



August 26, 2019

Richard Korble
Vice President, Registrations – Acting

Rita Kwok
Registration Research Officer

Dear Mr. Korble and Ms. Kwok:

Re: Continuing Education Rules – proposed amendments to Rule 2650

We appreciate the opportunity to comment on the proposed amendments to the Continuing Education (CE) Rules.

Beyond the proposed rule changes, there are also fundamental issues with the current CE accreditation process, which have a direct impact IIROC Registrants:

- Punitive accreditation fees for Course Providers mean fewer Course options;
- A lack of transparency limits the types of accredited Courses; and,
- An outdated accreditation framework discourages a modern learning experience.

After our Response to Proposed Changes, we address these key issues in more detail and provide recommendations that would help bring positive and meaningful change to the learning experience for IIROC Registrants.

Throughout this document we use the terms “CE Participants”, “Approved Persons” and “IIROC Registrants” interchangeably.

About Learnedly

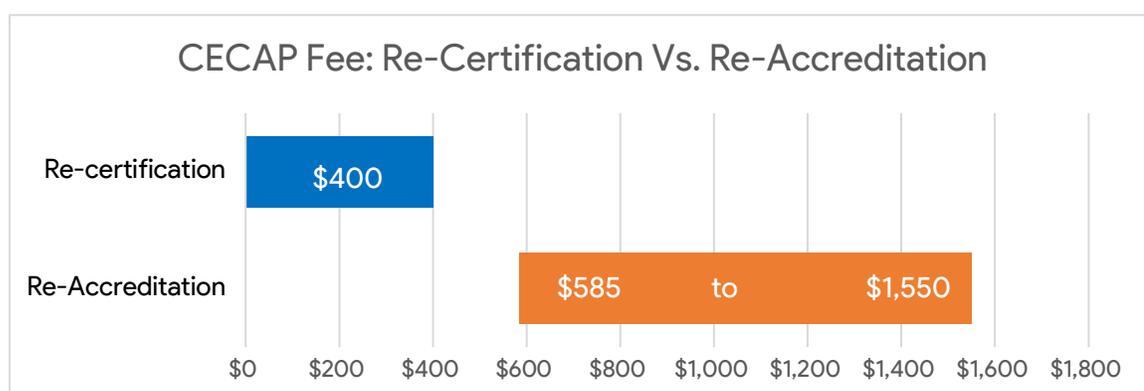
Learnedly is an on-demand training resource for Canadian financial professionals, offering a growing library of industry training on one platform, designed for mobile and accessible on any device and desktop.

Response to Proposed Changes

2653 (6) A continuing education participant cannot receive continuing education credits for the same continuing education courses unless the course content has been substantially updated, with the exception of ethics courses referred to in subsection 2655(3)

We agree that participants should not receive continuing education credits for the same courses unless the course has been substantially updated. But there are two fundamental problems that make this rule more difficult for CE Participants to satisfy their continuing education requirements:

1. The current price structure of CECAP (Continuing Education Course Accreditation Process) discourages Course Providers from making substantial updates to previously accredited Courses, which would require Courses to be “Re-Accredited”, rather than “Re-certified”. The cost of re-accrediting a substantially updated course is 46% to 287% higher than the cost to re-certify a Course with no material changes.¹

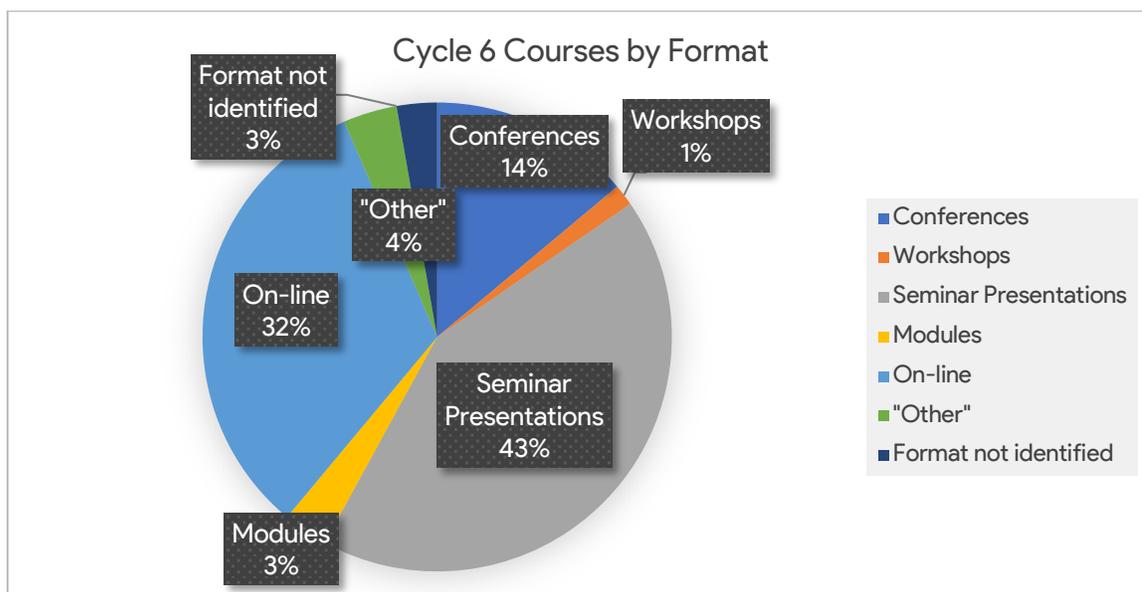


This fee structure discourages Course Providers from updating accredited content in favour of leaving Courses unchanged.

2. Many CECAP accredited Courses are not accessible to CE Participants. In CE Cycle 6, CECAP accredited 2,162 “Courses”; and 58% of them were events, such as Conferences, Workshops or Seminar Presentations, which would have already taken place at the time a CE Participant goes to CECAP in search of available Course options.²

¹ <http://cecap.ca/cy7/en/providers/fees.php>

² CECAP’s “Courses” category includes: “On-line”, “Seminar Presentation”, “Module”, “Conference” and “Other”



Only 35% of CE Cycle 6 Courses were “On-line” or “Modules” (and almost half of those Courses (45%) were re-certified from the previous CE Cycle).^{3,4}

We believe that industry participants are generally in favour of continuing education requirements, but CECAP creates an unnecessary burden of friction and ambiguity for CE Participants identifying appropriate Courses to satisfy CE requirements.

2655 (3) IIROC will publish a list of approved ethics courses that a continuing education participant can repeat and count towards fulfillment of the compliance course requirement in two continuing education program cycles.

We agree with this proposed change. However, CECAP should not charge Course Providers \$400 to have their ethics Course re-certified for a second CE Cycle, provided no material changes have been made to the Course. This fee is excessive and unnecessary, particularly in light of IIROC permitting CE Participants to repeat the same Ethics Course in two consecutive CE Cycles.

2657 (1) (v) [A Dealer Member must:] verify completion of a continuing education course and, where the course is delivered by the Dealer Member, evaluate a continuing education participant's knowledge and understanding of the course material through examination, course work, or case study;

³ Cycle 6: 2,162 Courses; Conferences: 301; Workshops: 32; Seminar Presentations: 920; Modules: 67; On-line: 702; “Other”: 80; Format Not Identified: 60.

⁴ In Cycle 6, 769 Courses were Modules or Online. 424 were new, 345 were re-certified from Cycle 5

We agree with IIROC's decision to remove this rule, which requires Dealer Members to verify course completion through examination, course work or case study. The modern learning environment allows for several ways to verify Course completions without a formal assessment, which is not an effective indicator of long-term retention.

2659 (5) A former Approved Person may voluntarily participate in the continuing education program to extend the validity of the Canadian Securities Course for only one continuing education program cycle.

We agree with these proposed rule changes and support IIROC's view that the CPH is a cornerstone of IIROC's proficiency platform. We would also encourage IIROC to consider a more appropriate discount agreement with CSI Global Education than the current discount of 50% for Rule 2900 Part II A re-write requirements.

Even at a 50% discount, CSI's licensing courses are expensive; and we do not believe that Approved Persons (new, current or former) should be required to shoulder that burden a second time if they are required to re-write licensing courses.

We also note that the 50% discount does not include online support materials or a printed textbook, which accompany the licensing Courses. We encourage IIROC and CSI to find an opportunity to offer a discount to those individuals who find value in the intended online study tools and textbook.⁵

⁵ https://www.csi.ca/student/en_ca/courses/csi/sla.xhtml

KEY ISSUES WITH THE CONTINUING EDUCATION LANDSCAPE

We applaud IIROC's effort to maintain a CE Program that "fosters fair, equitable and ethical business standards and practices." However, this cannot be achieved without addressing significant concerns that currently exist with the Continuing Education Course Accreditation Process (CECAP), which fosters unfair, inequitable and unethical business standards and practices.

We identify three fundamental concerns with CECAP, explain why they are a problem for the industry, and propose alternative measures and recommendations for IIROC's consideration.

1. PUNITIVE FEE STRUCTURE

Course accreditation through CECAP is unnecessarily expensive. Its cost-prohibitive nature discourages the development and availability of new CE Course content for Approved Persons. It creates an unfair barrier for many Course Providers to offer accredited Courses to CE Participants.

Through CECAP, the cost for accrediting a one-hour course in Cycle 7 is \$585.⁶ This fee was reduced from \$650 in Cycle 6 - a reduction of 10%. However, since IIROC reduced the time period of a CE Cycle from three years to two years, on an annual basis, it is a cost increase of 35%. Additionally, the \$400 re-certification fee, which remains unchanged in Cycle 7 from Cycle 6, on an annualized basis, is a cost increase of 50% for Course Providers.^{7,8}

At \$585 to accredit one 1.0 hour Course, CECAP's accreditation fee is significantly more expensive than other accreditation bodies. By comparison, The Institute for Advanced Financial Education ("The Institute") charges \$125 (\$50 Administration Fee + \$75 Accreditation Fee) to accredit one hour of CE content.⁹ FP Canada, which administers the Certified Financial Planner (CFP®) designation, charges \$70 to review and accredit one hour of CE content.¹⁰

Compared with The Institute and FP Canada, CECAP's fee is 4.6X and 8.3X more expensive, respectively.

⁶ \$375 Application Fee + \$210 Assessment Fee

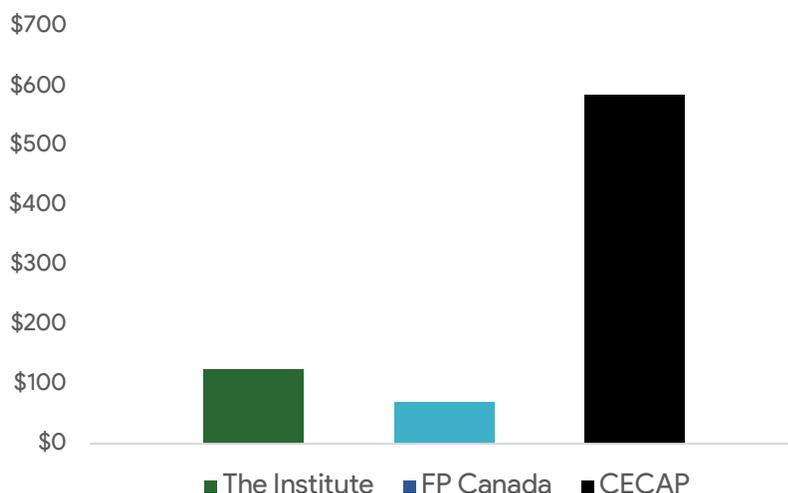
⁷ Cycle 6 Fees <https://web.archive.org/web/20171217151552/http://cecap.ca/cy4/en/index.php?mod=fees>

⁸ Cycle 7 Fees <http://cecap.ca/cy7/en/providers/fees.php>

⁹ <https://www.iafe.ca/ce-accreditation-policies.aspx>

¹⁰ <https://www.fpcanada.ca/docs/default-source/stakeholder-support/ce-approval-program-manual.pdf>

Accreditation Cost for One Hour of Continuing Education Content



And because CECAP charges the same one-hour rate to accredit Courses with 0.75 and 0.5 credit hours in duration, CECAP’s accreditation fee is as high as \$1,170 per-credit-hour.¹¹

In Cycle 6, more than 60% of the 1,536 new Courses accredited by CECAP were less than 1.0 credit hours in duration.¹² One Course Provider in Cycle 6 submitted 59 Courses accredited for 0.5 hours and 108 Courses accredited for 0.75 hours, for an average cost of \$982.35 per credit hour, based on CECAP’s fee schedule.^{13,14}

Compared to other accreditation service providers, there is no evidence to suggest that CECAP’s accreditation process is any more comprehensive to justify its higher costs. One exception might be that IIROC also reviews new Course content; except, “IIROC does not pay for these services and receives no fees for these reviews.”¹⁵

2. LACK OF TRANSPARENCY

Course Providers have very little guidance or transparency on CECAP’s Course assessment process, which leads to instances of Courses not receiving the amount of CE credits originally requested in its application. This can lead to Course Providers re-submitting Courses multiple times and incurring multiple Application and Assessment Fees.

¹¹ CECAP’s cost to accredit two 30-minute courses: (\$585 x 2)

¹² http://cecap.ca/cy7/en/all/courses.php?cyc=06&cat_type=PD

¹³ $(\$650 \times 167) \div [(59 \times 0.5) + (108 \times 0.75)] = \982.35

¹⁴ http://cecap.ca/cy7/en/providers/course_list.php?cyc=06&cat=PD&memberID=521

¹⁵ [IIROC Notice 17-0095](#)

While IIROC does provide guidelines on topics and general requirements for CE eligibility, CECAP does not disclose the assessment rubric it uses to evaluate Course content.¹⁶ Learnedly requested a copy of CECAP's assessment rubric, and was told "We [CECAP] cannot provide that information as it is proprietary."

This lack of transparency leads to more instances of Course Providers not receiving the amount, or category, of CE credits in which they have requested, and even re-submitting Courses multiple times and incurring multiple Application and Assessment Fees.

In contrast, it seems reasonable to believe that the Canadian Securities Institute (CSI), CECAP's parent company (owned by Moody's Analytics Global Education (Canada) Inc.), would have access to CECAP's assessment rubric. If this is the case, CSI would have an unfair advantage over all other Course Providers, giving it a better chance of receiving the desired number of CE credits for Courses upon the first submission.

But even if it does not have access to CECAP's assessment rubric, as CECAP's parent company, CSI can submit and re-submit Courses for accreditation at an insignificant cost, until it receives its desired outcome. This presents another unfair advantage over other Course Providers.

CSI can package Course content in multiple ways and receive full CECAP accreditation for each permutation with no additional cost. It can submit a set of content to CECAP for accreditation as: individual Courses, multiple Course bundles, and even customized corporate Course packages.

For other Course Providers, offering CECAP accredited content in different packages would incur an Application Fee and Assessment Fee for every version of the same content, which is cost prohibitive. CSI is the only CECAP listed Course Provider that offers Course content in multiple packaged options.¹⁷

More concerning though, is CECAP's comfortable relationship with CSI's content.

CECAP accredited CSI's "*CPH Update – 2009*" in CE Cycle 4 (2009 to 2011), re-certified it in Cycle 5 (2012 – 2014), and again in Cycle 6 (2015 – 2017).¹⁸

We see no purpose for CSI or benefit to IIROC Registrants to have a 2009 CPH Update re-certified for two additional CE Cycles, extending into 2017. We also cannot understand why CECAP would allow a 2009 CPH update to be accredited in three consecutive CE Cycles, covering a nine-year period.

¹⁶ [IIROC Notice 18-0023](#)

¹⁷ [Cycle 7 Compliance Course List – CSI – Canadian Securities Institute](#)

¹⁸ CPH Update – 2009: Cycle 4 ([002070](#)), Cycle 5 ([003247](#)), Cycle 6 ([005082](#))

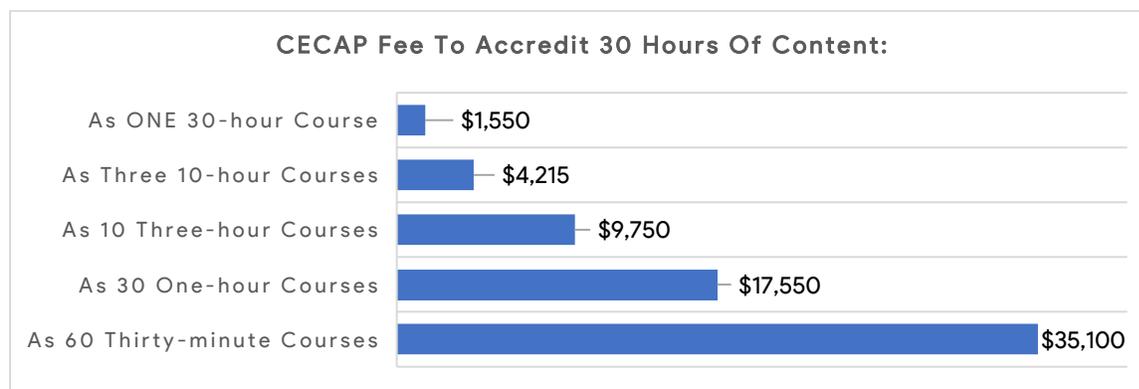
We trust that CSI attested that no material changes were made to the 2009 CPH Update upon re-certification in Cycles 5 and 6; however, this feels more like an abuse of regulatory privilege. (Our research could not identify a similar occurrence among other Course Providers)

CECAP is a service provider for a regulatory body in a regulated industry; and we see no purpose for it to withhold its assessment rubric from Course Providers on the basis of “proprietary” information.

3. OUTDATED MODEL

CECAP favours traditional and formalized course content over a modern learning experience. Its fee structure encourages the development of large, 30-hour+ Courses, rather than smaller Courses, which are more appropriate for continuing education and better aligned with modern learning preferences.

Consider the fee that CECAP charges to accredit 30 hours of content based on how the content is structured:



CECAP’s fee to review and accredit 30 hours of content as 60 thirty-minute Courses is \$33,550 more expensive than if the content is structured as a 30-hour Course.

Modern online learning has trended toward shorter Courses, with a strong preference of between 10 and 30 minutes in length; however, CECAP does not accredit Courses less than 30 minutes in duration, which discourages Course Providers from developing a modern online learning experience for CE Participants.

WHY CECAP IS A PROBLEM FOR IIROC APPROVED PERSONS

CECAP's fee structure, lack of transparency and outdated approach to learning discourages Course Providers from creating more accredited content for CE Participants. It also discourages Course Providers from creating modern and dynamic learning experiences, such as:

- Bespoke Courses customized to individual learner preferences;
- Dynamic Courses that can grow and evolve as regulations change and new rules are introduced; and,
- Courses that can be maintained and updated in real-time.

CE Participants can (and should) have a learning experience that they enjoy and that encourages them to “pull” learning in, rather than feeling “pushed” to complete training requirements. The current CE accreditation structure does not allow for this. And the impact will become more pronounced as modern learning evolves outside of our industry, and as a younger generation of Approved Persons join Member Firms, having a stronger adoption rate and greater expectation of a modern learning experience in the workplace.

RECOMMENDATIONS

We recognize that a radical revisioning of the accreditation process and/or implementing a new process requires greater consultation and time. We propose several interim recommendations, as well as two alternative strategies to CECAP, in order to support IIROC's objectives of fairness, equity and ethicality.

1. INTERIM RECOMMENDATIONS

- a) Where reporting is not already provided to IIROC, require that CECAP provide full transparency on its operating activity including: revenue received; Course submissions; Courses reviewed; Course accreditations; and Course accreditations where Courses do not receive the number of credits originally requested in the application.
- b) Require CECAP to adjust pricing for accrediting Courses with less than 1.0 credit hours, which should be appropriately pro-rated.
- c) Allow accreditation for Courses with a minimum of 0.25 credit hours in duration.
- d) Provide Course assessment summaries with each Course submitted for accreditation.

- e) Allow Course Providers with access to CECAP’s assessment rubric.
- f) Allow Course Providers an opportunity to make adjustments to Course content without having to incur multiple accreditation fees.
- g) Replace the “Application Fee” of \$375 which is charged BEFORE the assessment process, with an “**Accreditation Fee**”, which would only be charged AFTER a Course has been assessed - and only if the Course Provider accepts the initial assessment.

CECAP should only charge the Assessment Fee (a fee schedule that starts at \$210 for the first credit hour) for its work to assess content, and THEN charge the Accreditation Fee, if the Course Provider accepts the assessment.¹⁹

- h) Extend the same volume discount pricing on the Assessment Fee (given to Courses with 2 – 30 credit hours of content) to bulk course submissions, based on the total credit hours of content submitted.

2. ALTERNATIVE SOLUTIONS TO CECAP

a) Allow for Multiple Accreditation Providers

In addition to CECAP, IIROC could consider opening up CE accreditation to other services providers, which would introduce fair competition and healthy market forces. This would drastically reduce the cost of accreditation, encourage more Course development and improve the overall user experience for both CE Participants and Course Providers.

Having multiple accreditation service providers is a model that is currently being explored by the Mutual Fund Dealers Association of Canada (MFDA).²⁰

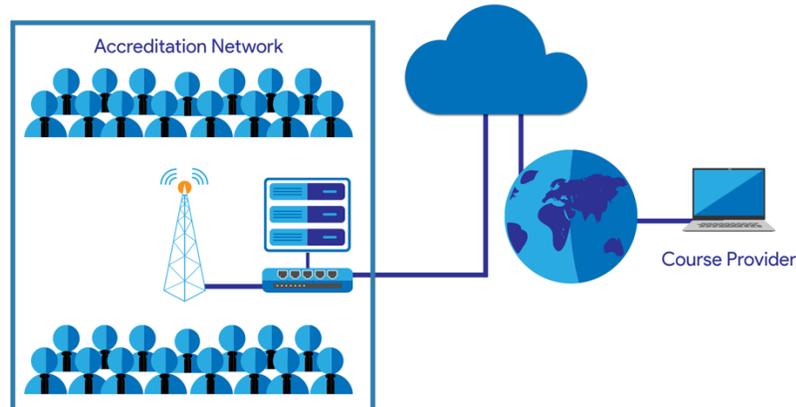
b) CONTINUING EDUCATION PEER ACCREDITATION NETWORK (C.E.P.A.N.)

We propose IIROC consider a different approach to the CE accreditation process, which is a blend of an academic peer review process built on a network infrastructure similar to ones used by ride sharing companies to connect drivers to riders.

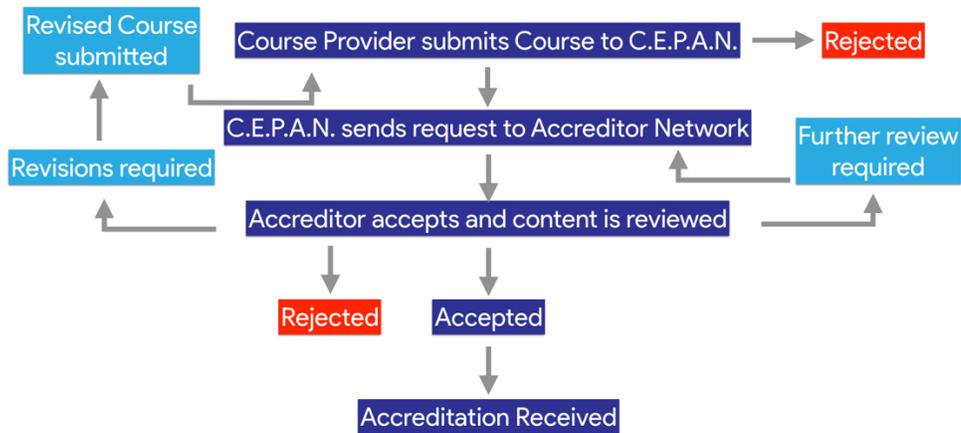
¹⁹ This is a fair arrangement that compensates CECAP for completing the assessment work, but also gives some financial protection for the Course Provider, avoiding the current \$375 Application Fee if they do not agree with the assessment and wish to make material changes to the content. We believe a reasonable price for the Accreditation Fee would be \$100 per Course.

²⁰ MFDA [Bulletin #0788-P](#) Continuing Education (CE) Accreditation Process – Request for Comments

Continuing Education Peer Accreditation Network (C.E.P.A.N.)



C.E.P.A.N. Review Process



C.E.P.A.N. would bring together a collective group of industry subject matter experts, from a growing number of professionals wanting to supplement their income through the “gig economy”, and even the IIROC community of designated persons tasked with reviewing Course content within their own Member firms.

The details of C.E.P.A.N. go beyond the scope of this document, but we would be happy to provide more information to IIROC on how this system could work as a replacement to CECAP.

CONCLUSION

In an era of greater transparency, a pressure to reduce expenses and a move toward fee reduction, the current cost of CE accreditation is unnecessarily expensive, excessive and opaque. It has a material impact on our industry, and the students of these accredited Courses – IIROC Registrants.

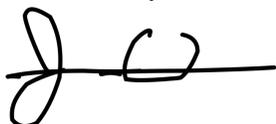
Course Providers must either charge more for their accredited Courses, or avoid the accreditation process altogether, making it either more expensive for CE Participants to access Course content, or simply having fewer Course options available to them.

CECAP does not contribute to the Canadian financial services community in a fair, equitable and ethical way. Our findings suggest it does the complete opposite. Taking immediate steps to address these issues would have an immediate and positive impact on all IIROC Member Firms, Approved Persons and the investor community.

We encourage IIROC to take steps that support proficiency and life-long learning among all industry participants. Learnedly is committed to supporting IIROC's efforts and the efforts of all regulators in helping to improve the education landscape in Canada's financial services industry.

We thank IIROC for the opportunity to offer our input.

Sincerely,



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