

APPENDIX 19

Comments received in response to Notice 20-0174 – Administrative Notice – Request for Comments – Consultation Paper – Competency Profiles for Registered Representatives and Investment Representatives, Retail and Institutional

On August 18, 2020, we issued Notice 20-0174 requesting comments on the Registered Representative and Investment Representatives, Retail and Institutional (RR/IR) competency profiles. We received eight letters from the following commenters:

Canadian Advocacy Council

Edward Jones

FP Canada

IIAC

OSC's Investor Advisory Panel

Kenmar Associates

Learnedly Canada

TMX

Copies of these [comment letters](#) are publicly available on the website. The comments we received and our responses to them are summarized in the table below.

Registered Representative and Investment Representatives

SUMMARY OF COMMENTS	CIRO RESPONSE
General comments	
1. One commenter suggests that securities regulators add more resources and enhance support towards addressing matters of potential or actual abuse of vulnerable clients. They express concern that registered individuals with investment expertise may not be best suited to identify psychological symptoms of cognitive impairment.	We acknowledge the comment and are mindful about adding resources to address matters relating to potential or actual abuse of vulnerable clients, and how enhancing our proficiency regime could help address those concerns. We continue to work with the CSA and other regulators to enhance protection of older and vulnerable clients. For more information, refer to Notice 21-0159 <i>Housekeeping amendments to enhance protection of older and vulnerable clients</i> (September 9, 2021).

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SUMMARY OF COMMENTS	CIRO RESPONSE
<p>2. One commenter suggests that competency profiles should include items such as “collaboration,” “communication,” “curiosity” and “leadership” to reflect important personal ‘soft’ skills applicable to all registration categories.</p>	<p>We acknowledge the comment. Our focus is on regulatory competencies. From a regulatory perspective, the competencies for a highly competent and compliant Registered Representative and Investment Representative at a minimum include the knowledge, behaviours and skills listed in the competency profiles.</p>
<p>3. One commenter notes that in addition to competency profiles, re-assessing proficiency rules and, specifically, the need for the Wealth Management Essentials Course (WME) would be beneficial. They also express that ongoing continuing education courses and programs will help ensure that registrants remain proficient.</p>	<p>We acknowledge the comment and will be reviewing our proficiency related rules as part of the broader proficiency initiative to enhance our proficiency regime.</p>
<p>4. Commenters support the approach, substance and purpose taken for competency profiles, including the use of graphic representations and detailed reference documents that focus on specific knowledge, skills and behaviours.</p>	<p>We acknowledge the comment.</p>
<p>5. One commenter suggests key stakeholders should revalidate competency profiles at least every five years to ensure relevance and evolving consumer expectations.</p>	<p>We acknowledge the comment and will be reviewing competency profile maintenance as part of a broader initiative to enhance our proficiency regime.</p>
<p>6. One commenter expresses concern that publishing a detailed set of knowledge, skills and behaviours that Registered Representatives must demonstrate and fulfill may create unreasonable expectations from clients. Likewise, it may have negative implications for compliance matters, such as where investigations and litigation are concerned.</p>	<p>We do not agree. The primary purpose of competency profiles is to be used for benchmarking purposes to assist in evaluating education service providers, while they also provide guidance to Dealer Members and the potential education providers.</p> <p>Competency profiles do not create new legal requirements, but rather reflect the current regulatory framework, requirements and guidance.</p>

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SUMMARY OF COMMENTS	CIRO RESPONSE
<p>7. Commenters recommend that competency profiles closely align with the Canadian Securities Administrators (CSA) Client Focused Reforms (CFRs).</p>	<p>We have made necessary updates to reflect adoption of the Client Focused Reforms (CFRs) within the Investment Dealer and Partially Consolidated Rules (IDPC).</p>
<p>8. One commenter notes that there are some areas that are drafted in detail and others that are not. They also question the naming convention of the framework and wonder if there might be an opportunity to revise for clarity. For example, “conflict of interest disclosures” and “code of conduct” are both identified in Relationship Skills: Initiate Client Relationships but are also covered in Regulatory skills: Conflicts and Ethic.</p>	<p>We have made necessary updates to reflect the listed areas of concern where applicable.</p>
<p>9. One commenter suggests making knowledge of options trading and advice essential for all Registered Representatives.</p> <p>The same commenter suggests reducing costs for licensing courses and introducing a proficiency framework that includes multiple education service providers in place of an exclusive single course provider.</p>	<p>We acknowledge the comment about options knowledge and will be reviewing our proficiency related rules within the context of the Derivatives Rule Modernization (proposed amendments)</p> <p>We will also consider the comments as part of the broader initiative to enhance our proficiency regime.</p>
<p>1. Initiate Client Relationships</p>	
<p>10. Commenters suggest clarifying or defining the term “wealth management process.”</p>	<p>We have deleted “wealth management process” to eliminate any repetition and redundancy.</p>
<p>11. One commenter asks the following:</p> <ul style="list-style-type: none"> • What is meant by “<i>conditions (regulatory and firm based) under which the client’s account will be maintained</i>” ? • Why does the “<i>impact of fees, turnover and taxes on managed product returns</i>” only refer to managed products? 	<p>The term “conditions” refers to the way the account will operate. We have made necessary updates for clarity.</p> <p>Fees, turnover and taxes will generally impact the client’s investment returns for more than just managed products. We have made necessary updates for clarity.</p>

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SUMMARY OF COMMENTS	CIRO RESPONSE
<p>12. One commenter suggests we include more details related to behavioural biases, implicit and unconscious bias, and diversity & inclusion.</p>	<p>We have made necessary updates to reflect the addition of the listed areas of concern where appropriate.</p>
<p>13. One commenter asks if the “Firm Welcome package” and “Account opening brochure” are items an advisor either needs to know or needs to know how to give to a client. They believe the difference is not clear.</p>	<p>Registered Representatives should understand both their obligation to know what is covered in these documents and how to provide these to clients as required. We clarified this in the reference document in sub-competency 1-IV Required documents and disclosures.</p>
<p>2. Know Your Client</p>	
<p>14. One commenter asks for clarity on:</p> <ul style="list-style-type: none"> • whether the term “<i>financial circumstance</i>” is different than the “<i>financial situation</i>” which is referenced in the document? • examples of how the registrant “<i>verifies information with clients following meetings</i>”? • what constitutes as “<i>general</i>” in general tax planning techniques and strategies? 	<ul style="list-style-type: none"> • “<i>Financial circumstance</i>” and “<i>financial situation</i>” share the same reference and meaning. We have streamlined the terms under “<i>financial circumstance</i>” for clarity. • We have deleted “<i>verifies information with clients following meetings</i>” as we already have a behaviour and skill to “<i>take reasonable steps to confirm the accuracy of the KYC information on an ongoing basis.</i>” For additional guidance on validating client information, please refer to Notice GN-3400-21-004 <i>Know-your-client and suitability determination for retail clients</i>, which sets out our expectations and views on some acceptable practices relating to the “know-your-client” (KYC) and suitability determination obligations. • The term “<i>general</i>” shares the same meaning as “<i>basic.</i>” We have streamlined the term under “<i>basic</i>” for clarity.
<p>15. Commenters note there are opportunities for improvement for assessing a client’s risk profile (e.g., need, tolerance, capacity).</p>	<p>We have made necessary updates to reflect the addition of the listed areas where appropriate.</p>
<p>16. One commenter encourages more detail on recognizing capacity concerns related to vulnerable persons and acting accordingly.</p>	<p>We acknowledge the comment and have added relevant details about trusted contact persons and their obligations.</p>

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SUMMARY OF COMMENTS	CIRO RESPONSE
3. Product and Market Impact	
<p>17. One commenter believes the following sub-competencies should be combined and not limited to the listed product categories:</p> <ul style="list-style-type: none"> • Characteristics and information on managed products • Characteristics and information on mutual funds, and • Characteristics and information on other investments. <p>They also believe that the legal structure of a product is less important than the drivers of risk and return inherent to an asset or portfolio of assets and their accompanying risks.</p>	<p>Approved Persons must take steps to understand securities, including their structures, features, risks, initial and ongoing costs and the impact of those costs, to be able to sufficiently meet their suitability determination and other regulatory obligations. For more information, please refer to:</p> <ul style="list-style-type: none"> • Notice GN-3300-21-001 <i>Product Due Diligence and Know-Your-Product</i>. <p>We have reviewed the competency profile and updated as needed to ensure consistency with above.</p>
<p>18. One commenter suggests adding “where appropriate” to “<i>Identifies, applies and analyzes the following when evaluating investment options</i>”</p> <p>The same commenter asks whether the reliance on Subject Matter Experts (SMEs) can be extended to all sub-competencies to ensure more consistent, higher quality delivery across all sub-competencies.</p>	<p>We include “...to understand as applicable” and “...to apply as applicable” under each knowledge, behaviour and skill sub-competency header to acknowledge that some specific activities may not broadly apply to, or be held in common by, every individual in a particular approval category.</p> <p>We acknowledge the comment about the reliance on SMEs and have made necessary updates where appropriate.</p>
<p>19. One commenter asks for clarity on the references to “<i>product and market impact</i>” and the requirement to know and understand unspecified “<i>characteristics</i>” of equities, fixed income instruments, etc.</p>	<p>We have made necessary updates to reflect adoption of the CFRs within the IDPC.</p>
<p>20. One commenter suggests adding knowledge about mutual funds, including applicable laws, rules, procedures, policies and <i>National Instrument 81-105 Mutual Fund Sales Practices</i>, in particular, since they may represent a high proportion of assets in accounts.</p>	<p>Applicable regulatory requirements, firm policies and procedures are addressed in <i>1 - Initiate Client Relationships</i>.</p> <p>We also include knowledge about the mutual fund regulatory environment.</p>

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SUMMARY OF COMMENTS	CIRO RESPONSE
4. Suitability	
<p>21. One commenter indicates that the new requirement to consider a reasonable range of alternative products was an important change made as part of the CFRs. In order to consider such alternative products, this commenter suggests representatives will need a specific knowledge competency relating to its competitors' products, at least at a high level.</p>	<p>We have made the necessary updates to reflect the CFR amendments. What constitutes a reasonable range of alternatives will depend upon the circumstances, including the securities and services offered, the Registered Representative's skill, proficiency, and the client's particular circumstances. For more information, please refer to:</p> <ul style="list-style-type: none"> • Notice GN-3400-21-004 - <i>Know-your-client and suitability determination for retail clients</i>, and • Notice GN-3300-21-001 <i>Product Due Diligence and Know-Your-Product</i>.
<p>22. One commenter notes that specific knowledge requirements relating to investment performance disclosure and measurement would help support the expected skill of comparing and contrasting products with similar objectives and risk levels in order to evaluate performance and to recommend other products.</p>	<p>We acknowledge the comment and have made necessary updates to reflect this change where appropriate.</p>
<p>23. One commenter suggests adding general knowledge and specific behaviours and skills relating to:</p> <ul style="list-style-type: none"> • educating clients on the importance of portfolio diversification • understanding of general portfolio management concepts relating to how portfolios are constructed • familiarity with basic terminology, Environmental, Social and Governance (ESG) features of investment products, and the various types of sustainable investing strategies with 	<p>We have made necessary updates to reflect the addition of the listed areas where appropriate.</p>

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SUMMARY OF COMMENTS	CIRO RESPONSE
particular application when assessing portfolio suitability to consider ESG matters	
24. One commenter suggests adding knowledge, skills and behaviours related to recognizing potential capacity concerns for vulnerable clients and asking targeted questions about fraud or exploitation.	We have added relevant details about trusted contact persons and their obligations, including about how to recognize potential capacity concerns and financial exploitation issues, when to contact a trusted contact person, and other conditions for using temporary holds.
25. One commenter believes the following specific behaviour and skill is a best practice, especially since many specific product recommendations are verbal: <ul style="list-style-type: none"> • <i>“Develops written product recommendations that reflect portfolio suitability, impact, expectations about returns, general product attributes and drawbacks”</i> 	We have removed the word <i>“written.”</i> We include knowledge, behaviours and skills about documentation requirements and best practices in <i>6. Maintain Client Relationships</i>
26. One commenter suggests Registered Representatives should know principles of behavioural finance.	We have made necessary updates to reflect this suggestion where appropriate.
6. Maintain Client Relationships	
27. One commenter believes that Registered Representatives and Investment Representatives need to know the roles the Ombudsman for Banking Services and Investments (OBSI) and securities regulators play that is not solely limited to complaints.	OBSI is specifically a dispute resolution service. OBSI’s role is set out in competency 6 IV relating to client complaint handling and reporting while the role of securities regulators generally is also set out in competency 1.I
28. Commenters ask for clarity on the behaviour and skills about keeping up to date with changes, including expectations to	We have revised the behaviour and skills for clarity, including the addition of <i>“apply a client-oriented compliance approach by keeping</i>

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SUMMARY OF COMMENTS	CIRO RESPONSE
<p>consider and add new products into their personal product shelf regularly.</p>	<p><i>up to date with changes in requirements.</i>” We have also deleted the term “<i>regularly</i>” from the product shelf listing.</p>
<p>7. Conflicts and Ethics</p>	
<p>29. Commenters note the importance for Registered Representatives and Investment Representatives to think critically about ethical conduct and practices when conflicts and other ethical dilemmas present themselves. They believe that competencies should align with CFR and changes made to <i>National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations</i> with respect to conflicts of interest.</p>	<p>We have made necessary updates to reflect the adoption of CFRs within the IDPC.</p> <p>We agree that the application of ethical principles and standards of conduct are fundamental. We have made the necessary updates to reflect this concern.</p>
<p>30. One commenter disagrees with the following specific behaviour and skill because they believe an advisor does not need to decide how to address the conflict but should refer to the firm’s policies and procedures and/or escalate the issue to the compliance department:</p> <ul style="list-style-type: none"> • “Identifies areas that may raise a potential conflict of interest and completes further analysis to determine whether additional action is required.” 	<p>Part B of Rule 3100 requires Approved Persons to address all material conflicts of interest between the client and the Approved Person in the best interest of the client. An Approved Person must avoid any material conflicts of interest between themselves and the client if the conflict is not, or cannot be, otherwise addressed in the best interest of the client.</p>
<p>31. One commenter believes that trust is the most important advisor characteristic a retail client seeks; the training curriculum should have a robust ethics module</p>	<p>We agree that the application of ethical principles and standards of conduct are fundamental. We included additional knowledge, behaviours and skills in this competency for clarity.</p>

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Comments Received in Response to Notice 21-0153 – Administrative Notice – Request for Comments – Consultation Paper (Phase II) – Competency Profiles for Directors, Executives, Ultimate Designated Persons, Chief Compliance Officers, and Chief Financial Officers

On August 31, 2021, we issued Notice 21-0153 requesting comments on the Proposed Competency Profiles for Directors, Executives, Ultimate Designated Persons, Chief Compliance Officers, and Chief Financial Officers. We received two letters from the following commenters:

- Investment Industry Association of Canada (IIAC)
- Canadian Advocacy Council of CFA Societies Canada (CAC)

Copies of these [comment letters](#) are publicly available on the website. The comments we received and our responses to them are summarized in the table below.

Directors, Executives, Ultimate Designated Persons, Chief Compliance Officers and Chief Financial Officers

SUMMARY OF COMMENTS	CIRO RESPONSE
General comments	
1. One commenter suggests that either the Proficiency Committee or expert educational course developers should be responsible for assisting with developing and updating competency profiles.	The Proficiency Committee, along with other external and internal committees as needed, have played an active role in developing competency profiles. We anticipate that they will continue to actively contribute to future updates and overall competency profile maintenance as needed.
2. One commenter believes that some competencies are either overly broad or unclear. They suggest using the term “as applicable” for clarity and to distinguish between a variety of either dealer or role-based elements that may affect the relevance of specific knowledge, behaviours or skills. For example, these elements may include task delegation and distinct dealer business models.	The competency profiles are intended to reflect general knowledge, skills and behaviours that an individual must have to perform effectively in their role. We include “...to understand as applicable” and “...to apply as applicable” under each knowledge, behaviour and skill sub-competency header to acknowledge that some

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SUMMARY OF COMMENTS	CIRO RESPONSE
	elements may not broadly apply to, or be held in common by, every individual in a particular approval category.
<p>3. One commenter continues to support a progressive proficiency framework that focus on minimum standards responsive to innovation, build professionalism and ensure skills development. They support the efforts to modernize the proficiency expectations and competency profiles for all registration categories.</p>	<p>We acknowledge the comment.</p>
<p>4. One commenter believes that several specific terms, which include verbs like “confirm”, “document”, “ensure” and “establish”, “integrate”, “interpret”, and “synthesize” should be removed to limit any unreasonable expectation for an Approved Person to apply a specific behaviour and skill.</p>	<p>We do not agree. The competency profiles include verbs that describe learning objectives that apply to a particular behaviour and skill an individual must demonstrate to perform effectively in their role, as stated in Notice 21-0153- <i>Consultation Paper (Phase II) – Competency Profiles for Directors, Executives, Ultimate Designated Persons, Chief Compliance Officers, and Chief Financial Officers</i> (August 31, 2021)(“Notice 21-0153”).</p> <p>Competency profiles are not intended to create new requirements, but rather to reflect the current regulatory framework, requirements and guidance.</p>
<p>5. One commenter believes that it is important to include as a knowledge element a general understanding of anti-money laundering (AML) requirements, including how Canadian requirements interact with applicable foreign requirements.</p>	<p>Knowledge of <i>the Proceeds of Crime (Money Laundering) and Terrorism Financing Act (PCMLTFA)</i> and the <i>Financial Transactions and Reports Analysis Centre of Canada (FINTRAC)</i> is included under competency 1. <i>General Regulatory Framework</i>.</p>
<p>6. One commenter suggests that the competency profiles should include specific requirements and supporting principles developed under the Canadian Securities Administrators’ CFRs.</p>	<p>We have made necessary updates to reflect adoption of the CFRs within the IDPC.</p>

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<p>7. One commenter believes that the use of comparative research references to the Australian Securities and Investments Commission (ASIC) and the International Organization of Securities Commissions (IOSCO) is unclear.</p>	<p>We recognize that every regulator adopts its own unique form of published framework to meet its particular regulatory needs, as noted in section 3.3 of Notice 21-0153.</p> <p>We reviewed and considered a wide range of sources to benchmark and inform our views of regulatory expectations, best practices and principles that may impact an Approved Person’s knowledge, behaviours and skills. Among these sources include competency profile models, guidance on role-specific expectations and other similar documents published by various securities regulators. However, we were careful to apply these considerations within the specific context of the local regulatory environment and industry landscape.</p>
<p>8. Commenters believe that competency profiles may be used as an extra compliance measure, which may attract enforceable action or liability. They express similar concern that some dealers may use the profiles to fulfil a ‘check the box’ exercise for proficiency matters.</p>	<p>We do not agree. Competency profiles are a critical element in the development of proficiency standards for regulated professionals. The primary purpose of competency profiles is to be used for benchmarking purposes to assist in evaluating education service providers, while they also provide guidance to Dealer Members and the potential education providers.</p> <p>Competency profiles do not create new legal requirements, but rather reflect the current regulatory framework, requirements and guidance.</p>

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SUMMARY OF COMMENTS	CIRO RESPONSE
<p>9. One commenter believes that the competency profiles' intended uses are overly broad and unclear.</p>	<p>Notice 21-0153 clarifies that published competency profiles will:</p> <ul style="list-style-type: none"> • represent a proficiency benchmark allowing IIROC to evaluate course providers, • provide education service providers with guidance on course content development, and • allow Dealer Members and Approved Persons to better understand the proficiency expectations and potentially play a more active role in meeting those standards and maintaining the competence of Approved Persons. <p>It is our stated intention to use published competency profiles to support a procurement process that is to lead to the selection of an education service provider in advance of the expiry of the Canadian Securities Institute (CSI) contract on December 31, 2025.</p>
<p>10. One commenter suggests adding general knowledge about specific products, like Exchange-Traded Funds (ETFs) or investment funds, for example.</p>	<p>We have made necessary updates to reflect the addition of specific products.</p>

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SUMMARY OF COMMENTS	CIRO RESPONSE
<p>11. One commenter suggests generally that competency profiles should:</p> <ul style="list-style-type: none"> • emphasize building, maintaining and evaluating management systems, and • include items such as “collaboration”, “communication”, “curiosity” and “leadership” to reflect important personal ‘soft’ skills applicable to all registration categories. 	<p>We acknowledge the comment and have made necessary updates to reflect the listed suggestions where appropriate.</p> <p>Our focus is on regulatory competencies. From a regulatory perspective, the applicable competencies at a minimum include the knowledge, behaviours and skills listed in the competency profiles.</p>
<p>12. One commenter expresses general concern that the profiles may become stale or outdated if not regularly maintained or subject to scheduled updates.</p> <p>In a similar context, the same commenter believes that certain specific knowledge, behaviours and skills do not include forward-looking considerations for risks, financial services, products and other matters such as Environmental, Social, and Governance (ESG), for example.</p>	<p>We will be reviewing competency profile maintenance as part of the broader initiative to enhance our proficiency regime. We note that the Proficiency Committee, Staff and other internal working groups each have played an active role in developing competency profiles. We anticipate that each will continue to actively contribute to future updates and overall competency profile maintenance as needed.</p> <p>We have made necessary updates to reflect the addition of the listed areas of concern where appropriate.</p>

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Directors, Executives and UDPs

SUMMARY OF COMMENTS	CIRO RESPONSE
General comments	
<p>13. One commenter believes that Directors’ knowledge, behaviours and skills should only apply to industry and non-industry directors who own or control a voting interest of 10% or more in a dealer.</p>	<p>As stated in Notice 21-0153, we considered the existing regulatory requirements applicable to each Approved Person category. The competency profiles will be reviewed for evaluating education providers. We will consider this comment and the applicability of the proficiency requirements to other types of Directors when reviewing the proficiency related rules.</p>
<p>14. One commenter is curious about why certain knowledge, behaviours and skills being shared between Directors and Executives.</p> <p>The same commenter notes that there are some knowledge, behaviours and skills included in one particular approval category that may also apply to another.</p>	<p>The competency profiles are intended to reflect general knowledge, skills and behaviours that an individual must have to perform effectively in their role. While the high-level competencies for Directors and Executives are the same, the knowledge, behaviours and skills associated with each of the sub-competencies is not always the same.</p> <p>We intentionally outlined the knowledge, behaviours and skills associated with each sub-competency for both Directors and Executives in the same reference document for ease of reference and comparison purposes. We are of the view that Directors and Executives should understand sub-competencies associated with each other’s roles.</p>
<p>15. One commenter believes that knowledge, skill and behaviours for UDPs are too closely intertwined with those set out for other Executives.</p>	<p>We considered that UDPs are also Executives and typically the Chief Executive Officer, or a similar position at a dealer. In developing the sub-competencies, we therefore focused on their additional regulatory responsibilities in</p>

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Directors, Executives and UDPs

SUMMARY OF COMMENTS	CIRO RESPONSE
	<p>their role as UDP, as stated in section 4.3 of Notice 21-0153. As a result, the knowledge, skills and behaviours for UDPs will appear to overlap with certain Executive sub-competencies, but their application is specific to the role and function of a UDP.</p> <p>We have outlined the knowledge, behaviours and skills applicable to Directors and all other Executives in a single reference document for ease of reference and comparison purposes.</p>
<p>3. Risk Management and Oversight</p>	
<p>16. A commenter asks that we clarify what is meant by “<i>Review risk trend report and resolve deficiencies identified in regulatory examinations</i>”. The term “<i>risk trend report</i>” seems overly broad and is not known to be a defined term or common industry reference.</p>	<p>This is in reference to the Risk Trend Report (RTR) discussed in Notice 21-0169 and the practice of providing firms with this report.</p>
<p>17. A commenter asks that we clarify our expectations concerning “[d]istinguishing between matters of non-compliance” as it applies to a specific behaviour and skill.</p>	<p>Matters of non-compliance refers to non-compliance with relevant rules, regulations or laws related to a dealer or any individual acting on its behalf. Treatment of such matters requires determining the scope of the breach and responding accordingly.</p>

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Chief Compliance Officers

SUMMARY OF COMMENTS	CIRO RESPONSE
4. Risk Management	
18. commenter suggests removing the following knowledge element because they believe it is vague and unclear: <ul style="list-style-type: none"> • <i>“What, when and how’ guidance”</i> 	We agree and have removed this knowledge element.

Chief Financial Officers

SUMMARY OF COMMENTS	CIRO RESPONSE
1. General Financial Requirements	
19. One commenter suggests adding knowledge about US GAAP and/or other international accounting standards, and applicable financial institution capital regulations that may apply to dealers owned by a banking group.	We do not agree. Although developing an understanding of applicable international requirements may be required to perform certain responsibilities at certain dealers, it falls outside the essential knowledge required in the local regulatory environment.
2. Capital Adequacy, Books and Records and Reporting	
20. One commenter questions the necessity for knowing derivatives reporting, including large open positions reporting (LOPR).	This knowledge element is essential to a CFO’s role at a firm that deals and advises on derivatives.
3. Credit Risk Management and Client Accounts	
21. One commenter noted numerous individuals have responsibility for various compliance related aspects of maintaining and operating client accounts in accordance with relevant rules. Revisions should be made to reflect financial accounting responsibilities related to the CFO.	We have made necessary updates to reflect the suggestions where appropriate.

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Comments received in response to Notice 22-0132 – Administrative Notice – Request for Comments - Consultation Paper (Phase III) – Competency Profiles for Supervisors, Traders, Associate Portfolio Managers and Portfolio Managers

On August 29, 2022, we issued Notice 22-0132 requesting comments on the Supervisors, Traders, and Associate Portfolio Managers and Portfolio Managers (APM/PM) competency profiles. We received four letters from the following commenters:

Investments and Wealth Institute (IWI)
 FAIR Canada
 Investment Industry Association of Canada (IIAC)
 Canadian Advocacy Council (CAC)

Copies of these [comment letters](#) are publicly available on the website. The comments we received and our responses to them are summarized in the table below.

Supervisors, Traders, Associate Portfolio Managers and Portfolio Managers

SUMMARY OF COMMENTS	CIRO RESPONSE
General comments	
1. One commenter cautions against competency profiles being deliberately or unintentionally used for compliance matters, including audits, investigations, enforcement and even litigation.	Please see above our previous response on this topic in Phase I item 6 and Phase II item 8.
2. One commenter fully supports CIRO’s approach and development of competency profiles for each category of Approved Persons. The commenter appreciates the project has been informed by an extensive amount of consultation and advisory groups, who have hands-on experience with the current requirements. The profiles will serve as a necessary foundation for the selection of the education service provider and serve as the basis for enhancing the related proficiency requirements. The same commenter recommends the profiles be updated periodically to ensure they remain reflective of evolving	We acknowledge the comment. We will be reviewing competency profile maintenance as part of the broader initiative to enhance our proficiency regime. The Proficiency Committee, Staff and other internal working groups each have played

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SUMMARY OF COMMENTS	CIRO RESPONSE
regulatory expectations and market developments.	an active role in developing competency profiles. We anticipate that each will continue to actively contribute to future updates and overall competency profile maintenance as needed.
3. One commenter shares its support for transparent development of competency profiles, but still expresses concern that the public could be confused about what level of proficiency to expect from Approved Persons.	We acknowledge the comment and will continue to develop relevant rules and guidance as they apply to proficiency requirements for Approved Persons. We will provide further clarity on the distinction and relationship between competencies and proficiency requirements in a future update.
4. One commenter suggests that the Proficiency Committee or another body should be responsible for updating profile content, at least annually. The same commenter believes that an internal process is preferred over public consultation and comment.	Please see above our previous response on this topic in Phase II item 1.
5.. One commenter suggests the competency profiles should include recognition of equivalencies and include grandfathering and sunset provisions.	We acknowledge the comment and will be reviewing this as part of the broader initiative to enhance our proficiency regime.
6. One commenter suggests harmonizing content with language and principles in <i>National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations</i> (“NI 31-103”).	In developing competency profiles, we considered applicable securities laws, SRO rules and other regulations that Approved Persons should know and understand, which includes NI 31-103, as stated in section 3.4 of Notice 22-0132 - <i>Consultation Paper (Phase III) — Competency Profiles for Supervisors, Traders, Associate Portfolio Managers and Portfolio Managers</i> (August 29, 2022)(“Notice 22-0132”).

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SUMMARY OF COMMENTS	CIRO RESPONSE
<p>7. One commenter suggests that competency profiles should include items such as “collaboration,” “communication,” “curiosity” and “leadership” to reflect important personal ‘soft’ skills applicable to all registration categories.</p>	<p>Please see above our previous response on this topic in Phase I item 2.</p>
<p>8. One commenter expresses concern that competency profiles include proficiency requirements that are overly broad. They suggest adopting language such as “general understanding of...” or “relevant portions of ...” to distinguish between general knowledge and specific “job requirements.”</p>	<p>The competency profiles are intended to reflect general knowledge, skills and behaviours that an individual must have to perform effectively in their role.</p> <p>We include “...to understand as applicable” and “...to apply as applicable” under each knowledge, behaviour and skill sub-competency header to acknowledge that some elements may not broadly apply to, or be held in common by, every individual in a particular approval category.</p>

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Supervisor

SUMMARY OF COMMENTS	CIRO RESPONSE
General comments	
9. One commenter suggests adding the following specific references to a Supervisor's knowledge, behaviour and skill: <ul style="list-style-type: none">• pension legislation and related investment restrictions• derivatives legislation and standardized derivatives documents• initial public offerings• mortgage loans	We have made necessary updates to reflect the addition of the suggested areas where appropriate.

Trader

SUMMARY OF COMMENTS	CIRO RESPONSE
General comments	
10. One commenter suggests adding the following specific references as they apply to a Trader's knowledge, behaviour and skill: <ul style="list-style-type: none">• fair and allowable trade allocation practices• trading algorithms and smart order routers• methodologies and benchmarks for calculating implicit trading costs• sources of liquidity and related dynamics	We have made necessary updates to reflect the addition of the suggested areas where appropriate.

APPENDIX 19

Associate Portfolio Manager (APM) and Portfolio Manager (PM)

SUMMARY OF COMMENTS	CIRO RESPONSE
General Comments	
<p>11. One commenter suggests that dealers should have a direct hand in providing education about specific dealer activities, such as how to use firm contact management systems, for instance.</p>	<p>We acknowledge the comment. Investment Dealers are currently required to provide specific onboard training to each new Registered Representative and Investment Representative, in addition to the general training requirement set out in IDPC Rule 1407. We will be reviewing the firm training criteria as part of our broader initiative to enhance our proficiency regime.</p>
<p>12. One commenter believes that there is a material conflict between the general direction that competency profiles take in describing “<i>minimum requirements</i>” for “<i>highly competent,</i>” “<i>compliant</i>” Approved Persons, and the specific knowledge, behaviours and skills described to apply “<i>as applicable.</i>” The commenter suggests that such conflicts in terminology be removed.</p>	<p>We do not agree there is a material conflict between these terms. Our focus is on regulatory competencies. From a regulatory perspective, the competencies for a highly competent and compliant Approved Person at a minimum include the knowledge, behaviours and skills listed in the relevant competency profile.</p> <p>We include “<i>...to understand as applicable</i>” and “<i>...to apply as applicable</i>” under each knowledge, behaviour and skill sub-competency header to acknowledge that some elements may not broadly apply or be held in common by, every individual in a particular approval category.</p>
<p>13. One commenter suggests that there be greater distinctions made between competencies for PMs and APMs.</p>	<p>Competencies for PMs and APMs are very similar; however, we have made necessary distinctions where applicable.</p>
<p>14. Commenters suggested we align our competencies with the Canadian Securities Administrators (CSA) Client Focused Reforms (CFR).</p>	<p>We have made necessary updates to reflect adoption of the CFRs within the IDPC, as stated in section 5 of Notice 22-0132.</p>

APPENDIX 19

Associate Portfolio Manager (APM) and Portfolio Manager (PM)

2. Investment Policy	
<p>15. One commenter suggests that firms and individuals should be educated and proficient about:</p> <ul style="list-style-type: none"> • considerations of sustainability and ESG (Environmental, social and governance) reporting by issuers and approaches in investing, • indigenous reconciliation, • rights and title, • DEI (diversity, equity, and inclusion), and • vulnerable clients 	<p>We have made necessary updates to reflect the addition of the suggested areas where appropriate.</p>
<p>16. One commenter suggests including knowledge, skills and behaviours that apply to various asset allocation frameworks for institutional and retail clients.</p>	<p>We have made necessary updates to reflect the addition of the suggested areas where appropriate.</p>
<p>17. One commenter suggests including some knowledge of generic tax practices affecting foreign investments.</p>	<p>Knowledge of tax treatment for different investments, including foreign source income, dividends and other types of distributions is included.</p>
<p>18. One commenter suggests including knowledge of different methodologies and benchmarks used for estimating and calculating implicit and explicit trading costs.</p>	<p>We have made necessary updates to reflect the addition of the suggested areas where appropriate.</p>
4. Portfolio Construction and Strategies	
<p>19. One commenter recommends adding knowledge about different crypto asset-related products and how they may be regulated.</p>	<p>We have made necessary updates to reflect the addition of the suggested areas where appropriate.</p>

APPENDIX 19

Associate Portfolio Manager (APM) and Portfolio Manager (PM)

20. One commenter suggests adding knowledge about different components that make up ESG investing, along with an understanding of the concept of the “greenwashing.”	We have made necessary updates to reflect the addition of the suggested areas where appropriate.
5. Portfolio Monitoring, Evaluation, and Client Reporting	
21. One commenter suggests including knowledge, behaviours and skills related to investment and investment manager performance through widely utilized performance evaluation methodologies and metrics.	We have made necessary updates to reflect the addition of the suggested areas where appropriate.
6. Servicing Institutions	
22. One commenter suggests including knowledge, behaviours and skills related to conflicts of interest in firm products.	We have made necessary updates to reflect the addition of the suggested areas where appropriate.
23. One commenter suggests adding knowledge, behaviours and skills related to specialized legislation and regulation applicable to certain client types, such as pensions for example.	We have made necessary updates to reflect the addition of the suggested areas where appropriate.