

Ken Woodard

VIA EMAIL ONLY

Director, Membership Services and Communications
Mutual Fund Dealers Association of Canada
121 King Street West, Suite 1000
Toronto, Ontario. M5H 3T9
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Dear Mr. Woodard,

Re: Bulletin #0788-P Continuing Education (CE) Accreditation Process – Request for Comments

The Federation of Mutual Fund Dealers (“the Federation”) has been, since 1996, Canada’s only dedicated voice of mutual fund dealers. We currently represent dealer firms with over \$124 billion of assets under administration and more than 18 thousand licensed advisors that provide financial services to over 3.8 million Canadians and their families. As such we have a keen interest in all that impacts the dealer community, its advisors, and their clients.

Thank you for giving us the opportunity to provide input for this consultation.

General Comments

The Federation agrees on the importance of ensuring APs update their skills and knowledge on an ongoing basis to enhance their ability to meet the needs of clients in an evolving environment. With the rise of FinTech firms, evolution of nominee platforms, and new business models in the educational market, it is important to consider delegation of access and reporting for CE credits, and to include the broadest possible range of accreditation providers to enable continued vibrancy. Now with FSRA overseeing the new financial titles regime, it is important that the programs are streamlined to coordinate and minimize potential administrative burden.

Accreditors

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

The industry currently has a robust CE environment, and the Federation supports the option of delegating accreditation of CE activity. The delegation of CE activity to independent providers is the cost-efficient route for the MFDA. Delegation also creates minimal disruption to current industry practices.

2. Please provide details of alternatives we should consider.

We do not have any alternative suggestions.

Third Parties Recognized by the MFDA

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

All current accreditors and new accreditors should be considered, in addition to those issuing financial services designations and those with existing SRO recognition. We would like to see the five year minimum and non-profit requirements removed. With a broad variety of providers, the overall MFDA CE system will be more resilient. Additional details and information for accrediting bodies would be welcomed.

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

The standards as proposed virtually eliminates new entrants. The requirement to have five years of accreditor experience protects the existing participants and the requirements for non-profit status, previous recognition by an SRO, or administration of a securities certification or designation. We believe the aim should be to maintain and grow an open, inclusive, competitive environment for education, which will benefit the entire industry.

Providers and Fees

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

The Federation is not in agreement with the fees as proposed, as they are higher than the current accreditation costs for the industry, representing an increased burden. A fee per credit-hour, rather than a bundle of five hours would be desirable. The majority of courses are one hour, some shorter. A conference would expect six hours of CE per day, requiring two applications.

We would also inquire whether the 'per-use fee' is necessary above the application fee. We would like to be assured that the cost benefit analysis covers the costs of the proposed program under current industry rates, and would welcome the opportunity to review the cost-benefit analysis. We recommend that the fees be monitored on an ongoing basis for reduction opportunities.

Accreditation Process

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

The workflows appear reasonable, but we note that centralizing and facilitating the distribution of CE activities to all AP's via MFDA CERTS, would set the MFDA to become the de facto CE distributor for all registrants. We feel that this aspect of CE is outside the scope of the MFDA's mandate and puts the MFDA in competition with industry participants.

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?

Members and Providers should be given the opportunity to maintain the current practices of reporting, with the option of entering credits at any time, to provide maximum flexibility. We believe shorter cycles for reporting will represent additional burden, as additional business process will be required compared to the current practice. AP's who are not compliant with CE requirements will be dealt with in due course after the end of the cycle.

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

We prefer a fixed regular calendar date.

Ongoing Reporting

4. Do you have any suggestions regarding user reporting?

The Federation supports the MFDA's plan for reporting credits. We request the MFDA implement a grace period at the end of cycle to allow an opportunity to ensure AP's are current and rectify those that remain outstanding prior to levying fines against the dealer. We would reiterate our opinion that CE fines should be applied against noncompliant APs. Simplicity is key in reporting, but we would like to see the ability for dealers to delegate third parties such as educational providers or FinTech firms to receive this information directly.

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?

Our opinion is that Members should be able to control the access of their Participants for managing CE requirements. Dealers do not want to manually enter CE credits for numerous representatives; the AP should remain responsible for entering their own CE activities, as the AMF permits in Quebec. AP's CE progress should remain visible to the AP and the AP's current dealer member, transferring to another member if the AP changes firms.

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?

We do not have an internal CE tracking system at this time.

Conclusion

We appreciate the opportunity to provide comments on these proposals. As always, we remain open to discussion and willing to work with the MFDA during the consultation and beyond.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Latimer', is positioned below the word 'Sincerely,'.

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Executive Director

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