

February 28, 2023

The Honourable Cliff Cullen  
Minister of Finance  
103 – 450 Broadway  
Winnipeg, MB R3C 0V8

Sent via email: [budget2023feedback@gov.mb.ca](mailto:budget2023feedback@gov.mb.ca)

Dear Minister,

**Re: 2023 Budget Consultation**

On behalf of Advocis, The Financial Advisors Association of Canada, we are pleased to provide our comments in regard to Manitoba's 2023 Budget Consultation.

## **1. 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.

## **2. OUR COMMENTS**

### **Raising the Professional Bar for Financial Professionals: A Title Protection Framework**

We ask the Government of Manitoba to introduce title protection legislation in 2023. We have been strong supporters of developing a framework to restrict the titles of financial advisor ("FA") and financial planner ("FP") to qualified professionals in all provinces of Canada. The regulation of the FA and FP titles is an important measure to protect consumers as they navigate the financial services industry.



Consumer research surveys show that the majority of consumers believe that FA and FP titles are already regulated, even when there are no regulations in place.<sup>1</sup> Research surveys of Manitoba residents, commissioned by Advocis in 2018, painted a similar picture.<sup>2</sup> Findings of these surveys demonstrate that most respondents mistakenly believe that FAs are already regulated and that 86% of Manitobans call for and support legislation regulating the financial professional titles.<sup>3</sup> These findings highlight that consumers view FA and FP titles as indicative of professionalism. Consumers rely on these titles to find professionals who possess the skills and knowledge to assist them with reaching their financial goals. This is particularly important as Canadians, whose savings have been significantly impacted during the COVID-19 pandemic, are aiming to recover their losses.<sup>4</sup> Lack of regulation in this space coupled with the significant amount of trust and reliance consumers put on these titles expose Manitobans to vulnerability and risks.

A comprehensive title protection regime enhances consumer protection. It sets higher professional standards and removes uncertainty about the quality of financial professionals using those titles by restricting their use to those who have satisfied objective criteria. Perhaps most importantly, a title protection framework would align regulatory reality with consumer's existing expectations regarding users of these ubiquitous titles.

Developing a title protection framework would also align Manitoba with other provinces that have recognized the benefits of a title protection framework in bridging the gap in consumer protection. Ontario's title protection framework went into effect in March 2022 and Saskatchewan is in the final stages of implementing a similar framework as it has passed the necessary legislation and conducted two rounds of regulatory consultations. In 2021, the Financial and Consumer Services Commission of New Brunswick also launched public consultations on regulation of FA and FP titles which Advocis commented on.<sup>5</sup>

We would emphasize that title protection is a non-partisan consumer protection matter. In both Ontario<sup>6</sup> and Saskatchewan<sup>7</sup>, the legislation received unanimous support from all parties

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<sup>1</sup> Findings of FSRA-commissioned consumer research conducted by Forum Research Inc., between November 12 and December 3, 2020, show that 56% of survey respondents assumed that FP and FA titles are regulated by a government regulator. For more information, please see: [www.fsrao.ca/industry/financial-planners-and-advisors-sector/notice-changes-and-request-further-comment-ftp-rule#appendixd](http://www.fsrao.ca/industry/financial-planners-and-advisors-sector/notice-changes-and-request-further-comment-ftp-rule#appendixd).

<sup>2</sup> Advocis/Abacus Data, "Regulating Financial Advisors: A Survey of 800 Manitoba Residents" (October 26<sup>th</sup> – November 1<sup>st</sup>, 2018). At: [imislegacy.advocis.ca/secure/govt-relations/2019-MNTBA-Advocis-Poll.pdf](http://imislegacy.advocis.ca/secure/govt-relations/2019-MNTBA-Advocis-Poll.pdf).

<sup>3</sup> *Ibid.*

<sup>4</sup> Findings of Abacus Data show that the pandemic has hurt the personal finances of 1 in 3 Canadians or almost 10 million people. For more information please see: Abacus Data, "Affordability anxiety continues as income and wealth disparity, made worse by the pandemic, drives priorities for political agenda." (August 13, 2021). At: <https://abacusdata.ca/affordability-anxiety-persists/>.

<sup>5</sup> The Financial Advisors Association of Canada, Advocis, "Response to FCNB Consultation Notice – Title Protection 2021 Regulation of Financial Planner and Financial Advisor Titles" (October 25, 2021). At: <https://www.advocis.ca/wp-content/uploads/2022/09/2021-10-25-Advocis-Response-to-FCNB-Title-Protection-Consultationv3.pdf>

<sup>6</sup> For more information, please see Hansard debates of Bill 138 "Plan to Build Ontario Together Act, 2019" Schedule 12. At: <https://www.ola.org/en/legislative-business/bills/parliament-42/session-1/bill-138/debates>. Specifically see: Ontario, Legislative Assembly, Official Report of Debates (Hansard), 42<sup>nd</sup> Parl 1st Sess, No 124, 131, 132; and Ontario, Legislative Assembly, Standing Committee on Finance and Economic Affairs "Plan to Build Ontario Together Act, 2019" in *Official Report of Debates (Hansard)*, No F-9 (2 December 2019).

<sup>7</sup> For more information, please see Hansard debates of Bill 203: "The Financial Planners and Financial Advisors Act". At: [https://docs.legassembly.sk.ca/legdocs/Legislative%20Assembly/Hansard/Indexes/28/28L\\_F\\_SU-f.htm#mh541](https://docs.legassembly.sk.ca/legdocs/Legislative%20Assembly/Hansard/Indexes/28/28L_F_SU-f.htm#mh541). Specifically see: Saskatchewan, Legislative Assembly, Official Report of Debates (Hansard), 28<sup>th</sup> Parl 4<sup>th</sup> Sess, No 22A (2 December 2019); Saskatchewan, Legislative Assembly,



in their respective legislatures. We believe that it is time for the Manitoba government to take this important consumer protection initiative to the next step by passing legislation enabling the creation of a title protection regulatory framework.

### **Professional Standards in the Framework Must be High**

The entire purpose of a title protection framework must be to protect consumers, so the standards set for both the Financial Advisor and Financial Planner title must be high. The framework should not simply legitimize product-based sales licenses as proxies for professional financial advice and planning.

It is true that financial advisors and financial planners were once viewed primarily as transactional conduits to purchasing products. Over time, the roles of financial professionals and their relationships with clients have changed. Holistic advice now takes centre stage – it is advice, not product, that consumers seek – and any transaction in product is only a means to an end of fulfilling the client’s financial plan. An effective title protection framework must ensure the quality of that advice and steer away from a product-centric approach.

Further, it is critical that both titles be backed by high standards. Research surveys show that most consumers do not differentiate between the FA and FP titles and that they expect the same standards of professionalism from users of both titles.<sup>8</sup> Regardless of whether a professional uses the FA or FP title, consumers rightly expect broad-based and comprehensive advice that puts the client’s interests first.

### **Implementation Need Not Be Burdensome**

It is natural for governments to be concerned that developing a title protection framework could be expensive and burdensome on public resources. The experience of other provinces shows that it does not need to be. For example, in Ontario, the government passed high-level legislation that created its framework and delegated the task of filling in the details to a regulator.<sup>9</sup> The regulator is charged with administering the framework, with start-up and annual fees charged to the participants in the framework on a cost recovery basis. As a result, consumers benefit from the enhanced protections without a net burden on public finances.

We invite Manitoba to follow the general approach taken by other provinces like Ontario by passing legislation enabling the creation of a title protection framework. Filling in the details of

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Official Report of Debates (Hansard), 28<sup>th</sup> Parl 4<sup>th</sup> Sess, No 40A (18 June 2020); and Saskatchewan, Legislative Assembly, Official Report of Debates (Hansard), 28<sup>th</sup> Parl 4<sup>th</sup> Sess, No 44A (24 June 2020).

<sup>8</sup>*Supra* note 1. Research results demonstrate that only 31% of consumers are confidently able to explain the difference between FPs and FAs and only 6% are completely confident. For more information, please see Appendix C at: <http://www.fsrao.ca/industry/financial-planners-and-advisors-sector/notice-changes-and-request-further-comment-fntp-rule>.

<sup>9</sup> *Financial Professionals Title Protection Act*, SO 2019, c 7, Schedule 25.



the framework could be delegated to government branches and agencies, such as an entity within Manitoba's Financial Services Agency.

### **3. CONCLUSION**

Financial advice is critical to modern consumers' well-being and it is our collective responsibility to establish and enforce high standards that ensure the quality of that advice. Introducing a title protection framework would be a meaningful step forward in protecting Manitoba's consumers. However, the standards in the framework must be focused on the holistic advisor-client relationship, rather than product sales. Properly set, the framework can bring about tremendous benefits without additional burden on the government.

We look forward to further productive discussions with the Government of Manitoba. Should you have any questions, please do not hesitate to contact the undersigned, or James Ryu, Vice-President, Advocacy and General Counsel at [jryu@advocis.ca](mailto:jryu@advocis.ca).

Sincerely,

*"original signed by"*

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*"original signed by"*

Catherine Wood, CFP, CLU, TEP, CHS, MBA, MIST, ICD.D.  
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