



December 23, 2022

Sherry Tabesh-Ndreka  
Director, Registration  
Investment Industry Regulatory Organization of Canada  
121 King Street West, Suite 2000  
Toronto, ON M5H 3T9

Via Email: [stabesh@iiroc.ca](mailto:stabesh@iiroc.ca)

Dear Ms. Tabesh-Ndreka:

**RE: Consultation Paper (Phase III) – Competency Profiles for Supervisors, Traders, Associate Portfolio Managers and Portfolio Managers**

The Investment Industry Association of Canada (the “IIAC”) is the leading national association representing investment firms that provide products and services to Canadian retail and institutional investors. The IIAC represents financial services firms, and registration categories, of every size and type, operating in Canadian and global capital markets. The IIAC represents members that manufacture and distribute a variety of securities including mutual funds and other managed equity and fixed income funds and provide a diverse array of portfolio management, advisory and non-advisory services. IIAC members trade in debt and equity on all marketplaces, provide carrying broker services and underwrite issuers in public and private markets.

The IIAC appreciates the opportunity to provide feedback on the above noted Consultation Paper, comprising competency profiles for Supervisors, Traders, Association Portfolio Managers (“APMs”) and Portfolio Managers (“PMs”) (collectively, the “Consultation Paper”).

We have represented these in the form of general principles for consideration, as outlined below. Please note that within each section we have provided some, though not an exhaustive list, of examples for each.

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## **A. Purpose and Process**

### **Principle: Unintended Use**

As has been previously noted by the IIAC, under section 3.4 *General Considerations*, the Consultation Paper states that the competency profiles may also be used by IIROC “for benchmarking purposes”, without specific reference to course providers as noted in section 2 *Purpose of the published competency profiles*. We continue to find this concerning as it has the potential to inappropriately expand how these competency profiles are used. We ask that IIROC staff be explicitly prohibited from relying on the competency profiles as a benchmark during audits, investigations, or enforcement matters. Specifically, we have significant concerns that these competency profiles could be misused in that manner, or in litigation.

The language in section 2 also suggests the competency profiles could be used in a post-registration assessment of individuals. This should be removed. IIROC’s comprehensive mandatory continuing education program already has the objective of sustaining registered individuals’ engagement, knowledge, and competency post-registration.

### **Principle: Publication of Competency Profiles**

While the IIAC is supportive of transparency, particularly as it relates to benefits to investors, we remain concerned that, without proper context and consideration to the principles outlined in this letter, that an inaccurate picture will be presented to the public, specifically investors, of the level of proficiency that could reasonably be possessed by every industry participant within these registration categories. Instead, through acceptance of the enclosed principles, due reference and deference may be given to the sponsoring firm’s business model, structure, and functional accountabilities which may assist to alleviate confusion or unintended consequences will occur.

### **Principle: Maintenance of Competency Profiles**

The IIAC recommends a commitment to maintaining these profiles as current, with a reasonable process as to how those updates may be made. With this, it is the IIAC’s recommendation that these be reviewed on a regular basis, at least annually, by the IIROC Proficiency Committee, or that the accountability be delegated to another appropriate body, to ensure currency and appropriateness of content. This process may be more efficient and informed than the publication of proposed amendments for public comment.

## **B. General Content**

### **Principle: Recognition of Equivalencies**

The Competency Profiles should include consideration of knowledge and experience equivalencies including grandfathering and sunset provisions.

We recommend that Competency Profiles generally reflect language and principles in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (“NI 31-103”). In

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particular, throughout NI 31-103 there is reference to equivalencies, whether those equivalent competencies were acquired through obtaining the Chartered Financial Analyst designation, Certified Investment Manager designation, Chartered Professional Accounting designation, or otherwise, even including U.S. equivalencies like the Series 7 exam, for which exemptions from certain requirements is automatically granted.

In making this recommendation we note that the investment industry is well-populated by seasoned individuals who have been operating within sophisticated standards of proficiency for many years, and that the process for registration therefore includes provisions and allowances for equivalencies, whether for certain accreditation or experience, that is considered and accepted as a valid and valued part of an individual's application for registration.

#### **i) Avoiding Inadvertent New Requirements**

We note that the Consultation Paper states that IIROC drafted the competency profiles being mindful to not inadvertently create new requirements. For this objective to be achieved, we recommend the following principles:

##### **Principle: Distinguish a general knowledge base for educational requirements from other Proficiencies**

We appreciate the need for education providers to deliver a sufficiently comprehensive knowledge base, which may be applicable to specific job requirements. There is nonetheless concern that various proficiency requirements, as currently stated, are overly broad. For example, Traders are to understand CSA "legislation", "national instruments and multilateral instruments", "recognition orders and delegated authority" and various "applicable laws" including "firm and individual registration categories." These may be clarified to refer to a 'general understanding' of "relevant portions of ...." etc. so that general education is delineated from more specific 'job requirements'.

##### **Principle: Recognition of Business Models**

The competencies profiles could clearly reference and consider reasonable delegation of tasks, reasonable oversight, and the business model of the Registrant firm.

While some appendices refer to knowledge requirements, "as applicable", the appendices included also set out what are described as "minimum requirements". They also state they provide competency profiles for the "highly competent" and "compliant". We recommend that such verbiage should be removed, as it conflicts with "as applicable".

We also recommend the term "ensure" should be deleted as it inadvertently assumes capacity or results beyond an individual's control or best efforts.

In addition, there should be greater clarity that individual registrants need not have all elements listed. We recommend the competency profiles expand on "as applicable" to specifically acknowledge that differences in business models, whether the dealer's size, type of clients, services offered or subject matter being contemplated, which may all impact whether a knowledge, behaviour or skill will be

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applicable to the registration category at a particular firm. For example, when contemplating the subject of cybersecurity, an Approved Person may need to draw and rely upon the expertise of another individual, through a reasonable system of delegation and oversight that reflects the size and scope of their firm.

**Principle: Deference to the Professional Judgement of the Sponsor Firm regarding the applicability of knowledge and skills**

The applicability of certain competencies should be guided by the employer's professional judgement. Organizational structure and job descriptions of all firms are not standardized. Provided regulatory registration requirements are met, the registrant firms, as employers of the Approved Persons, are best suited to speak to the specific skills and behaviours required of a role.

**C. Specific Content**

**Principle: Distinctions between Portfolio Manager and Associate Portfolio Manager required**

We appreciate that PMs and APMs share several similar responsibilities. We also acknowledge that, in certain portions, for example, asset allocation, the knowledge and behaviour and skills recognize some differences between them. The proficiencies could nonetheless benefit from greater distinction between the PM and APM roles.

APMs comprise highly knowledgeable individuals including those with certain specialized and well-recognized accreditation(s) (i.e., CFA). We therefore also recommend an allowance for exemption based on alternate accreditation.

The IIAC appreciates the opportunity to comment on the Competency Profiles and would be pleased to be involved in further discussions regarding required revisions beyond this public comment process.

Should IIROC have any questions regarding this submission, please feel free them to direct to us.

Sincerely,

Investment Industry Association of Canada