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*Advancing Professional
Financial Planning*

FP Canada Response to CIRO Proposed Proficiency Model for Approved Persons

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INTRODUCTION

FP Canada™ is pleased to respond to the Canadian Investment Regulatory Organization (CIRO) Consultation Paper on the Proposed Proficiency Model for Approved Persons.

Established in 1995, FP Canada is a national not-for-profit education, certification, and professional oversight organization working in the public interest. FP Canada is dedicated to championing better financial wellness for all Canadians by leading the advancement of professional financial planning across the country. There are about 17,000 CERTIFIED FINANCIAL PLANNER® professionals and about 1,900 QUALIFIED ASSOCIATE FINANCIAL PLANNER® professionals who are held to FP Canada's rigorous professional and ethical standards.

COMMENTS ON THE CONSULTATION PAPER

FP Canada again commends CIRO for undertaking this important project. FP Canada is broadly in favour of the new proficiency model for Approved Persons.

In reviewing the changes proposed in this new consultation paper, we are supportive of several of the changes and clarifications made following the last round of consultations¹, including increasing the number of years required to satisfy the work experience requirement, and clarifying CIRO's commitment to providing examination blueprints for each examination category.

In our response to the last consultation paper², we articulated the importance and value of rigorous pre-examination education requirements in building competency for Approved Persons. We recommended CIRO consider measures to help ensure quality and relevancy in the provision of pre-examination education by third-party providers, such as an accreditation process for approved education providers. We understand that, at this point, CIRO is not contemplating mandatory courses as prerequisites to examinations, nor is an accreditation or review program being considered.

As CIRO is not contemplating such requirements, we believe it is all the more important to provide as much clarity and guidance as possible to education providers, firms, and other stakeholders seeking to develop training and courses that will ensure candidates challenging CIRO's examinations, and ultimately serving consumers, that ensure candidates challenging CIRO's examination meet minimum standard for knowledge and competency. Accordingly, in reviewing CIRO's competency profiles from this perspective, we recommend that CIRO develop and publish a technical Body of Knowledge to provide additional clarity about the types and

¹ [Consultation Paper – Proposed Proficiency Model- Approved Persons under the Investment Dealer and Partially Consolidated Rules | Canadian Investment Regulatory Organization \(ciro.ca\)](#)

² [FP Canada Multipage Template \(ciro.ca\)](#)

levels of knowledge required by Approved Persons. This becomes even more important in a world where the courses leading to licensure are not accredited or reviewed.

Develop and Publish a Body of Knowledge

CIRO's Competency Profiles and associated Reference Documents provide adequate detail about the areas of knowledge that an Approved Person is expected to be competent in but lacks detail regarding the level of knowledge required for each topic and how an Approved Person is expected to apply this knowledge to a client scenario.

A Body of Knowledge comprehensively describes the technical knowledge expected of professionals as they enter practice, including the areas of knowledge and the expected depth of knowledge for each area. A Body of Knowledge can provide the important details which underpin the Competency Profiles and support the demonstration of competence in all areas.

From the perspective of consumers, a Body of Knowledge can provide a foundation for more clearly defined and consistent delivery of services from Approved Persons. It also clearly defines the scope of knowledge that a professional is expected to have – both the limits and areas of focus.

A dedicated Body of Knowledge outlining both the technical knowledge topics and knowledge levels required of Approved Persons would help clarify the specific types and degree of knowledge expected of them. A comprehensive Body of Knowledge outlining the technical knowledge requirements for Approved Persons that complements CIRO's Competency Profiles will also make it easier for stakeholders to understand the technical knowledge, behaviours and competencies required of Approved Persons. This would benefit:

- Candidates preparing for a CIRO exam and looking to verify that they have the required knowledge to be successful,
- Consumers looking to understand the types of knowledge their advisor should have and how that knowledge should be applied; and
- Industry firms who employ Approved Persons and who are seeking clarity about the role and responsibility of their advisors.

While there is a litany of examples of exactly how a Body of Knowledge can be helpful, we have taken a very specific example from CIRO's Appendix 11 to demonstrate this point.

When looking at the knowledge requirements from CIRO's Appendix 11: Reference Document for Retail Registered Representative (RRs) and Investment Representative (IR) on the topic of Investment Risk and Return, an Approved Person would be assumed to require a broad and deep knowledge of this topic. The expectation to "understand and apply or support as applicable" is both vague and unclear on such an important topic in the competency profile.

By comparison, FP Canada employs Bloom’s taxonomy to differentiate the knowledge levels required of certificants in various financial planning topics, through a comprehensive Body of Knowledge (the FP-BoK), first articulated in 2017³. For example:

- For topics at the “**Understanding**” knowledge level, FP Canada certificants are expected to be able to explain the meaning or describe in detail a concept to a client.
- In contrast, topics at the “**Evaluation**” knowledge level require certificants to apply their technical knowledge to a client scenario by interpreting information and reaching a conclusion.

When considering the sub-topic of Investment Risk and Return in the FP-BoK, FP Canada certificants are expected to have both foundational and application-level knowledge of various concepts under this topic. For example, FP Canada certificants are expected to:

- Have an **understanding** of the factors that impact the calculation of an investment return;
- **Apply** their understanding to client scenarios by **comparing and interpreting** different measures of risk and return; and
- Have an **awareness** of the **integration** of this topic with other financial planning topics, such as the tax treatment of investment earnings and estate planning considerations for investment accounts.

By clearly distinguishing between the different levels of knowledge expected of FP Canada certificants, the FP BoK demonstrates how FP Canada knowledge progresses and builds toward competency.

By providing greater overall clarity on the level of knowledge required on subtopics within the Investment Risk and Return topic, and how a financial planning professional is expected to apply that knowledge to client scenarios, the professionals derive clarity on topics that are important to their professional practice. This aids in the development of pre-certification education and certification exams; helps candidates and professionals understand what is expected of them in an exam setting and in practice; and provides clarity to consumers on the types and levels of knowledge expected of financial planning professionals.

Accordingly, we believe that development and publication of a Body of Knowledge would similarly benefit CISO as it migrates to a competency-based exam and eliminates mandatory pre-examination courses.

³ <https://www.fpcanada.ca/bok-2024>

CONCLUSION

Thank you for the opportunity to provide comment. We again commend CIRO for this important work. We would welcome the opportunity to discuss these recommendations with CIRO staff directly upon request.