



June 23, 2026

VIA EMAIL

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Re: CIRO Bulletin 26-0040 — Proposed Dual Registration Amendments — Proposed CIRO Rules (the "Proposed Amendments")

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

Executive Summary

We are broadly supportive of CIRO's proposal to retire the dual registration construct and allow Investment Dealer Members to operate mutual fund divisions under a single registration. The Proposed Amendments are a logical completion of the regulatory consolidation that began with the amalgamation of IIROC and the MFDA, and we agree that they will reduce duplicative regulatory obligations and lower costs for Dealer Members.

However, we believe the Proposed Amendments, as currently framed, represent an incomplete step toward a unified regulatory framework. **Structural unification of the registration framework demands substantive unification of the proficiency and conduct standards governing the individuals within it.** The repeal of the proficiency

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.

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upgrade requirement under section 2605, while defensible on its own terms, leaves unaddressed a significant and now permanent gap between the proficiency standards applicable to mutual fund-only Approved Persons and those applicable to other Investment Dealer Approved Persons under CIRO's modernized proficiency framework.

We commend CIRO for the considerable policy velocity it has demonstrated in advancing the Rule Consolidation Project, the new assessment-centric proficiency model, and the harmonization of continuing education programs. These are meaningful achievements. Our comments are offered in the spirit of encouraging CIRO to extend the same rigour and ambition to proficiency and conduct standards for all of its registered individuals, ensuring that the public-interest dimensions of regulatory reform keep pace with the cost-saving and simplification dimensions.

We also note that the impact analysis accompanying the Proposed Amendments is entirely qualitative. Given CIRO's direct operational experience with dually registered firms, we believe a more detailed quantitative assessment was feasible and would have strengthened the case for the Proposed Amendments while potentially illuminating the modest cost and structural benefits of extending modernized proficiency requirements to mutual fund-only Approved Persons. We strongly recommend that CIRO work with the CSA to develop modernized proficiency baselines for mutual fund-only Approved Persons that are integrated with the CIRO proficiency framework for other Approved Persons. We believe that a commitment to and plan towards this goal should be articulated in the final rule text or an accompanying policy statement.

General Commentary

Proficiency Standards and the Unified Framework

Our central concern with the Proposed Amendments relates to the proficiency standards applicable to mutual fund-only Approved Persons following the repeal of the upgrade requirement.

We do not oppose the repeal of the 270-day proficiency upgrade requirement under section 2605. As we have noted in prior consultations, the upgrade requirement was a broadly artificial mechanism that did not directly address the underlying challenges of registrant proficiency.² What investors require is not a forced upgrade from one legacy course to another, but a meaningful baseline of proficiency and conduct training that reflects current market realities and regulatory expectations.

CIRO's new assessment-centric proficiency model, which took effect on January 1, 2026, represents a significant step forward in this regard. The competency-profile approach, the introduction of the Canadian Investment Regulatory Exam (CIRE) and

² See CAC response to the IIROC White Paper on Proficiency Upgrade and Directed Commissions, in which we agreed with concerns expressed in the IIROC member survey that the elimination of the proficiency upgrade requirement could cause confusion among investors as to which products and services could be offered by restricted dealing representatives. While the concern about investor confusion remains, we believe the appropriate remedy is a modernized proficiency baseline.



accompanying category-specific examinations, and the mandatory conduct training requirement for all Investment Dealer Approved Persons are welcome developments that we have supported since their initial consultation.³

However, the new proficiency framework applies only to Investment Dealer Approved Persons. Mutual fund-only representatives at either of an Investment Dealer Member or a Mutual Fund Dealer Member remain subject to the legacy proficiency requirements under National Instrument 31-103. With the repeal of the upgrade requirement, this gap becomes permanent. An Investment Dealer Member could have Registered Representatives who have passed the CIRE and the Retail Securities Exam working alongside mutual fund-only representatives who hold only an Investment Funds in Canada (IFC) credential, indefinitely, serving the same firm's clients.

We believe this two-tier proficiency structure is inconsistent with the objective of a unified regulatory framework and risks the entrenchment of a confusing two-tier proficiency framework that is not in the public interest. As we stated in our 2020 submission on the IIROC Competency Profiles for Registered Representatives and Investment Representatives, we support a progressive proficiency framework that "focuses on minimum standards that are responsive to innovation, builds professionalism and ensures skills development while encouraging the delivery of high-quality and ethically centered investment advice, **regardless of the registration category**."⁴ In our 2021 response to the CSA Position Paper on the New Self-Regulatory Organization Framework, we further stated that "increased baseline proficiency standards for all registrants is the path to progress" and that "professionalism, competency, and quality of advice should be explicit goals for action on the SRO framework."⁵

We recognize that proficiency requirements for mutual fund-only categories are established under NI 31-103 and that any project to rectify this challenge must have endorsement of the CSA. But we do not believe this relieves CIRO of a leadership role. CIRO has demonstrated, through its successful development and deployment of the new proficiency model for Investment Dealer Approved Persons, that it is capable of leading on proficiency reform. The institutional knowledge and momentum from that initiative are fresh, and the window to extend its principles to mutual fund-only categories should not be wasted.

We recommend that the CSA endorse and that CIRO develop modernized and integrated proficiency baselines for mutual fund-only Approved Person categories that incorporate the following elements:

³ See [CAC response to the CIRO Proposed Proficiency Model for Approved Persons \(2023\)](#), in which we expressed agreement with the potential for success of an assessment-centric model aligned with the approach adopted by FINRA.

⁴ [CAC response to the IIROC Consultation Paper on Competency Profiles for Registered Representatives and Investment Representatives \(2020\)](#).

⁵ [CAC response to CSA Position Paper 25-404, New Self-Regulatory Organization Framework \(2021\)](#). See also [CAC response to CSA Consultation 25-402 on Self-Regulatory Organizations \(2020\)](#), in which we stated that "an overriding culture of encouraging professionalism and competency beyond minimum requirements for registration must be established and fostered."



- The **competency-profile, assessment-centric approach** demonstrated in the new CIRO proficiency framework, moving beyond the legacy course-centric model;
- **Mandatory conduct training** as a structural element, consistent with the requirement now applicable to all Investment Dealer Approved Persons; and
- **Lessons learned from the deployment of the new proficiency framework**, including the exam development process, integration of previously-distinct proficiency requirements, the transition provisions for existing Approved Persons, and the candidate experience with the Fitch Learning delivery platform.

We do not prescribe a specific exam architecture for these categories. The appropriate design may involve either the full or a tailored variant of the CIRE, a retail or mutual fund-scoped supplemental assessment, or a purpose-built combination. What matters is that CIRO assumes ownership of the exam specification and administration for these categories, that the modernization proceeds quickly, and that the resulting proficiency standard reflects the same design principles that inform the Investment Dealer framework.

Investor Impact

CIRO frames several investor-facing benefits of the Proposed Amendments, including smoother service continuity, reduced need for repapering or transferring client accounts when representatives expand their scope of practice, and clearer career development pathways from mutual fund-only roles to full securities licensing within the same organization.

We agree that these structural benefits are real. However, we believe the characterization is somewhat overstated without corresponding action on proficiency and conduct standards. Investors deserve confidence that all CIRO-registered Approved Persons meet a strong minimum baseline of proficiency and conduct training, regardless of individual approval category. The investor-facing benefits of a simplified registration structure are most fully realized when the individuals operating within that structure are held to consistent proficiency standards.

Impact Analysis

The impact analysis accompanying the Proposed Amendments is entirely qualitative. No quantification of cost savings is provided, nor is there data on the number of firms or individuals expected to be affected. Given CIRO's direct operational experience onboarding dually registered firms and granting exemptive relief, we believe a reasonable attempt to estimate the cost savings for variously sized firms likely to utilize these amendments was feasible.

A more rigorous quantitative analysis would have served two purposes. First, it would have strengthened the case for the Proposed Amendments by demonstrating the magnitude of the regulatory savings. Second, and more importantly, it would have provided the natural basis for extending the analysis to assess the cost of extending modernized proficiency and conduct requirements to mutual fund-only Approved



Persons, likely (in our view) framing that investment as a modest offset against material savings rather than as an incremental burden.

As we have emphasized in prior submissions, we believe regulatory proposals should be supported by data-driven impact analysis wherever feasible.⁶ We would encourage CIRO to provide more detailed estimates in future consultations of this nature.

Responses to Specific Consultation Questions

Question #1 — Do you agree that the proposed approach under which an investment dealer can operate a mutual fund division without the need to also be registered as a mutual fund dealer simplifies registration requirements and provides a unified framework across all Dealer Members? Please explain.

Yes, we agree that the proposed approach simplifies registration requirements and moves toward a unified framework across all Dealer Members. Allowing Investment Dealer Members to operate mutual fund divisions under a single registration eliminates duplicative regulatory obligations and is a logical consequence of the IIROC/MFDA amalgamation.

However, we believe the framework is not yet fully unified. A unified registration structure that maintains two fundamentally different proficiency tracks is structurally unified in name only, while remaining substantively fragmented. True unification requires that the proficiency and conduct standards governing all CIRO-registered individuals reflect the same design principles, even where the specific competency requirements are appropriately scoped to the products and services each category is authorized to provide.

We would recommend that CIRO (and the CSA) treat the development of modernized proficiency baselines for mutual fund-only Approved Person categories as a near-term policy priority that complements the Proposed Amendments, rather than deferring it as a separate initiative.

Question #2 — Are there any remaining rule requirements or operational constraints that have not been addressed as part of the Proposed Dual Registration amendments? If yes, please explain.

We believe the Proposed Amendments have not adequately addressed the proficiency and conduct standards applicable to mutual fund-only Approved Persons following the retirement of the dual registration construct and the repeal of the upgrade requirement. As discussed in our general commentary, we would recommend that CIRO develop purpose-built proficiency baselines for these categories, incorporating the competency-

⁶ See also [CAC response to the OSC Statement of Priorities for 2025-2026](#), in which we flagged concern about the lack of mention of a broader policy project relating to educational proficiency coincident with CIRO's advancing Proficiency Project.



profile approach, mandatory conduct training, and lessons from the new CIRO proficiency framework.

We would also note that the extension of mandatory conduct training to all CIRO individual Approved Persons would represent a meaningful and relatively straightforward step toward ensuring a consistent conduct baseline across the unified framework.

Concluding Remarks

We strongly recommend that CIRO work with the CSA to develop modernized proficiency baselines for mutual fund-only Approved Persons that are integrated with the CIRO proficiency framework for other Approved Persons. We believe that a commitment to and plan towards this goal should be articulated in the final rule text or an accompanying policy statement.

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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