

# Financial planners face new rules

BY JONATHAN CHEVREAU, FINANCIAL POST    MAY 31, 2011



Cary List, president and CEO of Canadian Financial Planners Standards Council.

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Five financial planning organizations have created a national coalition to set firm guidelines for anyone wishing to call themselves a financial planner.

Despite repeated attempts in the past -- notably in Ontario -- to regulate who can call themselves a financial planner, it's basically been a case of hanging out one's shingle and declaring oneself a financial planner. There have been no requirements for qualifications or professional oversight.

Until now, only Quebec has regulated this. The Institut québécois de planification financière (IQPF) has conferred the P.I. Fin diploma since 1989 (possessed by 5,000 financial planners in Quebec.) Also required is a permit from the regulator, Autorité des marchés financiers or AMF, says IQPF president and CEO Jocelyne Houle-LeSarge.

The permit must be renewed yearly. Without both, Quebecers can't call themselves financial planners, or anything that sounds close to that.

The IQPF is one of the five groups in the new Coalition for Professional Standards for Financial Planners.

In other provinces, the closest to a required designation is the CFP (Certified Financial Planner) overseen by the Financial Planning Standards Council (FPSC). A runnerup is the RFP or Registered Financial Planner from the Institute of Advanced Financial Planners. Both the FPSC and IAFP are coalition members.

The other two are The Financial Advisors Association of Canada (Advocis, representing insurance agents) and the Canadian Institute of Financial Planners (CIFP).

While the FPSC encourages financial planners in the rest of Canada to have the CFP -- 18,000 already do -- another 40,000 to 60,000 financial sales people hold themselves out as financial planners even though they lack the CFP or RFP, says FPSC president Cary List. Many have just a mutual fund license.

Why not simply require the CFP to call yourself a financial planner? That's the hope but there would be no teeth without government intervention or regulation, List says. To do so would require each province to do what Quebec has done. Two attempts were made a decade ago in Ontario. The Ontario Securities Commission attempted to create a financial planning proficiency exam around the year 2000 which ultimately "died on the vine," List says. The next attempt was the OSC's Fair Dealing Model, which was ultimately watered down by the financial industry.

The model for the Coalition is long-established professions like law, medicine and accounting. "Why shouldn't financial planners be held to similar standards?," asks Advocis president Greg Pollock, "Until Canada raises the bar on standards for financial planners the public will not be amply protected from unqualified individuals who claim to be qualified when they are not."

It's still early days but the Coalition is creating a common set of national standards aimed at protecting consumers. The starting point is a statement of principles, unveiled Tuesday with the coalition's announcement. Those wishing to be financial planners will have to meet professional standards for education, experience, examination, ethics and professional duty of care, and be accountable to professional oversight.

CIFP president Keith Costello said prospective clients need a more objective and reliable way of "distinguishing between those who falsely claim qualifications as a financial planner and those who have met proven standards of competence and ethical duty."

In the absence of standards, the public has long been confused by the "alphabet's soup" of multiple designations. But clients can be left with no recourse if someone portraying themselves as a financial planner falsely represents their qualifications, Costello said.

All this comes at an opportune time, given that the Federal Task Force on Financial Literacy recently highlighted the need to help consumers be better informed when choosing financial practitioners.