



September 7, 2020

Comments on the Capital Markets Modernization Taskforce Consultation Report

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Re: Modernizing Ontario's Capital Markets

We applaud the efforts of the Capital Markets Modernization Taskforce, and we are encouraged by many of the recommendations in its consultation report. We appreciate the opportunity to offer our comments, which are focused on the topic of **continuing education (CE)** within Canada's financial services industry.

Modernization cannot take place without a thorough review of the state of proficiency regulations within our industry.

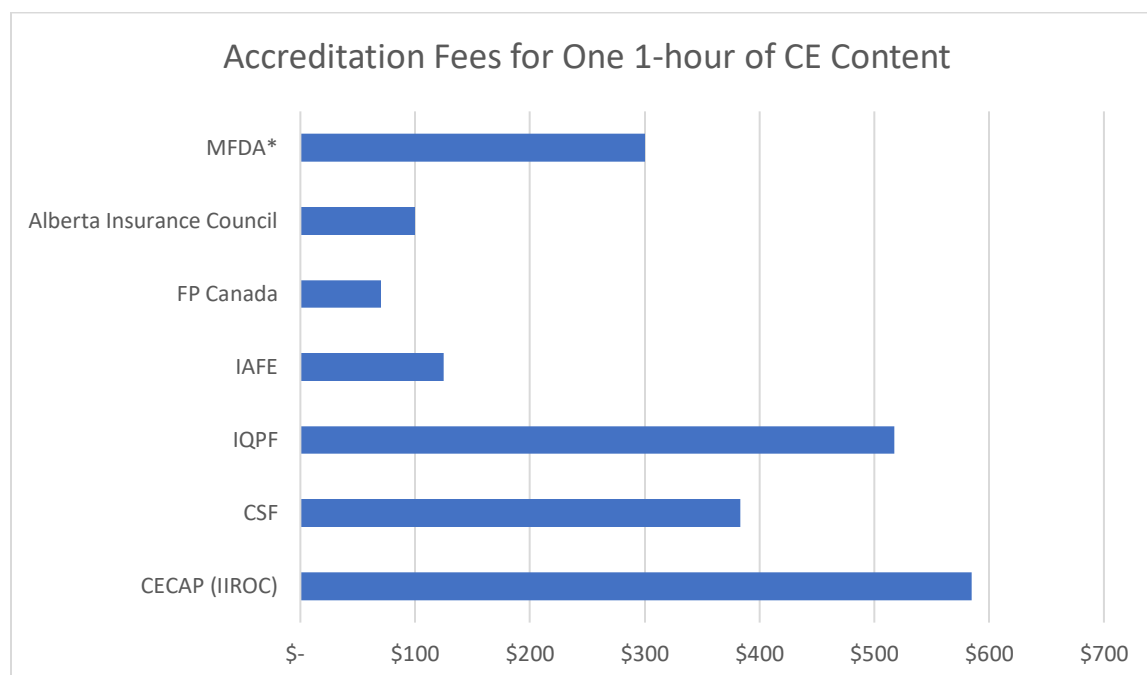
Continuing education is an important part of our industry's proficiency requirements and professionalism. But it has become expensive and burdensome for Course Providers and Canadian financial professionals. This is driven by three factors:

1. Accreditation has not evolved with increasing CE requirements
2. Accreditation has not evolved with trends in modern e-learning
3. A lack of oversight and standardization among accreditation bodies

1. Accreditation has not evolved with increasing CE requirements

Within Canada's financial services industry, CE requirements continue to increase. IIROC Registrants have CE requirements; the MFDA is introducing new CE requirements; and six of Canada's 13 provincial and territorial insurance regulators mandate CE requirements for licensed insurance professionals. Annual CE requirements have also become standard for industry designations, including the CFP®, PFP®, CFA®, CPA®, CLU®, and CIM®. And today's financial professionals are more likely to have multiple designations – a trend that will continue as Ontario's *Title Protection Act* is finalized and with similar acts are introduced throughout Canada.

The issue is there are many accreditation bodies that require content to be accredited, and there is very little overlap or standardization among them. Course providers must typically submit content to multiple accreditation bodies, with each one charging between \$70 and \$1,550 to accredit a single course. This is a duplicative process costing Course Providers thousands of dollars.



*MFDA's proposed pricing

Accrediting bodies also require courses to be re-accredited, typically every two years, or when material updates have been made to the course content - which discourages Course Providers to update content. (One accreditation body required Learnedly to submit a second application with fee just to update a course title).

2. Accreditation has not evolved with trends in modern e-learning

Another source of cost and burden is that CE accreditation has not evolved with e-learning trends. More specifically, e-learning courses are getting shorter in duration – currently between 15 and 30 minutes - creating a more efficient and focused learning experience; however, accreditation bodies favour longer, monolithic courses.

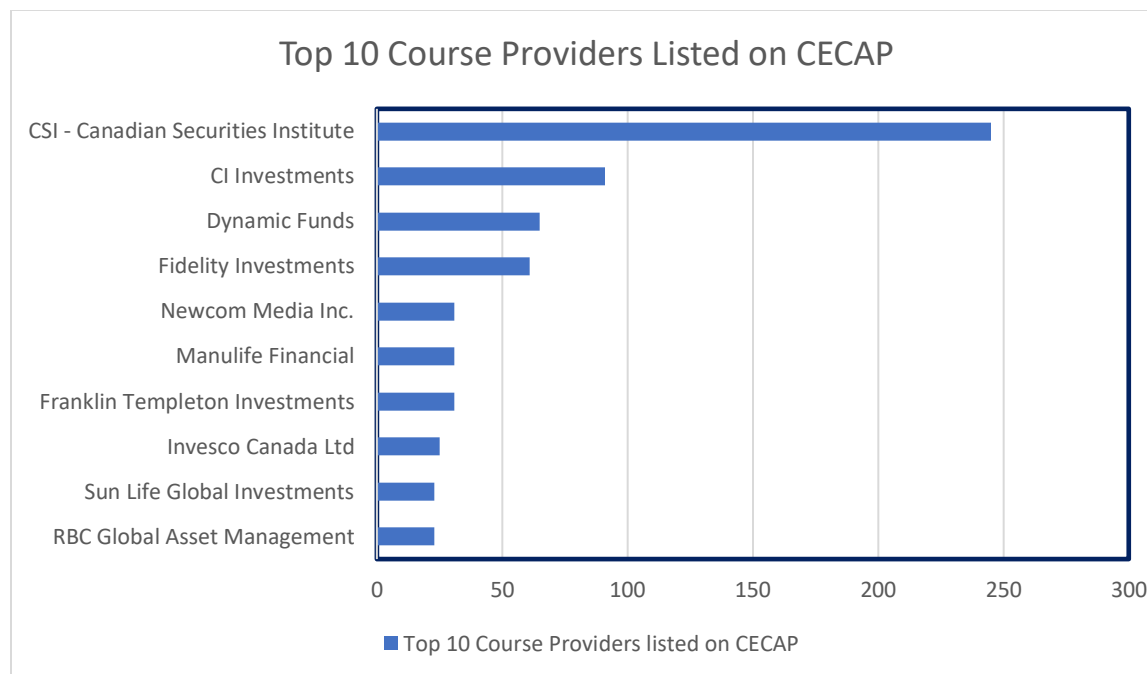
Accreditation bodies will only accredit courses of least 30 minutes in duration; and even then, accreditors often charge Course Providers their full one-hour accreditation fee. In Quebec, the Chambre de la sécurité financière will not recognize courses that are less than one hour in length¹, but charge the same minimum fee of \$383, whether a course is one hour or five hours in length.

CECAP, the CE accreditation provider for IIROC registrants, will accredit 30 minute courses, but will charge its standard one-hour accreditation fee of \$585 per course. Its pricing structure is designed to favour multi-hour courses. CECAP charges \$1,550 to review 30 hours of content as

¹2.2.4 Duration of a training activity – To be recognized by the Chambre, a training activity must last at least one hour. The Chambre will not grant fractions of a PDU ([link](#))

one 30-hour course, but charges \$17,550 to review the same amount of content as thirty 1-hour courses. (\$585 x 30)

This pricing model distorts the playing field in favour of legacy course providers and well-funded institutions, that may not even be education providers. Of the 10 course providers with the most accredited courses by CECAP, only one is an educational institution – CSI Global Education, which is also CECAP’s parent company.



3. A lack of oversight and standardization among accreditation bodies

The third factor of cost and burden is a lack of oversight among accreditation bodies. In some cases, a lack of oversight has led to abuses of dominant position, as we have previously reported to IIROC². We have noted cases that CSI’s ownership of CECAP has allowed it to accredit course bundles and custom packages in ways that would be cost prohibitive to any other Course Provider.

There is also a lack of consistency and rigor with regards to CE accreditation in measuring content quality and quantity, with a strong reliance on video “run time” and text page counts, with minimal consideration for the quality of content. One accreditation body spent less than 17 minutes to review and accredit 10 hours of content, at a cost of close to \$1,000.

Concluding points

² Learnedly Comment Letter to IIROC: Continuing Education Rules – proposed amendments to Rule 2650, Aug 26, 2019 ([link](#))

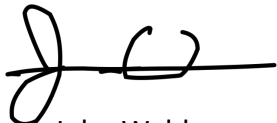
Education is a vitally important part of Canada's financial services industry. But it has been woefully overlooked, and grossly under supported. Modernizing Ontario's capital markets requires proper review and reform of the national proficiency landscape.

Canadian financial professionals spend \$155 million every year on industry licensing courses, credentials and continuing education, which is three times more expensive than it should be. Continuing education accounts for a significant portion of this expense – largely because there are no standards in place, and accreditation has become a lucrative revenue channel for some organizations – at the expense of Course Providers, Canadian financial professionals, and Canadian investors - who ultimately pay for advisor training.

By reforming CE accreditation, we have an opportunity to make industry training more accessible to professionals, students and Canadian investors. That, in turn, empowers professionals to learn on their terms, rather than merely completing a perfunctory exercise and ticking a regulatory checkbox.

We thank you for the opportunity to share our comments. We would be happy to provide additional support and perspective on how continuing education can be modernized.

Sincerely,



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