

## Chapter 13

# SRO Notices and Disciplinary Proceedings

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### 13.1.1 Amendments to IDA Policy 6 Parts I and II Regarding Wealth Management Essentials Course, and Policy 6 Part I Regarding Proficiency Requirements for Futures Contract Portfolio Managers and Associate Futures Contract Portfolio Managers

#### THE INVESTMENT DEALERS ASSOCIATION

#### AMENDMENTS TO IDA POLICY 6, PARTS I AND II REGARDING WEALTH MANAGEMENT ESSENTIALS COURSE AND POLICY 6, PART I REGARDING PROFICIENCY REQUIREMENTS FOR FUTURES CONTRACT PORTFOLIO MANAGERS AND ASSOCIATE FUTURES CONTRACT PORTFOLIO MANAGERS

#### Response to Comments regarding changes to IDA Policy 6 implementing the Wealth Management Essentials Course (WME)

Two comment letters were received making the following comments:

#### Comment:

The proposed amendment does not recognize holders of the Professional Financial Planning designation granted by the Institute of Canadian Bankers ("the Institute") as being exempt from completing the financial planning module of the WME as is granted to the Certified Financial Planner designation granted by the Financial Planning Standard Council.

#### IDA's Response:

The exemptions in Policy 6, Part II, Sections A.10 and A.11 of the proposed regulation are for those who have completed the prior courses before implementation of the WME and are already approved or are seeking re-approval, and for those enrolled in the prior courses before implementation of the WME who complete them before their 30-month post licensing due date.

On implementation of the WME, granting an exemption from any portion will be done by the Canadian Securities Institute ("CSI") in administering the course. In essence, the holder of the designation will be granted advance standing for that portion of the course. There is no need to write which courses will provide that standing into the Policy.

The IDA and CSI have agreed that such advance standing will be granted for any courses that the IDA Staff designates as equivalent to either the financial planning or investment management portions of the WME, which includes the Institute's PFP designation

#### Comment:

Provision of the course required to meet the 30-month requirement should be open to competition from other course providers.

#### IDA's Response:

While the IDA recognizes the benefits of competition, the WME was developed by the CSI specifically to meet needs identified by the IDA and has participated with the Education and Proficiency Committee of the IDA in the research and needs assessment process. The IDA therefore considers it appropriate to grant the CSI a period of exclusivity with regard to the course, subject to ongoing monitoring by the IDA to ensure that the course is kept up-to-date and continues to meet the identified proficiency needs.

#### Comment:

The proposed rule change allows those already entered in the Professional Financial Planning Course ("PFPC") or Investment Management Techniques Course ("IMT") only 24 months after implementation of the proposed requirement to complete those courses in order to use them in place of the WME to meet their 30-month requirement. The letter recommends that such persons be allowed 30 months, consistent with the general post-licensing requirement.

**IDA's Response:**

Both the PFPC and IMT must already be completed within one year of enrolment in the course. There is a CSI provision for an extension of another year, subject to conditions. Therefore the revision does not change the existing completion deadline for anyone enrolled in either course when the WME requirement is implemented.

**Comment:**

The content of "top-up" modules leading from the WME to CSI designations including the Portfolio Management Techniques Course and Wealth Management Techniques Course should be reviewed to ensure that there is no duplication between courses.

**IDA's Response:**

This is being done. The CSI will provide the WME, the "top-up courses" and the higher level courses mentioned and will ensure that there is no duplication.

**Comment:**

Those with the CFA designation should be exempt from completing the WME or, in the alternative, the course content should be streamlined to avoid anyone having to complete multiple courses and the course should be credited towards applicable continuing education requirements.

**IDA's Response:**

The development of the WME was based on research indicating that neither advanced financial planning proficiency – provided by the PFPC or CFE, nor advanced investment management proficiency – provided by the IMT or CFA, is sufficient alone to provide the necessary proficiency for registered representatives advising retail clients in today's complex marketplace. Therefore granting an exemption to those with the CFA alone would defeat the purpose of developing the WME.

All of the courses and top-ups are being designed to avoid duplication of content, and to that extent are streamlined. Those required to take the WME are in the first thirty months of their approval as Registered Representatives. They do not have continuing education requirements under IDA Policy 6, Part III during their first three years of registration precisely because of the 30-month post-licensing requirement. The IDA does not believe that any other relief from continuing education requirements is necessary.

**Comment:**

The proposals contain no changes to the proficiency requirements for portfolio managers (PMs) and associate portfolio managers (APMs). The proposal should clarify whether APMs or PMs are required to complete the WME.

**IDA's Response:**

As noted in the proposal, those who have completed the WME will be able to complete the IMT through a top-up course. The IMT will still exist and will remain a requirement for, or at least one of the paths to, completing the necessary proficiencies to obtain PM or APM approval. Therefore there is no need to change the requirements regarding PM or APM proficiency requirements.

**Comment:**

If PMs or APMs are required to complete the WME, there should be transitional provisions for individuals enrolled in the IMT when the proposal comes into effect. Any required courses such as the IMT completed prior to implementation of the WME should continue to be considered as valid for PM or APM approval.

**IDA's Response:**

The transitional provisions for individuals enrolled in the IMT when the WME comes into effect have already been noted and discussed above. Such persons will continue to have up to two years to complete the IMT without having to do the WME to complete their 30-month requirement. The IMT will continue to be a requirement for PMs and APMs, whether completed prior to implementation of the WME, after implementation under the transitional provisions or through a top-up course after completion of the WME.

**Comment:**

Discretionary relief be available to Registered Representatives and firms in special circumstances where financial planning or investment management knowledge is not required under an RR's particular business model.

**IDA's Response:**

The recommendation is tantamount to suggesting that firms or individual Registered Representatives be given the option of completing the PFPC, IMT or WME, depending on their prospective business model at the time they take the course. The IDA believes that all Registered Representatives should be given a broad education on all the kinds of matters on which their advice may be sought when dealing with retail clients, that they should not be permitted to take a narrow view and shoehorn all of their clients into one model. In the course of their careers Registered Representatives may change firms, investment philosophies and business models. All should have basic proficiency in all of the areas in which they may be called upon to give advice.