



Friday, May 29, 2026

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Member Regulation Policy

Canadian Investment Regulatory Organization
Suite 2600, 40 Temperance Street
Toronto, Ontario M5H 0B4

Trading and Markets

Ontario Securities Commission
20 Queen Street West
Toronto, Ontario M5H 3S8

Market Oversight

Alberta Securities Commission
Suite 600 250-5th Street SW
Calgary, Alberta T2P 0R4

Re: Proposed Dual Registration Amendments – Proposed CIRO Rules (26-0040), published on February 12, 2026

The **Canadian Independent Finance and Innovation Counsel (CIFIC)** appreciates the opportunity to provide comments to CIRO on the proposed dual registration amendments to repeal the proficiency upgrade requirement for mutual-fund-only advisors who work at a CIRO Investment Dealer and to codify exemptive relief conditions under which existing dual-registered firms operate (the **Proposal**).

The Canadian Independent Finance and Innovation Counsel represents more than 40 national Investment Dealers and their industry's position on securities regulation, public policy, and industry issues. We represent notable CIRO-regulated Investment Dealers in the Canadian securities industry.

Industry View

Investment Dealers generally support the proposed amendments as they represent a pragmatic evolution of the post-amalgamation framework. By retiring the dual-registration construct and moving toward a single, unified model, the Proposal meaningfully simplifies the regulatory landscape.

Decreasing Regulatory Burden and Cost

Dealers have consistently advocated for a framework that reflects how firms actually operate today. Allowing an Investment Dealer to carry on mutual fund activities without maintaining duplicative registrations is a logical and proportionate step. It reduces unnecessary complexity while preserving the core investor protection objectives embedded in the rules.

From an operational perspective, the Proposal would materially reduce regulatory burden and costs. Maintaining two parallel registrations has historically required duplicative filings, fees, and internal compliance processes, without a corresponding benefit to clients. The proposed approach eliminates these inefficiencies and creates a clearer, more predictable regulatory framework by codifying existing exemptive relief.

However, while we generally support the Proposal, we believe that additional clarification and guidance would be beneficial to assist the industry in understanding the practical application and operational implications of certain aspects of the proposed framework, including the matters outlined below.

Structural Expectations for a “Separate Mutual-Fund-Only Division”

As mentioned, the Investment Dealers we represent support CISO’s objective of modernizing the current dual-registration framework and eliminating unnecessary regulatory complexity and proficiency barriers.

We understand that the Proposal contemplates that mutual fund activities would continue to be carried out through a “separate mutual-fund-only division” within an Investment Dealer Member. However, additional clarity would be helpful regarding the operational expectations associated with this concept. As per our understanding, the 270-day proficiency upgrade requirement for mutual-fund-only licensed advisors who work at an Investment Dealer would be removed, but CISO is also codifying operational exceptions that currently apply through exemptive relief.

In particular, the Investment Dealers we represent would appreciate clarification regarding the degree of separation that CISO expects between the mutual fund division and the broader Investment Dealer operations.

For example, it is unclear whether the required separation is intended to be:

- legal;
- operational;
- technological;
- supervisory;
- books and records based; or
- simply a clearly identifiable business line within the Investment Dealer Member.

The Investment Dealers we represent generally believe that firms should be provided with flexibility to determine **the most efficient operational structure**, provided that appropriate supervision, investor protection safeguards, books-and-records requirements, and regulatory access are maintained.

Accordingly, we respectfully suggest that CRO clarify that firms may integrate operational functions and infrastructure across business lines where appropriate controls and supervisory processes remain in place, and that the concept of a “separate mutual-fund-only division” is not intended to unnecessarily preserve operational silos or legacy structures that the Proposal is otherwise seeking to modernize.

Support for Integrated Platforms

The Proposal also introduces important flexibility in workforce management and business structuring. Removing the proficiency upgrade requirement for mutual-fund-only representatives enhances advisor mobility and supports more efficient talent deployment across firms. This is particularly valuable in an environment where Dealers are seeking to build integrated platforms and offer a broader range of products through a single entity. The ability to transition representatives internally, without unnecessary re-registration or client account transfers, reduces friction for both firms and investors and supports better continuity of service.

Books-and-Records and Back-Office Integration

The Investment Dealers we represent believe that one of the key benefits of the Proposal should be an opportunity for firms to streamline and modernize their operational and technological infrastructure.

However, the Proposal does not appear to provide sufficient guidance regarding books-and-records expectations where an Investment Dealer Member wishes to integrate mutual fund operational systems into its broader Investment Dealer infrastructure.

For example, it is currently unclear whether the integration or migration of mutual fund back-office systems into an Investment Dealer Member platform would require:

- a formal CIRO approval process;
- prior notification to CIRO;
- additional systems reviews; or
- recognition of the integrated platform as an approved books-and-records system.

The Investment Dealers we represent would appreciate additional clarity regarding CIRO's expectations in this area.

We generally believe that firms should be permitted to modernize and consolidate systems where they can demonstrate that:

- complete and accessible books and records are maintained;
- supervisory controls remain effective;
- audit trails remain available;
- client reporting obligations continue to be satisfied; and
- CIRO maintains appropriate regulatory access to information.

Accordingly, we respectfully suggest that CIRO confirm that the Proposal is intended to facilitate operational modernization and system integration, rather than preserve unnecessary technological fragmentation that currently exists under the dual-registration framework.

Advisor Incorporation Arrangements

The Investment Dealers we represent appreciate that the Proposal appears to preserve the ability for compensation to continue to be paid to personal corporations for Registered Representatives dealing in mutual funds only within an Investment Dealer Member mutual fund division.

However, additional clarification would be helpful regarding the treatment of existing advisor incorporation arrangements following implementation of the new framework.

In particular, the Investment Dealers we represent would appreciate confirmation that mutual-fund-only advisors who currently direct commissions to their personal corporations may continue to do so if they transition to an Investment Dealer Member and remain registered as mutual-fund-only representatives.

The Investment Dealers we represent acknowledge that future advisor incorporation rules may ultimately apply to these arrangements. However, we believe that advisors transitioning under this Proposal should be permitted to continue operating under the current structure until any new advisor incorporation framework comes into effect, at which point firms and advisors would transition within the applicable implementation timeline established by CIRO.

Reducing Client Transfer, Know-Your-Client (KYC), and Repapering Burdens

The Investment Dealers we represent strongly support CIRO's objective of reducing unnecessary client account transfer disruption and administrative burden when representatives expand their scope of practice within the same organization.

However, the Proposal would have benefited from the inclusion of additional operational guidance regarding how this objective will be implemented in practice.

In particular, the Investment Dealers we represent would appreciate clarification regarding whether transitions involving mutual-fund-only representatives and Investment Dealer Member mutual fund divisions would trigger requirements relating to:

- full account repapering;
- new KYC information collection;
- new client agreements;
- new client consents; or
- account transfer documentation and processes.

The Investment Dealers we represent believe that these requirements should not automatically apply where there is:

- no material change to products or services; and
- no material impact on the client relationship.

The Investment Dealers we represent believe that unnecessary repapering and KYC duplication create significant operational burden, cause investor confusion, and increase costs without providing any corresponding investor protection benefits.

Accordingly, we respectfully suggest that CIRO provide explicit implementation guidance confirming that **firms may rely on existing client documentation and KYC information where it remains current and compliant** unless a material change to the client relationship or account structure has occurred.

We also encourage CIRO to consider streamlined bulk-transition mechanisms and simplified client notification approaches in circumstances where investor rights and protections are not negatively impacted.

Custodial Obligations under the Proposed Framework

The Investment Dealers we represent are seeking clarification on the application of custodial obligations under the Proposal.

Since custody is currently provided to Investment Dealer accounts, and this is proposed to be extended to mutual fund division activity, we would like to understand whether and how existing custodial obligations would apply when custody is provided to accounts associated with a firm's mutual fund division operating under an Investment Dealer registration.

Industry Re-Entry and Foreign Proficiency Recognition

As previously mentioned, we support CIRO's efforts to modernize registration and proficiency requirements. However, we believe additional opportunities exist to reduce unnecessary barriers for experienced industry professionals seeking to enter or re-enter the Canadian marketplace.

The Investment Dealers we represent have encountered situations where highly experienced former industry professionals faced lengthy exemptive relief processes after being out of the industry for several years, despite possessing extensive capital markets, supervisory, and leadership experience.

In addition, firms continue to face challenges attracting specialized talent, including experienced U.S.-registered professionals holding senior FINRA supervisory registrations and qualifications. The Investment Dealers we represent believe that greater recognition of equivalent foreign registrations and extensive prior industry experience would assist firms with business continuity planning, supervision, and access to specialized expertise, while maintaining appropriate Canadian oversight and accountability.

Accordingly, we encourage CIRO to continue exploring:

- more flexible re-entry pathways for experienced former registrants and industry executives; and
- expanded recognition of equivalent foreign registrations and supervisory experience.

Conclusion

We believe the Proposal aligns with the broader objective of harmonizing the CIRO rulebook following the IIROC–MFDA amalgamation. However, we believe that additional clarification and guidance would be beneficial to assist the industry in understanding the practical application and operational implications of certain aspects of the proposed framework, including the matters outlined above.

Lastly, we encourage CIRO to reduce unnecessary barriers for experienced professionals entering or re-entering the industry by introducing more flexible re-entry pathways and recognizing equivalent foreign registrations and supervisory experience.

Thank you for considering our comments on this important proposal.

We would welcome the opportunity to engage further on this important issue.

As always, we are available to discuss the content of this submission further, address any concerns you may have, or provide additional information as needed. Your feedback is invaluable to us, and we are committed to ensuring that we all achieve our objectives effectively and efficiently.

Please feel free to contact me at annie@cific.co with any questions, comments, or to schedule a call to discuss any aspects of the letter or explore potential next steps. We look forward to our continued collaboration on this matter.

Sincerely,

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