



November 16, 2014

Sonia Keshwar
Senior Counsel, Registration
Investment Industry Regulatory Organization of Canada
121 King St West, Suite #2000
Toronto, Ontario
M5H 3T9

FAX: 416-364-9177

Dear Ms. Keshwar:

This letter is submitted on behalf of the Canadian Exchange-Traded Fund Association (“**CETFA**”). Based in Toronto, CETFA is the sole exchange-traded fund (“**ETF**”) association in Canada and represents numerous Canadian ETF Providers.

CETFA appreciates the opportunity to provide comments on the IIROC Consultation Paper, *Proficiency Assurance: The Next Phase Consultation Relating to Expiry of CSI Contract* dated July 16, 2014 (the “**Consultation Paper**”).

We note that the Consultation Paper compares the Canadian regulatory regime with both the FINRA model in the US and the FCA model in the UK. We do not disagree that these are, in some respects, valid comparators. However, we also agree with the observations in the Consultation Paper that there are significant differences among these jurisdictions that impair a true “apples to apples” comparison. Given this, we suggest that a more appropriate comparison may be the various licensing and continuing education requirements imposed by the regulatory bodies governing other Canadian professions.

We are not in a position to comment on the licencing of advisors, other than to communicate our view that a licencing organization such as IIROC should only maintain control over the examination and licencing of its members, not the education leading up to the exams.

We do feel however, that we are in a position to comment on the continuing education requirements for advisors.

In considering our comments, we reviewed the continuing education requirements of the Chartered Professional Accountants of Ontario, the Law Society of Upper Canada, the Financial Planning Standards Council and Ontario Life Insurance Agents. For your reference, a brief summary of these requirements is appended to this letter as Appendix “A”.

We believe that advisors should be responsible for their own continuing education – meaning that they should keep track of the hours they have earned each year, in each category (as decided by IIROC) and submit an annual report verifying these hours to the regulator, rather than their firm (unless the firm requires a copy). As with the other professions we reviewed, continuing education hours are the responsibility of the individual and it is up to the individual to ensure that they meet all of the criteria to continue in good standing as members of their profession.

We note that each of the organizations listed in Appendix “A” requires continuing education for their members. However, unlike IIROC, none of these organizations requires a continuing education provider to pay a significant upfront fee to accredit an educational program for continuing education hours. We also do not believe that continuing education courses offered to advisors should be restricted to one provider. Our belief is that with competition comes better quality and lower costs for the advisors and potential advisors. Unfortunately, these fees act as a disincentive for would-be continuing education providers, including organizations such as ours, to provide such programming and we believe that this is detrimental to both advisors and ultimately their clients.

We believe that there should be modest or no cost for continuing education providers to obtain accreditation for continuing education programming they may wish to provide. While we have no objection to IIROC vetting continuing education credits prior to granting the hours, we would suggest that this be done in a similar fashion to the Law Society, where there is minimal cost to the provider or advisor. The only other organization that requires (a small) payment in connection with the accreditation of continuing education courses is the FPSC, which is a voluntary organization that an advisor may choose to join.

It is our hope that the industry as a whole, whether IIROC or MFDA, continues to evaluate and improve the education requirements for their advisors – regardless of the product being offered - and endeavours to provide advisors with ready and affordable access to continuing education programming. This will ensure that all advisors have the tools they need to service their clients effectively, including the valuable product specific knowledge that the CEFTA has been able to provide in past and would be pleased to provide in future in the appropriate circumstances.

Thank you for this opportunity.

Pat Dunwoody
Executive Director
Canadian ETF Association

APPENDIX "A"

Organization	Hours	Specifics	Verifiable and Cost										
CPAO	120 hours every 3 years	There is a minimum of 20 hours per year	<ul style="list-style-type: none"> - 50% of the hours must be verifiable - Members will retain records - An annual compliance for will be submitted - No cost for the provider to have it pre-approved – only the cost to take the course 										
FPSC	25 hours per year	Four categories: Product Knowledge, Practice Management, Financial Planning and Giving Back.	<ul style="list-style-type: none"> - Voluntary organization - The activities must be reviewed - A firm must register as a CE Provider – and pay a registration fee of \$200 - There is a cost of \$70 per hour credit 										
FSCO	30 hours every two years	The hours must be attested by a program provider and receipts must be kept.	<ul style="list-style-type: none"> - 50% of the hours must be verifiable. - Must be tied to financial products, services or operations - The Program Provider must attest to the hours and attendance - Agents attest to the completion when they renew their licence - Random audits are done - No cost for the provider – only the cost to take the course 										
Law Society	12 hours per year	<ul style="list-style-type: none"> - 3 professionalism - 9 substantive hours 	<ul style="list-style-type: none"> - 3 professionalism hours must be accredited - Substantive hours do not require approval - Professionalism Hours must be approved by the Law Society prior to the event - No cost for the provider – only the cost to take the course 										
IIROC	30 hours every 3 years	Each year must have at least 12 hours	<ul style="list-style-type: none"> - Companies must report monthly to IIROC - There is cost to the Providers of \$375 to apply for credits - With cost ranging from <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td>One Hour</td> <td>\$650</td> </tr> <tr> <td>2 Hours</td> <td>\$910</td> </tr> <tr> <td>3 Hours</td> <td>\$1175</td> </tr> <tr> <td>4 – 8 Hours</td> <td>\$1535</td> </tr> <tr> <td>9 – 15 Hours</td> <td>\$1745</td> </tr> </tbody> </table>	One Hour	\$650	2 Hours	\$910	3 Hours	\$1175	4 – 8 Hours	\$1535	9 – 15 Hours	\$1745
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