



September 20, 2022

Financial and Consumer Affairs Authority of Saskatchewan (FCAA)  
Insurance and Real Estate Division  
Suite 601, 1919 Saskatchewan Drive  
Regina, SK S4P 4H2

**Attention:** Gary Gehring, Policy and Programming Officer  
Insurance and Real Estate Division

Submitted by email: [finplannerconsult@gov.sk.ca](mailto:finplannerconsult@gov.sk.ca)

Dear Sirs/Mesdames:

**Subject: The Financial Planners and Financial Advisors Act – Notice of Proposed Regulations and Request for Further Comment**

Independent Financial Brokers of Canada (IFB) appreciates the opportunity to provide further comment on the proposed Regulations under *The Financial Planners and Financial Advisors Act* (FPFAA). IFB has been active in commenting on the proposed title protection framework in Ontario, Saskatchewan, and New Brunswick, and responded to the FCAA's previous consultation in October 2021.

#### *About IFB*

IFB is a national, not-for-profit professional association representing 3,000+ licensed financial advisors and planners. IFB members voluntarily choose to belong to IFB to access IFB's compliance tools and business support, advocacy and representation to industry, government, and regulators specific to those who operate independently owned financial practices, and to be kept up-to-date with evolving issues impacting the financial services industry. IFB members must agree to adhere to IFB's Code of Ethics and Standards of Professional Conduct as a condition of membership.

Independent financial advisors and planners provide consumers with personalized advice and have the ability to recommend products from various providers. They are an important alternative to the financial advisory services offered by proprietary or integrated financial firms, such as retail banks, whose employees or career agents are often restricted to advising only on their own products. IFB members often choose to become independent after beginning their career with a proprietary firm or a larger financial institution. They are typically owners of a small to medium-sized financial practice in their home community, where they often serve generations of clients during their years of practice.

The majority of IFB members are both life insurance licensees and mutual fund registrants. Many have other financial licenses or accreditations to allow them to address the broader needs of the individuals, families, and businesses they advise. These other financial services may include general (P&C) insurance, mortgages, securities/investment products, estate/tax planning, financial planning, and access to deposit instruments.

### *General comments*

To provide context to our remarks, IFB does not administer a credential, nor does it intend to apply to become an accredited credentialing body. This distinction is important as it allows us to represent the interests of our members, who are financial advisors and planners today, as well as provide our observations on this legislation in an impartial way, unhampered by the need to protect a particular credential.

IFB's principal interest in the FP/FA title protection framework is to ensure that the additional burden for licensees that will arise from restricting the titles of Financial Planner (FP) and Financial Advisor (FA) achieves the public policy goals intended by the Act and Proposed Regulations.

IFB commends the FCAA for reissuing this consultation based on the comments it received to its October 2021 consultation, as well as its observations related to the experience of FSRA in implementing similar legislation in Ontario. This second consultation raises important questions about creating a framework that is more meaningful for consumers and for those who seek to become an accredited FA. The FCAA has rightly identified that the proposed FA skills and competencies are not equivalent to the standard expected of accredited FPs, whose competencies are based on existing and often internationally recognized standards. This gap is particularly troubling given that oversight of the conduct of those earning the newly created FA credential has been delegated to credentialing bodies, none of which has a demonstrated history of FA education or providing such oversight.

IFB continues to raise the concern that the legislation requires that FPs and FAs need only attain the credential to hold out to the public. They do not need to be otherwise licensed or overseen by a financial regulator, nor do they need to maintain professional liability insurance (E&O). E&O is generally mandated for licensed planners and advisors, but the legislation does not require it for unlicensed accredited FPs and FAs. Since E&O provides consumers with affordable recourse and compensation, IFB sees this as a major consumer protection omission. It also provides unlicensed FPs and FAs with the opportunity to establish a fee-for-service practice, while not incurring the cost of E&O, and potentially putting their clients at a risk that most would be unaware of.

### *Consultation Questions*

#### Credentialing Bodies - Process when Approval Revoked or Operations Cease

As IFB is not a CB, we expect those who are will be in a better position to identify details on how this process might proceed. However, we offer the following comments.

Certainly, the possibility that a CB could have its accreditation or credential revoked speaks to the need for the FCAA to set a high bar when approving credentialing bodies. There must be a rigorous standard expected, and delivered, by any CB, and it will be incumbent on the FCAA to deliver robust oversight. Where this standard is not met, the FCAA will need to have a mechanism in place in the event it needs to revoke the accreditation of a CB, or its accredited credential.

These circumstances could be either that the CB fails to deliver the expected FP/FA program, or the CB has notified the FCAA that it will no longer support its accredited FP or FA credential, perhaps because it has not proven financially viable for the organization. In either case, the FCAA will need to have policies

and procedures to address such circumstances, and its effect on the individuals who have earned an accredited credential, or are in the process of earning the credential, from the previously accredited CB.

In our view, it would be unfair for individuals who have earned the FP or FA title in good faith to have it discredited or withdrawn. However, the solution may be different depending on the circumstances which have led to the revoking of the credential or CB. For example, if it was due to the CB's poor-quality education, testing, and/or oversight, it may be appropriate for affected individuals to be required to "top up" their credential with another CB. In the event a CB in good standing voluntarily withdraws its credential and serves notice that it no longer intends to support it, its accredited FPs and FAs could have oversight transferred to another CB. In either case, the FCAA and CB should have an agreement in place to determine how credential holders will be treated during any such transition or winding down period and set out its expectations in its associated guidance.

IFB recommends that the FCAA's approach to revoke a CB or credential be harmonized with FSRA's, as many CBs will offer the same or similar credentials to individuals wanting to earn the FP or FA title in both jurisdictions, and the treatment for affected credential holders should be consistent.

#### Approval Criteria for FA Credentials

In our opinion, the proposed "Comprehensive Approach" for FAs improves upon the previous proposal which aligned the base competencies for FAs with FSRA's Product-Focused Approach. We agree that it would bring the FP and FA titles more closely aligned in their knowledge and professional expectations, while maintaining an appropriate separation in competencies. We further agree that changes need only address the FA competencies, as the FP competencies are appropriate.

A major concern IFB has had since the introduction of this legislation in both Ontario and Saskatchewan has been whether the accreditation process to earn the FA title would, in fact, lead to any meaningful difference in education from that already required to operate as a licensed financial professional. While there are existing, well-recognized standards in Canada, and internationally, for some FSRA-accredited FP titles and competencies, no equivalent for an accredited FA title and set of competencies exists. The FCAA's Comprehensive Approach appears to better balance the role of the FA with that of the FP, as well as better aligning with the consumer's expectations that the advice they will receive will not be product-based but set a strategic financial direction.

We do, however, wonder about the practical implications for a licensed FA to offer advice and services outside of the constraints of their financial licence. Using the FCAA example, how would this apply in practice to FAs who hold a specific financial licence, like mutual funds, or are authorized to only recommend and sell the products of a particular provider? As the FCAA notes, this could perhaps be dealt with by the FA providing the client with disclosure of licenses held but does not address the possible mismatch in the client's expectations that they will receive broader, non-product related advice.

As we have commented in previous consultations, restricting the FA title raises potential conflicts for advisors operating in the existing regulatory system and may place individual FAs in situations where the FA title becomes window dressing.

### Decrease in Harmonization

IFB generally advocates for harmonized regulatory approaches as an advantage for consumers, who can expect to be treated consistently regardless of where they reside. Harmonization is also important for advisors and planners, like our members, who conduct business in multiple jurisdictions. Different rules can lead to confusion and potential errors.

In previous FP/FA submissions to Ontario and Saskatchewan, we suggested that any approach to titles would be best developed in conjunction with both the CCIR/CISRO and the CSA. This would have led to a national approach, where oversight of all titles that could be confusing or misleading to consumers would have remained with the regulatory and self-regulatory bodies.

Instead, we have the CSA's CFRs addressing the broader use of titles, the CCIR/CISRO Fair Treatment of Customers guidance, and some individual provinces enacting legislation specific only to the FP and FA titles which are dependent on a mix of privately-operated credentialing bodies. Harmonization does not seem evident even among provinces enacting or considering FP/FA title protection frameworks. Saskatchewan and New Brunswick are consulting on frameworks that deviate from Ontario's, introducing more potential for inconsistencies in what can be expected from credential holders for consumers and advisors.

Having said this, we appreciate the thoughtful consideration the FCAA has put into developing the comprehensive approach. Subject to our comments above regarding the practical implications for a licensed FA, the improved competencies appear to better align with client expectations and the services they can expect from a FA. This should outweigh any inconvenience related to the changes accredited credentialing bodies in Ontario will need to make to align with the Saskatchewan proposal. Indeed, it would be our hope that the Saskatchewan approach will be adopted by FSRA, and all CBs would enhance their programs.

We observe that there is precedence in Saskatchewan's title protection framework to deviate from the Ontario model. Examples included the requirement to address material conflicts of interest in the best interest of the client, and to place the client's interests first when making a suitability determination. Also, under its legislation, the FCAA has the ability to pursue fines, unlike FSRA which is restricted to issuing compliance orders. IFB does not think the consumer-focused rationale that the comprehensive approach would introduce should be measured against the potential costs for CBs to upgrade their courses. We note that these costs will only affect courses in Ontario approved for the FA title. We do not anticipate any changes will be required for the FP credentialing courses.

It is true that if Saskatchewan pursues the comprehensive approach for FAs, and Ontario course providers do not adjust their course material, that existing Ontario-accredited FAs may not wish to upgrade to use the title in Saskatchewan. However, it is our view that reputable course providers will make the adjustments given the potential for significant improvement in the FA standard and consumer outcomes. It would also be our hope that FSRA will recognize the benefits of the comprehensive approach and make meaningful changes to its current curriculum. Saskatchewan's model could well be introduced by New Brunswick if it introduces title restriction legislation. However, we note that New Brunswick is considering aligning its legislation to be closer to the Quebec model.



We urge the FCAA not to be dissuaded by those who seek the easiest and cheapest solution to market their FA title – what some would characterize as a race to the bottom. It has been our stated concern from the beginning that Ontario’s legislation is flawed and as such risks making the title restrictions a burden for advisors and planners, without any real consumer benefit.

Mandatory Disclosure of Credentials

As IFB recommended in its October 2021 response to the FCAA, we believe consumers should be able to easily search the title their advisor holds, any disciplinary history and the credentialing body responsible for their oversight – similar to that in place for licensed advisors and planners. The FCAA has asked for comments on whether it would be useful for advisors to indicate if they are, for example, FA life insurance, FA mutual funds, in reference to their licensing category.

While this would be helpful for consumers engaging with a licensed FA/FP, IFB again raises our concern that to become an accredited FA or FP, the individual does not need to hold any financial licence. Consumers should know if their FA or FP is licensed and by which regulator(s). Equally, they should know if their FP/FA is not licensed, and conduct oversight is only through the credentialing body. In this latter case, clients will have more limited access to complaint mechanisms and monetary restitution. The legislation does not require accredited FPs and FAs to carry professional liability insurance (E&O). We find this puzzling as it is generally a mandatory requirement for financial professionals because of the benefit it provides to clients, and we wonder why clients of accredited, but unlicensed, FPs and FAs should not have equal access to this protection.

Below is our simple chart of how the disclosure of an individual’s title and licensing could be shown:

<b>NAME</b>	<b>ACCREDITATION</b>	<b>CREDENTIALING BODY</b>	<b>LICENSE(S)/REGULATOR(S)</b>
John AAA	FA	XYZ CB	Life insurance (FSRA), Insurance Council
Tracy BBB	FP	FP Canada	Not applicable
Paul CCC	FA	ABC CB	Securities registrant (MFDA)*
Susan DDD	FP	FP Canada	Securities registrant (IIROC)*
Joe EEE	FA	DEF CB	Not applicable

\*(this will be replaced when the MFDA and IIROC transition to the single SRO in 2023)

Transition Date and Implementation Period

IFB has no particular objection to using July 3, 2020 as the transition date, although the longer the time that elapses between that date and the date the Act comes into force, the more likely it is to raise confusion for FPs, FAs, firms and regulators as to who qualifies to use these titles.

Fees and Fee Structure

These are questions best addressed by CBs or prospective CBs. However, it is likely that if the cost to acquire and maintain a credential is high, advisors and planners will pass these costs on to clients, making engaging the services of such FPs and FAs unaffordable for the average consumer.



In closing, IFB would be pleased to discuss any of our comments and this submission at the request of the FCAA. This is important legislation which has the potential to impact many existing financial professionals and consumers.

IFB commends the FCAA in proposing such thoughtful changes that would make the FA title more meaningful and better align it with the expectations of a consumer seeking advice. We do, however, wish to reiterate our position that clients of existing, licensed planners and advisors, who choose not to pursue the FP or FA title, should not be concerned about receiving a lower level of care. The robust oversight provided by regulators in the life/health insurance industry and securities industry, along with the significant emphasis on transparency, disclosure, and existing client complaint mechanisms, serve clients well in communities of all sizes across Canada.

When the FCAA intends to operationalize its framework, it will be important to structure any public outreach and communications to the public on the new framework, in a balanced and fair manner. While using the services of an accredited FP or FA can represent a choice for consumers, the introduction of these standards should not undermine consumer confidence in the advice and services provided by those who choose not to obtain the FP or FA credentials. It's important to communicate that these individuals are duly licensed, and their market conduct is overseen by provincial insurance and securities regulators. Licensed advisors and planners provide a much-needed resource for clients in communities across Canada and preserving access to the personalized advice they provide should remain a regulatory priority.

Should you have questions or wish to discuss our comments, please contact the undersigned, or Susan Allemang, IFB's Director, Policy & Regulatory Affairs (E: [sallemang@ifbc.ca](mailto:sallemang@ifbc.ca)).

Yours truly,

***"Nancy Allan"***

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