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April 26, 2017

Ken Woodard
Director, Membership Services & Communications
Mutual Fund Dealers Association of Canada
121 King St. West, Suite 1000
Toronto, ON M5H 3T9
Sent by email: kwoodard@mfd.ca

Dear Mr. Woodard:

Re: MFDA Consultation Document Respecting the Development of Continuing Education (CE) Requirements

Independent Financial Brokers of Canada (IFB) welcomes the opportunity to comment on MFDA Bulletin #0711-P issued on January 12, 2017.

IFB is an active supporter of continuing education for financial advisors, and has been offering high quality educational events and Summits for over 20 years, in locations across Canada. MFDA staff have been frequent speakers at IFB events, particularly at the Toronto Summits.

IFB supports a CE requirement for mutual fund advisors.

IFB expressed its support for a continuing education requirement for mutual fund advisors in our response to the MFDA Discussion Paper issued in 2015. Continuing education is a cornerstone of professionalism, requiring licensees to maintain up-to-date industry knowledge and proficiency. We, along with most other commenters, provided our support with the caveat that any requirement should strive for simplicity, avoid duplication with other CE requirements, coordinate with other CE programs and not be cost prohibitive¹. IFB further stressed the importance of recognizing that regulators, self-regulators, and many other professional organizations already have a CE requirement in place.

IFB recommended that any framework developed by the MFDA should leverage off these existing systems.

¹ MFDA Bulletin #0666-P Summary of Comments on the Development of Continuing Education Requirements ("Discussion Paper"). December 1, 2015.

The CE framework, as proposed, ignores the widespread access to financial education already in place.

IFB, like many other organizations providing financial education today, is an accredited provider and offers CE which has met the standards to have its educational sessions accredited by another regulator or professional organization. The proposal appears to ignore this existing accreditation process, in favour of developing an entirely new one.

This approach represents a significant departure from the Principles identified by the MFDA in its earlier Discussion paper – Principles which were identified by the MFDA itself as central to the development of a CE requirement. The principles were:

- The content should address ethical practices, compliant standards and professional development;
- The CE requirement should be administratively feasible;
- The CE requirement should not create unnecessary duplication with CE requirements of other relevant organizations; and,
- The CE requirement should not be cost prohibitive.

The proposed CE framework risks the creation of a bureaucratic, costly and cumbersome system of oversight. For example, the proposed accreditation process and the as-yet undetermined cost of becoming an MFDA approved provider raise concerns.

The CE framework, as proposed, places an undue financial burden on mutual fund advisors, firms and educational providers, as the MFDA will add staff, technology and fees in order to recover its costs.

We are troubled that the MFDA, itself, intends to create and deliver at least 1 mandatory MFDA Compliance Credit per year, likely by webcast, and for a fee paid by each Approved Person. The number of Approved Persons currently stands at 83,000. The consultation paper suggests a cost of \$10 per AP for such a course, which would provide the MFDA with revenue of \$830,000 per year. Since there are many reputable education providers in the market, both not-for-profit and retail, we question how the MFDA's foray into this market serves the mandate of a self-regulatory body.

In addition, the MFDA proposes charging providers to accredit course offerings, with no indication that this fee will be waived for providers already recognized by other regulators and professional associations. IFB urges the MFDA to adopt a simpler model, whereby the educational provider is accredited and periodically audited for compliance. Examples of this approach exist today and it is a more cost-effective solution that allows for competition in the marketplace both in terms of quality and price.

Many Approved Persons hold complementary financial licenses and/or professional accreditations, which have a mandatory CE component. It is common for advisors to be licensed for both mutual funds and life/health insurance, and many also have the CFP® designation. This should be recognized in the development of the CE framework to reduce the cost and regulatory burden of overlapping, and uncoordinated requirements.

The CE tracking system as proposed will be costly and burdensome.

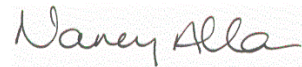
CE tracking can be done by MFDA firms more efficiently and at a much lower cost than developing the process as described. Member firms and advisors can be required to fulfill and prove that the required number of CE credits were attained as part of their compliance requirements. This can be supplemented by dealer and MFDA audits, as they are now.

We note that the MFDA Recognition Order requires the MFDA to find appropriate and cost effective solutions, and avoid fees that create an unreasonable barrier to membership. At a time when the number of MFDA firms has dropped, largely due to the exit or acquisition of smaller independent dealers, the CE requirement should be introduced in a more efficient, yet equally effective, way.

In conclusion, IFB has strong reservations with the proposed CE framework and the cost impact, particularly for Approved Persons. At a minimum, we think it appropriate that the MFDA to undertake a cost-benefit analysis, before embarking further on this proposal. For this reason, we have copied the BCSC.

Please contact the undersigned or Susan Allemang, Director Policy & Regulatory Affairs (sallemang@ifbc.ca) should you wish to discuss or have any questions.

Yours truly,



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