# CIRO’s serving up proposals for proficiency

**July 31, 2024**

Earlier this month, the Canadian Investment Regulatory Organization (CIRO) released for comment proposed amendments to its proficiency rules, which would apply to Approved Persons of investment dealers. CIRO’s proposed model would shift from a course centric model (with exams tied to courses), to an assessment centric model and mandatory education and training.

Under the proposed model, there would be no mandatory courses as prerequisites to exams, but exams would still be required for each Approved Person category based on the competency profiles, including for some categories, a general exam. Once approved, there would be mandatory conduct training, and well as continuing education training on mandated topics each year. To become registered in the category of Registered Representative, individuals would need to demonstrate baseline education requirements, which would include a diploma or degree from an accredited post-secondary institution or four years of relevant work experience (an increase from the two years proposed in the previous consultation last year).

While CIRO is not mandating any particular diploma or degree, the consultation paper notes that a diploma or degree that would demonstrate a baseline level of analytical and communication skills which allows a person to understand and apply the relevant proficiency competencies could satisfy the baseline education requirements. CIRO will also release guidance to dealers on what would be relevant experience for Registered Representatives in advance of the implementation of the new proficiency program. For Executive personnel, CIRO proposes that each Executive, including the Ultimate Designated Person (UDP), should have a minimum two years of relevant experience based on the category of approval, the responsibilities of the Executive, and the firm’s type of business.

In response to comments on the previous consultation, CIRO has proposed to provide exam blueprints and sample exams for each of the eight exam categories and has dropped the requirement to have firm sponsorship prior to writing the exams. The general exam, the Canadian Investment Regulatory Exam, will be based on common proficiency competencies between Registered Representatives and Investment Representatives. While a separate managed account exam was originally proposed for Associate Portfolio Managers and Portfolio Managers, CIRO is now proposing to keep its requirements in alignment with those of the Canadian Securities Administrators for its

Associate Advising Representative and Advising Representative proficiency requirements.

CIRO is proposing specific Approved Person exams for the following categories:

- RR – Securities- Retail;
- RR – Securities- Institutional;
- RR and IR- Derivatives;
- Supervisor;
- Trader;
- Directors, Executives, UDP;
- Chief Compliance Officer (CCO); and
- Chief Financial Officer (CFO)

CIRO has proposed to require mandatory conduct training by CIRO, to be completed by all new Approved Persons within 30 days of approval, where failure to complete it will result in an automatic suspension. In addition, all **existing** Approved Persons must complete the conduct training by December 31, 2026. For training by the dealer firm itself, the proposed amendments will allow the training for Registered Representatives and Investment Representatives dealing with retail clients (and newly proposed for institutional clients) to be provided within 90 days of approval, rather than as a pre-approval requirement. Instead of prescriptive criteria, training would need to address the published competencies and sub-competencies applicable to the business model, and the role of the Registered Representatives and Investment Representative at the applicable dealer firm.

Several provisions are proposed that would allow for the continued reliance on certain existing criteria, including that existing Approved Persons will not be subject to the new proficiency requirements provided they continue in the same role (i.e. provided they did not cease to be approved for longer than 90 days).

Comments on the draft rule amendments are due by **September 17, 2024**. CIRO is aiming to publish the final rules for implementation by the second half of 2025, for a launch of **January 1, 2026**.

By

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