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Re: Rule amendments – Request for comments – Proposal to harmonize CIRO Continuing Education (CE) Programs

The Federation of Independent Dealers - Fédération des Courtiers Indépendants (FID, Federation) appreciates the opportunity to submit comments on this consultation. As a national nonprofit association that has been representing dealerships for 29 years, the FID is committed to enhancing investor protection, professional advice, and fair, cost-effective regulation.

Firms require the flexibility to create or choose to make available to their advisors continuing education courses that meet their divergent needs and business objectives. CIROs approach should take a careful balance between quality, reducing costs, and promoting access. Elimination of accreditation is a positive step, as it substantially reduces the cost of making educational content available to registrants.

We support CIROs effort to enable a more efficient CE ecosystem for advisors and education providers but note that the gatekeeping nature of listing specific licensing courses within legislation is problematic and needs to be addressed. On March 3, 2025 it was announced that the second largest licensing course provider will be shut down¹, leaving a single eligible licensing course. This creates risks within the advisory space, for example, what happens if that course becomes unavailable?

We do not agree with the proposal to shift the cost and overhead burden of managing all AP CE tracking to firms, where it is now an option for the dealer. This may be simpler for CIRO oversight and the historical practice within

¹ IFSE Institute to shut down, transition students to CSI, SeeWhy (<https://www.investmentexecutive.com/news/industry-news/ifse-institute-to-shut-down-transition-students-to-csi-seewhy/?hash=0684E8298956F0U>)

IIROC but significantly increases both management and technology costs for a straightforward registrant level obligation. In this case, harmonization should favour the practicality of firms being able to choose over an increased dealer burden.

We do not support the elimination of CE carry-forwards. Credits earned should be counted, at the risk of advisors sticking to the minimum for their education or delaying desired education to match CE cycle obligations. An upper limit should be retained for carry-forward CE credits. The harmonization of both the existing IIROC and MFDA carryforward rules would best result in keeping an allowable amount of carryforward credits and encourage advisors to continue taking CE education once the minimum level has been surpassed.

The harmonization of both the existing IIROC and MFDA rules on course repeats would best result in keeping an allowance for repeating valuable courses and receiving credit for the time and effort expended. CIRO can limit the amount of repeats instead of eliminating this completely. We don't see the benefit to a client or an advisor of an advisor *not* repeating a course to improve their specific domain knowledge where it would benefit them.

We agree that CIRO should consider methods to ensure that CE activities substantively advance or update knowledge and skills. CIRO could draw attention to known high-quality educational offerings by highlighting and drawing attention to them, as an incentive.

Continuing Education subjects go beyond licensing knowledge requirements and may not be relevant to all advisors. Price versus quality tradeoff must remain a decision at the advisor level, to source education relevant to their practice that will provide the most advantage to their future business goals and align with the needs of their particular client segment.

We look forward to working with CIRO to ensure that the proposed amendments to harmonize CIRO Continuing Education (CE) Programs are implemented in a way that reduces structural industry costs and overhead, while still ensuring that participants stay apprised of important changes and improve their skills.

Responses to specific questions

Question 1: We are interested to know your views on the challenges and benefits of prorating the CE requirements, and in particular the operational and system impact of such changes.

Federation members did not have strong opinions on prorating, seeing it as a reasonable approach. It was suggested that a small amount of carryover credits could be helpful to accommodate advisors who exceed the minimum requirements in each cycle.

Question 2: We are interested to know your views on the challenges and benefits of moving the MFD CE cycle to a January 1 December 31st start and end.

Federation members oppose this proposal. CIRO's proposal to shift the cycle to December 31 creates administrative and operational burdens for mutual fund dealers and their advisors, particularly those registered under multiple jurisdictions. CIRO dismissed the option of aligning with the MFDA/CSF cycle (November 30), stating there was no justification for switching IIROC firms to this model. However, mutual fund advisors and their firms significantly outnumber IIROC advisors, making the CSF/MFDA cycle the more widely used system.

Advisors that are registered in QC must follow the rule of La Chambre de la Sécurité Financière (CSF). The proposed framework creates inconsistencies between Québec-based and non-Québec-based advisors. Advisors registered in both jurisdictions would be forced to navigate two different CE cycles, increasing administrative burden and regulatory complexity. Instead of achieving harmonization, the proposal risks further fragmenting the industry. That is why the CSF and the former Mutual Fund Dealers Association (MFDA) had aligned their CE cycles to end on November 30, providing consistency across Canada.

Further, we see potential issues with the December 31st year-end timing coinciding with staff year end vacations and it will result in CE administrative work carrying over into RSP season. Preference is to maintain the current November 30th cycle end date, as it is more practical for multiple important reasons.

2 (a) We are also interested to know about any specific impacts this proposal would have on a firm's internal operations and systems.

The impact would largely depend on whether the current MFDA certification system is capable of facilitating this change and adjust to send notifications to dealers at the appropriate new dates. There may be limited availability of new CE credits at the beginning of the new cycle in January, as education providers prepare and launch new materials.

Question 3: We're interested to know the operation and system impact of adopting an annual CE cycle for firms and approved persons.

The harmonization of both the existing IIROC and MFDA two-year cycles would best result in keeping two-year cycle. We are not convinced of the benefit of changing all registrants to a one-year cycle while so many concurrent changes are occurring, and to put the CIRO cycle into conflict with the CSF. There will be time and opportunity to reconsider this proposal after the Phase 5 consultation is completed and successfully implemented by head offices. This change would require educating advisory workforces on the changes, while implementing head office policy changes to CE, in addition to the significant policy, process, and oversight changes required by the suite of harmonization consultations. We strongly oppose this new rule proposal.

Question 4: We are interested to know your views about CIRO services and CERTS, and any particular challenges faced with using these systems.

Federation members expressed preference to retain the current MFDA certification system, which was seen as working well despite some minor usability issues and potential for enhancements. CIRO may be motivated to eliminate CERTS because of the cost, but the cost to the industry would be much greater in total if each dealer had to build or buy a system to replace CERTS. CERTS also provides CIRO with better control over data collection and makes the CE standards clearer for everyone.

If the goal of harmonization is to reduce regulatory burden, then it would be far easier for the IIROC dealers to make changes. Getting rid of CERTS would be a step backwards.

It would be appreciated if the duplicative charge of \$150 per CE credit on the (MFD)CERTS system could be eliminated.

In conclusion, it appears that CIRO does not fully grasp the significant impact that simply adopting the IIROC system—as is essentially proposed here —will have on MFD firms. The burden of compliance will fall entirely on the firms, creating a heavy administrative workload.

Under this new framework, advisors will be responsible for submitting their completed courses to their dealer firms, who will then need to:

- Log and track every course,
- Verify that the courses meet the required criteria,
- Ensure compliance across all advisors within their organization.

This process will be complex, resource-intensive, and time-consuming for firms. However, for CIRO itself, this shift in responsibility simplifies their role at the expense of adding a significant compliance burden to dealers.

The MFD channel accounts for approximately 80,000 individuals and firms, whereas IIROC dealers represent only about 30,000. Yet, the proposed system prioritizes the structure of a much smaller segment of the industry while ignoring the operational challenges this creates for the majority.

If the goal is to harmonize and simplify the process, then a solution that better reflects the needs of mutual fund dealers—rather than simply imposing the IIROC model—should be more seriously considered.

Sincerely,

Matthew T. Latimer, Executive Director

Federation of Independent Dealers
Fédération des Courtiers Indépendants