

November 7, 2025

Member Regulation Policy
Canadian Investment Regulatory Organization (CIRO)
Suite 2600, 40 Temperance Street
Toronto, Ontario M5H 0B4
e-mail: memberpolicymailbox@ciro.ca

Re: Proposed new guidance on order execution only (OEO) account services and activities

FAIR Canada is pleased to provide comments in response to the above-referenced Consultation.

FAIR Canada is a national, independent, non-profit organization known for balanced and thoughtful commentary on public policy matters. Our work includes advancing the rights of investors and financial consumers in Canada through:

- Informed policy submissions to governments and regulators
- Relevant research focused on retail investors
- Public outreach, collaboration, and education
- Proactive identification of emerging issues.¹

A. Introduction

FAIR Canada commends CIRO for its initiative to modernize the *Guidance on OEO account services and activities* (the Guidance). The rapid growth of do-it-yourself (DIY) investing has transformed the investment landscape, making it more accessible to a broader range of Canadians, but also introducing new challenges and responsibilities.

Investor protection is a central concern in the OEO channel. Unlike traditional investment accounts, OEO platforms operate without the benefit of advice, placing the onus of decision-making squarely on individual investors. This absence of advice amplifies the need for robust safeguards to support sound decision-making and help prevent harm. Enhancing investor protection in this space is essential to maintaining confidence in Canada's capital markets.

The proposed Guidance represents a step forward, providing needed clarity for OEO dealers compared to the existing Guidance. For instance, the proposed Guidance clarifies what constitutes a prohibited recommendation and its application to OEO dealers' decision-making

¹ Visit www.faircanada.ca for more information.

supports. Clearer guidance will help ensure that OEO platform features and investor communications are fair and accurate, fostering trust and confidence in DIY investing. Well-defined expectations will also promote consistency across OEO platforms, enabling investors to compare platforms more easily and make informed decisions.

At the same time, FAIR Canada encourages CIRO to address crucial issues that remain unresolved. In particular, as outlined in our previous comment letter,² we are concerned with the low standards for determining whether OEO accounts and products offered on OEO platforms are appropriate for investors. In our view, the standards are so low that they do not add any meaningful investor protections.

In addition, the impact of digital engagement practices (DEPs) on investor decision-making warrants careful examination. DEPs, such as social interaction feeds and awarding points for trading, can influence investor behaviour in ways that do not align with their best interests. We appreciate CIRO's acknowledgement that DEPs are a critical investor protection issue across the industry, not limited to the OEO channel, and that they will be addressed separately. We urge CIRO to prioritize this matter and provide clear guidance and/or rules in this area in light of the documented adverse effects of DEPs on investor outcomes.³

Another key issue is the challenges associated with finfluencers, copy trading, and chatrooms. We recommend that CIRO develop guidance or rules for OEO firms that pay finfluencers, enable copy trading, or offer chatrooms. The guidance should address:

- **When finfluencers engage in registerable activity:** If a finfluencer recommends securities or if copy trading is permitted, the finfluencer should be treated as an advisor of the firm and subject to proficiency, licensing, and oversight requirements.
- **Referral fees:** Referral fees to finfluencers should be limited to a one-time, flat payment when the client opens an account. Any ongoing fees paid to the finfluencer suggest the finfluencer should be registered, as they may appear to have a continued interest in account activity.
- **Supervision of chatrooms:** If CIRO allows OEO firms to offer a chatroom or similar functionality that supports social investing by its clients, CIRO should develop guidance on OEO firm supervision of these platforms to prevent abusive practices.

Our comment letter responds to the Consultation questions and offers additional perspectives on matters not explicitly addressed in the Consultation. Where we are responding to a specific Consultation question, we indicate this in a footnote.

² FAIR Canada [comment letter](#) on non-tailored advice in the OEO channel, February 26 2025.

³ Ontario Securities Commission (OSC), [Gamification Revisited: New Experimental Findings in Retail Investing](#), October 9, 2024.

B. Additional Safeguards to Enhance Investor Protection⁴

As more retail investors turn to DIY investing to participate in the financial markets, it is vital that robust safeguards accompany the tools OEO platforms offer. Many individuals rely on these tools to inform and guide their investment decisions. FAIR Canada supports the safeguards outlined in the proposed Guidance, such as providing educational resources and addressing or avoiding material conflicts of interest. However, to strengthen investor protection in the OEO channel, we recommend enhancements to two key proposed safeguards: (i) disclosure and (ii) monitoring and updating decision-making supports.

Plain and clear disclosure is fundamental to protecting retail investors, especially in the OEO channel where they do not have an advisor to interpret or clarify information. Accessible, easy-to-understand disclosures empower retail investors to make informed decisions, fostering trust in the platform and supporting positive investment outcomes.

Regularly reviewing and updating decision-making supports on OEO platforms is also essential to protect investors. The investment landscape and investor needs are continually evolving, driven by changes in market conditions, regulation and technology. Ongoing testing and improvement of these tools help ensure they remain fit for purpose and continue to support sound decision-making.

(i) Disclosure

The proposed Guidance emphasizes disclosure and disclaimers as safeguards against the risks associated with decision-making supports (e.g., a description of a sample portfolio's purpose and inherent limitations). However, research indicates that disclosures often fall short of their intended purpose.

Investors on OEO platforms are confronted with several lengthy, complex legal documents at account opening.⁵ This information overload and complexity can obscure what investors are agreeing to or dissuade them from reading the information at all.⁶ Further, retail investors often report difficulty understanding investment terminology and documents.⁷ A FAIR Canada survey found that less than 30% of respondents felt very confident about their investment knowledge, such as understanding fees and rates of return.⁸ This knowledge gap poses a significant barrier to informed decision-making and underscores the vulnerability of retail investors on OEO platforms.

Evidence shows that clear and concise disclosures contribute to improved investor outcomes. Research analyzing the length and readability of corporate annual reports found that investors achieve higher returns when these documents present information clearly and succinctly.⁹ The

⁴ This section responds to Question 1 in the Consultation.

⁵ OSC, [Digital Engagement Practices: Dark Patterns in Retail Investing](#), February 21, 2024, p. 31.

⁶ Ibid.

⁷ FAIR Canada, [Focus Groups - Understanding Canadian Investors](#), January 2024, p. 9.

⁸ FAIR Canada, [Investor Survey](#), December 2022, p. 13.

⁹ Alastair Lawrence, [Individual Investors and Financial Disclosure](#), Journal of Accounting and Economics,

study concluded that better disclosure helps level the playing field by reducing investors' informational disadvantage.

We support the language in various sections of the proposed Guidance encouraging clear, transparent, and prominent disclosures about decision-making supports. However, to help ensure disclosure serves as a meaningful safeguard rather than a procedural formality, we recommend that CIRO establish a dedicated section in the Guidance that focuses on disclosure practices. This section should draw inspiration from the UK Financial Conduct Authority (FCA)'s Guidance on the Consumer Duty, particularly the principle of "The consumer understanding outcome."¹⁰ The FCA's approach emphasizes, among other things, the importance of firms:

- Providing information at the right time, in an understandable format, to enable clients to pursue their financial goals,¹¹
- Putting themselves in the client's shoes when considering whether their communications equip clients to understand the product or service and make effective decisions,¹²
- Acting in good faith and avoiding communicating in a way that exploits clients' information asymmetries and behavioural biases,¹³ and
- Testing and refining disclosures with the audiences they are meant to serve because communications should be clear to clients, not just to the professionals who draft them.¹⁴

Consistent with these principles, we recommend that the dedicated disclosure practices section of the Guidance address the following:

- **Plain, easily understood language:** All disclosures should use plain, straightforward language. Jargon and complex or technical terms should be avoided whenever possible or clearly explained.
- **Prominent placement of disclosures:** Critical information should be displayed prominently, not hidden within dense legal documents or relegated to footnotes. OEO platforms should use visual cues, such as banners or highlighted text, to draw attention to key disclosures.
- **"Just-in-time" disclosure:** Disclosures should be provided precisely when an investor is about to use a tool or make a decision. Many investors may not fully understand a disclosure unless it is placed in context. For instance, when accessing a sample portfolio, a pop-up could state: "Reminder: This is not personalized advice. It's a generic example. You are responsible for your investment decisions."

Volume 56, Issue 1, July 2013, p. 130 - 147.

¹⁰ FCA, [Finalized Guidance FG22/5 Final non-Handbook Guidance for firms on the Consumer Duty](#), July 2022, s. 8.

¹¹ *Ibid.*, s. 8.3.

¹² *Ibid.*, s. 8.9.

¹³ *Ibid.*, s. 8.10.

¹⁴ *Ibid.*, ss. 8.38, 8.40 and 8.67.

- **Repeated disclosure:** CIRO should encourage OEO dealers to consider whether one-time disclosure is sufficient or whether more than one communication would better protect investors. For example, for a volatile product, a warning could appear when the product appears in the search results of a filtering tool and again before the client submits a buy order.
- **Layered disclosure:** OEO dealers should consider a layered approach, presenting key information upfront and offering additional details through links, drop-down menus, or hover-over text. This method respects investors' varying information needs, allowing those who wish to delve deeper to access more thorough explanations.
- **Disclosure testing:** CIRO should encourage OEO dealers to test their disclosures on retail investors before rollout to identify areas of confusion and ensure that disclosures achieve their intended purpose.
- **Continuous improvement based on client feedback:** OEO dealers should establish mechanisms for collecting and analyzing client feedback and complaints related to disclosures. CIRO should encourage ongoing refinement of disclosure practices, leveraging real-world investor experiences to identify gaps and improve clarity.

(ii) **Monitoring and Updating Decision-making Supports**

The proposed Guidance advises dealers to regularly review, test and update their decision-making supports. We believe further specificity is warranted to ensure these tools remain current, reliable, and support sound decision-making. We recommend the following:

Clarify “Regular” Review

CIRO should define what constitutes “regular” review of tools. Reviews should be conducted at least annually and whenever there are material market or regulatory changes. Leaving the frequency solely to the dealer’s discretion risks inconsistent practices and could undermine investor confidence. A minimum annual standard will foster greater consistency and help ensure that tools remain trustworthy.

Disclose Tool Updates

CIRO should also encourage dealers to disclose when a decision-making tool was last reviewed and updated. This transparency will enable investors to assess the currency and reliability of the tools they use.

Collect Client Feedback

Investor feedback is a vital resource for identifying areas where decision-making supports may fall short. CIRO should encourage OEO dealers to collect, analyze, and act on client feedback about their experiences on the OEO platform, including their use of tools. This could include user

surveys and analysis of client inquiries and complaints. Dealers should pay particular attention to recurring themes, such as common misunderstandings or complaint trends, which may indicate areas for improvement.

C. Sample Portfolios¹⁵

FAIR Canada agrees that OEO dealers should be allowed to provide sample portfolios that can be combined with filtering tools. Sample portfolios can be a valuable educational resource for investors navigating asset allocation decisions. Allowing sample portfolios only at the asset-class level and letting the client choose specific products via filters is an appropriate balance. By focusing on high-level allocation, the sample portfolio gives investors a general framework for diversification, while ensuring that the responsibility for selecting actual investment products rests with the client. This approach balances offering guidance and preserving the self-directed nature of the OEO platform.

We agree that sample portfolios should not name specific products. The moment specific investments are included in a sample portfolio, it significantly increases the risk that investors will consider it a recommendation, blurring the line between decision-making support and advice. Even with disclaimers, many retail investors may perceive a pre-built portfolio with actual product names as personalized advice.

Referencing specific securities also creates a considerable conflict-of-interest risk: a dealer might be tempted to populate sample portfolios with its proprietary funds or products from issuers that pay it fees, rather than neutral selections. Such practices could bias sample portfolios towards the dealer's financial interests rather than those of the investor.

Lastly, if an OEO firm changes its investor profile or sample portfolio tools, we believe it should notify all OEO clients. Some clients may have relied on these tools and might not otherwise be aware that the firm's approach has changed. While not every client will have used these tools, we consider it reasonable for the firm to email clients or display an alert when clients log in to the OEO platform, informing them of the change.

D. Analysis of Decision-making Supports¹⁶

We support CIRO publishing an analysis of different decision-making supports against the revised recommendation prohibition in a supporting document alongside the Guidance. We recommend that CIRO consider analyses and clarification in the following two areas: (i) client-specific information in notifications and alerts, and (ii) combining tools.

(i) Client-specific Information in Notifications and Alerts

¹⁵ This section responds to Question 2 in the Consultation.

¹⁶ This section responds to Question 3 in the Consultation.

One area of concern is the use of client-specific information in notifications and alerts. The proposed Guidance states that OEO dealers may use limited client-specific information to send alerts highlighting generally positive investment behaviours. For example, an alert may inform a client that they have a significant sum of idle cash, such as “You have \$10,000 sitting in cash; consider investing it,” and outline potential benefits of investing those funds.

While such notifications are intended to educate and motivate beneficial financial behaviours, they may cross the line into encouraging specific transactions. Even if the suggestion to invest idle cash is objectively sensible, the client could perceive an alert of this nature as advice or pressure to act, rather than neutral educational information.

If CIRO allows alerts based on client-specific details, such as idle cash, we recommend that embedded educational content accompany these notifications. The Guidance or a supporting document should emphasize presenting a balanced perspective, explaining both the advantages and disadvantages of maintaining uninvested cash. For instance, clients should be informed of the potential benefits of investing idle funds (e.g., earning investment returns) and the valid reasons for keeping cash available (e.g., an expected market downturn). By providing clear, unbiased education in these alerts, OEO dealers can help clients make informed decisions without exerting undue influence or steering them towards transactions.

(ii) Combining Tools

FAIR Canada agrees that the cumulative effect of combining self-help tools and the way they are delivered must not approximate or replicate a full-service, recommendation-based product. We recommend that the Guidance or a supporting document urge OEO dealers to clearly inform clients that they are responsible for their own investment decisions, despite using a sequence of tools that resembles tailored advice.

Consider a scenario in which a client uses the following series of tools:

- **Self-assessment questionnaire:** The client completes a questionnaire that evaluates their objectives, risk tolerance and investment horizon. Based on their responses, the platform categorizes the client as “moderate risk.” This tool sets the stage for subsequent, more tailored outputs.
- **Sample portfolio:** Next, the client selects a sample portfolio that aligns with their identified risk profile. This step begins to suggest a course of action that is customized to the client’s characteristics.
- **Filtering tool:** The client then uses a filtering tool to choose specific products that fit the suggested allocation. This tool narrows down the universe of investment options and steers the client toward particular products, further personalizing the experience.
- **“One-click trade” functionality:** Finally, the platform offers a “one-click trade” button, enabling the client to buy the products in the suggested proportions with minimal effort.

While each tool, considered independently, is defensible as “educational” or “general,” the cumulative effect of this sequence is to assess the client’s personal characteristics, suggest an asset allocation, select appropriate products, and facilitate a quick purchase. From a retail investor’s perspective, the distinction between support and a recommendation can be subtle, and the overall experience could be perceived as personalized advice.

Given this risk, we recommend that CIRO encourage OEO dealers to warn clients that even when used together, these tools are designed to support investor decision-making, not to direct it, and they are solely responsible for their investment decisions.

E. Restricted Product Shelves¹⁷

We strongly support CIRO’s position that an OEO dealer whose product shelf is mostly proprietary or very narrow poses a serious conflict of interest that should be avoided, not merely managed.

When an OEO dealer’s shelf is dominated by proprietary offerings or very limited, clients have a constrained range of investment choices. This limitation may prevent clients from accessing the most suitable or cost-effective investments that meet their needs. For instance, consider an OEO dealer whose shelf consists mainly of exchange-traded funds (ETFs) issued by its affiliate, many of which carry higher management fees than comparable third-party ETFs in the broader market. Clients may not realize the lack of choice and could assume the available investments are the best or only appropriate options for them, when in fact a whole market of alternatives is being overlooked. In such cases, the dealer’s commercial interests may override the client’s best interests, leading to higher costs and potentially suboptimal investment outcomes.

The risks are magnified when restricted or mainly proprietary shelves intersect with decision-making supports. These tools, which are intended to serve as neutral aids to help clients make informed choices, can instead become conflicted sources of recommendations.

For example, if an OEO dealer offers 20 ETFs, 16 of which are issued by its affiliate, this imbalance shapes the investor’s experience. The investor may use a sample portfolio as a starting point and then use a filtering tool to search for products, such as filtering by “low-cost ETFs.” The tool fills the portfolio exclusively with the dealer’s proprietary ETFs. While they may indeed be the lowest-cost products on the dealer’s shelf, they are not necessarily the cheapest options in the broader market. A non-affiliate could offer a similar or superior product at a fraction of the fee.

The shelf composition directly influences the tool’s outputs: the “matches” are shaped by the dealer’s commercial decision to limit the shelf primarily to affiliate products. This dynamic creates a clear conflict: the dealer stands to benefit from higher fee revenues, while the client may incur unnecessary costs and forgo access to more diversified or appropriate third-party products.

¹⁷ This section responds to Question 4 in the Consultation.

The OSC's 2025-2027 Business Plan rightly expresses concerns about the impact of predominantly proprietary shelves on client outcomes, including the risk of higher fees and inferior investment performance.¹⁸ It includes a commitment to work with CIRO and the Canadian Securities Administrators to investigate registrants' approaches to shelf formulation and decisions to rely mainly on proprietary products.¹⁹

The risks of restricted product shelves warrant robust measures to safeguard investors. Simply disclosing that a tool selects products only from an OEO firm's product shelf is insufficient to address this risk. In essence, disclosure puts the onus on the client to determine what is not included in the tool offered by the OEO firm.

We also note that for exchange-traded securities, the OEO platform provides access to exchange-traded securities, including ETFs. However, when it comes to conventional mutual funds sold as a primary distribution, the OEO firm chooses which mutual funds it will offer to its clients. Many investors will be unaware of this difference.

We recommend that any tool on an OEO platform designed to help investors choose mutual funds be required to include information about *all* widely available mutual funds, not just those on the OEO firm's shelf. If an OEO firm does not offer a particular mutual fund, the tool should inform the investor of that fact. By expanding the tool to all widely available mutual funds, investors can better determine which mutual fund is best for them and judge whether the OEO firm's product shelf meets their needs.

F. Oversight of OEO Platforms

Robust CIRO oversight is essential to determine whether OEO dealers are meeting the expectations in the Guidance. Effective oversight, such as compliance sweeps and mystery shopping exercises, helps protect investors and uphold the integrity of the OEO model. Oversight should function as a feedback mechanism to identify ambiguities, clarify the Guidance, and pinpoint areas where rules may be required to address risks or gaps in investor protection.

FAIR Canada urges CIRO to undertake focused or thematic reviews of all OEO firms after the Guidance is finalized. In particular, one review should concentrate on OEO dealers' use of influencers, assessing whether they are providing investment advice and circumventing the limitations of the OEO channel. Reviews should identify best practices, areas of concern, and instances where firms have breached CIRO rules or securities law. Following a review, CIRO should publish the results and update the Guidance and rules as appropriate, ensuring they remain responsive to evolving market practices and emerging risks.

In addition, we recommend that CIRO begin compiling and analyzing data to assess the impact of decision-making supports on investors. It is critical to determine whether these tools are fostering positive client outcomes or, conversely, contributing to suboptimal decisions. This evidence-based

¹⁸ OSC [2025 - 2027 Business Plan](#), p. 27.

¹⁹ Ibid.

approach will provide valuable insights into the effectiveness of current practices and inform future guidance or rulemaking.

G. Marketing of High-Risk Strategies

We understand that some OEO firms email their clients with special promotions to encourage them to open different types of accounts. Sometimes the promotion encourages them to open a registered account, such as a TFSA or RRSP account. However, at times, these promotions encourage clients to use margin, options or derivative accounts. In our view, because margin, options and derivative accounts enable different types of investing strategies, promoting them could be interpreted as a form of advice. Given that such strategies are typically inappropriate for the general investing public, CIRO should prohibit promotions by OEO firms to open these types of accounts.

H. Enhancing Investor Outcomes Through Integrated Tools and Behavioural Insights

To better support positive outcomes, we recommend that CIRO champion integrated tools that empower investors to track their progress towards their financial goals, rather than focusing solely on investing tools. For example, a bank-owned OEO platform may offer its clients access to both their bank and investment accounts through a single portal. We would encourage such platforms to offer integrated tools that can help investors track their spending and saving behaviours and how those behaviours impact their financial goals.

In addition, we urge CIRO to conduct behavioural research and testing to guide OEO firms on two critical fronts: first, how to construct alerts and notifications that are most effective in warning investors about high-risk strategies and investments; and second, how to deliver embedded educational content in decision-making supports in a way that meaningfully improves investor understanding and outcomes.

Thank you for considering our comments on this critical issue. As investor advocates, we appreciate the opportunity to share our perspective and help shape policies that put investors first. We welcome ongoing dialogue and collaboration with CIRO and other stakeholders to build fair, transparent, efficient, and resilient capital markets for all Canadians. If you would like to discuss our submission further, please reach out—we are committed to working together to support better outcomes for investors.

Sincerely,



Jean-Paul Bureaud
President, CEO and Executive Director