

August 25th 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

Dear Expert Committee Members:

My name is Sara La Gamba 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 6 years and I'm encouraged that you are addressing the need to professionalize the financial advice industry.

I am also a member of Advocis, The Financial Advisors Association of Canada, and I voluntarily adhere to a code of professional conduct and ongoing continuing education as well as answer to a disciplinary process. The problem is that less than 15 per cent of the 45,000 financial advisors in Ontario choose to belong to Advocis and commit to these higher standards.

Currently, there is no regulation of the term financial advisor. Anyone can hold out as a financial advisor and this means consumers are at risk.

I feel strongly that any solution addressing this issue has to capture all financial advisors inclusive of planners as one profession.

Financial advisors, regardless of the license they hold (mutual funds under the MFDA, securities under IIROC or life insurance under FSCO), are required to conduct financial planning in order to provide clients with sound advice.

Some industry groups believe that financial planners should be regulated separately from financial advisors, and that the financial advice industry should follow the example of the healthcare industry where doctors and nurses are both regulated, but separately. This is not the right approach. Using the healthcare analogy, financial advisors and planners should be grouped together – the financial advisor is the general practitioner and someone with a financial planning specialization is the specialist such as a cardiologist. Just as cardiology is a specialization in the medical profession, financial planning is one of the specializations in the financial advice industry.

Look at it this way: if you visit your general practitioner and express specific symptoms outside the scope of his or her expertise, he or she will likely refer you to a specialist. Both are part of



the same profession, the only difference is that one has advanced training and skill in a certain area of medicine.

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 body would be responsible for regulating advisors' conduct and proficiency. However, this would in no way 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 a subset of my peers, and members of the public who understand the industry and have a vested interest in ensuring that we all uphold professional standards.

This shift would result in less confusion for advisors and consumers, less red tape, would remove duplication, reduce costs and increase professional standards.

In addition, there are currently products that can be sold without a license – incidental insurance for instance. The professional body that would oversee the conduct and proficiency of financial advisors would also be able to ensure that financial advisors involved in selling such products are properly trained to perform these activities. This will ensure greater consumer protection without upsetting the current market structure.

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.

In my opinion, the details on how this is accomplished should be decided by the professional body. 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.

Sincerely,



Sara La Gamba CFP, CLU, CHS, EPC