

Feedback on Proposed Guidance Re: Use of Team Names in the Mortgage Brokering Sector

While it is understandable that many licensees seek opportunities to differentiate themselves through marketing, the primary focus must remain on serving the best interests of consumers. That said, I believe a balanced approach can be achieved—one that provides licensees with the branding flexibility they desire while maintaining necessary safeguards.

In issuing this guidance, FSRA has a responsibility to ensure that both consumers and the sector are protected from potential harm. Therefore, the guidance must be strengthened to address existing practices that could lead to consumer harm or enable licensees to obscure conduct that would not be deemed acceptable within the sector.

The following enhancements to the guidance should be put in place based on the aforementioned:

- 1) Team names must be registered with the Ontario Business Registry (either as a trade name or a corporation name). This help to prevent the name from being duplicated across the sector. If registered as a corporation, this cannot be the corporation that their commission is paid to.
- 2) Team names must be approved by the Brokerage. The Brokerage would have the responsibility to review the appropriateness of the name, review it for conflicts or potential conflicts and validate that it is properly registered as per item #1 above.
- 3) The team can only be run by a Broker. This is consistent with the supervision requirements already in place.
- 4) Team names cannot be more prominent than the brokerage name on public relations material. This requirement ensure that consumers are always aware of the brokerage that they are transacting with and that team members are not deliberately making the brokerage name small or making it a footnote in public relations materials and websites.
- 5) The Team Leader should have responsibilities for supervision of the team that coincide with the Brokerages responsibilities. The Team Lead (being a broker as per item #3 above), should have the same responsibilities as a proxy for the Principal Broker as the team would be interacting more often with the Team Leader. This is not to try to absolve or reduce the supervision requirement of the Principal Broker, instead it is to ensure that adequate oversight is present as the

Team Lead would have to reinforce the requirements of the Principal Broker and the Brokerage.

- 6) A team cannot exist within a team. Current, despite the restriction of team names, there are teams that are operating within teams. This layering of teams creates a pyramid that only serves to mask relationship with the brokerage, confuse consumers and create barriers to effective supervision.
- 7) The team leader and all members of the team are subject to all policies and procedures of the brokerage and cannot operate under any other policy and procedures of the team. As common sense as this may sound, if not included in the guidance it leave room for selective interpretation where none should exist.
- 8) A team leader cannot operate multiple teams. This is no ensure no confusion with consumers nor undesirable activity by agents/ brokers.
- 9) Agents/ Brokers cannot be part of more than one team. This is no ensure no confusion with consumers nor undesirable activity by agents/ brokers.
- 10) Agents/ Brokers can only be part of a team under the same brokerage that their license is held with. There are currently cases where licensees with different brokerages are advertising together as a team. This practice leads to client confusion and mid-representation as it's not clear which brokerage the client is actually working with.

1. On a scale of 1 to 5, how likely will the new guidance on team names lessen client confusion? (1 = not likely, 5 = very likely)

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2. On a scale of 1 to 5, how likely will the new guidance on team names ensure the brokerage remains accountable for the team's conduct? (1 = not likely, 5 = very likely)

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3. In your opinion, how can these requirements be strengthened to achieve these outcomes?

See recommendation above.

4. On a scale of 1 to 5, how likely would the use of team names reduce the effectiveness of a brokerage? (1 = not likely, 5 = very likely)

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5. On a scale of 1 to 5, how likely would the use of team names reduce the effectiveness of the principal broker supervising those teams? (1 = not likely, 5 = very likely)

4 (without the recommendations noted above)

6. In your opinion, what could be done to improve the effectiveness of team names?

There should be the same amount of regulatory requirements on a team leader as there is on the Principal Broker along with the recommendations already mentioned.

Thanks,

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Principal Broker

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