

Comments received in response to Bulletin 23-0094 – Administration Bulletin – Request for Comments – Consultation Paper – Proposed Proficiency Model – Approved Persons under the Investment Dealer and Partially Consolidated Rules

On July 7, 2023, CIRO issued Administrative Bulletin [23-0094](#) requesting comments on the Proposed Proficiency Model for Approved Persons under the Investment Dealer and Partially Consolidated Rules. We received 27 letters from the following commenters:

Merici Services Financiers Inc. (MS)

MeetAmi Innovations (MI)

TMX Group

Learnedly Canada Inc.

Investment and Wealth Institute (IWI)

SeeWhy Financial Learning

Wells Fargo Securities Canada (WF)

FP Canada

Kenmar Associates

Exam Success (ES)

Edwards Jones (EJ)

IG Wealth Management (IG)

Oliver Solutions

ATB Wealth

Federation of Mutual Fund Dealers (FedMFD)

IFSE Institute

Virtu Canada Corp.

Wealthsimple Investments Inc.

We Know Training (WKT) and Business Career College (BCC)

Advocis

BMO Nesbitt Burns Inc.(BMO)

Canadian Securities Institute (CSI)

Casgrain

FAIR Canada

Canadian Advocacy Council (CFA)

Financial Planning Association of Canada (FPAC)

Investment Industry Association of Canada (IIAC)

A copy of these comment letters are publicly available on CIRO's website ([Consultations](#)). The following table summarizes these comments on the proposed model and our responses:

SUMMARY OF COMMENTS	CIRO RESPONSE
General Comments	
<p>1. Commenters generally support the proposed assessment centric model, qualified with some mandatory education and training. In particular, several commenters supported a model that raises the proficiency bar while lowering cost. Many commenters welcomed the increased flexibility to tailor training and proficiency solutions to meet a dealer or individual's needs. On the other hand one commenter does not believe Canada's investment industry is large enough to support the proposed model and notes that an assessment-centric model will require more resources for educators, as well as require more time for educators to calibrate their content to align with the assessments. (Advocis, BMO, Casgrain, EJ, FPA, IG, TMX, WS, Virtu, CSI, FP, ES, IFSE, IWI, Oliver, WKT&BCC)</p>	<p>We acknowledge the comments. The proposed proficiency model will include:</p> <ul style="list-style-type: none">• Exams for each Approved Person category based on the published competency profiles, including a general exam for some Approved Person categories,• No mandatory courses as pre-requisites to exams,• Mandatory conduct training upon approval,• Continuing Education (CE) training on topics mandated by CIRO annually, and• An increase in baseline education or experience requirements for some Approved Person categories. <p>For a full description of the proposed model, refer to the</p>

SUMMARY OF COMMENTS	CIRO RESPONSE
<p>(Learnedly (provided the negative comment))</p>	<p>Bulletin.</p> <p>We disagree with the commenter that does not believe that Canada’s investment industry is large enough to support the proposed model. Based upon our research, stakeholder input, public comments, and our discussions with service providers during the procurement process, we have concluded that the proposed model is suitable for the Canadian investment industry. Refer to the Consultation Paper for relevant background and rationale for settling on the proposed proficiency model.</p>
<p>2. One commenter fully supports the spirit and principles behind the proposed amendments, which should have a ‘quadruple win’ effect by:</p> <ul style="list-style-type: none"> • Improving clarity on the steps required to obtain and maintain registration for non-registrants and new entrants into the industry, • Requiring additional, vital education and experience prior to conducting and being compensated for registerable activities, • Giving dealers additional autonomy (with commensurate accountability) to provide internal education that is targeted and relevant to the size and scope of their dealer, product shelf and service offerings, and • Ensuring investor protection in the form of a succinct and consistent approach to requisite proficiencies for anyone advising clients or supervising those registrants. <p>(ATB)</p>	<p>We acknowledge the comment and agree that these will be some of the benefits of the proposed model.</p>

SUMMARY OF COMMENTS	CIRO RESPONSE
<p>3. Commenters suggest that the proposed model should apply to all registered individuals, including those registered with the Canadian Securities Administrators (CSA). One commenter recommends as a second phase of work that CIRO and the CSA collaborate to enhance their respective proficiency frameworks in a unified manner. (FAIR, IIAC)</p>	<p>The proposed model is focused exclusively on the proficiency regime as it relates to individuals at investment dealers approved by CIRO under the Investment Dealer Partially Consolidated Rules (IDPC). Consideration of any future changes to the proficiency regime relating to mutual fund dealers will be done in collaboration with the CSA.</p>
<p>4. One commenter notes that the proposed model creates an environment for CIRO to become the industry's de facto education provider. There are a number of fundamental questions, model unknowns and exam design details, that without more information, they cannot definitively opine on the acceptability of the proposed model. They also encourage CIRO to liaise with the Financial Services Regulatory Authority (FSRA) for lessons learned from the bumpy rollout of the Financial Advisor Title Protection Program. (Kenmar)</p>	<p>Please see our response in #1. Under our proposed model, CIRO will play a greater role in the development and design of its proficiency requirements. We will be actively involved in the exam design process, both in the initial build and on-going maintenance, through to periodic updates to reflect changes to regulatory requirements. CIRO will also be actively involved in designing the mandatory conduct training, criteria for dealer training, and in identifying and developing the required CE in a given year. We plan to provide information regarding our exam governance structure and policies in advance of the launch of the new proficiency model. We will not be providing or mandating any courses to prepare for the exams; that will be left to the private sector.</p>
<p>5. One commenter noted the proposal was unexpected and has added some confusion to the discussion of proficiency, considering that the competency profiles are still in the consultancy phase and have not yet been finalized; and considering that the Requests for Expressions of Interest (REOI) procurement process was still under way at the time of publication.</p>	<p>We do not agree the proposal is unexpected or has added confusion. For background on the project and the stakeholder engagement, research, and other publications on this initiative, please refer to the Consultation Paper.</p>

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(IIAC)	<p>This was noted in the REOI published in fall of 2022 which explained that we are open to exploring alternative models for the delivery of education services.</p> <p>Furthermore, since the publication of the Consultation Paper, we have finalized the Competency Profiles.</p>
<p>Specific requests for feedback:</p> <p>Elimination of mandatory courses tied to exams and views as to leaving this primarily to the competitive market and/or relying on study guides provided by CIRO</p>	
<p>6. Several commenters welcome the move from a course centric model, with exams based on courses, to an assessment centric model with some mandatory education because advisors will no longer be required to enroll in costly and outdated courses from a specific provider. This shift should also accelerate the licensing process by enabling individuals with sufficient knowledge to write their exams directly, without being required to enroll in specific courses. The barrier for other education providers will be removed and providers will then be able to offer more competitive pricing, high-quality education, and up-to-date content.</p> <p>On the other hand, one commenter does not believe Canada's investment industry is large enough to support an open proficiency model and instead suggests a competitive, five-year single vendor model is the right direction for the industry and gives CIRO the opportunity to continue evaluating the feasibility of an open model. (Advocis, TMX, ES, IWI, Learnedly)</p>	<p>We acknowledge the comment and agree that these will be some of the benefits of the proposed model.</p> <p>We disagree based on our research and analysis, stakeholder input, public comments, and our discussions with service providers during the procurement process. Refer to the Consultation Paper for relevant background and rationale for settling on the proposed proficiency model.</p>

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<p>7. One commenter agrees with the elimination of mandated courses as prerequisites for exams as this will remove barriers of entry, eliminate a significant cost, and further enable new Approved Person opportunities. From their experience, the commenter indicated that candidates often leverage the competitive market for study materials to assist in course completion for current proficiency requirements.</p> <p>The commenter also supports the recommendation to allow preparatory exam materials to be offered by vendors within the competitive marketplace, and notes it is important that CIRO provide clear communication about any updates made to the competency profiles or exams to ensure that materials offered in the competitive marketplace remain current.</p> <p>(IG)</p>	<p>We acknowledge and agree with the comment. Following the publication of the Consultation Paper, we published updated competency profiles. We plan to review the competency profiles periodically and as needed to consider what, if any, further updates need to be made. All updates will be made public.</p>
<p>8. Several commenters support the elimination of mandatory courses tied to exams and the decision to allow the competitive market to provide exam preparation options. Individuals will be able to choose how best to prepare for an exam based on their needs, including to accommodate their schedules, learning styles and means. The departure from a single source training model provides an opportunity for diversification, competition, reduced costs and enable customized solutions that more appropriately meet individual dealer requirements. This will lead to multiple vendors developing various learning, educational products and services to provide students with options. It will also incentivize post-secondary institutions to build into their curriculum the applicable content required to attract students. The competitive market has the potential to increase the quality and relevance of preparatory materials while also lowering costs for registrants.</p>	<p>We acknowledge the comment and agree with these being some of the potential benefits of the proposed model.</p>

SUMMARY OF COMMENTS	CIRO RESPONSE
(IIAC, FPAC, WS, BMO)	
<p>9. One commenter supports the elimination of mandatory courses tied to exams on the assumption that the RFP process will create efficiencies and opportunities for relevant education that may not currently exist in the current monopoly environment. (ATB)</p>	<p>We acknowledge the comment and agree with these being some of the potential benefits of the proposed model.</p>
<p>10. One commenter supports CIRO's efforts to provide study guides or supplementary materials where there is not an opportunity to learn. The commenter also requests CIRO to commit to making all training, exams and any other preparatory guides or materials in both English and French. On the other hand, another commenter requests that CIRO not engage in the cost and risk of 'scope creep' which may discourage providers because study guides will be developed by the education market. CIRO should focus on the critical regulatory components of proficiency, competency profiles, mandatory education, examination standards and compliance and oversight. (EJ, FedMFD)</p>	<p>We are mindful of the need to provide an opportunity to learn. For each exam, we plan to make available the following in both English and French:</p> <ul style="list-style-type: none"> • An exam blueprint or syllabus, • Applicable CIRO Approved Person competency profile, • A sample exam. <p>Additionally, we are mindful of the potential for 'scope creep' and will continue to work only subject to our regulatory mandate and within our regulatory perimeter.</p>

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<p>11. While commenters generally support an assessment-centric model based on competencies, some caution there may be risks, and suggest CIRO put in place appropriate guardrails including:</p> <ul style="list-style-type: none"> • the involvement of professional testing experts, • a comprehensive syllabus or exam content outline or blueprints, study guides, • to recommend CIRO oversee the courses at some level, • a requirement that education providers and/or courses be accredited, approved or recognized by CIRO or third-party education standards, • the creation of a comprehensive bank of examination questions, • to recommend that CIRO prepare a guide on how students select a course provider, • to recommend CIRO consider prescribed pre-examination education requirements. <p>(SWL, Oliver, IFSE, WKT/BCC, CSI, FAIR)</p>	<p>We have not proposed mandating any preparatory courses or accrediting course providers as it would be contrary to our objective of providing more flexibility to dealers and individuals to choosing their own appropriate method in preparing for an exam. However, we are mindful of the need to provide an opportunity to learn and therefore will ensure that for each exam, we plan to make available the following in English and French:</p> <ul style="list-style-type: none"> • An exam blueprint or syllabus, • Applicable CIRO Approved Person competency profile, • A sample exam. <p>We will not oversee preparatory courses or course providers, in keeping with best practice for regulators to adhere to a regulatory mandate to only oversee licensure examinations, instead of dealing with or even recommending commercial preparatory courses and providers. This is to ensure we avoid any potential for scope creep.</p>
<p>Specific requests for feedback:</p> <p>We are interested to know if dealers will take an active role in training their new hires to prepare for the exams.</p>	
<p>12. One commenter described providing intensive training when onboarding individuals and providing continued ongoing training. The commenter also encourages individuals to complete professional designations, and fully supports their financial advisors and other associates throughout their career with the dealer.</p> <p>(EJ)</p>	<p>We acknowledge the comment.</p>

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<p>13. One commenter expects members to continue to provide training, whether in-house or through external providers. They note that the finalization of clear proficiency standards by CIRO to inform exam content will be key.</p> <p>Another commenter expressed concerns about the financial burden this may present on dealers; especially smaller who may take an active role in training and providing resources for exam preparation. They believe that this may also affect dealers from recruiting talent at an early stage.</p> <p>(IIAC, FedMFD)</p>	<p>We acknowledge the comment. See our response in #11.</p> <p>The proposal does not mandate that dealers train individuals to prepare for exams, although we acknowledge that some dealers may choose to do so. We also understand that some small dealers already do not hire individuals who are new to the industry because there are training requirements that they would need to provide, so instead, they choose to hire individuals who are already qualified.</p>
<p>Specific requests for feedback:</p> <p>The need and/or utility of a general industry exam requirement</p>	
<p>14. Commenters are supportive of a general industry exam, based on competencies. A couple of the commenters suggest the general exam should be at least as material and relevant as the existing Canadian Securities Course (CSC).</p> <p>(EJ, IG, ATB, FedMFD, WS, Advocis, IIAC, Learnedly)</p>	<p>We acknowledge the comment. The general industry exam will be based on common competencies between the retail and institutional Registered Representative (RR)/Investment Representative (IR) profiles. Please refer to the Bulletin for details relating to exams.</p>
<p>15. One commenter suggests the general industry exam should be open to the public to help bolster investor knowledge and asks for specific details about the exam, such as the number of questions, time length, and passing score.</p> <p>(Kenmar)</p>	<p>CIRO has an Office of Investor that includes a mandate to educate investors and engage in investor outreach. Please visit CIRO's website at Office of the Investor Canadian Investment Regulatory Organization (ciro.ca) for more information.</p> <p>Investors can continue to also utilize preparatory courses to bolster their knowledge.</p> <p>The intent of our exams will be to test the competencies of those who work for our regulated dealers.</p>

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	<p>We have undertaken a robust RFP process to select third-party organizations who have the expertise to assist us with certain elements of the services required, including exam design of questions, length and passing score. We expect to provide more relevant details in due course.</p>
<p>16. One commenter suggests CIRO consider alternatives to a general industry exam. For example, the Approved Person exams should be constructed to ensure that applicants demonstrate general industry knowledge. While another commenter suggests CIRO consider the CSC as at least equivalent to the general industry exam.</p> <p>Another commenter asks CIRO to consider exemptions beyond the general industry exam, such as an abridged Trader exam focusing on Canadian differences for applicants that have a valid FINRA Series 57 license.</p> <p>(BMO, CSI, Virtu)</p>	<p>The alternatives considered to the proposed model were discussed in the Consultation Paper. The general industry exam will be based on competencies common between the retail and institutional RR/IR profiles. It will also cover all those competencies that we view as necessary for an IR to understand and apply, which will allow us to rely on the general industry exam to validate an IRs competency for approval.</p> <p>Also, similar to our current process, individuals who hold licenses in other jurisdictions will be able to apply for a discretionary exemption if they can demonstrate their industry education and/or experience is an acceptable alternative to the required proficiency.</p>
<p>Specific requests for feedback:</p> <p>The feasibility and implications of requiring firm sponsorship prior to enrolling in an Approved Person exam</p>	
<p>17. One commenter notes firm sponsorship could have a limiting effect on new entrants to the industry as dealers may not want to provide a conditional offer of employment or letter of intent. As such, the commenter would support firm sponsorship as long as it's non-binding and with no financial implications on either the dealer or individual.</p> <p>On the other hand, two commenters support this requirement. One sees merit in this requirement as it could encourage</p>	<p>We have decided not to move forward with the firm sponsorship proposal. Instead, we will rely on the candidates to provide us with the necessary confirmation in terms of their relationship with the dealers we regulate. We are of the view that with this alternative approach will not have any negative implications for dealers or new entrants. We also remind the commenters that all those who successfully complete the exam, will still be subject to a fit and proper suitability review, and dealers will</p>

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<p>dealers to take a more active role, more ownership and accountability for who they sponsor. The other commenter believes it may encourage the burden of licensing costs to be borne by the dealer rather than job-seeking individuals and also the requirement aligns with the FINRA model.</p> <p>(ATB, FAIR, CFA)</p>	<p>still need to conduct due diligence on individuals they plan to hire.</p>
<p>18. Several commenters raised concerns about firm sponsorship and the following negative implications:</p> <ul style="list-style-type: none"> • unnecessary barriers to entry, • additional costs and resources to dealers, • placing dealers in a challenging position, • additional time and uncertainty to the dealer recruitment process, • career limiting on individuals in the industry, • limitations to new entrants into the industry, and • unfair barriers to students and new arrivals to Canada. <p>One of the commenters suggests there are other ways to achieve the objectives of firm sponsorship such as prerequisite courses to be able to take the exam.</p> <p>(EJ, IG, FedMFD, WS, BMO NBI, IIAC, FPAC, learnedly)</p>	<p>Please see our previous response in #17 on this topic.</p>

Specific requests for feedback: The value, impact and utility of requiring a baseline education or relevant experience for RRs in both retail and institutional	
<p>19. One commenter supports baseline education or relevant experience requirements as it addresses various industry stakeholders' needs/requirements. (Casgrain)</p>	<p>We agree and have maintained this part of the proposal.</p>
<p>20. One commenter notes this requirements could enhance the quality of service provided to clients; however, they suggest it is essential that requirements are realistically attainable and do not inhibit the ability of otherwise intelligent and committed individuals to enter the industry, and balance high standards against the necessity of increasing the availability of professional and skillful advice. (FedMFD)</p>	<p>We have prioritized the need for those who have core regulatory responsibilities to have a certain level of education or experience before undertaking an Approved Person role. In particular, we are of the view that a baseline education (i.e., accredited diploma or degree), or four years of relevant experience, is a necessary first step before being approved in a role as an RR. A baseline education requirement for RRs will specifically enhance our proficiency regime and is consistent with our public interest mandate, which includes investor protection. While it is important to raise the proficiency bar, it is also important to ensure that we do not create unnecessary barriers to entry by limiting the types of individuals who may work as an RR to those who have specific types of degrees. Individuals from diverse backgrounds may be competent to serve the investing public considering that, in addition to the baseline education or experience proposed, the individuals will also have to demonstrate their competence by completing the prescribed exams and training. The objective is to raise the bar without creating unnecessary barriers. We are view of the view that the proposed approach strikes this balance.</p>
<p>21. A few commenters generally support this requirement and</p>	<p>As noted in the Bulletin, we have proposed to require a diploma</p>

<p>suggested that education should be relevant. The commenters noted that two-years of experience is too low and not equivalent to a four-year education requirement. One of the commenters recommends CIRO adopt a robust requirement similar to the Australian Securities and Investments Commission (ASIC). Two of the commenters suggests CIRO develop a method for assessing degrees or work experience obtained in other countries.</p> <p>(FP Canada, FPAC, FAIR, Learnedly)</p>	<p>or degree from an accredited post-secondary institution on the basis that many types of post-secondary education may offer a candidate the required skills and meet our objective. We have also proposed four years of relevant experience acceptable to the Corporation as described in the Bulletin.</p> <p>We looked at the ASIC model as part of our review of relevant proficiency related standards and best practices taken up by other regulatory bodies, as described in the Consultation Paper. We concluded that ASIC model, which publishes a list of approved degrees and equivalent qualifications, is not aligned with the principle-based approach offered through the proposed model and our view on the application of the proficiency principle. We are of the view that with the proposed approach, we strike the right balance between raising the bar and not creating unnecessary barriers to entry by mandating specific types of diplomas or degrees.</p>
<p>22. A commenter described that a challenge will be to determine relevancy and referenced that ASIC requires completion of an approved university degree. The commenter also noted that two-years industry experience is not a substitute for completion of a university degree. A recognized university degree provides a well-rounded education, and helps to develop analytical and math skills, ethical conduct, logical thought and a desire to learn. This would add credibility and stature to the RR role.</p> <p>(Kenmar)</p>	<p>Please see our response in #20 and #21.</p>
<p>23. One commenter supports the proposal to implement a baseline education or experience requirement for RRs but requires further clarity on what is considered a relevant diploma, degree or experience. The commenter recommends that a</p>	<p>Please see our responses in #20 and #21.</p>

<p>broad approach be taken and consideration be given to core transferable skills. The commenter also noted it will be important to develop and articulate a process for dealers to seek exemptions, if needed.</p> <p>(IG)</p>	
<p>24. One commenter recommends CIRO maintain the status quo or ensure that the new model recognizes relevant education and experience obtained from reputable jurisdictions outside of Canada. They suggest the definition of “relevant” should not be narrow or restrictive as that would limit the pool of available candidates, impede diversity and inclusivity employment initiatives, and create an unnecessary entry barrier to this profession.</p> <p>(BMO NBI)</p>	<p>Please see our response to #20 and #21.</p>
<p>25. A few commenters are not supportive of this requirement and suggest it creates unnecessary barriers to entry. One expressed concerns that we may be limiting the talent pool by requiring a narrower baseline of formal education or experience and noted ‘traditional’ experience or education is not the only path that leads to professionalism.</p> <p>(EJ, IIAC, WS)</p>	<p>Our objective for baseline education and experience is to enhance investor protection, investor confidence and ensure that the individuals serving the investing public have the necessary maturity, analytical and communication skills needed to carry out their regulatory responsibilities. Please see the response in #20.</p> <p>We have proposed a diploma or degree from an accredited post- secondary institution, or four years of relevant experience acceptable to the Corporation. The type of diploma or degree will not be specifically mandated, to not create any unnecessary barriers to entry. However, we would expect dealers to remain compliant with the proficiency principle when considering an individual’s baseline education.</p>

<p>26. One commenter supports the degree/diploma requirement but is concerned about the removal of the Wealth Management Essentials (WME) requirement. (CSI)</p>	<p>Each exam will be based on published competencies we have developed for each specific Approved Person category. All CIRO competency profiles were created in consideration of the current proficiency requirements, including the requisite courses.</p> <p>For more information on our approach towards competency profiles for RRs and IRs, refer to [Bulletin 23-0138 Competency Profiles for Approved Persons (Investment Dealers)].</p> <p>The Approved Person exam for the Retail RR (securities), in particular, will assess competencies similar to those currently included in the WME course.</p>
<p>Specific requests for feedback: Experience for Executives</p>	
<p>27. One commenter supports the minimum two years relevant experience requirement for Executives to be aligned with a Supervisor’s experience requirement, in addition to meeting the requirements outlined in IDPC Rules. (IG)</p>	<p>We acknowledge the comment.</p>

<p>28. One commenter supports the baseline education proposals for both Registered Representatives (RR) and Executives (involved in day to day and management of the dealer) but does not support requirement for an external director.</p> <p>(ATB)</p>	<p>We acknowledge the comment. We have not proposed any new baseline experience requirements for Directors.</p>
<p>29. One commenter recommends the UDP experience criteria be the same as the CCO.</p> <p>(EJ)</p>	<p>We have proposed that each Executive, including the UDP, at a dealer should have experience that is, at a minimum, the same as the experience applicable to Supervisors. They must also meet the general experience requirement in section 2503 of the IDPC. While experience similar to the CCO would raise the bar even higher, we are mindful of not creating requirements which will lead to a dealer’s inability to retain qualified individuals. Finally, since UDPs are generally CEOs (or someone in a similar role), we are mindful to ensure our requirement is not such that it creates any unnecessary barriers.</p>
<p>30. A couple of commenters are concerned that this requirement might create a barrier for executives who, for all other purposes, are sufficiently qualified through transferrable experience and skillsets. Dealers should be given the flexibility to hire people with specific expertise (i.e., technology), as long as there is a sufficient complement of other Executives with relevant experience in the industry.</p> <p>(EJ, WS)</p>	<p>We have proposed that each Executive, including the UDP, at a dealer should have the two years of relevant experience. We are of the view that this would not create unnecessary barriers. As noted in the Bulletin, what is considered relevant will depend on responsibilities of the Executive, and a dealer’s type of business. This will allow for the proficiency bar to be raised without creating unnecessary barriers to entry.</p>

<p>Specific requests for feedback:</p> <p>Supervisors Exam</p>	
<p>31. One commenter does not support the proposed consolidated exam for Supervisors because it may either be:</p> <ul style="list-style-type: none"> insufficient to cover specific types of supervision, or overly broad to not be applicable to some types of Supervisors. <p>The same commenter recommends CISO maintain the current approach and separate the proposed consolidated Supervisor exam into different forms to be more applicable to different supervisory roles.</p> <p>(BMO)</p>	<p>We have proposed one exam applicable to all types of Supervisors on the basis that we have developed one competency profile for all Supervisors to reflect their supervisory responsibilities, authority, and accountability. In some instances, Supervisors will be required to complete additional underlying exams. This includes supervisors who supervise trading, or accounts trading in, securities or derivatives. For those Supervisors who supervise managed accounts, we will continue to require completion of the underlying exams or designations applicable to PMs.</p>
<p>32. One commenter suggests that all Supervisors be required to demonstrate the same baseline knowledge and understanding as the Approved Persons they supervise.</p> <p>(EJ)</p>	<p>We acknowledge your comment. This is consistent with the proposal.</p>
<p>Specific requests for feedback:</p> <p>A consolidated derivatives exam, based on published competencies, to ensure all Approved Persons who trade or supervise derivatives understand trading and risks associated with trading in all derivative products</p>	
<p>33. Commenters generally support the proposal of a combined derivatives exam.</p> <p>(EJ, ATB, Learnedly)</p>	<p>We acknowledge the comment. Having one derivatives exam for options and futures will align the proficiencies with the Derivatives Rule Modernization.</p>

<p>34. One commenter is supportive of the combined derivatives exam and also calls for derivatives licensing requirements to be included in the core securities requirements. (TMX)</p>	<p>We acknowledge the comment. Combining the derivatives exams with the securities exams would create an unnecessary complexity that is not aligned with our Canadian regulatory framework and related rules. The proposed approach is to reflect the Derivatives Rule Modernization project.</p>
<p>35. One commenter expressed concerns about the risk and leverage inherent in futures contracts; however, if the exam is composed at a suitable level of proficiency and is robust enough to ensure that only those who understand sound principles are able to pass it, then they are not opposed to a combined exam. They also suggest that the combined exam will lead to a greater number of individuals being able to trade futures and suggests CIRO review its requirements and enforcement of dealer internal controls to ensure they will be sufficient for the increase of futures trading. Finally, they suggest that Approved Persons who only trade options now should be required to take the new combined exam if they wish to trade futures. (FPAC)</p>	<p>We plan to have exams that will appropriately assess the competencies of our published competency profiles. Our competency profiles are for highly competent and compliant Approved Persons from a regulatory perspective. Over the course of the next year, we will be finalizing our exam development process and will ensure that the exam designed is robust and set at an appropriate level to ensure those who understand all derivatives principles are successful in passing the exam. We also note that, irrespective of whether an individual passes an exam, whether they can trade in futures will continue to depend on whether their dealer is permitted to trade in futures, and whether the dealer permits the individual to trade in futures upon approval.</p> <p>We will include a transitional provision in our Rules to permit individuals who are currently approved to trade options only or futures only to continue to do so in the proposed model. Such individuals will not be able to hold them themselves out as being able to trade in all derivatives. Individuals who intend to deal in all derivatives will need to take the new derivatives exam.</p>
<p>36. One commenter notes a consolidated derivatives exam may make sense if it enhances proficiency but noted that it will depend on the design and implementation of the exam. (FAIR)</p>	<p>See our response to #35.</p>

Specifics request for feedback:

Mandatory continuing education, professional conduct, and dealer training

<p>37. Commenters support mandatory annual continuing education (CE) that addresses key regulatory topics as determined by CIRO because it aligns with the objective of maintaining currency and relevance, as well as increased responsiveness to changes in the industry. Some commenters suggest that mandatory CE should include mandatory ethics courses and a regular review of ethics content. (FAIR, EJ, Advocis, Kenmar)</p>	<p>We plan to provide one to three hours of mandatory CE on an annual basis for all Approved Persons who are CE participants to ensure that they keep up to date with those matters which we find are of utmost importance in a given year. We have proposed this requirement, within the current CE requirements, which includes completing 10 hours of compliance and 20 hours of professional development credits. This may include training linked to ethics or to new regulatory changes.</p>
<p>38. One commenter recommends mandatory CE should include a suitable amount of derivatives-related material to enable RRs to remain current in the field. (TMX)</p>	<p>We acknowledge the comment. See our response to #37. Training may also include derivatives-related materials if relevant in a particular year.</p>
<p>39. Commenters generally support the proposed mandatory professional conduct training for all Approved Persons but suggest it be eligible to satisfy CE requirements and be offered online. They also suggest that CIRO reviews the proposed ethics training to determine how this could form part of the required dealer training to reduce potential redundancy and ensure dealers have updated guidance on appropriate inclusions in dealer created training. Additionally, two commenters suggested that the training should be a pre-approval requirement. (IG, FP Canada, Kenmar)</p>	<p>We plan to have mandatory conduct training for all Approved Persons in the first year of the new proficiency model, which may be counted towards their CE requirements. We also plan to offer the conduct training securely online with some form of interactive assessments throughout the training to ensure the individual is learning the information, rather than passively listening. We are mindful of maintaining the balance between raising the bar and not creating any unnecessary barriers. We propose that mandatory professional conduct training be completed within 30 days of approval to allow the individual to be in the role when they receive the training. This will also ensure that individuals receive the training once it has been determined that they are suitable for approval.</p>

<p>40. One commenter notes that mandatory professional conduct training and CE should be tailored to each type of approval category because differences do exist between the retail and institutional business. (Casgrain)</p>	<p>We are aware there are differences between the retail and institutional business and will consider these differences as needed when developing the professional conduct training and when considering mandatory CE.</p>
<p>41. One commenter notes that exams should include professional conduct content which would eliminate the need for mandatory professional conduct training. (IIAC)</p>	<p>We are of the view that assessments based on published competencies are an appropriate tool to verify the competency of those who apply to be an Approved Person. The exams will include content relating to conduct and ethics. However, additionally, specific and targeted training on ethics and conduct are also an integral part of a robust proficiency regime.</p>
<p>42. Commenters note that mandated conduct training will increase the regulatory burden on dealers and recommends that CIRO maintain the status quo or to provide exemptions to dealers that already have a robust code of conduct/business conduct and periodic compliance trainings. (BMO)</p>	<p>We are of the view that mandated conduct training is an important and integral part of a robust proposed proficiency model. We disagree that this will increase the regulatory burden on dealers as CIRO will be providing the training directly to Approved Persons.</p>
<p>43. One commenter notes the publication of a code of conduct is unnecessary and redundant in light of the CIRO rules and guidance notices, while another commenter states a code of conduct is a necessary foundation for conduct training. The commenter suggests CIRO refer to the <i>FP Canada Standards of Professional Responsibility</i> as a good starting benchmark. (IIAC, Kenmar)</p>	<p>We will review whether a code of conduct should form part of the existing Standards of Conduct rules or a guidance to these rules in alignment with the requirements being developed along with or following our Rule Consolidation Project.</p>
<p>44. One commenter notes aligning dealer training with competencies is positive to help ensure there are no gaps, inconsistencies or misinterpretation of securities laws and regulations and the training is timely.</p>	<p>We acknowledge the comment.</p>

(Kenmar)	
<p>45. One commenter supports that all Approved Persons will be required to take professional conduct training and that a mandatory code of conduct will apply. However, they question how the professional conduct training will look and whether there will be an exam.</p> <p>They also question how CRO plans to update the criteria in the guidelines for the dealer training programs as these programs are important in helping to impart the practical knowledge and skills that registered individuals need to perform their duties effectively and ethically.</p> <p>(FAIR)</p>	<p>Please refer to response #43.</p> <p>We plan to securely offer online interactive conduct training with some form of assessment throughout to ensure that the individual is actively learning the information, rather than passively listening.</p> <p>We will publish dealer training criteria aligned with the applicable competencies and sub-competencies for retail and institutional RRs and IRs.</p> <p>We plan to update these from time to time as need in response to regulatory changes.</p> <p>We expect dealers to train on each sub-competency area based on their business model. We are of the view that taking this principle-based approach will increase compliance with the proficiency principle as dealers will have not only the flexibility but also the responsibility to decide what is appropriate training.</p> <p>Keeping in mind the obligation of the dealer to ensure compliance with the proficiency principle, we have also proposed that when hiring new RRs and IRs, the dealer needs to consider whether additional training is required for them, in addition to any other training that may have been provided by their previous sponsoring dealer. Dealers need to ensure that the Approved Persons not only have the requisite education and experience, but also receive on-going training appropriate for their role.</p>
<p>46. Commenters generally support implementing a dealer training requirement for the institutional competency profile. However, one commenter questions the rationale as to why institutional</p>	<p>We are of the view that dealer training is integral to a dealer's compliance with the proficiency principle. Dealer training is also an integral part of an Approved Person's proficiency and</p>

<p>Approved Persons need to complete dealer training and does not see how this will benefit the industry, increase investor protection or the integrity and efficiency of capital markets. Another commenter suggests that the training period be no more than two weeks and should not be pre-approval. (IG, Casgrain)</p>	<p>facilitates their continuous competency in designated roles. Dealers have an on-going obligation to ensure compliance with the proficiency principle and, as such, are required to provide training to their Approved Persons, as needed, to ensure they remain proficient at all times relative to their respective roles.</p> <p>Currently, RRs and IRs who deal with institutional clients do not have a pre-approval training requirement. We are of the view that new RRs and IRs dealing with institutional clients should also be required to complete a dealer training program that is aligned with the competency profile and supports the proficiency principle.</p> <p>Instead of requiring dealer training to be prior to approval, we propose that such training be provided within 90 days of approval, allowing dealers more flexibility in determining the appropriate training for their RRs and IRs based on the published competencies.</p>
<p>OTHER COMMENTS:</p>	
<p>Comments on specific Approved Persons</p>	
<p>47. One commenter suggests that CIRO publish equivalency criteria for the Associate Portfolio Manager (APM) /Portfolio Manager (PM) Approved Person categories for course providers to know what content is required to obtain equivalency from a required exam. (IWI)</p>	<p>As noted in the Bulletin, we have proposed changes to this part of the proficiency model. For the APM and PM Approved Person categories, we will continue to align and recognize the proficiency requirements for the Associate Advising Representative (AAR) and Advising Representative (AR) categories under National Instrument 31-103 <i>Registration Requirements, Exemptions and Ongoing Registrant Obligations</i> (NI 31-103). Similar to our current process, individuals will be able to apply for a discretionary exemption if they can demonstrate their industry education and/or experience is an acceptable alternative to the required proficiency.</p>

<p>48. One commenter notes that institutional RRs and IRs will appreciate that their exams will be aligned and targeted with their competency profiles rather than being more retail focused. (Casgrain)</p>	<p>We acknowledge the comment.</p>
<p>Comments on grandfathering</p>	
<p>49. Commenters suggest that CIRO include a ‘grandfathering’ provision in the new model for existing Approved Persons who have met the required proficiencies in the current proficiency model. One of the commenters suggests that any additional exams for existing Approved Persons should be limited to those required of all registrants as part of ongoing CE in the new model. (WS, IIAC, EJ, ATB)</p>	<p>We recognize that any changes to our current proficiency model will require a robust transition plan considering all stakeholders involved. We have proposed that existing Approved Persons will not be subject to the new proficiency requirements provided they continue in the same role. We are of the view that this approach will allow us to grandfather in the existing Approved Persons, while also taking a step forward towards raising the bar by not grandfathering individuals indefinitely when they cease to be an Approved Person.</p> <p>We have also proposed that anyone who has two or more years of experience in the last three years, prior to requesting approval, will not be required to complete the general exam even if they are not captured by the grandfathering provision.</p>
<p>50. One commenter suggests that industry individuals should be allowed to remain registered with no time limit and without retaking courses as long as they maintain their CE requirements, remain sponsored by the dealer, and are employed with the dealer in a capacity that supports a job role or function that requires registration. They believe that the Financial Industry Regulatory Authority (FINRA) has taken steps towards this objective and suggests CIRO look at FINRA’s Maintaining Qualifications Program. (WF)</p>	<p>We will not be mandating any courses as prerequisites for our prescribed CIRO exams. Accordingly, course validity under the current model will expire and be replaced by exams subject to our approach to grandfathering, described in our previous note in #49. In the proposed model and similar to the existing course validity periods, we have proposed a three-year validity period for the proposed exams, with an additional validity provision to recognize one year of relevant experience during the three-year period prior to the date of application for approval. We are currently reviewing the downstream effects of our proposed model on Continuing Education (CE) as it may apply to exam validity.</p>

<p>51. Two commenters suggest there should be no grandfathering on current options license holders to trade futures and that individuals should need to take the derivatives exam to include futures. (FPAC, Kenmar)</p>	<p>We acknowledge the comment. See our response in #35.</p>
<p>Comments on exam design and governance model</p>	
<p>52. Some commenters support the model in principle, but ask for specific details about the exams, such as structure, administration and passing scores. In an assessment-based model, exam design and delivery are paramount. They suggest we structure exams to ensure only the most capable and competent individuals become registered, but the structure of the exams, how they will be administered, and the passing grade will be critical. Commenters suggest CIRO should ensure that exams are meaningful tests of knowledge and competency prior to registration that require a thorough understanding of the relevant knowledge and learning outcomes. One commenter encourages CIRO to replicate processes in place with other institutions in the financial industry certification, education, and licensing space like CFA, FP Canada, CPA Canada, FINRA. (FAIR, CFA, FPAC)</p>	<p>Over the course of the next year, we will be finalizing our exam development process, (i.e., structure, administration and standard score setting), and the overall exam governance starting from the initial build through to the on-going maintenance and periodic updates to reflect changes to regulatory requirements. Details relating to exams will be available once we are further along in our exam development process. We will be working with a vendor to support us in this process. We will continue to leverage our research findings, as described in the Bulletin, as well when finalizing the exam development process.</p>
<p>53. Commenters recommend CIRO implement a robust exam governance framework composed of stakeholder input or committees (e.g., practitioners and educators) who perform regular reviews of competencies, exams, learning outcomes, and training. One of the commenter also recommends that CIRO create an exam development committee that brings in stakeholders not just from the industry, but also from academia, to ensure that the level of proficiency tested is appropriate.</p>	<p>Please refer to previous response above in #52. We have undertaken a robust RFP process to select a vendor with expertise to assist us with certain elements of the services required, including exam design and governance. We expect to provide more relevant details in due course.</p>

<p>Another commenter recommends CIRO update exam content and review the validity period of exams through an enhanced proficiency committee. (FAIR, IIAC, FPAC, CFA)</p>	
<p>54. One commenter supports CIRO's active involvement in exam design process and suggests CIRO ensure that exam content is updated periodically to reflect industry developments. Another commenter suggests the allotted time to write an exam be a function of the breadth of topics to be covered; three hours may not be enough; they hope CIRO will look to implement six-hour exams for all exams where the breadth dictates it. (FPAC, WS)</p>	<p>Please see our previous response in number #52 on this topic.</p>
<p>55. One commenter notes the standard of the exam is critical. The exam process will need to set criteria for rewriting of exams. Also, exam and (educational course materials) should include an input based on Dealer client complaint information and from OBSI feedback. (Kenmar)</p>	<p>Please see our previous response in number #52 on this topic.</p>
<p>Comments on topics not covered in the proposal</p>	
<p>56. One commenter suggests that consideration of changes to the proficiency regime relating to the mutual fund dealers should be done concurrently, in collaboration with the CSA, in order to ensure a harmonized macro view is taken, particularly for the benefit of members who employ APs from both regimes.</p> <p>The commenter suggests CIRO's proficiency regime should also seek to exempt participation of CIRO and its members in the Financial Professionals Title Protection Act in Ontario and any other applicable provinces.</p>	<p>Consideration of any future changes to the proficiency regime relating to mutual fund dealers will be done in collaboration with the CSA, which registers dealers and individuals in this registration category.</p>

(IIAC)	
<p>57. We also received some out-of-scope comments on the following topics:</p> <ul style="list-style-type: none">• Role of artificial intelligence (AI) in providing financial advice to clients• Rethinking the traditional financial learning model to decentralized finance and fintech space, and• Tax planning and retirement matters. <p>(Kenmar, MS, MI)</p>	<p>We acknowledge your comments and will consider them for future projects.</p>