



**FP Canada**<sup>TM</sup>

*Advancing Professional  
Financial Planning*

# RESPONSE TO CONSULTATION ON THE UPDATED PROPOSED FPTP APPLICATION GUIDANCE AND SUPERVISION GUIDANCE

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# INTRODUCTION

FP Canada is pleased to respond to the Financial Services Regulatory Authority of Ontario's (FSRA) consultation on the updated proposed Financial Professionals Title Protection (FPTP) Application Guidance and proposed Supervision Guidance (the Consultation).

A national certification and professional oversight body working in the public interest, FP Canada is dedicated to championing better financial wellness for all Canadians by leading the advancement of professional financial planning. There are about 17,000 CERTIFIED FINANCIAL PLANNER® professionals and about 1,900 QUALIFIED ASSOCIATE FINANCIAL PLANNER™ professionals (as at September 30, 2021), more than 9,000 of whom are in Ontario, who meet FP Canada's rigorous professional and ethical standards.

## COMMENTS ON THE PROPOSED CHANGES

We commend FSRA for these proposed changes to the Application Guidance and Supervision Guidance, which are reflective of FSRA's continued commitment to enhancing consumer protection. The proposed changes are thoughtful, well-founded, and will serve to strengthen the framework in the interest of consumers.

There are several proposed changes we wish to provide specific comment on.

### 1. Enhancements to the Code of Ethics Requirements

As part of the revised Application Guidance, FSRA has indicated it now expects an approved credential's Code of Ethics to include a requirement that credential holders will put the client's interests first.

FP Canada strongly supports this change. The notion of always putting the client's interests first is a central tenet of professional financial planning. A formal "Client First" principle was first added to FP Canada's own professional standards for credential holders in 2011. As we have seen recently with changes to securities rules, instituted through the Client Focused Reforms, it is quickly becoming a central tenet of other financial and investment advice.

By embedding this requirement directly in the Guidance and eliminating the voluntary nature (whereby some credential holders would have been subject to this standard while others were not), consumers seeking financial advice in Ontario can be more confident in the new framework, and the knowledge all Financial Planners (FP) and Financial Advisors (FA) using the captured titles will be acting in their best interests.

Moreover, this change will support consistency and harmonization with Saskatchewan, and ideally other jurisdictions that implement their own title protection frameworks in the future, thus contributing to improved consumer protection and outcomes not just for Ontarians, but for all Canadians.

## 2. Titles That Could Reasonably Be Confused with Financial Planner and Financial Advisor

We are strongly supportive of FSRA’s decision to eliminate the list of “examples of titles that likely would not reasonably be confused with FP and FA” (and would therefore not be prohibited or enforced), as published in the last consultation on the FFTP Rule and Guidance.<sup>1</sup> As we articulated in our submission to this consultation,<sup>2</sup> we did not believe publication of a list of uncaptured titles was in the public interest and felt that it would only serve to provide individuals who did not want to obtain an approved credential with a sanctioned list of titles to use to circumvent the legislation.

With respect to the examples of titles that FSRA believes “could reasonably be confused with the FP and FA titles,” and therefore will be prohibited for use by individuals without a corresponding credential, we are supportive of the list of titles that FSRA has published in Appendix 1 of the Supervisory Framework Guidance.

With that said, we do anticipate there will likely be more similar and confusing titles that emerge in the future that FSRA will need to act on in the interest of protecting consumers. Accordingly, we recommend that this list be treated as dynamic, and regularly updated to include other reasonably confusing and misleading titles that may emerge.

## 3. Complaint Handling

We are supportive of the enhanced complaint handling procedures proposed by FSRA, which include “informing complainants of alternative complaint handling options that may be available.” From the perspective of consumers, this is an improvement over the status quo, and could help to improve outcomes.

Importantly, this approach implicitly recognizes the critical, frontline role Credentialing Bodies (CBs) have in the intake and disposition of consumer complaints within the overall sector. CBs have the expertise and experience needed to oversee and enforce their own ethical and professional standards for their credential holders and it is therefore vital they continue to undertake this important role.

With respect to the proposed requirement that information provided to complainants should include “an outline of relevant potential benefits of having their complaint handled by another entity (e.g., access to third-party dispute resolution services and compensation schemes),” to ensure consistency, clarity, and accuracy in this communication, we recommend that FSRA itself provide to CBs the information it expects to be disclosed in a standardized manner so that it can be consistently and accurately shared with complainants through the CBs. This will help ensure consumers gain access to accurate, unbiased, and consistent information.

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<sup>1</sup> FFTP Rule and Guidance Second Consultation: <https://www.fsrao.ca/engagement-and-consultations/financial-professionals-title-protection-rule-and-guidance-second-consultation>

<sup>2</sup> FP Canada Response to FSRA Consultation 2021-003 – *Financial Professionals Title Protection Rule and Guidance*: [https://www.fpcanada.ca/docs/default-source/resources/fp-canada-response-to-fsra-consultation-2021\\_003-ftp.pdf](https://www.fpcanada.ca/docs/default-source/resources/fp-canada-response-to-fsra-consultation-2021_003-ftp.pdf)

## 4. Monitoring, Supervision, and Enforcement

We appreciate the additional details FSRA has provided with respect to its approach to monitoring and supervision of the framework, particularly as it pertains to CBs and individuals using the FP or FA title without an approved credential.

With respect to the oversight of CBs, we support the proposed risk-based approach to examinations and believe the listed examples of risk factors that may trigger such an examination seem appropriate.

In keeping with the proposed Guidance, we also support the publication of enforcement actions around non-compliance with the FPTPA on the FSRA website. We believe this transparency and consumer disclosure should also apply to CBs that have been approved preliminarily but are in the process of complying with all the CB approval requirements or if there are any subsequent deficiencies that must be remediated as a result of an examination. To ensure consumer protection, the public should be informed if an approved CB or its credential(s) no longer meet the requirements under the framework or have been flagged for potential deficiencies or required corrective action by FSRA.

In terms of the Annual Information Return (AIR) and the information CBs will need to report each year, we would recommend that this process, to the extent possible, be harmonized across jurisdictions with title protection frameworks.

## CONCLUSION

FP Canada would like to thank FSRA for the opportunity to provide comment. We wish to reiterate our support for the title protection framework, and for FSRA and the government's significant work to date on this important initiative.

The proposed changes to the Application Guidance and Supervision Guidance will serve to strengthen the efficacy of the framework, and further the public interest.

We look forward to continuing to work closely with FSRA and other stakeholders to operationalize the framework over the coming months.



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