



November 17, 2014

Delivered by Email: [skeshwar@iroc.ca](mailto:skeshwar@iroc.ca)

Sonia Keshwar  
Senior Counsel, Registration  
Investment Industry Regulatory Organization of Canada  
121 King Street West, Suite 2000  
Toronto, Ontario M5H 3T9

Dear Ms. Keshwar:

**RE: IIROC Notice  
Proficiency Assurance: The Next Phase  
Consultation Relating to Expiry of CSI Contract**

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We are writing to provide comments with respect to the IIROC Notice Proficiency Assurance: The Next Phase Consultation Relating to Expiry of the CSI Contract.

IFSE Institute ("IFSE") is a leading provider of proficiency education to the financial services sector in Canada. IFSE is a not-for-profit organization, wholly owned by the Investment Funds Institute of Canada ("IFIC"). We offer the Canadian Investment Funds Course ("CIFIC") exam for mutual fund dealing representatives and the Exempt Market Products Course ("EMP") exam for exempt market dealing representatives; both exams are recognized by the Canadian Securities Administrators ("CSA") in National Instrument 31-103.

We commend IIROC for recognizing the importance of proficiency as we believe it provides registrants with the foundation for a successful career in the investment industry. We also believe knowledgeable and competent registrants improve investor experiences and protection, which is paramount for maintaining the integrity of the capital markets. At IFSE, we are committed to promoting the highest level of professionalism in industry participants.

We recognize that there are advantages to the existing model for both IIROC and its members. By taking an active role in setting and overseeing the proficiency process, IIROC ensures registrants entering the industry achieve an appropriate level of knowledge to effectively carry out their duties. Furthermore, IIROC can provide oversight over the education vendor and hold them accountable to pre-agreed product quality and service levels without the need for additional cost to IIROC members. However, the problem with the existing model is that it lacks competition and choice. In our discussions with some industry participants, they have expressed frustration with the single provider model.

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Although we understand that some industry stakeholders are supportive of the FINRA model, we concur with the concerns raised in the consultation paper in regards to IIROC adopting this approach. The significant differences in the two markets present a challenge for IIROC especially in terms of cost. Transitioning to the FINRA model would require considerable resources, processes, and systems to establish the operational infrastructure. Furthermore, the smaller Canadian market would mean that the education and testing costs would be greater on a per capita basis. Because IIROC does not have the economies of scale that is available to FINRA, the actual outcome may be higher costs for the industry.

We believe a modification to the existing model that narrowly expands competition will ensure choice, value and more competitive pricing. This model already exists for the mutual fund course where CSI and IFSE are the only two providers of the exam. We propose that IIROC permit IFSE to offer proficiency courses and exams for its members, thus providing another provider to the industry. Our proposed model offers both choice and simplicity. This option is attractive for a variety of reasons including:

1. **Recognized Provider** — As mentioned, IFSE currently performs this function for the CSA in the mutual fund and exempt markets. By limiting the acceptance to IFSE, a recognized provider in the industry, proficiency can be standardized across the various retail distribution channels, with only a nominal increase in IIROC's oversight responsibilities.
2. **Regulatory Sensitivity** — Both IFSE and its parent organization, IFIC, are highly attuned to regulatory issues and concerns. As an example, IFSE developed an Exchange Traded Funds course to address the proficiency gap identified by the Mutual Fund Dealers Association of Canada and the CSA of mutual fund dealing representatives who wish to deal in these products.
3. **Expertise** — IFSE employs instructional design and pedagogical techniques as well as subject matter expertise in the design, development, and delivery of its course material. We consider the various learning modalities and offer students options in course delivery. For instance, we offer content of the Canadian Investment Funds Course in an online format, textbook, study guide, video, classroom, and webinars.
4. **Accessibility** — IFSE currently delivers course content in both English and French to students in Canada and internationally. We have an established exam schedule and an extensive network of exam locations across Canada to accommodate the needs of writers.
5. **Cost-value Proposition** — IFSE has demonstrated its ability to provide cost-effective educational solutions to the industry through our existing offerings. Given IFSE's not-for-profit status, our main goal is fulfilling our educational mandate, not making a profit; excess resources, therefore, are used to improve products and services to the benefit of IFSE's clients. Furthermore, its ownership by IFIC ensures that it will remain not-for-profit and focused on the needs of its clients.

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6. **Examination Providers – Administration** — All licensing exams delivered by IFSE is conducted in a fully proctored, in-person environment. IFSE has protocols in place to ensure the security of our exam questions. Furthermore, student administration and recordkeeping are functions IFSE currently fulfills for the industry.
  
7. **Ease of Proposed Model** — We believe that IIROC can still retain all the benefits of the existing model with minimal added burden by recognizing IFSE as a supplier, while introducing an element of healthy competition which will ensure offerings are provided in a cost-competitive manner.

We appreciate the opportunity to comment on this IIROC Notice. IFSE would welcome the opportunity to discuss this matter in more detail. Please contact me should you have any questions.

Regards,



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Executive Director  
IFSE Institute

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