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Re: Consultation – Rule Amendments – Proposal to Harmonize CIRO Continuing Education (CE) Programs (“Proposed Rules”)

Investors Group Inc. (“IG Wealth Management”) is pleased to provide comments on the Proposed Amendments to Harmonize CIRO Continuing Education Programs (the “Proposed Rules”).

Our Company

IG Wealth Management is a diversified financial services company and one of Canada’s largest managers and distributors of mutual funds, including the exclusive distributor of its own products. We carry out our distribution activities through our subsidiaries Investors Group Securities Inc. (“IGSI”), our investment dealer, and Investors Group Financial Services Inc. (“IGFS”), our mutual fund dealer, both of which are members of the Canadian Investment Regulatory Organization (“CIRO”). We are committed to comprehensive personal financial planning delivered through long-term client and advisor relationships. The company provides advice and services through a network of advisors located across Canada to over one million clients. We currently have approximately 3,300 advisors registered with CIRO, located across 52 regional offices spanning all provinces throughout Canada. IG Wealth Management has over \$140 billion in assets under advisement as of December 31, 2024. We are part of IGM Financial Inc., which is a member of the Power Corporation of Canada group of companies.

General Comments:

Our Continuing Education Program at IG Wealth Management, which we refer to as IG University, is designed to provide our Approved Persons (APs) with a robust annual offering of internal accredited courses to maintain technical competence and support on-going professional development. We currently have over 200 hours of accredited content with an average of 50 hours of content added annually.

We were therefore pleased to see CIRO propose to harmonize CE rules in a phased approach that considers dealer operational and system impacts. However, we caution that further clarification on the changes to the CERTs system in phase one is required to further assess operational and system impacts to Mutual Fund Dealer (MFD) firms. The Proposed Rules include additional reporting requirements to MFDs, and system restrictions to APs, which we believe will increase firms' regulatory burden. It is therefore important that firms understand the specific system changes to CERTs and have sufficient time to modify internal systems and processes to comply with the Proposed Rules. Accordingly, we strongly recommend CIRO to seek further input from MFD firms before finalizing the transition period for Phase 1.

As part of CIRO's evaluation of future CE system opportunities, we also urge CIRO to consider system functionality that reduces the reporting burden on firms and increases transparency of CE information for both firms and APs. We strongly recommend that CIRO consider adopting the CERTs system or a similar IT system that is modern, user-friendly, and provides comprehensive CE information to both firms and APs. In the absence of doing so, firms' regulatory burden will increase. We also believe that CIRO should maintain the current two-year CE cycle which provides flexibility to firms and APs rather than move to a one-year cycle. We submit there is no material benefit for making this change. The current CE regime maintains and promotes high proficiency standards within the investment industry, acknowledging the balance required by working professionals who are accountable to their clients. It has proven effective in enhancing knowledge and skills, keeping professionals updated and informed about the latest industry trends and practices, and helping them stay competitive and provide superior services to their clients. Increasing the cycle to one year would add administrative burden and potentially reduce the opportunity for deepening proficiency due to the accelerated timeline.

Finally, we agree with CIRO that a comparison of international jurisdictions and their regulatory approaches to CE standards and best practices is beneficial. We recommend CIRO further consider the transition plan for MFDs and representatives registered in Quebec, and the Chambre de la sécurité financière's (CSF) related responsibilities for CE oversight, to align with the changes in phase 2. We also agree with harmonizing CE reporting requirements at cycle end, however further review and clarification of CE non-completion is required to ensure APs are subject to the same repercussions whether they are with a MFD or Investment Dealer (ID) firm.

Comments on the Proposed Rules

Record-Keeping and Reporting

Based on our experience with the CERTs system we have successfully implemented a tracking and reporting system that balances the MFD firm's accountability with the AP's. We have a system to import our aggregate internal records to CERTs which represents most of the requirements while allowing APs to report CE obtained externally direct onto the CERTs system.

Accordingly, we strongly ask CIRO to reconsider the changes and restrictions proposed for the CERTs system. While CIRO is proposing to eliminate the prescribed types of CE completion records to reduce MFD firms' burden, firms will now be required to obtain, track and maintain records internally for 7 years, which is a significant change and results in a more manual process. Furthermore, the Proposed Rules will restrict APs from uploading and entering CE credits. We strongly disagree with this approach. The current reporting options of the CERTs system and MFD rules allow flexibility to firms if they chose to have shared CE reporting responsibilities with their APs and allow firms to focus on monitoring completion of CE. In our experience, this has worked exceedingly well to ensure regulatory compliance. As mentioned above, clarity regarding the changes to CERTS is required to further assess operational and system impacts; accordingly, implementation of these changes as proposed in Phase 1 is not sufficient time for firms to pivot, modify processes and systems, and communicate changes effectively to APs.

Courses

Overall we support CIRO's adoption of a principles-based approach in the harmonization of CE. However, we request that CIRO provide clear guidelines regarding course content in light of CIRO's proposal to remove

mandatory content accreditation and MFD standard evaluation procedures. Such guidance will assist firms and course providers to continue to create high-quality materials that support continuing education.

In addition, while we support an AP having the option to repeat a CE course in certain circumstances, we believe that successive repeats of the same CE course, without substantial new content, do not align with the core objectives of the CE requirements. Therefore, we encourage CIRO to emphasize the importance of remaining current with industry and regulatory developments and to promote continuous and relevant education. We would be supportive of CIRO generally discouraging course repeats in successive cycles.

Phase 2 Considerations

Proration and Leaves of Absence

We strongly support the introduction of proration in the calculation of CE credits in the IDPC rules. We agree this will reduce the need for discretionary relief applications, resulting in time and cost savings at a firm level and will benefit those APs who qualify for proration. Currently, CIRO will not accept credit for courses completed during a leave by APs of a MFD, however this is not clearly outlined in the MFD rules. In our view, completion of courses during a leave promotes ongoing engagement, education, industry knowledge and reduces undue burden on an AP upon their return from the leave. Although firms' will be required to have operational processes in place to monitor leaves, we encourage CIRO to clarify in the Proposed Rules that it will accept credit for courses completed during a leave of absence. As mentioned above, we strongly urge CIRO to explore CE system functionality that will further support firms with CE tracking and increase transparency with APs regarding their CE status, including proration if applicable.

CE Cycle

We support the standardization of CE cycle dates to start and end within a standard calendar year. Aligning cycle dates with other regulators will provide consistency for APs. As stated above, we recommend that regional impacts in Quebec also be considered and harmonized within Phase 2. This will benefit firms who operate across various provinces as well as APs who are registered in Quebec and additional jurisdictions.

The Proposed Rules anticipate moving CE requirements to a one-year cycle. We do not agree with this approach and strongly recommend maintaining a two-year cycle for CE. In our experience, the two-year cycle allows firms sufficient time to administer the CE program, including the development of new content, assigning courses, and monitoring CE completion. It is more cost efficient and reduces the firms' burden. The two-year cycle also provides additional flexibility for APs, with opportunities for more in-depth, sequencing of learning modules (for instance, offering a series of learning modules).

As mentioned throughout our comments, we encourage CIRO to explore a robust CE system that enhances transparency of CE status for both firms and APs – this would assist firms with the burden of end of cycle follow ups with APs for their CE completion.

We also strongly urge CIRO to harmonize rules for non-completion of CE requirements and encourage CIRO to adopt the current MFD rules. Under these rules, CIRO notifies firms of non-compliance within 30 days of cycle end, followed by firms submitting a detailed plan within 15 days of the notification for each AP outlining how they will be compliant with the requirements. This approach encourages communication and flexibility as needed to resolve discrepancies or misunderstandings with CE reporting. In contrast, under the IDPC rules CIRO automatically suspends APs on the last business day of the first month of the new CE cycle, including situations where the AP has since completed the outstanding CE requirement before the automatic suspension date. In our view, most non-completions are a result of a misunderstanding or misreporting of course completions and are resolved within a few business days of cycle end. Accordingly, we strongly encourage CIRO to harmonize and adopt the MFD rules, otherwise APs under the IDPC rules will be subject to a 1-day suspension, whereas under MFD rules, APs under similar circumstances will not be subject to the same consequences.

CE IT Systems

Today, we utilize both the CIRO services and the CERTs system to report CE for our APs. We find the CERTs system to be more robust for both our firm and our APs. The CERTs system offers features such as bulk reporting, dashboard views, and access for APs to their own CE records. It is modern and user-friendly.

While we have internal CE systems and processes in place, we strongly believe that the CERTs system remains an important asset due to its transparency with APs. Notably, if an AP transitions between firms, they retain access to their historical and current CE information. In contrast, the CIRO services system is somewhat outdated, has limited functionality and information, and is not accessible by APs.

As mentioned above, we strongly recommend that CIRO consider adopting the CERTs system or a similar IT system that is modern, user-friendly, and provides comprehensive CE information to both firms and APs.

Other Comments

Approved Person Transfers between Dealers

As proration will be considered in Phase 2 of IDPC rules, we recommend CIRO consider in Phase 1 CE credit eligibility when an AP transitions from a MFD to an Investment Dealer (ID) within the same CE cycle. Currently, under IDPC rules, if an AP is registered within the first 18 months of the cycle, they are required to complete the full complement of CE credits, however, CE credits can only be accumulated once they are registered in an ID category. This can be very onerous for those joining an ID in the latter part of the cycle. Addressing AP transfers between dealers would facilitate a smoother transition and prevent the redundancy of re-taking similar courses, thereby saving time and resources for both the AP and the member firm.

CE Requirements for Returning Approved Persons

We encourage CIRO to harmonize rules relating to outstanding CE requirements of APs who seek registration after an absence from the industry. APs currently have 3 years to return to their previous registration category while each CE cycle is 2 years. APs under the MFD rules are requested by CIRO to complete outstanding CE requirements from the cycle in place when they left their registration within 30 days, whereas IDPC rules do not require APs to do so. Furthermore, some jurisdictions will not approve reactivation of registration until the previous outstanding CE requirements in place when an AP left are complete. We are of the view that if CIRO requires outstanding CE completion, they should provide APs with a grace period of at least 30 days when seeking reactivation of registration. This provides reasonable flexibility to the AP to begin registerable activities while completing the outstanding CE requirements.

Conclusion

Thank you for the opportunity to provide comments on the Proposed Rules.

We would be pleased to engage further with you on this important initiative and share our experience with you. Please feel free to contact Nancy Pereira at nancy.pereira@ig.ca or myself if you wish to discuss our feedback further or require additional information.

Yours truly,

IG WEALTH MANAGEMENT

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