

DELIVERED VIA E-MAIL: kwoodard@mfd.ca

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Mr. Ken Woodard
Director, Membership Services & Communications
Mutual Fund Dealers Association of Canada
121 King St. West, Suite 1000
Toronto, Ontario
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**RE: CIFP RESPONSE TO REQUEST FOR COMMENTS –
CONTINUING EDUCATION ACCREDITATION PROCESS**

Dear Mr. Woodard:

Thank you for your request for comment letters on the accreditation process of the proposed CE program. The perspective of CIPF on this important consumer protection initiative is outlined in the pages that follow.

III. ACCREDITATION PROCESS

❖ ACCREDITORS

1) Should the MFDA directly accredit CE activity or delegate the task in the manner suggested? Why or why not?

Under Section 9.2 of proposed MFDA Policy No. 9, accreditation may be completed by the MFDA, Members or third parties recognized by the MFDA.

MFDA

Clearly, the optimal scenario would be for the MFDA to be the sole accreditation authority for its CE program. Applications for accreditation processed directly through the MFDA will yield a more consistent interpretation, vetting and application of the accreditation standards when assessing proposed and existing continuing education activities.

This said, CIFP also fully recognizes this is neither practical nor realistic. As a not-for-profit organization with relatively modest resources, CIFP is acutely sensitive to the extent to which such an undertaking will weigh down the MFDA with an administrative and resource burden.

MFDA DELEGATE

To alleviate the strain on the MFDA, CIFP is supportive of the MFDA's consideration to outsource its accreditation authority—but, not its responsibility—to an appointed third party (i.e. an MFDA Delegate).

CIFP agrees with the proposed eligibility requirements for an MFDA Delegate including:

- the selection of the Delegate by the MFDA by way of a public request for proposal that sets out the terms and conditions that the successful applicant must satisfy
- the requirement for a prospective Delegate to be an experienced accreditor with established policies and procedures
- the requirement for a prospective Delegate to be knowledgeable of the securities industry and securities regulation
- the exclusion of Third Party Accreditors, education providers and entities that maintain a close association with an education provider from serving as the MFDA Delegate so as to avoid potential conflicts of interest
- empowering the Delegate to make recommendations to the MFDA with respect to the ongoing administration and delivery of the CE program although the final decision with regards to the implementation of such recommendations will rest with the MFDA
- an ongoing review of the requirements to which the MFDA Delegate would be subject

MFDA MEMBERS

Allowing MFDA Members to accredit the continuing education activities of their Approved Persons, provided they meet established standards, is reasonable and would mirror provisions in the continuing education regimes of other industry designations and certifications.

Interestingly, CIFP has found in its own dealings with Member firms that many are increasingly more inclined to outsource the creation and delivery of their education programs, including those relating to professional development, rather than trying to manage it in-house as might have been the case heretofore. Budgetary constraints and limited resources have depleted training departments within many organizations and a muddled regulatory environment has made the ongoing management and administration of educating Approved Persons increasingly challenging. In addition, more and more firms are recognizing that they are not education providers and have concluded that it is more efficient and cost-effective to engage external experts, such as CIFP, to oversee the education of their advisors rather than running their own internal program.

For those Members who do in fact prefer to provide continuing education—in whole or in part—through their own training initiatives, CIFP, in principle, does not object to the option for such a delivery standard. This said, the conditions CIFP has recommended apply to other programs in previous submissions to the MFDA should apply equally to in-house offerings sponsored by Members, to wit: a rigorous assessment by the MFDA and/or the MFDA Delegate of the quality, relevance and educational validity of the CE content as well as the capacity of the Member to offer a professional development program.

Unfortunately, within the current landscape, there are continuing education regimes in force for designations and certifications that fall short of the mark. Their far too broad and lax definition of what constitutes a continuing education activity (e.g. proprietary training that is sales oriented, seminars and workshops that are product focused, permitting unverified activities, such as reading financial publications, approval of courseware that is academically questionable or that does not serve to further the knowledge of the learner, etc.) waters down the integrity and legitimacy of a program purporting to promote the professional development of its participants.

Similarly, simply because a Member—be it a prominent, national firm or a relatively small, independent operation—sponsors a continuing education program, should not, in and of itself, exempt it from scrutiny nor should it be automatically endorsed in the estimation of CIFP. The strength and credibility of the educational offering can only be as good as the entity that creates the content and this needs to be verified.

Therefore, CIFP favours a rigid assessment not only of each CE program but, equally, an evaluation of the body that is bringing the program to the table. For Members seeking to become an accreditor, CIFP recommends approval only of those Members that have a proven competency in education and putting forward continuing education offerings that are topical, pertinent and that legitimately enhance and further the professional development of Approved Persons.

CIFP presumes such an assessment is sufficiently captured under the stipulation by the MFDA that any proposal allowing Members to accredit their Approved Persons will be evaluated specifically for compliance with the CE standards as set out in Rule 1.2.6 and Policy 9 over and above the regular monitoring to which the Member would be subject for compliance with MFDA requirements in general.

If this is in fact the case, CIFP views this as prudent and adequate.

2) Please provide details of alternatives we should consider.

CIFP does not have a recommendation for alternatives to the MFDA directly accrediting CE activities or delegating the task in the manner suggested.

❖ THIRD PARTIES RECOGNIZED BY THE CORPORATION

3) Are there any specific entities, or type of third parties that should or should not be considered for recognition? Please provide details.

Automatic recognition of the Chambre de la sécurité financière as a Third Party Accreditor for the reasons outlined in the MFDA discussion paper is reasonable.

The position of CIFP as it pertains to the recognition of other third parties as accreditors is that they must be carefully vetted and they must meet established guidelines. As an organization with a long history of educating professionals operating within the financial services industry based on the highest standards of quality, CIFP is naturally concerned when providers who do not adhere to the same standard of care are permitted to operate on a level playing field. This is a disservice to the profession as a whole, to Approved Persons genuinely seeking to further their education and most importantly, to the investing public.

As CIFP has detailed in previous submissions, not all continuing education activities currently on offer in support of various industry designations are created equally in terms of quality, educational value and most importantly, the furtherance of professional development. Similarly, given the relatively low barrier to entry for one to hang out a shingle as an education provider, not all creators of continuing education activities can be assumed to be equal and there can be a significant variance in the approach and motives among education providers.

CIFP believes prospective Third Party Accreditors must demonstrate a track record of creating and delivering educational offerings that are unbiased, that are academically sound and that legitimately promote professional development.

The introduction of the MFDA CE program represents an opportunity for the financial services industry. It is hoped there will be no hesitation on the part of the MFDA to firmly and unwaveringly uphold the highest standards with regards to the accreditation of third parties.

Applicants that have training activity materials or content that is incomplete or otherwise deficient in any respect should be rejected. A vetting process that unapologetically separates the wheat from the chaff is the only way to preserve the integrity of this CE initiative.

4) Do you agree with the standards proposed for Third Party Accreditors?

In principle, CIFP is in agreement with the standards proposed for Third Party Accreditors namely:

- possessing the appropriate qualifications and a minimum of five years of experience:
 - i) acting as a non-profit, professional body which administers established proficiency requirements for a certification or designation related to the securities industry and have a code of ethics and an enforcement regime which includes a formal, transparent disciplinary process *or*
 - ii) being recognized as an accreditor by an SRO recognized under securities legislation.
- having the necessary resources and abilities to undertake accreditation in accordance with MFDA requirements
- signing a contract, prior to being allowed to undertake accreditation, that sets out terms and conditions of being recognized by the MFDA as a Third Party Accreditor, including:
 - the requirement to follow established accreditation processes
 - maintaining records and providing the MFDA with access to records and information to assess compliance with the MFDA accreditation processes
 - specifying any restrictions as to the types of CE activities which the Third Party is permitted to accredit

Restrictions on Third Party Accreditors

CIFP would favour a restriction on Third Party Accreditors such that they will only be allowed to accredit CE activities they have developed themselves. In the opinion of CIFP, they should not be granted the authority to accredit the CE activities of other bodies, organizations or providers. Such applications should be referred to the MFDA or the MFDA Delegate for assessment and approval.

The concern with Third Party Accreditors looking outside their own content is the potential for conflicts of interest as well as the possible inconsistent application of MFDA standards— inadvertently or otherwise.

Certification or Designation Related to the Securities Industry

It is proposed that for a non-profit, professional body to be approved as a Third Party Accreditor, it must ‘administer established proficiency requirements for a certification or designation related to the securities industry’. It has been explained to CIFP that the MFDA, by design, has chosen to be non-prescriptive with regards to the definition of ‘related to the securities industry’.

As previously stated, education programs and, by extension, certifications and designations that are supported by such programs, can vary significantly in quality and merit. Should there be a concern that a seemingly broad and open term such as ‘related to the securities industry’ may leave the door open for sub-standard educational offerings or educational offerings that are not directly relevant to Approved Persons to be authorized under the new CE regime?

CIFP would also be interested to learn the measure by which the MFDA will determine that a certification or designation is closely ‘related to the securities industry’ for credentials that are not mainstream financial planning designations or that are specialty designations?

❖ FEES

5) Do you agree with the fees explained above? Why or why not?

It is difficult for CIFP to express an opinion with regards to the proposed fee schedule for the various services offered by the MFDA under its CE program.

However, given that the basis for the fees are essentially tied to cost recovery and are comparable to the fees charged by another SRO (i.e. Chambre de la sécurité financière), CIFP views the proposed fees as reasonable.

IV. CE PROCESS CONSIDERATIONS

❖ ACCREDITATION WORKFLOWS

1) Do these workflows appear reasonable? If not, please provide alternatives.

CIFP views the workflows as reasonable.

❖ THE MFDA CERTS

2) Should standards be set for Members and Providers to update the MFDA CERTS on a regular basis? Why or why not?

CIFP does believe standards should be set for Members and Providers to update the MFDA CERTS on a regular basis.

Regular updating would ensure the information being viewed is current—within reasonable reporting standards—enabling Approved Persons to more accurately track their progress towards satisfying their CE obligations.

3) If yes, please advise if you prefer a fixed, regular calendar date or a date relating to the date the activity was taken.

A fixed, regular calendar date (e.g. the end of each quarter) is preferable to a date relating to the date the activity was taken as it may be easier for organizations to schedule and allocate resources to complete the task based on a pre-established date.

Using a date relating to the date the activity was taken implies significantly more frequent information uploads. This may prove to be administratively onerous on Members and Providers relative to the alternate method.

❖ ONGOING REPORTING

4) Do you have any suggestions regarding user reporting?

CIFP does not have any suggestions regarding user reporting. The instantaneous and ongoing reporting proposed by the MFDA appears to be comprehensive and beneficial to all relevant parties: Participants (Approved Persons), Providers, Members and the MFDA.

❖ APPROVED PERSON MFDA CERTS ACCESS

5) Do you think that Members should be able to control the access of their Participants (Approved Persons) to the MFDA CERTS to be read-only access?

CIFP is likely not in the best position to fully appreciate the implications of Members controlling the access of their Participants (Approved Persons) to the MFDA CERTS to read-only access. It does however seem that such a restriction would minimize the likelihood of a duplication of efforts where Members with their own internal CE tracking system intend to flow information through to the MFDA CERTS.

6) Do you have an internal CE tracking system? If yes, do you plan on using this system to upload information to the MFDA CERTS?

CIFP does have an internal CE tracking system.

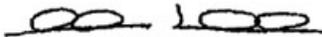
Whether CIFP will use its system to upload information to the MFDA CERTS will require further analysis by our technical department. This said, if doing so proves to be the most efficient, seamless and timely method of transferring data to the MFDA and it does not create any burdensome resource issues, CIFP would certainly be open to such an option.

CONCLUSION

CIFP would like to thank the MFDA for extending an invitation to offer feedback on the proposed MFDA continuing education program.

We hope the comments made in this letter are constructive and are of use to you in your ongoing development of a CE program. We would be happy to discuss any aspect of this document or to provide clarification at your discretion.

Sincerely,



Anthony Williams
Vice President, Academic Affairs
CIFP