

August 27, 2024

CIRO Publishes for Comment Major Changes to Investment Dealer Approved Person Proficiencies

On July 4, 2024, the Canadian Investment Regulatory Organization (**CIRO**) published for comment [Rule Amendments](#) which include significant changes to the proficiencies required for every registered position in an investment dealer. Fundamentally, the proposed changes move away from a “course centric model, with exams tied to courses” to “an assessment centric model with some mandatory education and training”.

It is proposed that there be no mandatory courses that are prerequisites to an exam. CIRO proposes to leave it to the existing competitive market of preparatory course providers to offer programs. If there are no preparatory course providers for certain exams (for instance, if an exam is specialized and there may not be sufficient volume of enrolment for a course) CIRO has committed to develop study guides and materials.

The basics of the new model are as follows:

- No mandatory courses as prerequisites to exams;
- A general industry exam based on competencies common across all Approved Person categories;
- Exams for most Approved Person categories based on the published competency profiles;
- Mandatory professional conduct training upon becoming an Approved Person;
- Continuing Education (**CE**) training on topics mandated by CIRO annually; and
- An increase in baseline education requirements for Registered Representatives (**RRs**) to include a relevant diploma, degree or 4 years of relevant experience working in the financial industry.

The current 30-day and 90-day programs will become a post-approval requirement. CIRO plans to implement the changes to be effective January 1, 2026.

Background

Proficiency for investment dealer Approved Persons was long on the policy agenda of one of CIRO’s predecessors, the Investment Industry Regulatory Organization of Canada (**IIROC**), with various competency profiles being published since 2015. In 2023, CIRO initiated a [Consultation](#) regarding investment dealer proficiencies. The response to the consultation informed the Rule changes that are currently out for comment.

For information and background on CIRO’s Proficiency Initiative, CIRO has a [web page](#) dedicated to the project and has developed [FAQs](#).

Examinations

At present there are a total of 19 courses and exams specified for the different categories of Approved Person. Under the proposed Rules, individuals seeking approval will need to:

- First pass a general industry exam, the **Canadian Investment Regulatory Exam (CIRE)** based on competencies that are common between all the profiles. Investment Representatives (**IRs**) will only need the CIRE, unless they are involved in derivatives activity, in which case they will need to pass the Derivatives Exam for RRs and IRs.
- Pass one of 8 **Approved Person exams**, each of which will be based on a role-specific competency profile. Exams are proposed for RRs trading in securities and/or derivatives. There will be different exams for RRs depending on whether they serve retail or institutional clients. There will also be exams for supervisors, traders, directors, executives and ultimate designated persons (**UDPs**), chief compliance officers (**CCOs**) and chief financial officers (**CFOs**). Some individuals may need to complete more than one exam, depending on their role.

For Portfolio Managers (**PMs**) and Associate Portfolio Managers (**APMs**), CIRO will not develop exams but will continue to require the proficiencies under NI 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations for Advising Representatives and Associate Advising Representatives*, including the “relevant investment management experience” (**RIME**) requirements. However, PMs and APMs managing accounts that include derivatives will be required to complete the derivatives exam.

CIRO will provide exam blueprints and sample exams.

Education or Experience

Two changes are proposed regarding experience and educational requirements:

- RRs must have either a diploma or degree from an accredited post-secondary institution or 4 years of relevant experience acceptable to CIRO; and
- Supervisors and Executives, including the UDP, must have a minimum of 2 years of relevant experience acceptable to CIRO.

Regarding the new requirements for RRs, any type of degree or diploma would be acceptable. CIRO considers that a degree or diploma demonstrates a baseline level of analytical and communication skills. Likewise, if an individual does not have a degree or diploma, they will need to demonstrate that their work experience has provided them with baseline analytical and communications skills. CIRO may consider working as an IR to be acceptable work experience for an RR. CIRO plans to publish guidance on acceptable work experience for all Approved Person positions.

CIRO Mandatory Training

CIRO proposes mandatory training, all of which is to occur after approval of the individual representative, as follows:

- Conduct Training (CT); and
- Mandatory Continuing Education (MCE).

The mandatory CT must be completed by an Approved Person in any category, within 30 days of approval. The training content will be focused on ethics and conduct. CIRO will create the training program and make it accessible from any location and at convenient times. CIRO intends to publish a code of conduct in conjunction with the training which outlines the expectations regarding conduct of Approved Persons. It is also proposed that all existing Approved Persons complete CT by **December 31, 2026**.

The MCE is proposed to be 1 to 3 hours of education on an annual basis for all Approved Persons. The training may include conduct and new regulatory developments. CIRO plans to offer the MCE training online. The MCE will count toward the currently mandated CE hours in the normal CIRO investment dealer CE two-year cycle.

Firm Training

For retail RRs and IRs, CIRO will continue to require a 90-day training program for RRs and 30-day training program for IRs. However, the program will become a post-approval requirement, rather than a pre-approval requirement. The training programs must be completed within 90 days of approval. CIRO will update the requirements for those programs to align better with the relevant competency profiles.

For institutional RRs and IRs, CIRO proposes a post-approval 90-day training requirement that will be aligned with the relevant competency profiles.

CIRO intends to publish training program guidance to assist firms.

Validity of Examinations

The proposed exams will be valid for 3 years, with additional validity of one year for relevant securities industry experience.

Automatic Exemptions

CIRO will continue to provide automatic exemptions for those individuals who have met relevant FINRA proficiency and experience requirements.

Transition

CIRO has provided for the following:

- Existing Approved Persons will not be subject to the new proficiency requirement as long as they continue in their existing roles; and
- Individuals enrolled in courses offered by CSI prior to January 1, 2026, will have until **January 1, 2027**, to complete the course exam to satisfy the relevant requirements; those enrolled in post licensing

requirements (such as the Wealth Management Essentials (**WME**) course) will have until **December 31, 2026**, to complete the course.

CIRO Requests Comments and Feedback

CIRO has specially asked for comments on the following:

- The practicality of the transition provisions, in particular:
 - The proposed grandfathering provision;
 - The proposed transition provision for those who have enrolled in a CSI exam prior to January 1, 2026, and not yet completed the course and related exam; and
 - The proposed transition provision for those who are required to complete the WME course.
- The amount of time a dealer needs to update their RR and IR training programs, keeping in mind that the published competency profiles and related sub-competencies will be utilized for providing guidance on the training programs proposed to be completed within 90 days of approval.
- Whether dealers will take an active role in training their new hires to prepare for the proposed exams.
- The relevant experience proposed and the types of experiences that dealers find common and relevant.

Next Steps

CIRO intends to publish final Rules for implementation by the second half of 2025.

This initiative involves a fundamental and ambitious change in the approach to proficiency for Approved Persons working with investment dealers and is potentially highly consequential for all stakeholders. As always, it will be important for industry participants to be part of the development process and be aware of these changes.

We urge all stakeholders to review the proposed Rules and provide feedback and comments to CIRO.

Comment on the proposals and the specific issues outlined above are due **September 17, 2024**.

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