INVESTOR ADVISORY PANEL

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Re: Proposal to Harmonize CIRO Continuing Education Programs – Phase 2

On behalf of the Ontario Securities Commission's Investor Advisory Panel (the "Panel"), we wish to thank you for this opportunity to respond to the Canadian Investment Regulatory Organization's ("CIRO") request for comments on the second phase of proposals to harmonize continuing education program requirements for investment dealers and mutual fund dealers (the "Consultation").

The Panel is an initiative of the Ontario Securities Commission ("OSC") to ensure investor concerns and voices are represented in the OSC's policy development and rulemaking process. Our mandate is to solicit and articulate the views of investors on regulatory initiatives that have investor protection implications.

Harmonization of CIRO Continuing Education Programs

The Panel supports the proposal to harmonize the continuing education program requirements for investment dealers and mutual fund dealers. We believe that effective continuing education requirements strengthen dealer proficiency and knowledge, which in turn enhance investor protection. The investing landscape continues to evolve, with an increasing array of investment products, markets, and ways to invest. Accordingly, we believe that strengthening the proficiency regime is increasingly important. While we recognize the need to provide effective continuing education without imposing unnecessary burden on dealers, we stress the importance of continuing education in a rapidly shifting environment.

Last year's report by the OSC and CIRO regarding sales culture concerns at bank-affiliated dealers (the "Report") revealed gaps in some mutual fund dealers' proficiency and knowledge. The Panel was concerned by the fact that one third of respondents reported that clients had been provide with incorrect information at least "sometimes". As stated in the Report, "Canada's bank-affiliated mutual fund dealers should assess their current training programs and make any required enhancements to ensure that clients are provided with accurate product information".

To the extent that dealers lack certain foundational knowledge, which the Report suggests may be the case for at least some mutual fund dealers, the Panel believes that this gap should be addressed. While CIRO's Guidance on the Investment Dealer Continuing Education Program states that continuing education is meant to build on and enhance baseline proficiencies, the Panel suggests that continuing education requirements focused on core competencies could be one way of addressing the issues identified in the Report. Effective continuing education should play a role in reinforcing baseline knowledge and CIRO should emphasize its importance in the wake of the Report.

In light of the Report, as well as the results of last year's review of firms' obligations under the Client Focused Reforms, the Panel also suggests that steps should be taken to evaluate the effectiveness of continuing education programs and materials. For example, reviewing program syllabi and content to ensure that they are reflective of industry trends, product innovation, and other developments (such as tax structures) can help to improve proficiency and enhance investor protection. Program materials can also be evaluated to determine whether gaps in dealers' knowledge and proficiency are being effectively remedied through delivery of continuing education programs.

Finally, as CIRO works toward harmonization between investment and mutual fund dealers, we note that scholarship plan dealers fall outside of CIRO's mandate. The Panel suggests that the regulators should consider whether the regulation and oversight of these dealers should be delegated to CIRO, in which case these dealers would be required to meet CIRO's continuing education requirements.

However, even if regulation of scholarship plan dealers remains with the OSC, the Panel believes that these dealers should be required to meet training and continuing education similar to the requirements of CIRO members. Scholarship plan dealers often serve first-time, low-income, and new investors, and the Panel believes that they should be required to participate in continuing education. Currently, the RESP Dealers Association Code of Ethics simply states that sales representatives will ensure that they have up-to-date product knowledge, as well as knowledge of current market and regulatory requirements. The Panel encourages the OSC and other CSA members to ensure that these dealers comply with their regulatory obligations, and that they meet proficiency standards and continuing education requirements.

In conclusion, the Panel supports the Consultation and commends CIRO for its work on this initiative. Harmonizing the continuing education requirements will reduce confusion, eliminate redundancies, and contribute to the longer-term goal of strengthening proficiency.

Again, thank you for the opportunity to comment on the Consultation. We would be pleased to clarify or elaborate on our comments should the need arise.

Sincerely,

James Sinclair
Chair, Investor Advisory Panel