



April 27, 2017

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

Dear Mr. Woodard:

**RE: Request for Comments on the Development of Continuing Education Requirements**

We are writing to provide comments on behalf of the members of The Investment Funds Institute of Canada ("IFIC" or "we") with respect to the Request for Comments on the Development of Continuing Education Requirements.

As we noted in our September 21, 2015 comment letter on the original Discussion Paper on this topic, IFIC and its members are committed to the professional development of Approved Persons. In today's rapidly evolving investment marketplace, mandatory continuing education will help ensure that investors' confidence in their advisors is well placed. We therefore welcome the MFDA's implementation of a mandatory Continuing Education ("CE") requirement.

The majority of IFIC members already have training and education programs in place. This new requirement will increase the professional standards that MFDA Approved Persons meet. Our comments are intended to further strengthen the MFDA's proposals, and enhance consistency among the CE requirements of the Chambre de la sécurité financière ("CSF"), Investment Industry Regulatory Organization of Canada ("IIROC") and the MFDA.

**Continuing Education credits required**

The MFDA proposal indicates that 1 hour of training will provide 1 CE credit for the Business Conduct and Professional Development requirements, but does not indicate how many hours of training will result in 1 MFDA Compliance Credit. We understand, however, the intention is that 1 hour of training will provide 1 MFDA Compliance Credit. Further, to be consistent with CSF practice, we recommend that the 2 MFDA Compliance Credits be included as part of the Business Conduct or Professional Development requirements for Approved Persons.

**Credit for the 90 day program for new entrants**

Proposed MFDA Policy 9 would require new Approved Persons to begin complying with the CE requirements from their first day of employment. As such, in their first year they will be required to complete the MFDA-mandated 90-day training program for new entrants AND acquire the 15 credits/year average (or a *pro rata* number depending upon when they commence work). By contrast, the CSF allows for a period of one year from registration before the obligation to obtain credits begins to apply, while IIROC exempts new registrants from its CE requirements for the first three years of employment.

In light of the 90-day training requirement for new entrants, we suggest either: (1) following the CSF model or (2) crediting new entrants with 5 CE credits for the 90 day training program; or (3) adjusting the start date for acquiring CE credits to begin after the 90 day training period with a correspondingly pro-rated number of credits required.

### **Accreditation of CE activities**

The MFDA should consider pre-approving established professional education programs (for example, courses from IFSE Institute). In this way all Members can incorporate these third-party programs into their programs without the need to apply individually every 24 months for accreditation of these programs.

### **Consequences of Non-Compliance**

As currently drafted, Part G of MFDA Policy 9 does not provide an opportunity for an Approved Person to cure a deficiency or question record keeping or other possible errors between the time that they receive notice of a deficiency and when they are prohibited from acting as an Approved Person. We recommend there be a period of time after the original notice of deficiency during which the Approved Person can either cure the deficiency or make representations to the MFDA before the registration is suspended. This aligns with the approach adopted by the CSF and minimizes the potential for unwarranted disruption to both the Member and the Approved Person's clients.

### **Voluntary CE Participation Program**

Various circumstances can cause an Approved Person to be temporarily absent from the industry, for example an extended maternity or family leave. In order to facilitate these individuals' eventual return to the industry, the MFDA should include a voluntary participation element in the CE program. For example, under the IIROC CE program, certain accredited courses may be used to fulfill voluntary participation in CE by non-registrants. This participation extends the validity period for the Canadian Securities Course and the Conduct and Practices Handbook exams for those non-registrants.

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We would be pleased to provide further information or answer any questions you may have on our comments. Please feel free to contact me by email at [rhensel@ific.ca](mailto:rhensel@ific.ca) or by phone at 416-309-2314.

Yours sincerely,

THE INVESTMENT FUNDS INSTITUTE OF CANADA



By: Ralf Hensel  
General Counsel, Corporate Secretary & Vice President, Policy