

Susan Copland, B.Comm, LLB.
Managing Director

June 30, 2017

Sonia Keshwar
Director, Proficiency
Investment Industry Regulatory Organization of Canada
skeshwar@iiroc.ca

Dear Ms. Keshwar:

Re: Continuing Education – Consultation on PLR Proposals and Ongoing Review (the “Proposals”)

The Investment Industry Association of Canada (the “IIAC” or “Association”) appreciates the opportunity to comment on the above noted Proposals. Our comments are in addition those provided in the IIAC submission relating to the PLR Proposals in our letter dated May 8, 2017, and relate specifically to the questions posed in the above noted IIROC Notice dated April 27, 2017.

IIROC seeks comment as to the goal of CE, and the broader scope of what qualifies as CE, under the PLR Proposals.

The Association supports the changes that would recognize courses that are taken in preparation for professional growth and development in future roles, and expand the program to support a broader range of skills and knowledge training. We agree that providing individuals with greater choice and flexibility in fulfilling their CE requirements will enhance the skill set and provide for future growth of Approved Persons.

IIROC seeks comment on the recognition of relevant CE accredited by other regulators. Comment is also welcome regarding the desirability and benefit of extending recognition to CE completed to fulfill requirements of other regulated platforms where the course may not be directly relevant to the business of dealing and advising in securities. Comments will inform guidance to be issued by IIROC and future rule amendments, as appropriate.

IIAC supports the recognition of relevant CE accredited by other regulators. We are of the view that recognizing CE completed to fulfill other regulated platforms, where it is relevant, but not directly related to the IIROC platform (eg: insurance, mutual funds) can be beneficial to Approved Persons as it expands their relevant industry knowledge. In addition, this would assist the many dual registrants that work on a number of platforms in serving clients.

IIROC seeks comment on the PLR Proposal relating to compliance manual training. Comments will also inform guidance to be issued by IIROC on this subject.

In respect of the issue of whether Compliance Manual training should be eligible for CE credits, there are certain criteria that should be met in order for this activity to qualify. Mere review of a Dealer Member's Compliance Manual should not be eligible for CE credits. We agree that Approved Persons should have, as a baseline, knowledge of the requirements and information set out in the Compliance Manual. However, insofar as firms deliver in-house compliance seminars, webcasts or other specific means to deliver training based on the Compliance Manual, that is customized to the firm's business and presents information and training about the specific application of provisions in the Compliance Manual, it is appropriate to recognize these activities as eligible for CE credit. Such training would not simply be a restatement of the content of the Compliance Manual, but present specific training modules expanding on the content in the Compliance Manual related to practice, interaction with securities regulation, new provisions in the Compliance Manual or a number of other topics, using the Compliance Manual as a basis for training. There should not be a specific requirement that the training be delivered via a particular means, such as webinars or seminars, rather, firms should have the flexibility to structure training in a manner most appropriate for their firm and employees. In order for this training to be eligible for CE credit, we recommend that there be a means of evaluation connected to the training.

IIROC invites comment on the PLR Proposal permitting CE Participants to repeat ethics courses.

The Association supports the ability of CE Participants to repeat ethics courses provided that the material is updated and refreshed in each cycle. If repetition for credit is permitted, reasonable limits on the number of credits should be imposed. For instance, credit could be granted for repetition of a course with one or two credits, but should not qualify where significant credit value is involved.

We question whether these courses could be delivered in-house, or if they would be restricted to CSI delivery.

IIROC invites comments regarding the reduction of the CE cycle to two years and related amendments in the PLR Proposals.

We reiterate our concerns regarding the requirement that the CE requirements for the full cycle must be completed unless an Approved Person enters the current CE program cycle within six months of the end of the current cycle. This is very onerous, in particular for new advisors engaged in business development, attempting to build their book. These new advisors must engage in activities that occupy a significant amount of time; adding CE requirements would be very onerous. We recommend that if an Approved Person enters the CE program cycle within one year of the end of the cycle, the CE requirements should

commence in the next CE program cycle. This would not prejudice investors, as the Approved Persons would have just completed the required courses in addition to the 90 day training program. This would also be consistent with the principal of IIROC's proposed rule 2606, which recognizes that the knowledge obtained remains in relevant for three years. Additionally, we request that IIROC consider allowing participants to utilize the 30/90 day training programs towards the PD requirement.

IIROC invites comment with respect to this proposal to bring the substantive review of CE courses in-house and implement a cost recovery model. This proposal is separate from the PLR Proposals and does not impact IIROC Dealer Member rules.

We question whether IIROC has the expertise to undertake this activity, which we anticipate would require a significant amount of resources. Although moving the review would alleviate conflict of interest concerns, it is not clear that this potential conflict has created actual problems that must be addressed. If IIROC does move this activity in-house, the process should be transparent and the costs must be minimized so that there are no material fee increases, while ensuring that the process is not subject to undue delays.

IIROC seeks comment on the PLR Proposal to restrict the VPP to the CSC. IIROC also invites input for subsequent phases of the CE review as to whether the VPP for the CSC continues to be of value or whether the program should be curtailed. Should there be a limit on how many years or CE cycles an individual may rely on the VPP? Are the criteria for approval of VPP appropriate? Should courses be evaluated on criteria of substantial equivalency, more advanced learning or some other factors? This input may inform guidance and future rule amendments.

IAC agrees that the CPH should not be revalidated through the VPP. However, we believe that the VPP should continue to validate the CSC, without a time limit, and should also be expanded to other courses such as those dealing with options and futures.

IIROC seeks input as to whether we should maintain grandfathering relief in the PLR Proposals or subsequent amendments.

The Association strongly supports maintaining the grandfathering relief in the PLR Proposals. There are a number of individuals active in the industry that were licensed prior to 1990, and many of them will be retiring in the short term. Requiring these individuals to requalify at this stage, would be unduly burdensome and would not improve investor protection. We recommend that the grandfathering provisions be extended to those individuals moving from the CSA platform to the IIROC platform as well.

To inform subsequent phases of our regulatory review of the CE program, IIROC invites input as to whether additional categories of Approved Persons, such as institutional registrants, should be subject to different CE requirements.

We strongly support more tailored CE requirements, designed to recognize the different circumstances of registrants working in different sectors of the industry. Required courses should provide content that is relevant to the area in which the registrant is employed, and should not be required in order to tick the boxes on completed CE requirements. IIROC should examine all required courses to ensure that they are relevant to the specific registrants.

IIROC seeks input on the PLR Proposals regarding credit for rewriting the CSC and CPH.

We do not support the reduction of credits by half for rewritten courses. If a course was taken over 3 years prior and is considered "expired", re-taking the course does update the individual's knowledge which is the essence of Continuing Education, and should receive full credits

IIROC seeks comment regarding the carry forward reductions in the PLR Proposals and input as to whether they should be further curtailed to simplify the system and encourage frequency of CE.

This provision may discourage appropriate time planning. In determining any credit reduction, IIROC should consider the intensity of study required for the course. For instance, courses like the CFA require intense study and should not be subject to credit reduction. IIROC should also consider whether the registrant is dually registered, and subject to additional CE requirements in granting relief from the restrictions in carry forward provisions.

IIROC seeks comment on the PLR Proposals relating to Dealer Member reporting and the consequences for non-compliance.

The Association supports in principle the reduction of the administrative burden by reducing the reporting requirements. We do, however, have questions and concerns about the details of the process. If there is an automatic suspension and \$2500 penalty applicable immediately for non-completion of the CE requirements, in addition to the current practice of providing firms with 10 days to report CE status, firms should be provided with a 30 day period to reconcile their records to ensure individuals' CE is properly accounted for and they are not incorrectly penalized, especially as a suspension has immediate consequences on a registrant's client dealings. We also question if the automatic suspension will be reflected immediately on NRD and if so, it is important that individuals do not get incorrectly suspended as it will affect their 33-109F4 permanent record and add administrative burden to dealers and IIROC for the incorrect data to be removed.

Thank you for considering our comments. If you have any questions, please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S. Copland', written in a cursive style.

Susan Copland

701 West Georgia Street | Suite 1500 | Vancouver, BC | V7Y 1C6 | 604.637.1677 | www.iiac.ca