

September 20, 2023

Sherry Tabesh-Ndreka  
Acting Senior Director, Registration  
Canadian Investment Regulatory Organization  
121 King Street West, Suite 2000  
Toronto, ON M5H 3T9

Sent via email: [stabesh@iiroc.ca](mailto:stabesh@iiroc.ca)

Dear Sherry Tabesh-Ndreka,

**Re: Consultation Paper – Proposed Proficiency Model – Approved Persons under the Investment Dealer and Partially Consolidated Rules**

On behalf of Advocis, The Financial Advisors Association of Canada, we are pleased to provide our comments to the Canadian Investment Regulatory Organization (CIRO) in response to the Consultation on the Proposed Proficiency Model as it relates to Approved Persons under the Investment Dealer and Partially Consolidated Rules (IDPC Rules) – (Proposal).

**1. ABOUT ADVOCIS**

Advocis is the association of choice for financial advisors and planners. With over 17,000 member-clients across the country, we are the definitive voice of the profession. Advocis champions professionalism, consumer protection, and the value of financial advice. We advocate for an environment where all Canadians have access to the professional advice they need.

Advocis members advise consumers on wealth management; risk management; estate, retirement and tax planning; employee benefits; and life, accident and sickness, critical illness and disability insurance. In doing so, Advocis members help consumers make sound financial decisions, ultimately leading to greater financial stability and independence. In all that they do, our members are driven by Advocis' motto: *non solis nobis* – not for ourselves alone.

**2. OUR COMMENTS**

We thank CIRO for conducting a public consultation with respect to the proposed proficiency model for individuals under the IDPC Rules. We appreciate CIRO's efforts in raising the proficiency standard and ensuring fairness in the financial services industry. A proficiency regime that incentivizes qualified education services to compete in providing preparatory courses to consumers will lead to growth in the industry and improved adaptation to rapid regulatory changes.



We support a nuanced proficiency-based model that focuses on Client Focused Reforms including enhancements to proficiency standards. Moving away from a course centric model with exams based on courses to an assessment centric model with mandatory education is a welcome and long overdue change. For a long time, advisors have been required to enroll in costly and outdated courses from a specific provider. This has created a barrier for other education service providers who can offer more competitive pricing and up-to-date content.

We also support establishing a comprehensive industry exam based on common competencies across all approved categories. Such an exam must adequately raise the standard for entry to ensure that it properly reflects participants' knowledge of the areas being tested. A comprehensive exam ensures that only dedicated individuals with adequate knowledge and training enter the industry.

We ask that CIRO share the proposals it receives from vendors regarding supporting the new proficiency regime. As the proposal is drafted, it is unclear to us the extent to which CIRO will depend on third parties for implementation and operation of the new model. Maintaining an open dialogue with industry participants ensures transparency, fairness, and competition within the industry.

Below we discuss our general comments with respect to the proficiency model.

### **Continuing Education Program**

We have been a strong supporter of raising proficiency standards for investment advisors. Strengthening continuing education (CE) programs is an important aspect of enhancing those standards.

Unlike the Mutual Fund Dealers Association of Canada (MFDA) CE program, completing ethics courses are not a stand-alone requirement in the current Investment Industry Regulatory Organization of Canada (IIROC) CE program. The 10-hour mandatory compliance courses only require the completion of at least one of the three topics: ethical issues, regulatory developments, and rules governing investment dealer conduct. Further, the IDPC Rules and the guidance on IIROC's CE program, at most, encourage completing such courses by permitting CE participants to repeat IIROC approved ethics courses and count them towards their compliance course requirement in two CE program cycles.

The proposal does not address this gap in the proficiency regime for investment advisors. While the proposed model requires the completion of one to three hours of mandatory CE annually on topics such as ethics or new regulatory changes, it does not mandate taking ethics courses. We agree that the proposed changes enhance the current CE program. However, mandatory ethics courses should also be incorporated in the CE program. Education with a strong emphasis

on ethics equips advisors to effectively handle complex scenarios that naturally occur within a client-advisor relationship. This preparation enables advisors to resolve these situations while prioritizing the client's best interests skillfully and in an ethical manner.

### **Continuing Education Program Accreditation**

We strongly believe that accreditation ensures that the quality of education received by advisors are aligned with the underlying objectives of CIRO's CE program. Currently, the IIROC CE Program does not mandate that CE courses be accredited. Conversely, MFDA's CE program mandates that, other than the two MFDA Compliance credits which are created exclusively by the MFDA, the other 28 credits be accredited through recognized and competitive third parties. The IDPC Rules permit dealer members or external course providers to accredit their CE courses through IIROC's accreditation process on a voluntary basis. Those course providers that choose to obtain accreditation have no choice but to utilize IIROC's in-house accreditation service. We recognize that this may not be an ask that can be fully implemented through the proposed proficiency model. However, upon amending the IDPC Rules and future harmonization of the IDPC Rules and the Mutual Fund Dealer Rules, we encourage CIRO to mandate that courses that satisfy CIRO's CE program requirements be accredited.

Accreditation offers advisors a sense of assurance that a prospective CE course or program will satisfy CIRO's scrutiny when the advisor is audited. We invite CIRO to recognize third-party accreditation services rather than accrediting programs in-house. There are several existing, well-respected accrediting bodies, and CIRO should leverage this existing market infrastructure. Overall, mandating accreditation and supporting a more competitive CE space will lead to a higher quality of CE courses, standards of professionalism, and consumer protection.

### **3. CONCLUSION**

We thank CIRO for the opportunity to provide our comments on the proposed proficiency model. We look forward to continuing working with CIRO in developing the proposed proficiency model and incorporating applicable amendments to existing rules and guidelines. Should you have any questions, please do not hesitate to contact the undersigned, or Paniz Ghazanfari, Associate Director, Legal & Regulatory Affairs at [pghazanfari@advocis.ca](mailto:pghazanfari@advocis.ca).

Sincerely,

*"original signed by"*

Harris Jones, CPA, CA, CFP, CH.F.C., TEP  
Interim President and CEO

*"original signed by"*

Eric Lidemark, CFP, CLU, CH.F.C., CHS  
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