

Oliver.

September 18, 2023

Sherry Tabesh-Ndreka
Senior Director, Registration
Canadian Investment Regulatory Organization
Suite 2000, 121 King Street West Toronto, Ontario M5H 3T9
Email: Stabesh@iiroc.ca

Re: Consultation Paper - Proposed Proficiency Model

Dear Ms. Tabesh-Ndreka,

Oliver Solutions has a forty-year track record in the Canadian securities industry as a training organization. We are thankful for the opportunity to offer our insights on CIRO's consultation paper about its proposed proficiency model.

Executive Summary

Since 1983, Oliver has been a trusted leader in the Canadian securities license training industry. We were founded to address the Canadian banks' need for a more efficient training solution for their employees taking the Canadian Securities Course. For decades, our training offerings have included supplemental securities license training and accredited continuing education.

We commend CIRO's vision of transitioning from the current model, where one provider offers mandatory training and licensing exams, to a more competitive model. We advocate for a landscape where multiple education providers can compete, with the exception of the certification exam provider. This change could lead to more innovative and affordable training solutions by expanding options for those seeking licenses.

CIRO's decision on whether to accredit competing education providers is crucial. It will impact the training quality, variety, and the number of trained individuals available for hiring. It is also important to note that CIRO's decision can affect the security and integrity of certification exams.

To protect everyone involved, we recommend that CIRO require education providers to be accredited. This would prevent the risks of an unregulated market and ensure consistent, high-quality training. To make this process more efficient and aligned with modern international standards, we suggest CIRO require third-party education standards accreditation. This approach would reduce CIRO's direct oversight while upholding high educational standards.

Disclosure of self-interest

As a leader in the securities training market, Oliver stands to benefit from the proposed unbundling of training and certification exams. We acknowledge this self-interest and believe in being transparent about it. The proposed shift could reduce financial burdens for learners and offer them more educational choices. Our longstanding commitment to securities training and our experience with third-party educational certification may give us a favorable position in an accreditation model.

Accreditation does not just protect our intellectual assets; it also shifts competition towards quality and value, rather than mere price undercutting. We believe that an industry thrives on diverse viewpoints, even those that might not benefit us. With this in mind, we present the following conceptual framework for CIRO's consideration, genuinely aiming to advance the field.

Conceptual Framework

CIRO's decision to decouple training from exams has the potential to reshape the training market. This shift could affect the quality and diversity of training available to upcoming licensees. At its core, these significant changes represent a new policy. Typically, new policies call for a Regulatory Impact Analysis (RIA) which captures the perspectives of all stakeholders. The primary goal of the RIA is to align stakeholder needs with the intended objectives of the policy.

We suggest the following framework specifically designed for an RIA concerning CIRO's new policy. It operates on the assumption that CIRO plans to end the practice of allowing a single vendor to bundle mandatory training with the certification exam. In theory, CIRO has five options with regard to the unbundling of the training from the exam provider's contract.

Option	Implication for Competition	Rationale/Consideration
1. Sole Source Training - Award a sole source contract for the provision of training distinct from the exam sole source contract.	Limits competition entirely.	Ensures training consistency but stifles innovation and eliminates a competitive landscape.
2. Mandatory accreditation - Require aspiring licensees to complete a mandatory training program from an accredited provider.	Encourages competition among accredited providers only.	Guarantees quality but may restrict the number of providers. CIRO or a third-party would need to actively accredit and monitor providers.
3. No accreditation - Require aspiring licensees to complete a training program from any provider.	Allows full competition without quality assurance.	Risk of inconsistent training quality due to lack of oversight. Could potentially diminish the perceived value of CIRO's certification.
4. Voluntary accreditation - Require aspiring licensees to complete a	Allows full competition with	It muddies the waters by blending two types of providers, potentially leading to

program from non-accredited or accredited providers.	variable quality assurance.	choice paralysis and inconsistency in training quality.
5. Challenge exam - Permit aspiring licensees to take a challenge exam with no training requirement.	Removes training competition but focuses solely on individual capability.	The emphasis shifts to individual preparation. CIRO doesn't have to concern itself with training quality, but it raises the stakes for exam security.

Option 1, which limits competition entirely, has already been discarded by CIRO and does not align with stakeholder desires for competition and innovation. Options 3 and 4, while allowing for full competition, carry significant drawbacks. Specifically, Option 3's lack of quality assurance could reduce the perceived value of CIRO's certification and lead to variations in licensee quality. Option 4 presents an ambiguous environment where the coexistence of accredited and non-accredited providers might confuse aspiring licensees about the significance of accreditation, leading to inconsistent training standards.

Thus, the pivotal decision for CIRO narrows down to Options 2 and 5. Option 2 ensures training quality by fostering competition among accredited providers, although this approach may necessitate CIRO's active involvement in accreditation and monitoring. In contrast, Option 5 emphasizes the individual's exam preparedness, reducing CIRO's role in training but necessitating a rigorous exam that meets industry standards and extra vigilance regarding certification exam security.

For CIRO's proposed policy to be truly effective, it should adopt either Option 2's multiple accredited provider approach or Option 5's challenge exam approach. We'll explore the implications of these two options in the following sections.

Mandatory Accredited Training vs. Challenge Exam Approaches

We outline five reasons to consider adopting a mandatory accredited training option and three reasons that favor the challenge exam approach. These reasons derive from insights in credentialing, professional licensure, economic theory, and our extensive experience.

Table 2 - Mandatory Accredited Training versus Challenge Exam	
Mandatory Accredited Training	Challenge Exam
<ol style="list-style-type: none"> 1. Ensures compliance and maintains industry alignment 2. Protects licensees from subpar or unqualified training providers 3. Facilitates robust oversight and accountability 4. Enhances certification exam security and integrity 5. Provides mechanism for feedback and grievance addressing 	<ol style="list-style-type: none"> 1. Minimizes regulatory burden and costs 2. Validates pre-existing expertise, eliminating redundant training 3. Simplifies the path to certification

For a comprehensive regulatory impact analysis, the perspectives of several stakeholders—including CIRO, Licensees, Firms, the Public, and Providers—should be considered. By licensees, we mean both aspiring candidates and those already licensed. In Appendix A, we've developed a ranking system that hypothesizes how each group might prioritize these objectives based on their specific needs and interests. The ranking system uses:

1. Direct, primary impact or concern for the stakeholder.
2. Moderate concern, representing a tangible but not primary issue.
3. Indirect or secondary concern for the stakeholder.

We do not claim to represent every stakeholder's viewpoint. Thus, we recommend treating Appendix A as a starting point for deeper exploration, open to validation with each stakeholder group. CIRO is free to adapt this framework as needed during its implementation phase.

While it's vital to understand the merits of both Mandatory Accredited Training and the Challenge Exam, recognizing the potential risks of lacking a standardized, accredited training system is equally critical. The absence of proper accreditation could undermine the integrity and validity of certification exams.

Risks of Unqualified Access to Certification Exams

Professional competency profiles that align with certification exams are the blueprint for ensuring that industry professionals meet the desired standards of expertise and ethics. However, merely providing profiles to education providers doesn't ensure student preparedness.

Without proper accreditation, there are inherent risks. Students might not be adequately prepared, and potential bad actors can compromise the integrity of industry certification. Accreditation of education providers is crucial in ensuring that these competency profiles are thoroughly and effectively translated into curriculum and pedagogy.

Initiation into Industry Culture

Accredited education providers lay the groundwork for industry newcomers, instilling both knowledge and vital industry values. A culture of compliance, ethics, and professionalism is nurtured at this foundational stage, even before formal licensure.^{1,2,3}

Supporting the Underprepared

Depth and Methodology: Accredited providers guarantee depth. Their teaching methods stress core principles, minimizing the risk of underpreparedness. Accreditation ensures regular content updates and adoption of modern methodologies.

¹ Trede, F., Macklin, R., & Bridges, D. (2012). "Professional identity development: a review of higher education literature." *Studies in Higher Education*, 37(3), 365-384.

² Evetts, J. (2014). "The concept of professionalism: Professional work, professional practice, and learning." In Billett, S., Harteis, C., & Gruber, H. (Eds.), *International Handbook of Research in Professional and Practice-based Learning*. Springer.

³ Bebeau, M. J., & Monson, V. E. (2011). "Guided by theory, grounded in evidence: A way forward for professional ethics education." *Handbook of moral and character education*, 557-582.

Quality Assurance: Accreditation demands consistent updates in content and teaching methods, offering a comprehensive and precise educational journey.

Enhanced Preparation: Accredited providers expertly transform competency profiles into engaging lessons, hands-on simulations, and applied training, seamlessly merging theory with practice.

Mitigating Malpractices

Rigorous Training: Accredited providers' rigorous training curtails students from seeking shortcuts. They focus on comprehension over rote memorization and have mechanisms to identify suspicious behaviors.^{4,5}

Monitoring and Reporting: Accreditation often encompasses systems that identify and report suspicious activities or potential bad actors, fortifying exam security.

Additional Benefits of Accreditation

While the primary focus of accreditation might be to ensure a high standard of education and training, there are additional advantages that further underscore its significance. These benefits not only uplift the quality of education but also bolster public trust in the system.

Ongoing Improvement

Accredited providers use structured feedback systems from students to perpetually refine the curriculum, keeping pace with changing industry standards. CIRO can access this feedback, highlighting the active role of the accreditor.

Accountability

Accreditation inherently demands consistency and quality in educational content and its delivery. This built-in demand ensures that providers maintain the highest standards over time.

Public Assurance

Accreditation assures the public and potential employers that certified individuals have undergone rigorous training and adhere to ethical standards.

With the many advantages of accreditation in mind, it is vital to consider its specific impact on a critical aspect: exam security and integrity. As we move forward, we will delve into the instrumental role accredited providers play in bolstering the robustness of centralized exams.

⁴ Bretag, T., Mahmud, S., East, J., Green, M., James, C., McGowan, U., ... & Wallace, M. (2014). "Teach us how to do it properly! An Australian academic integrity student survey." *Studies in Higher Education*, 39(7), 1150-1169.

⁵ Bertram Gallant, T. (2008). "Academic integrity in the twenty-first century: A teaching and learning imperative." Jossey-Bass.

The Role of Accredited Providers in Enhancing Centralized Exam Security and Integrity

Accredited providers serve as gatekeepers in the certification process, ensuring that only well-prepared candidates reach the regulator's centralized exam. Their involvement adds an extra layer of assurance, both in terms of the quality of candidates and the security of the exam itself.

This section highlights the distinct advantages of having accredited providers play a pivotal role in reinforcing the integrity of a centralized examination process.

1. **Standardized Training Material:** Accredited providers ensure that all candidates have been trained according to a standardized curriculum. This guarantees that each candidate has been exposed to the necessary material to tackle the centralized exam, reducing disparities in knowledge.
2. **Routine Audits and Monitoring:** Regular audits of the accredited providers guarantee that the educational standards set by the regulator are being maintained. Such checks are vital to ensure the quality and consistency of candidates being pre-qualified.
3. **Strict Examination Protocols:** While the final exam is centralized and administered by the regulator, the intermediate tests and assessments conducted by accredited providers can benefit from strict protocols. Accredited providers can be required to maintain content quality, security measures, evaluation consistency and exam validity.
4. **Feedback Loops and Continuous Improvement:** Interaction between the regulator and accredited providers is vital. Feedback from the centralized exam can help providers refine their training, while the regulator can gain insights into areas where candidates consistently struggle.
5. **Data Security and Privacy:** As accredited providers handle candidate data before the centralized exam, their commitment to data protection ensures candidate information and preliminary assessment results are secure.
6. **Authentication and Identity Verification:** Even if a final identity check happens at the centralized exam, accredited providers play a role in the initial verification process. They can confirm the identity of the candidate attending the course is the same person appearing for the centralized exam.
7. **Comprehensive Preparation Over Test-Prepping:** Accredited providers ensure candidates receive a diverse and in-depth curriculum. This reduces the likelihood of "teaching to the test" or overly focusing on anticipated exam questions, leading to a more authentic assessment of candidate abilities in the centralized exam.
8. **Curtailing Malpractices:** Institutions with strong academic integrity policies cultivate a culture of honesty in students. This integrity is carried over when candidates appear for

the centralized exam, reducing instances of malpractices.^{6,7,8}

Third-Party Standards in Education

CIRO's integration of third-party education standards paves the way for sustained quality and competitive excellence. Internationally renowned organizations, such as the International Standards Organization (ISO), National Commission for Certifying Agencies (NCCA), and International Accreditors of Continuing Education and Training (IACET), helm these standards.

These guidelines encompass:

- Organizational Governance: Defining clear roles, ensuring solvency, and establishing a robust structure.
- Certification Program Management: Prioritizing the inception and regular maintenance of certification programs.
- Transparency and Fairness: Mandating processes that are unbiased, clear, and universally accessible.
- Data Protection: Safeguarding stakeholder confidentiality and security.
- Ongoing Excellence: Demonstrating unwavering dedication to quality and perpetual improvement.
- Assessment and Evaluation: Adopting methods and criteria for evaluating candidates and educational accomplishments.
- Recertification and Continuing Education: Sustaining professional competence by ensuring periodic knowledge and skill enhancement.
- Stakeholder Engagement: Active interaction with key participants to enhance standards and practices continually.
- Ethical Practices: Instituting rigorous standards for ethical considerations in academia and professional realms.
- Inclusivity and Accessibility: Guaranteeing equal opportunities for everyone, catering to diverse learning requirements.
- Feedback and Grievance Redressal: Implementing mechanisms for feedback and addressing stakeholder concerns.

⁶ McCabe, D. L., Butterfield, K. D., & Trevino, L. K. (2001). "Cheating in Academic Institutions: A Decade of Research." *Ethics & Behavior*, 11(3), 219-232.

⁷ Bertram Gallant, T. (2008). *Academic Integrity in the Twenty-First Century: A Teaching and Learning Imperative*. San Francisco, CA: Jossey-Bass.

⁸ Stephens, J. M. (2019). *Creating Cultures of Integrity: A Multi-faceted Approach to Promoting Academic Honesty*. *Ethics & Behavior*, 29(1), 1-16.

Embracing these comprehensive third-party standards demonstrates CIRO's commitment to educational excellence, ensuring that students are prepared according to the highest standards. As CIRO looks ahead, the question arises: how should these standards be integrated into its approach, especially considering the competitive landscape of education providers?

Recommendation for CIRO's Approach in the Context of Competitive Education Providers

At this pivotal moment, CIRO faces a key decision: whether to adopt *Aspirational Benchmarks*, using third-party accreditation standards merely as best practices, or to move towards a more stringent *Mandated Third-party Accreditation*, setting these accreditations as prerequisites for market entry.

In the face of competition among education providers preparing students for a regulator-administered exam, it is crucial for CIRO to ensure a consistent quality of education. With this in mind, the recommendation leans toward adopting the *Mandated Third-party Accreditation* approach.

Rationale:

1. **Uniformity in Preparation:** By mandating third-party accreditation, CIRO ensures that all students, irrespective of their education provider, receive instruction and preparation that meets a standardized, high-quality threshold.
2. **Trust in the Regulator-administered Exam:** A mandated standard ensures that every student taking the exam has been prepared under a rigorous, consistent framework, enhancing the exam's credibility.
3. **Barrier to Entry Ensures Quality:** In a competitive environment, this mandatory requirement guarantees a high quality of education and ensures that students and the wider public aren't misled by sub-par providers.
4. **Strengthened Reputation:** Adopting a stringent approach bolsters CIRO's standing as a committed guardian of educational standards in the industry.
5. **Future-proofing the Industry:** A robust baseline standard ensures that education providers are always delivering contemporary, relevant instruction, safeguarding the industry against outdated practices or knowledge.

Why the Aspirational Approach Was Discarded:

1. **Inconsistent Adherence:** While aspirational benchmarks offer flexibility, this very flexibility might lead to varying levels of commitment among education providers, resulting in inconsistent quality.
2. **Reliability Concerns:** With no mandated standards, there's a risk that some providers might only superficially align with the benchmarks, leading to potential discrepancies in the depth and rigor of their programs.

3. Potential for Market Confusion: In the absence of clear, mandated standards, students and stakeholders might struggle to differentiate between providers genuinely adhering to high standards and those merely paying lip service to them.
4. Dilution of CIRO's Regulatory Role: An aspirational approach could weaken CIRO's perceived authority as a regulatory body, as it might be seen as offering guidelines rather than firm standards.

Given the competitive landscape of education providers and the high stakes of the regulator-administered exam, the *Mandated Third-party Accreditation* approach stands out as the best strategy for CIRO. It not only ensures consistent quality but also maintains CIRO's reputation and authority in the industry.

Choosing an Appropriate Accreditation Standard

The following table describes some of the world's leading accreditation standards for the evaluation of professionals.

Table 3 - Accrediting Organizations and Standards		
Accrediting Organization	Accrediting Standard	Type
International Standards Organization (ISO)	ISO/IEC 17024:2012 Conformity assessment — General requirements for bodies operating certification of persons	Certification standard
National Commission for Certifying Agencies (NCCA)	NCCA Standards for the Accreditation of Certification Programs	Certification standard
Institute for Credentialing Excellence (ICE)	ST ICE 1100:2019 Standard - ACAP Standard for Assessment-Based Certificate Programs)	Certificate program
International Accreditors of Continuing Education and Training (IACET)	ANSI/IACET 2018-1 Standard for Continuing Education and Training	Certificate program

It is vital to distinguish between certificate programs and certification programs, as each serves distinct needs and has different implications.

Certificate Programs

These programs validate and confirm a candidate's knowledge at a particular moment. Once awarded, certificates are for life and cannot be withdrawn based on the holder's future actions or behavior.

Certification Programs

These programs offer a more holistic and continuous approach. While they also validate knowledge, they typically mandate ongoing requirements for continuing education and to ensure adherence to professional standards. Significantly, designations or licenses obtained through certification programs can be taken away if the holder exhibits non-compliant behavior after qualifying.

Given these distinctions, CIRO education providers can only offer certificate programs. The power to withdraw a license and set standards for professional and continuing education rests solely with CIRO. Additionally, both ISO and NCCA do not entertain partial accreditation options for their certification programs.

For those who are in pursuit of accreditation for certificate programs, there are acknowledged standards in place. Prominently, both the Institute for Credentialing Excellence (ICE) and the International Accreditors for Continuing Education and Training (IACET) offer such inclusive standards.

In conclusion, CIRO is poised to make a pivotal decision for the Canadian securities license training industry. Oliver Solutions, drawing from decades of experience, recommends the *Mandated Third-party Accreditation* approach. This ensures consistent quality of education while promoting competition. By aligning with recognized standards, CIRO will bolster the industry's credibility, ensuring that professionals are adequately trained and the certification exam's integrity remains intact. The choice CIRO makes will set the tone for the industry's future, and we believe that a well-regulated, competitive environment is the best path forward.

Sincerely,



Robert Gardias, CEO
Oliver Solutions
151 Bloor St. West, Suite 800
Toronto ON M5S 1S4

Oliver.

Arguments for Mandated Third-party Accreditation						
Goal	Regulator	Licensees	Firms	Public	Providers	Rationale
Ensures Compliance and Maintains Industry Alignment	1	2	1	3	2	Creates a structured framework, offering clear operating standards for potential licensees, assuring consumers, and firms of established quality standards. For CIRO, ensuring compliance is a primary function, hence a rating of 1. For consumers, this assurance is vital for confidence in the industry but is indirect, so it has a rating of 3. For firms, ensuring that their future employees receive standard-compliant education is crucial.
Protects Licensees from Low-Quality, Fraudulent, or Unqualified Providers	1	1	1	3	2	Enables CIRO and firms to systematically track and assess the performance of potential licensees and education providers, ensuring standards are consistently met, which reinforces consumer and firm confidence.
Facilitates Monitoring, Oversight, and Accountability	1	2	2	3	2	Ensures standards are consistently met, reinforcing consumer confidence.
Enhances the Security and Integrity of the Certification Exam	1	1	1	2	1	By accrediting training providers, CIRO can ensure that providers are not teaching directly to the test or using unauthorized exam content. This oversight prevents exam fraud and protects the integrity of the certification. Accredited providers will be more invested in maintaining CIRO's standards and ensuring that their training focuses on comprehensive understanding rather than just exam-passing techniques.
Provides Mechanism for Licensee Feedback, Informed Choice, and Grievance Addressing	2	1	2	2	1	Establishes a formal channel for licensees to voice concerns or give feedback. Allows CIRO and other stakeholders to identify and implement potential improvements. Firms benefit by ensuring that the training received by their prospective employees aligns with industry needs and expectations. An efficient feedback mechanism means better-trained future employees and improved workforce quality.

Arguments for Challenge Exam						
Goal	Regulator	Licensees	Firms	Public	Providers	Rationale
Minimizes Regulatory Burden and Costs	1	3	2	2	1	Directly attempting the exam reduces the logistical burden for CIRO and potentially lowers costs for all stakeholders. It allows aspirants with existing knowledge to skip unnecessary courses.
Respects Individual Competence and Knowledge	2	1	3	2	3	Allows candidates who already possess the necessary knowledge and skills to directly prove their proficiency.
Simplifies the Path to Certification	2	1	2	3	2	Candidates have a more straightforward pathway without navigating through various training programs.

We use a 1-3 ranking system to represent the likely importance of a goal to each stakeholder group where

1 is a direct, primary impact/concern for the stakeholder.

2 is a moderate impact/concern for the stakeholder, representing a tangible but not primary concern.

3 is an indirect or secondary impact/concern for the stakeholder.

We recommend that as part of a Regulatory Impact Analysis (RIA) that CIRO validate with each stakeholder group their goal prioritization and determine if any goals are missing.