

IIROC NOTICE

Rules Notice
Notice of Approval/Implementation
Dealer Member Rules

Please distribute internally to:
Institutional
Legal and Compliance
Registration
Retail
Senior Management
Training

Contact:

Lindsey Mahoney
Proficiency Specialist
416.943.4654
lmahoney@iiroc.ca

Darshna Amin
Senior Policy Counsel, Member Regulation Policy
416.943.5891
damin@iiroc.ca

17-0223
November 30, 2017

Implementation of Rule 2650 – Continuing Education Requirements for Approved Persons

Executive Summary

The Canadian Securities Administrators (**CSA**) have approved the Investment Industry Regulatory Organization of Canada's (**IIROC**) Rule 2650 – *Continuing Education Requirements for Approved Persons* (the **CE Rules**), which is attached as Appendix 1.

On January 1, 2018 (the **Implementation Date**), we will repeal existing Dealer Member Rule 2900 *Proficiency and Education: Part III – The Continuing Education Program* and the *Guidelines for the Continuing Education Program* and implement the CE Rules.



1. Background

Proficiency is a cornerstone of the IIROC regulatory scheme. High proficiency standards play a key role in investor protection and the integrity and efficiency of the Canadian capital markets. IIROC, accordingly, maintains high proficiency standards and a robust proficiency regime. Continuing education (**CE**) is an important part of our proficiency regime.

We believe that an effective CE program follows three guiding principles:

- CE is meant to build on and enhance baseline proficiencies
- CE should be relevant, with its parameters determined using a broad and principles-based approach
- CE should be timely and ongoing, which includes completing some CE in each cycle.

We published the proposed CE Rules for public comment as part of the proposed PLR Rule Book in March 2017.¹ We also published a Notice in April 2017 providing additional context for the proposed CE Rules to assist stakeholders in preparing their comments.² We received three comment letters relating to the proposed CE Rules published in March 2017. Appendix 3 contains a summary of these comments and our responses. We also received comments from CSA staff.

In addition to reviewing public comments, we consulted with IIROC's Proficiency Committee, National Advisory Committee, CE Subcommittee, and Conduct, Compliance and Legal Advisory Section (CCLS) Retail Subcommittee.

The CE-related proposed PLR Rule Book amendments are set out in sections 2651–2699 of the proposed PLR Rule Book, which will now constitute the CE Rules.

In formulating the CE Rules, we sought to modernize and simplify the rules taking a principles-based approach. We considered, among other things:

- recommendations previously made by the Education and Proficiency Committee
- comments raised in the consultations, roundtables and comment letters relating to the proficiency assurance model regulatory review conducted by IIROC in 2014 and 2015
- approaches taken by certain other regulators.³

¹ See [Notice 17-0054 \(the March 2017 Notice\)](#).

² See [Notice 17-0095 \(the April 2017 Notice\)](#).

³ We reviewed the existing and proposed CE requirements of a number of regulatory organizations, including the following: the Mutual Fund Dealers Association of Canada, the Financial Industry Regulatory Authority, the



2. Changes from the March 2017 Notice

We have made certain non-material amendments to the CE Rules from the version published in March 2017. These revisions are principally in the nature of refinement, reorganization and clarification of the rules.

2.1 Added Definitions

In order to ensure that the CE Rules operate as a stand-alone rule, we have added a new definition section (subsection 2652(2)) to the CE Rules. Subsection 2652(2) contains definitions used in the CE Rules from other parts of the proposed PLR Rule Book (e.g., Rule 1200). We took these definitions from the proposed PLR Rule Book published in March 2017.

In the future, when we implement the entire PLR Rule Book, we will delete subsection 2652(2), as the definitions will be included within the relevant parts of the PLR Rule Book.

2.2 Added Transition Rules

CE Rules section 2663 includes a transitional provision to address penalties for not completing CE requirements for the January 1, 2015 to December 31, 2017 CE program cycle. CE Participants during this time will only be subject to the current penalty provision discussed in CE Rules section 2663.

CE Rules section 2664 includes transitional relief for a continuing education participant to carry forward 20 hours of a single professional development course from the current CE cycle ending December 31, 2017 into the next CE cycle commencing January 1, 2018.

2.3 Other Non-Material Changes

We made certain other non-material changes to the CE Rules in response to the comments we received, including the following:

- We amended clause 2656(1)(i) to clarify that only professional development courses completed in the last six months of a CE cycle may be carried forward to the following cycle.
- We corrected a drafting error with respect to the cycle length in CE Rules subsection 2659(1). Voluntary participation in the CE program will extend the validity period of the Canadian Securities Course until the end of the sixth month of the next CE program cycle.

Australian Securities and Investments Commission, the Law Society of Upper Canada and the Chartered Professional Accountants of Ontario.



- We combined certain provisions relating to the compliance course and the professional development course in sections 2653 and 2657.
- We made minor drafting and formatting changes to clarify certain provisions.

3. Provisions Regarding Licensing Proficiencies

As set out in subsection 2651(1), CE enhances and further develops an individual’s baseline licensing proficiencies. Following this principle, we will issue guidance to clarify that, unless otherwise indicated in the CE Rules, the Canadian Securities Course, Conduct and Practices Handbook Course, and 30 or 90 Day Training Programs will not qualify for continuing education credit.

4. Implementation

The CE Rules are effective as of January 1, 2018. The CE Rules will replace Dealer Member Rule 2900, Part III – the Continuing Education Program and the Guidelines for the Continuing Education Program. We will publish guidance to accompany the implementation of the CE Rules.

Effective January 1, 2018, we will repeal existing Dealer Member Rule 2900 *Proficiency and Education: Part III – The Continuing Education Program* and the *Guidelines for the Continuing Education Program*.

The new transition rules in sections 2663 and 2664 (discussed above) ensure that provisions of the CE Rules affecting (or indirectly affecting) current CE participants apply only after the implementation date.

5. Further Review

As we noted in the April 2017 Notice, we are continuing to review our CE program beyond the matters addressed in the CE Rules. After implementation of the CE Rules, we may make additional changes based on our review. Changes may be included in the next publication of the PLR Rule Book and/or stand-alone amendments. We will follow our customary public comment process for any future amendments.

6. Where to find the CE Rules

The CE Rules constitute a stand-alone rule, with its own numbering system. It is now available through the [Rule Book](#) tab under the heading “Continuing Education Rules” in the right-hand column Tool Bar of the IIROC website (www.iiroc.ca).⁴

⁴ Separately, IIROC has published for comment its proposed PLR Rule Book. Upon implementation of the PLR Rule Book, the CE Rules will be integrated into the PLR Rule Book to create a new unified IIROC rulebook.



7. Attachments

[Appendix 1](#) – Continuing Education Rules (clean)

[Appendix 2](#) – Continuing Education Rules (blackline showing revisions to March 2017 publication of the proposed PLR Rule Book)

[Appendix 3](#) – Response to Public Comments on the CE Rules