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**Re: Proposal to Harmonize CIRO Continuing Education (CE) Programs – Phase 2**

FAIR Canada appreciates the opportunity to comment on CIRO's proposal to harmonize CE programs (the Proposal).

FAIR Canada is a national, independent, non-profit organization recognized for providing balanced and thoughtful commentary on public policy issues. Our work includes promoting the rights of investors and financial consumers across Canada through:

- Informed policy submissions to governments and regulators
- Relevant research focused on retail investors
- Public outreach, collaboration, and education
- Proactive identification of emerging issues.[1]

## A. General Comments

FAIR Canada supports CIRO's objective of harmonizing CE requirements for investment dealers and mutual fund dealers. A unified framework will promote greater consistency across registrants, reduce unnecessary complexity, and make it easier for CIRO to monitor compliance with CE obligations.

CE serves a critical investor protection function. It helps ensure that approved persons maintain the knowledge, professional competence, and understanding of their regulatory obligations

[1] Visit www.faircanada.ca for more information.

needed to serve clients effectively. Investors rely on advisors to provide informed, suitable recommendations and to understand the products, risks, conflicts, and regulatory requirements that affect the advice they receive. The quality of that advice depends, in part, on whether approved persons keep pace with regulatory changes, emerging risks, product developments, and professional conduct standards.

A strong CE framework, therefore, supports better advice, positive client outcomes, and greater confidence in the regulatory system. CE also reinforces the principle that competence is not a one-time threshold met at the point of registration, but an ongoing obligation throughout an advisor's career. This is particularly important in a rapidly changing market where new products, business models, technologies, and investor protection risks can emerge quickly.

Given the central role CE plays in maintaining competence and protecting investors, we are concerned that aspects of CIRO's Proposal move certain CE requirements away from clear, prescriptive rules toward a more principles-based model. We recognize CIRO's broader shift toward principles-based regulation, and our comment should not be read as an argument for preserving the current CE framework simply because it is familiar; prescriptive rules carry their own costs, including rigidity and compliance burden that can outlast their usefulness. No regulatory regime relies exclusively on one tool.

However, CE is an area where the case for prescription remains strong, because failures in quality or rigour are harder to detect and correct after the fact than in most other areas where CIRO is giving members greater discretion. Removing existing prescriptive safeguards in some areas could increase variability in the quality, relevance, and rigour of CE. It could also make it more difficult for CIRO to monitor compliance across firms and assess whether CE activities are meeting their intended investor-protection objectives. When firms are given greater responsibility for determining whether CE content is appropriate, there is a risk that CE will become less consistent and less effective across the industry.

These concerns are reinforced by issues raised in the context of the transfer of oversight for mutual fund dealers and their representatives in Québec from the Chambre de la sécurité financière (CSF) to CIRO. The CSF cautioned that CIRO's CE framework lacks the rigour of Québec's regime and expressed concern that CIRO's approach would shift responsibility for approved person CE to firms, reducing regulatory visibility into advisor training.[2] These concerns underscore the importance of maintaining robust, transparent CE standards as part of the harmonized framework.

For these reasons, CIRO should ensure that harmonization does not dilute existing CE standards or weaken investor protection. The unified framework should preserve or strengthen the CE standards that help ensure approved persons remain competent to serve retail investors.

Below, we comment on certain aspects of the Proposal.

[2] Mémoire de la Chambre de la sécurité financière - Présenté à la Commission des finances publiques dans le cadre des consultations sur le projet de loi no 92, Loi modifiant diverses dispositions principalement dans le secteur financier, 17 mai 2025 (in French only).

## B. Elimination of Mandatory Accreditation

CIRO proposes to eliminate the mandatory accreditation requirements currently set out in the Mutual Fund Dealer (MFD) Rules as part of its shift to a more principles-based CE framework. This change would also move away from the approach in Québec's CSF CE regime, which included mandatory accreditation provisions. FAIR Canada is concerned that this change would remove an important investor protection safeguard without replacing it with an equivalent quality-control mechanism.

Under the MFD Rules, CE activities must meet specific requirements to qualify for credit, including accreditation of the content, tracking attendance, and documenting completion. By contrast, the Investment Dealer and Partially Consolidated (IDPC) Rules do not mandate accreditation of CE activities. The MFD approach provides stronger investor protection because accreditation helps ensure that CE content is relevant, credible, and sufficiently rigorous. It reduces the risk that approved persons will rely on low-quality educational activities that do little to improve their proficiency, strengthen their understanding of regulatory obligations, or enhance their ability to serve clients effectively.

Eliminating mandatory accreditation would place greater reliance on dealer and approved person judgments about CE content, which could increase variability in the quality and relevance of CE. This variability could translate into uneven advisor knowledge and proficiency across the industry, increasing the risk of unsuitable advice and undermining investor confidence in the regulatory framework.

The proposed shift is particularly concerning, given the size of the mutual fund dealer population it would affect. CIRO's Annual Report for the 2025 fiscal year indicates that there are approximately 75,000 approved persons at mutual fund dealers, compared with approximately 34,000 at investment dealers.[3] The Proposal would therefore move a much larger population of approved persons from a more protective, accreditation-based CE regime to the lower standard that applies to a much smaller population. In our view, this is not a sound approach to harmonization.

Harmonization should not result in the dilution of investor protection standards. A core principle guiding CIRO's rulebook consolidation, including the integration of CE requirements, should be that the unified framework must preserve or strengthen existing investor safeguards. If investor protection were applied as a guiding principle, the proposal to eliminate mandatory accreditation would be difficult to justify.

Rather than harmonizing to lower standards, CIRO should retain accreditation as a baseline investor-protection measure in the unified CE framework. Doing so would help ensure that all approved persons complete CE that meets consistent, robust quality standards. It would also better support advisor competence, investor protection, and trust in the regulatory framework.

## C. Decentralized CE Recordkeeping and Reporting

The current CE reporting framework is fragmented across multiple systems, including CIRO Services for investment dealers, the Continuing Education Reporting and Tracking System (CERTS) for mutual fund dealers, and a separate reporting framework in Québec. This approach

[3] CIRO, Annual Report for the 2025 Fiscal Year at 21-22.

results in inconsistent recordkeeping and reporting, and unnecessary operational complexity for firms and approved persons, particularly where firms operate across multiple dealer platforms or jurisdictions.

As CIRO moves toward a consolidated rulebook, harmonized CE requirements should be supported by harmonized recordkeeping and reporting. Harmonized CE requirements will be less effective if they continue to be administered through disconnected systems that provide different levels of regulatory visibility. We therefore support and encourage CIRO to prioritize its commitment to developing harmonized CE reporting solutions.

A consolidated reporting system would support more consistent and reliable recordkeeping, enhancing CIRO's ability to monitor compliance and identify trends, deficiencies, and areas where additional supervisory attention may be required. CE reporting should not be treated merely as an administrative filing obligation. It should serve as a regulatory intelligence tool to help CIRO assess whether CE activities align with observed risks, emerging market issues, complaint trends, and supervisory findings, and evaluate whether the CE framework is achieving its intended investor-protection objectives.

We recommend that CIRO adopt a reporting model based on the more rigorous features of the Québec and CERTS reporting systems. These systems require CE completion to be documented and reported through a structured, centralized process that provides direct visibility into individual compliance. This is preferable to a model that relies primarily on firm-level recordkeeping and periodic supervisory reviews, which may make it more difficult for CIRO to assess compliance.

## D. Transparency and Accountability

A harmonized reporting framework would give CIRO greater visibility into CE activities and individual compliance across dealers. Greater regulatory visibility should, in turn, be accompanied by greater public transparency about how CIRO monitors CE compliance and uses CE-related information in its supervisory and enforcement work.

Clear, prescriptive rules make it easier to assess whether approved persons meet CE standards and whether CE supports advisor competence and investor protection. By contrast, the proposed principles-based regime may reduce visibility into CE information and make compliance outcomes more difficult to assess. The harmonized CE framework should be accompanied by stronger transparency measures that allow stakeholders to assess whether it is functioning as intended and enhance dealer and approved person accountability for fulfilling CE obligations. CIRO should regularly publish aggregated information about CE compliance and supervision, including:

- Rates of CE completion and non-compliance
- Common deficiencies identified through compliance reviews
- Enforcement or supervisory action related to CE failures
- Trends in the quality, relevance, or rigour of CE content and
- Steps taken to address recurring CE-related issues.

## E. Exemptions and Extensions from CE Requirements

The MFD Rules do not include a dedicated exemption from CE requirements. By contrast, the IDPC Rules include a prescriptive discretionary relief provision that permits CIRO to grant exemptions or extensions in specified circumstances. The Proposal introduces an exemption provision for mutual fund dealers and replaces the existing IDPC provision with a principles-based standard. Under the proposed approach, CIRO could extend the time for completing CE or exempt an individual from CE if doing so would not prejudice the interests of the public, clients, or the dealer.

FAIR Canada is concerned that the proposed exemption is too open-ended. It would give CIRO broad discretion to extend completion timelines or exempt approved persons from CE requirements altogether without sufficient transparency or guidance on how that discretion would be exercised. CE is a core component of the proficiency framework and a crucial investor-protection measure that helps ensure approved persons can effectively serve their clients. Any relief from CE requirements should be exceptional, clearly justified, and subject to transparent criteria.

We also question whether a CE-specific exemption provision is necessary. Non-compliance with CE requirements should generally be addressed through the same compliance and enforcement mechanisms that apply to other CIRO rules. If relief is appropriate in certain circumstances, it can be sought through CIRO's existing discretionary relief process. Creating a separate CE-specific exemption provision could signal that CE obligations are more flexible or less important than other regulatory requirements. This would be inconsistent with the critical role CE plays in maintaining ongoing proficiency and protecting investors.

## F. CIRO-developed CE Training

As of January 1, 2026, approved persons at investment dealers must complete annual CIRO-developed CE training, allocated to compliance or professional development (PD) at CIRO's discretion. Approved persons at mutual fund dealers are subject to a separate, fixed compliance requirement. CIRO proposes to adopt the IDPC approach as part of the harmonized CE framework.

FAIR Canada supports CIRO's ability to require CIRO-developed training to address regulatory priorities, emerging risks, or areas of investor harm. Mandatory training can be an effective tool to address matters identified through CIRO's compliance reviews, enforcement activities, complaint data, or other regulatory intelligence. CIRO-developed training can help ensure approved persons receive consistent instruction on pertinent issues that impact advisor competence and investor protection.

To support transparency and accountability, CIRO should publish the rationale for each mandatory training requirement. This should include the risks, deficiencies, complaint trends, or regulatory priorities the training is intended to address. Explaining the basis for mandatory training would help firms and approved persons understand why the requirement has been imposed and how it supports CIRO's regulatory objectives.

We seek clarity about the types of PD topics CIRO may require approved persons to complete. Compliance training is directly connected to CIRO's regulatory mandate and investor protection objectives. PD, by contrast, is generally intended to support professional learning, business development, or practice-specific knowledge within a dealer's area of business. Without a clear connection to regulatory risk, proficiency gaps, or investor protection, it is less apparent why CIRO should mandate PD content.

## G. Automatic Suspension and Reinstatement for CE Non-compliance

The IDPC Rules give CIRO authority to automatically suspend an approved person who fails to complete the required CE within the prescribed cycle. The MFD Rules do not contain an equivalent provision. FAIR Canada supports CIRO's proposal to extend the automatic suspension authority to mutual fund dealer approved persons. Automatic suspension is an important accountability tool that creates a clear, predictable consequence for failing to meet CE obligations. It reinforces that proficiency is not optional and helps reduce the risk that investors receive advice from someone who has failed to meet an important ongoing competence requirement.

However, we are concerned with CIRO's proposal to remove the prescribed suspension timeline currently set out in the IDPC Rules. The existing rule provides that suspension occurs on the last business day of the first month of a CE program cycle. CIRO proposes replacing this with a less specific requirement that suspension occur following the end of the prescribed reporting period.

In our view, the proposed wording is too broad. It does not establish a clear deadline for when suspension must occur and could allow approved persons who have failed to complete CE to continue engaging with clients for longer than is appropriate. This would weaken the accountability value of automatic suspension and create unnecessary uncertainty for firms, approved persons, and investors.

We recommend that CIRO retain the prompt, defined suspension timeline in the IDPC Rules. A clear deadline would strengthen compliance discipline, promote consistent administration of the rules, and reduce uncertainty about when consequences for CE non-compliance apply. It would also better protect investors by ensuring that approved persons who have not met mandatory CE requirements are addressed quickly and do not continue serving clients indefinitely while non-compliant.

## H. CE Requirements for Investment Representatives (IRs)

In our submission on CIRO's rulebook consolidation, we raised concerns about the IR category and questioned the rationale for allowing individuals with more limited qualifications to interact directly with retail clients.[4] IRs perform client-facing functions, such as collecting know-your-client information and accepting trade instructions, yet they are subject to lower proficiency and CE requirements than Registered Representatives (RRs). Under the Client-Focused Reforms, the suitability obligation applies to unsolicited trades in advisory accounts. This means that an IR taking an order must, at that moment, consider the order in the context of the client's overall holdings and circumstances and be prepared to recommend an alternative if the order is not

[4] FAIR Canada, Rule Consolidation Project – Proposed CIRO Rules, June 12, 2026.

suitable. This is problematic because IRs are prohibited from giving advice, yet the regulatory framework requires a suitability assessment and recommendation at the time of the trade.

These issues raise a fundamental question about whether the IR category should be re-examined in light of the obligation to assess suitability and provide advice at the point of trade. Perpetuating the IR category creates an uneven standard for client-facing individuals. From an investor protection perspective, it is difficult to justify a framework in which IRs and RRs may both interact with retail clients, but only RRs are subject to the higher CE requirements associated with a broader advisory role. The harmonized CE framework should not preserve lower standards for a category of individuals that performs important client-facing functions.

Additionally, as articulated in our submission on CIRO's rulebook consolidation, all client-facing approved persons should be subject to a minimum universal proficiency standard, regardless of registration category. This would support high-quality client interactions, reduce the risk of investor harm, and promote a more coherent and investor-focused registration framework.

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Thank you for considering our comments. As investor advocates, we value the opportunity to share our perspective and help shape policies that put investors' interests first. We welcome ongoing dialogue and collaboration with CIRO and other stakeholders to create fair, transparent, efficient, and resilient capital markets for all Canadians. If you wish to discuss our submission further, please contact us. We are committed to working together to support better outcomes for investors.

Sincerely,

Jean-Paul Bureaud
President, CEO and Executive Director
FAIR Canada | Canadian Foundation for the Advancement of Investor Rights