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VIA EMAIL

Registration, Proficiency

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Re: Proposed Proficiency Model — Approved Persons under the Investment Dealer and Partially Consolidated Rules – Request for Comments

Thank you for the opportunity to provide comments in connection with the Canadian Investment Regulatory Organization's (CIRO's) Proposed Proficiency Model — Approved Persons under the Investment Dealer and Partially Consolidated Rules, as published in Administrative Bulletin 24-0206.

We are supportive of CIRO's efforts in modernizing its proficiency model. Periodic renewal of proficiency requirements for Canada's investment professionals helps to ensure that market participants continue to meet high standards of education, skill and competence, all of which help to ensure the proper functioning and efficiency of Canada's investment industry and capital markets.

We wish to highlight several proposed changes that, we believe, are particularly merited:

- Mandating a separate exam for securities Registered Representatives (RRs) who deal with retail clients versus those who deal with institutional clients, in recognition of the different skill set and body of knowledge required for these distinct roles;
- Expanding the Trader competency profile beyond equities;
- Consolidating the exams relating to Derivatives (as opposed to the current structure of two exams for Options and Futures); and
- Enhancing training and Continuing Education (CE) requirements.

We believe that these proposed changes will serve to enhance the education, professionalism and proficiencies of investment professionals.

We also have certain concerns with the Proposed Proficiency Model, which we expand upon below.

Baseline Education or Experience for RRs

We note that CIRO has not yet prescribed a list of acceptable types of diplomas or degrees. Absent unequivocal guidance, dealers will be required to assess, when hiring an individual as an RR, whether the individual's diploma or degree demonstrates that they have the necessary analytical and communication skills that allow them to understand and apply the competencies relevant to their Approved Person role. We are assuming, based on the Proposed Proficiency Model (and presuming its adoption) that any four-year degree from an accredited post-secondary institution would be acceptable if the dealer has a reasonable basis to conclude that it does. However, we note that certain topics may have scant connection to the subject matter involved in being in the investment industry, which may mean that a four-year degree does not truly indicate that an individual is competent for the role. Additionally, we are unclear as to whether a four-year degree from an institution located outside of Canada would be permissible and/or if an exemption would be required.

While we are highly supportive of encouraging continued and increased diversity within the population of those who serve the investing public, we are concerned that mandating certain types of diplomas or degrees (or mandating them at all) will, in fact, have the contrary effect of reducing the diversity of backgrounds for candidates for RR roles. Conversely, a principles-based approach will require additional subjective interpretation, which is likely to result in the registration process becoming more onerous and less objective.

We are concerned about the requirement for "relevant experience" for RRs where an applicant does not possess a degree or diploma from an accredited post-secondary institution. Some dealers could struggle with the ambiguity added to the registration process of the individuals that they hire to be RRs. We recognize that CIRO has noted that it plans to publish guidance on what would be considered relevant experience in advance of the implementation of the new proficiency program. It is essential that such guidance be unambiguous so that dealers can have as much certainty as possible in the hiring process.

Experience for Executives

While we agree that all Executives should have a base level of proficiency, we believe that particularly in the case of the Ultimate Designated Person (UDP), specific industry experience is not only unnecessary but will also detrimentally limit the pool of potential candidates. A strong CEO does not need specific industry experience if she is surrounded by a team of Executives (including a CCO and CFO) who have the necessary experience and technical knowledge to be able to provide the required support. Furthermore, firm leadership may benefit from outside perspective that a non-industry CEO can bring.

We again thank you for the opportunity to comment on the Proposed Proficiency Model. We would be happy to discuss our comments in greater detail at your convenience.

Yours truly,

/s/ Noah Billick

Noah Billick

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