



Monday, March 17, 2025

By email: proficiency@ciro.ca; tradingandmarkets@osc.gov.on.ca;
CMRdistributionofSROdocuments@bcsc.bc.ca

Registration, Proficiency
Canadian Investment Regulatory Organization
Suite 2600
40 Temperance Street
Toronto, Ontario M5H 0B4

Trading and Markets
Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West Toronto, Ontario M5H 3S8

Capital Markets Regulation
B.C. Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street, Vancouver, British Columbia, V7Y 1L2

Re: CIRO's Request for Comments – Proposal to Harmonize CIRO Continuing Education (CE) Programs (24-0356) issued on December 19, 2024

The **Canadian Independent Finance and Innovation Counsel (CIFIC)** appreciates the opportunity to provide comments to CIRO and the CSA on CIRO's proposal to harmonize its Continuing Education (CE) Programs.

The Canadian Independent Finance and Innovation Counsel represents national Investment Dealers and their industry's position on securities regulation, public policy, and industry issues. We represent notable CIRO-regulated Investment Dealers in the Canadian securities industry.

CIRO's Objectives

The Investment Dealers we represent agree with CIRO's objectives with respect to greater rule harmonization, accessibility, clarity, and the minimization of regulatory arbitrage between Investment Dealers and mutual fund dealers. We believe that ensuring like Dealer activities are regulated in a like manner will benefit investors and foster trust and confidence in our industry.

Updated Policy Objectives

The Investment Dealers we represent fully support the updated policy objectives that served as the foundation for the latest rule amendments (IIROC – 2018). We are in complete agreement with the following:

- CIRO's commitment to high standards of proficiency, professionalism and ethics;
- its desire to encourage ethics training; and
- its goal of modernizing and simplifying the existing CE program.

Material Differences – Phase 1

The Investment Dealers we represent agree with CIRO's proposed phased approach to harmonizing the CE rules and believe this approach will facilitate the timely harmonization of the material differences between the CE programs as well as adequate stakeholder feedback collection and analysis.

We acknowledge the material differences, as identified by CIRO, between the IDPC and MFD Rules and understand CIRO is seeking feedback in this Phase (1) on the following material differences:

- firm reporting and recordkeeping responsibilities for CE;
- accreditation requirements;
- CE course approvals;
- treatment of course repeats and carry forwards; and
- the voluntary participation in a CE program.

We will respond to these material differences below, followed by responses to CIRO's specific questions. We understand that industry feedback will also be sought in a second phase, and we look forward to providing further feedback during that phase.

Recordkeeping and Reporting

The Investment Dealers we represent agree that maintaining complete and accurate records is a “fundamental responsibility of a Dealer Member” and that such records provide an audit trail which supports the Dealer’s supervision of its business. We believe that CIRO’s proposal to amend the MFD Rule such that the reporting and recordkeeping requirements are applicable to the firm only (removing the provisions that currently apply to Approved Persons and course providers) is sensible and effectively aligns with general reporting and recordkeeping requirements.

The Investment Dealers we represent believe that having a consistent timeframe for records to be maintained across all Dealer Members facilitates transparency and recognizes the importance of proficiency and industry development upkeep by registered individuals. As such, we also support the change to a seven-year (from a two-year) recordkeeping requirement in the MFD Rule, as this is consistent with the IDPC Rule and general firm recordkeeping requirements and should therefore make related administrative and systems tasks (once the changes have been implemented) more streamlined and easier to manage.

Accreditation

CIRO’s proposed harmonized solution with respect to accreditation is to amend the MFD Rules by eliminating their mandatory accreditation requirements and prescribed accreditors. CIRO proposes to prescribe similar administrative requirements to those currently included in the IDPC Rules and to “permit all CIRO firms to rely on the CIRO accreditation process as an option to accredit CE content, if desired.”

The Investment Dealers we represent support this approach and agree that it should help achieve “greater consistency for CE course or activity approval for all CIRO firms.” We believe that by replacing the standard evaluation procedures in the MFD Rules with firm guidance, CIRO is promoting a more principles-based approach to course approval, which is welcomed by Investment Dealers, and aligns with the rule framework of the other jurisdictions CIRO examined.

We also agree with CIRO’s plan to review the best approach for allowing accreditation of courses under both programs through a simple, streamlined CIRO accreditation process for Dealers who wish to use it, with the goal of ensuring fairness and removing duplication.

Course Approvals

CIRO notes that Approved Persons subject to the IDPC rules may earn credits from a broader set of courses and activities than those subject to the MFD Rules, which impose parameters around the types of activities that can be used for CE. The MFD Rules exclude participation in CIRO working groups or committees; completion of preparatory courses towards an industry

designation or qualification; or undertaking activities that do not set learning objectives and training plans or are not accredited by prescribed accreditors from being used for CE.

To harmonize with the principles-based approach under the IDPC Rules, CIRO is proposing to eliminate the requirement for a CE course or activity to qualify as a “structured activity” and to eliminate the mandatory accreditation requirement in the MFD Rules, as mentioned. The Investment Dealers we represent support a harmonized, principles-based approach with respect to course and activity approvals.

Course Repeats

In the proposal, CIRO discusses the fact that the MFD Rules do not restrict firms from “accepting the same CE course or activity more than once, provided it is not completed within the same cycle.” In contrast, under the IDPC Rules, Approved Persons are prohibited from taking “the same CE course or activity twice in any given cycle unless it has been updated to contain new course content.”

CIRO has proposed to remove the restriction from the IDPC Rules to ensure firms subject to the IDPC Rules are not subject to a stricter requirement than those subject to MFD Rules and to align with its stated objective of having a principles-based approach to the regulation of continuing education.

We respectfully disagree with this proposal, as it does not effectively raise the bar for mutual fund dealers. Simply repeating the same course every year does not equate to ensuring that knowledge remains current and aligned with evolving industry standards. A true commitment to continuing education should emphasize the acquisition of new and relevant expertise rather than mere compliance with a baseline requirement.

By removing the restriction, CIRO risks diluting the impact of ongoing education rather than reinforcing its value. Aligning IDPC Rules with MFD Rules in this manner does not advance investor protection or industry professionalism but rather lowers the standard to the least demanding framework. If the objective is to promote a principles-based approach, then the focus should be on fostering **meaningful** educational advancement rather than allowing firms to fulfill requirements through course repeats.

However, the Investment Dealers we represent do believe that **course repeats can be appropriate** when **significant content requires review after several years**. It should be permissible to allow course repeats after a minimum number of years, enabling individuals to refresh their knowledge and earn CE credit at a later stage. This aims to empower advisors with the ability to retake courses, offering greater flexibility to revisit material that enhances their expertise and aligns with their practice needs.

Administrative Requirements

The Investment Dealers we represent support the recommendations CIRO makes for administrative requirements mutual fund dealers should have in place to help them meet their CE obligations, including the following, as stated in the proposal:

- designating an individual responsible for supervising training and approving a CE course or activity for CE credit;
- verifying completion of an approved CE course or activity; and
- ensuring that a CE course or activity complies with all applicable CE requirements.

Carry Forwards

CIRO notes that both CE programs currently allow the carrying-forward of credits from one CE cycle to the next: MFD Rule 11.3 permits Approved Persons to carry forward up to five professional development (PD) credits into the next cycle; and IDPC Rule 2716(1) permits Approved Persons to carry forward ten hours of a twenty-hour PD course.

CIRO has already proposed to eliminate carry forwards in the IDPC Rules under the proposed proficiency model to ensure CE is “timely, current and includes mandatory CE by CIRO on an annual basis.” To harmonize with the proposed proficiency model therefore, CIRO is proposing to eliminate the carry forwards in the MFD Rules.

There are several reasons to disagree with the proposed approach to CE credit allocation. First, it unfairly penalizes professionals for timing issues. If a participant completes most of a course in one CE cycle but takes the exam in the next, they will not earn any credit during the cycle in which they invested the majority of that time and effort. This creates an arbitrary cut-off based purely on exam timing rather than actual learning within a particular cycle, which is not an accurate way to allocate CE credits.

Second, the structure of the proposal discourages long-term, in-depth learning. Many advanced or specialized courses can extend beyond a single CE cycle, often requiring a more comprehensive approach to skill development. If CE credit is granted only in the cycle when the exam is completed, professionals might opt for shorter, less rigorous courses to ensure they receive immediate credit. This undermines the purpose of CE, which is to encourage meaningful professional development rather than merely to fulfil regulatory requirements.

This proposal misaligns CE credit with actual learning activity: learning occurs throughout a course, and not just at the point of exam completion. Granting credit only upon passing an exam ignores the significant educational value of the coursework itself. A more logical and balanced approach would be to allocate credit proportionally across cycles based on the portion of coursework completed in each.

Finally, this approach is inconsistent with other professional standards. Many regulatory and accreditation bodies in fields such as law and accounting grant CE credit based on course participation rather than just exam completion. Adopting a more flexible approach in the investment industry would ensure alignment with best practices across professions.

Allow Limited Carry Forwards when CE Credits Exceed the Requirement in a Cycle

Advisors often exceed their CE requirements within a given cycle due to scheduling considerations and the availability of relevant courses. While we acknowledge the importance of ensuring that advisors fulfill their obligations in each cycle, we believe their proficiency would be further enhanced by allowing a limited carry-forward of excess credits. This would recognize the value of additional coursework, particularly when it contributes to real-time professional development, while maintaining the integrity of ongoing education requirements.

Consistent with existing carry-forward allowances in regulatory frameworks, we are not proposing that all excess credits be carried forward. Rather, we recommend permitting advisors to carry forward up to 50% of their surplus CE credits. This strikes a balance between the new proficiency regime's emphasis on continuous learning and the recognition of advisors' commitment to exceeding baseline requirements.

Voluntary Participation Program

CIRO discusses its Voluntary Participation Program (VPP) under the current IDPC Rules, which "extends the validity period of the baseline proficiency Canadian Securities Course (CSC) for one CE cycle," and which is valid until the end of the sixth month of the next CE cycle. An approved list of courses that qualify for the VPP are published by CIRO each cycle and former Approved Persons can participate in the VPP by completing at least one approved VPP course in order "to extend the validity period of the CSC in the CE cycle in which it expired."

Similar to the proposal to eliminate carry forwards, CIRO has also proposed to eliminate the VPP in the IDPC Rules as part of the proposed proficiency model. With the discontinuation of the CSC, we concur that the Voluntary Participation Program, which was designed to extend the CSC's validity, is no longer relevant and should be eliminated.

Industry Proposal – A New Framework

We wish to reaffirm our previous recommendations regarding the proficiency model:

The Investment Dealers we represent believe **CIRO should create a new framework that allows individuals with extensive experience (for example, 10 years or more) to easily put their licence on hold for an extended period of time [emphasis added]**. The framework could include an annual fee for a licence that is on hold and some mandatory continuing education. Such a framework could lower the number of exemption requests made to CIRO and decrease the barriers to industry re-entry for such professionals, who can flexibly contribute their vast experience to a firm or multiple firms on a part-time basis.

We append our previous letter on this subject, for your reference (see [Appendix A](#)).

Implementation Timeline

We acknowledge that CIRO intends to implement these changes for the upcoming CE cycle. However, the Investment Dealers we represent believe this timeline may be premature, as 2025 is already underway and additional time will be required for CIRO to finalize and publish its official rule amendments. As a result, the proposed start date of January 1, 2026, may need to be reconsidered and potentially postponed.

The new proficiency model may not be approved by the CSA until the spring of 2025, with additional guidance to follow thereafter. We understand that CIRO plans to issue at least four guidance notices on key topics such as firm training; transitioning (grandfathering); relevant education and experience; and potential updates to existing rules. The Investment Dealers we represent are concerned that firms may have six months or less to interpret the final rules and guidance notices. Following that, firms would need to:

- develop updated proficiency policies and procedures (P&P);
- revise firm training and create new institutional training; and
- educate registrants on the new proficiency model, among other necessary adjustments.

This timeframe may be insufficient, particularly as firms may be managing other regulatory changes concurrently.

CIRO-Led Webinar on the New Proficiency Model

The Investment Dealers we represent believe that CIRO should consider hosting a webinar to provide direct training on the new model to all CIRO registrants. The proposal is a *significant* change to proficiency requirements that has not, to our knowledge, occurred before. A webinar led by CIRO would complement the training provided by Dealer Members and help ensure a consistent understanding of the new model across all registrants.

Centralized Portal

The Investment Dealers we represent believe that CIRO should establish a user-friendly centralized portal for firms to upload certificates and/or confirmations of course completion. Such a system should clearly display which registrants need further credits in order to meet their requirements and might also be used to assess hypothetical situations such as what the requirements for a new Approved Person starting on a certain date would be. Alerts could also be sent to both the Investment Dealer and its registrant when requirements are not met close to the official deadline. We provide more details on this topic below.

Consultation Questions:

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.

CIFIC Response: The Investment Dealers we represent do not currently have automatic proration built into their systems but are open to aligning with the MFD Rule and view the proration of CE requirements as a sensible change.

The administrative challenges of prorated CE requirements will certainly impact the Investment Dealers we represent, who often have fewer resources to allot to making changes to their systems. However, the potential reduction of discretionary relief applications would be a welcome change.

The Investment Dealers we represent are overall supportive of a proration of CE requirements to accommodate leaves of absence; mid-cycle Approved Person additions or changes; and staggered start and end dates for new and returning individuals.

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.

CIFIC Response: The Investment Dealers we represent currently have a CE cycle start date of January 1st. Changing the MFD CE cycle to begin on January 1st and end on December 31st would make it consistent with the IDPC CE cycle and we are supportive of such harmonization. However, the Investment Dealers we represent oppose the proposed annual cycle.

A change to an annual CE cycle would have considerable impact on the Investment Dealers we represent, which often have fewer resources to allot to making changes to their systems. It would require potentially burdensome accompanying changes to policies and procedures; compliance processes; and administrative functions, and we therefore oppose the proposed change.

The addition of proration may also bring new challenges. There will be hurdles for the Investment Dealers we represent with respect to implementing changes to their CE program administration. Please also note our comments on credit allocation for courses with exams, discussed above.

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

CIFIC Response: The Investment Dealers we represent would expect the operational and system impacts of transitioning to an annual cycle to pose significant challenges for them. Such a transition would require additional implementation time, and, given the resource constraints many of our Investment Dealers face, they are not supportive of this approach and wish to maintain a two-year cycle.

The time that goes in to creating or finding appropriate activities and courses; making applications for accreditation and subsequently tracking attendance and issuing certificates where applicable; tracking all representatives' CE completion; updating representatives with their up-to-date completion rates; ensuring all CE-related policies and procedures have been updated; and maintaining accurate records for all representatives is substantial and should not be underestimated.

For this reason, the Investment Dealers we represent propose that CIRO consider enhancing its CE framework by implementing the following measures:

- Establishing a centralized portal for all CIRO Dealers to upload confirmations of course completion.
- Continuing to maintain and expand its complimentary Webcast catalogue, ensuring firms and representatives have a diverse range of easily accessible, relevant, accredited courses to select from during any given cycle.
- Creating and maintaining a web-based, interactive database (rather than a downloadable Excel file) of all accredited courses for each CE cycle, to improve accessibility and ease of use.

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

CIFIC Response: The Investment Dealers we represent have used CIRO services for making applications for CE accreditation and note that the process for making an application requires extensive modernization to be in line with similar accreditation processes. We recommend CIRO create a streamlined process for applying for CE credits and a portal for uploading additional materials. The current emailed application process is extremely and unnecessarily laborious.

Conclusion

We commend CIRO for its attempts to balance the need for a strong proficiency regime that continues to protect investors with a fair and effective CE program that does not impose unnecessary regulatory burden on firms.

Thank you for considering our comments on this important proposal.

As always, we are available to discuss the content of this submission further, address any concerns you may have, or provide additional information as needed. Your feedback is invaluable to us, and we are committed to ensuring that we all achieve our objectives effectively and efficiently.

Please feel free to contact me at annie@cific.co with any questions, comments, or to schedule a call to discuss any aspects of the letter or explore potential next steps. We look forward to our continued collaboration on this matter.

Sincerely,

A. Sinigagliese

Annie Sinigagliese, CPA, FCSI
Canadian Independent Finance and Innovation Counsel Inc.
Conseil Indépendant Finance et Innovation du Canada Inc.
www.cific.co

APPENDIX A



Tuesday, September 17, 2024

By email: proficiency@ciro.ca ; marketregulation@osc.gov.on.ca;
CMRdistributionofSROdocuments@bcsc.bc.ca

Registration, Proficiency
Canadian Investment Regulatory Organization
Suite 2600
40 Temperance Street
Toronto ON M5H 0B4

Trading and Markets
Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, Ontario M5H 3S8

Capital Markets Regulation
B.C. Securities Commission
P.O. Box 10142,
Pacific Centre 701 West Georgia Street
Vancouver, British Columbia, V7Y 1L2

Re: CIRO Request for Comments 24-0206 – Rule amendments – Request for comments – Proposed Proficiency Model – Approved Persons under the Investment Dealer and Partially Consolidated Rules, published on July 4, 2024

The **Canadian Independent Finance and Innovation Counsel (CIFIC)** appreciates the opportunity to provide comments to the Canadian Investment Regulatory Organization (CIRO) on the Proposed Proficiency Model.

The Canadian Independent Finance and Innovation Counsel represents national Investment Dealers and their industry's position on securities regulation, public policy, and industry issues. We represent notable CIRO-regulated Investment Dealers in the Canadian securities industry.

CIRO position

In its proposal, CIRO states:

Proficiency standards are a cornerstone of the CIRO regulatory regime. High proficiency standards play a key role in investor protection and the integrity and efficiency of capital markets. CIRO's goal is to create, maintain and promote high proficiency standards and a robust proficiency regime in the investment industry.

Under the proposed model, there would be no mandatory courses as prerequisites to exams. However, exams would still be required for each Approved Person category based on the competency profiles, including for some categories, a general exam. Once an Approved Person is approved, there would be mandatory conduct training, and well as continuing education training on mandated topics each year.

The Investment Dealers we represent agree with CIRO's position on the importance of proficiency to protect Canadian investors. We are proposing, in the hopes of attracting and retaining more knowledgeable employees, a few recommendations that we believe will be beneficial to the industry and to the mandate of investor protection.

Guidance on Relevant Experience

In order for Investment Dealers to have sufficient time to digest, analyse, and implement a new proficiency model, CIRO must release guidance to dealers on what would constitute "relevant experience" for Registered Representatives **well in advance of the implementation date of the new proficiency program.**

Such clarification is also needed for Executives, including for the Ultimate Designated Person, as this individual should have a minimum two years of "relevant experience" based on the category of approval, the responsibilities of the Executive, and the firm's type of business. Since the Investment Dealer will need to assess "relevant experience" prior to submitting a request for approval to CIRO, guidance is required as soon as possible.

Mandatory Training (Ethics and Conduct)

CIRO has proposed a mandatory conduct training, provided by CIRO, to be completed by all new Approved Persons within 30 days of approval. Failure to complete the mandatory training would

result in an automatic suspension. Furthermore, all existing Approved Persons would need to complete the conduct training by December 31, 2026.

The industry believes that the 30-day period for new Approved Persons is too short and should be extended. The Investment Dealers we represent believe that **the 30-day period should be extended, at a minimum, to 60 days after approval**. Furthermore, ethics and conduct training **should not be required for existing Approved Persons** as their prior training covered ethics and conduct.

Training for Registered Representatives and Investment Representatives

With respect to the training provided by the dealer firm itself, the proposed amendments will allow the training of Registered Representatives (RRs) and Investment Representatives (IRs) dealing with retail clients (and newly proposed training for those dealing with institutional clients) to be provided within 90 days of approval instead of as a pre-approval requirement.

While the industry agrees with an extension of the timeframe for dealer-led training of RRs and IRs (especially in contrast with the 30 days proposed for passing the mandatory conduct training), it does not believe 90 days is enough time for RRs and IRs to prepare. The Investment Dealers we represent believe that the 90-day period for completion of dealer firm training is too short and **should be extended to 120 days after receiving CIRO approval**.

Furthermore, an extended period of time will be required by dealers after the publication of the CIRO firm training modules they need to consider. Given the expectation that dealers leverage and integrate CIRO's recently published competencies and sub-competencies into their systems and align their training with this new approach, and also given that the firm training modules that will need to be considered by dealers have not yet been published, an extended period of time is required. Some firms may be able to create their own programs, but smaller Investment Dealers will probably turn to third-party vendors due to their own limited resources. **The Investment Dealers we represent believe a minimum period of nine months after CIRO publishes its guidance and guidelines for training will be required to allow dealers to make the necessary operational adjustments to meet such a change.**

Additionally, since CIRO is proposing that exams may now be written without firm sponsorship, the administrative steps to approval may become more complicated as more people (sponsored and unsponsored) may write the exams. The timing of CIRO approval is usually unknown and may be extended due to the possible increase in approval requests. Since the timing of the CIRO approval is hard to predict, the Approved Persons should be allowed more time to complete the training as approvals may come at an inopportune time (such as vacation).

Training Criteria

Instead of prescriptive criteria, CIRO is proposing new training would need to address the published competencies and sub-competencies applicable to the firm's individual business

model, and the role of the Registered Representatives and Investment Representatives at the applicable dealer firm.

Investment Dealers may require further guidance as well as assurance from CIRO that they will be flexible when assessing training provided by firms themselves.

As mentioned above, the CIRO firm training modules to be considered by Investment Dealers when developing their own training programs **should be published and provided to Investment Dealers promptly**. Since they will be expected to align their training with the new competency profiles and create new training for institutional representatives, this information and guidance must be provided as soon as possible. Many firms may never have created training materials before and require, as well as further guidance from CIRO, more time in which to do so. As discussed above, **firms believe a minimum of nine months should be granted to them to create proper training materials (or select the right third-party vendor) and implement additional relevant compliance procedures, including policies for reporting completion of dealer-led training to CIRO.**

Dealer role in exam preparations

The absence of mandatory courses does create an opportunity for dealers to do more to help candidates meet the requirements; however, smaller dealers have limited resources. They will do what they can to help properly prepare their employees, but they may not be able to take on an active role on an ongoing basis, in helping prepare candidates for their exams. Third-party vendors may need to be engaged to help in that regard and **the cost should remain reasonable.**

Grandfathering Provisions

The Proficiency Model mentions that existing Approved Persons will not be subject to the new proficiency requirements provided they continue in the same role. This is provided they did not cease to be approved for longer than 90 days.

The industry believes that the 90-day period is too short and should be extended to one year.

Furthermore, **existing Approved Persons, as mentioned above, should not be required to complete the mandatory ethics and conduct training.**

Firm Sponsorships

The industry welcomes the fact that firm sponsorship will not be required for an individual to write an exam and individuals will not be required to be sponsored by an investment dealer to be eligible to write an Approved Person exam. The industry believes this should help reduce barriers to entry and expand the population of those serving the diverse, investing public.

Transition

The Investment Dealers we represent believe CIRO should perform the selection of education service providers as soon as possible. These **education service providers must be selected well in advance of the expiration of the CSI contract on December 31, 2025, in order to ensure sufficient transition and implementation periods for Investment Dealers.**

The industry would like to stress that **the cost of the training these education service providers supply should be fair and reasonable**, including for smaller dealers. Training should not become a competitive advantage for larger firms versus smaller firms.

Industry’s Main Recommendations: Exam Validity Periods and Extended License Retention

CIRO has asked for specific feedback on the proposed grandfathering provision and on the types of experiences that dealers find “common and relevant.” In response to these queries, the Investment Dealers we represent propose a consideration that we believe would significantly benefit our industry. As you are aware, the current proficiency framework restricts registered representatives from maintaining their licenses for an extended period once they leave the financial industry or are no longer associated with an investment dealer. The same is true for exam validity periods that are not in line with proper succession planning for Investment Dealers. While we understand the intent behind these policies, we believe they present challenges, particularly in the areas of succession planning, and for the ongoing professional development of industry participants. They also remove experienced and knowledgeable workers from the industry and create an unnecessary barrier for their re-entry.

1. Exam Validity Periods – Proficiency Education

It would be highly beneficial if CIRO established a framework that allowed for the retention of proficiency education by registered and unregistered individuals, ensuring that their qualifications do not become outdated over time. This could potentially be achieved by expanding the grandfathering provision, adapting the exemptions process for such individuals, or implementing other changes to accommodate these populations.

Such an adjustment would not only streamline succession planning but also enable firms to develop future leaders without the risk that their education would become stale before they assumed an approved role (for example, a future Chief Financial Officer or Chief Compliance Officer that has passed the required courses but is still being mentored by the current Chief Financial Officer or Chief Compliance Officer could maintain their qualifications until the firm is ready to promote them). Investment Dealers we represent note that there may also be a reluctance to encourage individuals within the succession chain to pursue relevant courses due to the fear that these qualifications which are required for CIRO approval, may expire before they can fully utilize them. We would therefore ask CIRO to **extend the course validity periods beyond the proposed three-year validity period to five years.**

2. Extended License Retention

We frequently hear concerns from Investment Dealers that seasoned professionals, despite remaining active in the industry, are required to re-take their exams due to lapsed licenses. This can be both frustrating and unnecessary, as their expertise and experience remain intact.

By allowing registered representatives and Approved Persons to **retain their licenses for an extended period of five years**, CIRO would foster a more adaptable and resilient workforce, better equipped to meet the demands of our evolving industry.

This important issue affects many firms within our industry, and particularly smaller ones. It also concerns the ability of professionals in a pre-retirement phase to maintain their registration status while working intermittently within the investment industry. The same issue applies to professionals with more than 10 years of experience in the industry.

CIRO is likely aware that many experienced professionals nearing retirement often prefer to contribute their expertise on a part-time or seasonal basis. These individuals may work for a few months at a time, taking extended breaks in between periods of employment. Their knowledge and experience are invaluable to our Investment Dealers, yet the current regulatory framework presents challenges with respect to retaining their registration during these gaps in active employment.

The Investment Dealers we represent believe CIRO should **create a new framework that allows individuals with extensive experience (for example, 10 years or more) to easily put their licence on hold for an extended period of time**. The framework could include an annual fee for a licence that is on hold and some mandatory continuing education. Such a framework could lower the number of exemption requests made to CIRO and decrease the barriers to industry re-entry for such professionals, who can flexibly contribute their vast experience to a firm or multiple firms on a part-time basis.

Investment Dealers have found that the existing exemption process, while useful in certain situations, is not well-suited to the recurring, flexible, and modern employment model that these professionals require. It appears to be designed for one-time exemptions, rather than accommodating the ongoing, intermittent nature of their work. Consequently, firms, especially smaller ones, face difficulties re-engaging these professionals as they navigate repeated, burdensome registration procedures.

To address this issue, we respectfully request that CIRO consider implementing a regulatory adjustment that allows professionals, including those in the pre-retirement phase, to maintain their registration status during periods of non-employment, including during sick leaves. Such a framework should enable firms to quickly and efficiently re-

engage these experienced individuals as needed, thereby improving operational flexibility and reducing the costs and unknowns associated with constantly seeking, hiring, and registering new staff.

This proposed change would be particularly beneficial to smaller firms, which often rely on the specialized expertise of seasoned professionals. Enabling these firms to retain such part-time or seasonal employees with minimal regulatory hurdles would strengthen the overall stability, competitiveness, and diversity of the industry, while maintaining strong investor protections.

Examples: Maintaining Qualifications (FINRA) and Maintaining a Professional Designation – Certified Professional Accountants (CPA)

The Investment Dealers we represent can recommend two examples CIRO could examine in reference to our proposal:

- 1) The Financial Industry Regulatory Authority (FINRA), which established a Maintaining Qualifications Program (MQP) providing eligible individuals who terminate any of their representative or principal registrations with the option of maintaining their qualifications for certain terminated registrations by completing annual continuing education. The program provides individuals a maximum of five years in which to reregister with a member firm without having to requalify by exam or obtain an exam waiver.
- 2) Certified Professional Accountants (CPAs) in Canada, who are able to maintain their designation even if their current roles do not directly involve accounting functions. This is achieved through a commitment to ongoing professional development, as CPAs are required to successfully complete continuing education on an annual basis. This ensures that they remain knowledgeable and up to date in their field, allowing them to preserve their professional status and uphold the standards of excellence expected within the accounting profession, regardless of their specific job responsibilities. Furthermore, CPAs in Canada are required, on an annual basis, to formally acknowledge their adherence to the code of conduct and ethics that governs their profession. This commitment underscores their dedication to maintaining the highest standards of integrity, professionalism, and ethical behavior.

We would invite CIRO to explore these examples further and consider implementing a similar requirement to the CPA's annual acknowledgement, to ensure all professionals under its purview consistently reaffirm their commitment to the ethical practices and principles that guide our industry. Persons that have their licence on hold should also be required to sign an annual acknowledgement. Such a measure would not only reinforce the importance of ethical conduct but also enhance the overall trust and confidence in our profession.

A New Proficiency Model - Training for Investment Dealers and Approved Persons

The proficiency model for our industry has never undergone such a significant change as the one CIRO has now proposed. These proposed changes would have a major impact on all CIRO dealers and thousands of Approved Persons.

We recommend CIRO **host a recorded webinar once the new proficiency requirements are finalized**. Both Investment Dealers and Approved Persons should be invited to attend. This approach would ensure that the responsibility for initial training does not fall solely on each CIRO dealer.

This webinar should thoroughly explain the new proficiency model; registration categories; CIRO's new role in exam administration; training; grandfathering; transition plans; and continuing education (CE) credits — essentially covering all the proposed changes. A question-and-answer period at the end of the webinar as well as an FAQ (and recording) posted to the CIRO website would also be valuable tools for Investment Dealers, who could then provide additional, firm-specific training as needed.

Conclusion

We urge CIRO to explore the possibility of **creating a streamlined process or a flexible registration category specifically tailored to the needs of industry professionals that cannot or do not want to remain permanently employed by an Investment Dealer**. A new category for “Independent Approved Persons” (for example) could be created and used when a professional is no longer associated with an Investment Dealer but wishes to put their licence on hold. **If a professional remains associated with an Investment Dealer but wishes to take an extended break from the industry, a hold should also be made possible.**

This would support and enhance the efficiency and effectiveness of firms that depend on such skilled professionals and eliminate the unnecessary burden associated with exemption applications for both Investment Dealers and CIRO. Additional continuing education could easily be implemented to ensure that these individuals’ professional knowledge remains up to date even when they are not associated with an Investment Dealer.

Our Investment Dealers recommend CIRO consider the following elements of a flexible registration category that supports the retention of qualifications while maintaining industry standards:

- Create a flexible registration category (such as “Independent Approved Person”) or streamlined process such as a “hold” to allow registered representatives to maintain their licenses for an extended period after leaving the financial industry or when not actively associated with an investment dealer, in order to address the issue of seasoned

professionals needing to re-take exams due to lapsed licenses despite maintaining their expertise and knowledge.

- Implement a regulatory adjustment to allow pre-retirement phase professionals or professionals with more than 10 years of experience to maintain their registration status during periods of non-employment or part-time/contract work; or, consider adapting the exemption process to accommodate the intermittent work patterns of pre-retirement phase professionals and professionals with more than 10 years of experience in order to enable firms, particularly smaller ones, to re-engage seasoned professionals quickly and efficiently without repeated registration procedures.
- Support succession planning by enabling future leaders (e.g., future CFOs or CCOs) to retain their qualifications while being mentored before assuming an approved role.
- Consider adopting a model similar to the Certified Professional Accountants (CPAs), allowing professionals to maintain their licence to practice and education requirements through ongoing professional development, even if their roles do not directly involve specific industry functions.
- Introduce a requirement for all professionals to annually reaffirm their commitment to ethical conduct and the principles governing the industry.

We are available to discuss the content of this submission further, address any concerns you may have, or provide additional information as needed. Your feedback is invaluable to us, and we are committed to ensuring that we all achieve our objectives effectively and efficiently.

Please feel free to contact me at annie@cific.co with any questions, comments, or to schedule a call to discuss any aspects of the letter or explore potential next steps. We look forward to our continued collaboration on this matter.

Sincerely,

A. Sinigagliese

Annie Sinigagliese, CPA, FCSI
Canadian Independent Finance and Innovation Counsel Inc.
Conseil Indépendant Finance et Innovation du Canada Inc.
www.cific.co