



Independent Financial Brokers of Canada
740 - 30 Eglinton Avenue West, Mississauga, ON L5R 3E7

September 20, 2019

Mutual Fund Dealers Association of Canada
121 King St. West, Suite 1000
Toronto ON M5H 3T9

Attention: Ken Woodard, Director Membership Services & Communications

Sent by email: kwoodard@mfd.ca

Subject: Discussion Paper on the MFDA CE Accreditation Process

Independent Financial Brokers of Canada (IFB) appreciates the opportunity to comment on the MFDA's proposed continuing education (CE) accreditation process. Education is a vital component of the value IFB brings to financial advisors and firms. Our review of this discussion paper has raised several concerns that will be elaborated upon throughout this response.

IFB is a national not-for-profit professional association representing approximately 3,500 licensed financial advisors. IFB is the only association in Canada that is exclusively committed to supporting financial advisors who have chosen to operate on an independent, self-employed basis.

The majority of IFB members are provincially licensed under securities legislation as mutual fund registrants, and/or under insurance legislation as life insurance agents. Many are also licensed or hold credentials that enable them to offer complementary financial services to consumers such as deposit instruments, scholarship plans, other securities or exempt market products, and estate planning and financial planning services.

IFB has responded to previous MFDA requests for input to the development of a CE system. IFB has consistently supported the creation of a CE requirement for MFDA Approved Persons. Participating in meaningful, ongoing education is important to maintaining currency in a rapidly evolving financial services industry and should be a requirement for all professional financial advisors.

IFB continues to hold the view, as expressed in its initial, and all subsequent responses, that any system created should be cost effective, easily updated, cognizant of the many other overlapping CE requirements that many advisors are already subject to by virtue of licensing or credentials held, and, above all, not limit the CE marketplace either directly, or inadvertently, to a small number of providers. Considering this, IFB is very concerned that the Third-Party accreditation process, as described in this consultation, will not only limit competition, but risk introducing undesirable conflicts of interest.



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IFB has a long history of providing high quality education to the financial services industry.

IFB has been a highly respected provider of in-person educational events, tailored to meet the needs of financial advisors, for over 30 years. This year alone, IFB will host hundreds of advisors at Summits, events and workshops at 12 events in Toronto, Calgary, Vancouver, Winnipeg, and Saskatoon. MFDA staff have been frequent speakers at IFB Summits for many years, as have many other financial services regulators, lawyers from national law firms, compliance experts, tax experts, and government representatives. These events range in size from 30 advisors at a half day workshop to several hundred at the IFB Toronto Summits. Regardless of the size of the event, the focus is always on delivering high quality education to support the ongoing proficiency of financial professionals.

IFB employs rigorous attendance monitoring at all its events, regardless of size. Electronic scanning equipment is used to record attendance, and credits are only awarded to those who attend an educational presentation in its entirety. Content relating to commission and bonus structures, and presentations that are exclusively focused on driving sales of a proprietary product are not allowed.

More recently, IFB launched an online education tool, [IFB Academy](#) to respond to the growing cohort of financial professionals who want to obtain education on demand. One of the more popular courses is IFB's AML/ATF course which is available in a 6-hour format, as well as a shorter 3-hour refresher course. All IFB Academy courses require the successful completion of a test before CE credits are issued.

IFB events and online educational resources are available to both members and non-members. By extension, IFB views its role in supporting the ongoing professional development of financial advisors as a key component of a consumer protection framework.

Proposed Third Party Accreditation process

IFB agrees that education providers should be accredited. This is an important factor in ensuring that the education provided is credible and meets appropriate standards. In IFB's response in June 2018, we observed that the accreditation process then, as now, appears to be unduly complex and onerous, and presents the very real possibility of significant delays in receiving accreditation approvals. These delays create business risk to the providers who rely on registration revenues to offset the cost of mounting events and conferences. At a minimum, we urge the MFDA to set deadlines that it, or any Third-Party accreditor, must meet when approving properly constituted accreditation applications and reports.

An easier and less cumbersome alternative would be for the MFDA to follow the accreditation process already in place in many jurisdictions. Under this model, educational providers are accredited, held to a set of guidelines and standards for the content of CE, and periodically audited for compliance. IFB supports this model as a more cost-effective solution that allows for competition in the marketplace both in choice and price.



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Are there any specific entities, or type of Third Parties that should or should not be considered for recognition?

IFB believes strongly in an open and competitive marketplace. This is the best way to ensure that standards are high, and prices are reasonable. IFB is concerned that regulatory expediency is driving the desire for a small pool of Third Party Accreditors, which will decrease competition (thereby raising costs for participants) and risks introducing the potential for conflicts of interest.

The standards proposed for Third Party Accreditors are overly restrictive and will exclude organizations, like IFB, despite IFB's long-standing reputation for delivering high quality, tracked, and auditable financial education. Other well-regarded educational providers, both for-profit and not-for-profit, would also be left out under the current definition. It is unclear to us why the MFDA is proposing to exclude for-profit entities. In our view, accreditation should be based on an organization's ability to demonstrate that its education is delivered in a professional, objective manner that is consistent with a set of standards as defined by the MFDA. Many educational providers, like IFB, have a solid track record in this marketplace, earned through a significant investment in time, cost and materials. This investment should be recognized by the MFDA.

The current proposal advantages a handful of existing organizations, who may themselves offer education as both a service and a revenue stream. This raises the significant potential for creating conflicts of interest between the accreditor and provider. Education providers, like IFB, may well be faced with submitting course material for accreditation to an actual, or prospective, competitor organization. The most obvious example would arise when submitting proprietary course materials prior to publication to an accreditor which is, itself, providing education to the same audience, in the same marketplace. Providers should be assured of being treated in a fair and impartial way.

For qualifying Third Party Accreditors, we suggest replacing the term "securities" with "financial services" to more accurately reflect the industry. Also, we note the possible conflict when Third Party Accreditors administer (and, by extension, promote and sell), a securities-related certification or designation.

It will be important to consider how recognizing Third Party accreditors will dovetail with possible new proficiency regulations applicable to Financial Planners and Financial Advisors, the development of which is currently underway in Ontario by the Financial Services Regulatory Authority of Ontario (FSRA). These regulations will affect many securities registrants and their firms, and care should be taken to ensure compliance with both does not create a new regulatory burden for advisors and firms.

As an aside, IFB suggests that educational sessions where the presenters are financial services regulators or government officials should receive automatic accreditation and be exempted from the need for accreditation by a Third-Party Accreditor. It seems reasonable that such sessions should not incur a cost to accredit.



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Do you agree with the fee structure?

In previous responses, IFB cautioned against building a MFDA CE regime that is costly to build and maintain. Ultimately, the cost of such a structure will have to be recovered.

The proposed fees to apply for accreditation would be prohibitive to an organization such as IFB. IFB does not believe course accreditation fees should limit educational opportunities to only those providers who represent large and/or well-funded organizations.

In addition, it is proposed that MFDA members would not be charged a fee to self-accredit CE activity of their Approved Persons. This will create another barrier for existing providers, as there would seem to be little motivation for advisors to pay for CE outside of their dealer firm and may contribute to a “tick the box” approach to CE. To reiterate an earlier point, today’s financial advisor needs education that fosters development of a more holistic approach when providing advice to clients and keeps them abreast of changing practice and regulatory expectations such as privacy, cyber security, anti-money laundering, vulnerable clients, and future trends. MFDA firms vary in size and location, which may affect their ability to deliver a comprehensive suite of courses for advisors. This could undermine the proficiency and consumer protection goals underpinning a CE requirement.

IFB looks forward to continuing the dialogue with MFDA staff on the development of a CE system which is inclusive, flexible and cost-effective for all participants.

If you have questions on our response, or wish to discuss further please contact myself or Susan Allemang, Director, Policy & Regulatory Affairs (email:sallemang@ifbc.ca).

Yours truly,

A handwritten signature in black ink that reads 'Nancy Allan'. The signature is fluid and cursive, with the first name 'Nancy' being more prominent than the last name 'Allan'.

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