June 17, 2021

Via FSRA Website

Re: Comment on the revised Financial Professionals Title Protection Rule, the revised Application Guidance and the proposed Supervision Guidance.

The Canadian Securities Institute (CSI) is pleased to submit its comments on the revisions and new guidance related to the FSRA Title Protection Rule.

CSI is a leading provider of accredited financial services proficiency learning solutions in Canada. We offer courses and examinations for securities, mutual funds and insurance licensing purposes and a broad range of specialized certificates and designations including the Personal Financial Planner (PFP®).

CSI generally supports FSRA's effort to protect consumers by limiting the use of the Financial Advisor (FA) and Financial Planner (FP) titles. We will address specific elements of the proposed rule revisions and guidance.

Changes to the Rule

- Transition Period

We are pleased to see the reduction of the transition period from three and five years to two and four years. We still believe, however, that an even shorter transition time would allow enough time for candidates to comply with the new requirements and accelerate investor protection.

- Sharing information with FSRA for Public Registry

In order to facilitate the building of the public registry, we do not see foresee any problems for credential bodies to share information that is on the credential body's public website.

Proposed Approach to Fee Structure (Appendix B)

While we realize that the outline of the fee structure is an initial draft and that the FRSA will issue a more comprehensive document for comment in the future, we do have concerns with the proposed approach.

- Annual Fee to Recover Start-up Costs

We understand that the FSRA operates as an independent, self-funded regulator. That said, we do not agree with the approach that the cost of multi-year efforts of policymaking and rule/regulatory development to create a new regime should be fully absorbed by credentialing bodies and credential holders. The cost is over $3 million to date and will be higher by the time the rule is in place. These costs will ultimately be borne by financial institutions and industry professionals. Our concern is that this is a burden on the industry and may simply discourage credentialing bodies and credential holders from opting into the new regime and seeking accreditation.

- Application Fee

We believe that the application fees are reasonable.

- Annual Assessment

We believe that the <u>structure</u> of a fixed annual fee and a variable annual fee is appropriate.

Our concern, however, is that the annual cost recovery model hinges completely on the number of credential holders. If the annual costs (along with the recovery start-up costs) become prohibitive, it is likely that some credentialing bodies may simply not apply. If the SROs (IIROC and MFDA) with the largest number of registrants were to decide not to seek accreditation then the burden would fall on a small number of credentialing bodies. As an example, in the securities industry, the term, financial advisor, is not used; the SRO could decide not to apply to become a credentialing body if their registrants did not see an advantage in using the Financial Advisor title.

Overall, the cost recovery model proposed by the FSRA is based on assumptions as to the number of credentialing bodies and credential holders. The proposed fees are considerable and will likely discourage credentialing bodies and holders from opting in ultimately weakening the entire purpose of the rule and investor protection.

Proposed Supervisory Framework

We commend the FSRA for developing guidance around the use of similar titles.

The examples of "titles that could be reasonably confused with the FP and FA titles" are sufficiently specific and clear. We do not think that providing examples of "titles that likely would not reasonably confused with the FP and FA titles" are required or beneficial. We believe the proposed list simply reduces the credibility of the titling regime by providing potential loopholes.

Proposed Administration of Applications

- Credentialing Bodies and Credentials Application

The proposed requirements for both the credentialing bodies and credentials are very robust. They are extensive and comprehensive and given the importance of the credentialing bodies in implementing this new regime we believe they are appropriate. Most of the requirements mirror ISO 17204 standards which are internationally recognized.

- Approach to Assessing Curriculum (Appendix 1)

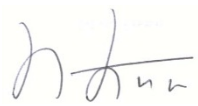
The clarification made to the Financial Advisor curriculum requirements in this most recent version of the guidance is very helpful and should go a long way to ensuring some consistency around the financial advisor role. The contrast provided between the more holistic approach of Financial Planners versus the narrower focus of Financial Advisors is now much clearer.

The narrowing of the FA role to "advising on investment products" does help to explain the proposed exclusion of life insurance licensees who have only completed the LLQP curriculum.

We agree that mutual fund representatives would be meet the FA criteria as has been proposed in the FSRA response to prior comments. We also agree with some commentators on previous consultations that the proficiency requirements for mutual fund registrants should be reviewed and enhanced in the future with the CSA and MFDA to broaden their skills in areas such as estate and retirement planning as it relates to the investments they are recommending. CSI would be pleased to work with the CSA, MFDA and FSRA in this effort.

We truly appreciate the FSRA policy teams' extensive consultation with stakeholders over the couple of years and hope to continue the dialogue on the next steps in this process.

Regards,



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