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Via Email

**Re: CIRO Bulletin 25-0227– Proposed new guidance on order execution only account services and activities (“Proposed Guidance”)**

Dear Sirs and Mesdames:

We appreciate the opportunity to comment on CIRO’s Proposed New Guidance on Order Execution Only (OEO) Account Services and Activities, published August 12, 2025.

**General Comments**

We commend CIRO for its thoughtful, principle-based approach to modernizing the OEO framework. The Proposed Guidance reflects a balanced effort to enhance investor protection while enabling innovation and improved service in the OEO channel, particularly in response to the evolving needs of DIY investors and the growing influence of digital platforms.

To achieve the intended outcomes, it is essential that OEO Dealers are permitted to offer useful educational and informative decision-making supports, within their platforms. These

supports enable DIY investors to access trustworthy, high-quality information in a regulated environment, empowering them to make well-informed investment decisions independently.

We believe that decision-making supports should include the ability to present sample portfolios containing specific investment products (e.g., ETFs, mutual funds). If such supports are restricted to generic asset allocations (e.g., cash, fixed income, equities), DIY investors will continue to rely on unregulated sources for investment guidance. In contrast, OEO Dealers operating within a regulated framework are well-positioned to provide sound, theory-based educational content through self-directed tools, without breaching a revised definition of a prohibited recommendation.

In addition to publishing revisions to Guidance Note 3400-21-003 – Guidance on Order Execution Only Account Services and Activities, we encourage CIRO to undertake a review of its rules to better support the evolution of the OEO model and enable a wider spectrum of advice delivery. Expanding access to appropriately regulated advice options will empower investors to choose the level of support that best aligns with their individual needs and preferences. This, in turn, will help close the advice gap, particularly for underserved or mass-market investors, within a well-regulated framework.

We support the clarification that a prohibited recommendation is one that “endorses a specific investment decision for the client.” This narrower interpretation appropriately distinguishes between educational content and actionable advice, aligning with the intent of the IDPC Rules. To further enhance clarity, we recommend defining “specific investment decision” as the purchase, sale, or holding of a particular security.

## **Responses to the Consultation Questions**

***Question 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 have not identified any additional safeguards beyond those outlined in the Proposed Guidance that would further enhance investor protection in the OEO channel. We emphasize that the safeguards should remain non-prescriptive and flexible, recognizing that not all will be applicable to every decision-making support.

Regarding conflicts of interest, we support strong controls but recommend that the Guidance refer and incorporate to existing conflict of interest rules, which already provide a robust framework, including considerations for proprietary and affiliated products, rather than introducing new, duplicative requirements.

***Question 2. As discussed in section 2.2.2(d) above, 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.***

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

***If you do not agree with this approach, please describe how can 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.***

We support CIRO's principle-based approach outlined in the Proposed Guidance, which aims to modernize the OEO Dealer framework by clarifying the revised recommendation prohibition and expanding the scope of permissible decision-making supports. In particular, we agree with the direction that sample portfolios, when properly structured and accompanied by appropriate safeguards, can serve as a valuable educational tool for self-directed investors without constituting a prohibited recommendation.

We agree with CIRO's approach to permitting sample portfolios, including their use in combination with filtering tools. This framework appropriately balances investor protection with the need to provide meaningful support to self-directed investors.

Sample portfolios that reference specific investment products (e.g., ETFs or mutual funds) can serve as valuable educational tools within a regulated environment. They help investors better understand asset allocation principles, enhance financial literacy, and reduce reliance on unregulated sources of investment information. In contrast, portfolios limited to generic asset class allocations often fail to illustrate what a well-constructed, real-world portfolio looks like,

thereby missing a critical opportunity to educate investors meaningfully. Such portfolios with appropriate safeguards would not constitute an endorsement of any specific investment decision when presented appropriately.

To ensure these portfolios remain non-recommendatory, we suggest the following safeguards:

- Offering multiple sample portfolios to allow an investor to examine different risk profiles or investment themes (e.g., Aggressive Growth, Electric Vehicles);
- Allowing clients to edit or customize sample portfolios; and/or
- Including clear and prominent disclosures that clarify the illustrative nature of the portfolios.

The use of self-directed tools that help clients identify their own risk tolerance or investment preferences, which then generate sample portfolios populated with relevant ETFs or mutual funds could represent a useful educational tool. These sample portfolios, which reflect asset classes, sectors, or industries should not be considered recommendations, as the client retains full decision-making authority, and the portfolios would be neither prescriptive nor mandatory.

Investors already have access to similar information through both regulated and unregulated channels. For example, fund facts documents are readily available and provide detailed breakdowns of top holdings, sector allocations, and risk ratings. Further a simple online search for “sample portfolio” finds infinite unregulated suggestions. Investors may use such information to emulate portfolios. Restricting OEO platforms’ sample portfolios to asset classes alone may limit their practical utility and may overlook an opportunity to promote investor-friendly practices and valid education such as diversification and portfolio construction principles.

Without permitting sample portfolios to include specific securities, such as ETFs, we believe the framework will be less effective in curbing investor reliance on Finfluencers and other unregulated sources of investment guidance. OEO Dealers, operating within a regulated environment, are better positioned to provide sound, theory-based educational content through self-directed tools.

We believe this approach appropriately balances investor protection with the need to provide meaningful support to self-directed investors. It enables OEO Dealers to offer helpful, non-recommendatory information while remaining compliant with the OEO Rules and Guidance. A modernized, flexible regulatory framework will help reduce reliance on unregulated sources and promote broader investor participation among all investors, particularly mass-market households.

***Question 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 support CIRO's decision to refrain from listing extensive examples of decision-making supports in the Proposed Guidance. This preserves a principle-based, technology-neutral framework and avoids anchoring interpretation to current tools or business models. A static list risks constraining innovation and encouraging a check-the-box compliance mindset.

While some stakeholders may seek clarity through examples, we believe this is better addressed through ongoing engagement, such as roundtables or non-binding interpretive updates, rather than embedding a binding analysis in the Guidance. If CIRO publishes examples, they should be explicitly labeled as illustrative and non-exhaustive.

We also respectfully challenge the logic presented in sections 2.2.2 (d) of the bulletin, which suggests that the combination of decision-making supports, when informed by client-specific information and resulting in sample portfolios referencing specific securities, may be akin to a recommendation.

This interpretation appears to conflate the use of client inputs to generate generalized outputs with the delivery of personalized advice. The mere fact that a tool incorporates client specific information (e.g., investment knowledge, objectives, or risk tolerance) does not, in itself, render the output a recommendation. What matters is whether the output is presented to the client or understood by the client as suitable or endorsed for that specific client. If the tool clearly communicates that its outputs are illustrative, not tailored, and not assessed for suitability, then the client is engaging in educational content, not being guided toward a specific investment decision in a manner that would meet the regulatory definition of a recommendation.

Moreover, the assertion that the “sum output” of decision-making supports must be evaluated as a potential recommendation introduces ambiguity and operational complexity. It implies that the cumulative effect of otherwise compliant tools could result in a prohibited recommendation, even if each component of the tools individually adheres to the principle-based framework. This approach risks undermining the clarity and predictability that the Proposed Guidance seeks to establish and limits the educational value of such tools for an investor.

As such, we encourage CIRO to clarify how combinations of decision-making supports can remain compliant, particularly when client-specific inputs are used to generate illustrative outputs.

***Question 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.***

***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.***

***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)?***

We respectfully disagree with the position in the Proposed Guidance that an OEO Dealer offering a proprietary or limited product shelf necessarily contravenes the prohibition on recommendations.

We believe that any material conflict of interest that may arise in such scenarios, particularly where decision-making supports such as filtering tools or sample portfolios reference proprietary or affiliated products, can be appropriately addressed through robust safeguards.

It is important not to conflate the concepts of conflicts of interest and the recommendation prohibition. The mere presence within decision-making supports of proprietary products or a

limited shelf does not, in and of itself, constitute a recommendation, nor does it inherently create a conflict that cannot be effectively managed. Similarly, the use of client support tools, such as filtering mechanisms or sample portfolios with appropriate safeguards, should not be deemed a recommendation solely because proprietary products are among the available options.

Conflicts of interest should be addressed consistently across all CRO Dealer categories. Existing rules, including CRO IDPC Rule 3100 and NI 31-103, already provide mechanisms for identifying, managing, and disclosing such conflicts.

We believe that potential conflicts arising from proprietary products, or a limited shelf can be appropriately addressed through strong governance and oversight, enhanced disclosure practices, and client education initiatives. These measures support investor protection without unnecessarily restricting dealer business models or investor choice.

We note that the exclusion of proprietary products does not necessarily eliminate the potential for recommendations, just as their inclusion does not inherently constitute one. To best serve investors, sample portfolios should be constructed using the most representative investment products, whether proprietary or third-party, to ensure greater precision and relevance. Their presence within decision-making supports should not automatically be interpreted as a recommendation, nor should the use of third-party products be assumed to reflect impartiality.

In addition, we suggest requiring OEO Dealers that offer decision-making supports, particularly sample portfolios, to generate a number of options. This requirement would help ensure that such tools do not functionally endorse specific products by presenting overly narrow or biased results. For example, sample portfolios should include a diverse set of options that reflect different strategies and risk profiles.

In summary, we believe any potential material conflicts in scenarios involving OEO Dealer offering proprietary products or these with limited product shelves, can be effectively managed through enhanced safeguards and structural requirements, such as a number of options in decision-making tools, rather than excluding such OEO Dealers from the scope of the Proposed Guidance. This would strike a more balanced approach between investor protection and market access, particularly for platforms seeking to innovate within the OEO channel.

## Conclusion

We appreciate CIRO's leadership in modernizing the OEO framework and support the direction of the Proposed Guidance. We believe the changes will enhance investor protection, foster innovation, and better reflect the realities of today's DIY investing environment.

We would be pleased to discuss our comments further or participate in any future consultations.

Sincerely,

*Devon Lacombe*

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