Smarten Up Institute providing quality education to the financial professional
... be smart

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August 10, 2020

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Dear Ms. Ward:

Re: Bulletin #0818 – P, Proposed Amendments to MFDA Policy No. 9 *Continuing Education (CE) Requirements* (March 26, 2020)

Smarten Up Institute (SUI) supports, has championed, and was founded specifically to address the critical need for, a high standard of continuing education for Approved Persons. Canadian investors deserve industry professionals who know how to apply concepts and not just how to memorize and repeat. They merit Approved Persons who have been taught the most up-to-date regulatory requirements and financial knowledge using proven methods that allow information to be retained and used to help investors, not just old material or fluffy lunch-and-learns. While responding here to MFDA Bulletin #0818, we also express our most serious concerns regarding earlier regulatory decisions relating to continuing education (CE) for the following reasons:

- ☒ [1]They do not meet regulatory policy requirements of Ontario, where the MFDA is located, or British Columbia, the MFDA's lead regulator;
- ☒ They perpetuate a conflict-of-interest-ridden system that is contrary to the *Competition Act;*
- ☒ They impose preventable costs and do not ensure Approved Persons get the benefit of quality training (e.g., we are not aware of any other than our firm that updates courses immediately as changes affecting related legal provisions are enacted); and
- ☒ They will not result in the professionalism necessary to safeguard investors.

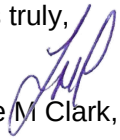
Repeated responses to CE consultations undertaken by the MFDA and Investment Industry Regulatory Organization of Canada (IIROC) have not yet led to the consistent meaningful improvement in the knowledge and ethics-awareness of Approved Persons that investors would expect. While MFDA-regulated advisors should have long ago been required to take continuing education courses, and this requirement should proceed, we call upon the Ontario and B.C. Ministers responsible for investment and mutual fund dealers, as well as those responsible for economic development, and the federal Competition Bureau, to review the competitive inequity, conflict of interest, and lack of a bidding process for the CE Reporting and Tracking System (CERTS) that the regulators have not addressed. One of the first and most basic things an MBA student learns is to ignore "sunk costs." A series of wrong decisions, even though time and money have been spent on them, should *not* proceed. One such decision is the CERTS system. Not to rectify the costs and injustice of Policy 9 regarding qualifying accreditors and the reporting system as currently proposed is a travesty. Canadian investors and our economy deserve better – much better.

Attached are points elaborating on each of the above four concerns and discussing the proposed solution. In particular, those sections of amended Policy 9 relating to (1) entities permitted to accredit

[1] "Does not meet" demonstrated by an "x" bullet point. "Does meet" demonstrated by a "✓" bullet point.

and (2) the CERTS reporting system should *not* be implemented until there has been a full review of the related decisions by an independent party. We believe this is necessary for the financial continuing education system in Canada to meet the needs of today's investors and advisors, and to prepare advisors to best serve ongoing investor needs.

Yours truly,



Laurie M Clark,
CEO

CC's:

The Honourable Rod Phillips, Minister of Finance (Ontario)
The Honourable Vic Fedeli, Minister of Economic Development, Job Creation and Trade (Ontario)
The Honourable Carole James, Minister of Finance and Deputy Premier (B.C.)
The Honourable Michelle Mungall, Minister of Jobs, Economic Development and Competitiveness (B.C.)
Matthew Boswell, Commissioner of Competition
Andrew Kriegler, President and Chief Executive Officer of the Investment Industry Regulatory Organization of Canada (IIROC)
Grant Vingoe, Acting Chair and CEO, Ontario Securities Commission (OSC)
Mark Gordon, President and CEO, Mutual Fund Dealers Association of Canada
Tyler Fleming, Director, OSC Investor Office
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SMARTEN UP INSTITUTE COMMENTS ON

MFDA BULLETIN #0818 – P

Proposed Amendments to MFDA Policy No. 9

Continuing Education (CE) Requirements (*March 26, 2020*)

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Preamble

The MFDA is to be commended for its intention not to perform accreditation activity that it is not best equipped to perform. However, Bulletin #0818 – P, Proposed Amendments to MFDA Policy No. 9 *Continuing Education (CE) Requirements* (March 26, 2020), includes two statements that we believe are inaccurate:

- "The Board has determined that the proposed amendments are *consistent with the best interests* of the capital markets." *[emphasis added]*
- "The proposed amendments are *simple and effective*." *[emphasis added]*

As explained below, there clearly are solutions in the better interests of investors, and ones that are more effective and less costly for Approved Persons, firms and quality course providers, and so, ultimately, investors.

The regulators to date have been unable or unwilling to design a system that is transparent and independent. While regulators and self-regulatory organizations (SROs) should establish polices and enact rules after consultations, it should be left to experts in education theory and delivery to assess whether CE content meets the regulators' criteria, as is done in, for example, Australia and elsewhere (information on these models has been provided with past submissions and has not been referenced in or formed part of the MFDA's or IIROC's analysis). This is not reflected in the current IIROC and proposed MFDA CE accreditation models, which still do not address the conflict of interest that exist when an assessment and credential adjudicator also offers for-profit courses competing – unfairly competing – with those of independent course providers.

Moreover, the MFDA (and other regulators) should NOT be involved in technology builds that are costly and redundant, and do not meet the needs of all constituents, especially when the regulators know that there are experts with quality, flexible commercially available systems already able to manage certificate-and-credential-completion-and-monitoring management for all industry sectors and requirements, and have additional functionality.

As the issues discussed here have not been addressed by the regulators, and governments' stated efficient regulation policies and small business promotion lens have been ignored by the regulators, we call upon ministries responsible for financial institution regulation and economic development to intervene now for the four reasons discussed below.

1. Ontario and B.C. regulatory policy requirements not met

This rule, and the overall process, does not meet the Ontario or B.C. governments' (or likely other jurisdictions') published regulatory policies. As Ontario and B.C. have moved forward with smart regulation, for reasons we are unaware of, financial regulators do not appear to fully comply with efficient regulation principles and policies – unusual as they are entities that themselves mandate compliance.

Particularly when proposed measures change the cost of compliance, affect the efficiency of businesses, and impact competition (i.e., allow a monopoly to continue), Ontario's Regulatory Policy sets out:

- principles to guide development and implementation of regulations;
- regulatory impact assessment obligations; and
- transparency and consultation requirements.

The development and implementation of regulations by the Ontario government are driven by "general principles of good regulatory governance", which include the following ones that the CE consultations, with one exception (denoted by one checkmark "✓"), did *not* meet (multiple "X"s):

i) Regulations respond to a clearly identified need for regulation.

☑ There is a clear need for CE requirements, in fact, their implementation is long overdue.

ii) Regulations are developed and implemented in a transparent manner.

☒ While the public and businesses affected had time to provide input, major concerns – the absence of competition and lack of a level playing field, as well as the lack of a bidding process for the CE Reporting and Tracking System (CERTS), were not addressed. Nor were good reasons provided for this.

iii) Regulations are designed to be least trade-restrictive.

☒ The CE requirements discriminate against independent course providers, who have no conflicts of interest, and therefore are trade-restrictive – see section (2) below.

iv) Regulations are based on assessed risks, costs and benefits, and minimize impacts on a fair, competitive and innovative market economy.

☒ MFDA Bulletin #0818 and earlier CE consultations do not "take into account the overall impact on the competitiveness of those subject to regulation." The Bulletin and previous consultations do/did not include anything remotely like a "clear assessment of the total costs and benefits [of the regulation/policy], including those to business… [and] the public … which are critical to make judgements about the reasonableness and practicality of a regulation." As one example, the MFDA requirements perpetuate the use of CERTS to track and report all CE activity, although IIROC does not demand such reporting – one alternative would have been no such reporting mechanism and reliance on spot checks and reviews when firms are examined. To the extent that there is efficiency to having such reporting, the *much* better alternative is an already existing and proven system. Suppliers of such a system should have been able to participate in an open bidding process for the development of CERTS – it would already have been implemented by now, with more choice and options for firms and advisors, and at a lower cost.

v) Differences and duplication of regulation is minimized, where appropriate.

☒ We agree that unnecessary differences and duplication should be reduced or eliminated between MFDA and IIROC CE requirements, and indeed there currently are discussions of merging the two regulators. As the Ontario Regulatory Policy notes, differences and duplication compromise competitiveness and increase the burden on business, with costs ultimately born by consumers (and, in this case, independent CE course providers). We congratulate the MFDA for withdrawing as an accreditor, which is consistent with this principle; however, persisting in building CERTS creates a material difference between the MFDA and IIROC and leads to unnecessary work for firms/advisors.

vi) Regulations must be results-based, where appropriate and to the extent practicable.

☒ While a complete assessment of outcomes must see the MFDA and IIROC first assessing the quality of CE providers – and we hope to see evidence of this – the regulations already can be seen *not* to be results-based because they permit continuation of a known and major conflict of interest and require reporting through the less-useful internally-built CERTS system that will require all MFDA regulated firms to

build connectivity independently, creating unnecessary costs for firms and zero benefits for investors.

vii) Regulations are timely and reviewed on a routine basis and are not maintained if the need giving rise to their adoption no longer exists.

☒ Ontario's Regulatory Policy states that "New technologies, changes in the industrial composition of the economy, developments in supply chain management practices, and the reform and development of … standards all give rise to the need to reassess existing regulations to ensure that they remain appropriate and effective." In contrast, the MFDA and IIROC rules, and reliance on the Continuing Education Course Accreditation Process (CECAP), props up the current anti-competitive monopoly of Moody's being both an accreditor and course provider, perpetuates old-style courses and delivery methods, and discourages (by way of CECAP's pricing structure) the use of shorter modules and better technology that are more convenient for Approved Persons and are as, if not more, effective.

☒ ***Regulatory Impact Assessment (RIA) required***

Regulatory impact assessments mandate that the regulator set out assessed risks, costs and benefits of regulatory proposals; identify and compare the effectiveness of alternatives; and assess the effect on a range of economic factors, such as competition and efficiency in achieving the policy goals at the lowest cost. This does not seem to have been done, or not to the level required, nor are we aware that the related RIAs were posted on, or meet the standards of RIAs submitted by other ministries on regulatory registries in various Canadian jurisdictions.

☒ ***Meaningful consideration of comments***

Ontario's regulatory policy requires written comments received to be taken into account in finalizing the regulation. In fact, addressing the 15-year conflict of interest in the IIROC/CECAP, and hence MFDA's proposed, system has been repeatedly ignored.

As B.C. is part of the Canadian Securities Administrators (CSA), and national instruments and related policies (such as MFDA Policy 9) affect B.C.-domiciled companies and Approved Persons, the MFDA CE requirements are also in scope of B.C.'s well-respected regulatory reform initiative.

To minimize impacts on people and businesses, B.C. requires five regulatory reform principles to be considered early in the process of developing or amending regulations and related policies. The CE Policy, other than including the long-overdue requirement for mutual fund Approved Persons to take continuing education, does not adhere to these principles:

☒ ***Principle 1: Identify the Best Option***

While comment letters on CE requirements provided a full range of options, the most effective option for achieving efficiency for Approved Persons and their firms in terms of CE reporting and tracking was rejected without explanation.

☒ **Principle 2: Assess the Impact on People, Business and Government**

The proposal adopted does not provide the greatest benefit at the lowest cost to affected groups. Higher-than-necessary costs now and in the future are being and will be borne by regulated entities (which finance the MFDA), course providers and, applying economic theory, financial consumers/investors.

☒ ***Principle 3: Consult and Communicate and ☒ Principle 4: Streamline Design***

While affected businesses were consulted, reasonable recommendations for streamlining and avoiding negative impacts were ignored without explanation.

☒ ***Principle 5: Evaluate Regulation Effectiveness***
We have been unable to find that a Regulatory Impact Checklist was completed and uploaded to the Regulatory Reform B.C. site and whether it was clear how and when effectiveness would be measured.

2. Contrary to the federal *Competition Act*

Matthew Boswell, Commissioner of Competition, recently said that "Effective competition is key to delivering lower prices, more choice, and high-quality networks." However, the MFDA amendments do not promote competition or high quality. The MFDA proposes to recognize as accreditors MFDA members that self-certify, the Chambre de la sécurité financière, an accreditor the MFDA may recognize, and the Investment Industry Regulatory Organization of Canada (IIROC). As the significant majority of accreditation falls to IIROC, this perpetuates the current monopolistic situation explained below.

In 2006, the former Investment Dealers Association of Canada (IDA) was divided in two due to a conflict of interest between the IDA's regulatory and industry advocacy parts. However, a conflict has been recreated: IIROC does not accredit activity itself, but outsources the evaluation and administration of CE credits to CECAP. Also, IIROC has contracted with the Canadian Securities Institute (CSI) to provide proficiency courses. Both CECAP and the CSI are owned by Moody's Analytics; as well, the CSI administers CECAP, which also is a course provider. Having the course provider and accreditation body owned by the same company gives the CSI an unfair price and cost advantage over its competitors.

While committing, when the original contract with CSI was signed, to a single-provider model for five years, extendible to ten, the contract was then inappropriately extended for a further five-year period despite serious course provider and industry competitive concerns having been voiced. While there is a promise of change from IIROC when this third contract term is up, it will simply be to a series of five-year monopolies. It is unfathomable why regulators scrutinizing advisors' and their firms' conflicts of interest with those of investor clients have not addressed the major conflict of interest they allow to stand and its negative effects.

The goal of financial CE – pure and simple – is to better serve the investing public. There is market-driven competition and efficiency in the U.K., Australia, and the U.S. It allows education providers to show what differentiates them – the learning transfer efficacy of course content and structure, as well as how up-to-date the information is; the convenience and efficiency of any technology used to deliver learning; the effectiveness of plain language, graphics and tools; etc.; SUI, with its automatic course update feature, is <u>much</u> better prepared to train individuals seeking the higher educational standard of being able to apply the most recent and accurate learning in new situations. This boast cannot be made by any other CE course provider that we are aware of. The highest quality at the lowest cost should drive what the market – and most of all investors – need.

As well, independent course providers do not only have concerns about being on a level playing field from a cost perspective (e.g., they do not have access to the CECAP assessment framework while CSI appears to); the CSI may more easily get accreditation the first time and without payment; the CSI may not have to pay to resubmit course material while independent suppliers must; CECAP may consider new content added to a course as 'not material' for the CSI and so not subject to the full $585 assessment process while

independent course providers may consider the changes material (in any event, from the parent Moody's perspective, it is a net wash). Independent providers also are concerned that CECAP will share proprietary information and trade secrets of competitors – even inadvertently – with the CSI.

3. Does not prevent poorer quality training

The MFDA amendments are supposed to "assist the Approved Persons of MFDA Members in keeping their industry knowledge current and maintaining a high standard of professionalism and are consistent with the public interest." *(emphasis added)* In this regard, criticisms of the current accreditor – CECAP – reflected in IIROC's summary of comments in response to its CE consultations, apply equally to the proposed MFDA amendments deferring accreditation power to IIROC, and hence to CECAP.

> "A couple of commenters recommend that IIROC review the CE accreditation regime. They believe the current CE accreditation process is costly, outdated, and lacks transparency. The CE accreditation process needs improvements to ensure better quality education, more choice for participants, and reduced prices." *(emphasis added; IIROC did not try to refute these points)*

The complaints about CECAP are many, and of longstanding. As a trivial but telling example of unnecessary cost and inefficiency, and one where CECAP was asked to streamline but did not do so, course providers seeking accreditation had to provide two hardcopy versions of material and a cheque to CECAP when seeking accreditation of a course or program. It has taken COVID-19 to finally lead CECAP to permit CE course providers to email course material and to pay CECAP fees electronically. These easy-to-have-addressed complaints are minor compared to the two major concerns of independent course providers and industry members, as represented by their industry associations:

i. CECAP's pricing structure:

- Discourages the development and availability of new CE content – it is not just course providers who complain about this, but also industry associations that are well-placed to develop qualifying material, particularly on new regulatory developments.

- Discourages course providers from making substantial updates to previously accredited courses because it costs substantially more – this is completely contrary to the interests of investors who need advisors with the very latest accurate information.

- Discourages the provision of courses of less than an hour (and prohibits courses of less than 30 minutes) as the same amount is charged whether a course is an hour, 45 minutes or half an hour in duration, increasing costs on a per-15-minute basis for course providers and effectively for Approved Persons and/or their firms. This is despite the fact that the material to review is materially less and that taking two shorter courses can provide as good a

treatment of the subject matter at lower cost, greater convenience and potentially better retention for the Approved Person.

- Is considerably more expensive than other respected Canadian accreditation bodies per hour of CE content:
  - CECAP $585
  - FP (Financial Planner) Canada $70
  - Institute for Advanced Financial Education $125

- Materially exceeds the charges of international equivalents.

SUI RESPONSE CALCULATIONS[2]

Moody's/CSI COURSES:		
CSC (Canadian Securities Course)	$985	
CPH (Conduct and Practices Handbook)	$675	
WME (Wealth Management Essentials)	$1,160	
DFOL (Derivatives Fundamentals and Options Licensing Course)	$1,095	
	$3,915	
FINRA EXAMS AND U.S, COURSES		
Series 7	$290	
Series 66	$145	
		$435
Course 7	$259	
Course 66	$149	
		$408
		$843
Exchange @ 1.13		**$953**
Comparative costs of Moody's/CSI to FINRA/U.S.		**411%**
AUSTRALIA PROFESSIONAL STOCKBROKER PROGRAM (APSP)		
		Organizational Member
Core	$790	
Derivatives	$380	
		$1,170
Exchange @ 0.99		**$1,158**
Comparative costs of Moody's/CSI to APSP		**338%**

[2] Table as at November 14, 2014 included in SUI Response to IIROC 17-0095 Request for Comments. Moody's CSI costs to firms and Approved Person as at August 2020 have increased further; as well, more mandatory courses have been added since 2014, for example, New Entrants Course; and CE cycle periods have shortened from three to two years, resulting in even greater costs to Canadian securities firms as compared to their international equivalents.

- Costs can be much higher still as CECAP may require a course provider to resubmit material repeatedly – and pay multiple application and assessment fees – without CECAP providing direction on what led to the rejection of material. While SUI has never experienced this particular item as SUI has been confirmed by accreditation bodies to have the highest industry education content standards they have reviewed, however, other course providers have complained of this costly experience.

ii. CECAP's lack of transparency

- At least one industry association has tried to get clarity regarding CECAP's course assessment process and was refused it; it is not clear why something that is a full hour may only be granted .75 of a credit, and this is particularly disconcerting when one considers that as an alternative a firm can provide an hour-long lunch-and-learn, with attendant interruptions, and still assign attendees a full hour of CE.

- A number of CE course creators also have sought more information about the assessment process and been told that the information is proprietary. We cannot understand why this should be proprietary as CECAP effectively has a monopoly, and clarity around what CECAP wants to see or not see in course material should not be sensitive. In fact, as IIROC retains CECAP, and dealers pay for IIROC, arguably the CECAP process should be that of IIROC *and* its regulated entities.

4. Does not fairly serve the investing public or our economy

The Ontario Minister of Finance has committed that the Ontario government will attract investment and help businesses grow by strengthening investment, promoting competition, and facilitating innovation.

CECAP's fee structure and lack of transparency mean less accredited content for CE is available and that what there is may rarely be materially updated, even when it should be. Even more worrisome is the fact that while course material must be re-accredited every two years, the regulators have implemented no requirement for the courses to be updated promptly, when there have been material policy changes.

Further, the most egregious aspect of this monopoly is the CECAP agency was always intended to be a review mechanism for "outside IIROC" slated courses, for example, those of mutual fund manufacturers, in order to provide a review of non-IIROC material. In fact, all Chief Compliance Officers in any IIROC member regulated dealer firm has the absolute right to state that a course is applicable to the Advisor's related field of discipline and appropriate to their CE approved content for their firm. Many do not understand or know this fact, and thus the dealers are paying fees to Moody's CECAP and incurring large costs for CE courses that are absolutely not necessary.

Now the Beer Store's monopoly has finally ended, the Minister of Finance should now intervene to eliminate the Moody's monopoly.

5. Recommendations

Canadian investors deserve better. As the governments across Canada look to strengthen investment, promote competition, encourage innovation that could be exported, and improve financial consumer/investor protection, we urge them to act firmly and promptly on the recommendations below, which are divided into critical and technical.

i) Critical recommendations:

First, those sections of the Policy requiring Approved Persons to obtain a certain number of CE credits should be put into force immediately (indeed, they should have been in force years ago), with the straightforward and effective technical changes listed in section (ii) below.

Second, those sections relating to entities permitted to accredit and the CERTS reporting system should be held in abeyance pending a proper review by a party independent of the MFDA and IIROC. This is because those regulators that developed the proposed MFDA CE model, and the existing IIROC CE framework, have repeatedly failed to meet the intent and provisions of the Ontario and B.C. governments' (and likely those of other jurisdictions) regulatory and economic development policies by allowing the creation (MFDA) and perpetuation (IIROC) of a model that embodies fundamental conflicts of interest, opacity, inefficiency, and excess cost.

a. **With respect to permitted accreditors, the flaws of the current system outlined above must be addressed now. Further delay hurts not just highly qualified independent course providers, but investors**. Assessment and accreditation of material created by course providers must be conducted by a qualified independent entity, not by the related party of a competitor to the course providers. The new framework developed to eliminate the current and proposed system's disadvantages for the financial consumer must be transparent and fair in all respects.

   This change is particularly timely in light of concerted efforts to merge the MFDA and IIROC. The Canadian Securities Administrators, as well as firms, Approved Persons, investor advocates, and investors, should have a major interest in elimination of duplication and inconsistencies between the two. A single entity that is more efficient and streamlined should lead to better service for investors, the majority of whom studies have shown do not know about the confusing regulatory structure in Canada.

b. **With respect to CERTS, there should have been – and now must be – an open bidding process for a proven, better, already commercially available system.** The system should provide more flexibility and lower cost for firms and Approved Persons, and be easily adapted for reporting by all financial advisors (by whomever regulated), as well as monitoring by firms and regulators.

c. **IIROC and MFDA must be absolutely clear in explaining, and should widely publicize, the intended role of CECAP for the securities industry.** as outlined by Mr. Lawrence Boyce, formerly Vice-President, Business Conduct Compliance. See (4), and as per the IIROC rule 2653(1)(4) and 2657(iv.), a designated person (e.g., Chief

Compliance Officer or any person authorized to do so) can approve courses by recognized educators and course providers without having to pay fees to CECAP for the approved course. The CCOs have been led to believe that if an advisor takes a course not accredited by CECAP, they will be censured or there will be a financial risk/penalty. This is false and the regulators must publicize that this is false, so that they may stop paying such fees to CECAP.

ii) Technical amendment recommendations:

The items below generally follow the order of the commentary in MFDA Bulletin #0818 – P and its attached revised Policy.

a. ***Recognized accreditors/consequential amendments:*** While there is provision for a third-party accreditor, the amendments should require that such an entity be independent and have a system to manage certification and assessment tracking.

Moreover, Bulletin #0818 states that "At a minimum, third parties recognized by the MFDA to perform accreditation will have to demonstrate that they have at least five years of experience as a recognized or credible professional association in the financial services industry that grants meaningful certification or designations to its members, has a CE program and a discipline process." *(Emphasis added).* Requiring accreditors also to offer CE reinforces the conflict of interest, and so should not be permitted; also, as the MFDA, IIROC, commissions and others have disciplinary processes, it would be duplicative and unnecessary for the accreditor also to have one.

b. ***Accreditation criteria:*** Further detail has been added to provide greater clarity and guidance relating to the evaluation criteria, however, there is one serious omission. This should be rectified by requiring course providers to provide timely updates following regulatory updates, and to at least review course material annually to ensure it remains accurate and current.

c. ***MFDA CE Tracking System and d. Recognition period for CE activities:*** The Policy requires the use of CERTS to track and report all CE activity, and says that the eligibility period starts on the date of accreditation rather than the date the activity was first held or offered "to simplify the process and align with CERTS functionality." To make a change because it aligns with CERTS functionality (and it is not clear what process is simplified) implies that CERTS does not have a field for both the date the accreditation was done *and* the date the course was first delivered. An already-implemented successful commercially available alternative allows the tracking (and so monitoring) of multiple dates, as well as so much more that is relevant: how long it took the professional to complete the course, how many times he or she logged in and out of the course, and how many times they had to repeat the course/exam/quiz to pass, as well as each quiz score for the life of the system. The system tracks IP addresses so if a 'friend' wishes to 'help' a faltering advisor pass, use of a different IP is prevented. Whatever the MFDA has built to date represents a 'sunk cost'; the issue is CERTS is not as good as leading commercially proven systems that are already in use in investment and mutual fund dealers and accounting, legal and professional engineering firms that also would prove to be much more beneficial to the SROs. While not much is known about CERTS (again, lack of transparency), the one thing we do know is that it does not have the features the commercially available system above has. Nor does CERTS allow the

automated transfer of a record of CE credits awarded to a regulatory agency that could save even more time and energy and ensure more accurate, timely reporting.

CERTS represents more cost for firms/advisors and no flexibility to quickly implement changes found to be advisable. For this reason, we strongly recommend no further work on CERTS take place and firms/advisors maintain the required records before they must undertake an unnecessary build to allow the upload of information. See 5.i.b above regarding the need for a fair and open bidding process.

d. ***Self-accreditation reports:*** Deletion of the requirement for Members to submit self-accreditation reports makes it easier for an MFDA Member simply to have informal lunch-and-learns, and in fact all of an Approved Person's training could be in the form of such lightweight material. This should be reconsidered.

9.2 Third-Party Accreditor:

Subsection 9.2 should be amended to make it crystal clear that any third-party accreditor must combine proven expertise in continuing education, an extremely high, demonstrated level of financial knowledge and cannot be anti-competitive – therefore eliminates CECAP.

9.3 Accreditations:

(e) CE activity is relevant to Approved Person and/or Member's business:
The Policy should be amended to clarify that this excludes basic training 'relevant to the business' that does not pertain to compliance or investor needs. For example, topics that help the Approved Person/Member Firm more than clients, such as how to transition your business or how to 'market' a product, should be identified as clearly not meeting this minimum standard.

(g) Qualifications/experience of trainer and course provider are adequate:
The purpose of this is laudable. More information should be included regarding how, and how frequently, the MFDA will assess this.

(i) CE activity has a minimum of 0.5 credits and maximums of 6.5 credits per day, 8 business conduct credits/hours and 25 professional development credits/hours:
We are unclear why there is any minimum or maximum number of credits. Rather, the issue is whether the training provides good content in an effective way.

(j) CE activity is not preparatory course, study guide or unstructured pre-reading:
To these exclusions should be added so-called 'lunch-and-learns'. Such environments are rarely, if ever, conducive to good learning as there are interruptions for eating, people entering or leaving, and the type of lunch chit-chat that will distract and limit information retention and application. If such training is not prohibited, then the amount of such self-created and delivered CE should be limited as a percentage of total two-year-cycle CE requirements. Also excluded should be media content/delivery. With the overwhelming amount of fake information on many media outlets and social channels, it is not in any way prudent to allow those channels to deliver content that it would be hard to prove meets the high educational standards investors expect their advisors to meet.

Conclusion

Good continuing education is critical to financial consumer/investor protection. The current situation and the MFDA's proposed changes do not deliver on what falls within the mandate of securities regulators and SROs, and proposed Policy 9 should be revised as recommended above. SUI is an organization founded by people with experience working for regulators, as well as in-depth financial and technology knowledge (see Appendix A); as such, we would be pleased to discuss the principles and specifics of this response with those whose responsibility it is to ensure quality and results in a fair and transparent manner, and respecting tenets of good governance.

Appendix A: Smarten Up Institute Inc.

Founded in 2010, Smarten Up Institute (www.smartenupinstitute.com) is the independent, employee-owned financial training centre for wealth professionals, regulators, accounting, compliance and legal specialists, and their entire support staff. SUI disrupted the course provider competitor landscape with the creation of 155+ courses and 8 designations, and boasts over 14,000 graduates, improved financial literacy, the ETF proficiency course that allows Advisors to sell ETFs, culminating with the company being included in MFDA Policy 8, a legislative instrument governing proficiency for the ETF industry in Canada. In 2017, CEO Laurie Clark led the transformation of its SmartDirect® compliance system (www.smartdirect.ca) and included API and real-time updates to content material, a true differentiator, and rebranded the company as a technology company for the (1) B2C market with direct to consumer delivery, and (2) the B2B markets' enterprise business model's compliance portal. Focused on the "relevant vs irrelevant" and not the "big brand" vs "small brand" battle, SUI knows that the brands that serve customers best – win; SUI's focus was and is on being close to customers, super flexible, and faster than anyone else. The system, a compliance delivery system, includes certificate management and credential management.

Our People:

Ms. Laurie Clark, the Founder of three financial technology companies, was twice awarded the honour of being among the "Top 100 Most Powerful Women in Canada", in 2017 and 2019. With over 20 years of capital markets experience and over $10B in direct budget oversight across technology, finance, wealth management, biotech, manufacturing, energy & resources, start-up, joint ventures, and mergers & acquisitions, Ms. Clark is a serial entrepreneur who has successfully started, built and sold three companies prior to her current endeavours. Ms. Clark has over nine years of experience as an Independent Corporate Director and as Chair or member on associated committees; she also is qualified as a Corporate Directors International (CDI). Currently the Board Chair of a private equity and property management company, and recently appointed as an Independent Director on the Board of a North-American futures, options and swaps securities exchange. She previously served as an Independent Director and Chair of the Governance & Nomination Committee of Belzberg Technologies Inc. (TSX: BLZ). Ms. Clark is a member of the TMX Advisory Council (X TSE) and a Strategic Advisor to the Canadian RegTech Association (CRTA). Fluent in English, Italian, French and Spanish, Ms. Clark is often asked to speak at conferences around the world as a motivational or expert speaker on finance and technology.

Mr. Lawrence Boyce was a regulator for 35 years, first in enforcement with the Toronto Stock Exchange, where he was promoted to the position of Director, Investigative Services in 1986 and then in 1994 to Director, Sales Compliance and Registration. After the Exchange's regulatory functions were transferred to the IDA, he became Vice-President, Sales Compliance and Registration. When the IDA merged to form part of IIROC, he became the Vice-President, Business Conduct Compliance. In 2009 he left IIROC to join Sutton Boyce Gilkes Regulatory Consulting Group Inc. as Senior Vice-President. In 2016, Larry Boyce and Laurie Clark, along with their partners, the founders of Dataphile Software (now Broadridge), Ian Clark and Greg Tomkins, went on to found Canchek Corporation (www.canchek.com). Canchek is the Canadian anti-money laundering and terrorist financing software solution. In 2020, the partners of Canchek and Laurie as CEO went on to found Onyen Corporation (www.onyen.com), the global ESG Reporting software solution. Larry has an MBA from the University of Toronto and is a Fellow of the Canadian Securities Institute.