

John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 800, Box 55
Toronto, Ontario M5H 3S8

Dear Sir:

Re: Proposed Amendment to OSC Rule 31-502 Proficiency Requirements for Registrants

The Investment Dealers Association (“IDA”) appreciates this opportunity to provide comments on the proposal to change the course required for Ontario Securities Commission’s post-licensing requirement to the *Wealth Management Essentials Course* (“WME”). We have the following comments:

1. The provision in question is applicable only to registered representatives with Investment Dealers, which must be Members of the IDA. As all those affected by the rule are subject to the IDA post-licensing requirement to complete the Wealth Management Essentials course, we would suggest that the provision in Rule 31-502 is redundant and could therefore simply be repealed. This is the approach taken in proposed National Instrument 31-103: Registration Requirements, so the Commission could take the opportunity to put the long-term approach in place right away.

The IDA recognizes that one problem with this approach is that the OSC does not have the authority to automatically suspend Registration for individuals whose IDA Approval has been suspended for non-completion of the IDA’s post-licensing requirement. As a result, individuals who may not trade or advise clients as a result of the IDA suspension, may appear to be in good standing for a period of time on the OSC’s public web site.

However, we suggest that a mechanism to ensure that failure to complete the IDA’s post-licensing requirement results in automatic suspension of registration under the Securities Act would eliminate duplication and eliminate the other problems with the proposed rule outlined below.

Our recommendation could be achieved by amending section 2.1(2) as follows:

(a) replacing the wording of subsection (2)(a) with: “fulfilled the Investment Dealers Association of Canada’s post-licensing course requirements before the registration was granted; or”, and

(b) replacing the wording of subsection (2)(b) with: “before the end of the thirty month period, fulfilled the Investment Dealers Association of Canada’s post-licensing course requirement.”

The IDA also recommends that section 1.2(1) be amended as follows:

Remove “except subsection 2.1(2)”

While this would be our preferred suggestion, the following additional comments are provided in the event that a total repeal of the provision is not possible:

2. When the IDA changed its own post-licensing requirement to the WME on July 4, 2006, we included a transition policy to accommodate individuals who had already begun the Professional Financial Planning Course ("PFPC") or the Investment Management Techniques Course ("IMT") when these would meet the post-licensing requirement. These transitional provisions are listed in IDA Member Regulation notice 404 (attached). The goal was to ensure that those who had begun an education course in compliance with the rules in place at the time would not be disadvantaged by the change in rules while they are taking the course. We believe that this approach is fair to individuals without materially reducing the benefits that post-licensing educational requirements are intended to achieve.

Unless the OSC's amendment includes the same transition policy, those individuals will be required to file an exemption request and pay the OSC exemption fee or complete studies beyond the requirements when they commenced their course of study. This is a new cost to these individuals, either financially or in terms of time commitment. We therefore suggest that the OSC include a similar transition policy.

3. There are other differences between the current IDA rule and the proposed OSC rule that we believe you should consider.
 - i. The IDA rule recognizes the Chartered Financial Analyst (CFA) Course as an alternate for the IMT, while the OSC's rule does not. As a result, the IDA's transition policy allows an automatic exemption for individuals who have completed all three levels of the CFA course within two years of RR approval, or who are enrolled in the CFA and are able to complete all three levels prior to their post-licensing due date. We recommend that such individuals also be exempt under the OSC rule.
 - ii. IDA Policy 6, Part II, B.10 allows an automatic exemption from the WME for individuals who have completed the Wealth Management Techniques Course (WMT) or the Portfolio Management Techniques Course (PMT), provided they have successfully completed Part 1 or 2 of the Canadian Investment Management (CIM) program, or have successfully completed the Investment Management Techniques Course or the Professional Financial Planning Course prior to July 4, 2008, having been enrolled in either course prior to July 4, 2006.
 - iii. Parts 1 and 2 of the CIM program were predecessors to the IMT and PMT courses respectively. Those who had completed the predecessor courses were in some cases eligible to use these as prerequisites for enrolling in the higher level course. The IDA exemption recognizes their completion of a substantially equivalent course of study to the courses currently named in the rules.
 - iv. The IDA's post-licensing requirement was implemented in January 1994 and individuals approved continuously since that time are grandfathered from completing the post-licensing requirement. Section 1.2 (1) of 31-502 allows this concession only if the individual was registered in Ontario prior to January 1994. Individuals continuously registered prior to January 1994 in other jurisdictions must apply and pay for an exemption from the OSC rule, which is always granted. We suggest that this is a cumbersome

process that should be eliminated by inclusion of a general exemption for all those registered in other Provinces with investment dealers prior to the same date.

- v. Any difference between the overlapping rules, places a burden on IDA Staff who are required to review and determine the correct post-licensing requirement, for Ontario registrants applying with Investment Dealers.

Thank you for this opportunity to comment on the proposed Rule change.

Yours truly,

Joseph J. Oliver
President and Chief Executive Officer

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