

November 18, 2021

Financial Services Regulatory Authority of Ontario  
25 Sheppard Avenue West, Suite 100  
Toronto, ON M2N 6S6

SENT VIA ONLINE SUBMISSION SYSTEM

Dear Sirs/Mesdames,

**Re: Consultation [2021-017]  
FSRA's Innovation Framework**

On behalf of Advocis, The Financial Advisors Association of Canada, we are pleased to provide our comments in regard to the Financial Services Regulatory Authority of Ontario ("FSRA") and its Consultation [2021-017], *Innovation Framework* (the "Framework").

## **1. ABOUT ADVOCIS**

Advocis is the association of choice for financial advisors and planners. With over 17,000 member-clients across the country, we are the definitive voice of the profession. Advocis champions professionalism, consumer protection, and the value of financial advice. We advocate for an environment where all Canadians have access to the professional advice they need.

Advocis members advise consumers on wealth management; risk management; estate, retirement and tax planning; employee benefits; and life, accident and sickness, critical illness and disability insurance. In doing so, Advocis members help consumers make sound financial decisions, ultimately leading to greater financial stability and independence. In all that they do, our members are driven by Advocis' motto: *non solis nobis* – not for ourselves alone.

## **2. COMMENTS**

We applaud FSRA for its goal of fostering innovation and technology to improve customer satisfaction and business conduct while managing risks to consumers. Reducing barriers that stifle the adoption of technological tools would enable market entrants to drive competition which directly benefits consumers. The proposed Framework comes in a time when industry participants are signaling, more than ever, the need for enhanced technology and innovation.



Financial advisors play an important role in providing consumers with access to professional financial services. The relationship between advisors and clients is built upon trust and is enriched over years. As a result, advisors are in a unique position to identify innovative products and services that can benefit consumers. In addition, due to their insight and expertise, advisors can also assist with solving challenges faced by innovators in a more efficient manner.

We encourage FSRA to leverage the experience and knowledge of Advocis' Technology and Innovation Committee ("TIC") in facilitating and identifying innovation opportunities through FSRA's Innovation Office 'inside-out' and 'outside-in' approaches. The TIC is composed of tech-forward members of Advocis who engage with modern tools and technologies to enhance their ability to provide client-facing financial advice. TIC members can draw from the challenges they have faced as innovators and adaptors throughout the years. In addition, their understanding of the changes in the industry is shaped by their familiarity with both traditional and technological languages used in this space. These are practical and useful experiences which can assist regulators and innovators. The TIC's initiatives strengthen our advocacy efforts for a better regulatory environment as we believe that both financial advisors and consumers can benefit from technologies that promote greater access to financial advice, increased choice in services, and a more competitive landscape.

The TIC is currently working on an initiative whereby advisors would have the opportunity to meet with innovators and test the offerings of beta stage start-ups, which would ensure that the voices of clients and advisors are heard by developers in the fintech space. This is an initiative similar to FSRA's 'Test and Learn Environment' ("TLE") where innovators will be able to test their innovations and analyze the market response to their innovations. TIC's unique perspective and knowledge gained from client-facing, front-line advisors can assist TLE and facilitate improving tested innovations. We believe that the TIC can prove valuable to FSRA's TLE and we look forward to engaging TIC with the Innovation Office and its TLE program.<sup>1</sup>

Lastly, we encourage FSRA to be mindful of the distinction between access to product and access to advice in its support for innovation and technological tools. While some consumers simply seek access to product, the vast majority are interested in access to advice – including the client relationship management and behavioural coaching that professional advice entails. Access to product is often ancillary to the larger financial plan developed through the professional advisory relationship. By promoting and dedicating part of the Innovation Office' time and resources to developing and encouraging technologies that would improve the advisory relationship, FSRA can ensure that innovation will lead to a better consumer experience as a whole.

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<sup>1</sup> The TIC is also involved in similar initiatives such as the Beta Innovation Office Directory of the Ontario Securities Commission.



### 3. CONCLUSION

This is an exciting time for market participants. Innovation and technology are inseparable parts of the industry's future. We appreciate FSRA's leadership in advancing technology and innovation across the sector. It is not an easy task to promote innovation and a reduced regulatory burden on new market participants while protecting the rights and interests of consumers. We believe that the Framework is a step in the right direction and can have a significant impact when it is combined with the tremendous consumer benefits of professional financial advice.

We look forward to having further productive discussions with FSRA regarding how the TIC can further the goals of FSRA's TLE program. Should you have any questions, please do not hesitate to contact the undersigned, or James Ryu, Vice-President, Advocacy and General Counsel at [jryu@advocis.ca](mailto:jryu@advocis.ca).

Sincerely,

Greg Pollock, M.Ed., LL.M., C.Dir., CFP  
President and CEO

Rob Eby, CFP, RRC  
Chair, National Board of Directors