

Comments received in response to IIROC Rules Notice 17-0054 – Re-Publication of Proposed IIROC Dealer Member Plain Language Rule Book

On March 9, 2017, we issued [Notice 17-0054](#)¹ requesting comments on the Proposed IIROC Dealer Member Plain Language Rule Book (**PLR Rulebook** or **PLR**). We received three comment letters relating to the proposed continuing education PLR Rules 2650 to 2663 from the following commenters:

Investment Industry Association of Canada
Leede Jones Gable Inc.
RBC Direct Investing Inc. and RBC Dominion Securities Inc.

Copies of these comment letters are publicly available on IIROC's website (www.iiroc.ca). The comments we received and our responses to them with reference to Rule 2650 are summarized in the table below.

	Summary of Content	IIROC Responses and Additional IIROC Commentary
	PLR 2653(2) – The Continuing Education Program Courses and Continuing Education Requirements – The continuing education program	
1.	One commenter indicated that there is limited benefit to changing the continuing education (CE) cycle from three years to two years. The commenter felt that a shorter cycle does not necessarily result in greater retention of training or more immediate application of learning.	A shorter CE cycle ensures that Approved Persons undertake continuing education at more regular intervals and narrows gaps created by the existing rules. We have consulted extensively on this change and there has been broad support for a shorter cycle for the above-noted reasons.
2.	The commenter notes IIROC's goal of aligning the CE timelines and requirements with other professional organizations is not necessarily achieved because most cycles (discussed in Rules Notice 17-0095 ²) are generally between one to three years except for the MFDA's proposal to change to a two year cycle. The commenter recommends IIROC retain the three year continuing education cycle.	We believe that the shorter cycle provides the advantages described above, and furthermore, aligns with the length of the MFDA's proposed CE cycle and la Chambre de la sécurité financière's existing CE cycle.
3.	The commenter expressed concern that changing the CE cycle length will increase costs associated with tracking CE for Approved Persons.	To mitigate any potential increased cost or burden to Dealer Members associated with the change of cycle length, we have

¹ Rules Notice 17-0054 - Re-publication of Proposed IIROC Dealer Member Plain Language Rule Book.

² Rules Notice 17-0095 - Continuing Education – Consultation on PLR Proposals and Ongoing Review.

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IIROC Notice 17-0223 – Rules Notice – Notice of Approval/Implementation – Implementation of Rule 2650 – Continuing Education Requirements for Approved Persons

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		reduced the regulatory reporting burden and removed the requirement to report CE completions monthly.
4.	The commenter also felt that change to the CE cycle would result in additional cost savings being lost based on economies of scale in CE courses. Two 30 hour courses cost less than three 20 hour courses.	We understand that CE offerings will be adjusted to meet the needs of continuing education participants for a two year cycle and that the cost per hour is not expected to change as a result of the change in cycle length.
5.	A commenter expressed concern over the proposed implementation period where the first two year CE cycle is expected to commence on January 1, 2018. The commenter notes that since the proposals are unlikely to be finalized until the second half of 2017, it is imprudent to expect Dealer Members to adjust systems and budgets based on draft amendments. The commenter suggests the first two year CE cycle commence on January 1, 2019 to provide firms with sufficient time to accommodate the proposals under PLR.	The current CE cycle ends December 31, 2017. Delay in implementation would require creation of an interim regime or a period with no CE requirements and a regulatory gap. January 1, 2018 implementation has been widely publicized in publications (since March 2016) and in consultations (since 2015).
	<u>PLR 2656(1)(i)</u> – Continuing Education Program Courses and Administration – The professional development course	
6.	Some commenters requested clarification on whether a CE participant may carry forward a single professional development course worth a total of 10 or 20 hours into the following CE cycle.	A CE participant may carry forward a maximum of 10 hours of a qualifying single professional development course into the next cycle.
	<u>(former PLR 2656(3)(i))</u> – Continuing Education Program Courses and Administration – The professional development course	
7.	A few commenters noted that foreign CE courses may be used for professional development if the CE course is related to investment dealer business. Commenters suggest this provision be extended to include Canadian CE courses that relate to investment dealer business, offered and accredited by recognized industry associations, such as the CFA Institute and the Financial Planning Standards Council.	Any CE course (domestic or foreign) that relates to investment dealer business is eligible for CE credit under clause 2653(1)(ii). We have, accordingly, deleted this provision.
	<u>PLR 2657(1)(iii) (formerly PLR 2656(1)(ii))</u> – Dealer Member administration of the continuing education program	
8.	A commenter would like confirmation that the individual responsible for supervising the training and development within a Dealer Member firm is not	We confirm that the individual responsible for supervising the training and development within a Dealer Member firm is not

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	required to be a registered Supervisor, since the role does not involve direct supervision of registrants or their activities.	required to be a registered Supervisor. IIROC does not require registration for this function.
	<u>PLR 2658(2)</u> – Participation in the Continuing Education Program – Participation of recently Approved Persons	
9.	A commenter requests IIROC reconsider requiring that the CE requirements for the full cycle must be completed unless an individual receives approval within six months of the end of the current cycle. In such case, that individual will become subject to the CE requirements commencing in the next cycle. The commenter notes the Wealth Management Essentials Course (WME) is very difficult to complete in less than a year. Therefore, the commenter recommends that if an Approved Person enters the CE program cycle within one year of the end of the current cycle, the continuing education requirement should commence in the next continuing education program cycle. In addition, the commenter requests IIROC consider allowing participants to utilize the 30/90 day training programs towards the professional development requirement. Another commenter suggested that IIROC reconsider the requirement that individuals complete the full CE requirements where the individual is approved in the second year of the cycle. Those individuals who become newly registered in the second year of a CE cycle will be at a disadvantage over those who are approved at the beginning of the CE cycle. Thus, the commenter suggested that IIROC should grant relief to those individuals who are approved within nine months of the end of the CE cycle.	We have consulted extensively on this provision, and determined that the six month period set out in the Rule is appropriate. Individuals approved in the last six months of a CE cycle will become subject to CE requirements in the following CE cycle. Registered Representatives are required to complete the WME within 30 months of approval. We will issue guidance regarding the circumstances in which licensing courses may qualify for CE credit.
	<u>Former PLR 2663(1) [now 2662(1)]</u> – Penalties for not completing continuing education requirements in a continuing education program cycle	
10.	A commenter recommends that the proposed increase in penalties, effective January 1, 2018, for non-completion of CE requirements not be imposed on Dealer Members and participants upon the completion of CE Cycle six. The commenter believes CE participants should not be subject to this increase in penalties until the completion of CE Cycle seven in January 2020.	We agree and have added a transitional provision to the Rules.

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