively a delegate of the OSC for this purpose.

No third party whose primary purpose is consumer protection or consumer advocacy expressed any similar concern, unless I have missed something in my review of the published Comments.

Given that this initiative all arose while the OSC and the predecessor organizations of CIRO had every opportunity to address the issue of FA and FP titles, and whatever abuses Title Protection legislation seeks to address, one has to wonder why OSC and CIRO now get an effective pass from having to participate in Title Protection legislation.

10110 104 Street NW, Suite 301
Edmonton, AB, T5J 1A7

jason.watt@businesscareercollege.com
1 (877) 934-5577

businesscareercollege.com

I propose that the fee structure apply to all CBs regardless of any other status those CBs hold with any other regulator. Any other approach calls into question the entire purpose of the Title Protection regime.

Assumptions:

1. That any member of a CB gains some benefit in being able to use the FA or FP titles by virtue of membership in a CB. Given that, there should be a cost appropriate to that benefit. Value = Cost – Benefit.
2. That a member of a CB will generally hold out as the highest available standard. A credential holder who qualifies to use both the FA and FP title will defer to the FP title.
3. That all those permitted to use an FA or FP title gain some benefit in doing so. This benefit should come in the form of elevated recognition by consumers and additional credibility when working with allied professionals, such as accountants, lawyers, financial therapists, money coaches, and investment advisers.
4. That the primary benefit of carrying a credential accrues at the individual level of an FA or FP dealing with a consumer of financial services, and not at the institutional level.
5. That the benefit of carrying an FP title is greater than the benefit of carrying an FA title.
6. That FSRA does not want to curtail the pursuit of additional education. A holder of the RRC[®] credential should still be encouraged to pursue CFP[®] certification and should not be penalized for doing so.

Proposal:

1. I propose that FSRA implement a fee structure on CBs which sees each individual who is permitted to use a title pay a commensurate fee.
2. The fee should be applicable only once per individual credential-holder.
3. The fee should be payable by the credential-holder to the CB of their choosing based on the title they choose to hold out under.
4. The fee structure should be applicable to each CB.

Sample Calculations:

1. For the sake of simplicity, let's assume that there are 4 CBs in Ontario in 2023, two each with an FA and an FP title available.
2. Assume for 2023 that FSRA has total costs of \$1,000,000 to support the FA/FP title protection regime.
3. The CBs have the following membership:
 - a. CB A (FP): 10,000 members of whom
 - i. 1,000 are also members of CB C or CB D
 - ii. 100 are also members of CB B
 - b. CB B (FP): 1,000 members of whom
 - i. 100 are also members of CB C or CB D
 - ii. 100 are also members of CB A
 - c. CB C (FA): 20,000 members of whom 900 are also members of CB A or CB B
 - d. CB D (FA): 2,000 members of whom 200 are also members of CB A or CB B
4. The \$1,000,000 of FSRA costs will be distributed evenly between the FP CBs and the FA CBs:
 - a. CB A and CB B: \$500,000 of fees
 - b. CB C and CB D: \$500,000 of fees
5. Assume that all of CB A's 100 'overlapping' members elect to hold out as members of CB A and not CB B, even though they carry certifications that would allow them to choose either one:
6. The fees would be calculated as follows:
 - a. CB A has 10,000 dues-paying members.
 - b. CB B has 900 dues-paying members.
 - c. There are a total of 10,900 FP members with \$500,000 of fees spread between them. Each member will pay \$45.87.
 - d. CB C has 19,100 dues-paying members.
 - e. CB D has 1,800 dues-paying members.
 - f. There are a total of 19,900 dues-paying members with \$500,000 of fees spread between them. Each member will pay \$25.13.
7. This would require that members can elect which CB's credential they will use to hold out as either an FA or FP. This should not be an onerous requirement for CBs to administer, given that each CB already has annual reporting, dues, continuing education, and other requirements for its members.



Summary:

Each CB should be subject to a fee to support this project. If a given CB does not feel that it gains a benefit from having its members participate, then it can freely revoke its status as a CB.

Each FA and FP should pay a fee.

Wherever possible, duplication of fees should be avoided.

Thank you for your consideration.

Warmest Regards,

A handwritten signature in black ink, appearing to read 'Jason R. Watt', is written over a thin horizontal line.

Jason R. Watt
Vice President

10110 104 Street NW, Suite 301
Edmonton, AB, T5J 1A7

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