

Financial Planner Title Protection in Manitoba

Project Overview

Currently in Manitoba, individuals can present themselves to the public as “financial advisors” or “financial planners,” without having any qualifications to provide such advice. To ensure the financial well-being of Manitobans’, the Manitoba government issued a public consultation paper regarding the advisability of adopting title protection legislation that would prohibit people from using these titles, unless they are properly qualified to provide such financial advice.

The consultation paper was released on July 5, 2023, to gather public input on this topic.

This report summarizes the feedback received from the consultation.

Engagement Overview

The consultation asked respondents to answer a series of questions on the topic. Individuals could participate by submitting written responses by email, or through a survey on the EngageMB website. Open and close-ended questions were used to gain input on:

- The advisability of adopting title protection legislation in Manitoba; and
- If the Manitoba Government were to go forward with title protection legislation, specific questions regarding the structure of such a regulatory regime and certain elements of it.

The consultation paper was available to the public in both French and English. It was launched with a news release, which was shared with the Investment Executive, and emails were sent to relevant Manitoba businesses in an effort to reach as many individuals in the sector as possible.

The consultation paper included information on the development of title protection legislation in Québec, Ontario, New Brunswick and Saskatchewan to provide background on different approaches to legislation, and their suitability for Manitoba to adopt.

Public input was available between July 5, 2023 and Sept. 30, 2023. The department also received requests for an extension, and because extensions were not formally granted, the information was considered and incorporated into this report, if it was received by Oct. 6, 2023.

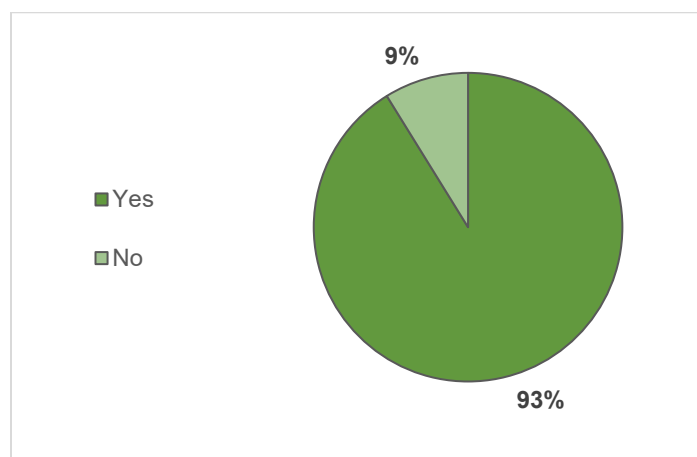
What We Heard

Thirty (30) individuals participated in the survey, and 17 written responses were submitted.

Several written responses could not be categorized (i.e. “yes,” “no”) and therefore, could not be properly quantified. However, responses provided useful insight and valuable perspectives worth consideration, so they are summarized under Additional Insights.

Note: Participants were not obligated to provide responses to each question.

1) **Should the Manitoba government proceed with legislation to prohibit individuals from calling themselves “financial advisors” or “financial planners,” unless they possess appropriate qualifications?**



(44 responses)

The majority of respondents (93 per cent) agreed that Manitoba should proceed with title protection legislation. Respondents commonly identified legislating titles as the most effective way to enhance consumer protection.

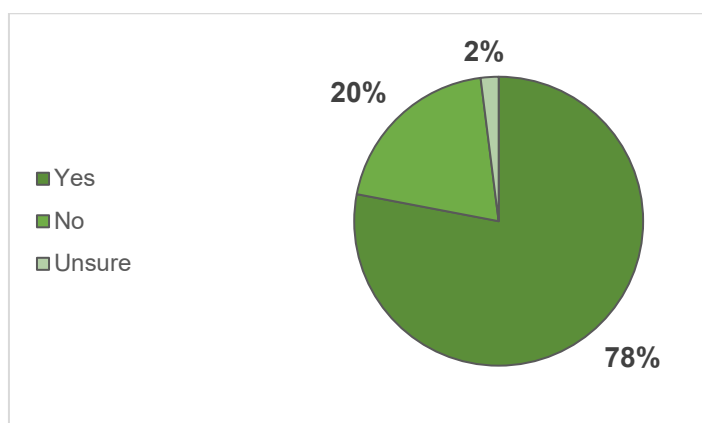
Less than 10 per cent did not think Manitoba should introduce title protection legislation, and should reconsider the decision, due to potential confusion and pushback. Some participants emphasized a need for a coherent and transparent approach to consumer protection that does not currently exist and recommended collaborating with other provinces to establish a unified framework with minimum standards.

Additional Insights

Participants noted title protection of financial professionals is crucial, but legislation for this purpose may be redundant, citing the Canadian Investment Regulatory Organization (CIRO) and the Manitoba Securities Commission (MSC) currently regulate many individuals who provide financial advice. Legislation would duplicate these roles and could lead to inefficiencies.

Others suggested Manitoba should first determine if the necessity of title protection is based on concrete evidence from research on specific policy objectives. Responses concluded that a data-driven approach would streamline the regulatory process and ensure that any legislative measures taken are based on sound and justified reasoning.

2) If so, should the overall approach of the legislation follow the models adopted in Ontario, and proposed in Saskatchewan and New Brunswick, where the regulator approves credentials and credentialing organizations that are considered to have appropriate proficiency, ethical, continuing educational and disciplinary requirements?



(41 responses)

Over three-quarters of respondents (78 per cent) thought Manitoba should follow the noted model to regulate approval of credentialing bodies. Harmonization promises best practices by having consistent standards in education and training and a broad set of financial ethics requirements and guidance. High-level coordination increases consumer confidence in their financial planner or financial advisor, limits regulatory burdens and reduces compliance costs passed onto consumers.

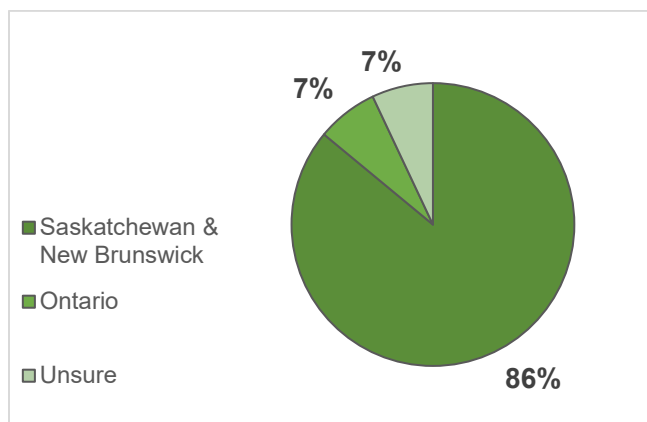
Less than a quarter (20 per cent) of respondents were against following the framework. There was disappointment in Ontario's approach, noting legislative gaps exists for approved bodies and results in varying credibility among credentialing bodies, which creates uncertainty if credentialing bodies and credentials do not meet baseline competency tests. There was also criticism of Ontario's criteria for approved credentialing bodies for the financial planner title, noting the designation does not meet the International Standards Organization.

Additional Insights

Similar to question one (1), participants noted that the MSC and CIRO have an established governance structure with a strong public interest directive, expertise, resources, policies and procedures to administer and monitor compliance of registered individuals. As such, respondents suggested that should Manitoba proceed with the regulatory framework, those registered with CIRO should be exempt from the requirements of the consultation as they relate to the use of the financial advisor title.

3) Assuming it should, how should some of the differences between the regulatory regimes implemented or proposed in those three provinces be resolved? In particular:

- Should the regulator in Manitoba be vested with the broad investigatory and enforcement powers given in Saskatchewan and New Brunswick legislation? Alternatively, is the more limited ability to issue compliance orders in Ontario more appropriate?



(29 responses)

Feedback indicated 86 per cent of participants thought Manitoba should have broad investigatory powers similar to Saskatchewan and New Brunswick. Stronger measures and more comprehensive frameworks prioritize consumer protection effectively and address non-compliance. Concerns arose about the limited powers of the Financial Services Regulatory Authority of Ontario (FSRA) to protect the public, particularly if a credentialing body fails to act accordingly and emphasized a desire for stronger measures and a more comprehensive framework.

Less than 10 per cent of respondents believed Manitoba regulatory bodies should be vested with limited investigatory and enforcement power as seen in Ontario.

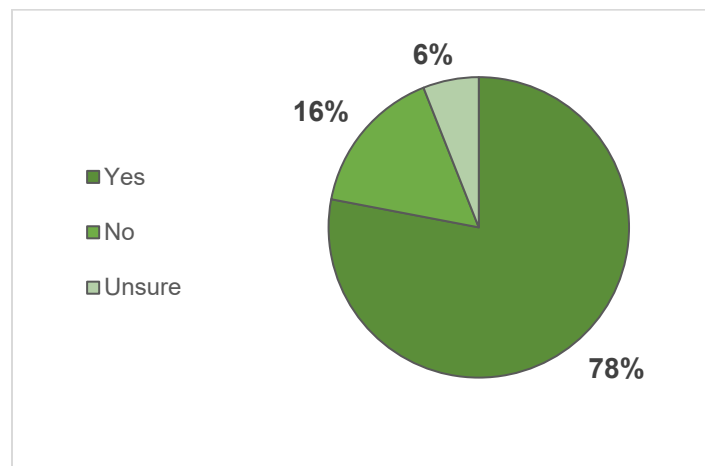
Additional Insights

It was recommended that Manitoba should wait for Ontario’s framework review in March 2024 before making a decision as respondents anticipate a realignment of their investigatory and enforcement powers with Saskatchewan and New Brunswick. Further, proposing the framework should resemble those currently designed for other regulated professionals, who have transitioned away from fractured regulatory approaches to collaboration.

Others advocated for Manitoba to consider exempting financial advisors and financial planners in professions with existing regulatory oversight to avoid overlapping frameworks that could result in increased regulatory burdens and inconsistencies.

Additionally, respondents were concerned that relying solely on compliance orders may not be sufficient to effectively prevent harm to consumers. As such, the province should have authority to impose fines and other sanctions when necessary.

- **Should the more simplified method for approving credentialing bodies previously approved in another Canadian jurisdiction, set out in the Saskatchewan and New Brunswick legislation, be adopted in Manitoba?**



(32 responses)

More than three-quarters (78 per cent) of respondents were in favour of a simplified method for approving credentialing bodies. Common responses indicated a simplified method would reduce fees, lower the regulatory burden, enhance compliance and benefit consumers without reducing protection.

The simplified approach also gained support as a response to criticism of Ontario’s broad approach. Participants argued Ontario did not establish a proper framework for approving credentialing bodies, which allowed inexperienced bodies to be approved.

Less than a quarter of respondents (16 per cent) did not support a simplified approach.

Additional Insights

Feedback advised that provinces introducing title protection should conduct their own due diligence to determine if credentialing bodies and credentials meet agreed standards. Further concluding that with the absence of a commonly accepted understanding of what a financial advisor or financial planner is or does it is premature to harmonize approval of credentialing bodies.

- 4) **How important is it that the legislative requirements in Manitoba be harmonized with the regulatory regimes adopted in Ontario, and proposed in Saskatchewan and New Brunswick, particularly regarding:**
 - **The definitions of “financial planner” and “financial advisor:”**
 - **The application process for recognized credentials and credentialing bodies, and**
 - **The ongoing compliance requirements for recognized credentialing bodies.**

	The definitions of “financial planner” and “financial advisor	The application process for recognized credentials and credentialing bodies	The ongoing compliance requirements for recognized credentialing bodies
Very Important	72%	69%	73%
Somewhat Important	14%	17%	10%
Neutral	7%	4%	10%
Somewhat Unimportant	4%	3%	0
Not at all Important	3%	7%	7%

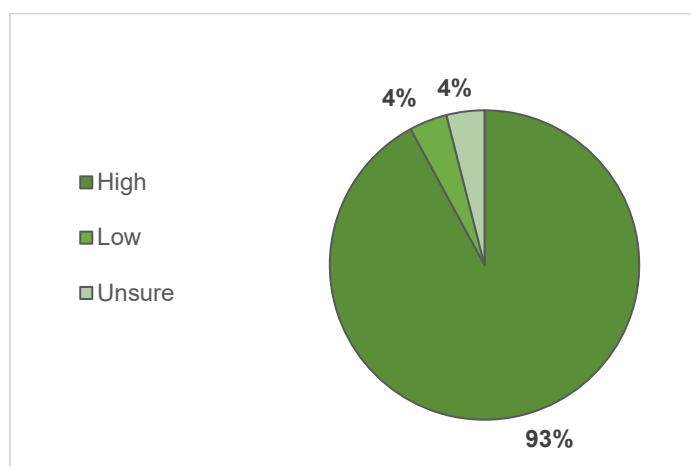
(29 responses)

Note: Data table does not include written responses.

Overall, the majority of respondents believed harmonizing financial advisor and financial planner titles is crucial for consistency and clarity in the industry. It ensures that consumers can trust and better understand the qualifications of professionals regardless of where they are in Canada. It simplifies the process for professionals to work across provinces, reducing confusion and administrative burden. Overall, harmonization benefits both consumers and industry participants by creating a coherent and predictable regulatory landscape.

Participants were concerned about Ontario’s regulatory regime including lax criteria for obtaining titles, low proficiency requirements, a product-focused approach, and inadequate recognition of the professional-client relationship. Many highlighted that the model is still evolving and recommended a focus on improving it to better meet consumer expectations, before adopting it in Manitoba.

- **What degree of regulatory coordination is desirable among regulators in Canada that oversee financial planner title protection, now or in the future?**



(27 responses)

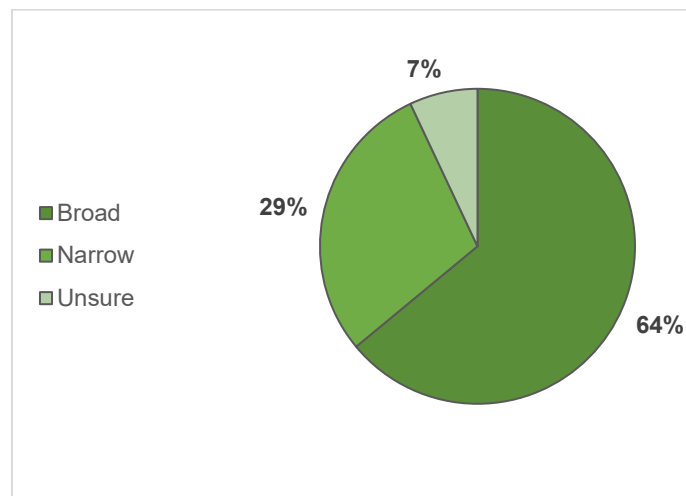
The majority of respondents (93 per cent) wanted a high degree of regulatory coordination in Canada. Regulatory coordination ensures the best practices are adopted which will maintain the integrity of the financial services sector and effectively protect consumers from fraudulent or unqualified financial advice.

Four per cent argued against regulatory harmonization and cautioned poor harmonizing policies. Respondents noted harmonization is an ongoing process and title protection framework must be continually reviewed and improved to meet changing consumer needs. Also, there was encouragement for Manitoba to collaborate with other jurisdictions that have, or are considering, title protection framework to create a national approach to harmonizing oversight of financial planning and advisory titles and credentialing bodies.

Additional Insights

Alternatively, participants advocated for enhanced coordination among Canadian regulators, but raised concerns about fees. Specifically, regarding the potential requirements for credentialing bodies to pay separate fees when operating in several provinces could increase their operating costs. Respondents expressed concern that as fees accumulate, especially with a large number of credential holders, costs may ultimately be passed onto consumers. They noted that the possibility of this added burden may discourage new credentialing bodies from entering the market, leading to reduced competition.

- 5) **How broad should the title protection regime be in terms of the titles that are subject to it in addition to “financial advisor” and “financial planner,” given the relatively narrow approach taken in Ontario and the broader approaches taken in Québec and under consideration in Saskatchewan and New Brunswick?**



(28 responses)

More than half of participants (64 per cent) felt Manitoba should adopt a broader title protection regime, stressing broad and clear definitions of financial advisor and financial planner titles are vital in preventing intentional misuse and consumer confusion. It is essential to include related titles to protect consumers and prevent people from avoiding the regulations. Public education on potentially confusing titles benefitting both the industry and consumer advocates is important.

Around one quarter of respondents (29 per cent) favoured a narrow regime seen in Ontario, indicating it would reduce public confusion or misunderstanding.

Additional Insights

Participants supported a “principle-based” approach, like the one used by Canada’s life/health insurance and securities regulators to ensure fair and ethical consumer interactions. A “principle-based” approach uses general definitions, which allows for more flexibility. Individuals stressed that using both “advisor” and “planner” may confuse consumers about their qualifications.

Others noted that the MSC rules require that titles not be misleading.

6) What should be the process if the recognition of a credentialing body, or one of its credentials, is revoked?

About a quarter of respondents wanted a clear and transparent transition process for credential holders from non-approved or ceasing credentialing bodies. Responses included a desire for a quick transition period to another credentialing body to avoid disruption to consumers.

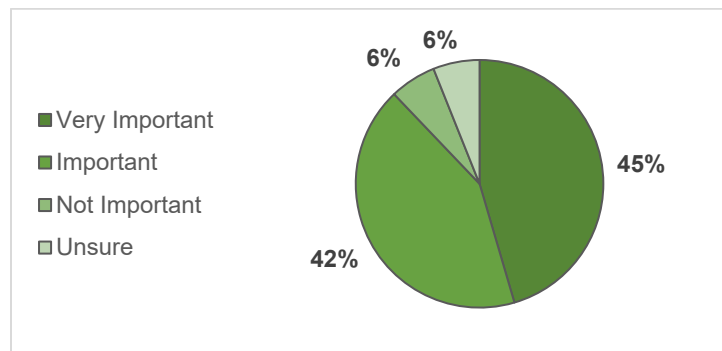
Twenty per cent suggested putting information on a central database to ensure transparent and simple verification of financial planners and financial advisors.

Additional Responses:

- penalties including fines, termination of financial activity, and custody
- focusing on incentivizing credentialing bodies to meet standards from the onset
- harmonized and consistent approach across regulatory regimes to treat credential holders fairly
- effective mechanisms to handle complaints and bad practices in the financial field

(36 responses)

7) How important to the proposed regulatory regime is a single, central, public database listing all individuals entitled to use these titles? The legislation in Ontario, Saskatchewan and New Brunswick all contemplate that the regulator will post lists of approved credentials and recognized credentialing organizations on their website, but do not call for a central database listing all approved individuals (although in Ontario each recognized credentialing organization maintains a publicly accessible list of their respective members). FSRA has stated that it intends to develop such a central database that the public can access but this is not yet in place.



(31 responses)

Strong support was expressed for a public database, with 87 per cent of participants placing some level of importance on one. The overall theme of responses indicated a database would provide transparency and reduce consumer confusion, which would support consumer protection and decision making. Responses also emphasized the value of a database in helping companies employ qualified professionals.

Several respondents indicated a desire for a public awareness campaign to educate the public on the process and roles of regulators and credentialing bodies and outlining the difference between a financial planner and a financial advisor, including the qualifications needed for those jobs.

Additional Insights

Other participants expressed that the effectiveness of a public registry lies in the quality and accuracy of the information it contains. For example, the Canadian Securities Administrators offers a database with valuable financial information. Additionally, respondents concluded that while a database is crucial, it should not be the sole source of information accessible to the public.

Feedback also recommended Manitoba should collaborate with CISO and all provincial regulators when developing public disclosure requirements. It was noted the partnership could help ensure consistency across jurisdictions, making the information readily available to the public in a uniform and reliable manner.

Next Steps

Manitoba Finance will consider drafting relevant legislation, based on the information received.

Active Offer Statement

This information is available in an alternate format on request. For more information, please contact Wendy.VanLoon@gov.mb.ca.

Questions?

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