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September 17, 2024

Re: Response to Consultation on Proposed Proficiency Model for Approved Persons

The Federation of Independent Dealers Fédération des Courtiers Indépendants (Federation) has been, since 1996, a dedicated voice for dealers. We currently represent firms with hundreds of billions in assets under administration and tens of thousands of licensed advisors that provide service to millions of Canadians. As such we have a keen interest in all that impacts the dealer community and its advisors.

On behalf of the Federation, I would like to express our appreciation for CIRO's efforts to enhance the proficiency regime and establish high standards for approved persons under the Investment Dealer and Partially Consolidated Rules. This is an important initiative for both investors and our industry.

We acknowledge the amendments made in response to the feedback received during the 2023 consultation. Notably, CIRO has transitioned from a course-centric model to an assessment-centric model, which allows for greater flexibility. The decision to eliminate mandatory courses as prerequisites for exams is a positive change. Removing the sponsorship requirement will facilitate increased access to the examination process.

Introduction of a general exam will cover common competencies for Registered Representatives and Investment Representatives and will serve as a foundational assessment for new entrants to the industry. CIRO has reconfirmed its intent for baseline education requirements to include either a diploma or degree from an accredited institution or four years of relevant work experience. We restate our disagreement with the educational requirement for several reasons; including it being another barrier to entry, and the difficulty of assessing overseas qualifications/credentials, and most degrees or diplomas having no relation to our industry among other challenges. While we understand a base level of competency is required, there are other ways to assess this. If a proficiency test is the measure of competency to enter the industry, then it should be designed to be sufficient for that purpose.

We support the shift to an assessment-centric model, as it aligns with our goal of raising proficiency standards while lowering costs of entry. We also agree with the elimination of mandatory courses, as this change allows for tailored training solutions. We would like to see a core syllabus or list of mandatory topics to ensure a standardized baseline of knowledge is delivered through all training providers.

While we appreciate CIRO's intention to conduct mandatory conduct training, it's important that CIRO maintains its regulatory role and ensures the quality of a baseline educational standard without becoming the primary or default provider itself, as this will limit diversity in educational offerings.

We commend CIRO for not requiring firm sponsorship, which encourages more individuals to enter the industry. We also support the introduction of a general exam for standardization purposes. However, we remain optimistic that the changes won't result in increased costs or educational responsibilities being shifted onto dealerships, especially smaller firms that don't have the resources to provide robust training.

Thank you for the opportunity to provide comments on this consultation.

Sincerely,

Matthew T. Latimer

Executive Director,
Federation of Independent Dealers
Fédération des Courtiers Indépendants

Appendix 'A'

CIROs Requests for specific feedback

While we welcome all comments on all aspects of our proposed proficiency model, we request comments specifically on the following:

1. The practicality of the transition provisions, in particular:

- The proposed grandfathering provision.

We generally agree with the proposed grandfathering provisions, noting that as the industry transitions to the new model, there might be a period where educational providers are creating and/or adjusting their programs, potentially presenting a limited availability of course options. CIRO should coordinate with education providers to ensure a smooth transition in this area.

2. The amount of time your dealer needs to update their RR and IR training programs, keeping in mind that the published competency profiles and related sub-competencies will be utilized for providing guidance on the training programs proposed to be completed within 90 days of approval.

- Making available a standard or minimum curriculum will significantly ease the burden of creating educational content from scratch at each dealer and external provider.

3. We are interested to know if dealers will take an active role in training their new hires to prepare for the proposed exams.

- As this will be a dealer-by-dealer decision and may change as this initiative evolves, we have no comment.

4. We are interested to receive comments on the relevant experience proposed and the types of experiences that dealers find common and relevant.

- The Experience for Executives requirement unnecessarily limits the ability to hire from the universities to the executive. We generally agree with the 60% rule, but with this addition of every executive needing to have two years of experience, it intentionally restricts candidates from being onboarded, trained (and supervised) at the executive level. Here we are contemplating the supply and demand of in-demand roles such as high-level programmers, data or behavioural scientists, researchers, etc.
- We are uncertain why the acceptance of FINRA experience for CCOs would be constrained to an 'affiliated' dealer. If FINRA experience is acceptable, it should be widely acceptable for all dealers to utilize in their pool of prospective candidates, rather than just for dealers with U.S. affiliates.