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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
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Expert Committee:

Serving one in five Canadians, Manulife is a leading financial services organization offering a wide range of protection, estate planning, investment, and banking solutions through a diversified multi-channel distribution network.

In Ontario, we work to deliver our products and services to millions of Ontarians with the help of tens of thousands of provincially-licensed financial advisors.

With this in mind we welcome Ontario's review of financial advisors and planners and appreciate the opportunity to provide our thoughts on the initial consultation document of the Expert Committee to Consider Financial Advisory and Financial Planning Policy Alternatives.

Below, we put forward three recommendations for the Committee regarding current oversight of licensed advisors, titles and designations, and insurance councils.

As a matter of terminology, the title "financial advisor" is widely understood throughout the financial services industry to describe a professional licensed to sell either life insurance or securities products, or dually licensed to sell both. Our response will use the term "financial advisor" as a means of convenience to encompass all of these licensed individuals.

Current Oversight for Licensed Advisors

Financial advisors are well regulated in Ontario and receive appropriate oversight based on the products and advice that they provide.

By way of background, financial advisors in Ontario that sell securities products are required to be licensed with one of two self-regulatory organizations: the Mutual Fund Dealers Association of Canada (MFDA) and

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Investment Industry Regulatory Organization of Canada. Similarly, advisors offering insurance products must be licensed by Ontario’s insurance regulator, the Financial Services Commission of Ontario (FSCO).

These regulators offer appropriate licensing, proficiency, and continuing education requirements for advisors and mechanisms to protect consumers.

The Committee should leverage this existing regulatory regime as much as possible. This will allow Ontario’s policy makers to utilize an already well-functioning framework and avoid the costly duplication of regulation.

Titles and Designations

One potential gap where the Committee should focus its attention is the use of business titles and designations by both financial advisors and planners.

Ontarians are best served when they clearly understand who they are working with and are confident in the advice and services they receive. The current assortment of titles and designations used by financial advisors and planners however can make it difficult for consumers to determine what services and products they should expect.

The Committee should investigate formalizing a system for titles and designations that is intuitive and easy for consumers to understand.

One approach would be to differentiate titles by the types of products and services that the advisor or planner is licensed to sell and provide, and account for financial planners that do not hold a FSCO/MFDA/IIROC license (see Table 1). This approach is similar other professions such as lawyers, doctors, and accountants.

In this model someone that is only licensed to sell securities would call themselves an “Investment Advisor”, someone who is only licensed to sell insurance would be an “Insurance Advisor”, and someone who is dually licensed would be a “Financial Advisor”. Any advisor that also held a financial planning certification could add a “Financial Planner” designation to their title, e.g. “Investment Advisor *and* Financial Planner”. A Financial Planner without a FSCO/MFDA/IIROC license would require a financial planning certification however they would be unable to recommend specific products.

Table 1: Title/Designation by Product and Service

Professional Title	Requirement
<i>Investment Advisor</i>	<ul style="list-style-type: none"> • Licensed with MFDA or IIROC • Only sells securities products
<i>Insurance Advisor</i>	<ul style="list-style-type: none"> • Licensed with FSCO • Only sells insurance products
<i>Financial Advisor</i>	<ul style="list-style-type: none"> • Licensed with both FSCO and MDFA or IIROC • Sells both insurance and securities products
<i>Financial Planner</i>	<ul style="list-style-type: none"> • Separate certification • Similar to IQPF in Quebec

The model described above is only one possible approach for the Committee to consider and we welcome a more detailed discussion with the Committee throughout the consultation process.

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Insurance Councils

Concurrent with the Committee's review of financial advisors and planners, Ontario is also conducting a separate review of the operations and mandate of the Financial Services Commission of Ontario (FSCO).

In addition to overseeing hundreds of life and health insurance companies and their products, FSCO also remains responsible for overseeing almost 50 thousand provincially licensed insurance agents.

Given FSCO's many other responsibilities and limited resources Ontario should delegate the responsibility for licensing and overseeing life and health insurance agents to a dedicated insurance council.

Insurance Councils are a common approach for regulating life agents in Alberta, British Columbia and the other western provinces. In these provinces Insurance Councils are responsible for licensing, monitoring, and disciplining insurance agents, brokers and adjusters.

Thank you for the opportunity to provide the Committee with our feedback to the initial consultation document. We would be happy to provide further information upon request and answer any questions that you may have.

Sincerely,



Rick Annaert
President and CEO, Manulife Securities
Senior Vice President, Advisory Services, Manulife

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Expert Advisory Panel – FSCO / FST / DICO Mandate Reviews

Hon. Charles Sousa, Minister of Finance

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