



THE INVESTMENT
FUNDS INSTITUTE
OF CANADA

L'INSTITUT DES FONDS
D'INVESTISSEMENT
DU CANADA

ANDY MITCHELL

President and CEO *Président et chef de la direction*

amitchell@ific.ca 416 309 2300

March 18, 2025

Delivered By Email

Registration, Proficiency

Canadian Investment Regulatory Organization

Suite 2600

40 Temperance Street

Toronto, Ontario M5H 0B4

e-mail: proficiency@ciro.ca

Trading and Markets

Ontario Securities Commission

Suite 1903, Box 55

20 Queen Street West Toronto, Ontario M5H 3S8

e-mail: tradingandmarkets@osc.gov.on.ca

Capital Markets Regulation

B.C. Securities Commission

P.O. Box 10142, Pacific Centre

701 West Georgia Street, Vancouver, British Columbia, V7Y 1L2

e-mail: CMRdistributionofSROdocuments@bcsc.bc.ca

Dear Sirs and Mesdames:

RE: Rule Amendments — Request for comments — Proposal to Harmonize CIRO Continuing Education (CE) Programs

IFIC is pleased to provide the Canadian Investment Regulatory Organization (**CIRO**) with our comments on the [Proposal to harmonize CIRO Continuing Education \(CE\) Programs \(Consultation\)](#).

IFIC is the voice of Canada's investment funds industry. IFIC brings together approximately 150 organizations, including fund managers, distributors and industry service organizations to foster a strong, stable investment sector where investors can realize their financial goals. IFIC operates on a governance framework that gathers member input through working committees. The recommendations of the working committees are submitted to the IFIC Board or board-level committees for direction and approval. This process results in a submission that reflects the input and direction of a broad range of IFIC members.

SUMMARY

IFIC commends CIRO's efforts to harmonize and streamline the continuing education requirements for mutual fund and investment dealer members (collectively, **CE Rules**), considering the material differences and stated objectives of the programs originally developed by CIRO's predecessor

organizations¹. IFIC members agree with Approved Persons (**APs**) undertaking continuous education to enhance proficiency and they promote continuous learning within their organizations for APs to achieve high proficiency and ethical standards.

IFIC supports the goal of harmonizing the CE Rules to create a fair, consistent, and proportionate regulatory regime. However, we believe it is crucial that harmonization is executed thoughtfully to avoid introducing additional burdens on dealers unnecessarily. The significant number of rule and policy changes being introduced, including the implementation of CIRO's new proficiency model in January 2026, presents multiple challenges for dealers with limited resources and time to respond. Any regulatory changes that require new or modified operational processes or IT systems must be clearly articulated, finalized, and allow for a reasonable planning and implementation period, typically 12 to 18 months. Without proper consideration of the timeline needed to carry out the changes, an expedited implementation is likely to result in errors and inadvertent non-compliance, which undermines the purpose of the continuing education programs.

IFIC members believe that a single, centralized, repository for management of the CIRO CE program would be the most efficient and effective path forward for all stakeholders. We strongly recommend that CIRO maintain the CERTS system for this purpose, being an existing system that has many positive functionalities, and make necessary improvements to it as needed.

Although we applaud CIRO for harmonizing the CE Rules for mutual fund and investment dealers, there continues to be misalignment in the regulation of the industry. In our view the exclusion of mutual fund dealer dealing representatives registered in Quebec from this harmonization initiative is a lost opportunity to address the current, unnecessary complications for those operating across Canada. It is also important to note that many APs have continuing education obligations with other regulatory or credentialing bodies, which have their own rules and reporting cycles. IFIC supports and urges CIRO to work on a more coordinated system for continuing education among organizations, generally, and securities regulators, specifically, as this would greatly reduce the administrative burden and enhance compliance across the board.

GENERAL COMMENTS AND RECOMMENDATION

A core element that will contribute to the success of the harmonized continuing education program is the technology solution that CIRO chooses for its reporting purposes. IFIC believes a centralized IT system accessible to mutual fund and investment dealers, CIRO, and APs would provide significant efficiencies and support compliance efforts. It can serve as a single source of truth for all stakeholders. Having a single, centralized repository for all stakeholders to manage credits, house supporting documentation, provide reporting, and enable features such as proration can offer cost effectiveness and operational efficiency for both the industry and CIRO. In addition, a centralized IT system can more readily facilitate future changes to CE requirements, as CIRO could modify the system's functionality for quicker rollout of new rules.

Therefore, for the reasons captured by our comments below under the headings *Record-keeping and Reporting Requirements*, *Carry Forward Provisions*, *Proration*, and *CE IT Systems*, IFIC members strongly recommend that CIRO use the CERTS system as the single, centralized repository for management of the CIRO CE program going forward, making any necessary improvements to it as needed (i.e. to improve on the "pros and cons" we listed in our comments below under the heading *CE IT Systems*). A significant amount of time and financial resources were put into creating CERTS which was rolled out to mutual fund dealers only a few years ago. Industry has already paid for those costs and existing mutual fund dealers have already aligned their internal CE training programs and policies and procedures with CERTS. Although there have been some pain points with CERTS, IFIC

¹. CIRO's predecessor organizations are the Mutual Fund Dealers Association of Canada (**MFDA**) and the Investment Industry Regulatory Organization of Canada (**IIROC**)

members believe it is not an effective use of CIRO members' fees to expend resources (time and costs) to build another system. Mutual fund dealers would experience a disproportional regulatory burden if CIRO were to abandon the CERTS system at this stage.

Further, if CIRO does not maintain the CERTS system as the central repository (which we do not support), IFIC members are concerned that mutual fund dealers will not be sufficiently prepared to meet their obligations under phase one harmonization for the upcoming CE cycle, for the reasons explained immediately below.

COMMENTS ON PHASE ONE OF HARMONIZATION

Below, we provide our detailed comments and suggestions on specific aspects of the proposed phase one amendments.

Record-keeping and Reporting Requirements

As mentioned above, we believe that maintaining a robust technology solution at CIRO for recordkeeping and reporting is essential for dealers to fulfil their supervisory responsibilities. The Consultation proposes eliminating the prescribed types of CE completion records under the Mutual Fund Dealer (MFD) Rules and requiring firms to track and maintain their records internally. Many mutual fund dealer members rely on CERTS as their primary tracking and reporting tool. We request clarification on the proposed modifications to CERTS, as changes such as eliminating the ability to upload CE certificates, may result in unintended consequences for dealers.

Removing features and functionality from CERTS may leave some mutual fund dealers ill-equipped to meet their supervisory and reporting obligations for the upcoming CE cycle. A dealer's operational readiness to maintain internal records is heavily dependent upon key factors, such as its technology, resources, and processes. Considering the next MFD CE cycle begins December 1, 2025, some dealers may be forced to keep records manually in the short term, which is cumbersome and resource intensive. With a large number of registrants and the extensive records that need to be retained for each AP, errors could occur, leading to deficiencies. Further, in the longer term, they would eventually need to incur the IT expenditures to adopt and maintain the functionalities CERTS already provides in this respect, which would be a significant and unnecessary cost burden for mutual fund dealers.

IFIC does not support removing features and functionality from CERTS including the ability for APs to upload their own CE completions. Dealers want flexibility to decide whether to centralize this function or delegate this task to APs. Dealers that delegate this task retain their oversight responsibilities and can focus their efforts on monitoring compliance and proactively addressing any deficiencies.

CIRO should consider providing dealers with a longer grace period for reporting CE completions to account for errors, technical problems, timing issues, or short credits. Additional time can help improve the accuracy of the information entered, minimizing any unintended consequences from errors. IFIC recommends a grace period of 20 business days after the end of a CE cycle.

As stated in the Consultation, oversight of the CE program for Quebec-based mutual fund dealer dealing representatives will remain with the Chambre de la sécurité financière (CSF). While a dealer can obtain status reports for their Quebec registrants from the CSF system, it is difficult for them to get a complete overview because an AP must consent before their dealer can access their profile. This continued regional carve-out hinders harmonization of the CE program for national firms and other firms operating in Quebec and in some but not all other Canadian jurisdictions. This fractured approach prevents dealers from effectively fulfilling their supervisory responsibilities, contrary to the proposed harmonized solution. In addition, we urge CIRO and the CSF to finalize at the earliest possible time, the agreement that would allow for automatic recognition by CIRO of CE credits already approved by the CSF. In the last CE reporting cycle, this issue was resolved at the very end of the cycle, causing much confusion for APs and their dealers. It is essential to have operational and

regulatory predictability for a well functioning and efficient CE credit system. Accordingly, IFIC supports harmonization of the CE program with the CSF.

Course Repeats

The proposed harmonized solution adopts the MFD Rule of permitting course repeats. We request greater clarity on any conditions or criteria that must be satisfied to enable APs to repeat courses, such as whether course content needs to be modified by a certain percentage or restricting the recognition of courses to different cycles.

Carry Forward Provisions

IFIC concurs with CIRO that the objective of continuing education is to strengthen the proficiency of APs in the pursuit of protecting investors. We recommend that APs be permitted to carry forward credits. The decision to participate in activities such as conferences and seminars, and enrolling in programs that are more substantive in nature (e.g. courses leading to certifications or designations) can be influenced by the ability to apply earned credits, especially considering the financial cost and time commitment required. Allowing credits to be carried forward encourages APs to undertake these types of activities and programs, thereby deepening their knowledge base and developing critical skills that can be applied to their roles.

We recommend that CIRO maintain the MFD Rule of permitting the carry forward of five (5) professional development credits without restriction and adopt the same carry forward rule for investment dealers. The CERTS system already enables the automatic carry forward of these credits.

COMMENTS ON PHASE TWO HARMONIZATION

Following are IFIC's responses to specific questions posed for the phase two harmonization.

<p>Question: 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.</p>
--

Proration

In general, we view the proration of CE credits for APs as a beneficial feature of the MFD program. Mutual fund dealers use CERTS to automatically calculate and manage the credit proration process, making the policy operationally feasible. If this functionality is removed from CERTS or a different system is chosen that does not provide this capability, dealers would be required to maintain a manual ledger, which would be onerous and prone to errors.

We also strongly encourage building the capability to facilitate the timely transfer of registrant data from the National Registration Database (**NRD**) into CERTS or other comparable IT system. Ensuring data conformity across various systems provides integrity for stakeholders who utilize this information to manage the registration of APs. The timeliness of the data transfer is particularly important, as the proration calculation is based on the information reported in NRD.

If proration is to become the standard for both investment and mutual fund dealers, we recommend that CIRO provide a mechanism in their IT reporting system that streamlines the data transfer from the NRD, automatically calculate and manage the proration of credits, and create a user-friendly and simple interface for all users. Without an efficient system to manage proration, IFIC would prefer not to prorate credits.

CE cycle dates to start and end within a standard calendar year

Question(s):

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.

IFIC does not support transitioning the MFD CE cycle dates to coincide with a standard calendar year. At present, the MFD CE cycle aligns with the CSF allowing dealers that operate across Canada to synchronize their CE reporting deadlines. Given the other reporting obligations dealers have at yearend, retaining a different end date for the cycle is beneficial for dealers to manage what would otherwise be multiple, overlapping obligations. The current end-of-November timing also provides dealers with a clear view of APs who have not completed their requirements before their registration renewal, permitting them time to address deficiencies and maintain continuous registration of their APs, thereby minimizing disruptions for their clients.

Adopt an annual CE cycle

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

IFIC does not support adopting an annual CE cycle. Ample time is needed for designing and developing training, launching programs, assigning courses to registrants, and following up on completions. In most cases, the rollout of these programs does not align with the start date of the CE cycle. We believe the shortened timeframe does not permit sufficient time to ensure the accuracy and quality of programs, especially when creating training in-house and accounting for translation.

We also note that an annual CE cycle will cause further misalignment with the CSF, as this change will not impact mutual fund dealers and their dealing representatives in Quebec.

CIRO does not cite any regulatory risks associated with the current 2-year cycle in the Consultation. For dealers and APs, the biennial cycle provides flexibility for completing and recording credits. While dealers already promote continuous learning amongst their registrants, adopting an annual cycle would impose additional burdens on their monitoring and supervision processes, compliance and registration activities, as well as reporting and tracking obligations. Furthermore, dealers would need at least 12 – 18 months to recalibrate their processes and systems to effectuate this change.

Moreover, the proposed cumulative program changes could have significant downstream effects. For example, the potential elimination of carry forward credits, combined with the adoption of an annual CE cycle, may prevent APs from having their earned credits fully recognized due to the simultaneous implementation of both changes.

If CIRO were to enact an annual cycle, we would anticipate a proportionate reduction of 50% in required CE hours. Serious consideration should be given to our recommendations, such as a 20-business day grace period for reporting, permitting carry forward of credits, retaining CERTS functionality, and allowing for a reasonable planning and implementation period to avoid the unintended downstream impacts mentioned above.

CE IT Systems

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

As explained above under the heading *General Comments and Recommendation*, IFIC strongly recommends CIRO maintain CERTS as their single, centralized IT reporting system. CERTS is a newer system that already offers feature-rich functionality, including bulk uploading of records, credit proration calculation, and detailed reporting.

IFIC encourages CIRO to strike up a working group of stakeholders that use both CIRO Services and CERTS to collect detailed feedback and suggestions based on their user experiences. Discussions should include consideration of the various dealer operational structures as the solution should complement, and not disrupt, their current processes. We believe that further enhancements can improve the operational efficiency of CERTS to the benefit of all stakeholders.

The following table outlines some of the pros and cons we have identified with both systems.

System	Pros	Cons
CIRO Services	<ul style="list-style-type: none"> • Simple interface to report CE compliance • Facilitates reporting for post-registration activities • Enables bulk upload of data 	<ul style="list-style-type: none"> • Lacks functionality for dealers to use as a monitoring and tracking system • Does not enable CIRO to input completion credits for mandatory CE • Users are limited to dealers and CIRO • Very basic, legacy system
CERTS	<ul style="list-style-type: none"> • Users include dealers, CIRO, APs, and education providers • Enables proration calculation • Automatically carries forward excess credits • Enables bulk upload of data • Completion of mandatory CIRO CE can be credited directly • Permits more detailed reporting for monitoring and auditing purposes (percentage and summary of credits) • Enables CIRO to conduct more comprehensive trend analysis due to the greater access to data 	<ul style="list-style-type: none"> • General delays and technical issues • Issues with accuracy (e.g. non-compliant files are not updated even when AP has completed their CE) • Leave of absence reporting can only be entered in months instead of exact dates • Does not allow for recording of unstructured activities • Issues with adding, modifying, or renewing courses in the catalog • Problems with uploading multiple submissions

* * * * *

CONCLUSION

IFIC members are committed to maintaining high proficiency and ethical standards in the industry, as we believe this supports our collective goal of investor protection. While we recognize that there is still work to be done, IFIC is well-positioned to facilitate positive change to advance standards and promote efficiencies in the continuing education program. IFIC and its members stand ready to engage in discussions with CIRO to ensure dealers and their APs can fulfill their CE obligations effectively and that the CE tracking system works well for the mutual benefit of CIRO members, APs and CIRO.

IFIC encourages CIRO to collaborate with other regulatory and credentialing bodies to adopt a comprehensive approach to continuing education. Aligning requirements, credits, cycles, and IT systems would greatly enhance efficiencies for the industry by reducing the administrative burden of managing multiple requirements. This would allow dealers and APs to focus their efforts on learning and skill-building to better serve their clients and businesses.

IFIC is pleased to have had this opportunity to provide our comments on the Consultation. Please feel free to contact me by email at amitchell@ific.ca. I would be pleased to provide further information or answer any questions you may have.

Yours sincerely,

THE INVESTMENT FUNDS INSTITUTE OF CANADA

A handwritten signature in black ink, appearing to read 'Andy Mitchell', with a long horizontal flourish extending to the right.

By: Andy Mitchell
President & CEO