

NEWS RELEASE

TORONTO, March 23, 2017

FAIR Canada Supportive of Expert Committee's Final Report on Regulating Financial Advisory and Financial Planning Services

FAIR Canada Supports Broad Level Recommendations

FAIR Canada supports the broad level recommendations of the Final Report of the Expert Committee to Consider Financial Advisory and Financial Planning Policy Alternatives. "We fully agree", says Marian Passmore, Director of Policy and COO, "that anyone engaged with Ontario consumers in the provision of Financial Planning or Finance Advice should be required to achieve a certain level of proficiency, have their activities regulated by a regulator (including the titles used), and subject to a statutory best interest duty." "It is of critical importance", says Marian Passmore, "that consumers have confidence that those who hold themselves out as financial planners and financial advisors will provide professional objective advice in the consumers' best interest including having processes and compensation structures that support this."

Central Registry

We fully support the Expert Report's recommendation that a single, free, comprehensive central registry should be created that can serve as a one-stop source of information and include key information such as whether the individual or firm is licensed or registered and their disciplinary history and number of complaints. "The current process of conducting a background check is simply too complicated", explains Marian Passmore. "It requires searching multiple databases and, even if every step is meticulously followed, will not necessarily lead to comprehensive or understandable results."

Consumer Redress

The Expert Committee felt it was outside their mandate to make a recommendation regarding the complaint process but recommended it be given further consideration. FAIR Canada firmly believes that an effective system of consumer redress is an essential component of a well-functioning regulatory system and that the current system is not adequate. FAIR Canada, therefore, calls on the Ontario Government to implement one, single, statutory ombudservice that provides for a binding decision in respect of any consumer complaints whether it be securities, insurance or mortgage brokerage activities

Statutory Best Interest Duty

FAIR Canada wishes to impress upon the Ontario Government and all stakeholders that the statutory best interest duty must be a meaningful one requiring that client's interest be first, that they are paramount, and that conflicts ordinarily be addressed through avoidance. When, in exceptional circumstances, the conflict cannot be avoided it should be addressed through management techniques so

long as such mechanisms will protect the interests of the client. Financial planners and financial advisors will need to have the expertise and processes to carry out their duties effectively including having compensation structures that support the provision of objective financial planning services and financial advice.

To the extent financial service providers cannot provide unbiased advice and meet a statutory best interest duty, FAIR Canada recommends that they should be prohibited from holding themselves out as financial planners or financial advisors. “Financial service providers that do not provide services in the best interest of consumers should be limited to calling themselves financial product “salespersons”, Marian Passmore explains.

Regulation will need to be coordinated so that consistent and adequate standards are set by each of the regulators. Most importantly, FAIR Canada calls on the Ontario Government to ensure that there is adequate oversight and enforcement.

FAIR Canada wishes to commend the Expert Committee for its work and the Ontario Government for their commitment to enhancing protection for financial consumers. At this time the Ontario Government has not endorsed the Report or committed itself to implement the recommendations. FAIR Canada calls on the Government to endorse the Expert Report’s broad level recommendations.

About FAIR Canada

FAIR Canada is an independent national charitable organization dedicated to strengthening investor protection in securities regulation. As a voice for Canadian investors, FAIR Canada provides information and education to the public, governments and regulators about investors’ rights and protections in Canada’s capital markets. For further information see our [website](#).

Contact Us

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