

February 11, 2020

The Honourable Rod Phillips  
Minister of Finance  
c/o Budget Secretariat  
Frost Building North, 3<sup>rd</sup> Floor  
95 Grosvenor Street  
Toronto, ON M7A 1Z1

Sent via email: [submissions@ontario.ca](mailto:submissions@ontario.ca)

Dear Minister:

**Re: 2020 Budget Consultations**

On behalf of Advocis, The Financial Advisors Association of Canada, we are pleased to provide our comments in regards to the 2020 Budget Consultations.

## **1. ABOUT ADVOCIS**

Advocis is the association of choice for financial advisors and planners. With more than 13,000 members across the country – over 6,000 of them working and living in Ontario – Advocis is the definitive voice of the profession, advocating for professionalism and consumer protection. Our members are provincially licensed to sell life, health and accident and sickness insurance, as well as by provincial securities commissions as registrants for the sale of mutual funds or other securities. Members of Advocis are primarily owners and operators of their own small businesses, creating thousands of jobs across Canada. Advocis members provide advice in several key areas, including estate and retirement planning, wealth management, risk management, tax planning, employee benefits, critical illness and disability insurance.

Professional financial advisors and planners are critical to the ongoing success of the economy, helping consumers to make sound financial decisions that ultimately lead to greater financial stability and independence both for the consumer and the country. No one spends more time with consumers than advisors and planners, educating them about financial matters and helping them to reach their financial goals. Advocis works with decision-makers and the public, stressing the value of financial advice and striving for an environment in which all Canadians have access to the advice they need.



## 2. OUR COMMENTS

### 2.1 A commitment to professionalism – Raising the Professional Bar for financial advisors and planners

We commend the Government of Ontario for making the regulation of financial advisors and financial planners a priority. The introduction of *The Financial Professionals Title Protection Act 2019* (the Act) included in the 2019 budget implementation bill provides a significant opportunity to strengthen professionalism and foster modern and effective financial services. Restricting the titles of “financial advisor” and “financial planner” to qualified professionals is of great importance for Ontario consumers as they should feel confident when accessing financial planning and financial advisory services.

Advocis has stated for many years that restrictions surrounding the use of these titles is overdue, simply for the fact that consumers believe that these titles are already protected and are meaningful proxies of the user’s skills, education and experience. The fact that these titles are largely unregulated is a major vulnerability for financial consumers and it is time that regulation be aligned with consumers’ expectations.

According to a poll conducted by Abacus Data on behalf of Advocis, 1,500 Ontarians were asked about the regulation of financial advisors. 56% of respondents believed that the title of “financial advisor” is already regulated, and 91% supported legislation that would regulate the title.<sup>1</sup> So we welcome the introduction of the Act as a step toward recognizing the provision of financial advice as a true profession and look forward to the opportunity of working with the Government of Ontario and the Financial Services Regulatory Authority of Ontario (FSRA) on this very important initiative.

Throughout the years, Advocis has demonstrated its commitment to advancing the value and professionalism of financial advisors and planners and has recently taken additional concrete steps to make it happen, including:

1. **The introduction of the Professional Financial Advisor (PFA) designation.** The PFA is geared toward newer advisors who are looking to start down the path of professionalism, with an emphasis on practical knowledge, ethics and compliance and practice development. The PFA designation bridges the gap between insurance, mutual fund and securities licencing and obtaining further specialized designations such as the CFP® and the CLU®.

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<sup>1</sup> Advocis, Advocis Supports the Government of Ontario Taking Action on Title Protection (April 11, 2019) at: <https://myadvocis.ca/advocis-supports-taking-action-on-title-protection/>



2. **New membership requirements.** As of January 1, 2019, all new members of Advocis must hold an approved designation or attain one within three years of joining.

These additional steps demonstrate our ongoing commitment to aligning consumer expectations of the professionalism of their financial advisors and planners with reality. It is clear that Advocis' goals align with the government's objectives of protecting consumers and modernizing the regulation of financial services providers. We would also urge the Government of Ontario to encourage its provincial counterparts to consider introducing legislation to protect these titles in a manner similar to Ontario's approach. As demonstrated by Saskatchewan on December 2, 2019, we note that there is appetite in other provinces to follow Ontario's lead. We believe that the developments in Ontario and Saskatchewan give all stakeholders the momentum needed to effect similar change across the country.

## 2.2 Modernizing Financial Services

### *Ontario Securities Act Review*

We applaud the Ministry of Finance's decision to review Ontario's *Securities Act* and to establish a securities modernization task force for its review. We agree with the 2019 Ontario Economic Outlook and Fiscal Review that this Act is outdated (it has not been reviewed in over 15 years) and that it should be updated to reflect the reality of today's capital markets. We look forward to the opportunity of providing our feedback to the task force as it works toward refining major aspects of the securities regulatory framework, including in regards to professional titles, proficiencies and advisor oversight, as well as furthering much-needed progress on reducing regulatory burden.

### *Self-Regulatory Organizations Review*

The Ontario Government has directed its agencies and ministries to make regulatory burden reduction and modernization a priority. We support the Government in its efforts. We believe that part of modernizing financial services should include a thorough review of Canada's Self-Regulatory Organizations (SROs)<sup>2</sup> – the Investment Industry Regulatory Organization of Canada and the Mutual Fund Dealers Association of Canada – as their regulatory framework is also outdated and a review is overdue. We agree with Joanne de Laurentiis, board member of FSRA and former President and CEO of the Investment Funds Institute of Canada, that the time is “ripe to clear out the sludge and streamline the framework.”<sup>3</sup> We believe that the time is right

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<sup>2</sup> On December 12, 2019, the CSA announced it is planning to review the regulatory framework for the Investment Industry Regulatory Organization of Canada and the Mutual Funds Dealers Association of Canada in mid-2020.

<sup>3</sup> De Laurentiis, Joanne. *Ripe for Reform: Modernizing the Regulation of Financial Advice*. C.D. Howe Institute Commentary No. 556. Page 4. At: [https://www.cdhowe.org/sites/default/files/attachments/research\\_papers/mixed/Commentary%20556.pdf](https://www.cdhowe.org/sites/default/files/attachments/research_papers/mixed/Commentary%20556.pdf)



to streamline SRO regulation and that the OSC, in conjunction with the CSA, can lead the country in doing so.

Likewise, the financial advice industry has changed as financial advisors are offering more holistic services rather than just selling financial products. A more streamlined and modern SRO regulatory framework would prove to be more responsive to both investors and advisors, and would certainly support a more innovative industry and reduce the regulatory burden.

#### *Cooperative Capital Markets Regulator*

Advocis supports the transition to a Cooperative Capital Markets Regulator (CCMR). We view this transition as the path to creating much needed harmonization characteristic of almost all modern securities markets. However, true harmonization cannot be achieved without having all provinces and territories involved, especially as some major capital markets jurisdictions have yet to sign onto the system.

As a leading CCMR jurisdiction, we ask that the Ministry of Finance continue to take a leadership role in extolling the benefits of having a harmonized capital markets regulatory system when engaging its counterparts from non-participating jurisdictions. In order for Canada's capital markets to remain efficient, strong and globally competitive, it is vital that all jurisdictions participate.

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The increasing need for financial advice has made modernizing financial services and raising the professional bar for financial advisors and planners absolutely necessary. We commend the Government of Ontario for its commitment to achieving these goals and look forward to working with the Ministry of Finance as it continues its efforts to streamline the regulatory framework. Should you have any questions, please do not hesitate to contact the undersigned, or Ed Skwarek, Vice President, Legal & Regulatory Affairs at 416-342-9837 or [eskwarek@advocis.ca](mailto:eskwarek@advocis.ca).

Sincerely,

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President and CEO

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