

# INVESTOR ADVISORY PANEL

November 10, 2025

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Canadian Investment Regulatory Organization  
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## Re: Proposed New Guidance on Order Execution Only Account Services and Activities

On behalf of the Ontario Securities Commission's Investor Advisory Panel (the "Panel"), we wish to thank you for this opportunity to comment on the Canadian Investment Regulatory Organization's ("CIRO") proposed guidance on order execution only ("OEO") account services and activities (the "Proposed Guidance").

The Panel is an initiative of the Ontario Securities Commission ("OSC") to ensure investor concerns and voices are represented in the OSC's policy development and rulemaking process. Our mandate is to solicit and articulate the views of investors on regulatory initiatives that have investor protection implications.

### Comments

The Panel commends CIRO for developing the Proposed Guidance. As we stated in our [comment letter on CIRO's initial evaluation of the current OEO Guidance](#) (the "Prior Comments"), our view is that investor protection will be enhanced if investors in the OEO channel can easily access timely, accurate information and tools that will support investment decision-making without the added cost of advisory services. We believe that the Proposed Guidance provides much-needed clarity for OEO dealers, and that it will have a positive impact on DIY investors. In our view, allowing OEO dealers to provide decision-making supports to DIY investors, while maintaining the prohibition on recommendations and the investor protection afforded by the regulatory framework, will have a positive impact on DIY investors and bolster confidence in the capital markets.

The Panel supports the Proposed Guidance in its entirety, though below we offer some suggestions for additional safeguards and opportunities to provide additional clarity to OEO Dealers. We agree that robust investor protections will be needed where OEO Dealers provide decision-making supports,<sup>1</sup> though we note that certain supports themselves will enhance investor protection:

- a) alerts and notifications, including pop-up messages when clients place orders, are crucial to educating investors about risky products and behaviours. While we acknowledge the limitations

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<sup>1</sup> [CIRO Bulletin 25-0227](#), section 2.2.3.

of qualitative research, CIRO's DIY Investing report suggests that at least some DIY investors may be using the OEO channel to explore more high-risk investments;<sup>2</sup>

- b) alerts and notifications based on client activity, such as trading patterns, may be more effective than generic alerts; and
- c) making trades quickly is seen as an advantage by DIY investors.<sup>3</sup> Making information available at the time of trading provides an opportunity for investors to learn more before proceeding with an investment decision. There is evidence that financial literacy education is more effective if it is delivered at the time an investor makes a specific decision.<sup>4</sup>

As we stated in our Prior Comments, it will be critical to ensure that decision-making supports are free of conflicts, in order to instill trust in the tools provided by OEO Dealers, and counter the influence of social media on DIY investors. Further comments on this issue are set out in our response to question 4 below.

We once again congratulate CIRO for its efforts to enhance investor protection in the OEO channel. The Panel views the Proposed Guidance as an important step that will improve financial literacy and provide additional opportunities for DIY investors to make informed investment decisions.

*Q1. The Proposed Guidance sets out a non-exhaustive list of key safeguards for OEO Dealers to consider when offering decision-making supports to clients. Are there any additional safeguards you believe should be included to further enhance investor protection in the OEO channel? If so, please specify.*

As set out in our Prior Comments, we recommend that the regulator should conduct spot audits on OEO platforms to ensure that the decision-making supports they offer are consistent with the Proposed Guidance. We believe that periodic review of how OEO Dealers are applying the Proposed Guidance, together with reporting on the results of any such review, will provide OEO Dealers with further clarity related to the practical application of the Proposed Guidance, while ensuring that the safeguards in the Proposed Guidance are being followed.

In our Prior Comments, we also recommended the use of the following measures:

- a targeted review of Finfluencers to determine whether measures are needed to regulate their conduct; and
- reducing or restricting digital engagement practices and gamification in the OEO channel.

With respect to Finfluencers, we believe that section 3.1.4 of the Proposed Guidance is a good start, but we continue to urge the regulators to examine this issue in furtherance of investor protection. If the regulators issue additional guidance with respect to Finfluencers, as suggested in the Proposed Guidance,

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<sup>2</sup> DIY Investing: New investors and the role of social media – Qualitative Research Report, April 2025 (“DIY Investing Report”), p. 34.

<sup>3</sup> DIY Investing Report, p. 41.

<sup>4</sup> Financial Consumer Agency of Canada, Make Change That Counts: National Financial Literacy Strategy, 2021-2026, p. 34.

we recommend that it be appended to the Proposed Guidance in order to reduce potential confusion for OEO Dealers.

In our view, the Proposed Guidance should more specifically address harmful digital engagement practices, including gamification and other behavioural techniques in the OEO channel. As noted by the OSC and the Behavioural Insights Team, higher user engagement with trading platforms “may be problematic, as investors who check the status of their investments more often are shown to trade more and have worse performance.”<sup>5</sup> We acknowledge that these issues extend beyond the OEO channel, and that the regulators propose to address these issues in another project,<sup>6</sup> but we believe that it is both appropriate and necessary to address them in the Proposed Guidance, given that the Proposed Guidance contemplates more communication between OEO Dealers and their clients. While section 2.3 of the Proposed Guidance addresses conflicts of interest, we recommend that the Proposed Guidance more clearly state that any decision-making supports that are designed to lead to higher user engagement when there is no financial or educational reason to do so would be contrary to the client’s interest and should therefore be avoided.

The Panel also recommends that the Proposed Guidance should include safeguards with respect to the use of AI in decision-making supports. We support a principles-based, technology-neutral approach to regulation, and acknowledge that the Proposed Guidance takes this approach. However, one of the benefits of the Proposed Guidance is to make reliable, accurate information more accessible to DIY investors. As stated in the Proposed Guidance: “Curated, relevant information and self-help tools based on it can help clients make more informed investment decisions ... These kinds of decision-making supports are especially useful for clients who may otherwise access information and advice from unregulated and potentially misleading sources.”<sup>7</sup> (emphasis added). We reiterate the recommendation in our Prior Comments to ensure that any tools offered by OEO Dealers rely on information and data from verified, trusted sources, and that Dealers should inform investors if AI is used to source information, and how AI is being used (for example, to source the information, analyze the information, or some other use).

Q2. *The Proposed Guidance permits OEO Dealers to provide sample portfolios that can be used in combination with filtering tools so that clients can receive support from OEO Dealers on asset allocation at the portfolio level, while still remaining responsible for their own specific investment decisions.*

*(a) Do you agree that this approach appropriately balances OEO Dealers’ desire to provide sample portfolios with investor protection concerns (particularly around conflicts of interest)?*

*(b) If you do not agree with this approach, please describe how OEO Dealers could provide sample portfolios that reference specific investment products but do not constitute a prohibited recommendation under the revised recommendation prohibition.*

The Panel believes that the approach in the Proposed Guidance strikes an appropriate balance. In our view, this approach will provide DIY investors with additional support, without violating the prohibition on

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<sup>5</sup> OSC, Gamification Revisited: New Experimental Findings in Retail Investing, p. 3.

<sup>6</sup> Proposed Guidance, Appendix 2, p. 10.

<sup>7</sup> Proposed Guidance, Introduction.

recommendations or creating a conflict of interest. We note that the DIY Investing Report indicates that at least some DIY investors think about their investments individually, rather than as part of a portfolio, and are unfamiliar with the concept of rebalancing.<sup>8</sup> Accordingly, we believe that providing sample portfolios that provide more information about asset allocation, so long as the safeguards in the Proposed Guidance are followed, can help to address this gap in these investors' knowledge.

While the Proposed Guidance includes safeguards that OEO Dealers must follow when providing sample portfolios, particularly in combination with filtering tools, this is one area where we believe that OEO Dealers would benefit from specific examples of how to provide these decision-making supports, particularly in situations where a Dealer has any proprietary or affiliate products, or any material conflict of interest for any specific investment product.

*Q3. Consistent with a principle-based approach, we have abstained from listing extensive examples in the Proposed Guidance of decision-making supports and whether or not they would be considered prohibited recommendations. We believe this is crucial for the Proposed Guidance to remain technology-neutral and allowing OEO Dealers to create new decision-making supports without being hindered by a point-in-time, binding analysis in the Proposed Guidance. However, throughout the consultation process, feedback continues to be varied as to whether the industry would benefit from CIRO providing more examples. Would commenters like CIRO to publish an analysis of different decision-making supports as against the revised recommendation prohibition in a supporting document alongside the Proposed Guidance? If so, please submit examples for which you would like that analysis.*

As indicated above, the Panel believes that additional analysis of decision-making supports that include data or information collected using AI will be helpful and provide additional clarity for OEO Dealers. We also believe that OEO dealers would benefit from CIRO providing more examples of how the Proposed Guidance can be applied in a manner that provides DIY investors with information and other decision-making supports without providing investment advice or recommendations.

As noted above, we recommend that analysis and examples be provided that address how decision-making supports can be provided that comply with OEO Dealers' duty to address material conflicts of interest in the best interests of their clients. We support the provision that decision-making supports should be free from conflicts of interest, but we believe that further guidance will be helpful for Dealers to ensure that they understand the practical application of the safeguards in the Proposed Guidance. For example, numerous safeguards are required if a Dealer offers sample portfolios, and we believe that additional guidance for these, and other specific decision-making supports, will be beneficial and further support investor protection.

*Q4. In its Executive Summary, the Proposed Guidance indicates that it does not contemplate an OEO Dealer that restricts its product shelf largely to proprietary or affiliate products, or a very limited range of products, because of the revised recommendation prohibition and conflicts of interest implications.*

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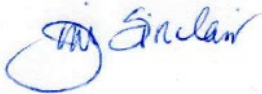
<sup>8</sup> DIY Investing Report, p. 41.

- (a) *Do commenters disagree with this position? If so, please describe in what ways the material conflict that arises in this scenario (such as filtering tools generating results that only reference proprietary or affiliate investment products) could be appropriately addressed in the best interests of the client instead of avoided.*
- (b) *In the case of an OEO Dealer that offers a very limited range of products, how could an OEO Dealer ensure that decision-making supports do not offer so few options that it ultimately endorses specific investment products? For example, should such OEO Dealers be required to generate a minimum number of options to offer certain tools (such as filtering tools when used in conjunction with sample portfolios)?*

As stated above and in our Prior Comments, avoiding conflicts of interest will be critical in ensuring that decision-making supports in the OEO channel are perceived as, and actually are, reliable and accurate. Accordingly, we support this aspect of the Proposed Guidance. We reiterate the concern stated in our Prior Comments that any decision-making supports should not promote an OEO Dealer's products or services, or products or services that earn higher fees for the Dealer.

Again, thank you for the opportunity to comment on the Proposed Guidance. We would be pleased to clarify or elaborate on our comments should the need arise.

Sincerely,



James Sinclair  
Chair, Investor Advisory Panel