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Re: Response to CIRO Bulletin 26-0089 — Proposal to Harmonize CIRO Continuing Education Programs, Phase 2

The Federation of Independent Dealers — Fédération des Courtiers Indépendants (FID-FCI, or Federation) has been, since 1996, a dedicated voice for independent dealers. We currently represent firms with hundreds of billions in assets under administration and tens of thousands of licensed advisors who provide service to millions of Canadians.

Most of Phase 2 is genuine burden reduction: the 30-day reporting window, proration and its extension to leaves of absence, removing the terminated-individual report, the merged 10-credit business conduct and compliance requirement, the foreign compliance allowance, credit for examination-based activities, and reliance on a former Member's statement of completion.

Reporting system and CERTS (1.4)

CERTS is proposed for deletion — s. 11.1 changes "must use CERTS" to "must use the prescribed reporting system."

The Federation's position is that CERTS should be retained. As stated in our response to Phase 1 it has been built and paid for by SRO members, provides a centralized service, and is an asset that streamlines both CE record-keeping and SRO CE enquiries. It lets an authorized Participant enter their own CE, the alternative, which our ID members describe from experience, is no system at all; a burden that each dealer has to log every advisor's CE by hand at cycle-end. And CERTS gives CIRO live visibility into who is compliant, rather than discovering gaps at the end of an examination cycle or deriving that information through data requests. CIRO should consider making CERTS available to ID members on a trial and opt-in basis as a consolidated CE tracking tool.

CERTS requires one primary change; accreditation is a precondition to reporting (s.9.1), but dealers can approve activities themselves; and don't have the ability to record their self-approved activities within CERTS. By removing the pre-accreditation constraint CERTS can support the new CE regime for all member firms. That seems a smaller undertaking than asking every mutual fund dealer in Canada to build their own internal tracking tools and processes, a pure labour cost burden members do not want to see added. CERTS would also greatly benefit from some quality of life enhancements such as an API and/or bulk uploading.

If CIRO adopts a different system, that system must:

- Not be locked into a private company's software, when we have an industry-owned solution in-hand.
- Permit Participant self-entry of CE hours/activities.
- Permit entry of dealer-approved activities.
- Give the dealer live visibility into managing each advisors CE records/status.
- Give CIRO query access.
- Make the individual's CE record portable between dealers.
- Carry current registrant data.

Simplifications we support (3.2.3, 3.8.6)

We support removing the prescribed topic lists, and the compliance-manual-training credit. We would like to see the topic list published as non-exhaustive *guidance*, so a dealer approving an activity can be assured that activity will not be second-guessed.

Calendar-year cycle (§3.5.1)

Our members support the change to a calendar-year period. It matches ID and insurance requirements. Québec mutual fund dealers have the larger challenge and we support accommodations for their transition needs.

Evidence and retention

Proposed MFD Rule 1.2.6(f) requires evidence to be kept 24 months; proposed Rule 900 s. 9.1(b) requires the same records for seven years *after* the end of the cycle.

We ask CIRO to retain the education provider safe harbour provision. Current MFD Rules relieves firms of retention where an accredited provider holds and files the records.

Automatic suspension and reinstatement (3.6)

This is our most serious concern. Today, CIRO gives notice and 15 days to fix the problem before suspending anyone (ss.13.1–13.3). Under the new section 13.1, suspension is automatic as soon as the cycle ends if the CE is unfinished. It can even hit an advisor who did everything right, because 13.1(b) suspends the advisor if a firm fails to report it correctly. We ask CIRO to keep the notice and response period as a safety mechanism.

We object to the current fee (s. 13.5) of $2500 becoming an unlimited fine, at whatever amount the Board decides (s. 13.2) administratively, with no cap in the proposed rule.

Reinstatement is not proposed as automatic once CE hours are completed, now *CIRO must approve* they're back in good standing. (s. 14.1) changes the reinstatement notice from "will be delivered." to "The Corporation may reinstate the Participants approval..", so reinstatement becomes CIRO's decision, with no decision timeline attached. Make it automatic once the requirements are completed, as it was.

Legacy exemptions (3.8.7)

Legacy exemptions. We do not agree with removing the 1990-or-earlier exemption and imposing a full 20 hour obligation on the most senior advisors. We ask for a transition period for that population, starting with the first harmonized cycle.

Timing (10)

On timing: final rules before the second half of 2027, effective January 1, 2028, is a six-month runway. Our standing position is a 24-month minimum for substantive change, beginning when final guidance is released. A dealer can't build to, or train staff on, a reporting system nobody has named. Name the system no later than final rule publication, and start the clock from the later of the two.

We thank CIRO for considering our input.

Sincerely,

Matthew T. Latimer, Executive Director
Federation of Independent Dealers / Fédération des Courtiers Indépendants