

September 1, 2021

Insurance and Real Estate Division  
Suite 601, 1919 Saskatchewan Drive  
Regina, SK S4P 4H2

Sent via email to: [finplannerconsult@gov.sk.ca](mailto:finplannerconsult@gov.sk.ca)

Dear Sirs/Mesdames,

**Re: Notice of Proposed Regulations and Request for Comment  
Proposed Regulations [2021-001]  
The Financial Planners and Financial Advisors Regulations**

On behalf of Advocis, The Financial Advisors Association of Canada, we are pleased to provide our comments to the Financial and Consumer Affairs Authority of Saskatchewan (“FCAA”) in regard to its Notice of Proposed Regulations and Request for Comment, Proposed Regulations [2021-001] *The Financial Planners and Financial Advisors Regulations* (the “Consultation”).

**A. ABOUT ADVOCIS**

Advocis is the association of choice for financial advisors and planners. With over 17,000 member-clients across the country, we are the definitive voice of the profession. Advocis champions professionalism, consumer protection, and the value of financial advice. We advocate for an environment where all Canadians have access to the professional advice they need.

Advocis members advise consumers on wealth management; risk management; estate, retirement and tax planning; employee benefits; and life, accident and sickness, critical illness and disability insurance. In doing so, Advocis members help consumers make sound financial decisions, ultimately leading to greater financial stability and independence. In all that they do, our members are driven by Advocis’ motto: *non solis nobis* – not for ourselves alone.



## **B. INTRODUCTION**

With the launch of the Consultation, we commend the FCAA for taking a major step towards developing a framework (the “Framework”) to restrict the titles of Financial Advisor (“FA”) and Financial Planner (“FP”) to qualified individuals. Regulating these titles will enhance consumer protection: both titles are consumer-facing and ubiquitous in their use. Our own studies have shown that consumers erroneously believe these titles are already regulated,<sup>1</sup> signalling a level of professional skill and conduct that is not grounded in reality. The fact that the titles are not regulated, combined with consumers’ misplaced trust in these titles, puts Saskatchewanians at risk. The Framework promises to address this situation.

To put consumers first, it is critical that the minimum standards set for both titles represent a meaningful enhancement over the status quo. Frankly, we all know that the retail financial services sector contains many licensees who are fundamentally product salespeople, with little interest in developing long-term, client-centric professional relationships. There certainly is a role for sales-first licensees, but these intermediaries should not be afforded professional standing through the use of government and regulator-sanctioned titles.<sup>2</sup> Consumers deserve better, and Saskatchewan can lead by setting a higher bar.

This higher bar would align with modern consumers’ expectations of financial advice and planning professionals. There was a time when FAs and FPs were seen primarily as transactional conduits to purchasing product. But their role has evolved, with the client relationship now taking centre stage. As noted in the Consultation’s baseline competency profiles, both FAs and FPs engage their clients to understand their objectives, priorities and areas of need; any discussion and transaction in suitable product only fulfills part of the strategy to achieve those objectives.

All of the foregoing is to emphasize the following: a qualifying credential for either the FA or FP title should require rigorous education in regard to both technical knowledge and client relationship management. On the technical front, this means requiring that credential holders

---

<sup>1</sup> In September 2019, Advocis asked 800 Saskatchewanians about their thoughts on the regulation of Financial Advisors. The poll, carried out by Abacus Data, yielded eye-opening results:

- 51% of respondents believed the title of “Financial Advisor” was already regulated, with the misperception being even greater amongst lower-income residents;
- 82% believed that a professional code of conduct for Financial Advisors should be mandatory; and
- 87% supported legislation to regulate the title of Financial Advisor.

Advocis conducted similar polls in other provinces, and the results were similar.

<sup>2</sup> We would emphasize that the Framework does not remove product-first salespeople from the industry, who can continue to work using an unregulated title. The Framework does allow consumers to understand, at a glance of a title, whether the advisor/planner they’re working with meets official, professional standards.



demonstrate proficiency in multiple substantive areas – not just one or two narrow fields – so they are equipped to provide holistic advice. On the client relationship front, this means having a “client-first” mindset, with a focus on understanding and serving the client’s best interests rather than using sales training to match a product with a consumer.

This title protection initiative is a once-in-a-generation opportunity to get it right and enhance consumer protection. The granting of a professional, regulated title must go hand-in-hand with the modern consumer’s expectations about their FA and FP professionals. By integrating the improvements to the Framework that we raise below, we can collectively meet this challenge and arrive at a place where consumers can confidently rely on the skills and conduct of their financial professionals.

### C. COMMENTS

Our specific responses to the Consultation questions are as follows.

#### **FP and FA Credentials**

1. The FCAA is seeking feedback on the above approach and whether the Proposed Regulations and FP and FA baseline competency profile adequately reflect the technical knowledge, professional skills and competencies that should be included in a credentialing body’s education program to establish the minimum standard for FP and FA title users.

#### **FP Baseline Competency Profile**

In our view, the proposed FP baseline competency profile is appropriate (with the caveat regarding errors and omissions insurance, discussed later in this submission), so long as the expectation is that the credential provide education in each of those six technical areas (and how they interconnect with each other) as part of its curriculum. This contrasts with an expectation that an FP title user actively engage in the practice of each of those areas. In practice, it is exceedingly rare that any FP will be engaged in all six areas in meaningful depth.

We note that the FP baseline competency profile included in the Consultation is reproduced from that developed by the Financial Services Regulatory Authority of Ontario (“FSRA”) in its August 2020 draft, *Consultation [2020-008]*<sup>3</sup> (“FSRA-1”) and not its revised May 2021 draft, *Consultation [2021-003]*<sup>4</sup> (“FSRA-2”). We would recommend incorporating the explicit expectation from FSRA-2 that the “education program should demonstrate a product-agnostic

<sup>3</sup> At: <https://www.fsrao.ca/media/2051/download>

<sup>4</sup> At: <https://fsrao.ca/engagement-and-consultations/financial-professionals-title-protection-rule-and-guidance-second-consultation>



approach to client discovery” and that “client discovery [is] the foundational process for engaging with clients in order to provide financial planning services, regardless of the product being sold or service being offered.”

We strongly support this product-agnostic, client-centric approach, both for the FP level and the FA level (as we explore further below).

### **FA Baseline Competency Profile**

Here, we also note that the Consultation includes the FA baseline competency profile from FSRA-1 (the “FSRA-1 FA BCP”), rather than the revised draft from FSRA-2 (the “FSRA-2 FA BCP”); however, the Consultation does reference to the existence of FSRA-2 so the decision to include the FSRA-1 FA BCP here is not simply a matter of when this Consultation was drafted. Regardless of which version the FCAA is considering, we have major reservations with both of FSRA’s FA baseline competency profiles and we address them each below.

- *FSRA-1 FA BCP*

We will first address our concerns with the FSRA-1 FA BCP as that is the version in the Consultation. We believe this competency profile is fundamentally deficient in its expectations regarding the technical proficiency of credential holders by demanding proficiency in as little as one of the named competencies. Someone so narrowly equipped is a one-dimensional technician who cannot reasonably be said to offer the holistic service that aligns with consumer expectations of a regulated profession.<sup>5</sup> Instead, we believe that an FA credential should require technical education in at least four of the six categories, with a firm view to elevating this expectation to all six categories in the future.

More generally, we are concerned that the FCAA’s expression of such starkly different technical expectations of FAs relative to FPs indicates a misunderstanding of what these two groups of professionals actually do. We recognize that FAs can be more difficult to define than FPs: while the work of both FAs and FPs can touch upon the same technical areas, an FA’s work tends to be more discrete than an FP’s, with the FA’s mandate being more tailored to the client’s acute needs. An FA does not usually present a formal holistic financial plan that spans multiple topics over several years, which is the signature characteristic of the FP baseline competency profile. However, in our experience, very few clients actually seek a financial plan of this nature and it is uncommon for FP-qualified individuals to produce such financial plans.

An FA typically performs a deeper dive into fewer financial topics that are of immediate concern to the client, such as how to finance a large purchase or shelter loved ones from

---

<sup>5</sup> We discuss the unreasonableness of deeming a single-skilled technician as a “professional” in the section below regarding the intersection of the Framework with the Client-focused Reforms and Fair Treatment of Customers Guidance.



financial risk. Despite their discrete and immediate scope of work, many FAs do help their clients in a holistic manner: it is common for clients to return to their FA seeking additional financial advice on other topics as their lives change and personal circumstances evolve. Responding to these life changes, FAs provide their clients with “modular” financial plans, built through relationships that last many years. FAs address their clients’ financial concerns at the time clients actually need the advice, arguably in greater depth and with more direct relevance than what is covered by a point-in-time integrated financial plan.

The scope of an FA’s immediate mandate may be narrower relative to an FP’s, but the FA’s work is often deeper and more impactful within that mandate. So an FA’s clients are deserving of no less when it comes to their advisor’s conduct and skill. The qualifying credentials for both titles should reflect that professionalism and breadth of required skill. The FCAA would be remiss to approach the Framework under any other impression.

- *FSRA-2 FA BCP*

If it is the FCAA’s intention to model its FA baseline competency profile on the FSRA-2 FA BCP, we would also have serious reservations with that approach. The FSRA-2 FA BCP centres its expectations for FA credentials on an investment action and expertise in an investment product – effectively, an investment product sales license would qualify, which would be a significantly worse outcome for consumers compared to the unbiased, product-agnostic approach taken in the FP curriculum.

A product-focused sales license should not qualify as a credential that makes its holder a professional meriting public confidence and trust. Training that is fundamentally based on product sales handcuffs the client relationship and effectively predetermines that the client outcome will include a recommendation to purchase the licensed product. This is intuitive: if a salesperson has been narrowly trained on how to sell a particular product, that is what he or she will attempt to do in dealings with clients. This “cart before the horse” approach does not put consumers first.<sup>6</sup> The fact that some mutual fund sales courses can be completed in as little as a weekend only exemplifies the minimal focus on clients’ holistic needs.

---

<sup>6</sup> We believe we are one of relatively few stakeholders that the FCAA will hear from that is in a position to opine on this subject fairly. We represent thousands of financial advisors and planners who meet with clients directly and provide them with the financial advice and literacy they need. Nearly all of our members have successfully completed mutual funds and insurance product licensing. On the strength of their input, we are able to offer a unique product-agnostic and cross-sectoral view of the modern consumer.

Our members have resoundingly told us that neither insurance nor mutual fund licensing is sufficient to demonstrate the professionalism and client-centric thinking that modern consumers require. If the FCAA generally accepts that consumer needs have evolved into an advice-first mindset over a product-first mindset, we believe it would be impossible to justify a product-first credential as qualifying for a Framework that is designed to be about consumer protection.



More generally, a product-centric approach is regressive and runs counter to the modern, professional vision of financial advice and planning that puts the client relationship at its core and makes ancillary any transaction in product. In fact, systematizing product bias at the FA level would undermine the FCAA's own expectation that the credential holder act ethically in identifying or managing conflicts of interest. A credential curriculum that is, at its core, predicated on transacting in a product represents a source of conflict and bias that will necessarily harm the quality of client recommendations.

It is particularly difficult to accept a two-tiered approach to client-centricity when considering the primary objective of the title protection framework: to establish minimum standards for use of the FP and FA titles so that consumers and investors can have confidence that the persons using these titles conduct themselves appropriately when providing financial planning or financial advisory services.

- *The Role of the CFRs and FTC Guidance in Setting Minimum Standards*

In the Consultation, the FCAA notes that some parties have indicated a preference for a higher minimum standard to apply to individuals who are using the FP or FA titles.<sup>7</sup> But seemingly as justification for why higher standards might not be included within the Framework itself, the FCAA states:

*The Client Focused Reforms (“CFRs”)... and the Conduct of Insurance Business and Fair Treatment of Customers Guidance (“FTC Guidance”)... contemplate standards for the investment and insurance industry that require that investors’ and consumers’ interests not be subservient or subordinate to the interests of others, including the regulated service provider. ... It is our view that incorporating this standard into the Proposed Regulations will advance the overall objective of the [Financial Planners and Financial Advisors Act] to establish and regulate credentials that consumers can look to with confidence when seeking out financial planning and financial advisory services to assist them with the very important task of managing their financial future.*

We see both the CFRs and the FTC Guidance as excellent initiatives by securities and insurance regulators, respectively. Both the CFRs and FTC Guidance speak to enhancing the standard of conduct expected of their intermediaries and we have supported the development of these multi-year projects. In short, these two initiatives require intermediaries to use the skills that they have in the best interest of clients.

But neither the CFRs nor FTC Guidance do anything to enhance the technical proficiency of advisors or planners; that is, they do nothing to expand the FA's or FP's actual skill set. As we

---

<sup>7</sup> We would be proud to be counted amongst those parties.



stated earlier in this submission, someone who has earned a professional title must exemplify this professionalism in regard to both conduct and technical proficiency. But as currently set out in the FA baseline competency profile, a qualifying credential at the FA level need only to provide education in as little as one technical area. This skill set is far too limited to be considered a professional who can offer holistic service.

This is akin to having a medical professional who adheres to high conduct standards but who is only trained in one technical skill, such as measuring blood pressure with an arm cuff; in this analogy, he or she would not need to be trained to listen for heart murmurs, look for ear infections, or test the patient's reflexes. All patient interactions would be limited by this training: whatever the patient's actual ailments, the practitioner would shepherd the patient towards a blood pressure test because that is the tool the practitioner knows how to use. The narrow scope of skill would be justified by saying that the practitioner adheres to the Hippocratic Oath. Clearly, this is ridiculous and falls short of what we expect of professionals in the field. But that is analogous to what is being floated at the FA level for professionals dealing with the public's financial health.

Both high conduct standards and technical proficiency are expected and required of professionals. Neither are sufficient on their own. The CFRs and FTC Guidance help inform one part of the professional equation, but they alone do not address the need for higher standards. Leaving this major shortcoming unaddressed is certainly not in the best interest of clients, so we urge the FCAA to rethink its position in this regard.

- *A note on the LLQP*

While the FCAA does not specifically comment on the disposition of the Life License Qualification Program ("LLQP") as a potential credential for the Framework, we would like to make our position clear: the LLQP should not qualify for either the FA or FP title. As a program that is focused on teaching its students on how to transact in life insurance products, the LLQP should fail to qualify on two fronts: i) its students fail to learn the breadth of technical competencies needed to provide the holistic service expected of a professional; ii) as a "product-first" sales training program, it is not client-centric and the recommendations of its graduates will, by training, be biased towards the purchase of life and health products.

In Ontario, FSRA has recognized the shortcomings of the LLQP and has essentially ruled it out from consideration for its framework. It has stated that "the LLQP curriculum does not fully align with its minimum education standards for the FA credential, as it does not provide life insurance agents with a sufficient level of knowledge and competency for FA title use. In particular, FSRA has identified gaps in the LLQP curriculum with respect to the Canadian financial services marketplace, economics, and the fundamentals of dealing with retail clients."<sup>8</sup>

---

<sup>8</sup> At: <https://fsrao.ca/industry/financial-planners-and-advisors-sector/financial-plannerfinancial-advisor-fpfa-title-protection-framework-consultation-summary-report>





We agree that the LLQP must be excluded from qualification in Ontario's framework, and the same reasoning applies to Saskatchewan.

- *Our vision for the FA Baseline Competency Profile*

The bottom line is that we do not believe there should be many (or any) substantive differences between the baseline competency profiles for FAs and FPs. Recall that from the client's perspective, both FAs and FPs are expected to offer essentially the same services and consumers are not readily able to differentiate between the two titles.<sup>9</sup>

As we discussed earlier, the main difference between these two groups of professionals is that FPs are more likely to develop point-in-time integrated holistic plans for clients, whereas FAs tend to have more immediate but deeper mandates in fewer technical areas. FAs often develop modular financial plans for their clients over the years as clients return for additional advice on dealing with life's changes. But we do not expect clients to understand these nuances; nor should they have to.

The simple reason that the FCAA must protect both titles, FA and FP, is that both are widely-used and consumers put faith in both as being meaningful and regulated in some manner. Our mission is to make regulatory reality line up with consumer expectations. And when it comes to developing their baseline competency profiles, their credentials must be guided equally by two fundamental principles:

- 1) They must be client-centric and product-agnostic, to ensure the priority of the client's interest above all else; and
- 2) They must teach the skills needed to be proficient in multiple technical areas, to demonstrate the holistic breadth of skill expected of a professional.

These two principles must be at the core of both the FA and FP baseline competency profiles.

#### **Disclosure**

2. The FCAA is seeking comments on whether FP and FA title users should be required to disclose to their clients the credential they hold that affords them the right to use the FP or FA title. The FCAA is seeking feedback on the form that this disclosure could take and the overall consumer benefits it could achieve.

---

<sup>9</sup> FSRA conducted consumer research in advance of its second consultation. It found that only 31% of consumers are confident that they can explain the difference between FPs and FAs, and only 6% are completely confident. The research also found that the type of services that FP clients and FA clients expect from their professionals is also very similar. See *Appendix C - Consumer research for the FP/FA Title Protection Framework of Notice of changes and request for further comment on FPTP Rule* (May 11, 2021) at: <http://fsrao.ca/industry/financial-planners-and-advisors-sector/notice-changes-and-request-further-comment-fptp-rule>.





Advocis strongly believes that FP and FA title users should be required to disclose the credential that affords them the right to use that title. In its Consultation, the FCAA states that its aims in the title protection initiative are to establish minimum (but not necessarily equal) standards for use of the titles. This objective contemplates some variation in the standards and rigour of the credentials recognized at each of the FA and FP levels. Consumers have a right to know about these differences.

Without disclosure of the specific credential (for example, if just the blanket title of FA or FP is disclosed to the consumer without disclosing the actual credential), the title protection initiative could incent a race to the bottom, where prospective title users could gravitate towards pursuing the easiest/least rigorous pathway that grants access to the title and all the associated public trust.

In contrast, by requiring the disclosure of the credential (along with an expansive consumer education campaign, for which we would be happy to participate), consumers could appreciate that not all credentials are created equal. This could create consumer demand for those FAs and FPs who have earned higher-quality credentials, thus incenting prospective title users to pursue quality. Proper disclosure could incent a race to the top.

Disclosure of the credential should also go hand-in-hand with disclosure of the credentialing body. This is for a very practical purpose: should the consumer have a complaint about the FA or FP, the consumer needs to know the identity of the credentialing body to engage that body's complaints, investigations and disciplinary infrastructure.

In terms of the form of disclosure, we believe that in any form of written communication (such as a business card, email signature, or otherwise), the title user should first use the restricted title (whether FA or FP). Immediately after in subscript or parentheses, the name of the credential and credentialing body should be disclosed. For example, a business card could appear as follows:



Verbal disclosure could be simpler for practical purposes. We would suggest a script along the lines of the following: "I am a Financial Advisor because I've earned the Professional Financial Advisor credential."



### Transition Date

3. The FCAA is seeking feedback on whether the proposed transition date of July 3, 2020 is appropriate or, if you wish to propose another date, the benefits of the proposed date.

We support the selection of a clear *ex post* transition date that prevents actors from manipulating the intent behind the transition period. Where possible, we would encourage harmonization with other jurisdictions – in this case, as FSRA has already published January 1, 2020 as its transition date and the date serves substantially the same purpose in both the FCAA and FSRA frameworks, we would encourage the FCAA to also use January 1, 2020 if possible. A harmonized date would make it administratively easier for those would-be title users that serve clients in both Saskatchewan and Ontario.

Otherwise, we have no particular concerns with the selection of July 3, 2020.

### Exemptions and Challenging Examinations

4. The FCAA is seeking comments on whether the framework should allow for any exemptions. In particular, the FCAA is requesting comments on the principles governing an exemption regime, the extent to which exemptions may be required, to whom they should be made available (if at all), and the benefits and drawbacks of permitting exemptions.

Like the FCAA, we do not want the title protection framework to create unnecessary regulatory burden. However, consumer protection must not be compromised. In considering whether an exemption from the framework should be available, we recommend the FCAA be guided on the following principles:

- Any exemption could be limited to members of a self-regulating profession that is recognized in a separate piece of legislation.
- That profession must carry out the fundamental duties of a credentialing body, including having a complaints, investigations and disciplinary function and must be accountable to the public in substantially the same manner as a credentialing body.
- The profession's members must be governed by a code of conduct that includes a commitment to prioritizing client interests.
- To enter that profession, one must complete a credential or degree that fully includes in its curriculum the client relationship and technical knowledge aspects expected at the FA or FP level, as applicable.

Guided by these principles, we are not aware of any profession that would qualify for an exemption – but we defer to the FCAA's expertise and perspective.



Should the FCAA consider granting an exemption to members of a recognized profession at the outset of the title protection framework, we recommend that this exemption be revisited periodically to ensure that outcomes are as expected and consumer protection is not compromised. It is critical that, from the consumer's perspective, anyone who uses the FA or FP title is duly qualified on both the technical and ethical fronts.

5. The FCAA is also seeking comments on whether the framework should allow for certain qualified individuals to challenge the required FP and FA examinations. Similar to the issue of exemptions, the FCAA is interested in comments on the principles governing when challenges should be permitted, the extent to which challenges may be required, to whom they should be made available (if at all) and the benefits and drawbacks of permitting exemptions.

We first wish to make clear that we do not support grandfathering of individuals into the framework: having years of experience alone does not necessarily mean those individuals are professionals worthy of a restricted title.

At the same time, we are mindful that there is a sizeable cohort of practitioners who have been working professionally and ethically for decades without having a credential and, due to the demands of their well-established practices, may not have sufficient time to enroll in and complete a full credentialing program before the Framework comes into force, notwithstanding the transition period.

Therefore, we would support the idea of allowing credentialing bodies to develop alternative pathways to their approved credentials, such as through a condensed course and/or challenge exam. It would be incumbent on the credentialing body offering the alternative pathway to demonstrate to the FCAA that all aspects in the respective competency profiles are fully addressed and that consumer protection is in no way compromised.

The credentialing body could restrict access to the alternative pathway to specific candidates, such as those advisors and planners that have practiced for a certain number of years and have a clean disciplinary history, and the alternative pathway itself could be available for a limited time period after title protection comes into effect. While these details are still to be sorted out, we believe that having an alternative pathway is important to accommodating the variety of seasoned FAs and FPs.



## Titles

6. The FCAA is seeking suggestions as to examples of titles that could reasonably be confused with the FP or FA titles and comments regarding whether a guidance document or other regulatory approach is necessary at this time.

We believe that the use of the title “Advisor” or “Planner”,<sup>10</sup> in conjunction with a financial concept, can reasonably confuse consumers into believing that they are dealing with an intermediary who is qualified under the Framework. To advance the spirit of this principle, we recommend that the FCAA declare the following permutations as reasonably confusing to consumers:

- y Advisor; y Planner, where y is any term that reasonably brings about connotations of financial services or financial specialities
  - o Examples:
    - Bank Advisor, Investment Advisor, Insurance Advisor
    - Wealth Planner, Retirement Planner
    - Financial Advising Consultant; Financial Planning Manager
- Advisor; Planner (the word alone as a title, when used in conjunction with a financial institution’s name, or a financial service or speciality)
  - o Examples:
    - Planner, ABC Bank
    - Advisor, DEF Investments

In the examples listed above, part of a restricted title is used in connection with financial services concepts or entities. This would create a situation that could reasonably confuse consumers about the financial services qualifications of the intermediary using that title, placing it within the ambit of the Framework. Therefore, the FCAA should act to ensure that these permutations are not permitted.

We recommend that the FCAA release guidance with these principles and examples to make clear its intent to enforce the spirit of the Framework. However, unlike FSRA’s approach in Ontario, we recommend that the FCAA avoid producing a companion list of examples of titles that would not be reasonably confused with the restricted titles; in our view, publishing such a “green-light” list only assists those who would seek to circumvent the spirit of the Framework.

---

<sup>10</sup> And derivatives (such as “Advising” or “Planning”) or alternate spellings and translations thereof (such as “Adviser”).



## **D. OTHER CONSIDERATIONS**

### **Errors and Omissions Insurance**

Advocis believes that the FCAA should consider including a requirement that credentialing bodies require that FP and FA credential holders maintain errors and omissions (“E&O”) insurance. E&O insurance is a fundamental safeguard for consumers accessing professional financial advisory and planning services and mandatory E&O insurance is a hallmark of almost all other regulated professions.

We suggest that FP and FA credential holders in Saskatchewan maintain errors and omissions insurance in an amount of at least \$1 million coverage with respect to any one occurrence and a minimum aggregate limit of \$1 million with respect to all occurrences within a year, plus \$1 million in extended coverage for loss resulting from fraudulent acts. This requirement would align with the Insurance Councils of Saskatchewan’s expectations of its life licensees.<sup>11</sup>

### **Governance of Credentialing Bodies**

We recommend that the FCAA include in its approval criteria for credentialing bodies a requirement that such bodies operate on a not-for-profit basis. We believe that the mission of a credentialing body is to establish and enforce rigorous standards for FAs and FPs, rather than maximizing returns for shareholders. As we describe below, faithfully fulfilling this mission requires a level of impartiality that cannot be achieved in a for-profit model.

Where directors and officers are bound to prioritize the interests of shareholders, moral hazards and conflicts of interest arise that make it impossible to maintain a steadfast focus on quality standards – especially where reducing those standards could generate economic rents. For example, a profit-motivated credentialing body may be incented to make its credential easier to achieve to attract marginal students at the expense of advisor proficiency and consumer protection.

A for-profit motive is particularly problematic in a context where a sales license can qualify as a credential. It is easy to foresee an environment where for-profit product dealers act in lockstep with for-profit credentialing bodies: it would be in their mutual interests to maximize the number of salespersons completing the credential to take advantage of public trust in a restricted title, with minimal regard for the quality of the curriculum and the client-facing skills of the credential holders. We must avoid these types of systemic incentives.

---

<sup>11</sup> Saskatchewan *Insurance Regulations*. At: <https://www.skCouncil.sk.ca/download%20files/The%20Insurance%20Regulations%2019-11r1.pdf>



As indicated in the Consultation, one of the key principles of the Framework is to ensure consumer confidence through the oversight of credentialing bodies. To further this principle, a credentialing body's work must be done in the public interest, with a clear mind and without distraction – which means without consideration of private financial gain.

## **Fees**

We believe the fee structure should be developed on the principle that the costs associated with implementing and operating the Framework should be borne – directly or indirectly – by those who are subject to the Framework, as they will ultimately benefit from higher public standing and trust.

We ask that in designing the structure, the FCAA be mindful of allocating fees on a proportionate basis and capturing only those FAs and FPs who have a public-facing presence in Saskatchewan. That is, we ask the FCAA to be mindful to not capture in the variable portion of a fee assessment those members of a national credential body that do not have a meaningful connection to the province.

This is particularly important in light of the fact that other provinces may be implementing their own title protection,<sup>12</sup> and FAs and FPs who are public-facing in those jurisdictions should be captured for the purpose of the fees related to those frameworks. We would also ask the FCAA to be mindful of the fact that many FAs and FPs hold multiple credentials, each of which may qualify under the Framework. It is important that these intermediaries not face punitive fees because of their interest in going above-and-beyond in their education.

We recognize that fees are not the focus of the current Consultation as the structure has yet to be determined. However, we would be pleased to engage with the FCAA further on this matter.

## **E. CONCLUSIONS**

We thank the FCAA for this opportunity to provide comments on the Framework. Through this initiative, we can enhance consumer protection by promoting higher standards and eliminating uncertainty about the quality of their financial professionals. But these benefits can only be secured if we get the Framework right by prioritizing the consumer's perspective.

From that perspective, both FAs and FPs are professionals of equal measure, with little daylight between them in regard to their expected standard of conduct or technical skills. The FA and FP baseline competency profiles must equally reflect these high standards. While the FP baseline

---

<sup>12</sup> Beyond Ontario, we note that as of August 10, 2021, the Financial and Consumer Services Commission of New Brunswick has published a consultation to regulate the titles of Financial Planner and Financial Advisor.



competency profile properly reflects the impact of a planner's work and the professionalism it demands, the FA baseline competency profile falls far short of where it needs to be.

Our recommendations are straightforward: first, the FA level must exclude those with a limited or narrow set of technical skills, as they lack the ability to provide the holistic service consumers need. In our view, the FA level should demand technical proficiency in *at least* four of the prescribed areas. Second, product sales licenses must not qualify as they create inherent biases and conflicts of interest which are anathema to the client-centric approach that is the hallmark of a profession. While the FCAA discusses the CFR and FTC initiatives as a way of addressing these shortcomings, we have demonstrated why they fail to address the fundamental problems with the proposed FA baseline competency profile.

Beyond the competency profiles, we suggest improvements to many other areas of the Framework: The Framework's approach to reasonably confusing titles should be expansive, to prevent creative permutations from defeating the purpose of this initiative. As a general rule, financial concepts or entities used in conjunction with the word "Advisor" or "Planner" should be caught and prevented. On exemptions, we urge the FCAA to keep such exemptions to a minimum (if granted at all) and only if the exempted profession conforms with specific principles that ensures consumer protection is not compromised. To our knowledge, there is no other profession that would qualify as envisioned, but we defer to the FCAA's expertise.

We do believe there should be a role for alternative pathways to obtaining a credential in recognition that there are some well-established financial professionals who merit professional standing by virtue of their high ethical conduct and breadth of skill. However, the onus must remain on the credentialing body to demonstrate that consumer protection remains paramount in whatever alternative pathway it would like to offer. Credentialing bodies themselves should be required to be not-for-profit entities; for-profit motivations are inconsistent with the public interest mandate of credentialing bodies of promoting and enforcing rigorous standards for their credential holders. The profit motivation invites undesirable incentives that could harm the entity's ability to serve that mandate faithfully.

In conclusion, we thank the FCAA for this opportunity to comment on this important consumer protection initiative. Bringing real meaning to the titles consumers trust today will markedly improve consumer outcomes – and with consumers front-of-mind, we are confident that our recommendations in this submission will resonate. Should you have any questions, please do not hesitate to contact the undersigned, or James Ryu, Vice-President, Legal and Regulatory Affairs at [jryu@advocis.ca](mailto:jryu@advocis.ca).





Sincerely,

Greg Pollock, M.Ed., LL.M., C.Dir., CFP  
President and CEO

Rob Eby, CFP, RRC  
Chair, National Board of Directors