November 11, 2020

Via FSRA Website

**Re: Comment on Proposed Rule [2020-001] – Financial Professionals Title Protection**

The Canadian Securities Institute (CSI) is pleased to submit its comments on the proposed FSRA rule.

CSI is a leading provider of accredited financial services proficiency learning solutions in Canada. We offer courses and examinations for securities, mutual funds and insurance licensing purposes and a broad range of specialized certificates and designations including the Personal Financial Planner (PFP®).

CSI generally supports FSRA’s effort to protect consumers by limiting the use of the Financial Advisor (FA) and Financial Planner (FP) titles. We will address specific elements of the proposed rule.

**Competency Profiles**

We appreciate FSRA’s effort to provide a high-level competency profile for Financial Advisors and Financial Planners. While competency requirements for Financial Planners have been in place for decades and are well understood in the industry this is not the case for Financial Advisors. The contrast provided between the more holistic approach of Financial Planners versus the narrower focus of Financial Advisors, particularly regarding technical knowledge (KYP), is a helpful first step.

We encourage the FSRA to provide more detail as to the depth and breadth of the areas of knowledge and competency required for the various roles. This will help clarify the differences for employers, the public and the credentialing organizations going forward.

**Recognition of Existing Licensing and Regulatory Regimes**

We strongly support FSRA’s desire to minimize duplication of regulation its recognition that existing regulatory and credentialing bodies already regulate most professionals using Financial Advisor and Financial Planner titles. This approach allows professionals who are regulated to opt-in to using the FP or FA titles with no obligation to do so.

FSRA’s proposed rule “focuses on minimum standards for title use, rather than seeking to build a consistent level of proficiency for all individuals who hold a license or designation.” This is a critical foundational approach that we support completely. Recognizing existing regulatory and credentialing regimes allows for flexibility while setting a minimum standard.

We believe that financial planning credentials such as the PFP® and the CFP® have set the standard for Financial Planners. Both credentials not only require robust knowledge and skills but are ISO 17024 accredited and already meet the credentialing criteria set out in the draft FSRA Guidelines.

FSRA has indicated that many licences who are in advisory roles would likely meet the competency requirements to be able to use the Financial Advisor title. We believe that IIROC and MFDA registrants would meet these minimum standards. Furthermore, these SROs have oversight and compliance regimes that are more robust than any credentialing organization.

We question, however, FSRA’s reasoning for excluding licensed insurance representatives from using the Financial Advisor title. The competency requirements set by CISRO have been strengthened considerably over the past decade.

CSI analyzed the LLQP curriculum versus FSRA’s FA competency profile. While we found that some knowledge areas such as economics, industry dynamics and ethics could be strengthened, the LLQP does have adequate coverage of the competency areas to meet the FSRA standard. We do note that the coverage of client discovery elements (KYC) while robust, is siloed depending on whether the coverage pertains to insurance needs or investment products (i.e. segregated funds and annuities). An overall client discovery approach that is not specific to any one financial product would be a more comprehensive approach.

If FSRA has concerns with the LLQP gaps mentioned above, we recommend that the FSRA suggest that CISRO make the necessary changes to the LLQP curriculum while remaining relevant for the insurance representative role. This would allow for better alignment with the proposed FA competencies and enable insurance licensees to use the FA title if they chose to do so. The benefit of working with pan-Canadian regulators (or groupings of provincial regulators) is that standards remain consistent across the country which is beneficial to the financial services industry and to Canadian consumers.

**Use of Similar Titles**

We have some concerns that FSRA is considering limiting the use of “similar titles” to FA and FP. While we appreciate that consumers should not be misled with confusing or closely related titles to FA and FP, we do think FSRA needs to provide clear guidance as to what they are contemplating. There are many legitimate and appropriate titles used by financial professionals and restricting them might lead to less information about advisor expertise and ultimately less protection for consumers.

**Transition**

Given that the proposed FA and FP requirements set by the FSRA are being set as a “minimum standard for title use” and that, the vast majority of professionals already have either securities, mutual fund or insurance licences, we recommend a shorter transition period, than has been proposed. For the FA title we recommend an 18-month transition period. For the FP title, we recommend a 30-month transition due to the more comprehensive education, examination and experience requirements of recognized financial planning credentials.

We truly appreciate FSRA’s extensive consultation with stakeholders over the past year and hope to continue the dialogue on the next steps in this process.

Regards,



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