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September 18, 2023

**VIA EMAIL**

Canadian Investment Regulatory Organization

**Attention:**

Sherry Tabesh-Ndreka  
Acting Senior Director, Registration

[Stabesh@iiroc.ca](mailto:Stabesh@iiroc.ca)

Dear Sirs / Mesdames:

**RE: Consultation Paper – Proposed Proficiency Model- Approved Persons under the Investment Dealer and Partially Consolidated Rules**

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**Introduction**

We are writing to provide our comments on the Canadian Investment Regulatory Organization's Consultation Paper – Proposed Proficiency Model- Approved Persons under the Investment Dealer and Partially Consolidated Rules (the Consultation Paper). Thank you for the opportunity to submit comments.

Edward Jones is a full-service investment dealer with more than 850 financial advisors across Canada managing more than \$52 billion of assets under care. We do money differently™ at Edward Jones by building deep, trusted relationships with our clients to understand what's most important to them. We then provide comprehensive planning and advice to help them achieve their short- and long-term goals, and we partner with them throughout life, making adjustments to their plan as needed. Edward Jones has ranked #1 nine times in the last 11 years in the J.D. Power Canada Full-Service Investor Satisfaction Study.

A member of the Canadian Investment Regulatory Organization (CIRO) and the Canadian Investor Protection Fund, the firm is also a participating organization in the Toronto Stock Exchange. Our advisors are CIRO registrants, and they develop and present suitable investment recommendations in the best interest of our clients. Edward Jones is a limited partnership in Canada and is a wholly owned subsidiary of Edward D. Jones & Co., L.P., a Missouri limited partnership. Edward D. Jones & Co., L.P. is a wholly owned subsidiary of The Jones Financial Companies, L.L.L.P., a Missouri limited liability limited partnership.

**General Comments**

We applaud and recognize CIRO's initiative to enhance existing proficiency standards and to develop a revised proficiency model that is designed to continue serving the public interest and to meet regulatory needs. Additionally, we are generally supportive of a model that separates education from assessment and conceptually

agree that assessments based on competencies rather than course content will further the effort to enhance proficiency standards for financial advisors and other registrants.

We were involved in discussions on and have reviewed the initial drafts of the Investment Industry Association of Canada's comment letter on the Consultation Paper and generally support the views articulated therein. Additionally, we offer below our own general commentary on various aspects, as noted, of CIRO's proposed proficiency model. Following that are our responses to the specific requests for feedback on the topics outlined in part 7 of the Consultation Paper.

### **Assessments based on competencies vs. courses as a best practice**

As noted above, we agree that studying towards a set of standards that align with the competency profiles rather than studying a course curriculum is more effective in assessing for baseline understanding and knowledge of proficiency standards. Other benefits of this approach include:

- Flexibility with respect to how prospective Approved Persons choose to study and/or prepare for the assessment;
- Demonstrated recognition that there is more than one approach to developing required proficiency and acumen to perform well in a particular role;
- Ability to assess skills from a practical perspective; and
- Given the intended active involvement of CIRO in the exam design process, improved ability to update assessments to ensure they remain up-to-date and relevant vis-à-vis the changing regulatory environment, regulatory expectations, and regulatory developments.

We note that the Consultation Paper references an assessment-centric approach for prospective Approved Persons and suggest that there is further opportunity to apply this approach to mandatory Continuing Education (CE) requirements and the respective program as well. Given the increased effectiveness in determining demonstrated proficiencies using an assessment-centric approach, it stands to reason that that increased effectiveness would extend to assessing for ongoing proficiencies and updated knowledge and understanding that CE is intended to address.

### **Annual CE addressing key regulatory topics**

Section '4.1 Framework overview' of the Consultation Paper references mandatory education and training, which includes annual CE addressing key regulatory topics as determined by CIRO. We applaud and endorse this aspect of the proposed model. We believe it effectively aligns with the objective of maintaining currency and relevance as well as increased responsiveness to changes in the industry, especially as they relate to evolving regulatory changes and expectations. Having the topics determined by CIRO also promotes consistency in Compliance training and a baseline knowledge and awareness of relevant Compliance matters for all Approved Persons, regardless of the sponsoring firm.

### **Assessments for Supervisors**

Under section '4.2.3.3 Supervisors' of the Consultation Paper, it is proposed that in some instances, a Supervisor may be required to complete an additional underlying exam. Examples provided include Supervisors of derivatives completing the derivatives exam and Supervisors of managed accounts taking the Associate Portfolio Manager (APM) and Portfolio Manager (PM) exam. While not explicitly stated, we assume the rationale for this additional proposed requirement is that to be able to supervise effectively, the applicable Supervisors should be expected to demonstrate the same baseline knowledge and understanding as the Approved Persons they supervise. If this is the case, it stands to reason that the same expectation should also apply to other Supervisors of categories not mentioned in this section. As such, we suggest that all prospective Supervisors, regardless of category, be required to take the same exam as the Approved Persons they will supervise. For example, just as a Supervisor who supervises derivatives would have to take both the Supervisor exam and the RR and IR – Derivatives exam, Supervisors who supervise Securities Retail RRs and IRs should have to take both the Supervisor exam and the

relevant RR and IR Securities Retail exam. Expanding the additional requirement to all Supervisors promotes consistency and aligns with the objective of promoting a raised proficiency standard.

### **Training and exams provided by CIRO**

Under section '4.2.3.5 No mandatory courses tied to exams' of the Consultation Paper, CIRO recognizes the value and importance of candidates having available to them study guides and materials to prepare for mandated exams and proposes that where such materials do not exist, CIRO will fill this need. CIRO also commits to meeting accessibility standards for training and exams prepared by CIRO. We appreciate and support CIRO's efforts in this space and applaud CIRO's recognition of accessibility needs and standards. We would like to take this opportunity to also specifically request that CIRO affirmatively commit to making all training, exams, and any other preparatory guides or materials in both English and French.

### **Experience for Executives**

Under section '4.4.2 Experience for Executives', CIRO proposes the introduction of additional experience requirements, which are synonymous to those currently applicable for Supervisors.

In our view, leadership and business acumen at the executive level need not be tied to industry-specific standards, and leaders within the executive level cohort have achieved sufficient proficiency within their roles to be successful regardless of the industry in which that experience was obtained.

We are concerned that in imposing these additional requirements, an unforeseen consequence may include creating a barrier to entering the financial services industry for executives who for all other purposes are sufficiently qualified and through transferrable experience and skillsets would meet proficiency requirements. As such, we recommend that CIRO not proceed with implementing the requirements as outlined in this section of the Consultation Paper and maintain the current experience requirement for Executives, with the exception of the Ultimate Designated Person (UDP).

Given the specific responsibilities of the UDP with respect to the compliance culture at a firm, including the establishment and maintenance of an effective compliance system, we recommend that the experience criteria for the UDP be the same as the existing experience criteria for the firm's Chief Compliance Officer.

### **Specific Request for Feedback**

The following are our comments on the specific topics outlined in section 7 of the Consultation Paper.

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

We support the proposal of utilizing a general exam designed to assess for a baseline of industry knowledge.

While, in principle, the proposed proficiency model strengthens the current regime, we also believe the current course-focused requirements also adequately assess for proficiency. As such, we believe the proposed proficiency model should acknowledge those individuals who are not currently registered but nevertheless meet the requirements for registration under the current regime. We, therefore, recommend the following grandfathering provisions be added to the revised proficiency model, exempting certain individuals from the new exam requirements (both the applicable exam(s) for the relevant Approved Persons category as well as the general exam):

- Individuals who were previously registered are exempted for a period of three years from the date last registered;
- Individuals who have successfully completed the current course requirements for the applicable Approval Persons category are exempted for a period of three years from the date the applicable course(s) was/were completed (i.e. relevant exam(s) passed);

- Individuals who meet current exemption requirements (e.g. CFA in lieu of the CSC) are exempted from the revised exam requirements for a period of three years following the implementation date of the new proficiency model.

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

While a requirement to secure firm sponsorship prior to enrollment in an Approved Person exam is feasible, we do not believe it is necessary and may even result in unfavourable implications:

- It would create an unnecessary barrier for individuals (students, working, or otherwise) who are merely exploring career options but have not yet definitively decided, and would be looking to the results of the assessment to determine if the career is right for them
- It creates a perceived veil on the standards and expected proficiencies industry professionals are expected to demonstrate and is, thus, counterintuitive to the notion of transparency for clients. Clients who are otherwise interested, for awareness and understanding only, in knowing and experiencing that which industry professionals are measured against would not have access to it
- Making exams accessible to the general public aligns with efforts to encourage and promote financial literacy
- It introduces additional layers and complexity to dealers as employers, lengthening the wait time between the prospective Approved Persons hire date and when the individual can fully perform registerable activities

In our view, requiring sponsorship prior to enrollment does not impact, either positively or negatively, investor confidence nor does it positively impact investor experience. We recommend that CIRO not proceed with implementing this requirement.

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

In our view, while requiring a baseline education or relevant experience theoretically promotes consistency and a common standard, a prescribed requirement to have a relevant diploma or degree or two years of relevant experience working in the financial industry, in practice, creates a natural barrier for individuals starting or changing their careers to this industry. The competency profiles were created to provide vendors with information to support education content and examination development. In our view, a strong course or examination to test for the requisite skills, knowledge and behaviours should be sufficient to achieve the desired outcome. While additional academic achievements such as degrees, diplomas or designations may be beneficial, we do not believe they should be mandatory. There are many skills and behaviours transferable from other careers and experiences that lend themselves to serving the investing public.

### **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 believe in fully supporting our financial advisors and other associates throughout the lifetime of their career at Edward Jones, beginning with intensive training when they are onboarding and continuing on an ongoing basis thereafter. Whether mandated by regulation or not, we would continue to provide training to new hires as part of their onboarding process. Currently, that is done in preparation for registration and continues annually throughout the Approved Person's tenure. Additionally, Edward Jones supports and encourages completion of professional designations to augment the acumen of our professionals as they continue to serve our clients.

### **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 agree with this proposal.

## Conclusion

We appreciate the opportunity to provide our comments. We would be pleased to discuss our responses in greater detail at your convenience. Thank you for the opportunity to comment on this important matter.

Yours truly,



Marissa Cusi  
Chief Compliance Officer, Edward Jones

- c. David Gunn, UDP, Edward Jones  
Nawaz Meghji, General Counsel (Canada), Edward Jones