



VIA E-MAIL

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Re: CIRO Proposed Proficiency Model – Approved Persons under the Investment Dealer and Partially Consolidated Rules

The Portfolio Management Association of Canada (**PMAC**) is pleased to have the opportunity to submit the following comments on CIRO’s Proposed Proficiency Model – Approved Persons under the Investment Dealer and Partially Consolidated Rules (the **Proposed Amendments**).

PMAC represents over [320 investment management firms](#) registered to do business in Canada as portfolio managers with the members of the Canadian Securities Administrators (**CSA**). PMAC’s members encompass both large and small firms and manage total assets in excess of \$3 trillion as fiduciaries for institutional and private client portfolios.

PMAC’s mission statement is “advancing standards”. We are consistently supportive of measures that elevate standards in the industry, enhance transparency, improve investor protection and benefit the capital markets as a whole. With respect to the proficiency requirements for the individual Associate Portfolio Managers (**APMs**) and Portfolio Managers (**PMs**) regulated by CIRO, we generally support the objectives of the Proposed Amendments and agree that the proficiency requirements for APMs and PMs should remain in alignment with comparable requirements under National Instrument 31-103 *Registration Requirements, Exemptions, and Ongoing Registrant Obligations* (**NI 31-103**), to maintain high proficiency standards and minimize regulatory arbitrage.

KEY RECOMMENDATION

- **Maintain the proficiency requirement for APMs and PMs in alignment with that of Associate Advising Representatives (AARs) and Advising Representatives (ARs) under NI 31-103**

DISCUSSION

We generally support CIRO undertaking the Proposed Amendments, we also believe that different registration categories, business models and client types may require different types of regulation. The CSA has consistently – and we believe correctly – taken the position that high proficiency and relevant investment management experience standards are critical to protecting the capital markets and investors.

Additionally, we view distinct registration categories as important ways to provide different services and approaches to investment management for Canadian investors. However, we believe that all discretionary investment management must be carried out with comparable duties of care, proficiency, compliance, and regulatory oversight requirements. Absent harmonized regulation, firms and individuals might assess the regulatory landscape for the easiest route to performing discretionary asset management.

For these reasons, PMAC supports the CSA's current proficiency requirements for AARs and ARs under NI 31-103 and believes it appropriate that APMs and PMs continue to be subject to those requirements.

Accordingly, PMAC supports CIRO's intention in the Proposed Amendments to continue to require APMs and PMs to be subject to the same proficiency requirements as AARs and ARs. PMAC also supports CIRO's intention to continue to require the relevant investment management experience as prescribed in NI 31-103 in the Proposed Amendments, and CIRO's proposal that if an APM or PM will manage a portfolio that includes derivatives, that they be required to complete the derivatives exam contemplated in the Proposed Amendments.

Maintaining the alignment of proficiency required for the APMs and PMs with that of AARs and ARs, respectively, will continue to ensure that APMs and PMs are subject to high proficiency standards and importantly, reduces the possibility of regulatory arbitrage.

CONCLUSION

We are pleased that CIRO plans to maintain high proficiency standards for APMs and PMs in the Proposed Amendments. If you have any questions regarding the comments set out above, please do not hesitate to contact Katie Walmsley at (416) 504-7018 or Victoria Paris at (416) 802-4347.

Yours truly,

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