



**FP Canada**<sup>TM</sup>

*Advancing Professional  
Financial Planning*

**FP CANADA RESPONSE TO  
MFDA BULLETIN #0788-P –  
*DISCUSSION PAPER ON THE  
MFDA CONTINUING  
EDUCATION (CE)  
ACCREDITATION PROCESS***

September 2019

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## INTRODUCTION

FP Canada™ is pleased to respond to Mutual Fund Dealers Association of Canada (MFDA) Bulletin #0788-P – *Discussion Paper on the MFDA Continuing Education (CE) Accreditation Process*.

A national professional body working in the public interest, FP Canada™ (formerly Financial Planning Standards Council) is dedicated to fostering better financial health for Canadians by leading the advancement of professional financial planning in Canada. There are approximately 19,000 professional financial planners in Canada who have met, and continue to meet, FP Canada's standards through CERTIFIED FINANCIAL PLANNER® certification and FPSC Level 1® certification (to be replaced with QUALIFIED ASSOCIATE FINANCIAL PLANNER™ certification in 2020).

FP Canada achieves its mandate through two distinct divisions. Through the FP Canada Standards Council™ division, FP Canada establishes financial planning standards and enforces those standards for those it certifies. Through the FP Canada Institute™ division, which is dedicated to elevating financial planning practice, FP Canada provides professional education, tools and resources to help financial planners meet the needs of the Canadians they serve.

## COMMENTS ON THE DISCUSSION PAPER

We commend the MFDA for continuing to move forward with this important initiative. There are several topic areas in the Discussion Paper we wish to provide comment on, as follows:

### 1. The MFDA Delegate

We understand that the MFDA has not yet made a final decision regarding the establishment of an MFDA Delegate role.

Should the MFDA proceed with establishing such a role, we strongly recommend providing the Delegate with the same level of authority as a recognized Third Party Accreditor, by allowing the Delegate to make final accreditation decisions on the content it reviews based on the criteria set by the MFDA and in accordance with the agreement between the Delegate and the MFDA.

As currently proposed, by necessitating that the MFDA Delegate obtain final approval from the MFDA on all accreditation decisions, the MFDA may be unintentionally perpetuating the kind of inefficiency it seeks to avoid by having the Delegate in the first place. Duplicating the review and accreditation process (first by the Delegate and then by the MFDA as the ultimate approver) may be inefficient and add unnecessary delays. Concerns around the accreditation decisions and oversight can be addressed through strict criteria set out in the agreement between the MFDA and the Delegate, and through periodic reporting/audits.

In the Discussion Paper, the MFDA suggests that the MFDA Delegate may be prohibited from simultaneously being a Third Party Accreditor or from being associated with an education provider. While we agree that avoiding conflicts of interest is an important concern, we do not believe the MFDA should, as a rule, automatically prohibit any party from seeking to hold both roles. As an alternative, we recommend the MFDA, as part of its Request for Proposal for the Delegate, require that any Third Party Accreditor or body with, or associated with, an education function also seeking the MFDA Delegate role provide a detailed explanation of how they will mitigate and manage any actual or perceived conflicts of interest, to the MFDA's satisfaction.

## 2. Third Party Accreditors

We are generally supportive of the high standards the MFDA has set for Third Party Accreditors. Such standards will protect the integrity of the accreditation process, while ensuring a seamless, positive experience for Providers seeking to have their activities accredited by a capable Accreditor. FP Canada is confident that it meets the MFDA's requirements, and that it will be able to effectively provide accreditation in accordance with the MFDA's standards.

Regarding the proposed criteria for Third Party Accreditors, which include "acting as a non-profit professional body which administers established proficiency requirements for a certification or designation related to the securities industry..." we suggest changing the term "securities industry" to "financial services industry". This change will provide clarity to professional bodies associated with certifications or designations that have a broader scope within the financial services industry. It will also allow qualifying bodies, who have expertise in areas of the MFDA's CE content requirements outside of strictly "securities", to apply for the right to, at a minimum, self-accredit their CE activities, or the limited activities of other Providers within their scope of expertise, thus making the regime more flexible and efficient.

Finally, for the benefit of both the MFDA and Third Party Accreditors, we encourage the MFDA to clarify whether it will impose any restrictions on the ability of Third Party Accreditors to advertise or promote their MFDA-recognized status. We fully expect Third Party Accreditors will want to promote their status to potential Providers looking to have their activities accredited for MFDA Approved Persons, as well as to their existing provider base whose CE activities may qualify for MFDA accreditation.<sup>1</sup> For the MFDA, allowing Third Party Accreditors to promote their status will raise industry awareness and understanding of the new program while fostering availability of a more robust array of CE offerings for Participants.

## 3. Fees

With respect to the fees Providers must pay to have their activities available to Participants and filed on the MFDA CERTS, we would encourage the MFDA to consider alternatives to the proposed flat \$300 filing fee per activity.

While we understand the need to offset the significant costs of establishing and managing this new CE program, we believe this fee is somewhat high, particularly for those Providers whose CE activities grant minimal credits to a small number of participants and/or are one-time events.

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<sup>1</sup> For reference, we encourage the MFDA to review our *FP Canada™ CE Approval Program Manual*, which outlines FP Canada's rules and requirements for CE providers wishing to promote the fact that their CE activities have been approved by FP Canada. Please see: <https://fpcanada.ca/docs/default-source/stakeholder-support/ce-approval-program-manual.pdf>

There are several alternatives to a flat \$300 per-use fee that the MFDA might explore. Consideration could be given to bulk annual or biennial upload fees for Providers, or fees that are scaled based on some combination of credit hours offered and/or actual activity availability period. For example, it would seem appropriate to charge a Provider offering a one-time seminar less to file than a Provider who offers an online course that is available for the whole two-year cycle.

Finally, with respect to fees, we are supportive of allowing Third Party Accreditors to set their own fees for accreditation, which should help ensure healthy competition. It will, however, be critical that the MFDA keeps its requirements for Third Party Accreditors high, and that it rigorously reviews the applications of prospective Third Party Accreditors it receives and provides ongoing oversight of all recognized Third Party Accreditors.

## 4. Accreditation Workflows

From a workflow perspective, we suggest the MFDA explore the possibility of allowing Third Party Accreditors to file accredited activities on behalf of Providers directly on the MFDA CERTS.

While we recognize there may be challenges associated with this given how CERTS has been developed, we also believe there would be significant benefits, including:

- Saving time and effort for small Providers with less administrative capacity than large Third Party Accreditors;
- Enabling accredited activities to be seen without delay by prospective Participants looking for certainty, benefitting both Participants and Providers alike;
- Allowing Third Party Accreditors to provide a seamless, streamlined and efficient service from the perspective of Providers; and
- Enhancing the overall accountability and integrity of the CE program by putting more onus on the Third Party Accreditors for managing the activities they accredit.

We appreciate that the MFDA has invested significant resources into CERTS, and that it may not be possible to make the necessary system changes before launch. In that case, we suggest the MFDA seriously consider working towards this as a long-term enhancement.

## 5. Appendix A – CE Accreditation Process Policy

Overall, we agree with and support the accreditation criteria and process set out in Appendix A, which reflects best practices in the industry. There are, however, several tenets of the Accreditation Process Policy we wish to comment on.

*9.5.1 All CE activity must be assessed against the following general criteria:*

*(f) Whether resources and materials provided to Participants support the stated learning objectives of the CE activity and are consistent with its CE content.*

We suggest modifying this criterion by adding “at the time of approval”. This change would recognize that for live events (e.g. conferences), Providers may distribute or reference resources at the event itself that have not been provided to the Third Party as part of the accreditation package. Third Party Accreditors do not have the ability to control all materials that are distributed to Participants; they can only assess what they are provided beforehand.

### 9.5.3 Each CE activity must:

*(a) Not be assigned greater than six and a half credits (6.5 hours) per day;*

The MFDA may want to consider raising this to 7 credits/hours per day. FP Canada recently amended its policies to approve activities for up to 7 credits/7 hours per day. In our capacity as a long-time accreditor, we received feedback from providers that anything less is insufficient as a maximum.

Anecdotally, we know of several popular industry conferences running today that are longer than the proposed 6.5 credit/hour maximum, and which will almost certainly want to become MFDA-accredited.

### 9.5.5 Eligibility for Accreditation

*(a) CE credits cannot be granted for preparatory courses, study guides or unstructured pre-reading*

While we understand the MFDA's intent, in our view, there are some courses that may be more broadly classified as "preparatory courses" that should not be excluded from eligibility towards the MFDA's CE requirements. The MFDA should consider defining "preparatory courses" as courses required for licensure with the MFDA.

For its part, FP Canada permits courses that are completed to prepare for a relevant professional license or designation to qualify for its CE requirements upon completion (up to a maximum of 50 credits).

Rather than a blanket "preparatory course" exclusion, we encourage the MFDA to establish specific guidance as to what types of preparatory courses do or do not qualify.

## CONCLUSION

FP Canada would like to once again thank the MFDA for the opportunity to provide comment. We would be pleased to answer any questions related to this submission and/or further lend our counsel to the MFDA as it continues moving forward on this important initiative.



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