

INVESTOR ADVISORY PANEL

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By Email

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Re: IAP Comments on Proposed Amendments to MFDA Rules 1.2 (Definitions), 1.2.6 (Continuing Education), and MFDA Policy No. 9 – *Continuing Education (CE) Requirements*

The Investor Advisory Panel (IAP) welcomes the opportunity to respond to the Mutual Fund Dealers Association of Canada (MFDA)'s proposed amendments to Rules 1.2 (Definitions), 1.2.6 (Continuing Education), and MFDA Policy No. 9 – *Continuing Education (CE) Requirements*. The IAP is an initiative by the Ontario Securities Commission (OSC) to enable investor concerns and voices to be represented in its rule and policy making process.

The changes proposed by the MFDA will establish continuing education requirements for its Members and Approved Persons as well as minimum standards for complying with such requirements. We commend the MFDA for advancing these proposals designed to promote greater professionalization and training among providers of investment advice across the industry.

While acknowledging our support for the thrust of this initiative, we do have concerns with some of the specific proposals. We are particularly concerned with the proposal that Member firms, insurance companies, industry associations and even individual sales representatives: (a) can be course content providers; and (b) can issue self-accreditation of the courses they provide (See proposed Policy 9, Part E – Accreditation, sections 9.2 and 9.6).

Although we understand the MFDA will retain overall oversight, we fear this open architecture risks perpetuating compliance and business conduct weaknesses that currently exist within firms and/or the industry.

In addition, it is unclear how the MFDA will be able to conduct effective oversight – will this be done by the MFDA’s Board of Directors, by its executive team, by a special committee of qualified educators, or by some other means?

We suggest consideration be given to making the accreditation and oversight process more prescriptive, with better controls. We recommend that the MFDA retain sole authority to approve accreditation based on a strict and robust set of criteria to evaluate accreditation applications. Those accredited would administer and oversee compliance with MFDA CE requirements and submit individual Approved Persons’ certificates of compliance to the MFDA. The MFDA would then be in a position to conduct periodic compliance sweeps. Such a process would support consistent standards and effective oversight.

We applaud the MFDA for pursuing harmonization with Investment Industry Regulatory Organization of Canada (IIROC) and Quebec. At this point the MFDA may also wish to consult with the OSC and look at proposals from the Ontario Minister of Finance’s expert panels to ensure broad consistency.

Sincerely,

“Letty Dewar”

Letty Dewar
Chair, Investor Advisory Panel