



MURRAY J. TAYLOR
President and Chief Executive Officer

September 21, 2015

Delivered by Email: Fin.Adv.Pl@ontario.ca

Expert Committee to Consider Financial Advisory and
Financial Planning Policy Alternatives

c/o Frost Building North, Room 458
4th Floor, 95 Grosvenor Street
Toronto, ON M7A 1Z1

Dear Committee Members:

Re: Consultation on Financial Advisory and Financial Planning Policy Alternatives

We are writing on behalf of Investors Group Inc. in response to the Initial Consultation Document dated June 24, 2015 on the topic of financial advisory and financial planning policy alternatives.

General Comments

Investors Group Inc. (Investors Group) is a diversified financial services company and one of Canada's largest managers and distributors of mutual funds, with assets under management of \$74.7 billion as of August 31, 2015. Investors Group distributes its products through its network of over 5,000 advisors, who are licensed to sell investment and in many cases insurance products, and whose activities as registered advisors are overseen under securities or insurance self regulatory organizations (SROs). We provide financial advice and financial planning solutions to approximately a million Canadian households. We encourage and provide financial support to Investors Group advisors to obtain the Certified Financial Planner® (CFP®) or, in Quebec, the F.PI. certification as part of their development. Approximately 1,600 Investors Group advisors currently hold CFP® or F.PI. certification, and many others are working towards certification.

The provision of financial advice, including financial planning, is integral to the operations of individuals who are licensed to sell investment and/or insurance products, and who are overseen under securities or insurance self regulatory organizations (SROs). Financial advice is provided on a continuum which ranges from basic information and financial concepts, to formal needs analyses, to modular and comprehensive written financial plans, all tailored to the needs of the specific client. This includes a significant amount of financial advice and financial planning information which contributes to financial literacy, and which is appropriately delivered by properly trained registered advisors who are supervised by registered dealers. We believe that clients are better served if registered advisors are encouraged to provide financial advice and use elements of financial planning to determine investment and insurance recommendations.

We are concerned that additional regulation of registered advisors by adding another SRO to MFDA, IIROC and the Insurance Councils would add unnecessary complexity to the existing

regulatory regime. We expect there would be areas of overlap and confusion between these SROs and another new regulatory regime.

It is often difficult to draw a precise line between financial advice and financial planning activities. In our view, regulation of financial advice delivered by registered advisors within the context of a client relationship or product sale is already occurring through existing SROs, and that is where it should occur. For example, know your client, know your product, needs analysis and several other rules effectively regulate the delivery of financial advice by registered advisors. Any regulation of financial planning activities carried out by individuals who are licensed and under the supervision of a dealer should also occur under the existing SRO, not through another regulatory body. A new regulatory body could deal with regulation of individuals who hold themselves out as “financial planners” outside of regulated channels (i.e. who are not registered advisors already subject to regulation under an existing SRO), since that is where the risk to the public lies.

A practical approach to the regulation of financial planning in Ontario would be to restrict the use of the title “Financial Planner” to those individuals who hold an approved Financial Planning certification or designation. Further study would be necessary to determine the list of Financial Planning certifications or designations which are of a sufficiently high standard to demonstrate proficiency in the delivery of financial planning services. We suggest that the standards which a certification or designation must meet would include appropriately rigorous initial education and examination, ongoing continuing education requirements, experience in the financial services industry and adherence to a Code of Ethics and Practice Standards which are enforced. We also believe that the CFP®, F.Pl. and CLU certifications granted by FPSC, IQPF and Advocis respectively would meet these standards.

This proposal would enhance consumer protection with minimal additional regulatory costs as follows:

- The use of the title “Financial Planner” implies enhanced expertise, education and professionalism beyond the delivery of financial information and advice. The danger to the public is reliance on an individual who holds himself/herself out as a “Financial Planner” without holding the necessary credentials, including initial and ongoing sufficiently rigorous education and adherence to a Code of Ethics and Practice Standards, to justify being relied upon as a Financial Planner.
- The government and the public can rely on the credentialing organizations on the approved list of Financial Planning certifications or designations to maintain the infrastructure to uphold the rigorous initial education and examination, ongoing continuing education requirements and enforcement of adherence to the Code of Ethics and Practice Standards. The chosen organizations would have expertise beyond that of the government in identifying and establishing education, examination, Practice Standards and a Code of Ethics relating to financial planning.
- Consumers can verify whether an individual holds the necessary approved credential through the credentialing organizations on the approved list.
- Credentialing organizations already exist to meet the needs of this model, such as the FPSC and IQPF, which confer the CFP® and F.Pl. certifications, respectively.
- It is easier to implement and monitor rules on the use of the title “Financial Planner” on business cards, advertising and related documents, electronic or otherwise, than it would be to implement and monitor rules on the activity of financial planning, which is difficult to distinguish from financial advice in many situations.

- Individuals who already hold an approved designation or certification such as CFP® or F.P.I. would not be required to obtain another new designation or certification in order to establish their financial planning credentials.
- Individuals who are licensed and under the supervision of a dealer would be regulated under the existing SRO only.
- Individuals who are not already licensed with an existing SRO would be subject to licensing, registration and regulation by a new regulatory body, which could also adopt the approved list of credentials established by the Expert Committee.

We appreciate having this opportunity to provide you with our comments and would be pleased to answer any questions you may have about this submission.

Investors Group Inc.

Yours truly,

A handwritten signature in black ink, appearing to read 'Murray J. Taylor', with a long horizontal line extending to the left.

Murray J. Taylor

President and Chief Executive Officer
