



September 5th, 2023

Canadian Investment Regulatory Organization (CIRO)
Sherry Tabesh-Ndreka
Acting Senior Director, Registration
416.943.4656

Re: Consultation Paper - Proposed Proficiency Model

[To avoid confusion, we use "CIRO" to refer to CIRO and IIROC interchangeably.]

Dear Ms. Tabesh-Ndreka,

Learnedly, an education provider for Canada's investment industry, appreciates the opportunity to comment on CIRO's Consultation Paper (CP). We have provided feedback where CIRO has specifically requested, but our comments focus mainly on the proposed open proficiency model.

Executive Summary

Without the benefit of accessing the research or modelling data referenced in the CP, we don't share the same conclusions as CIRO. We do not believe that Canada's investment industry is large enough to support a high-quality and competitive market of education providers through an open proficiency model.

An assessment-centric model will also require more resources for educators than the existing competency profiles published by CIRO, and require more time for educators to calibrate their content to align with the assessments. This will prolong the Proficiency Initiative by several more years, and a January 1, 2026 implementation date is not realistic.

If the industry is unable to support an open proficiency model, as described in the CP, CIRO will need to play a much larger stop-gap role as an education provider, if not outright assume the role of the industry's education provider. It is not clear if CIRO members want such a change to occur.

CIRO has never had a competitive single course provider model – only a single course provider. We believe that a competitive, five-year single vendor model is the right direction for the industry, and gives CIRO the opportunity to continue evaluating the feasibility of an open model.

Specific Requests for Feedback

The need and/or utility of a general exam requirement.

We support a general exam based on competencies consistent across all categories.

The feasibility and implications of requiring firm sponsorship prior to enrolling in an Approved Person exam.

We don't have enough information about this proposed requirement to provide additional comments; however, we do have concerns about whether this requirement could impose an unfair barrier on students, particularly new Canadians, who may not have sponsorship opportunities at a time when they have the capacity to advance their licensing requirements.

The value, impact and utility of requiring a baseline education or relevant experience for RRs in both retail and institutional.

We are in support of a baseline education requirement or relevant industry experience. "A *relevant* diploma" should be clarified to better determine what would be considered *relevant*. We encourage CIRO to adopt a framework for assessing international credentials and work experience to minimize potential barriers to Canadian newcomers.

A consolidated derivatives exam, based on published competencies, to ensure all Approved Persons who trade or supervise derivatives understand trading and risks associated with trading in all derivatives products

We support this.

The elimination of mandatory courses tied to exams and views as to leaving this primarily to the competitive market and/or relying on study guides provided by CIRO. We are interested to know if dealers will take an active role in training their new hires to prepare for the exams.

We do not believe that CIRO's proposal for an open proficiency model is the right model for Canada's investment industry. The CP does not share the research or modelling data referenced to support CIRO's proposal.¹ The proposal also conflicts with CIRO's previous findings in 2014 that determined: 1) Canada's investment industry does not have the economies of scale to benefit from an open proficiency model; and 2) that the small community of skilled individuals to create content

¹ Our request to CIRO to view the research and modelling data was declined.



would be a higher cost burden in an open proficiency model.^{2 3} These are still paramount concerns today. Finding skilled educators with thorough and objective Canadian investment industry experience is extremely difficult to find and expensive to hire.

The CP also makes no mention of Canada's bilingual language requirements which is a material challenge for Canadian educators. The CP shares three examples of an open proficiency model in action: Australia, Singapore, and the United States; but all three jurisdictions, investment industry proficiency assessments have just one language requirement: English.

Canada's landscape of course providers is not as competitive as the CP suggests, and a lack of fully bilingual education providers is just one example. Another example is a lack of education providers offering a 90-day training program for CIRO's Registrant licensing requirements. The 90-day training is an ideal proxy for assessing the viability of CIRO's proposal. An outline is provided by CIRO, and a program can be offered by both educators and member firms.

CIRO's proposal to provide its own mandatory proficiency courses, and to be an education provider where certain assessments lack a competitive market, shrinks the market even further for education providers. Given the substantial capital cost of developing fully bilingual, high-quality content, education providers may be reluctant to assume the risk to build content. Canada's retail cannabis sector may serve as a harbinger to educators of an open model in a limited market.

This sets the stage for CIRO to become the industry's *de facto* education provider, as the IDA did more than 50 years ago, of which the legacy - CSI - still exists today.⁴

It took CIRO seven years to publish eleven draft competency profiles - a project that was prioritized in 2015 with the *Promulgation of Competency Standards*, with the final set of profiles published in 2022.^{5 6} Based on that timeline, and the additional resources required for an open proficiency model, even if the industry *can* support it, the switch to an open model will prolong the

² "The FINRA model benefits from an economy of scale not available to IIROC and its membership."

Proficiency Assurance: The Next Phase Consultation Relating to Expiry of CSI Contract ([14-0181](#)) July 16, 2014

³ "In our smaller market, there are fewer people available to work on industry committees to create the competency profiles, content outlines and examinations. A very high level of engagement on the part of IIROC Members would be required to achieve a result similar to that of the FINRA industry committees. A smaller proficiency market also means the comparative, per capita cost to IIROC Members of funding the requisite regulatory oversight structure and the education and testing costs would be more burdensome than the per capita costs borne by FINRA members."

Proficiency Assurance: The Next Phase Consultation Relating to Expiry of CSI Contract

⁴ Annex A History of IIROC's relationship with CSI and the Agreement <https://www.iiroc.ca/media/9916/download?inline>

⁵ Proficiency Assurance: The Next Phase in Proficiency Regulation, September 22, 2015
<https://www.iiroc.ca/news-and-publications/notices-and-guidance/proficiency-assurance-next-phase-proficiency-regulation>

⁶ <https://www.iiroc.ca/members/proficiency-initiative>



Proficiency Initiative, leaving the industry with several more years of the existing, outdated proficiency framework.

If Canada's investment industry cannot support CIRO's proposal, the benefits of an open proficiency model - choice and competitive pricing - will be outweighed by the negatives:

1. A prolonged implementation process with a third contract awarded to CSI⁷;
2. Lower quality content with minimal quality control or production value; and,
3. The potential for CIRO to become the industry's *de facto* education provider.

Conclusion and Recommendations

For 53 years, CIRO/IIROC/IDA has never had a *competitive* single provider model - only a single provider. CIRO is now in its ninth year of the five-year Proficiency Initiative that began in 2015. Since then, and until the release of the CP in July, 2023, CIRO has committed to implementing a *competitive* single provider model, through a fair, transparent, and open procurement process.⁸

Our strong recommendation is for CIRO to follow through with its original commitment for a competitive single-vendor model, awarded in five-year intervals. The initial five-year period will provide the opportunity for CIRO to continue evaluating an open model, and stay true to its commitment to proficiency. At the same time, the industry will have an opportunity to experience just how competitive a competitive single vendor model can be.

The failings of an open proficiency model for Canada's investment industry won't be measured in the *quantity* of education providers, but in the *quality* of the education they provide. If CIRO is committed to ensuring that the investment industry can offer high quality, world-class training that is accessible and affordable, the right model is a *competitive* single provider model.

Thank you for the opportunity to comment. We remain available to CIRO to discuss and support however we can.

Sincerely,

John Waldron, Founder
Learnedly Canada Inc.

⁷ Following CSI's 10-year Exclusivity Agreement in 2005 as part of its acquisition by ONCAP ([link](#)), CSI received a five-year Service Provider Contract in 2015 ([link](#)), and a second five-year contract in 2020 ([link](#)).

⁸ <https://www.iiroc.ca/members/proficiency-initiative/frequently-asked-questions-faq>