

June 27, 2024

24-0199

Rules Bulletin > Implementation Bulletin

Distribute internally to:

Institutional, Legal and Compliance, Registration,
Retail, Senior Management, Training

Rule Connection: IDPC Rules

Division: Investment Dealer

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Clarifying Amendments to Registration and Proficiency Requirements

Executive Summary

The Canadian Securities Administrators (**CSA**) have approved amendments to improve the clarity of the registration and proficiency requirements (the **Amendments**) in the Investment Dealer and Partially Consolidated Rules (**IDPC Rules**), which were originally published for public comment in CIRO Bulletin [23-0096](#).

More specifically, the Amendments:

- refine the proficiency requirements in Rule 2600,
- clarify redundant and ambiguous language in Rules 2500, 2600, 2700, and 3900, and
- make consequential changes to cross-references and terminology arising from the foregoing changes.

The Amendments will be effective September 28, 2024, as indicated in section 4 of this bulletin.

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1. Background

Following the implementation of the IROC Rules on December 31, 2021 and the implementation of the successor IDPC Rules on January 1, 2023, we identified several areas in IDPC Rules 1200, 2500, 2600, 2700 and 3900 where requirements related to registration and proficiency needed refinement, clarification or correction.

The Amendments do not impose any operational costs on Investment Dealer Members (Dealers). Rather, the Amendments improve the clarity of the registration and proficiency requirements and align these requirements with their intended interpretation and purpose.

2. Comments received

We received one (1) comment letter in response to Bulletin [23-0096](#). We provide a summary of these comments and our response in Appendix D.

3. The Amendments

The Amendments consist of the following:

- refining amendments to proficiency requirements set out in Rule 2600,
- clarifying amendments, and
- correcting amendments.

Following our publication in August 2023 and comments received by the CSA, the following non-material changes were approved by CIRO's President and Chief Executive Officer:

- Correction of the terminology used to describe Registered Representatives (RRs) and Investment Representatives (IRs) dealing only in mutual funds;
- Cross-references added to post-approval requirements for individuals qualified to deal only in mutual funds;
- Clarifications related to supervisory requirements, including:
 - Six month supervision requirement to applicable RR and IR categories, including those who deal only in mutual funds;
 - Correction to reflect relevant experience for a Supervisor designated to be responsible for the supervision of managed accounts;
- Correction of typographical errors for consistency with current terms and numbering conventions; and
- Consequential changes based upon the approved Derivatives Modernization Project, Stage 1 amendments.

The text of the Amendments is set out in **Attachment A** and a blackline of the changes compared to the current rules is set out in **Attachment B**. A blackline of the changes compared to the previous publication set out in **Attachment C**.

Given the overlap of the Amendments and the Derivatives Modernization Project – Phase 1 Amendments, which were approved and published before the current Amendments, all changes common to both projects are indicated in grey in the blackline.

4. Implementation

The Amendments will be effective on September 28, 2024, at the same time as the Derivatives Modernization Project, Stage 1 amendments.

5. Attachments

[Appendix A](#) – Clean copy of the Amendments

[Appendix B](#) – Blackline comparison of the Amendments to the IDPC Rules, including the Derivatives Modernization Project, Stage 1 amendments

[Appendix C](#) – Blackline comparison of the Amendments in comparison to the Proposed Amendments published on August 31, 2023

[Appendix D](#) – Summary of public comments received

Comments Received in Response to Bulletin 23-0096 – Rules Bulletin – Request for Comments – Proposed Clarifying Amendments to Registration and Proficiency Requirements

On August 31, 2023, CIRO issued [Bulletin 23-0096](#) (the **Bulletin**) requesting comments on the proposed clarifying amendments to registration and proficiency requirements (**Proposed Amendments**). We received one comment letter from:

- The Investment Industry Association of Canada (IIAC)

These comments, along with our responses, are summarized below, and available on [CIRO's website](#).

Summary of Comment		CIRO Response
General Comment		
1.	IIAC noted that the proposed amendments were approved for public comment on June 28, 2023, but were published on August 31, 2023, with a short comment period ending on October 2, 2023. They ask that in future, proposals be published immediately upon approval with a comment period of at least 90 days.	As a general matter, we note that we endeavor to adopt comment periods that reasonably reflect the amount of time required to meaningfully review and make submissions in respect of proposed changes. As a result, more substantive proposals (e.g. proposed new requirements, material changes to existing requirements, or complex changes) will tend to have longer comment periods, than changes that are relatively narrow in scope, and straightforward.
Rule 2553(3)		
2.	Rule 2553(3), subsections (i), (ii), and (iv) no longer exist.	Existing Rule 2553(2)(i), (ii), (iii), and(iv) was renumbered to 2553(3)(i), (ii), (iii), and (iv). Aside from this renumbering, no changes were proposed to the noted subsections of Rule 2553. These subsections still exist but were not included in the published materials as no changes to the text were proposed.
Rule 2602(3)(iii) – Removal of Securities Industry Essentials Exam		
3.	IIAC requests removal of the Securities Industry Essentials Exam (SIE), noting that it is an introductory/entry level course, and that FINRA has a waiver process in place for the SIE.	The reference to the SIE within the noted rules is an existing requirement whose wording we have clarified. With respect to the FINRA waiver process, CIRO proficiency requirements cannot be drafted on the assumption that an applicant has successfully applied for and received the SIE waiver.

Summary of Comment		CIRO Response
	<p>Comment made in relation to Rule 2602(3)(iii) – IIAC comment #2, and repeated in relation to subsections:</p> <ul style="list-style-type: none"> • 2602(3)(iv) – IIAC comment #4 • 2602(3)(x) – IIAC comment#7 • 2602(3)(xi) – IIAC comment#9 • 2602(3)(xix) – IIAC comment#13 • 2602(3)(xxiv) – IIAC comment#16 • 2602(3) (xxvii) – IIAC comment#19 	
Rule 2602(3)(iv)		
4.	<p>For consistency, change reference from “if previously registered’ to “if previously registered <u>or approved</u>”.</p> <p>Comment made in relation to Rule 2602(3)(iv) – IIAC comment #3 and repeated in relation to subsections:</p> <ul style="list-style-type: none"> • 2602(3)(v) – IIAC comment #5 • 2602(3)(x) – IIAC comment#6 • 2602(3)(xi) – IIAC comment#8 • 2602(3)(xii) – IIAC commen#10 • 2602(3)(xix) – IIAC comment#11 • 2602(3)(xxiv) – IIAC comment#14 • 2602(3)(xxvii) – IIAC comment#18 	<p>In the noted sections, the words “if previously registered with” refer specifically to FINRA, and, on a more limited basis, to the National Futures Association (i.e. recognized foreign self-regulatory organizations known to use the word “registered” in relation to individuals and firms over whom they exercise regulatory oversight). The proposed amendments adopt “registered or approved” where the intent is to refer to FINRA or other recognized foreign self-regulatory organizations that may have different ways to refer to registered individuals. Use of the more general term “approved’ is intended to anticipate and accommodate such differences.</p>
Rule 2602(3)(xix)		
5.	<p>The proposed amendments delete the words “<u>or an investment dealer</u>” from the subsection. It was suggested that this deletion not be made.</p> <p>Comment made in relation to 2602(3)(xix) – IIAC comment #12, and repeated in relation to: subsection 2602(3)(xxiv) – IIAC comment #15</p>	<p>The proposed amendment to delete <i>or investment dealer</i> is intended to clarify that this paragraph is applicable to those individuals who were previously registered with FINRA and dealing in options. This is consistent with the language used in the requirements for Registered Representatives (RRs) and Investment Representatives (IRs) dealing with options. The Securities Industry Essentials Exam and the Series 7 Exam are specific to FINRA.</p>
Rule 2602(3)(xxvii)		

Summary of Comment		CIRO Response
6.	IIAC questions the necessity of the Conduct and Practices Handbook (CPH) Course, particularly as dealer/advisor experience is a requirement.	We have added the combination of CPH and other education options, as an alternative to the current requirements in 2602(3)(xxvii). This was in response to previous comments, which noted that the CFA charter should not be the only alternative for satisfying the education requirements for this approval category and that it is not necessary for this role. The changes proposed are consistent with the alternatives generally accepted (as noted in Plain Language Rule Book Project – Registration Changes I IROCC). The experience requirement is consistent with experience requirements established for other Supervisors.
Rule 2703(5)		
7.	Provision need not be limited to “retail” trading capacity.	The CE grandfathering provision referenced in Rule 2703(5) was intended to apply specifically to retail approval categories.