



**FINANCIAL  
PLANNING  
STANDARDS  
COUNCIL®**

## **FINANCIAL PLANNING STANDARDS COUNCIL**

**Response to MFDA Bulletin #0711-P  
(Request for Comments on the Development of  
Continuing Education Requirements)**

Submitted April 28th, 2017

## INTRODUCTION

Financial Planning Standards Council (FPSC®) is pleased to respond to MFDA Bulletin #0711-P, *Request for Comments on the Development of Continuing Education Requirements*.

FPSC is a national, not-for-profit standards-setting and certification body that develops, promotes and enforces professional standards for financial planning through CERTIFIED FINANCIAL PLANNER® certification. FPSC certifies and oversees almost 17,000 CFP professionals and over 1,900 FPSC Level 1® Certificants in Financial Planning across Canada, nearly 8,000 of whom are MFDA Approved Persons. With FPSC's formal partnership with the Institut québécois de planification financière (IQPF), the only organization authorized to certify "financial planners" in Quebec, there are more than 23,500 "financial planners" in Canada who have met, and continue to meet, FPSC's unified financial planning standards.

## GENERAL COMMENTS ON THE PROPOSED CE REQUIREMENTS

FPSC appreciates the importance of Continuing Education (CE) requirements, and supports the Mutual Fund Dealers Association of Canada's (MFDA) goal of ensuring all Approved Persons are able to effectively serve their clients by maintaining and updating their relevant knowledge, skills, competence and professionalism.

We also appreciate the MFDA's aiming "to ensure that any requirements ultimately adopted in this area achieve the desired regulatory objectives in a manner that is as cost-effective and efficient as possible." We agree that these two principles are important.

While we are supportive of the proposed requirements as they would close an important gap in requirements for ongoing proficiency for Approved Persons, we note that in many cases there is significant overlap in the standards of knowledge, competence and professionalism between the MFDA and other regulatory and professional bodies. As many Approved Persons hold additional licenses or certifications, and are required to undertake significant, meaningful continuing education as part of the requirements of other regulators and/or membership and/or professional bodies, we ask that consideration be given to the recognition of these interrelationships and the common desired outcomes of these other bodies and the MFDA's proposed CE.

For instance, in the case of CFP® professionals and FPSC Level 1 certificants, they are overseen by FPSC, are mandated to complete rigorous CE to maintain their certification, and are subject to audit by FPSC on an annual basis to ensure compliance with this requirement.

## AREAS WHERE OPPORTUNITIES FOR ENHANCEMENT EXIST

After analyzing the proposed CE requirements with the above points in mind, we have identified at least two areas where we believe opportunities for enhancement to the proposed requirements exist.

### Accreditation

FPSC agrees that all Approved Persons should complete meaningful CE that is in keeping with the MFDA's standards; however, this aim can be met without imposing a requirement that all CE be accredited by the MFDA as a condition for acceptance. In fact, this proposed requirement, if maintained, is likely to undermine the MFDA's efforts to develop an efficient and cost-effective solution.

Specifically, a mandatory accreditation requirement discounts the fact that similar rigorous CE accreditation and approval processes are already in place by other allied regulatory and professional bodies. FPSC, for example, has a well-established and robust assessment process for its "FPSC-Approved CE Credits" that is closely aligned with the MFDA's proposed "Application for Accreditation" process.<sup>1</sup> Other bodies, including Advocis, the Canadian Institute of Financial Planners, CSI Global and the CFA Institute, also have rigorous requirements that are consistent with the MFDA's desired outcomes.

Requiring CE credits that have already been accredited or approved by other appropriate bodies with stringent assessment processes to be revalidated by the MFDA will potentially create unnecessary duplication and lead to additional cost and administrative burdens for all industry participants, with questionable added benefit.

### Integration with Approved Persons' Other CE Requirements

The proposed accreditation requirement—which limits interchange between the MFDA's CE program and those of other professional organizations—reflects a larger lack of clarity regarding how the MFDA will allow for the integration of Approved Persons' other CE requirements with its own, in keeping with the practices of other regulators and self-regulatory organizations (SROs). There is considerable opportunity for such integration in the development of these CE requirements, which should be taken advantage of in accordance with the principles of cost-effectiveness and efficiency.

As previously stated, a significant number of Approved Persons (specifically those registered as Dealing Representatives) hold other licenses, professional certifications or memberships with corresponding CE requirements imposed by the overseeing body. These requirements, in many cases, exceed the requirements proposed by the MFDA. CFP professionals, for example, are required by FPSC to complete 25 verifiable CE credits annually, which in terms of content requirements are closely aligned with the MFDA's proposed requirements.<sup>2</sup> Other bodies have similarly demanding requirements for their licensees, certificants or members.

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<sup>1</sup> Please refer to Appendix A for a description of FPSC's assessment and approval process.

<sup>2</sup> In fact, based on our review of the proposed CE requirements for Dealing Representatives, we are unable to identify any substantive differences between the MFDA's proposed requirements and the CE obligations of CFP professionals. Please refer to Appendix B for a complete overview of the alignment between the CE requirements of CFP professionals (as well as FPSC Level 1 certificants) and the proposed requirements for Dealing Representatives. Additional information can also be found in the *FPSC® Continuing Education Guidelines For CFP® Professionals and FPSC Level 1® Certificants in Financial Planning*: [http://www.fpsc.ca/docs/default-source/FPSC/fpsc\\_continuing\\_education\\_guidelines.pdf](http://www.fpsc.ca/docs/default-source/FPSC/fpsc_continuing_education_guidelines.pdf).

While we understand it is not the MFDA's intent to create unnecessary duplication for individuals who are already effectively satisfying the MFDA's requirements through completion of other appropriate CE requirements, the reality is that for the many Dealing Representatives who have other licenses, professional certifications or memberships, the proposed requirements are largely repetitious.

As previously mentioned, in cases where there is clear overlap between their CE requirements and the requirements of other appropriate bodies, other regulators and SROs are clear and explicit in providing guidance, creating exemptions, or otherwise permitting individuals to count appropriate CE activities completed for other licensure, certification or membership purposes toward fulfillment of their regulatory requirements. By way of example, both the Insurance Council of British Columbia (ICBC)<sup>3</sup> and the Investment Industry Regulatory Organization of Canada (IIROC)<sup>4</sup>, are explicit in allowing their licensees or Approved Persons to apply CE activities they complete as part of their certification requirements toward fulfillment of their regulatory requirements. The MFDA's requirements should strive to provide Approved Persons with similar flexibility and clarity.

## RECOMMENDATIONS

In response to the opportunities for enhancement identified above, and in keeping with the stated principles of cost-effectiveness and efficiency, we recommend that the MFDA recognizes the CE requirements of other appropriate allied regulatory and professional bodies. There are two specific modifications that can be made to the MFDA's proposed requirements to facilitate this recognition.

First, the proposed requirement for all CE to be directly accredited by the MFDA should be waived for relevant CE activities that are mandated and enforced by other appropriate bodies. For added assurance, we recommend that the MFDA assess these bodies' accreditation/approval and enforcement processes to ensure they are in keeping with the MFDA's proposed standards.

To be clear, we by no means suggest that waiving the MFDA accreditation requirement as proposed would preclude the MFDA from having an accreditation function for CE providers. Moreover, given the specificity of the content, we believe it is prudent for the MFDA to maintain sole authority over the proposed "MFDA Compliance Credit" requirement.

Second, in cases of duplication or overlap with the MFDA's CE requirements, it would be prudent for the MFDA to explicitly allow for the integration of CE requirements completed by Approved Persons for other appropriate bodies, in keeping with the practices of other regulators and SROs.

Specifically, we believe ICBC's exemption-based approach<sup>5</sup> is a good one, and a similar approach could easily be adopted by the MFDA, as it would be the most straightforward and economical way to mitigate duplication and overlap. Specifically, in keeping with ICBC's precedent, organizations that have robust CE requirements for their certificants that are consistent with the CE requirements proposed for Approved Persons would be given the opportunity for blanket recognition of their CE by virtue of their existing obligations under their certification. An approach similar to IIROC's<sup>6</sup> could also be considered, whereby

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<sup>3</sup> Depending on the class of license, ICBC provides for certain exemptions to its CE requirements for individuals holding specified designations (including the CFP designation specifically). See: <https://www.insurancecouncilofbc.com/PublicWeb/ContinuingEducation.html>.

<sup>4</sup> IIROC Rule 2900, Part III explicitly provides for the application of CE courses completed by Approved Persons as part of their outside certification or licensing requirements (including CFP certification specifically) toward fulfillment of IIROC's CE requirements. See: [http://www.iroc.ca/Rulebook/MemberRules/Rule02900\\_en.pdf](http://www.iroc.ca/Rulebook/MemberRules/Rule02900_en.pdf).

<sup>5</sup> See: <https://www.insurancecouncilofbc.com/PublicWeb/ContinuingEducation.html>.

<sup>6</sup> See: [http://www.iroc.ca/Rulebook/MemberRules/Rule02900\\_en.pdf](http://www.iroc.ca/Rulebook/MemberRules/Rule02900_en.pdf).

rather than allowing for wholesale exemptions, the MFDA could explicitly allow for activities offered or permitted by appropriate professional bodies to be applied toward the MFDA's requirements.

Ultimately, by providing recognition for CE requirements that have already been accredited/approved and enforced by other appropriate bodies, as recommended, the MFDA can avoid creating significant additional cost and administrative burdens, while nonetheless maintaining assurance that Approved Persons are completing CE activities that are both rigorous and relevant.

## CONCLUSION

FPSC would like to thank the MFDA for the opportunity to provide comment. We wish to reiterate our support for the creation of CE requirements for MFDA Approved Persons. We also wish to reaffirm that any new requirements should not result in duplication for those who are already meeting appropriate CE requirements by virtue of their professional certification by appropriate bodies.

We would be pleased to answer questions or provide additional information relating to anything in this submission.

## APPENDIX A: Overview of FPSC's CE Approval Program

Before a CE activity is approved by FPSC, prospective CE providers must provide FPSC with comprehensive information and documentation, including (but not limited to):

- A detailed description of the CE activity;
- The level of the CE activity (fundamental, intermediate or advanced);
- The CE categories covered by the CE activity (Financial Planning, Professional Responsibility, Product Knowledge, Practice Management, Giving Back);
- The credit hours being sought for the CE activity;
- The format of the CE activity;
- The delivery method (which includes prescribed criteria for assessing and demonstrating successful completion); and
- Supporting materials that demonstrate or describe the content being covered.

FPSC rigorously reviews all applications it receives to ensure the activity relates to the *CFP Professional Competency Profile* and/or the appropriate CE category as defined by the *FPSC Continuing Education Guidelines*.

As part of the review process, FPSC will independently determine the credit category and number of credits the CE activity qualifies for, based on an assessment of the materials submitted. This assessment may result in approval at a lower or higher accreditation level than requested in the provider's application.

FPSC-Approved CE activities are valid for up to two years, subject to any material change to the activity (e.g., a change in delivery format or content, etc.). Upon expiry or in the event of a material change, FPSC requires that a request for approval be resubmitted for review to ensure continued suitability.

To further ensure the integrity of the program, FPSC can audit approved CE activities. This process can include site visits or a demand for documentation to confirm ongoing compliance with FPSC's requirements.

All FPSC-certified individuals are subject to audit for their CE activities each year. Auditing involves requesting the given individual(s) to supply supporting documentation for their CE credits taken in the previous calendar year. Individuals who are found to have falsified their CE attestation are in breach of the FPSC Code of Ethics, as outlined in the *Standards of Professional Responsibility for CFP® Professionals and FPSC Level 1® Certificants in Financial Planning*. These cases are forwarded to Standards and Enforcement who will investigate and determine the appropriate course of action.

For more detailed information on FPSC's CE Approval Program, please see the FPSC CE Approval Program Guidelines.<sup>7</sup>

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<sup>7</sup> See: [http://www.fpsc.ca/docs/default-source/FPSC/ce\\_approval\\_program\\_manual.pdf](http://www.fpsc.ca/docs/default-source/FPSC/ce_approval_program_manual.pdf).

## APPENDIX B: Overview of Alignment Between the MFDA’s Proposed CE Requirements for Dealing Representatives and FPSC’s CE Requirements for CFP Professionals and FPSC Level 1 Certificants

CFP professionals are required to complete 25 hours of CE activities each year as a requirement of continued certification. FPSC Level 1 certificants are required to complete 12 hours of CE activities each year as a requirement of continued certification. These activities can be distributed across five credit categories as follows:

	CFP Professionals		FPSC Level 1 Certificants	
Verifiable Credits Required (January 1 to December 31)	25		12	
BREAKDOWN BY CATEGORY:	Annual Credits	Carry-Over Permitted to Next Calendar Year	Annual Credits	Carry-Over Permitted to Next Calendar Year
Financial Planning	10 minimum	25 maximum	7 minimum	12 maximum
Professional Responsibility	1 minimum	* No	1 minimum	No
Practice Management	5 maximum	No	5 maximum, combined for all three categories	No
Product Knowledge	5 maximum	No		No
Giving Back	5 maximum	No		No

\*CFP professionals who complete more than 1 credit of Professional Responsibility CE may allocate the excess credits to the Financial Planning category. They can be used as Financial Planning credits in the current year or carried over to the following year.

CE in each of these categories is identified as follows:

- Financial Planning** – CE activities that fall within the Financial Planning category must be directly related to one or more aspects of the *CFP Professional Competency Profile*, the foundation of certification requirements leading to CFP certification. CE in this category may relate to one or more of the financial planning areas, professional skills and technical knowledge.
- Professional Responsibility** – Qualifying CE requires the application of the principles and rules in the *Standards of Professional Responsibility for CFP® Professionals and FPSC Level 1® Certificants in Financial Planning (Standards of Professional Responsibility)* to scenarios or examples of ethical dilemmas that financial planners encounter. Qualifying CE must include direct application of the *Standards of Professional Responsibility*. CE activities that focus on direct knowledge or rote recall of the *Standards of Professional Responsibility* without demonstrated understanding and application will not qualify.
- Practice Management** – Qualifying CE includes the knowledge and skills used in building professional relationships and growing a professional practice. CE in this category may include activities focused on prospecting skills, business development behaviours, actions and/or processes, business planning skills, networking skills, or sales skills.



4. **Product Knowledge** – Qualifying CE includes the product knowledge that may be used to advise on and sell products or comment on products held by clients. CE in this category may be focused on any financial planning product including investment, insurance or debt. CE should present a balanced view of the product, including features and benefits as well as client suitability, risks and costs.
5. **Giving Back** – Qualifying CE includes the knowledge and skills that come from volunteering with community organizations, industry associations, charitable groups or others in a way that helps Canadians understand the importance of financial planning and/or enhances their financial well-being. CE in this category may include involvement in pro bono teaching or development of education programs, community or committee involvement, development of published financial planning research, involvement in financial planning-related committees, task forces or focus groups, or acting as treasurer for a charity on a volunteer basis.

Below is an overview of how the MFDA's proposed CE requirements for Dealing Representatives align with FPSC's CE requirements for CFP professionals and FPSC Level 1 certificants, outlined above.

### a) Business Conduct Credit

The MFDA's proposed Business Conduct Credit requirement for Dealing Representatives consists of 10 credit hours each cycle, at least one of which must be content regarding "ethics". As noted above, CFP professionals and FPSC Level 1 certificants are required to achieve at least one Professional Responsibility credit each year (equalling two hours over a two-year cycle), which fulfills this "ethics" portion.

Given the list of other example topics provided by the MFDA for this category<sup>8</sup>, further credits earned under FPSC's Professional Responsibility category should also count toward fulfillment of this Business Conduct Credit requirement. The *Standards of Professional Responsibility*, which underpins the Professional Responsibility credit category, explicitly covers many of the MFDA's example topics including conflicts of interest, disclosure of information, documentation, and compliance with applicable laws, regulations, rules or established policies of governmental agencies and other authorities.

Credits earned by CFP professionals and FPSC Level 1 certificants under the Financial Planning category could also be used to satisfy the proposed Business Conduct Credit requirement. As noted above, CE activities that fall within this category must be related to one or more aspects of the *CFP Professional Competency Profile*, which itself is underpinned by the Financial Planning Body of Knowledge (BOK), which will be published in 2017. The BOK, which describes the depth of knowledge expected of CFP professionals, includes a number of topics directly relevant to business conduct as described by the MFDA, such as securities and mutual fund regulation, financial services industry oversight, consumer protection, investment objectives and constraints, investment structures, leverage, and law.

As outlined above, activities completed by CFP professionals and FPSC Level 1 certificants under the FPSC credit categories of Product Knowledge and Practice Management would also, in many cases, encompass business conduct topics that could satisfy this credit requirement.

### b) Professional Development Credit

The MFDA's proposed Professional Development Credit component consists of 20 credit hours each cycle. As outlined by the MFDA<sup>9</sup>, such topic areas may include "Financial planning", or some of the individual financial planning areas ("Retirement planning", "Investment strategies", "Tax planning", "Estate planning", and "Insurance")<sup>10</sup>.

<sup>8</sup> MFDA Bulletin #0711-P, pg.11: <http://mfda.ca/bulletin/0711-p/?pdf=1>

<sup>9</sup> MFDA Bulletin #0711-P, pg.12: <http://mfda.ca/bulletin/0711-p/?pdf=1>.

<sup>10</sup> Ibid.



As previously noted, CFP professionals are required to complete at least 10 credits worth of CE activities each year specifically in the category of “Financial Planning”; FPSC Level 1 certificants are required to complete at least 7 credits. Qualifying CE in this category must be related to one or more aspects of the *CFP Professional Competency Profile*, which includes all of the financial planning areas.

Credits completed by CFP professionals and FPSC Level 1 certificants in the categories of Practice Management and Product Knowledge would also be in keeping with the MFDA’s identified topic areas of “Industry knowledge and the Member’s business”, “Product knowledge”, “Client management techniques”, and “Technology changes” under this credit category.

### **c) MFDA Compliance Credit**

While CFP professionals and FPSC Level 1 certificants are expected to have a thorough and up-to-date understanding of regulatory and compliance issues affecting them, and in many cases complete CE activities that reinforce this knowledge, depending on the content of this credit it may very well be prudent for CFP professionals and FPSC Level 1 certificants to complete an additional, separate MFDA Compliance Credit designated directly by the MFDA.