



Mutual Fund Dealers Association of Canada
Association canadienne des courtiers de fonds mutuels

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MFDA Bulletin

Policy

For Distribution to Relevant Parties within your Firm

Consultation Paper on Standards for Use of the Title “Financial Planner”

For a number of years, the regulation of financial planning has been a subject of debate by regulators and governmental agencies. Concerns have been raised by investor advocates and industry associations that, in most provinces of Canada, individuals can use the title “Financial Planner”, without having to meet any minimum proficiency standards. As a result, there is significant potential for investors to be misled as to the qualifications of any individual using this title.

Consultation Paper

To address these and related concerns, the MFDA is currently considering Rule proposals that would prohibit Approved Persons from using the title “financial planner” unless they have appropriate proficiency. As a first step in the Rule development process, MFDA staff has developed a Consultation Paper respecting standards for use of the title “Financial Planner” (see Appendix “A” to this Bulletin). The purpose of the Consultation Paper is to solicit feedback from stakeholders on the MFDA’s proposal. By way of background the Paper sets out: relevant details respecting the current regulatory landscape, existing MFDA Rules regarding the use of business titles, and financial planning designations currently being used by Approved Persons.

Comments

The deadline for comments is **December 4, 2015**. Comments should be provided in writing to Ken Woodard, Director Communications & Membership Services at kwoodard@mfd.ca.



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**MFDA Consultation Paper on
Standards for Use of the Title “Financial Planner”**

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Introduction

For a number of years, the regulation of financial planning has been a subject of debate by regulators and governmental agencies. Concerns have been raised by investor advocates and industry associations that, in most provinces of Canada, individuals can use the title “Financial Planner”, without having to meet any minimum proficiency standards. As a result, there is significant potential for investors to be misled as to the qualifications of any individual using this title.

Purpose

The purpose of this Consultation Paper is to solicit feedback from stakeholders on the MFDA’s proposal to establish proficiency requirements for Approved Persons who use the title “Financial Planner”. As background for considering this issue, this Paper sets out: relevant details respecting the current regulatory landscape, existing MFDA Rules regarding the use of business titles, and financial planning designations currently being used by Approved Persons.

Individual submissions received will not be made public. However, at a later date, following the close of the comment period, a summary of comments received will be published. Comments should be submitted in writing to Ken Woodard, Director, Communications and Membership Services at kwoodard@mfd.ca. The deadline for comments is **December 4, 2015**.

Part 1. Background

1.1 Current Regulatory Landscape

At the national level, there is currently no regulatory body that exercises oversight in respect of financial planning titles. The province of Quebec has established minimum proficiency standards for individuals operating in the province who use the title “Financial Planner”. The government of Ontario has also recently launched an initiative to explore regulatory changes in this area. The Financial Planning Coalition, an organization comprised of various financial planning associations, has developed a proposal to regulate financial planning, which includes the establishment of minimum proficiency standards. Further details in respect of these matters are discussed below.

Quebec

The Institut Québécois de planification financière (“IQPF”) was created by the Government of Quebec, in 1989, with the adoption of Bill 134 - *An Act Respecting Market Intermediaries*. Subsequently, in 1998, the Quebec government adopted Bill 188 – *An Act Respecting the Distribution of Financial Products and Services*, which replaced Bill 134. Bill 188 recognized the role of the IQPF as the only organization authorized to grant financial planning diplomas and establish rules respecting the ongoing professional development of financial planners.

To receive the Financial Planner (“FPI”) designation granted by the IQPF, an individual must satisfy prescribed academic requirements (i.e. a personal financial planning university program

approved by the IQPF), complete the IQPF's Professional Training Course¹ and pass the IQPF exam.

In Quebec, financial planners are regulated by the Chambre de la Sécurité Financière, a self-regulatory organization that exercises disciplinary powers and oversight in respect of individuals practicing in five sectors and registration categories, including financial planning.

Ontario

In Ontario, the Minister of Finance recently launched the Expert Committee to Review Regulation of Financial Advisors and Financial Planners. The purpose of this review is to consider the general regulatory framework for financial advisors and financial planners. The expert committee is expected to complete its review in early 2016 and submit a final report, including recommendations, to the Government of Ontario.

Financial Planning Coalition – Proposed Regulatory Framework

The Financial Planning Coalition was formed in 2009. The purpose of this organization is to advocate on behalf of and, ultimately, establish a framework for the formal recognition of financial planning as a distinct profession in Canada. Members of the Financial Planning Coalition include: the Canadian Institute of Financial Planners (“CIFP”), the Institute of Advanced Financial Planners (“IAFP”), the IQPF and the Financial Planning Standards Council (“FPSC”).

On June 15, 2015, the Financial Planning Coalition released a proposed framework for the official establishment of financial planning as a profession in Canada. In its proposal, the Coalition calls on provincial governments to codify in law existing, but voluntary, professional certification structures, governance and oversight mechanisms. In addition, the proposal sets out certain recommendations, including the following:

- Adopt a single, unified, set of standards for financial planners;
- Formally recognize and adopt the *Canadian Financial Planning Definitions, Standards & Competencies* (a joint publication of the FPSC and IQPF);
- Create title and holding out restrictions that would apply to those who meet a unified set of qualification standards and ongoing requirements in respect of professional ethics and continuous professional development; and
- Make financial planners accountable to an oversight body that acts in the public interest.

1.2 MFDA Rule 1.2.1(d) – Business Titles

MFDA Rule 1.2.1(d) prescribes requirements in respect of the use of business titles, including those designations/certifications used by Approved Persons holding themselves out as financial planners. Rule 1.2.1(d) provides as follows:

¹ The IQPF Professional Training Course is a 54 hour course of study that is taken over nine weeks.

No Approved Person shall hold him or herself out to the public in any manner including, without limitation, by the use of any business name or designation of qualifications or professional experience that deceives or misleads, or could reasonably be expected to deceive or mislead, a client or any other person as to the proficiency or qualifications of the Approved Person under the Rules or any applicable legislation.

1.3 Use of “Financial Planner” title by MFDA Approved Persons

Many Approved Persons of MFDA Members hold financial planning designations such as Certified Financial Planner (“CFP”), Personal Financial Planner (“PFP”) and Registered Financial Planner (“RFP”). Attached as Appendix “A” to this Paper is a table that provides additional information in respect of the more commonly used financial planning designations.

In addition to the titles noted above, there are other designations generally in use by individuals, who may be involved in aspects of financial planning. Such designations include, for example: Chartered Investment Manager (“CIM”), Certified International Wealth Manager (“CIWM”), Fellow of the Canadian Securities Institute (“FCSI”), Member, Trust Institute (“MTI Estate and Trust Professional”), Financial Management Advisor (“FMA”) and Chartered Strategic Wealth Professional (“CSWP”).

Part 2. Request for Feedback

The MFDA is considering amendments to Rule 1.2.1(d) that would establish minimum proficiency requirements for Approved Persons seeking to use the title “financial planner”. Input is specifically requested in respect of the questions set out below.

Questions

1. (a) In Appendix “A”, we have set out some of the more commonly used financial planning designations. Input is sought, in particular, as to whether these designations would be appropriate for the purpose of meeting the MFDA’s proposed proficiency requirements;
- (b) Where commenters, in their response to 1(a), identify a designation as being appropriate, they are asked to also supply reasons in support of their selection (e.g. the designation is subject to course work, exam requirements, related work experience, continuing education requirements, etc.);
- (c) Comment is also sought as to what other designations might be appropriate for an individual seeking to use the title “Financial Planner”.
2. (a) Should amendments to Rule 1.2.1(d) include a grandfathering provision?
- (b) Where commenters, in their response to 2(a), indicate that such a provision should be included, they are also asked to identify the criteria that should apply (e.g. grandfathering based on prior work experience and/or credentials/designations held by the individual, etc.).

Appendix “A”

Set out below, is a chart that summarizes commonly used financial planning designations and related information.

Acronym	Designation	Issuing Organization	Prerequisites/ Experience Required	Continuing Education (“CE”) Requirements
CFP	Certified Financial Planner	Financial Planning Standards Council	Y	Y
FPI	Financial Planner	Institut Québécois de planification financière and AMF	Y	Y
PFP	Personal Financial Planner	Canadian Securities Institute	Y	Y
RFP	Registered Financial Planner	The Institute of Advanced Financial Planners	Y	Y