



May 29, 2008

Sent via Email: consultation-en-cours@lautorite.qc.ca; jstevenson@osc.gov.on.ca

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Nova Scotia Securities Commission
Registrar of Securities, Prince Edward Island
Superintendent of Securities, Newfoundland and Labrador
Registrar of Securities, Northwest Territories
Registrar of Securities, Yukon Territory
Registrar of Securities, Nunavut

In care of:

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|---------------------------------|-------------------------------|
| Anne-Marie Beaudoin | John Stevenson |
| Directrice du secretariat | Secretary |
| Autorité des marchés financiers | Ontario Securities Commission |
| Tour de la Bourse | 20 Queen Street West |
| 800, square Victoria | 19th Floor, Box 55 |
| C.P. 246, 22e étage | Toronto, Ontario |
| Montréal, Québec H4Z 1G3 | M5H 3S8 |

Dear Sirs/Mesdames:

Re: IFSE Institute Comments on Proposed NI 31-103 *Registration Requirements and Consequential Amendments*

This letter sets out the comments of IFSE Institute on the Notice and Request for Comments, published February 29, 2008 by the Canadian Securities Administrators' ("CSA"), on the revised draft of Proposed National Instrument 31-103 *Registration Requirements* (referred to in this letter as "NI 31-103" or the "Rule").

We have had the benefit of a review of the submission letter of The Investment Funds Institute of Canada, dated May 23, 2008, and concur with the comments therein, and incorporate by reference into our letter the concerns respecting the education and proficiency proposals in the Rule.

In relation to the previous version of NI 31-103, IFSE Institute submitted a letter in November 2007 raising several concerns with the education and proficiency proposals in

that draft. For the benefit of the CSA members, and so as not to repeat all of our original concerns here, a copy of our previous submission is attached.

After review of the revised draft NI 31-103, and as noted in our earlier letter, IFSE Institute continues to generally support the CSA's proposal in NI 31-103 to move to an exam-based education model, away from the current course-based model. However we have continuing concerns about some of the education provisions in the proposal which, despite our prior submission and discussions, have not changed from the previous draft.

Exempt Market Dealer – proficiency for sales representatives

In our previous submission IFSE Institute outlined an Exempt Products solution which will provide for new registrants and current mutual fund representatives a valuable and effective alternative to the Canadian Securities Exam ("CSE") which is expressed in NI 31-103 as the sole expressed education standard for registrants to qualify as Exempt Market Dealer ("EMD") representatives and CCOs.

Throughout our consultations, the CSA has maintained that there was no intention to create a monopoly in the CSE, and that alternative courses and exams would be considered during the fit and proper qualification review of applications. We are pleased to note the inclusion of the proficiency principle in section 4.3 which underscores the CSA's desire and intention to explore alternative courses.

Further to our previous concern about a lack of details about the CSA's proposed accreditation process for such new courses and exams, we note the revised draft of NI 31-103 still does not provide any such details. However we confirm recent discussions with OSC staff that work is now underway on this initiative; that the CSA's Registration and Proficiency Committee has created a project charter and established sub-committees to begin work on implementing a new proficiency review system, with willingness to consult with industry stakeholders. As noted in our earlier letter, IFSE Institute develops and maintains its courses using a rigorous instructional design methodology for content, assessments, and exams, which we consider eminently qualifies us to assist in this process. We look forward to working with the sub-committees in establishing appropriate framework of alternative education standards for registrants.

Nevertheless, considering the CSA's desire to establish alternative education standards in collaboration with the industry, IFSE Institute remains concerned that the continued reference in the revised draft Rule to the CSE as the only acceptable education standard serves to entrench a statutory monopoly for this exam. This reference to only one exam, along with the absence in the Rule of any information on the CSA's accreditation process for new courses amplifies our concern. Until the Registration and Proficiency sub-committees have established an accreditation process in concert with industry, we maintain that the CSA must add to the Rule some reference to the accreditation process for equivalent providers or some language in the listing of minimum course requirements such as "...or such other exam(s) as may be accredited by the regulator from time to time" to reflect the CSA's commitment to not maintain the current monopoly.

Canadian Securities Administrators
Re: Proposed NI 31-103
May 29, 2008

As to the Rule's proposed education requirements for chief compliance officers we would like to note that, in response to industry demand, IFSE Institute is currently developing a compliance course for mutual fund dealers. Although developed as stand-alone "continuing education" style course, we believe the course could serve as a minimum education standard for this category of registrant. A similar course for investment fund managers is also being considered. We would be pleased to provide more details on these courses in connection with the CSA's proficiency and accreditation implementation phase.

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We thank you for providing IFSE Institute with the opportunity to comment on the Revised Proposal. We look forward to participating in and contributing to the CSA's implementation phase of NI 31-103. Please contact the undersigned directly should you have any questions or wish to discuss these comments in detail.

Yours truly,

A handwritten signature in black ink, appearing to read 'S. Keohan', with a long horizontal flourish extending to the right.

IFSE Institute

Stephen Keohan
General Manager and Vice President

SK/



By Courier

November 13, 2007

Canadian Securities Administrators
c/o Ontario Securities Commission
20 Queen Street West
19th Floor
Toronto, Ontario M5H 3S8

Attention: David Gilkes, Manager, Registration Section

Dear David:

Re: Proposed NI 31-103 Proficiency Requirements for Exempt Market Products

This letter is further to our meeting on September 24, 2007, at The Investment Funds Institute of Canada.

Proposed Education Requirements

We generally support the Canadian Securities Administrators' ("CSA") proposal in NI 31-103 to move to an exam-based education model, away from the current course-based model. We believe this will lead to a proficiency regime that recognizes an individual registrant's work experience in addition to his/her formal education.

With respect to the proposed requirements for exempt market products, we reiterate our concerns about the proposed rule which mandates the Canadian Securities Exam (CSE) as the sole minimum education requirement for registration in this category. This effectively results in the CSA having given the provider of the CSE an ongoing monopoly as education provider for this category. We were reassured to hear that this was not the CSA's intention, and that the CSA will consider removing the historical monopoly the current and sole provider of the CSE exam has enjoyed. This is welcome news as it will give the industry access to competitive providers and product - which it now has in the mutual fund licensing area. We suggest the CSA make the language in what was section 4.7(a) of the February 23, 2007 release of Proposed NI 31-103 more

permissive, to recognize the potential for entry of other exam providers, and to reflect the CSA's commitment to not maintain the current monopoly.

Inventive Financial Sector Education Inc, (IFSE) is the recently-created stand-alone company that now operates the IFIC education program, most notably the Canadian Investment Funds Course and Exam (CIFC), the Officers, Partners and Directors course in addition to Operations courses and exams in the securities area. It has been a distance financial services educator since 1962, providing online education for the last 11 years and complete online course content for the last five years. It provides dynamic online content that accommodates either a complete online learning experience or one that combines both an online and traditional paper-based approach. The industry has appreciated the availability of courses that combine up-to-date, well written content, in an online interactive environment. IFSE courses are developed and maintained using a rigorous instructional design methodology for content, assessments, and exams.

We would like to submit IFSE's credentials as an exam and course provider for qualification of exempt market product dealing representatives. We believe we can participate by (i) offering candidates a competitive choice in their licensing exam provider, as well as (ii) providing specific, detailed exempt product modules which will allow individuals to supplement their CIFC education in order to meet the fit and proper requirements for the new exempt market product registration category.

Exempt Product Exam Alternative to CSE

As discussed with you, we believe that our alternative exempt market product course and exam will offer candidates a more thorough understanding of the unique features and attributes of exempt market products. We are currently creating a detailed outline for such a general qualification course, which will initially offer detailed coverage of PPNs, REITs, flow-throughs and limited partnerships in addition to more general market and product distribution content. This course would be of interest to new candidates who are not already qualified as dealing representatives in any registration category.

Although the proposed rule provides no details as to the CSA's actual or proposed accreditation process, we understand that a CSA "accreditation committee" is to be created which will "approve" exams as well as make "fit and proper" assessments on individual registrant exemption applications.

With respect to the exempt market product course, we would like to submit the detailed outline for our course and exam for consideration by the accreditation committee as an alternate minimum education requirement to the CSE for dealing representatives of exempt market products. We would appreciate the opportunity to discuss with you the committee's accreditation process and

procedures. Our goal is to seek the CSA's approval of this course/exam and to have the exam included in the rule as one of the accredited threshold education requirements for exempt market products

Alternative Fit and Proper Proficiency

With the creation of the exempt market dealer and dealing representatives category there will be a need for current individual registrants to apply for registration in this new category. We understand that registration will be granted if they meet the educational thresholds and fit and proper requirements as determined by the applicable regulator(s). Hence, dealing representatives who have not passed the CSE will need to apply for an exemption from this requirement based on alternative fit and proper qualifications which that regulator considers sufficient.

Under current regulation, mutual fund representatives do not require any additional proficiency specific to exempt market products. The majority of mutual fund representatives met their education requirements by passing the Canadian Investment Funds Course offered by IFIC/IFSE. It is overly burdensome and duplicative to require those registrants to now pass the CSE in order to maintain their ability to offer these products, solely because there is today no approved alternative to the CSE as a threshold course. Our proposal would offer those registrants an alternative threshold course.

In addition, IFSE proposes to offer specific exempt market product modules which current CIFIC-qualified representatives could take to enhance their product knowledge. We have already shared with you the detailed outline for a module on principal-protected notes. It is our contention that CIFIC qualification together with industry experience and detailed exempt market product training provided by the add-on module should qualify representatives to meet the fit and proper requirements to distribute the particular product to which the module relates, on an exemption application basis. We understand that the CSA's Registrant Review Committee is prepared to entertain exemption applications from candidates having alternative fit and proper qualifications.

We would appreciate the opportunity to discuss the Committee's views on this concept and the combinations of education and experience that are likely to be accepted as meeting the fit and proper requirements.

We welcome the opportunity to discuss with you these new IFSE courses and exams, and would like to arrange a meeting to commence those discussions. We are interested in learning not only about the accreditation process but also the CSA's ideal exam objectives. With our lengthy experience as a course and exam provider for the investment funds and insurance industries, we believe IFSE has the ability to create proficiency courses and exams that will significantly

benefit the exempt market dealer industry and provide enhanced quality to investors.

Yours truly,

IFSE

A handwritten signature in black ink, appearing to read 'S. Keohan', with a long horizontal flourish extending to the right.

Stephen Keohan
General Manager and Vice President

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