

Appendix A

Comment Letters

1. RBC Dominion Securities Inc. and RBC Direct Investing Inc.

RBC participated in the IIAC working group considering this issue and endorses IIAC's comments. In addition, RBC notes that the cost of compliance with Rule 1500 is high. CSI course content must remain relevant for both the retail and institutional segments of the market and content of low enrolment courses must be reviewed regularly. Regardless of the model chosen, quality must be the focus.

IIROC should review the continuing education program.
2. Oliver Publishing

Oliver Publishing provides exam preparation courses for IIROC, insurance and mutual fund licensing exams and financial planning designations.

IIROC's existing proficiency assurance system is problematic in that a single vendor is responsible for program delivery and assessment of its own quality (through annual self-assessments and its internal psychometric testing). Psychometric assessment and program evaluation should be assigned to a third party.

Competency standards are not public.

Students must currently pay for the CSI course material even if they don't want to use it. Students should have other course options. Competing course providers can potentially meet the same standard for half the price of CSI.

Cross-subsidization should be managed transparently through cost recovery fees and not through CSI's internal management. IIROC should set a fee per registrant to fund development and maintenance of proficiency standards and oversight of education providers.
3. ITG Canada Corp.

ITG believes that the current system functions, but is not optimal. There are issues with cost, course material and examination questions. A better option is a multiple provider model where IIROC sets the exams and approves and oversees the providers. No US providers have said they would not offer the lower volume courses. If this is an issue, IIROC can require specific commitments for those courses. IIROC would have to hire a small department of staff to manage the system and exams. The cost of creating this department can be offset through exam enrolment fees charged by

- IIROC. Members who have issues with course and exam content should get involved [in exam development with IIROC].
4. *Investment Industry Association of Canada*

IAC members do not feel that they receive sufficient value for the course prices charged by CSI. IAC members find CSI course updates to be minimal and exam questions unclear compared to FINRA questions. IAC members have had positive experiences with US exam preparation courses.

IAC objects to Rule 1500.

IAC advocates a multiple education provider model where IIROC approves and oversees providers and IIROC sets the exam. Courses, under the IAC proposal, would be unbundled and IIROC may need to mandate creation and delivery of courses with limited demand. Members are interested in assisting with development of exam questions.

IIROC should set specific annual goals and milestones to measure provider performance.

IIROC should review the continuing education program.
 5. *Investment Funds Institute of Canada*

IFIC comments that CSI's course pricing is high and inflexible due to a lack of competition. IFIC believes that IIROC should approve only CSI and IFSE to provide proficiency courses and examination and endorses IFSE's submission.
 6. *IFSE Institute*

IFSE is owned by IFIC and provides certain mutual funds and exempt market products courses. IFSE believes that IIROC should approve only CSI and IFSE to provide proficiency courses and examinations.
 7. *Casgrain and Company Limited*

Casgrain is an IIROC Member operating exclusively in the institutional fixed income market. Casgrain supports IIROC's exclusive retainer of CSI. Casgrain would like IIROC and CSI to develop an institutional stream of proficiency courses and continuing education offerings.
 8. *The Canadian Institute of Financial Planning*

CIFP provides certain financial planning and insurance courses. CIFP states that the existing monopoly leads to lower quality and higher prices. CIFP suggests a model where a single provider works with IIROC to set proficiency standards and examinations while courses are developed and delivered under a competitive, multiple provider system. CIFP states that it has capabilities similar to those of CSI.

9. Canadian Foundation for Advancement of Investor Rights

FAIR believes that a public review of CSA, MFDA and IIROC proficiency standards must be conducted and proficiency requirements increased. IIROC should question whether it is appropriate to outsource standard-setting, course and examination services to a for-profit contractual service provider. There should be a distinction between gatekeeping proficiency functions and education. IIROC should shorten the continuing education three-year cycle.
10. Advocis

Advocis is a membership association for financial advisors and planners and provides courses in certain spheres such as insurance. Advocis states that IIROC must open the market for its proficiency assurance services to a variety of qualified providers who can compete based on their ability to serve customers. Providers of examination services should not be permitted to provide education services. IIROC should look for service providers who have a demonstrated ability to advocate on behalf of licensees. Advocis suggests that the LLQP (multiple education provider, standardized exam) model is appropriate for the IIROC platform.
11. Canadian ETF Association

CETFA believes that regulators should only control examination and licensing, not education. CETFA is interested in providing continuing education training to IIROC advisors but finds that the fee charged by CECAP for review of an accreditation application acts as a disincentive.
12. Smarten Up Institute

Smarten Up provides certain financial services courses to banks and others. Smarten Up advocates decoupling of education and examination functions and permitting different vendors to perform any or both of those functions. IIROC's preferred vendor system discourages innovation. Pricing is better controlled through competition than contractual pricing caps. Any additional funding required by IIROC to administer such a system should be obtained from licensing fees collected for IIROC from examination service providers.

IIROC should move to a comprehensive representative license as opposed to having separate licensing requirements for dealing and advising with respect to options and derivatives.

As regards Moody's ownership of CECAP, Smarten Up has not experienced any issues in its CE accreditations, but does not believe this is the ideal governance structure.

13. CFA Institute

CFAI submitted a comment letter advocating adoption of the FCA proficiency model by IIROC. The FCA has approved more than 300 qualifications and 54 education providers.

The CFA Institute seeks IIROC recognition of each of the CFA Level 1 program and the Claritas Investment Certificate as alternatives to the CSC.

14. Kenmar Associates

Ken Kivenko submits that IIROC representatives are not sufficiently competent and advocates a transparent, competitive proficiency assurance system where IIROC sets the exams. Mr. Kivenko also believes that IIROC should be the provider of any courses related to professional conduct and ethics to increase the rigour and reduce the cost. These should be classroom courses with victims sharing their experiences.

Any CSI involvement in CECAP is a conflict of interest.