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VIA EMAIL

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Re: Rule amendments – Request for Comments – Proposal to Harmonize CIRO Continuing Education (“CE”) Programs (the “Consultation”)

The Canadian Advocacy Council of CFA Societies Canada (the “CAC”)¹ appreciates the opportunity to provide the following general comments on the Consultation and specific responses to the questions set out below.

We commend the Canadian Investment Regulatory Organization (“CIRO”) on the approach it has taken in the development of this Consultation. We agree that a phased approach is warranted when considering the technological impacts of the proposed Phase 2 areas of consideration, and appreciate the presentation of CIRO’s cross-jurisdictional research supporting its decisions regarding the CE rules. Better aligning the CE rules with more rigorous international examples is a long-standing policy position for us, and we would encourage continued work in this direction by CIRO, where possible given Canada’s existing securities law regulatory framework, including National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (“NI 31-103”). We are also supportive of a principles-based approach to the CE rules, as an overly prescriptive approach to CE undermines the ability of firms to conduct an internal needs-

¹ The CAC is an advocacy council for CFA Societies Canada, representing the 12 CFA Institute Member Societies across Canada and over 21,000 Canadian CFA charterholders. The council includes investment professionals across Canada who review regulatory, legislative, and standard setting developments affecting investors, investment professionals, and the capital markets in Canada. Visit www.cfacanada.org to access the advocacy work of the CAC.

As the global association of investment professionals, CFA Institute sets the standard for professional excellence and credentials. The organization is a champion of ethical behaviour in investment markets and serves as the leading source of learning and research for the investment industry. CFA Institute believes in fostering an environment where investors’ interests come first, markets function at their best, and economies grow. With more than 200,000 charterholders worldwide across 160 markets, CFA Institute has ten offices and 160 local societies. Find us at www.cfainstitute.org or follow us on LinkedIn and X at @CFAInstitute.



based assessment, and for individuals to have the flexibility to undertake meaningful CE activities given their variable proficiencies and areas of professional focus. We also support the expedited approach of implementing the proposed Phase 1 rule amendments for the next CE cycle.

With respect to recordkeeping and reporting requirements, we support a harmonized solution that utilizes the IDPC Rule requirement, placing the responsibility of recordkeeping on firms, in alignment with other international jurisdictions. We also support a 7-year recordkeeping requirement for CE records, in alignment with NI 31-103.

We also agree that carry-forwards should be eliminated when concerning CE and as such, agree with the effort to harmonize the MFD Rules with the proposed proficiency model's IDPC Rule amendments. The rationale for having CE requirements includes a recognition that for certain regulated fields, CE helps better ensure that risks arising from outdated practices or knowledge are mitigated, and that participants stay apprised of industry changes and improve their skills, and continue to progressively improve their proficiency as professionals. Industry changes, changes in professional practices, evolving risks, and the skills necessary to address the same, are point-in-time considerations, which CE carry-forwards would not help to address. Although carry-forwards were only available for professional development-related CE, we think a consistent approach to CE is more in keeping with the spirit and purpose of its requirement in the first place.

Regarding course repeats, although we recognize the value of a principles-based approach and that in certain cases firms may have good reasons to accept repeated courses as eligible CE activity, we think successive repeats of the same CE course (in the absence of substantial new course content/subject matter coverage) is not consistent with the underlying spirit or purpose of the CE requirements, and would urge (perhaps through guidance) CIRO to make clear that course repeats should only be deemed acceptable by firms in specific and highly exceptional circumstances, to assist firms in application of the principles-based requirements.

Although we recognize the value of amending the MFD Rules to align with the principles-based approach in the IDPC Rules by eliminating mandatory accreditation, we also have concerns that in the absence of accreditation, certain individuals may pursue and firms (or segments of firms) may utilize and choose to accept CE courses that are produced or maintained to a low standard, doing little or nothing to substantively advance or update knowledge and skills, and working against the spirit and purposes underlying the CE program. Similarly, without mandatory accreditation we are concerned as to the incentive for CE course providers to enter the market to compete purely on price, without due regard to content quality or course rigour. As such, we would strongly encourage CIRO to consider what additional role(s) it can play through rules or guidance to mitigate this risk, including raising awareness of high-quality course offerings from reputable and accredited providers (potentially with promotion as a benefit of voluntary accreditation) such as professional bodies, working with the same high-quality providers to ease (voluntary) accreditation pathways including standing enterprise accreditation agreements. We also strongly encourage CIRO to be vigilant in monitoring for and correcting firms through guidance and enforcement where low-quality or non-substantive courses are recognized as acceptable CE, and producing clear warnings to all firms and individuals where a CE course or CE provider has been found to be producing ineligible CE courses, both to



discourage individuals from pursuing these courses, but also to provide an incentive for these course providers to remediate their course rigour and content to an acceptable standard.

Please see our responses to the following specific questions.

1. We are interested to know your views on the challenges and benefits of prorating the CE requirements, and in particular the operational and system impact of such changes.

We agree that proration should be introduced to the IDPC Rules, and this would be a welcome initiative given the current costs of having to file exemption or extension requests. In our view, the operational and system impact of such changes should not prohibit proceeding with this addition.

2. We are interested to know your views on the challenges and benefits of moving the MFD CE cycle to a January 1 – December 31st start and end. We are also interested to know about any specific impacts this proposal would have on a firm's internal operations and systems.

We agree with the harmonized approach of using a standard calendar year for CE cycle dates. We believe there is value in having a consistent approach across CIRO firms and being in alignment with other regulators. We expect this would provide certain efficiencies and avoid confusion. We do not believe there are significant challenges that should halt this harmonization initiative.

3. We are interested to know the operation and system impact of adopting an annual CE cycle for firms and Approved Persons

We would support an annual CE cycle for firms and Approved Persons, consistent with other jurisdictions. We believe an annual CE cycle is more consistent with the rationale underpinning the CE requirement generally and is particularly warranted given that developing topics in industry, compliance, and professional practice that are best addressed through CE can change frequently. We do not believe there are sufficient operational or system impacts that should prohibit proceeding with this initiative.

Concluding Remarks

We thank you for the opportunity to provide these comments and would be happy to address any questions you may have. Please feel free to contact us at cac@cfacanada.org on this or any other issue in the future.

(Signed) *The Canadian Advocacy Council of
CFA Societies Canada*

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