

March 8, 2013

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Dear Sirs/Mesdames:

Re: IIROC Request for Comments – Use of Business Titles and Financial Designations

The Canadian Advocacy Council¹ for Canadian CFA Institute² Societies (the CAC) appreciates the opportunity to comment on IIROC's proposed guidance note regarding Use of Business Titles and Financial Designations as set out in IIROC Notice #13-0005.

As a general comment, we agree with the conclusions drawn by IIROC from its Dealer Member survey and investor research about the confusion faced by retail investors due to the plethora of titles and designations used by advisors. We believe it is an important investor protection initiative to educate investors with respect to the qualifications and experience required for various advisor designations and to ensure that advisors' titles provide meaningful information to clients, potential clients, and the general public.

While the guidance in the Notice is a helpful first step in identifying the existing issues, we believe it does not go far enough to ensure that dealer representatives do not misrepresent their qualifications. As clearly evidenced by the research summarized in the Notice, despite the existing rules and guidance about use of titles (such as Dealer Member Rule 18.16 which

¹ The CAC represents the 13,000 Canadian members of CFA Institute and its 12 Member Societies across Canada. The CAC membership includes portfolio managers, analysts and other investment professionals in Canada who review regulatory, legislative, and standard setting developments affecting investors, investment professionals, and the capital markets in Canada. See the CAC's website at <http://www.cfaadvocacy.ca/>. Our Code of Ethics and Standards of Professional Conduct can be found at <http://www.cfainstitute.org/ethics/codes/ethics/Pages/index.aspx>

² CFA Institute is the global association of investment professionals that sets the standard for professional excellence and credentials. The organization is a champion for ethical behavior in investment markets and a respected source of knowledge in the global financial community. The end goal: to create an environment where investors' interests come first, markets function at their best, and economies grow. CFA Institute has more than 113,000 members in 140 countries and territories, including 102,000 CFA charterholders, and 137 member societies. For more information, visit <http://www.cfainstitute.org/>.

prohibits representatives from using designations that wrongly indicate he or she conducts a type of business or fulfills a role), there is still a significant amount of confusion regarding titles and financial designations among investors.

We believe that in order to achieve the proposal's goals of greater transparency and clarity, IIROC must limit the choice of titles that can be used by firms in formulating their policies and procedures on the use of titles. An example of such a list would contain a small number of broad categories based on registration type, and a limited choice of variations in titles within each such category based on a clear differentiating factor, such as seniority in the firm, that can be comparable across categories. If the number of possible titles was limited and these titles were used consistently by all representatives and across firms, it would be easier to educate the public on their meaning and would help investors compare advisors at different firms on a more appropriate basis.

With respect to the use of financial designations, we generally agree with the criteria set out by IIROC, which include a rigorous curriculum, an emphasis on ethics, and a method for determining the individual's current status regarding the designation and whether the designation has been issued by a reputable or accredited organization. In particular, we strongly support the emphasis on ethics, as we believe it is an essential criterion for an investment professional.

We would also urge IIROC to require Dealer Members to use objective measures when examining the rigor of each of the financial designations' curriculum. Such objective measures would include exam pass rates, number of exams, length of each exam, as well as the length and type of work experience required to attain the designation. A summary of such measures should also be published on IIROC's website, as we strongly believe the transparency of these objective measures is very important for enhancing investor awareness and protection.

The CAC welcomes the development of a financial designations glossary on the IIROC platform and would be pleased to participate and contribute with respect to factual information and completeness on the CFA designation.

Concluding Remarks

We thank you for the opportunity to provide these comments. We would be happy to address any questions you may have and appreciate the time you are taking to consider our points of view. Please feel free to contact us at chair@cfaadvocacy.ca on this or any other issue in future.

Sincerely,

(Signed) *Ada Litvinov*

Ada Litvinov, CFA
Chair, Canadian Advocacy Council