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March 5, 2014

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

*c/o*

Me Anne-Marie Beaudoin  
Corporate Secretary  
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VIA COURIER AND EMAIL

Dear Sirs/Mesdames:

**Re: CSA Notice and Request for Comments  
Proposed Amendments to NI 31-103, NI 33-109, NI 52-107, OSC Rule 33-506 and  
OSC Rule 35-502 and Related Forms**

On behalf of Advocis, The Financial Advisors Association of Canada, we are pleased to provide our comments in regards to the Canadian Securities Administrators' ("CSA") Notice and Request for Comments regarding its proposed amendments to NI 31-103, NI 33-109, NI 52-107, OSC Rule 33-506 and OSC Rule 35-502 (the "Consultation").

### **About Advocis**

Advocis is the largest and oldest professional membership association of financial advisors and planners in Canada. Through its predecessor associations, Advocis proudly continues over a century of uninterrupted history serving Canadian financial advisors and their clients. Our 11,000 members, organized in 40 chapters across the country, are licensed to sell life and health insurance, mutual funds and other securities, and are primarily owners and operators of

their own small businesses who create thousands of jobs across Canada. Advocis members provide comprehensive financial planning and investment advice, retirement and estate planning, risk management, employee benefit plans, disability coverage, long-term care and critical illness insurance to millions of Canadian households and businesses.

As a voluntary organization, Advocis is committed to professionalism among financial advisors. Advocis members adhere to an established professional Code of Conduct, uphold standards of best practice, participate in ongoing continuing education programs, maintain professional liability insurance, and put their clients' interests first. Across Canada, no organization's members spend more time working one-on-one on financial matters with individual Canadians than do ours. Advocis advisors are committed to educating clients about financial issues that are directly relevant to them, their families and their future.

### **Consideration by the CSA of Proficiencies**

Although not part of the current Consultation, we are pleased to see that the CSA has voiced its commitment to review additional examinations or include alternative proficiency requirements in Part 3 of NI 31-103, particularly in regards to the requirements set out for mutual fund dealing representatives in Section 3.5.

As you are aware, Section 3.5(a) lists three exams that individuals may pass to satisfy the proficiency requirements of being a mutual fund dealing representative; namely:

- (i) the Canadian Investment Funds Course Exam;
- (ii) the Canadian Securities Course Exam; or
- (iii) the Investment Funds in Canada Course Exam;

(collectively, the "Specified Exams").

Exam (i) is offered by the IFSE Institute ("IFSE"), which is a division of the Investment Funds Institute of Canada, an association representing Canada's investment fund industry. Exams (ii) and (iii) are offered by CSI Global Education Inc. ("CSI", and together with IFSE, the "Named Providers"). CSI is a for-profit company that has been owned since 2010 by U.S.-based Moody's Corporation. Therefore, there is only one Canadian provider of CSA-accredited mutual fund licensing examinations.

The Specified Exams have been listed in NI 31-103 since the instrument's inception in 2009, and despite the CSA's statement at that time that it would assess new examinations that are submitted for approval and codify the recognition of additional exams on a periodic basis,<sup>1</sup> no additional exams have been recognized in the intervening years. In fact, the Consultation states that the CSA has "not been actively working on the recognition of additional examinations".

This has put the Named Providers in a privileged position, as their exclusive codification in NI 31-103 has allowed them to operate like an oligopoly. This anti-competitive situation has been to the detriment of both registrants and other educational providers who would like to offer alternative exams that challenge the status quo in both educational quality and cost to the registrant.

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<sup>1</sup> See (2009) 32 OSCB (Supp-2).

We are heartened to see that in the Consultation, the CSA acknowledges the untenable nature of the current situation by committing to developing a process to recognize additional examinations and other proficiency requirements "in the near term". We urge the CSA to keep a steadfast focus on this commitment, as we are approaching five years since NI 31-103's inception and an update is long overdue.

To expedite the development of its process, we suggest the CSA begin by publishing the process it used to evaluate exams in advance of NI 31-103's implementation which ultimately resulted in the Specified Exams being included in the Instrument. By reviewing the metrics that were previously used, potential entrants will be able to gain an understanding of the CSA's evaluative criteria, and the CSA will also benefit from stakeholder feedback regarding how best to update that evaluation process.

From our own perspective as a potential entrant, we are particularly interested in the CSA's approach to evaluating an exam's rigour, as we note there is a significant variance amongst the Specified Exams' expected study time (from as few as 60 hours to as many as 200 hours) and cost to the registrant (from as little as \$375 to as much as \$1,310). We would also like to understand how the CSA currently audits the Specified Exams to ensure their continued relevance and efficacy, both in terms of updating the substantive content to reflect industry developments and the course delivery infrastructure in light of technological change and modern learning techniques.

This information is critical for stakeholders to determine what is involved in obtaining and maintaining the CSA's accreditation as a mutual funds exam provider, so that they can make an informed decision as to whether to invest in the development of an alternative exam. Given the length of time that has passed since NI 31-103's inception, we believe that there is significant pent-up interest from potential entrants who would like to begin developing their proposals as soon as possible. Therefore, we urge the CSA to make the review of proficiency requirements a priority issue for the upcoming year, beginning with the publishing of its previous evaluation process as soon as possible.

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We look forward to working with the CSA as it modernizes the proficiency requirements set out in NI 31-103. Should you have any questions, please do not hesitate to contact the undersigned, or Ed Skwarek, Vice President, Regulatory and Public Affairs at 416-342-9837 or [eskwarek@advocis.ca](mailto:eskwarek@advocis.ca).

Sincerely,



Greg Pollock, M.Ed., LL.M., C.Dir., CFP  
President and CEO



Harley Lockhart, CLU, CH.F.C.  
Chair, National Board of Directors