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RE: IIROC Request for Comments re Use of Business Titles and Financial Designations

FAIR Canada is pleased to offer comments on the Investment Industry Regulatory Organization of Canada's ("IIROC") Request for Comments regarding "Use of Business Titles and Financial Designations" (the "**Consultation Paper**").

FAIR Canada is a national, non-profit organization dedicated to putting investors first. As a voice of Canadian investors, FAIR Canada is committed to advocating for stronger investor protections in securities regulation. Visit www.faircanada.ca for more information.

1. Important that Titles and Designations do not Mislead

- 1.1. FAIR Canada is pleased to see that IIROC has undertaken a survey of its members, conducted investor-focused research, and proposed guidance regarding business titles and financial designations. The use of misleading titles and financial designations is an investor protection issue in securities regulation more broadly, and we believe that the proposed guidance is a good first step.
- 1.2. In our view, this is a broader issue and FAIR Canada encourages the Canadian Securities Administrators ("**CSA**") to follow IIROC's lead in ensuring that titles are not misleading and requiring firms to have policies and procedures in place with respect to business titles and financial designations.

2. **No Best Interest Requirement = Salespeople**

- 2.1. The guidance note is written with a view to ensuring that business titles and designations do not mislead or deceive consumers. Consideration should be given to guidance that requires firms to use titles and designations that actually inform consumers and are understood by them. Even when not actively misleading or deceiving consumers, certain business titles and designations will give a consumer the impression that one is dealing with an “advisor” who is a professional and who will provide advice or recommend products that are in the best interest of the client as opposed to a “salesperson”. Consumers expect that persons with titles like “Investment Advisor” and a designation like “Certified Financial Planner” are regulated as professionals and required to act in the client’s best interest. If the member firm and its registered representatives or investment representatives (“**Approved Persons**”) are legally bound by a best interest or fiduciary standard, then this is not a problem. However, if the firm and Approved Persons only adhere to a “suitability” standard and are free to recommend high-fee products that may be “suitable” but not in the client’s best interest then they should not be holding themselves out as professionals.
- 2.2. FAIR Canada made a submission¹ in response to the CSA’s consultation regarding the appropriateness of a best interest duty for advisers and dealers in which we recommended that registrants who are not required to act in the best interest of their client be required to use the title “Salesperson” (or its equivalent) and be precluded from holding out that they offer independent advice or holding out that they act in the best interest of the client. In FAIR Canada’s view, individuals who offer investment advice that is not in the client’s best interest should be required to call themselves salespeople and not use titles and financial designations that imply that the person is holding him or herself out as a professional providing investment advice.

3. **Guidance Note Could be More Clear**

- 3.1. FAIR Canada fully supports the initiative to provide guidance on business titles and financial designations. We believe that the guidance note contains useful information but that it could be better organized, provide more detail, and be more specific in order to ensure that the meaning is clear to member firms and that there is consistency in titles across and within firms. In our view the wording is such that some firms may conclude that a particular title or designation is not acceptable under the guidance, while other firms may conclude that the same title or designation is acceptable. For instance, is it clear from the guidance that titles like “Vice President” or “Senior Vice President” should not be used unless the individual actually performs an executive function within the firm? The guidance provides that the firm should “consider” the actual role and function, rather than stating that the title should reflect the actual role and function and should not be used unless the person performs an executive function.

¹ To read the full submission, please visit <http://faircanada.ca/wp-content/uploads/2011/01/FAIR-Canada-Submission-re-CP33-403-Statutory-Best-Interest-Duty.pdf>

- 3.2. If IIROC decides to include a glossary of common financial designations to be made available on its website, it should be clear to consumers that IIROC does not regulate or oversee any of the financial designations – that it does not review the provider’s curriculum, does not accredit the designation granting institution or review the body’s approach to disciplining those to whom it has granted financial designations, or review its continuing education courses. Otherwise, consumers may place more credence on the listed designations than is warranted.
- 3.3. We agree that IIROC should explain what the existing requirements are that the person must have satisfied in order to be approved in their given registration category, and explain that IIROC is their licensing body. We also recommend that consumers be directed to check that a person is in fact registered and directed to check if the person has been disciplined by IIROC.

We thank you for the opportunity to provide our comments and views in this submission. We welcome its public posting and would be pleased to discuss this letter with you at your convenience. Feel free to contact Ermanno Pascutto at 416-214-3443 (ermanno.pascutto@faircanada.ca).

Sincerely,



Canadian Foundation for Advancement of Investor Rights