



October 4, 2021

To: British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Superintendent of Securities, Dept. of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Nunavut

Via email : The Secretary, OSC, comments@osc.gov.on.ca
Me Philippe Lebel, AMF, consultation-en-cours@lautorite.qc.ca

Re: Comment on CSA Position Paper 25-404 – New Self-Regulatory Organization Framework.

The Canadian Securities Institute (CSI) is pleased to submit its comments on CSA's position paper on the new self-regulatory framework.

CSI is a leading provider of accredited financial services proficiency learning solutions in Canada. We offer courses and examinations for securities, mutual funds and insurance licensing purposes and a broad range of specialized certificates and designations. We have been IIROC's primary proficiency course and examination partner for decades. We also administer courses and examinations endorsed by the CSA and MFDA for numerous registration categories.

We strongly support the CSA's initiative to establish a new single enhanced self-regulatory organization. Leveraging the expertise and organizational strengths of IIROC and the MFDA should enable the CSA Integrated Working Group to move quickly on this initiative which will lead to more efficient regulation, increased investor access and protection and more robust capital markets.

We will focus our comments on the Strengthening Proficiency section of the position paper.

The new SRO will facilitate a more comprehensive and integrated proficiency regime for all registrants. At present the proficiency requirements for securities registrants differs significantly from those for

mutual fund registrants, particularly as it relates to client-facing representatives, as they have been developed somewhat in silos over many years.

Over the past few decades, the investment industry has changed from a transactional, trading focused environment to one where advice and guidance exemplify the role and expectations of client-facing representatives regardless of whether or not they are securities or mutual fund licensed. Proficiency standards have been raised accordingly but, between securities and mutual fund registrants, the upgrade has not been consistent nor harmonized which has created significant differences and gaps, something that the single SRO will be in an excellent position to address.

Recent regulatory changes such as the Client Relationship Model and Client Focused Reforms as well as the rise in popularity of ETFs and liquid alternatives have started to bring proficiency requirements closer together but there is still room for improvement.

A harmonized approach will not only address the issue of uneven standards but also create a more integrated proficiency path which will enable increased mobility for advisors between platforms allowing advisors and their firms to better address the changing needs of their clients.

CSA has proposed a few solutions relating to strengthening proficiency in their position paper.

- More nuanced proficiency-based registration categories

A new SRO will be better able to set clear and efficient proficiency categories based on the competency requirements of specific roles. Where there are significant differences between roles within the same registration category, there may be need to split that registration category based on competency requirements and create proficiency paths aligned with those competencies. For example, there is a wide range of role responsibilities within the mutual fund dealing representative category. Some representatives provide expansive financial advice and sell both basic and complex proprietary and non-proprietary products (within what their license allows) whereas, in that same registration category, there are representatives that only provide very limited advice and sell basic proprietary products.

Aligning proficiency requirements with competencies, could help reduce or eliminate the uneven proficiency standards that the position paper mentions and also help create a more harmonized and streamlined approach to proficiency that could be designed to better facilitate the movement of registrants between platforms. The single SRO will also be able to address proficiency requirements for products that are sold on both platforms including mutual funds, ETFs and liquid alternatives.

- Leveraging on-going and future work on proficiency by the CSA

The Client Focused Reforms have created a level-playing field for all registrants in many key areas such as conflicts of interest, Know Your Client, Know Your Product and disclosure which are at the heart of the proficiency regimes in financial services. Future work by the CSA in collaboration with the New SRO

and course and exam providers such as CSI should foster a proficiency regime that continues to evolve with the changing needs of the industry and investors. CSI has worked very closely with IROC staff and IROC member firms to build and maintain a very robust and extensive proficiency regime for IROC registrants. We suggest that CSA's future work on proficiency should leverage this expertise as well as IROC's extensive Competency Profile review and CSI's ongoing curriculum reviews of its regulatory courses.

- Continue to promote the merits of additional credentials

As client needs continue to be more diverse and complex, additional credentials beyond basic licensing allow registrants to enhance their skills and expertise in various areas. As a credentialing body, CSI has seen very strong growth in its credentials in areas such as financial planning, investment management and wealth management over the past decade. Continued support by the new SRO of the merits of credentials will complement efforts to improve the proficiency regime for the registrants mentioned above.

- Streamlining Continued Education programs

The streamlining of CE regimes will be welcomed by advisors, firms and course providers as it will facilitate tracking, reduce costs and improve the quality of ongoing professional development.

The position paper also proposes to enhance investor education as well as enable more efficient registration. CSI is fully supportive of these efforts and would be pleased to share its expertise in these areas with the New SRO.

CSI looks forward to working closely with the Integrated Working Committee to support the transition to the New SRO and to contribute, in particular, to the review and enhancement of the proficiency regime.

Regards,



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Canadian Securities Institute (CSI)

