



August 21st, 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
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Dear Expert Committee Members:

My name is Robert Penson and I am submitting this letter to the Expert Committee to Consider Financial Advisory and Financial Planning Policy Alternatives.

Consumers want to work with professionals. They want assurance that they can trust the person who is providing their financial advice. I have been a financial advisor for 26 years and I am encouraged that you are addressing the need to professionalize the financial advice industry in Ontario.

I am also a member of Advocis, and as a member I voluntarily chose to belong to the Association and to adhere to a code of professional conduct, obtain continuing education requirements that exceed those of the regulators and be subject to a disciplinary process. Founded in 1906, Advocis, The Financial Advisors Association of Canada, is the oldest and largest voluntary professional membership association of financial advisors and planners in Canada. The problem is that there are 5,000 members of Advocis in Ontario and over 40,000 advisors across the province; not everyone adheres to the standards established by Advocis. I support the overall direction my Association is taking on the professionalization of all financial advisors.

Currently, the term financial advisor or planner are not protected in regulation or legislation. Anyone can hold out as a financial advisor or planner and this means consumers are at risk. Financial advisors and planners are the two most common titles consumers associate with as practitioners that deal with their financial needs. I feel strongly that any solution addressing this issue has to capture all financial advisors inclusive of planners as it is one integrated profession.

Some groups believe that financial planners should be regulated separately from financial advisors as though there is a complete separation of these groups. The fact is that financial advisors, regardless of the license they hold (life insurance through FSCO, or mutual funds and securities under the MFDA or IIROC), conduct financial planning in order to provide clients with sound advice. A very small fraction of planners actually make a living selling financial plans to clients. The vast majority of planners are compensated through the placement of life insurance and securities products with their clients. I am in favour of recognizing specialist designations as long as they meet the high standards established by the profession. However, carving out financial planners does not make any sense and will create the problems the government faced for years as it tried to amalgamate all accountants with various designations and titles under one umbrella. We need to get this right from the beginning to avoid problems experienced in other professions. Everyone needs to be under the tent.



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Financial advisors are heavily regulated by multiple regulators across the various financial sectors. The current process is complex and does not address the actual concerns and problems that have been identified – anyone being able to call themselves a financial advisor, inconsistent standards of practice and conduct, no formal recognition of professional designations and the ability of an individual who has been disciplined in one sector to move to another virtually unhindered. Only through establishing an overall profession of financial advisors can you overcome these issues. This means that the oversight of financial advice must shift to the professionals in the industry to regulate itself, like every other profession in Ontario.

In establishing a financial advisor profession the governing professional body would be responsible for regulating advisor conduct and proficiency, but would not alter the product-based regulation that currently exists for the financial institutions and product manufacturers.

As a financial advisor, I believe that the best way to establish a profession for all financial advisors is *through the establishment of a professional body where I would be overseen by my peers who* understand the industry and have a vested interest in ensuring that we all uphold professional standards. In my opinion, the details on how this is accomplished should be decided by the profession. However, I believe that the standards established by Advocis should be recognized under a new framework as the Association has a century-old track record regarding practice standards and professional designations. This approach would result in less confusion for advisors and consumers, less red tape, would remove duplication, reduce costs and increase professional standards and consumer protection.

I want to know that the scope and title of my profession are protected and that others who hold themselves out as a financial advisor will have to operate at the same high standard that I have built my business on.

Sincerely,

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