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June 20, 2018

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Submitted by email

Subject: Request for comments on Proposed MFDA Rules 1.2 (Definitions), 1.2.6 (Continuing Education), and Proposed MFDA Policy 9 – *Continuing Education (CE) Requirements*

Independent Financial Brokers of Canada (IFB) is pleased to comment on the above-noted proposals.

IFB is a national, professional association representing approximately 3,500 individually licensed financial advisors. Many IFB members are Approved Persons of a mutual fund dealer.

IFB supports the MFDA implementing a CE requirement, as we have stated in the previous consultations. Professional development is essential to an advisor's ongoing competency.

IFB is a recognized provider of high quality educational events and has significant expertise in working alongside regulators, self-regulators and industry accreditation providers to ensure advisors receive credible and auditable education on a variety of relevant topics.

The cost of the proposed system and the potential tracking burden continue to concern us. Most IFB members are already required to attain CE credits to maintain their life insurance license, IIROC registration, and/or professional designation such as the CFP or CLU. Therefore, it is important that the MFDA's proposals dovetail with these existing requirements, so they do not create undue burden or cost to MFDA members and advisors. Moving from an auditable attestation model, as is the case for IIROC

and life insurance CE, to a MFDA-specific tracking system has strayed from the 4 principles the MFDA identified in its 2015 Discussion Paper that would guide the development of a CE requirement. These 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 CE framework as now proposed risks the creation of an overly prescriptive and cumbersome system of oversight – the costs of which will be borne by a declining number of MFDA members. Perhaps more troubling, however, is that this approach has resulted in a lengthy implementation delay. A simpler system could have been put into place and already be addressing the professional and proficiency needs of mutual fund advisors.

Below are IFB's comments on the MFDA's specific proposals.

Component Content

IFB agrees with the proposed content of the continuing education. Segmenting education into Business Conduct, Professional Development and MFDA Compliance is consistent with a modern approach to professional education, and reflects the complexities of financial advice and products.

In previous consultations, the MFDA outlined its proposal to create, deliver and charge for its mandatory Compliance course. This is not mentioned in this consultation, and it is our hope that this proposal has been dropped.

Delivery Standard

IFB welcomes the flexibility of permitting training through MFDA members and through third parties. IFB has a reputation for delivering quality education across Canada, and we look forward to including MFDA CE credits in future events.

Accreditation

IFB agrees with the concept of accreditation to ensure the education provided meets appropriate educational standards. However, the accreditation process as outlined appears to be unduly complex and onerous, and risks the provider being subject to significant delays in receiving accreditation approval. Educational events, summits and conferences are generally marketed well in advance of the delivery dates to encourage adequate participation to offset the cost. Any significant delays posed by the accreditation process may lead to low participation and make it difficult to host large events. We urge the MFDA to set timelines that it will meet to issue approval of properly constituted accreditation applications and reports.

In addition, no information has been provided to date on the applicable fees to apply for accreditation and self-accreditation. IFB suggests that the MFDA consider variable fee arrangements, such as waiving fees for providers already recognized by other regulators and professional associations.

IFB supports a 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 in terms of quality and price.

Evidence of Completion

The proposals contained in this section are consistent with the proof of education IFB provides to attendees at its events now.

Reporting

It remains unclear to us why the MFDA has pursued the development of a tracking system unique to its membership, when a much simpler framework of advisor attestation, supplemented by dealer and MFDA audits, could have been employed. In our previous comments, we urged the MFDA to undertake a cost-benefit analysis and we continue to support this approach.

Assessments

Meeting a 15-day deadline to respond to an MFDA review and provide documentation could be difficult, depending on the circumstances and the time of year. We suggest a timeline of 30 days or, at a minimum, 15 business days.

We do not agree that a Participant should be found to be non-compliant if a Member or Provider fails to submit supporting educational materials that results in the CE credits being rejected. Non-compliance could lead to the advisor's license being suspended despite having taken the education in good faith. The Member and/or Provider should bear the responsibility in such cases.

The proposal to find a Participant non-compliant in these circumstances is further troubling when viewed alongside the requirement in s.13.3 that the advisor not be permitted to advise clients if the prescribed credit requirement has not been met. This leaves advisors subject to great reputational risk and is unduly punitive given the type of infraction and risk to clients.

Non-Compliance

As per our comments above, some of the processes as described are highly punitive and overly complex. There should be opportunities to encourage remedial solutions before removing the advisor from servicing clients. Time limits can be associated with the remedial period and consideration given to extenuating circumstances which may have arisen.

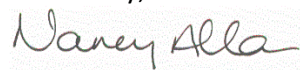
Reinstatement

IFB suggests including deadlines for reinstatement, in recognition of the importance of an advisor's license to service clients and to his/her livelihood. Similar response times to those the MFDA is demanding from Members, advisors and Providers should be set out for the MFDA to abide by.

In closing, IFB supports the professional development of MFDA registrants, and the over-arching objective of a CE requirement. However, we urge the MFDA to consider simplifying the process.

Should you wish to discuss further or have questions, please contact the undersigned, or Susan Allemang, Director Policy & Regulatory Affairs (email:sallemang@ifbc.ca).

Yours truly,



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