

**Administrative Bulletin
General**

Request for Comments

Comments by due by: **September 17, 2024***Please distribute internally to:*Institutional
Legal and Compliance
Retail
Training

Contact:

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24-0206

July 4, 2024

Rule amendments- Request for comments – Proposed Proficiency Model- Approved Persons under the Investment Dealer and Partially Consolidated Rules

Executive Summary

The Canadian Investment Regulatory Organization (CIRI) is publishing for comment proposed amendments to its proficiency rules applicable to investment dealer Approved Persons.

Over the last few years, CIRI, through one of its predecessor organizations, the Investment Industry Regulatory Organization of Canada (IIROC), undertook a multi-year initiative to enhance its proficiency regime with the intention of launching the new standards in 2026. Proficiency standards are a cornerstone of the CIRI regulatory regime. High proficiency standards play a key role in investor protection and the integrity and efficiency of capital markets. CIRI's goal is to create, maintain and promote high proficiency standards and a robust proficiency regime in the investment industry.

Last year, we published a Consultation Paper [Consultation Paper – Proposed Proficiency Model- Approved Persons under the Investment Dealer and Partially Consolidated Rules | Canadian Investment Regulatory Organization \(cir.ca\)](#) to solicit feedback on CIRI's proposed model to shift from a course centric model with exams tied to courses, to an assessment centric model with some mandatory education and training.

The proposed model is intended to deliver the following benefits:

- Raise the proficiency bar,
- Lower the cost of licensing and entry barriers for end-users,
- Improve alignment to firm training,
- Improve program currency and relevancy and be more responsive to industry change.

Highlights of the proposed proficiency model are as follows:

CIRI Bulletin 24-0206 – Administrative Bulletin – Rule amendments- Request for comments – Proposed Proficiency Model- Approved Persons under the Investment Dealer and Partially Consolidated Rules

- Exams for each Approved Person category based on the published competency profiles, including a general exam for some Approved Person categories,
- No mandatory courses as prerequisites to exams,
- Mandatory conduct training upon approval,
- Continuing Education (CE) training on topics mandated by CRO annually,
- Baseline education requirements for Registered Representatives (RRs) to include a diploma, degree or four years of relevant work experience, and
- Greater role for CRO in new program design and ongoing delivery.

We received 27 comment letters which we have reviewed and considered in order to determine any amendments that need to be made to the previously proposed model. You can [access the comment letters here](#) and our response to the comments attached in Appendix 4.

With this notice, we are publishing amendments to the Investment Dealer and Partially Consolidated Rules (IDPC), for comment, to reflect the proposed proficiency model.

Please note the model proposed in this notice is focused solely on the proficiency regime as it relates to individuals at investment dealers approved by CRO under the IDPC. Consideration of any future changes to the proficiency regime relating to mutual fund dealers will be done in collaboration with the Canadian Securities Administrators (CSA), which registers firms and individuals in the applicable mutual fund dealer registration categories.

The amendments proposed here will be considered as part of the Rule Consolidation Project and incorporated therein as appropriate. The amendments proposed here incorporate the clarifying amendments¹ previously proposed that will be implemented in the next few months.

How to submit comments

We invite interested parties to make written submissions on the draft rule amendments. Please submit your comments in writing via email (only) by **September 17, 2024** to:

Registration, Proficiency
Canadian Investment Regulatory Organization
Suite 2600
40 Temperance Street
Toronto, Ontario M5H 0B4
e-mail: proficiency@ciro.ca

A copy should also be delivered to the Canadian Securities Administrators (CSA):

Trading and Markets
Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West Toronto, Ontario M5H 3S8
e-mail: marketregulation@osc.gov.on.ca

and

¹ [Proposed Clarifying Amendments to Registration and Proficiency Requirements | CRO](#)

Capital Markets Regulation
B.C. Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street, Vancouver, British Columbia, V7Y 1L2
e-mail: CMRdistributionofSROdocuments@bcsc.bc.ca

Commentators should be aware that a copy of their comment letter will be made publicly available on the CRO website at www.cro.ca

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1 Background

CIRO firmly believes that high proficiency standards play a key role in delivering investor protection and strengthening the integrity and efficiency of capital markets. Currently, CIRO sets and enforces rules regarding the proficiency of more than 33,000 registered individuals employed at investment dealer firms (dealers).

Our current proficiency model is a course centric model delivered by a single course provider. That is, our current proficiencies are satisfied by the successful completion of exams that are based on mandatory courses offered by the Canadian Securities Institute (CSI). Our contract with CSI will expire on December 31, 2025.

The background to this project is outlined in the Consultation Paper published last year, [Consultation Paper – Proposed Proficiency Model- Approved Persons under the Investment Dealer and Partially Consolidated Rules | Canadian Investment Regulatory Organization \(ciro.ca\)](#).

We received 27 comment letters in response to the Consultation Paper. We have reviewed and considered the comments in order to determine any amendments that need to be made to the previously proposed model. You can [access the comment letters here](#) and our response to the comments attached in Appendix 4. Below is a summary of the comments on the core components of the proposed model:

- **Assessment centric, without mandatory courses:** Commenters generally supported the proposed assessment centric model and in particular were in favour of raising the proficiency bar while lowering cost. Many commenters were supportive of the increased flexibility of being able to choose study methods or courses. Some commenters asked for greater details regarding the governance model and suggested that we consider other ways of supporting the assessment centric model. A few commenters suggested that CIRO provide more oversight and governance around commercial preparatory courses and/or course providers.
- **Firm sponsorship:** A number of concerns were raised with regards to firm sponsorship in terms of additional burden on firms, and limits on individuals who are part of the industry.
- **General exam:** Commenters were generally supportive of having a general exam and some suggested that it should be widely available to the public. Some commenters recommended that CIRO consider a grandfathering provision for individuals currently registered.
- **Approved Person exam:** While the comments were generally supportive of the approach, one commenter suggested combining the derivatives exam with the securities exam. Another commenter noted that the existing options, or futures contract or futures contract options (options or futures) only Approved Persons should not be permitted to trade in all derivatives products under the new model unless they complete the new derivatives exam.
- **Baseline education or experience:** Commenters supported the baseline education or experience proposal, while some cautioned us to not raise the bar so high that it creates barriers to entry. Some others suggested otherwise, to raise the bar higher than we had proposed. There were

comments about grandfathering existing Approved Persons or those who completed courses previously recognized.

- Conduct training by CIRO: There was general support for conduct training by CIRO while two commenters suggested that the training should be a pre-approval requirement.
- Firm training: There was general support to align firm training with the competency profiles although there were questions about the feasibility of this for institutional RRs.
- Mandatory Continuing Education (CE): Generally, commenters were in support of the proposed mandatory CE to ensure relevancy and currency of proficiencies.

2 Purpose

The purpose of this phase of the project is to publish rule amendments to reflect the proficiency model proposed in the Consultation Paper, with such modifications after consideration of the comments received. Considering the contract with CSI expires on December 31, 2025, we are mindful that we need sufficient time for implementation of a new proficiency model.

We are publishing this Bulletin and attached rule amendments (Appendix 1 clean, Appendix 2 blacklined) for comments.

3 Development of the proposed proficiency model

The Consultation Paper discussed the background on the development process leading up to the Consultation Paper.

Following the publication of the Consultation Paper, we reviewed and analyzed the comments received, and considered them in deciding whether to make changes to the model previously proposed. We engaged with various stakeholders including our advisory committees in finalizing the proposed model which are reflected in the rules attached as Appendices 1 and 2.

3.1 Research and review

We conducted research and performed comparative analyses on different aspects of existing assessment centric models offered by financial services regulators and professional bodies. Our intent was to supplement the initial research described in the Consultation Paper, and to ensure the robust integrity and utility of the proposed proficiency model. [Section 3.1 of the Consultation Paper](#) discusses the comparable requirements to other jurisdictions including the proficiency models in the US, Singapore and Australia.

We specifically examined different jurisdictions and organizations to identify best practices and standards for regulatory approaches to:

- Exam governance (e.g., policies and rules),
- Exam types and structures (e.g., number of questions, multiple choice),
- Supplemental exam preparatory materials (e.g., sample exams), and
- Commercial preparatory courses and course provider oversight (e.g., accreditation, recognition).

We discovered a mix of approaches taken up by different financial services regulators and professional bodies, such as the Chartered Financial Analyst (CFA) Institute, FP Canada, and the Chartered Professional Accountants of Canada (CPA Canada). Each one applies its own set of criteria to ensure that, at a minimum, applicable standards are being met to support their assessment centric frameworks. Based on the additional research, we were able to validate the following in support of the proposed model:

- Reliance on post-secondary baseline education or experience is a common requirement for financial services regulators and professional bodies,
- Licensure exams and professional certifications or designations are generally based on, and validated against competencies, not courses,
- Exam blueprints and competency profiles are commonly considered as acceptable materials to create an opportunity to learn, and
- Regulators that oversee licensure examinations do not oversee or even recommend commercial preparatory courses or related providers.

We have considered these in making necessary adjustments or changes to our previously proposed model.

4 Proposed proficiency model

In considering the best proficiency model for our regulatory framework, we considered our approval categories, the size of our Membership, the impact on our stakeholders, including dealers and the investing public. We focused on the feedback from stakeholders within the context of our regulatory mandate of investor protection, while recognizing that we needed to propose a practical approach that would meet our regulatory needs. We also considered the impact on individuals in the industry that will be subject to our proficiency requirements, while also keeping in mind that our proposed proficiency model would need to reflect existing industry conditions within the context of our Canadian market.

We considered the comments received in response to the Consultation Paper and accordingly, we have made some changes to the model previously proposed. Although the overall approach remains the same as outlined in more detail below, we have made the following changes and provided further details to our proposed model:

- We will provide exam blueprint and sample exams for each exam category, in English and French.
- We will not require firm sponsorship as part of the eligibility criteria and instead will rely on confirmation from individuals who enroll in CIRO exams that they intend to take the exams in order to test their competencies that are required in connection with the work they do or plan to do with a CIRO dealer.
- The general exam will be based on common competencies between Registered Representative (RR) and Investment Representative (IR) categories. The IRs will not be required to complete the RR exam following the successful completion of the general exam.
- Rather than propose a separate managed account exam for Associate Portfolio Managers (APM) and Portfolio Managers (PM), we will maintain our requirement in alignment with

Associate Advising Representatives (AAR) and Advising Representatives (AR) proficiency requirements under National Instrument 31-103 *Registration Requirements, Exemptions, and Ongoing Registrant Obligations* (NI 31-103).

- RRs should have a degree or diploma from an accredited post-secondary institution, or four years of relevant experience rather than two years as we previously proposed.
- We have also provided further details relating to transition matters, including grandfathering, and accepting previously prescribed proficiencies for those who are in the midst of completing those courses.

4.1 Framework overview

We are proposing an assessment centric model, qualified with some mandatory education and training. Assessments will be based directly on published competencies² for each Approved Person category. We have proposed mandatory baseline education or experience, prior to approval, for some Approved Person categories. We have also proposed post-approval CIRO conduct training, on-going dealer training, and annual mandatory CE.

The proposed amendments reflecting the framework are set out in Appendices 1 and 2 attached, and described in further detail below in this Bulletin.

We are of the view that the proposed assessment centric model, qualified with the mandatory education, experience and training, will allow us to achieve our core objectives, and is the best model for the Approved Persons under the IDPC. Specifically, it will:

- Raise the proficiency bar and enhance the proficiency regime applicable to Approved Persons,
- Allow for greater currency and relevancy, and more responsiveness to industry changes,
- Enable greater alignment with firm training,
- Create opportunities for better learner experience, and
- Lower the cost of licensing and entry barriers to end-users.

Under our proposed model, CIRO will play a greater role in the development and design of its proficiency requirements. We will be actively involved in the exam design process, both in the initial build and on-going maintenance including periodic updates to reflect changes to regulatory requirements. CIRO will also be actively involved in designing the mandatory education and training component, including the content of the conduct training, criteria for firm training, and in identifying and developing the required CE in a given year. These are discussed in further detail below.

4.1.1 No mandatory courses tied to exams

Under this proposed model, we will not be mandating any courses as prerequisites for our prescribed CIRO exams.

We believe that in response to our proposed model, some education providers may decide to continue to offer such preparatory courses or modify their current courses to align with our published competencies more closely.

² [Competency Profiles for Approved Persons \(Investment Dealers\) | Canadian Investment Regulatory Organization \(ciro.ca\)](https://www.ciro.ca/competency-profiles-for-approved-persons-investment-dealers)

We plan to make the following available for each CIRO exam in English and French:

- Exam blueprint or syllabus with weighting as it relates to the content of the exam,
- The applicable CIRO Approved Person competency profile, and
- Sample exams, with similar numbers of questions and difficulty as the prescribed exam.

We believe this approach will allow us to ensure there is an equal baseline opportunity to learn across all exams, regardless of the exam type and whether in English or French. This will also provide the candidates with the option and opportunity to study on their own if they choose not to enroll in an external preparatory course. It will also create an opportunity for dealers to take a more central role in preparing their candidates to meet our requirements. In the course of designing the exams, we plan to provide information regarding our exam governance structure and policies in advance of the launch of the new proficiency model. We will also ensure that there is a reasonable size question bank for each exam to ensure the integrity and security of the exams being offered.

4.2 Assessment approach

4.2.1 Exams based on competency profiles

As noted above, each exam will be based on published competencies for that specific Approved Person category. In some cases, an individual may need to take more than one exam. There will be a general exam which will be referred to as the Canadian Investment Regulatory Exam (CIRE) and eight Approved Person exams. This is a reduction of mandated exams in comparison to the total courses and exams required under the current proficiency model.

At a minimum, an individual will be eligible to complete a prescribed CIRO exam, provided they are the age of majority, and have not attempted to complete the prescribed exam more than the maximum allowable times, which will be determined as part of our exam governance process.

Contrary to our original proposal, we will not require firm sponsorship as part of the eligibility criteria and instead will rely on confirmation from individuals who enroll in CIRO exams that they intend to take the exams in order to test their competencies that are required in connection with the work they do or plan to do with a CIRO dealer.

4.2.2 Exam types

In the proposed rules attached as Appendices 1 and 2, CIRE will be required for all IRs and RRs, based on the competencies common between the retail and institutional RR/IR profiles. The CIRE will also cover all those competencies that we view as necessary for an IR to understand and apply, which will allow us to rely on the CIRE to validate an IR competency for approval. The CIRE will also be able to serve as an introductory exam for all others who are new entrants to the industry regulated by CIRO.

In the attached proposed rules contained in Appendices 1 and 2, we have proposed the following specific Approved Person exams:

- RR - Securities- Retail
- RR - Securities- Institutional
- RR and IR- Derivatives

- Supervisor
- Trader
- Directors, Executives, Ultimate Designated Person (UDP)
- Chief Compliance Officer (CCO)
- Chief Financial Officer (CFO)

We have not proposed a separate exam for APMs and PMs. Instead, we have proposed to continue aligning those requirements with the requirements set out in NI 31-103.

4.2.3 Approved Person Exams

4.2.3.1 RRs and IRs

Under the proposed rules, IRs (securities) and RRs (securities), whether retail or institutional, will be subject to the CIRE. RRs will then be required to complete the retail or institutional RR exams, and subsequently a derivatives exam if trading in derivatives.

As noted above, the CIRE will cover common competencies between the RR and IR retail and institutional competency profiles and will include all those competencies necessary for an IR to understand and apply.

In order to reflect the difference in their roles, we have proposed to have an exam for securities RRs who deal with retail clients, that will be different from the exam for individuals who deal with institutional clients. This approach better aligns with the two separate competency profiles that have been developed for retail and institutional RRs.

Although RRs and IRs will continue to deal with product types of securities, options or futures, in considering the objectives of the proposed Derivatives Rules Modernization³, and to simplify and clarify the derivatives related requirements, we are proposing one consolidated exam for RRs and IRs who trade in derivatives. This will serve as a supplement to the securities exam. We are of the view that all those who trade in derivatives products should have a baseline and demonstrated understanding of all derivatives products, trading and associated risks. Rather than have separate exams focused separately on either options or futures, each of which currently has a different set of course and exam requirements, one consolidated exam will cover the requisite understanding of all derivatives. We recognize there are grandfathering considerations for those who are currently approved to trade in options or futures, and those are discussed further below.

4.2.3.2 APMs and PMs

We have proposed to remain aligned with the proficiencies applicable to Associate Advising Representatives and Advising Representatives under NI 31-103. We will keep the baseline proficiency as currently required under IDPC which is aligned with NI 31-103. The same relevant investment management experience as currently prescribed in IDPC and NI 31-103 are included in the proposed rules. If an APM or PM will manage portfolios for clients that include derivatives, similar to the current approach under IDPC, they will also be required to successfully complete the derivatives exam.

³ [Derivatives Rule Modernization, Stage 1 | Canadian Investment Regulatory Organization \(ciro.ca\)](https://www.ciro.ca/en/derivatives-rule-modernization-stage-1).

4.2.3.3 Supervisors

We have proposed one exam applicable to all types of Supervisors on the basis that we have one competency profile for all Supervisors to reflect their supervisory responsibilities, authority, and accountability. In some instances, Supervisors will be required to complete an additional underlying exam, depending upon the activity they will supervise. This includes Supervisors who supervise trading, or accounts trading in, securities or derivatives. For those Supervisors who supervise managed accounts, we will continue to require completion of the underlying exams or designations applicable to PMs. The relevant experience applicable for Supervisors is discussed further below.

4.2.3.4 Traders

While developing the competency profiles, we developed a specific one for Traders that includes competencies relating to trading on different marketplaces. Our current proficiency requirements have focused on the proficiencies mandated by the exchanges. During our engagement with stakeholders, we received feedback that the current required proficiency, being the Trader Training Course, is equities focused and that the Trader competency profile should include competencies beyond equities. We have proposed a separate Trader exam based on the published and more comprehensive competencies for Traders which we would expect from any applicant for approval as a Trader.

4.2.3.5 Exams for Directors and Executives, UDPs, CCOs, CFOs

Under the new program, CIRO will mandate an exam applicable for Directors, Executives and UDPs, while there will be a separate exam for CCOs, and another for CFOs. We plan to cover the core competencies applicable to CCOs and CFOs within the respective exams in order to streamline the requirements, while also ensuring that these individuals possess the requisite competencies.

4.3 Education, Experience and Training

The proposed rules include baseline education or experience requirements, prior to approval, for some Approved Persons. The proposed rules also include post-approval training requirements applicable to Approved Persons. These proposed requirements are discussed further below.

4.3.1 Baseline education or experience

We considered whether our current education and experience requirements for each of our Approved Person categories are appropriate, or whether there are opportunities to raise the bar and enhance our proficiency regime to better carry out our public interest mandate, which includes investor protection. We also considered the importance of access to advice for the investing public, and not setting the bar so high that dealers will not be able to hire individuals as needed to support their business. While it is important to ensure that our model is such that it can continue to attract individuals to carry out regulatory functions on behalf of the dealers, it is equally important that those who have core regulatory responsibilities have a certain level of education or experience before undertaking some of these roles and responsibilities.

4.3.1.1 Education or experience for RRs

RRs are approved to trade or advise on securities, options, or futures, with the public in Canada. Our rules currently do not include any baseline education or experience requirements for RRs other than the

proficiency requirements set out in IDPC Rule 2602(3). Considering their relationship with the investing public, RRs have an integral role in and impact on our capital markets. We are of the view that a baseline education (i.e., a diploma or degree from an accredited post-secondary institution), or four years of relevant experience, is a necessary first step before being approved in a role as an RR. A baseline education requirement for RRs will enhance our proficiency regime and is consistent with our public interest mandate. This requirement, in addition to exams based on published competencies will be applicable to RRs, and the training discussed below, will ensure that those who are on the frontline providing advice to clients have the appropriate level of education and experience.

We do not propose mandating specific diplomas or degrees as we are mindful to not create unnecessary barriers to entry, while still raising the proficiency bar in order to foster investor protection. This is similar to the approach taken by many financial service professional bodies, such as FP Canada and the CFA Institute.

The core objective of mandating a baseline education is to ensure RRs have the maturity to serve the investing public and apply the necessary analytical and communication skills to carry out their regulatory responsibilities.

We are of the view that a diploma or degree that would demonstrate a baseline level of analytical and communication skills to allow an individual to understand and apply the competencies relevant to their Approved Person role could satisfy the baseline education requirements. Dealers are in the best position to assess this when hiring individuals as RRs. We expect dealers to assess this based upon the principles set out above and only put forward candidates who have the appropriate level of education consistent with their obligations under IDPC 2602(1) and (2) (the proficiency principle).

In the event that an individual does not have a diploma or degree from an accredited post-secondary institution, the individual's experience may also satisfy this requirement if relevant. The individual would have to demonstrate that their experience has provided them with the requisite level of analytical and communication skills to service the investing public, and allows them to understand and apply the competencies relevant to their Approved Person role. We would require a minimum of four years of experience demonstrating such skills in order to satisfy the requirement. Experience in the financial services industry, such as working as an IR as part of a team serving clients for example, may be acceptable. Dealers will need to assess this experience before submitting an application for approval to ensure compliance with their obligations under the proficiency principle. Staff will assess such experiences as part of their fit and proper review.

We are of the view that taking a more principle-based approach to baseline education and experience will allow continued, and increased, diversity within the population of those who serve the investing public. We recognize that RRs come from diverse backgrounds, including from other careers and may have been educated in another country. Our goal is to ensure that we raise the bar without creating unnecessary barriers to entry.

As such, we have proposed that rather than provide a list of different types of different degrees and diplomas, or relevant experience, we will instead look to whether the individual's baseline education (i.e. accredited degree or diploma) or experience (i.e. four years of relevant experience), demonstrates that they have the necessary analytical and communication skills that allow them to understand and apply the competencies, and effectively discharge their responsibilities in a compliant manner when serving the investing public. We understand that dealers would likely benefit from some guidance on

what would be relevant experience and we plan to publish such guidance in advance of the implementation of the new proficiency program.

4.3.1.2 Experience for Executives

In reviewing the current education and experience requirements applicable to our Approved Persons, we considered that while Supervisors are required to have two years of relevant experience, we do not have the same experience requirement for each Executive at a dealer. IDPC Rule 2503 requires that 60% of a dealer's Executives must have at least five years of experience in the financial services industry, or such lesser period as may be acceptable to the Corporation. We also have an experience requirement for CCOs to have five years of experience working for an investment dealer or registered advisor, with three years in a compliance or supervisory capacity.

We are of the view that each Executive at the dealer, including the UDP, should have experience that is, at a minimum, the same in duration as the experience applicable to Supervisors in addition to the general experience requirement set out in IDPC Rule 2503. As such, we have proposed a requirement that each Executive, including the UDP, should have a minimum two years of relevant experience. We view the relevant experience to be based on the category of approval, the responsibilities of the Executive, and the firm's type of business. Experience in one type of business may be relevant for one business type but may not be considered relevant for another dealer's business model or even another Executive role.

While staff will consider the relevance of an applicant's education or experience as part of the fit and proper review, we expect dealers to assess this considering the proficiency principle and only put forward candidates who have the appropriate level of experience consistent with their obligations under the proficiency principle.

4.3.1.3 Experience for Supervisors

Currently, Supervisors are required to have two years of relevant experience which in most cases has been noted as experience with an investment dealer, mutual fund dealer or an entity registered under securities legislation. We propose a similar approach under the proposed rules, with some streamline language for consistency with other provisions. Similar to the approach with Executives, we are of the view that relevant experience will depend on the specific role of the Supervisor and the firm's business model. For example, for a Supervisor of Managed accounts, experience as a Supervisor with an Order Execution Only dealer would likely not be relevant. For a Supervisor overseeing research reports, we would expect the individual to have experience as a research analyst unless they have other education (i.e. a CFA charter) that would demonstrate their proficiency.

While staff will consider the relevance of a Supervisor's experience as part of the fit and proper review, we expect dealers to assess this considering the proficiency principle and only put forward candidates who have the appropriate level of experience consistent with their obligations under the proficiency principle.

4.3.1.4 Education or experience for Chief Compliance Officers

Currently, CCOs have experience requirements under the rules, which we proposed to keep with one additional change of recognizing experience with an affiliated Financial Industry Regulatory Authority (FINRA) dealer.

4.4 Mandatory conduct training

We are of the view that while assessments based on published competencies are an appropriate tool to verify the competency of those who apply to be an Approved Person with CIRO under the IDPC, specific and targeted training on ethics and conduct are also an integral part of a robust proficiency regime. We have proposed to require a mandatory conduct training by CIRO, to be completed by all new Approved Persons within 30 days of approval. Given its importance, we have proposed that the completion of the training be reported to CIRO and failure to complete it will result in an automatic suspension.

We have also proposed that all existing Approved Persons must complete the conduct training by December 31, 2026 and may utilize it towards meeting their existing CE requirements, which may also be applied towards the mandatory CE requirement discussed in section 4.5 below, for the first year of the program.

We are mindful that any training provided by CIRO must meet accessibility standards. We plan to make the training available in a format that can be accessed at any time from any location that is convenient for Approved Persons. We plan to include some form of assessment throughout the interactive training to ensure that the individual is learning the information, rather than passively listening.

We had previously noted that we would also work on a code of conduct to provide further guidance on how our Approved Persons should conduct themselves when carrying out their regulatory responsibilities in dealing with their clients, the investing public and in their professional relationships with others. While the training will address these substantive conduct matters, we will review whether any such code should form a part of the existing Standards of Conduct rule and any related guidance, as part of or following the Rule Consolidation Project.

4.5 Mandatory CE

We continue to believe that our proficiency model should generally allow for greater relevancy and currency than is available today. To address this, we plan to provide 1 to 3 hours of mandatory CE on an annual basis for all Approved Persons to ensure that they keep up to date with those matters which we find are of utmost importance in a given year. We have proposed this requirement, within the current CE requirements, which includes completing 10 hours of compliance and 20 hours of professional development credits. This may include training linked to ethics or to new regulatory changes. We plan to offer online interactive CE training in order to enable Approved Persons to access the training program from any location where an individual works, resides and accessible at any time that is convenient. For the first year of the program, the applicable training for all Approved Persons will be CIRO's conduct training discussed in section 4.4 above.

We recognize that the proposed proficiency model may have some downstream impact on the current CE requirements simply because CE is currently meant to build on and enhance baseline licensing proficiencies, which includes courses not exams. The proposed shift to an assessment centric model away from courses will directly impact certain current CE provisions. One example of such impact is that carry forward⁴ provisions will no longer be necessary and as such we have proposed eliminating

⁴ IDPC 2716

them from the rule. Carry forwards were initially intended to accommodate completing select baseline proficiency courses to earn CE. In the proposed model, however, we will no longer prescribe baseline licensing courses. We are also of the view that carry forward provisions run contrary to our proposed model, where CE should be timely, current and with some mandatory annual CE to reflect this approach.

Another related example of downstream impact is eliminating the current Voluntary Participation⁵ provision in Rule 2726 that extends the validity period of the Canadian Securities Course, which will not be mandatory in the proposed model.

Other downstream impacts include allowing Approved Persons to count the CISO conduct training towards CE during the first year of the program. We will be evaluating the list of ethics courses published in accordance with Rule 2715 to include the conduct training and also evaluate whether any adjustments need to be made to the courses listed.

Consistent with the approach for Supervisor assessment requirements, we have proposed streamlining the CE requirements applicable to Supervisors such that they all have the same CE requirements. The requirements for all Supervisors to satisfy the Compliance portion of CE is consistent with the Supervisor Competency Profile, and related assessment requirement, applicable to Supervisors. However, dealers will have to continue to be mindful of providing training to Supervisors consistent with the proficiency principle beyond the mandated CE requirements, if warranted.

4.6 Firm training

We are of the view that firm training is integral to a dealer's compliance with the proficiency principle. Firm training is also an integral part of an Approved Person's proficiency and facilitates their continuous competency in designated roles. Dealers have an on-going obligation to ensure compliance with the proficiency principle and, as such, are required to provide training to their Approved Persons, as needed, to ensure they remain proficient at all times relative to their respective roles.⁶ We have proposed amendments to clarify the requirements discussed here. We have also clarified that dealers may permit an Approved Person to apply the on-going training towards their CE requirements.

4.6.1 Firm training – retail

The IDPC currently requires RRs and IRs dealing with retail clients to complete, respectively, a 90-day or 30-day training program prior to approval. We are of the view that this is an important part of individual RR and IR training. We find that we have an opportunity to create greater alignment between our competencies and firm training, and take a more principle-based approach to firm training in alignment with the Mutual Fund Dealer rules.

We have proposed that this training is required to be provided to individuals within 90 days of approval, rather than as a pre-approval requirement. This will allow individuals to receive the training once they have been approved, consistent with the approach currently applicable to Mutual Fund Dealing Representatives. However, as a post approval requirement, we have proposed that dealers report completion of the training program to CISO and that failure to complete the requirement will result in an automatic suspension.

⁵ IDPC 2726

⁶ IDPC 2602(1) and 2602(2)

While this approach will allow for appropriate controls to ensure that all individuals complete the training component, it allows dealers flexibility in assessing training that is appropriate for their RRs and IRs.

It is important to note that new approved RRs and IRs will remain subject to supervision currently set out in IDPC 3947.

The current criteria set out in the guidelines for the 90-day⁷ and 30-day training⁸ programs are outdated. Rather than rely on prescriptive criteria, we are of the view that dealers need to leverage the published competencies and sub-competencies⁹ for retail RRs and IRs to ensure they provide training in each of the sub-competency areas applicable to their business model, and the role of the RRs and IRs at their firm. To clarify, we expect dealers to train on each sub-competency area outlined. However, the level of detail and chosen approach to training may be tailored based on their business model. We are of the view that taking this principle-based approach will increase compliance with the proficiency principle as dealers will have the flexibility and responsibility to decide what is appropriate training.

Keeping in mind the obligation of the dealer to ensure compliance with the proficiency principle, we have also proposed that when hiring new RRs and IRs, the dealer needs to consider whether additional training is required for them, in addition to any other training that may have been provided by their previous sponsoring firm. Dealers need to ensure that the Approved Persons not only have the requisite education and experience, but also receive training appropriate for their role. We would expect dealers to keep a record of any such training provided.

We have also updated the language in IDPC 2602 to clarify the application of the proficiency principle to all Approved Persons, not only those that make recommendations.

For ease and reference, we will publish the firm training modules that need to be considered by dealers, in alignment with the sub-competencies, prior to implementation of the proposed rules.

4.6.2 Firm training- institutional

Currently, RRs and IRs who deal with institutional clients do not have a pre-approval training requirement. We propose that new RRs and IRs dealing with institutional clients should also be required to complete a firm training program that is aligned with the competency profile and supports the proficiency principle. Similar to the approach with the training program for retail RRs and IRs, we are of the view that dealers need to ensure that appropriate training is provided for each RR and IR.

Similar to the above noted approach, we have proposed that such training be provided within 90 days of approval, and that dealers take a more active role in determining the appropriate training for their RRs and IRs based on the published sub-competencies. In accordance with the proposed rules, the completion of the training would be reported within 90 days of approval and failure to complete it would result in suspension of the individual until the training is completed and reported.

⁷ [Guidelines for the 90-day Training Program | CIO](#)

⁸ [Guidelines for the 30-Day Training Program | CIO](#)

⁹ [Competency Profiles for Approved Persons \(Investment Dealers\) | CIO](#)

For ease and reference, we will publish the firm training modules that need to be considered by dealers, in alignment with the sub-competencies, prior to implementation of the proposed rules.

5 Transition to the new proficiency model

We recognize that any changes to our current proficiency model will require a robust transition plan that requires working with our current education provider, CSI, and updates to our rules and internal processes. In order to ensure a fair transition, we have proposed amendments within the rules described below.

5.1 Grandfathering in existing Approved Persons

We have proposed that existing Approved Persons will not be subject to the new proficiency requirements provided they continue in the same role. An individual will be considered to continue in the same role provided they did not cease to be approved for longer than 90 days. This approach is consistent with the approach adopted when new proficiency requirements were introduced in 2021 with the introduction of the IROC Rules. We are of the view that this approach will allow us to grandfather in the existing Approved Persons, while also taking a step forward towards raising the bar by not grandfathering individuals indefinitely when they cease to be an Approved Person.

In addition to the general grandfathering provision described above, we have proposed an additional grandfathering provision for any individuals who have a minimum of two years of experience in the last three years, from having to complete the CIRE should they cease to be an Approved Person such they would not be able to benefit from the general grandfathering provision described above.

It should be noted that the exemption process will remain available for those cases where an individual submits a request for an exemption from the proficiency requirements based on their personal circumstances.

While we have proposed a consolidated derivatives exam, we propose that current Approved Persons who trade in either options or futures be grandfathered into their existing categories provided they do not hold themselves out as trading in all derivatives. We would expect such individuals to qualify their titles with *options only* or *futures only*, where they refer to derivatives.

5.2 Prior enrollment in CSI exams

With the expiry of the CSI contract as of December 31, 2025, individuals who enroll for a CSI course will have up until December 31, 2026 to complete the exam offered through the CSI. As such we propose that individuals can satisfy the proficiency requirements in effect prior to January 1, 2026 provided they meet all of the following conditions:

- The individual enrolls in a course offered by the CSI prescribed under the rules prior to January 1, 2026,
- The individual successfully completes the course and its exam prior to January 1, 2027,
- The individual would satisfy the proficiency requirements applicable to the same approval category prior to January 1, 2026, upon completion of the course in 2629(1)(ii)
- The sponsoring firm submits an application for approval for the individual, prior to January 1, 2027.

Similarly, we propose that if an individual is subject to a post licensing requirement (i.e. Wealth Management Essentials), they be provided with the following options in order to ensure there is a fair level playing field for individuals whose pre-approval proficiencies were under one regime and post approval requirements under the new regime:

- Complete the WME by the required due date or December 31, 2026, whichever is earlier, or
- Complete the new RR retail exam by the required due date.

This transition provision will be important for those who are currently in the midst of a post approval requirement and will continue to be subject to its completion as of January 1, 2026.

5.3 Validity Periods

Similar to the existing course validity periods, we have proposed a three year validity period for the proposed exams, with an additional validity provision to recognize one year of relevant experience during the three year period prior to the date of application for approval. The language proposed is similar to the approach in the NI 31-103 modified to recognize the approval categories under the IDPC. The additional language proposed will allow an individual who may have taken an exam not required for their approval category to keep the exam valid through their experience.

5.4 Automatic exemptions

With the introduction of the assessment model, we will continue to provide an exemption for individuals who have registrable experience with FINRA in the last three years, and have met the FINRA proficiency requirements. Such individuals will be exempt from the CIRE. This is similar to FINRA's approach in exempting individuals with (previous) CRO experience from having to complete the Securities Industry Essentials Exam (SIE) based upon satisfying CRO specific equivalencies set by FINRA.

With the move to having a single derivatives exam, we have also proposed amendments that will allow individuals who complete both Series 3 by National Futures Association (NFA), and Series 7 by FINRA and have experience with the NFA and FINRA in registered roles, respectively, to be exempt from the derivatives exam where required.

Consistent with the current requirements, we have also proposed an automatic exemption from the requirement to complete the CIRE or the RR securities exams for individuals who meet the education requirements applicable to APMs or PMs.

As a result of the changes to the model, we have proposed removing the current automatic exemptions under IDPC 2627 -2629 as they will no longer be relevant under the new program.

6 Related projects

We recognize that as part of the Rulebook Consolidation Project, other amendments relating to the IDPC registration and proficiency rules may be proposed. While we are publishing these proposed amendments as a separate project, we will ensure that the amendments proposed here will be considered as part of the Rule Consolidation Project and incorporated in as appropriate.

We will also be working on harmonizing and consolidating our IDPC and Mutual Fund Dealer Rule CE requirements, as part of our integration efforts. We will be developing and publishing a proposal on the two CE programs, later this year.

On a final note, we recently published a notice of implementation on the clarifying amendments¹⁰ and Derivatives Rule Modernization project¹¹. Some of the provisions previously proposed as part of the clarifying amendments will no longer be in effect as of January 1, 2026. Our draft rules attached as Appendices 1 and 2 have incorporated in those amendments recently approved for implementation.

We also recognize that the successful execution of our new proficiency regime including exam design and delivery, requires expertise from external vendors. Accordingly, we have undertaken a robust RFP process to select third-party organizations who have the expertise to assist us with certain elements of the services required. We will be finalizing the details of the RFP(s) and will provide further information as necessary.

Finally, we recognize that shifting from a single-course provider model to an exam centric model is a significant change that may have some practical implications for our stakeholders. For this reason, we encourage you to provide feedback on this proposal.

7 Impact

The proposed rule amendments will have a positive impact on stakeholders including dealers and client as they will raise the proficiency bar while lowering costs. In particular, the proposed amendments will eliminate the cost of mandatory courses and allow individuals to demonstrate their competence through passing exams and completing the required training. The proposed amendments will have some impact on dealers in terms of updating their training modules, reviewing their registrants' compliance with the conduct training and mandatory CE requirements, and updating procedures to connect with new service provider's portal. However, we are of the view that the benefits of the model outweigh this additional work and modification of the current procedures that may be required. There are no specific regional impacts. The proposed amendments have a resourcing impact on CISO. The proposed amendments will also impact CSI, and other education service providers who may already provide or plan to provide preparatory courses on current mandated proficiencies and proposed mandated exams.

8 Alternatives considered

The alternatives considered to the proposed model were discussed in the Consultation Paper. Based on the feedback received we did not consider another proficiency model although we considered some amendments as described in this Bulletin to the model previously proposed. In particular, we proposed changes in the following areas that vary from our original proposal:

- Elimination of firm sponsorship previously proposed,
- Changes to the baseline exam requirement for APMs and PMs for alignment with NI 31-103,
- Change of baseline experience of RRs to four years, rather than two years as originally proposed, and

¹⁰ [Clarifying Amendments to Registration and Proficiency Requirements](#)

¹¹ [Derivatives Rule Modernization, Stage 1](#)

- Changes to the supplementary materials that we will provide for each exam.

9 Policy development process

The proposed amendments were first proposed through the publication of the Consultation Paper which solicited feedback on the elements of the proposed model that we were considering. The amendments described above reflect our internal analysis, consultation with our advisory committees, and the feedback received through the Consultation Paper. For background on the development of the proposal prior to the publication of the Consultation Paper, please refer to the Consultation Paper.

9.1 CIRO advisory committee feedback

We have received overall positive feedback regarding the proposed proficiency model and the related proposed amendments from our advisory committees. However, we received some comments requesting a longer grandfathering provision for individuals in the same role. We request specific feedback on this below.

10 Next steps

Following the closing of the comment period on **September 17, 2024**, we will review and consider the comments.

We aim to publish the final rules for implementation by the second half of 2025 to ensure the launch of January 1, 2026.

11 Specific requests for feedback

While we welcome all comments on all aspects of our proposed proficiency model, we request comments specifically on the following:

- The practicality of the transition provisions, in particular:
 - The proposed grandfathering provision,
 - The proposed transition provision for those who have enrolled in a CSI exam prior to January 1, 2026, and not yet completed the course and related exam,
 - The proposed transition provision for those who are required to complete the Wealth Management Essentials course.
- The amount of time your dealer needs to update their RR and IR training programs, keeping in mind that the published competency profiles and related sub-competencies will be utilized for providing guidance on the training programs proposed to be completed within 90 days of approval.
- We are interested to know if dealers will take an active role in training their new hires to prepare for the proposed exams.
- We are interested to receive comments on the relevant experience proposed and the types of experiences that dealers find common and relevant.

12 Applicable Rules

IDPC Rule 1200 - Definitions of Approved Persons, RR, IR, Supervisors, Designated Supervisors, Traders, Associate Portfolio Managers, Portfolio Managers, Directors, Executives, UDP, CCO, CFO

IDPC Rule 2500 - Approval of individuals

IDPC Rule 2600 - Proficiency requirements and exemptions from proficiency requirements

IDPC Rule 2700 - Continuing Education Requirements for Approved Persons

13 Appendices

[Appendix 1](#) - Proposed proficiency model amendments (clean)

[Appendix 2](#) - Proposed proficiency model amendments (blackline)

[Appendix 3](#) - Proposed proficiency model table of changes

[Appendix 4](#) - Response to comments