

NEWS RELEASE

TORONTO, March 31, 2017

FAIR Canada Welcomes Steps to Improve Financial Planning and Financial Advisory Services in Ontario

Support by Minister for the Final Report of the Expert Committee on Financial Planning and Financial Advisory Services

Regulation of Financial Planning and Restriction on Use of Titles

FAIR Canada supports the Minister's statement that the government will close the regulatory gap that currently exists and regulate those who hold out as financial planners.

"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."

Statutory Best Interest Standard

FAIR Canada supports the Minister's statement that firms and their advisors need to work in the best interests of their clients and that this will be good for the long term best interests of the industry.

"Ensuring that consumers are protected in their dealings with financial advisors and financial planners is absolutely crucial, not just for consumers themselves but for the integrity of our capital markets. A statutory best interest duty is the cornerstone of such protection and must be next on the list of reforms for consumer protection in this country", says Professor Anita Anand, a member of the Expert Panel and Special Advisor to the Board of FAIR Canada.

"We look forward to continuing to provide our input to the consultation process so that Ontario arrives at a meaningful statutory best interest standard," says Marian Passmore, Director of Policy and COO. "Financial planners and financial advisors will need to have the expertise and processes to carry out their duties effectively and have compensation structures that support the provision of objective financial planning services and financial advice."

Central Registry

We fully support the Minister in creating a central registry for financial planners and financial advisors. 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.”

FAIR Canada supports FSRA

FAIR Canada supports the creation of the new Financial Services Regulatory Authority of Ontario that will provide a more consumer-focused regulator with stronger regulator powers. FAIR Canada calls on the government to ensure that the new FSRA has consumer representation on its Board of Directors and has a statutory consumer advisory panel.

Enforcement - Giving SROs the Ability to Collect Disciplinary Fines Through the Courts

FAIR Canada supports measures to improve the ability to collect fines. Allowing the SROs to directly file their decisions with the courts in the province of Ontario so that the decision may be enforced as an order of the court will assist efforts to collect fines that have been imposed as part of disciplinary proceedings. Improving efforts to collect fines will further the mandate of SROS to protect investors and have fair and efficient markets.

FAIR Canada calls on the Ontario government to go even further and make firms responsible for the fines imposed on their employees. “Requiring the firm to pay the fine if the registrant does not would encourage improved compliance at firms and be a strong deterrent”, says Marian Passmore. “This would result in better protection for investors”.

About FAIR Canada

FAIR Canada is an independent national non-profit organization dedicated to strengthening investor protection in securities regulation, and it is also a registered charity devoted to providing public education on investor protection issues through research, publications and conferences.

Contact Us

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