

# CIRO Consultation - Proposal to harmonize CIRO Continuing Education (CE) Programs

March 18, 2025



Submission to the Canadian  
Investment Regulatory  
Organization (**CIRO**)

The Canadian Bankers Association (**CBA**)<sup>1</sup> appreciates the opportunity to provide input on the consultation with respect to the Proposal to harmonize CIRO Continuing Education (**CE**) Programs (**Proposal**). Below we provide our responses to the Phase 1 proposed amendments and the specific Phase 2 questions set out in the consultation.

## Phase 1 Proposed Amendments

### Timeline

Regarding the proposed Phase 1 implementation date of January 1, 2026, from an Investment Dealers Partially Consolidated (**IDPC**) Rules perspective, we would urge CIRO to consider the impact of the proposed CE changes targeting cycle 2026, which will overlap with CIRO's proficiency model changes also expected in January 2026. Although CE runs for 2 years, the proficiency changes will pose a significant impact on CIRO Investment Dealer (**ID**) CE participants, especially given that Total Cost Reporting requirements will also be targeting January 2026. The industry is also tracking CIRO's Rule Consolidation Project, which also will impose significant changes on Dealer Members (we note that the timing of the effective date of the consolidated rules has not yet been communicated).

Although the effort to harmonize CE requirements is welcome, from the perspective of Dealer Members and CE participants, implementing the proposed changes is not an urgent need and is expected to result in moderate but not overly significant benefits. It would therefore be preferable for CIRO to implement the changes in one phase (i.e. in 2028) as opposed to two phases.<sup>2</sup>

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<sup>1</sup> The Canadian Bankers Association is the voice of more than 60 domestic and foreign banks that help drive Canada's economic growth and prosperity. The CBA advocates for public policies that contribute to a sound, thriving banking system to ensure Canadians can succeed in their financial goals.

<sup>2</sup> The proposal to remove the restriction in IDPC Rule 2703(6) with respect to CE course or activity repeats should, however, take effect on January 1, 2026.

## **Record Keeping and Reporting**

In our view, the proposed move from shared record-keeping and reporting for Dealer Members to firm-only record-keeping and reporting would disadvantage Dealer Members, Mutual Fund Dealers (**MFDs**) in particular, from a resourcing, financial and technology perspective. Having the ability for Approved Persons and course providers to maintain their records and report completion of CE credits allows for a more strategic and focused approach from the firm to drive completion of the CE credits and ensure Approved Persons are maintaining and developing proficiency. We would therefore recommend applying a shared record-keeping and reporting approach for all Approved Persons, course providers and firms.

We note that the Proposal states the following:

“We propose to eliminate the prescribed types of CE completion records under the MFD Rules. However, similar to IDPC, firms will still have to track and maintain their records internally.”

We would ask CIRO to clarify whether the above statement means that Dealer Members will not have to list out the specifics of an Approved Person’s CE completion by category (20 PD, 2 compliance credits, etc.) in the CE reporting and tracking system (**CERTS**). Even if this were the case, this would not alleviate any of the concerns described above as most MFDs have relied on CERTS and third-party reporting as their tracking system. These MFDs would still have to operationalize an entirely new internal tracking system. Similarly, most MFDs currently use CERTS to track leave of absences and outstanding credits and/or carry forwards. Does CIRO intend to require MFDs to set up operations to track and record these details internally as well?

## **Accreditation**

We are supportive of the proposed harmonized solution with respect to accreditation requirements, which will provide firms with greater flexibility in meeting these requirements. We look forward to CIRO’s planned further guidance on how a Dealer member can meet accreditation requirements.

## **Designated Individual**

We suggest that the IDPC requirement in Rule 2717(iv) to “designate an individual responsible for supervising training and approving a continuing education participant’s chosen continuing education course” would benefit from further clarity or guidance as to the responsibilities expected of such individuals. One area of clarification would be to confirm that, for all Dealer Members, this individual is not required to be approved as a Supervisor unless the individual performs other activities which require approval as Supervisor.

## **Course Approvals**

We welcome the continuation of a principles-based approach to course approvals as it allows more flexibility for Approved Persons to enrol in courses that are relevant and applicable to their specific needs and accommodates a wider range of course content and delivery methods. This can lead to more innovative and engaging learning experiences. Courses can be tailored to address specific needs and challenges within the industry ensuring that professionals are learning information that is directly applicable to their work. The emphasis would appropriately be on the course effectively enhancing knowledge and skills, rather than a checklist of topics.

## **Carry Forwards**

We do not agree with the proposed elimination of carry forward credits. Allowing carry forward credits (as is the case under the current MFD and IDPC Rules) provides for flexibility and efficiencies for Approved Persons and firms. The ability to carry forward a small number of credits also helps ensure business continuity as each CE cycle restarts. There may be a number of reasons for the need to carry forward CE credits that are not due to an Approved Person’s lack of knowledge or disregard for their proficiency requirements.

Moreover, the need for carry forwards and the flexibility they afford would be of particular value if firms will be required to transition to a proposed annual CE cycle and a proposed change in the start and end date of same for MFDs.

Further, there are courses with multiple exams. If the Approved Person successfully completes such a course just before the start of the "new cycle", and that course would not qualify for carry forward, that can prove to be disadvantageous for the Approved Person.

Finally, with respect to the timing of eliminating carry forwards, Approved Persons who take on additional CE hours in the last six months of the current cycle with the intention to carry forward credits will be disadvantaged by the elimination of carry forwards starting January 1, 2026. If the proposed elimination of carry forwards is implemented, the change should be duly communicated before June 1, 2025, which is the beginning of the last six months of the current CE cycle for MFDs, when an individual may wish to begin earning additional PD hours to carry forward to the following cycle.

### **Voluntary Participation Program (VPP)**

The elimination of the VPP is reasonable as it would become obsolete by virtue of the move from a course-based proficiency model to an examination-based model. That being said, the effect of eliminating the VPP should be clarified for individuals that have leveraged the program (i.e., obtained approval which will end June 30th).

### **Course Repeats**

We are supportive of the proposal to remove the restriction in IDPC Rule 2703(6) with respect to CE course or activity repeats as this would be aligned with a principles-based approach. The removal of this restriction should take effect on January 1, 2026.

## **Phase 2 – Specific CIRO Questions**

- 1. We are interested to know your views on the challenges and benefits of prorating the CE requirements, and in particular the operational and system impact of such changes.**

We are supportive of the ability to prorate CE requirements to provide necessary flexibility to comply with requirements when warranted. However, from an operational perspective, it is not clear that adopting the MFD approach to proration over the ID approach is the best option, given the additional administrative elements attached to the MFD process and the number of questions that would need to be addressed should the MFD approach be adopted. For example:

- MFDs are required to determine the length of CE participants' leave of absence, obtain approval internally prior to entering the details on CERTS, track the return of the individual, and ensure they have completed any required CE credits.
- Proration under the MFD approach is calculated at the time of the Approved Person's return to work. In instances when Approved Persons are on leave at the end of the cycle, firms would require clarity about what happens when an Approved Person remains on leave at the time of the end of the cycle. Will the MFD process be followed whereby they are reported as on leave of absence status and proration is provided by CIRO when they return? Will they have an "action plan" imposed upon their return to complete CE for the previous cycle? Large firms may face staffing challenges and capacity issues as they are running current cycle vs. action plan status for Approved Persons from the previous cycle. Additionally, record keeping for prorating becomes far more complex as records may be maintained in multiple systems which would require consolidation for CE purposes.
- ID firms currently have 90 days to report leaves of absence on the National Registration Database (**NRD**). Will proration impact firms' obligation to update Item 10 on the NRD sooner, at the time the leave is reported?
- Line of sight for licensing date must be provided in the portal to ensure that Dealer Members do not duplicate approvals for previously completed courses prior to licensing.

Lastly, ID firms, for the first time, will have to implement systems and put controls in place to allow proration of CE credits and will certainly require ample time to carry out any system

changes. Since ID CE participants currently do not use CERTS for CE reporting and tracking, it would be helpful to understand how aligning with the MFD rules on proration would be implemented by CIRO from a systems point of view (i.e., would CIRO use CERTS as the main book of record for all CE reporting and if so, would CIRO conduct further system enhancements to ensure that the process is seamless to support both CE programs?).

**2. We are interested to know your views on the challenges and benefits of moving the MFD CE cycle to a January 1 – December 31st start and end. We are also interested to know about any specific impacts this proposal would have on a firm’s internal operations and systems.**

In general, subject to our comments below regarding timing considerations, aligning the CE cycle dates should bring a number of benefits:

- Reduced complexity, by enabling alignment of the related administrative processes.
- Consistent deadlines minimize confusion and potential for missed deadlines by both firms and Approved Persons and allows for standardized reporting and oversight.
- A shared cycle encourages a consistent focus on CE across the industry, fostering a culture of learning.
- Aligned CE cycles may create opportunities for collaboration on CE initiatives which potentially reduce costs for firms.

**Timing Considerations**

- If the MFD CE cycle changes to a January 1 – December 31st start and end, but Chambre de la sécurité financière (**CSF**) cycle dates remain unchanged, firms and individuals will have to continue working under different cycle dates, with all the operational and administrative challenges this would bring from a policy, procedure and systems perspective. We would therefore strongly encourage CIRO to work with the CSF to ensure their respective cycle start and end dates are aligned for the overall benefit of the thousands of Approved Persons impacted.
- Aligning on a December 31 end date for all CE cycles (rather than a November 30 end

date) would create challenges that come with accommodating the holiday schedules of Approved Persons during this period.

### **3. We are interested to know the operation and system impact of adopting an annual CE cycle for firms and Approved Persons**

Under an annual cycle, a number of challenges would be raised:

- Tracking and monitoring for representative and CE departments becomes more frequent and demanding.
- Updating internal systems and procedures to accommodate the shorter cycle times will require time and perhaps technical updates, with the potential of requiring additional staff to handle the increased administrative burden.
- Firms may incur higher costs for training, accreditation review and Approved Persons time away from work schedule to complete CE activities.
- Integrating new systems and technologies for tracking, reporting and managing CE activities may be required by larger firms as they need to make technical updates to systems to contend with new cycle ranges and requirements. This increases cost and will require ample development and implementation planning time.

To support the change and ensure fairness, we agree with CIRO's acknowledgement that the number of required CE hours must be reduced proportionally in half in order to adopt an annual cycle. However, further detail regarding this proposed proportionate reduction is needed to determine whether an annual cycle would provide sufficient time for Dealer Members to develop and execute quality in-house training programs. We also urge CIRO to substantially increase the current 10 business days allowed for Dealer Members to report CE completions to CIRO.

### **4. We are interested to know your views about CIRO services and CERTS, and any particular challenges faced with using these systems.**

Subject to certain limitations which we will describe further below, in our view, CERTS works well and is an intuitive system. There is good functionality with CERTS that assists MFDs in

meeting their regulatory requirements and helps achieve the intended desire of improving proficiency with Approved Persons. The ability for Dealer Members to continue to use CERTS for tracking purposes (rather than having to create a net new operations system internally) would greatly mitigate the impact of any new reporting and record keeping obligations proposed for MFDs.

CERTS is a more comprehensive tracking system than CIRO Services and manages all aspects of CE tracking including record keeping and compliance reporting. CERTS provides increased transparency to Approved Persons and significant support to firms for CE tracking and reduces the burden of the internal firm tracking system. Provided the CERTS system is well supported and can imbed the proficiency changes by the proposed deadline, it will provide a more robust structure for the monitoring and tracking of CE progress relative to CIRO Services.

There are, however, certain limitations to CERTS that should be noted. This includes:

- The inability to make changes directly in the system for manual entries such as changes pertaining to details related to a leave of absence. Currently, MFDs are required to enter the number of months a CE participant is away vs. having the database calculate based on start and end leave dates. This process requires significant data entry and creates potential for errors, since, for each person, the MFD must enter the CE participant's email address. This is not required for CIRO ID CE participants which reduces manual labour.
- Occasional glitches with reporting, data not populating, noncompliance processes linked to having to submit action plans and not being able to edit action plans, and lagging uploads of completion statuses.
- We recommend that CIRO improve the system to provide live updates.
- We also recommend that CIRO provide access to a course catalogue from this database.
- CERTS generates two separate reports, each with its own unique identifiers and completion details. For example, Report 1 includes the MFDA ID, email address and completion percentage, while Report 2 includes the MFDA ID, NRD# and summary of credits. To improve efficiency, it would be beneficial if CERTS could produce a single

report that includes all identifiers, completion percentages, and a breakdown of credit summaries.

- CIRO Services is currently used to report completions through a template into the portal. This is the preferred method for this task.

Overall, to accommodate more volume to the CERTS platform, especially if ID CE participants will be required to use the platform, it would be beneficial if CIRO implemented enhancements to address the above-noted limitations.

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We thank you for taking the time to consider our views regarding the Proposal and trust that you will find these comments helpful. We would be pleased to discuss our comments further at your convenience.