

13.1.2 IDA Response to All the Comments Received on Proposed Amendments to IDA Policy 6 Parts I and II – Proficiency Requirements and Exemptions

INVESTMENT DEALERS ASSOCIATION OF CANADA (IDA) RESPONSE TO ALL THE COMMENTS RECEIVED ON PROPOSED AMENDMENTS TO IDA POLICY 6 PARTS I AND II – PROFICIENCY REQUIREMENTS AND EXEMPTIONS

On July 9, 2004, the IDA published for comment proposed amendments to Policy 6 Parts I and II, accepting that the completion of certain advanced courses offered by the Canadian Securities Institute (CSI) is a basis for an automatic exemption from the requirement to rewrite related entry-level courses. The Chartered Financial Analyst Program administered by the CFA Institute is recognized as an advanced course, thus allowing for an automatic exemption from rewriting CSI's Canadian Securities Course (CSC) and from writing the Investment Management Techniques Course (IMT). The Certified Financial Planning (CPF) Examination administered by the Financial Planners Standards Council is also recognized as equivalent and alternative to CSI's Professional Financial Planning Course (PFPC) for the purpose of satisfying IDA's 30-month post-licensing proficiency requirement.

Three comment letters were received: one from the Toronto Society of Financial Analyst (TSFA); another from the Institute of Canadian Bankers (ICB); and the third from the Canadian Bankers Association (CBA).

SUMMARY OF WRITTEN COMMENTS RECEIVED ON THE PROPOSED AMENDMENTS

TSFA Letter

Comment

The author supported the IDA's move towards recognizing courses other than those of the CSI, and especially the CFA as a basis for an automatic exemption from rewriting the Canadian Securities Course (CSC) and from writing the Investment Management Techniques Course (IMT). The author however questioned why the CFA is not also accepted as a basis for an automatic exemption from writing the CSC, given that the CFA is a more advanced course.

Response

The IDA responded that the notion of recognizing courses and programs other than the CSC for first-time securities registrants was previously discussed with the Canadian Securities Administrators (CSA) and it was decided that, for consistency of education and training, the CSC would remain the mandatory entry-level course for all new securities industry entrants regardless of their previous profession, education, training, or experience.

ICB Letter

Comment

Like that of the TSFA, this letter also supported the IDA in recognizing non-CSI courses as a positive move towards fostering competition, innovation, and quality education, and looked forward towards the recognition by the IDA of ICB's Professional Financial Planning Course (PFP) as equivalent and alternative to CSI's PFPC for the purpose of satisfying IDA's 30-month post-licensing requirement. The author urged future course recognitions and suggested a bridge course for mutual fund registrants so that upon successful completion of an examination, mutual fund registrants could become licensed to deal in a broader range of securities through an IDA Member. This, the author argued, would eliminate duplication of study time for subjects already covered, expedite the recruiting process, and reduce training costs for IDA Members. The author also urged the creation of a defined timeline or timeframe for course reviews and recognitions. Alternatively, the IDA should focus its review on examination equivalency, as opposed to course (content) equivalency, by publishing standard guidelines for setting specific examinations for the various categories of registration.

Response

The IDA responded that it was in the process of recognizing the PFP as equivalent to the PFPC for the purpose of satisfying the post-licensing proficiency requirement and, where appropriate, recognizes non-CSI courses and programs as fulfilling its Continuing education (CE) requirements. As for the recognition of non-CSI courses as alternative or equivalent to the CSC for new entrants, the IDA explained the decision of the CSA to retain the CSC as the standard, mandatory entry-level course for all new registrants regardless of their other qualifications, training or experience.

As for a bridge course to enable mutual fund registrants gain full securities registration with an IDA Member, the IDA responded that while such a course may expedite the registration process and save cost, it would not satisfy the level of competency and proficiency required for full service advisers, which become deeper and broader as the services provided become more integrated and complex; hence, the content-based, applied-knowledge model of learning in Canada. For the same reasons, the

IDA and its Members, through their representations in the Education and Proficiency Committee, do not believe a standardized examination-based model of learning will deliver competent advisers.

Regarding the request for a defined procedure or timeframe for reviewing and recognizing courses, the IDA explained that it is simply impossible to predict with any certainty what the review process might be, or how long it would last, given that courses vary in size, complexity, and content depth. Qualified reviewers are also not always readily available. As a result, it is not feasible to publish a defined review procedure or timeframe.

CBA Letter

Comment

This letter was simply to support the recognition by the IDA of courses and programs offered by other course providers, especially ICB's PFP as fulfilling the 30-month post-licensing requirement.

Response

The IDA advised that the PFP was under review and that it will continue with its endeavors to recognize other courses and programs as fulfilling CE requirements.