



September 8, 2015

Expert Committee to Consider Financial Advisory and Financial Planning Policy Alternatives
C/O Frost Building North, Room 458
4th Floor, 95 Grosvenor Street
Toronto, Ontario
M7A 1Z1

Re: FINANCIAL PLANNING/ADVICE CONSULTATION

Dear Sirs/Mesdames:

The Mutual Fund Dealers Association of Canada (“MFDA”) thanks the Ontario Ministry of Finance for this opportunity to present our views on the regulation of financial planning and financial advice in Ontario.

Background

The MFDA is the national self-regulatory organization that oversees mutual fund dealers in Canada. MFDA Members are mutual fund dealers that are licensed with provincial securities regulatory authorities. MFDA Members administer approximately \$632 billion in assets and sponsor 82,000 Approved Persons (partners, directors, officers, compliance officers, branch managers, employees and agents of the dealer who are subject to the jurisdiction of the MFDA). MFDA Members are responsible for managing a significant portion of the Canadian wealth management landscape overseeing more than half of the over \$1 trillion mutual fund assets in Canada. MFDA Members primarily service mass market retail clients who represent approximately 80% of Canadian households.

The MFDA is responsible for regulating the operations, standards of practice and business conduct of its Members and their Approved Persons with a view to enhancing investor protection and strengthening public confidence in the Canadian mutual fund industry. MFDA Members and Approved Persons are required to adhere to comprehensive requirements with respect to business conduct, know your product, know your client, suitability, marketing and advertising, conflict of interest and outside business activity. MFDA Members are subject to extensive sales and financial compliance reviews which cover every aspect of the Member’s operations. When it becomes apparent through compliance reviews or investor complaints that standards have not been met, the Member and Approved Person may be subject to discipline through enforcement proceedings which may result in fines, suspensions or permanent prohibitions. The MFDA’s jurisdiction covers compliance with specific MFDA Rules, such as Rule 2.1.4 which requires Members and Approved Persons to ensure that conflicts of interest are addressed by the exercise of responsible business judgment influenced only by the best interests of the client, as well as adherence to general standards of conduct including dealing fairly, honestly and in good faith with clients, observing high standards of business conduct, complying with securities legislation applicable to Member business and acting in the public interest.

MFDA Regulation of Financial Planning Activities

The jurisdiction of the MFDA is not limited to regulating product sales. The MFDA regulates the advice provided by Members and their Approved Persons to clients in relation to their accounts.


In the course of providing advice in relation to client accounts, many Approved Persons of MFDA Members engage in activities that may be considered financial planning in nature. These activities are part of the advisory process and subject to MFDA oversight. Such advice may include general asset or portfolio allocation advice, aspects of tax planning or estate planning. Many Approved Persons of MFDA Members hold financial planning designations such as the Certified Financial Planner (“CFP”), Personal Financial Planner (“PFP”), Registered Financial Planner (“RFP”) and Financial Planner (“FPI”).

MFDA Proposed Rule Amendment

We understand that there is currently confusion among the investing public with respect to the use of the title “Financial Planner”. The MFDA is currently considering Rule proposals that would prohibit Approved Persons from using the title “Financial Planner” unless they have appropriate proficiency. On September 6, 2015, the MFDA issued a consultation paper for public comment to request feedback on appropriate proficiency standards for Approved Persons of MFDA Members who use the title “Financial Planner”. A copy of the MFDA consultation paper is attached to this letter.

Additional Action

We support the objective of standardizing proficiency requirements and establishing minimum standards for individuals who use the title “Financial Planner”. However, we urge that any new approach to financial planning regulation consider existing regulatory regimes in order to avoid the application of and the potential for duplication and overlap of regulatory efforts.



Paige L. Ward
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