

September 11, 2024

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

**Subject: Rule amendments – comments for Proposed Proficiency Model –
Approved Persons (AP) under the Investment Dealer and Partially Consolidated
Rules**

Kenmar Associates is an Ontario-based privately-funded) organization focused on investor education via on-line articles hosted at www.canadianfundwatch.com . Kenmar publishes **the Fund OBSERVER** on a monthly basis discussing investor protection issues primarily for investment fund investors. Kenmar routinely interact with regulators in supporting consultations and retail investor concerns. Kenmar also assists, on a no-charge basis, harmed investors and/or their counsel in filing investor complaints and restitution claims.

Kenmar appreciates the opportunity to comment on the proposed model for increasing registrant proficiency. We commend CIRO's initiative to increase its engagement with issues related to Registered Representative (RR) proficiency. This engagement will help ensure that baseline Competency profiles, Registered Representative education / CE and examinations are kept current and in line with regulatory reform, technological change and evolving investor expectations and needs.

Kenmar do not disagree with a model that makes assessments based on competencies but **this is not inconsistent** with a model based on courses that are accredited, provided the courses and examinations are designed around the competencies.

Introduction

Based on over 20 years of assisting investors resolve complaints, we find most root causes of unsuitable investments to be a rushed KYC process, stretch sales quotas, poor Dealer product training, differential commission rates between products , poor Dealer supplied risk profiling tools and Presidents Club recognition/sales awards . We do concede that the design and construction of risk- adjusted portfolios congruent with KYC does appear to be proficiency related. To rectify, a solid education in optimization math and statistics and periodic conduct training is required as well as Dealer compliance with CFR.

With the decline in DB pension plans, CIRO Registered Representatives are relied upon for advising on the retirement income security of millions of

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Canadians. In addition, with increased longevity, investor savings must last longer.

Retail investors rightfully assume registered individuals have a high degree of education, training, and proficiency. **This consultation paper is therefore of critical importance to Canadian retail investors, especially retirees.**

The consultation asks for comments on a proposal that could have Canadians entrust their life savings to individuals that have been able to obtain a passing grade on CIRO approved exams without necessarily having taken any courses or holding a relevant university degree.

The RR Competency profile is limited to competencies related to securities trading and advice. In practice, Registered Dealers promote and provide many other services such as tax planning and even financial planning.

IIROC, now subsumed in CIRO, provided retail investors with the following description of registration:

What does being registered with IIROC mean?

A financial advisor advising retail clients and who is regulated by IIROC is required to complete a rigorous curriculum that includes the Canadian Securities Course (135-200 hours of study with two 2-hour exams), the Conduct and Practices Handbook Course (40-55 hours of study with one 3-hour exam), and a 90-day training program. In addition, within 30 months of registration with IIROC, advisors must complete the Wealth Management Essentials Course (110-160 hours of study with two 3-hour exams).

This description provided retail investors some comfort in knowing that their advisors received an appropriate education, validated by exams. Before being permitted to provide personalized investment advice.

Main Street investors perceive a financial advisor as a professional who provides trustworthy, personalized investment advice. It is expected that such individuals have undertaken significant education and training to acquire professional knowledge. RR registration is taken to mean that an individual is licensed to sell and advise on investments in accordance with applicable laws, regulations and rules and is supervised by a registered Dealer.

Retail investors value advisor education - A 2023 CIBC /FP Canada investor poll found that the top criterion people look for in a financial advisor is

their educational background/credentials (38 %).

<https://www.newswire.ca/news-releases/most-canadians-are-going-it-alone-when-it-comes-to-financial-planning-cibc-and-fp-canada-tm-poll-811551794.html> .

Ironically, under Ontario's Title protection Act, **it would be illegal** for RRs, those without a minimum standard of education, to use the *Financial Advisor* title in the province of Ontario due to the lack of mandatory education. It remains to be seen

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how RR proficiency will be portrayed to the public under the proposed proficiency model.

In the CSA publication *Questions to ask when choosing a financial advisor*

https://www.securities-administrators.ca/uploadedFiles/General/pdfs/Questions_for_Adviser_E.pdf

it emphasizes two questions (1) Are you registered and (2) **What are your educational and professional qualifications?** Statutory regulators clearly place an emphasis on RR education. CIRO itself lists "**What are your educational and professional qualifications and experience?**" as the first question to ask when selecting an advisor <https://www.ciro.ca/office-investor/investing-basics/selecting-advisor>

This emphasis on education is common sense when engaging someone to provide tailored advice on one's financial wellbeing. And that is precisely why we recommend that CSA recognized SRO CIRO should mandate investment courses as a prerequisite for professional financial advisors.

Mandated courses expose the student to the spectrum of required knowledge. Due to exam time limitations, examinations can only focus on a defined range of topics and may not accurately or adequately reflect the broader educational curriculum (the detailed competency profile Appendix 11 runs to 46 pages). This can lead to a lack of diversity in the assessment process and limits testing RRs' understanding of required competencies.

We agree that a more demanding exam coupled with a higher passing mark could result in an increase in the probability of proficient practicing RRs but the regulatory standard itself is not being raised. Enhanced CE should also help increase the percentage of RRs that are proficient to meet the existing standards, rules and regulations.

If accredited mandatory courses were also required, public trust in the financial advice industry could be re-established. [Canada scored poorly in the 2024 Edelman Trust Barometer Report with a trust score of 48 (distrust level) for financial advisory companies placing it 12th from the bottom of 28 countries <https://www.edelmansmithfield.com/sites/g/files/aatuss726/files/2024-04/Edelman%20Smithfield%20Trust%20Financial%20Services%20Sector%20May%202024.pdf>] .

Degree vs. Experience

Per the proposal, RRs should have a relevant degree or diploma from an accredited post-secondary institution. **Detailed criteria need to be established to determine what constitutes a relevant degree so applicants know the ground rules and Dealers can make informed and consistent decisions.**

Kenmar remain unconvinced that the typical Dealer operating environment with its profit focus , daily pressures and multiple conflicts-of-interest can reliably replicate

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the rigor of a university experience. A number of jurisdictions including Australia (ASIC) apparently agree by requiring a relevant degree.

We are concerned that four (4) years of relevant investment industry experience (QAFP requires **five** (5) years of relevant industry experience) **is not a reliable proxy to ensure individuals have the communication, critical thinking analytical and problem-solving skills and competencies afforded through achievement of a relevant degree from an accredited university.** Experience may be limited due to a Dealer's business model, product shelf, service offering, training program, reward system or corporate culture. Experience should be continuous, not staggered over different times and Dealers.

Guidance to Dealers on what constitutes demonstrably relevant experience for Registered Representatives is needed in advance of the implementation of the new proficiency program. Such guidance is critical to assure consistent and accurate interpretation and application. Dealers will take on the risk on a candidate RR without a relevant university degree that has relevant industry experience.

Experience gained outside of Canada should be considered. **We encourage CIRO to adopt a framework for assessing relevant international credentials** and work experience to reduce potential barriers for Canadian newcomers and minimize investor risks due to misjudgement.

A relevant recognized university degree, say in finance, economics, quantitative methods, or an MBA provides evidence of professionalism in that such fields of study develop a rounded education, analytical and math skills, ethical conduct, logical thought and a desire to learn. A relevant university degree will add credibility and stature to the financial advice profession. A high proficiency standard for RRs will raise the bar and ultimately lead to the creation of a true profession and simultaneously filter out unsuitable candidates.

RR investment education and training needs to be client outcome focused; education and training that deals with real-life problems, case-studies, challenges etc. that financial consumers need to solve. And so should exams.

Home Study

The proposal provides candidates with the option to study on their own if they choose not to enroll in external preparatory courses. Self-study is not generally considered as the best learning method compared to a professionally prepared course with quizzes/assignments/ term papers and delivered by a knowledgeable instructor. There is a risk here that applicants may not fully understand the concepts, ideas and analytics required to provide trustworthy, personalized financial advice.

Some companies will offer exam prep materials with practice exams, study guides and related services .The focus may be on passing exams and their marketing will

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stress pass rates. [Does this process provide a solid baseline financial education?](#) A large question bank would help keep *teaching to the exam* course providers out because exam questions will constantly be changing, negating their ability to promote high pass rates.

If the RR career becomes more professional via foundational education, more talented people will be attracted to the profession, thus potentially increasing access to personalized professional financial advice for Canadians.

Dealer Training

CIRO's alignment with Dealer training is positive ensuring there are no gaps, inconsistencies or misinterpretation of securities laws and regulations and the training is welcomed. In too many cases we have observed Dealers focussing training on sales production, product promotion, IPOs and high fee product marketing.

CIRO expects Dealers to train RR's on each sub-competency area tailored to their business model. This principle-based approach will likely increase compliance with the proficiency principle as Dealers will have the flexibility to decide what constitutes appropriate training for the role the RR plays. This training is essential in imparting the practical knowledge and skills RRs require to perform their tasks effectively, efficiently and with integrity.

[We recommend that the training include content based on client needs, client complaints and feedback from OBSI - client focus.](#) Such input could also result in needed changes to Dealer policies/rules, procedures, practices and standards. Examples might include risk profiling, KYC form design, dealing with senior /vulnerable clients and complaint handling.

In particular, we highly recommend mandatory Dealer training of RRs on the identification of client vulnerability, methods of communicating with vulnerable/senior clients and how to respond to such situations.

Education and training are critical in equipping RRs to make informed professional judgment calls. Having sensitive conversations requires specific competencies, and education and training is required to engage appropriately.

Investment Courses

"The goal of education is the advancement of knowledge and the dissemination of truth" —John F. Kennedy

With courses, students have to demonstrate persistence in order to master concepts, techniques, regulations and principles associated with being an RR. Passing an exam is not by itself the core reason for an education.

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Attending classes is not just about the final examination; it is also about engaging with the course material, learning from instructors, participating in discussions, completing assignments, and demonstrating understanding of the subject matter throughout the term. All these components are typically essential for successfully completing a course.

Under the proposed model, individuals must decide how they want to be educated in order to have the body of knowledge to successfully pass the examinations. This will require a knowledge of which courses and institutions **CIRO should consider preparing a guide on how students should select a course provider**. See for example *How To Pick The Right CFP Educational Program For You* <https://www.kitces.com/blog/how-to-pick-the-best-cfp-registered-program-to-complete-your-cfp-education-requirement/> and *How to choose a course provider: RECA* <https://www.reca.ca/wp-content/uploads/2022/01/Choosing-a-Course-Provider.pdf>

Courses could be delivered in-class or online or presumably even via correspondence. One of the biggest disadvantages of virtual learning is that students may find it overwhelming to absorb the course material without the support of an instructor and peer interactions to guide them.

Course Accreditation

Eliminating mandatory investing courses tied to exams and leaving education primarily to the competitive, for-profit market, is not risk free. For example, in the banking sector, multiple competing External Complaint Bodies (ECB) has produced poor results necessitating a change back to a single, non-profit ombudsman service (as expected, the majority of the major banks had drifted to the lesser rated ECB).

The Canadian Securities Institute (CSI) commissioned research indicating that the lack of a prescribed course leads to a wide range in quality and consistency among exam preparation providers and that was seen as a weakness in the model. Furthermore, the emphasis that exam preparation providers place on helping individuals “pass a test” rather than on the learning experience and preparing individuals for real world scenarios and critical thinking was cited as a concern.

Highly variable training quality between investment education providers can hinder the ambitious efforts taken to raise RR proficiency. Training provided by unaccredited sources could disseminate misinformation, contain gaps or encourage poor practices that undermine securities regulations. In some cases, this model could lead to economic harm to students and even anger if the course provider does not prepare them properly for the examination or work. This could reflect poorly on CIRO and raise serious questions about the proficiency model.

It is a risk we believe CIRO need not take. **Kenmar recommend that CIRO accredit or endorse select courses / institutions.** The primary objective would

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be to ensure that training courses/programs meet the established CIRO Competency profiles and to ensure there is at least a minimum standard of quality training available to students. A lack of consistent quality across investment education course providers can compromise the efforts taken to raise RR proficiency. This structure would help eliminate low-quality education offerings and enhance student and investor trust.

NOTE: FP Canada review and approve the curriculum and learning materials of each course provider, ensuring sufficient alignment with their Competency Profile and Body of Knowledge. The CFP designation is a highly regarded and trusted by financial service consumers.

Many jurisdictions provide study guides through the regulator, affiliate of the regulator or governing body for their licensing exams including two of the three jurisdictions CIRO mentions in its previous consultation paper (Australia and Singapore). India offers study guides within an exam-centric model for securities industry registration. **In a model without accredited courses, we recommend that CIRO produce study guides that define the body of knowledge associated with the competencies for each examination related to a RR whether or not commercial courses are available.** Study guides will also help discourage low quality preparatory courses from being developed.

It is the combination of knowledge, examination, experience and CE that will contribute to increased retail investor confidence and protection. Accredited course providers become strategic partners in the successful implementation of the proposed model.

Examinations

We support active involvement by CIRO in the exam design process, both in the initial build and ongoing maintenance including periodic updates to reflect changes to regulatory and other requirements. CIRO can help raise proficiency standards by ensuring that examinations are meaningful tests of knowledge and competency prior to RR registration. **To the extent possible, the exam must be sufficiently challenging such that passing it is convincing enough to merit the registration it grants.**

Exam governance must be robust regarding design, questions, security, time to complete, location and administration of the examination itself and grading especially if there are non-check-the-box questions. A large question bank is needed to prevent repetition. The governance regime should be made public.

CIRO's plan to make the following available for each exam (a) Exam blueprint or syllabus with weighting as it relates to the content of the exam; (b) the applicable CIRO Approved Person competency profile and (c) sample exams, with similar

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numbers of questions and difficulty as the prescribed exam will be very helpful to course providers and applicants/students.

We support CIRO's proposed general exam (the Canadian Investment Regulatory Exam (CIRE) to provide a common baseline for RRs.

Online examinations, if used, will require specialized software and protocols to ensure exam integrity. See *The problem with online proctored exam* <https://feedbackfruits.com/blog/online-proctoring-alternative-assessment>
Authorized testing centers should have the necessary expertise to assure the integrity of the exam process

Exam integrity isn't the only issue facing online examinations. Privacy concerns affecting students with respect to online exam proctoring are significant. Individuals taking exams may feel uneasy about remote monitoring, fearing the compromise of personal data and potential misuse of monitoring information gathered. See **Online proctoring: Privacy and risk management considerations for schools:** BLG <https://www.blg.com/en/insights/2021/04/online-proctoring-privacy-and-risk-management>

Examinations should utilize computer-adaptive testing technology. A computerized adaptive test is a computer-based exam that uses algorithms to tailor its test question difficulty levels to the individual test taker, depending on that examinee's previous correct and incorrect answers. This means the test is different for every examinee based on their responses. See **5 reasons to use adaptive tests** <https://www.cem.org/blog/5-reasons-to-use-adaptive-tests>

In the case of examinations, the devil is in the details.

Are two exams (especially in the absence of mandatory courses) sufficient to validate the proficiency of a RR over the spectrum of knowledge required? (securities laws , CIRO rules, KYC and risk profiling , tax regulations, , product knowledge, portfolio construction theory , macroeconomics , accounting/ financial statements, trade off calculations , ethics / conflicts of interest , financial planning , use of technology ,dealing with vulnerable / senior clients and soft skills).

Will the exams be open or closed book? How many questions constitute the "general exam" exam? Will exams be all multiple choice questions or contain a case study component? How many multiple choices will be utilized for each question? How will exams be set and proctored? By whom? Who marks the exam? Will exam grading have minimum permissible scores for certain Competency profile modules e.g. KYC? Notably, the Monetary Authority of Singapore examination modules are divided into discrete areas of knowledge that covers specific rules, regulations, product knowledge and analysis.

What is exam length (in minutes/hours)? What examination mark constitutes a passing grade? Who sets it? Since the entire RR registration depends on

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successfully passing prescribed exams the pass mark is a critical examination design issue. If it is 60%, will Canadians be attracted to persons without mandatory education?

Exams (and investment educational course materials) should include an input based on the Dealer client complaint information database and from OBSI feedback (client complaints are signals that the advice system has failed and the failure mechanism needs to be addressed). Connecting exams to real world issues (investor outcomes) will help make them better, more effective and improve investor outcomes.

Exams must continuously evolve due to new rules, products, and technology.

The examination process will also need to set criteria for the rewriting of exams where applicants obtained a failing grade on first attempt.

Professional Conduct Training

Conduct training is essential in order for clients and the public to have trust in RR's and the financial services industry. CIRO propose to require mandatory conduct training by CIRO, to be completed by all new Approved Persons within 30 days of approval. Integrity and fairness are essential in the advice business. Why expose clients to even 30 days of potentially harmful risk? **RR's should complete professional conduct training BEFORE they have been approved by CIRO as such training is fundamental to the client- registrant relationship and investor protection.**

CIRO should publish a Code of Conduct outlining how RR's should conduct themselves when carrying out their regulatory responsibilities and in their relationships. The Code of Conduct would distill rules, guidance notices and CFR obligations to a basic plain language guide for use by RRs and the public. Such a guide is a common practice integral to a modern ethics program.

A Code of Conduct would serve multiple purposes including giving retail investors a basis for investing with a CIRO registered RR. It would also provide a basis for filing a complaint as most investors do not know an RR's responsibilities and accountabilities.

The FP Canada **STANDARDS OF PROFESSIONAL RESPONSIBILITY** is a good starting benchmark <https://www.fpcanada.ca/docs/default-source/standards/standards-of-professional-responsibility.pdf> [As an Ontario *Financial Advisor* Credentialing Body, CIRO are required to have a Code of Conduct for its credentialed Ontario FSRA FA title holders.] **The Code should be ready upon launch of the proficiency enhancement initiative and apply to all registrants including those grandfathered.** [See also **Financial Planners and Advisers Code of Ethics 2019:** Australian govt. <https://www.legislation.gov.au/F2019L00117/latest/text>]

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See ***What's wrong with ethics training?*** | LinkedIn *"It's unclear to me how many of the standard ethics training courses help people behave better in their complicated and multi-faceted working lives, particularly when they are completed online, and alone."*

<https://www.linkedin.com/pulse/whats-wrong-ethics-training-catherine-greene-1e/>

See also Best ***Practices in Ethics Training*** - Network for Business Sustainability
<https://nbs.net/best-practices-in-ethics-training/>

For the critical mandatory conduct training, the Consultation paper takes a different view- a mandatory training course but no exam. We look forward to seeing CIRO's plan to include *"some form of assessment throughout the interactive training to ensure that the individual is learning the information, rather than passively listening"* and the actions to be taken if it is determined that the individual is not learning. In addition, a protocol needs to be in place to ensure that the person taking the online conduct training course is in fact, the correct person.

We are pleased to note that ALL existing Approved Persons must complete the conduct training by December 31, 2026. It might be a good idea to also offer such training to senior executives and Board members, the root cause of so many issues.

Mandatory Continuing Education (MCE)

There is significant value with CIRO being "actively involved in the exam design process," and in designing the mandatory conduct training and Continuing Education (CE). CE training has often been shallow and not highly correlated with real needs in a timely manner. **Impactful** CE should improve investor outcomes.

CIRO plan to provide 1 to 3 hours of mandatory CE annually for all Approved Persons to ensure that they keep up to date with those matters which CIRO find are of utmost importance in a given year. This will be part of the mandated applicable CE currently set at 10 hours of compliance and 20 hours of professional development. **This is a very positive development as timely, relevant personnel education and training in a dynamically changing field is essential.**

The MCE program for RRs should include regular ethical/ conduct content and use information derived from an analysis of client complaints.

Grandfathering

The consultation proposes that existing Approved Persons will not be subject to the new proficiency requirements provided they continue in the same role. If this proposal is implemented, a large number of RR's would be immunized from the proposals suggesting that the higher proficiency standard may take considerable

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time to have the expected positive impact on Main Street investors.

If indeed there are material RR proficiency gaps under the current course centric assessment system, investor protection dictates that these gaps be closed before proceeding with auto- grandfathering of all existing RRs.

Notwithstanding the grandfathering re a RR sales license and not being required to take exams or hold a degree, we expect the grandfathered to perform, be evaluated and supervised in accordance with CIRO proficiency standards and comply with the CIRO Code of Conduct. In any event, Dealers must be held accountable for the actions, inactions and negligence of their Registered Representatives.

Dedicated course for client complaint investigators

Complaint handling is a sensitive retail investor touchpoint that can benefit from more training, professionalism, relationship and analytical skills. **CIRO should ensure that all complaint handlers are formally trained and qualified.** Complaint handlers need technical skills such as product /service knowledge, understanding of applicable regulations, analytical capability, loss calculation methodology expertise, root cause analysis and the like. They also require soft skills such as the ability to listen, compassion, communication, empathy etc. See *Top 10 skills for handling customer complaints effectively.* <https://www.insight.com/resources/top-10-skills-for-handling-customer-complaintseffectively/>

More effective complaint handling could support the model in that investigators could identify any gaps in the profile or in examinations. This provision should be included in CIRO's planned complaint handling rule update (consultation took place January 2022).

Some additional Thoughts

The proposed Competency model does not appear to be compatible with CIRO being an approved Credentialing Body (CB) for the Ontario FA title credential. (obtaining the FSRA FA title requires passing exams based on **prescribed** courses via an FSRA approved Credentialing Body)

We assume there will be a mandatory background/criminal/credit check requirement for all aspiring RRs dealing with the public.

Will CIRO continue to automatically accept RR applications for individuals that have a Reciprocal agreement with CIRO (e.g. FINRA)?

CIRO should consider the utilization of Learning outcome statements
<https://teaching.utoronto.ca/resources/dlo/>

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The Competency profile deals only with *registerable activities* which **does not** cover the full spectrum of advisory services provided by registered Dealers to retail investors.

The associated courses and general exam should be available to the public at a reasonable fee. This would help bolster the financial competency of Canadians and better inform them of RR obligations, capability and limitations.

CIRO should commit to making all training, exams, and other preparatory guides or materials in both official languages. CIRO has already committed to making exam blueprint and sample exams in English and French.

We expect the rules regarding exemptions impacting proficiency will be published and that statistical information on exemptions granted will be publicly disclosed.

Has the CSA bought into the courseless model and will it be expanded to non-CIRO regulated Dealers?

The Registered Representative Competency profile refers to the need for RRs to have the ability to “**identify** areas that might require action or expert advice relevant to the client’s financial circumstance, including Estate planning, Mortgages, Insurance, Tax planning, Family law and Pensions.” Many Canadian investors are seeking personalized financial advice, not just advice on investments - tax planning, financial plans, budgeting, estate plans etc. Seniors / retirees need help in dealing with retirement and with de-accumulating accounts. **There is an opportunity for CIRO to create a new registration category that provides advice beyond securities related recommendations.** There is a market need for such comprehensive advice. See OSC IAP research **A measure of Advice** https://www.osc.ca/sites/default/files/2020-10/iap_20190729_survey-findings-on-how-much-advice-investors-receive.pdf This task should be considered after introduction of the new model has been satisfactorily implemented.

Summary and Conclusion

The proposed RR proficiency model is a major change. In effect, CIRO will have created an Education Unit. This proposed change is material shift in direction and strategy. Retail investors, **including retirees and families saving for their children’s education**, and virtually every component of the financial services industry will be impacted.

We agree with numerous aspects of the proposal including holding a university degree, a general exam for RRs, conduct training, a Code of Conduct and enhanced CE requirements.

With the information and detail provided, Kenmar are not convinced that the proposed model with high-stakes exams, without amendments and greater clarity, is in the best interests of retail investors.

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There should be a robust governance framework for setting RR competencies and establishing exams that truly test those competencies. A robust governance framework is essential to ensure the model functions effectively, increases RR proficiency and results in better outcomes for retail investors. Kenmar look forward to CIRO publishing further details on its proposed governance framework for comment.

Implementing this model to a high level of execution requires significant specialized CIRO expertise and resources. These resources should be additional to existing resources and not detract from enforcement, compliance and multiple other important projects CIRO is undertaking.

Kenmar remain unconvinced that investment industry work experience can reliably substitute for a relevant university degree in accounting, business, finance or economics.

Pre-examination course requirements, delivered by qualified education providers, are a vital tool acting as a backup to ensure RRs have been instructed in all the expected competencies, given that not all can be tested via a time limited examination process. Longer (> 3 hours) exam times may be required to assure adequate coverage under the proposed model.

We firmly believe there is an unnecessary risk for retail investors by eliminating mandatory pre-examination education courses and leaving investing education entirely to free market forces, without CIRO engagement. Ensuring high quality courses are at least available to applicants is crucial to the proposed model's success, as a single exam cannot comprehensively test all competencies, or all key components of a given competency. **Kenmar recommend mandatory accredited courses for RRs with exams based on the RR Competency profile. Since the end goal is to increase RR proficiency, the availability of CIRO accredited courses is a project success factor.**

Whether or not CIRO proceeds with the *no mandatory course route*, we strongly recommend that CIRO complaint handling rules be modernized as a failsafe mechanism in the event gaps evidence themselves in the model and/or examinations. (Re IIROC consultation <https://www.ciro.ca/news-room/publications/proposed-amendments-respecting-reporting-internal-investigation-and-client-complaint-requirements>)

We look forward to hearing the views from investing course providers, professional societies, individual registrants, educators, consumer groups, retail investors, industry participants, the CSA and the CIRO Investor Advisory Panel.

We again recommend a Roundtable be held with stakeholders to discuss and debate select components of the proposed proficiency model, either before and/or after the consultation closes. Roundtables (and meetings,

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webinars, alternative engagement channels) besides written comment letters are needed so that the consultation goal can be effectively achieved. .

We hope this Comment letter provides a constructively useful input and we look forward to participating in any follow-up activities.

Respectfully,

Ken Kivenko, President
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REFERENCES

*"By approving another credential, we are providing individuals and families with more choice when seeking the assistance of a qualified financial professional. Consumers can **also have confidence that the individual they are dealing with has a minimum standard of education**, is being actively supervised by an approved credentialing body and is subject to a complaints and discipline process."*
- Huston Loke, Executive Vice President, Market Conduct.

<https://www.fsrao.ca/newsroom/new-designation-approved-financial-planner-title-use-ontario> Under the CIRO proposed model, consumers could not have confidence that their "financial advisor "(RR) has any formal education at all. They would know she/he passed two TBD hour examinations with at least a TBD score, took an online professional conduct course and is subject to a continuing education obligation.

Competency profile for RR Appendix 1: IIROC
<https://www.iroc.ca/media/12341/download?inline>

Appendix 11 Detailed profile for RR
<https://www.ciro.ca/media/931/download?inline>

Competency profile for RR Appendix 2: IIROC
<https://www.iroc.ca/media/12336/download?inline>

Ethics and the Investment Industry : CFA Institute
<https://www.cfainstitute.org/en/ethics-standards/ethics/code-of-ethics-standards-of-conduct-guidance/ethics-and-investment-industry#:~:text=Widely%20acknowledged%20fundamental%20ethical%20principles,that%20behavior%20for%20other%>

Training and Competence: U.K. Financial Conduct Authority
<https://www.fca.org.uk/firms/training-competence>

Professional standards for financial advisers | ASIC

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<https://asic.gov.au/regulatory-resources/financial-services/financial-advice/professional-standards-for-financial-advisers/>

FCA PS22/9: A new Consumer Duty the UK Financial Conduct Authority (FCA) have adopted a new Consumer Principle that requires Firms to act to deliver good **outcomes** for retail customers. <https://www.fca.org.uk/publications/policy-statements/ps22-9-new-consumer-duty>

Online Ethics Training: 6 Factors For Successful Execution
<https://getimpactly.com//post/online-ethics-training>

Guide to the CFP® Examination
[Guide to the CFP Exam updated for October 2024 \(fpcanada.ca\)](https://www.fpcanada.ca/guide-to-the-cfp-exam-updated-for-october-2024)

CFA Exam Prep Courses & Study Materials - Kaplan Schweser
<https://www.schweser.com/cfa>

How to pass the Canadian Securities Course Part 1 - YouTube video
https://m.youtube.com/watch?embeds_referring_euri=https%3A%2F%2Fwww.google.com%2F&source_ve_path=Mjg2NjQsMTY0NTA2&feature=emb_share&v=FOX6q-q-Nf1o

A Candidate's Handbook for Understanding Certification Examinations in Ontario
https://www.prometric.com/sites/default/files/2023-01/CMTO%20CandidateHandbook%20-%202023_CMTO.pdf We expect that CIRO or some other entity will prepare a similar handbook regarding examinations similar to that of CMTO.

JOINT CANADIAN SECURITIES ADMINISTRATORS / CANADIAN INVESTMENT REGULATORY ORGANIZATION STAFF NOTICE 31-363 CLIENT FOCUSED REFORMS: REVIEW OF REGISTRANTS' CONFLICTS OF INTEREST PRACTICES AND ADDITIONAL GUIDANCE
https://www.osc.ca/sites/default/files/2023-08/csa_20230803_31-363_client-focused-reforms.pdf One third (34%) of registrants failed to identify material conflicts of interest; 66% had inadequate policies and procedure re conflicts.

Canadians are 2x as likely to change wealth managers compared to their global counterparts, finds EY survey | EY Canada
https://www.ey.com/en_ca/news/2023/06/canadians-are-2x-as-likely-to-change-wealth-managers-compared-to-their-global-counterparts

Ontario Scholarships –How to become a Personal Financial Advisor
“Financial advisors work with clients to establish trust regarding their investments. They have to be knowledgeable to understand particular concerns and questions. **A bachelor's degree is commonly required.** Having certification and a master's degree can improve one's chances to advance in this field.”
<https://ontarioscholarships.ca/wages/career-education/7618/how-to-become-a->

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[personal-financial-advisor#:~:text=Financial%20advisors%20work%20with%20clients,to%20advance%20in%20this%20field.](#)

New Licensing and Education requirements to better protect Consumers:

FSRA

“To demonstrate their competency in dealing and trading in private mortgages, mortgage brokers, including principal brokers and agents who want to hold a level 2 licence, **will need to complete and pass the Private Mortgages Course approved by FSRA. ...**”

<https://www.fsrao.ca/licensing/licensing-updates/new-licensing-and-education-requirements-better-protect-consumers>

2023 Canada Full-Service Investor Satisfaction Study | J.D. Power

One key finding of the 2023 study:

Only a fraction of investors receives comprehensive advice: The study shows that only 6% of investors in Canada are receiving a comprehensive level of service and advice from their wealth management professionals. Comprehensive advice is defined as personalized guidance from an advisor that addresses all financial and wealth management needs; demonstrates an intimate understanding of the client’s lifestyle and goals; puts the client’s best interests first; includes a financial plan; ensures clients understand the fees they pay; and is an integral part of the client’s life. <https://canada.jdpower.com/press-releases/2023-canada-full-service-investor-satisfaction-study>

What you need to know about working with a Financial planner /advisor in Ontario

“To hold the titles Financial Planner or Financial Advisor in Ontario, people will now be required by law to obtain an approved credential from a FSRA-approved credentialing body. What this means is these financial services professionals will be required to have a minimum standard of education...”<https://www.fsrao.ca/your-financial-planner-advisor>.

Federal Register of Legislation - Financial Planners and Advisers Code of Ethics 2019 (Australia)

<https://www.legislation.gov.au/F2019L00117/asmade>

We reviewed the arguments for and against 'high-stakes' exams. The evidence for using them doesn't stack up: Find an Expert: The University of Melbourne

<https://findanexpert.unimelb.edu.au/news/73458-we-reviewed-the-arguments-for-and-against-'high-stakes'-exams.-the-evidence-for-using-them-doesn't-stack-up>

Opinion: Exams are not a fair way to assess students

https://westerngazette.ca/opinion/opinion-exams-are-not-a-fair-way-to-assess-students/article_7543e746-4ee6-11ec-8b2a-a3de30d8d978.html

What Does the Research Say About Testing? | Edutopia

<https://www.edutopia.org/article/what-does-research-say-about-testing/>

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CSC Exam Questions And Answers Practice Questions - AceCSE

<https://acecse.com/>

Four Reasons Exams are Ineffective in Measuring Learning

<https://www.minervaproject.com/insights/four-reasons-exams-are-ineffective-in-measuring-learning>

Two-Stage Exams | Office of Teaching and Learning: University of Guelph

<https://otl.uoguelph.ca/two-stage-exams>

Trust: A Financial Advisor's Most Important Asset: Investopedia

<https://www.investopedia.com/financial-advisor/trust-advisors-most-important-asset/>

The Importance of Trust to Financial Markets: SCIRP

<https://www.scirp.org/journal/paperinformation?paperid=131043>

Kenmar response to Consultation Paper - **Competency Profiles for Registered Representatives and Investment Representatives, Retail and Institutional**

<https://www.iroc.ca/sites/default/files/2021-08/Kenmar%20-%20October%2013%2C%202020.pdf>

IROC Registration - Proficiency Exemption Requests | Canadian Investment Regulatory Organization

<https://www.ciro.ca/news-room/publications/iroc-registration-proficiency-exemption-requests-0>