



**June 21<sup>st</sup>, 2022**

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

Sent via email to:

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The comments below are submitted on behalf of **learnedly.**, an educational organization for Canadian financial professionals.

**Re: 25-304 - Application for Recognition of New Self-Regulatory Organization**

CSA Members, we thank you for the opportunity to comment.

**learnedly.**



Our comments focus on one of the proposed rule changes: the requirement for the new approval category “*Registered Representatives* dealing in mutual funds only who are an employee of a firm registered as both an investment dealer and a mutual fund dealer” to complete the Conduct and Practice Handbook (CPH) within 270 days of a firm’s registration as a dual-registered firm.

**Comments (summary):**

We believe that the CPH should not be a requirement for registrants of dual-licensed firms dealing in mutual funds only. The CPH includes content that: does not have application for this registration category; is not written for an MFDA audience; and overlaps with content from mutual fund licensing courses. The CPH is also a significant cost burden.

We believe this licensing requirement can be removed from this registration category without compromising industry proficiency standards. Alternatively, conducting a skill gap-analysis would allow for a specific curriculum to be developed that can be delivered in a more cost-effective way.

**Comments (expanded):**

We have provided additional context of these burdens, and propose other alternatives for your consideration. While we generally favour higher education and proficiency standards for the financial services industry, for this proposed rule, we believe the burdens outweigh the benefits.

Content without application

Certain topics and concepts within the CPH course have minimal or no application for this registration category. For example, minimum quotation spreads, best execution, manipulative trading practices, failure to deliver listed securities, securities orders, and securities eligible for reduced margin.

Adult learners tend to engage more when content has real and practical application. The opposite is also true. Mandating these topics may lower engagement and retention of the content overall.

We also note that testing registrants on the full CPH textbook may not determine whether they fully understand the specific and relevant knowledge gaps. For example, if *ethics* is a relevant skill gap, a registrant could pass the CPH exam but still fail the ethics section. In this scenario, successfully completing the CPH would provide no assurance of a registrant’s proficiency in a skill-gap area.

Not written for the MFDA audience

The CPH text is written specifically for individuals becoming licensed for an *IROC* licensing category, not MFDA. For example, the CPH explains *IROC*’s continuing education (CE) requirements, which are different from the MFDA’s CE requirements. This can create confusion for learners and can lead to situations of unintended non-compliance.

### Content overlap

Most MFDA registrants typically become licensed with one of the two mutual fund licensing courses: *Investment Funds in Canada (IFC)* or *Canadian Investment Funds Course (CIFIC)*. These courses were intended as standalone licensing courses and covers content included in the CPH, including anti-money laundering, anti-spam legislation, ethics and privacy legislation.

This overlap in content may reduce the engagement levels with the CPH course material, if learners feel as though they have previously been taught and tested on sections of this curriculum.

We also note that new training rules for Client Focused Reforms and the MFDA's new CE requirements (which includes a mandatory ethics requirement), offer registrants additional exposure to certain CPH content, further reducing the need for the proposed CPH rule.

### Cost burden

At \$900 per enrolment, the CPH is prohibitively and unjustifiably expensive. Compared to the cost of the two mutual fund licensing courses (\$470 for the IFC and \$385 for the CIFIC), the CPH is more expensive by 191% and 233%, respectively.

The cost of the CPH course represents an industry cost burden of approximately one million dollars for every 1,000 registrants impacted by this proposed rule.

### **Alternatives**

We believe that the CPH should not be a requirement for registrants of dual-licensed firm who offer only offer mutual funds according to their original MFDA registration. However, if there are specific knowledge gaps for this new registration category, we encourage the Regulators to consider conducting a skill-gap analysis and to develop specific training based on those gaps.

To reduce the cost burden, regulators might consider an alternative approach to the formal licensing course process of the CPH. Comparable examples include:

- 90-Day Training Program ([link](#))
- Client Focused Reforms training (Section 11.2 of NI 31-103 ([link](#)))
- Exchange Traded Funds Proficiency Standards (MFDA Policy 8 ([link](#)))
- Continuing Education (CE) (MFDA and IIROC) ([MFDA IIROC](#))

These industry proficiency requirements are offered in ways that are more cost-effective than traditional licensing courses, such as the CPH. For any skill-gaps that do exist, a training curriculum could be developed, and dual-licensed firms can arrange for, and attest to, registrant training.

We thank you for the opportunity to comment.

[Signed]



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