



**Mutual Fund Dealers Association of Canada**  
Association canadienne des courtiers de fonds mutuels

December 13, 2021

Financial Services Regulatory Authority of Ontario  
25 Sheppard Avenue West, Suite 100  
Toronto, ON  
M2N 6S6

**Re: CONSULTATION ON THE UPDATED PROPOSED FINANCIAL PROFESSIONALS TITLE PROTECTION APPLICATION GUIDANCE AND PROPOSED SUPERVISION GUIDANCE (ID 2021-018)**

The Mutual Fund Dealers Association of Canada (MFDA) thanks the Financial Services Regulatory Authority of Ontario (FSRA) for the opportunity to provide our comments on the updated proposed Financial Professionals Title Protection Application and Supervision guidance.

The MFDA supports improving and enhancing proficiency standards within the financial services industry, and providing transparency to consumers regarding the expertise and knowledge of individuals providing financial planning and advisory services.

As set out in our prior submissions to FSRA, our general view is that the optimal approach to efficiently, and effectively implementing a title protection framework is to work within the existing securities and insurance frameworks.

The Canadian Securities Administrators has established a Client-Facing Registrant Title Project Committee, with SRO participation, to conduct research and consult with stakeholders regarding the client-facing titles used by registrants, and to formulate recommendations on title regulation. We encourage regulators in the securities, and insurance sectors to collaborate on a national basis to establish mandatory, consistent and harmonized standards for title use among their respective registrants. Proficiency requirements for all titles, including the FA and FP titles, can be set out under securities or insurance law and/or SRO Rules. The scope of title reform should not be limited to the use of the FA and FP titles, but should mandate specific titles relating to advisor proficiency to eliminate client confusion. Reliance on the existing financial services regulatory framework will achieve the objectives of title protection, while avoiding the potential for duplication and overlap of regulatory efforts, unnecessary costs, regulatory burden, and consumer confusion.

Our submission focuses specifically on procedures for the handling of complaints with respect to individual title holders who are regulated by the SROs, and who also hold credentials from non-regulatory credentialing bodies. We are concerned that the title protection regime, as currently proposed, may jeopardize the ability of investors to receive the optimal outcome with respect to

the redress of complaints.

## MFDA Comments

### **Credentialing Bodies – Criteria and Duties (Conduct Oversight of Credential Holders)**

Approximately 90% of MFDA Approved Persons in Ontario hold credentials from other credentialing bodies. We appreciate that requirements for an appropriate Code of Ethics, and Complaint Handling/Disciplinary process are intended to complement existing regulatory frameworks (in light of the fact that many MFDA Approved Persons hold credentials from other non-SRO credentialing bodies). However, there is, in our view, a strong potential for confusion as to whose standards apply with respect to which activities and which entities would have responsibility for enforcement.

The revised proposal adds the following text, which addresses alternative complaint handling options:

*“...where the credential holder is also a registrant/licensee with a regulatory body or holds an approved credential with another approved CB, informing complainants of alternative complaint handling options that may be available. This should include providing the complainant with 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)”*

Merely informing complainants of alternative regulatory options, inappropriately places the burden on the complainant to navigate such options, and different regulatory regimes, to try to determine which complaint handling process applies or is best suited to their particular circumstances. We note that sanctions imposed by financial service regulators for breach of regulatory requirements exceed those available to credentialing bodies for violating standards of conduct or codes of practice.

Where an MFDA Approved Person also holds a credential from a non-SRO credentialing body and there are alleged violations of MFDA Rules in respect of an individual title holder, MFDA regulatory processes (as approved and overseen by the provincial securities regulators) must take precedence to ensure that clients are not negatively impacted. In light of the more robust complaint handling regime of the MFDA, as a recognized SRO, in contrast to those of non-SRO credentialing bodies, and the availability of an ombudservice, and investor protection plan coverage, consumers must be directed to the SRO responsible for handling their complaint, and SRO complaint handling requirements must take priority. In our view, this can be accomplished through terms and conditions on non-SRO credentialing bodies during the course of your approval process.

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We thank FSRA for the opportunity to provide our comments, and look forward to working together on this important initiative.

Yours truly,

A handwritten signature in blue ink that reads "Paige L. Ward". The signature is written in a cursive style with a large initial 'P'.

Paige L. Ward  
General Counsel, Corporate Secretary & Vice-President, Policy

**DM#858763**