October 22, 2020

To FSRA and All Stakeholders,

I provide this submission as a recently retired financial advisor and financial planner, as well as former Chair of industry committees in regulatory changes and a technology task force.  For reference, I was licensed for insurance and registered by securities commissions across several provinces during my career.  Having been an early proponent for credentialing of advisors and planners, these views are my own personal opinions and not those of my past associations.

Advancing the professionalization of financial advice and financial planning for consumers is important and both the Ontario Government and FSRA deserve recognition for doing so.  While you may be getting inundated with special interest groups and lobbying from various industry sectors, I ask that the end goals of helping consumers recognize professional advisors, and over time improving the quality of advice for consumers, always be the priorities when deciding on any modifications to the proposal.

While there was much to appreciate in your proposed framework, there are some comments I’d like to offer.  I’ll touch on the definition of financial advice, who should be credentialed, who should become credentialing bodies, fee disclosure, and a potential pathway regarding credentialing insurance license holders.

The definitions in the legislation for financial advice and planning appear to recognize the broad assessment skills necessary to do the role of financial planner.  Kudos to Ontario Finance for getting that right.  The definition of financial advisor appears to be marginalized to little more than a mutual fund or securities license holder.  Of course, no consumer has ever asked a neighbour for a referral to someone who can do a great job asking KYC questions.  So, one emphasis for FSRA is to re-define and recognize when financial advice is occurring.  Without this clear definition, how do you move forward deciding who should be credentialed and which body has oversight?  Your current position appears that you are using the legislation’s narrow definition literally, which immediately has consequences for financial advisors.

Your proposed framework states that no exceptions will be permitted and I generally agree.  It is in the best interests of consumers that you credential only qualified advisors, no matter who their employer might be, or what their licence/ registration might be.  In other words, someone shifting the advice activity to being provided within a digital environment, or to the desk of a different employee within a large financial institution such as a bank, should not avoid credentialing responsibilities.  It is unfortunate that the legislation did not include a clear requirement for a “consumer warning” to be delivered to consumers by all non-credentialed financial advisors and planners.  This would have reinforced the necessity for industry members to be credentialed.   To be specific, anyone holding out as providing financial advice or financial planning services should have to hold a recognized credential.  Digital service providers of advice and planning should fall under the regulations, as well.  Leaving them out is akin to arguing that self-driving cars don’t need to follow the same rules of the road as human drivers.

This leads me to what bodies are best suited for being credentialing agencies.  Specific to FA credentialing, it appears we have two industry structures with neither being ideal solutions and both needing to address shortcomings.  We have product regulatory bodies, such as IIROC and MFDA, who are already regulatory bodies and have a culture of oversight.  However, their expertise in non-product delivery advice at the advisor level will make FA’s very concerned.  Then, we also have industry association bodies with knowledge and experience in both product delivery and general financial advice, but their current culture lacks sufficient regulatory experience.  I want to recognize FP Canada, who appear to be addressing these issues internally.  FSRA should select only those organizations they trust, and should provide public access to annual audits of all credentialing bodies.  FSRA should provide these audits of credentialing agencies as both advisors and consumers will want to know if agencies are doing a satisfactory job.

Specific to your fees, FSRA should publish your fee schedule so that advisors will know exactly how much each credentialing agency is adding on for their own services.

It seemed odd at first reading that FSRA, the Ontario insurance regulator, chose not to include life insurance advisors as qualified financial advisors but did embrace securities advisors.  My view is that writing any exam leading an individual to begin a product sales license related career hardly qualifies them to be called a financial advisor.   I assume you have rationale behind the decision to embrace securities advisors and not insurance advisors.  It appears you may be too far down the path to accepting securities advisors to change course?

If so, I want to offer a pathway to credentialing insurance advisors for your consideration.  FSRA recently invited insurance industry members to form a committee to discuss insurance brokers and agent’s supervision and oversight through MGA’s and insurance companies.  Perhaps you should offer the insurance industry the opportunity to first move towards better consumer protection, by creating a supervision structure satisfactory to FSRA.  Once implemented, would you then agree to credential all insurance advisors as FA’s?  Providing general financial advice to consumers is as common for insurance providers as it is for mutual fund providers and securities brokers.  Once supervision and oversight are enhanced, I hope you include them.

In conclusion, those of us who initially began discussing moving financial advice and financial planning towards recognized professions all wanted to see a framework that over time would raise the bar on the quality of advice for consumers.  Please keep in mind this long-term objective when making policy decisions.  This is an important step on a continuum towards industry providing better advice for financial consumers.  Any framework changes you make that lower the bar of entry, or otherwise marginalizes the value of even holding a credential in financial planning or financial advice, should be rejected.

Thank you for your efforts and considerations in these matters.

Best regards,

Curtis Findlay