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Financial and Consumer Affairs Authority of Saskatchewan
601, 1919 Saskatchewan Drive
Regina, SK S4P 4H2
Attention: Dean Murrison, Director, Securities Division

VIA EMAIL
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August 28, 2019

Re: Consultation on the Regulation of Financial Planners and Financial Advisors

The Investment Industry Association of Canada (the "IIAC") appreciates the opportunity to provide input to the Financial and Consumer Affairs Authority ("FCAA") of Saskatchewan regarding the regulation of financial planners in the province.

The IIAC is the national association representing the investment industry's position on securities regulation, public policy and industry issues on behalf of our approximately 120 investment dealer member firms in the Canadian securities industry that are regulated by the Investment Industry Regulatory Organization of Canada ("IIROC"). These dealer firms are the key intermediaries in Canadian capital markets, accounting for the vast majority of financial advisory services, securities trading and underwriting in public and private markets for governments and corporations.

As outlined in previous stakeholder consultations and our submissions to the Ontario government, the IIAC supports additional clarity and standardization for the provision and supervision of financial planning in the industry. We recognize that there are many individuals who may hold themselves out as financial planners but may not have the necessary proficiency requirements and appropriate oversight.

Clarity and protection for investors, who are being served by a wide variety of people calling themselves financial planners, is welcome. It is imperative to ensure that those involved in financial planning have the necessary proficiency and meet minimum acceptable standards, thereby increasing confidence in the Canadian capital markets. This would be beneficial for all industry participants and, most importantly, for Canadian investors.

The IIAC supports the Ontario government's view that individuals using the title "Financial Planner" in Ontario must have the necessary training and expertise to provide financial planning services, thereby restricting the use of the title "Financial Planner" to individuals holding a recognized financial planning credential.

While the IIAC, in principle, does not object to the Ontario government passing the *Financial Professionals Title Protection Act, 2019* (the "Ontario Act"), the regulations that are subsequently developed will need to be examined closely to ensure they provide the necessary clarity for the financial services industry and the investing public. For example, it will be important to ensure that the regulations articulate what activity the FCAA is intending to capture, and enough specificity regarding who exactly is a Financial Planner.

As set out in our previous submissions to the Ontario government, the IIAC recommends that the regulation of Financial Planners extend not only to those who hold themselves out and/or use the title of Financial Planner, but also to anyone who provides Comprehensive Financial Plans to clients. Such a definition would provide clarity as to who is captured and subject to regulatory oversight.

A Comprehensive Financial Plan is taken to mean a complex written plan prepared as part of an integrated financial planning process encompassing areas such as financial management, insurance, risk management, investment planning, retirement planning, tax planning, estate planning and legal aspects. Financial advisors who are not Financial Planners also provide some planning as part of the service they offer to the public, such as investment or retirement planning services. Unlike these plans, a Comprehensive Financial Plan provided by a Financial Planner or someone who holds themselves out as a planner, is a complex plan that typically includes a deep dive into areas including tax, estate and all types of insurance. Financial planners may, in certain circumstances, and based on the client's needs, provide modular plans that address some but not all of the areas of financial planning, but such plans will generally be prepared as part of a seven-step or integrated planning process.

We also support the Ontario government's previously stated views that other titles may need to be addressed as individuals might attempt to use these similar titles to avoid the credential requirement, which would hamper consumer protection. However, focusing on titles alone without determining whether in fact an individual is providing activity that falls under a definition of financial planning, does not fully address the issue and ultimately would not adequately meet the objective of protecting consumers.

As IIROC-regulated firms, our members have indicated that, currently, they expect their financial planners to have acceptable financial planning credentials and the IIAC looks forward to providing additional comments on recognized credentials as the proposed framework develops through future consultations.

As the IIAC outlined in its submission to the Canadian Securities Administrators ("CSA") on its Consultation Paper 33-404 *Proposals to Enhance the Obligations of Advisers, Dealers, and Representatives Toward Their Clients*, the IIAC fully supports limiting the range and number of titles currently used in the industry to the extent that this in fact enhances clarity for investors.

However, we have expressed our concerns to the Ontario government regarding extending provisions related to financial planners to also capture financial advisors.

Our concern relates to the potential broadness of a definition of “Financial Advisor”. Previously proposed definitions by the Ontario government would theoretically cover *any* individual within the entire realm of the financial services industry. Therefore, such a definition would make it applicable to a wide range of financial services professionals, including registrants governed by IIROC and the MFDA.

While the title of “Financial Advisor” is not a registration category under securities legislation or an approval category under IIROC, it is an established title that is used generally in the financial services industry. Many individuals in IIROC firms use the title of financial advisor. However, the IIAC firmly believes that individuals using this title should be professionals with the necessary proficiency and education requirements.

The provision of financial advice is highly regulated in the existing regulated channels. This has been achieved for advisors in the securities and insurance industries with the development of an extensive framework of rules and regulations by the SROs, the OSC and the Financial Services Regulatory Authority.

Developing regulations for financial advisors in Saskatchewan that may contradict directly with regulations of IIROC and other regulatory bodies, including legislation of securities regulators, would be duplicative and inefficient. Furthermore, it would lead to confusion with potentially alternative standards in Saskatchewan (and Ontario) as compared to the rest of Canada, and lead to questions relating to the jurisdiction of various regulatory organizations. It is strongly recommended that the FCAA not impose differing or duplicative obligations on professionals who are already subject to extensive and exhaustive regulatory oversight. To that end, we recommend that FCAA focus any proposed requirements on only those individuals providing comprehensive financial plans to clients and/or use the title of Financial Planner.

As the IIAC has previously stated, we support the use of the title “Financial Planner” for individuals holding a recognized financial planning credential. However, it is important to work with all regulators across Canada to develop a list of approved titles for not only financial planners but for all those engaged in the financial services industry, which will promote greater transparency for potential and existing clients, particularly more vulnerable and less sophisticated investors.

The IIAC would also like to stress the need for a harmonized and national approach to any regulatory framework developed for financial planners. This is the only way that consumers can expect to receive uniform standards of service when they engage a financial planner, regardless of whether the planner offers its services through an IIROC-registered dealer, through another regulated channel or in another province.

Developing regulation solely in the province of Ontario or Saskatchewan fails to address the national scope of many of our members and the need to harmonize regulation of financial planning across all Canadian jurisdictions to avoid fragmentation, client confusion and inefficiencies in the system. A patchwork

approach to regulation where different requirements exist in different jurisdictions fails to provide the necessary level of protection that all Canadian consumers deserve.

Thank you for considering our submission. We would be more than pleased to meet with the FCAA to respond to any questions that you may have.

Yours sincerely,

A handwritten signature in cursive script that reads "M. Alexander".