

VIA EMAIL

June 17, 2016

Expert Committee to Consider Financial Advisory
& Financial Planning Policy Alternatives
Attention: Mr. Malcolm Heins, Chair
c/o Frost Building North, Room 458
4th Floor, 95 Grosvenor Street
Toronto, Ontario
M7A 1Z1

Dear Mr. Heins:

RE: Final Writtten Submission Addressing Questions Posed by the Expert Committee to Consider Financial Advisory & Financial Planning Policy Alternatives

Thank you for your request for final submissions regarding this important consumer protection initiative to review policy alternatives in the delivery of financial advice and financial planning services. CIFPs sees this as an opportunity to increase the quality of financial advice to Ontario financial consumers while maintaining the affordability and accessibility of this advice to enhance consumer protection and maximize consumer utility.

On behalf of its 7,500 + members, The Canadian Institute of Financial Planners (CIFPs) is pleased to provide you with this submission commenting on the above-noted issues, which are very important to its members. Further, our affiliate educational organization, The Canadian Institute of Financial Planning (CIFP) is pleased to represent the views of its 7,000 + students. We appreciate being asked to provide you with our views.

CIFPs is the professional association for financial planners in Canada. Many of the members of CIFPs are Certified Financial Planners (CFP®), which is the designation granted by the Financial Planning Standards Council (FPSC) to individuals who have met its educational standards, passed the FPSC Certified Financial Planner® Examinations, satisfied work experience requirements and agreed to abide by the FPSC Code of Ethics.

CIFPs provides its members with continuing education through courses and conferences, practitioner support services including mentoring, best practices and technical publications, regulatory support, and advocacy services on issues that have potential to impact financial planners. All members of CIFPs subscribe to the CIFPs Code of Conduct and Ethics.

As financial planners, the members of CIFPs include individuals registered as dealing representatives who are agents of firms registered as mutual fund dealers (members of the Mutual Fund Dealers Association of Canada) or as investment dealers (members of the Investment Industry Regulatory Association of Canada). CIFPs members can also be licenced insurance agents and many members are duly licenced as securities dealing representatives and as insurance agents. Our members operate in all provinces and territories of Canada, and individual members are registered and licenced in each of the provinces and territories where they work with clients residing in those provinces and territories.

CIFP has been involved in the delivery of high quality financial planning education to Canadian financial planners since 1972. Currently, CIFP offers educational programs in financial planning, retirement planning, and delivers customized financial education and training programs to many organizations in the financial services industry.

Additionally, CIFP through its CIFPs Retirement Institute is the licensing body for the Registered Retirement Consultant (RRC®) and Registered Financial & Retirement Advisor (RFRA®) designations. These designations are supported by a rigorous educational program of study and examination, work experience, annual continuing education, code of conduct & ethics, and standards of practice. Over 3,000 RRCs are currently licensed to provide the pre and post retirement, and life style planning needs of Canadians. With over 3,000 students currently registered in the RRC program, CIFP expects over 6,000 RRCs serving Canadians within the next 18 months.

Over 70% of our members, licensees and students reside in Ontario.

CIFPs is also a founding member of the Financial Planning Coalition which also includes the Institute of Advanced Financial Planners, the Financial Planning Standards Council and the Institut Québécois de Planification Financière. The Financial Planning Coalition has developed and is now promoting a common set of financial planning standards for Canada.

CIFPs and CIFP's strong focus and commitment to high standards of practice and education will guide and shape our comments to your questions in our submission.

Please accept our following final comments on your "Preliminary Policy Recommendations Of The Expert Committee to consider Financial Advisory and Financial Planning Policy Alternatives".

First, we thank you and your fellow colleagues for your thoughtful work on this important issue.

Second, we strongly support your recommendation to regulate financial planning. We ask you to consider further that the best method for the regulation of financial planning is through the creation of a professional body for financial planning through legislation. This model has proved to be the most effective for consumer protection and fostering a professional service value chain for consumers as demonstrated by the accounting and legal professions.

We do not believe this above objective will be fully realized if financial planning is left to be regulated by existing regulators and the proposed Financial Services Regulatory Authority (FSRA). A regulatory separation of financial planners from their licensed dealers is most desirable to ensure effective oversight of both financial planners and mutual fund / security

dealers, and / managing general agents (MGAs) to bring clarity of oversight and duty of care to each.

Moreover, we believe the main driving force of your recommendations should be to ensure Ontarians get the best possible financial advice through building a high quality and high standard professional financial planning workforce to serve financial consumers. If you accept this goal then there is only one choice – a professional body for professional planners through legislation. Your very difficult job is making these recommendations but we believe that this is the right decision regardless of the political considerations of stakeholders.

Third, under your recommendations – Harmonization of Standards, and Titles and Holding out, we believe there is a need to delineate between financial planning and financial advice in setting standards, and setting titles and holding out restrictions as outlined below:

- Clearly delineate between financial planning and other forms of financial advice as they are very different. This will require defining what is not financial planning and categorizing other types of advice for regulation and standards,
- Set credentialing standards for financial planners including related standards of practice, ethics, professional development, and approved titles and designations. As noted, a professional body is best to achieve this as the nature of the advice is complex and comprehensive similar to legal and accounting advice,
- Set credentialing standards including related standards of practice, ethics, professional development, and approved titles and designations for other types of advice that are not financial planning. The “Canadian Securities Administrators Consultation Paper 33-404 Proposals To Enhance The Obligations of Advisers, Dealers, And Representatives Toward Their Clients” is assessing some of these questions and we believe this work is an excellent resource for your final recommendations.
- If you recommend to restrict titles and designations for both financial planners and financial advisors then consider that the education providers that offer the education programs and/or related titles or designations should also be regulated. College and University education is regulated in Ontario and therefore, financial educational institutes should also be regulated similarly. In particular, financial educational institutes should meet both education and operations standards. Additionally, their programs, and related titles and designations should contain a comprehensive curriculum and program of study, continuing education, ethics and standards of practice.

Finally, we strongly support a Statutory Best Interest Duty (SBID) standard. We ask you to clarify and define in more detail what this standard will be and its reach. We believe that a one size fits all SBID will not work. We believe there is a difference between a SBID for financial planners and other types of advice givers. We support a full SBID for financial planners, and a lower SBID for other advice givers.

We have included our original submission for your convenience that provides more detail to our general comments in this letter. In general, we encourage you in your final recommendations to go further and craft a more detailed footprint for implementation to maximize success. All stakeholders are counting on the outcomes from your important work.

Thank you for considering our comments. Please contact Keith Costello, the President and Chief Executive Officer of CIFPs at 647-723-6447 or kcostello@cifps.ca if you have any questions about our comments or you would like to meet with us to discuss them further. We would be very pleased to meet with you and hope that you will include us in any further discussions or consultations that you decide to undertake.

Yours very truly,

A handwritten signature in black ink, appearing to read "Keith Costello". The signature is stylized with a large initial 'K' and a cursive 'C'.

Keith Costello, BADM, MBA-Strategic Planning
President & Chief Executive Officer