

CIRO Consultation – Proposed new guidance on order execution only (OEO) account services and activities

November 10, 2025

Submission to the Canadian
Investment Regulatory
Organization (**CIRO**)

The Canadian Bankers Association (**CBA**)¹ appreciates the opportunity to provide input on the CRO consultation - *Proposed new guidance on order execution only (OEO) account services and activities (Proposed Guidance)*.

Consultation Questions

- 1. 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.**

We are concerned that the proposed disclosure for self-help tools and decision-making supports ("Clear Descriptors, Transparent Methodology, and Objective Criteria") may require sharing proprietary or commercially sensitive information, or details subject to third-party contracts. The Proposed Guidance should specify these disclosure limitations and allow for high-level descriptions.

It should be made clear in the Proposed Guidance that not all key safeguards apply to every decision-making support; rather, their relevance depends on context.

While we agree that it is important for OEO Dealers to provide clear and fulsome disclosure and disclaimers with respect to decision-making supports, we caution against the risk of over-disclosure. Over-disclosure could have the opposite of the intended effect, possibly misleading and confusing clients. Rather, disclosures should use plain, clear language to inform clients without overwhelming them with information.

- 2. 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**

¹ The Canadian Bankers Association is the voice of more than 60 domestic and foreign banks that help drive Canada's economic growth and prosperity. The CBA advocates for public policies that contribute to a sound, thriving banking system to ensure Canadians can succeed in their financial goals.

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)?

We support CIRO's approach to permitting sample portfolios, including their use in combination with filtering tools. However, we recommend that the guidance be broadened to allow the inclusion of specific securities, especially when provided for illustrative and educational purposes. Any conflicts of interest can be addressed under the existing conflict of interest framework. The current framework is principles-based, allowing OEO dealers to develop mitigants for addressing any conflicts in the best interest of clients. These mitigants would appropriately include disclosure that the securities listed are for illustrative purposes and are not intended to be recommendations.

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. Recall that (as set out in 2.1 of the Proposed Guidance) OEO Dealers cannot avoid the revised recommendation prohibition by simply stating that a sample portfolio is not tailored to a specific client if, in every other regard, it meets the test of a recommendation.

Other than an outright ban of sample portfolios that reference specific investment products, safeguards such as the following should be considered:

- Disclosures and disclaimers that the sample portfolios are non-personalized and intended for illustrative or educational purposes
- Ability to edit or customize the portfolio
- Presenting a number of different securities or multiple sample portfolios
- Limiting examples to diversified products such as exchange traded funds or mutual funds

3. 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.

We do not consider it necessary to publish such an analysis in a supporting document to the Proposed Guidance. We are concerned that listing extensive examples of permissible decision-making tools could have the effect of creating more room for interpretation and restricting future innovation.

4. 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.

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.

We respectfully disagree with the stated position and question the rationale for excluding OEO Dealers offering proprietary products from the scope of the Proposed Guidance. Again, there is an existing conflict of interest framework in place, including CSA guidance addressing proprietary

shelves. Further, during client onboarding, individuals are fully informed about the nature of the OEO Dealer's product shelf—specifically, whether it comprises proprietary or non-proprietary offerings. The provision of client support tools should not be considered a contravention of the recommendation prohibition solely because a client has chosen to engage a platform where products are proprietary in nature.

- 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 combination with sample portfolios)?**

For OEO Dealers offering a very limited range of products, safeguards can be used. Options include:

- Ensuring that filtering tools or sample portfolios generate more than one option, where available
- Providing clear disclaimers explaining the limited nature of the available products, disclosing in plain language that broader options exist in the marketplace

The Proposed Guidance, being principles-based, should enable firms to assess whether a communication or tool constitutes a specific investment recommendation in the context of their own business model, including a model with a limited shelf. This flexibility is essential for OEO Dealers to implement safeguards that are proportionate to their product offering, while still meeting regulatory expectations.

Additional Feedback

(i) Research Reports

We agree with the Proposed Guidance in that the method of delivery of a communication should not be determinative of whether the communication is a prohibited recommendation. This should be extended to a research report that is proactively sent to clients and that characterizes a security as a

buy, sell or hold, since such reports are developed by an independent expert and do not constitute a Dealer's opinion. Clients should be able to receive and have access to such trusted sources of information to assist them in making more informed investment decisions.

(ii) Specific Investment Decisions

Given the importance of the term "specific investment decision" in the context of the recommendation prohibition, we would recommend defining it and would suggest the following for CIRO's consideration: "directly endorsing or recommending the purchase, sale, or holding of a particular security for a particular client."

We thank you for taking the time to consider our views regarding the Proposed Guidance and would be pleased to discuss them with you at your convenience.