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Submission to the Canadian Investment Regulatory Organization (CIRO)

Consultation on the Proposed Incorporated Advisor Compensation Option

Dear Sir/Madam,

Keybase Financial Group Inc. appreciates the opportunity to comment on CIRO's proposal introducing an Incorporated Advisor Compensation Option.

As a private Independent owned Canadian mutual fund dealer serving advisors, families and communities across the country, we support regulatory modernization that strengthens investor confidence while allowing advisors to build sustainable, professional practices.

Independent financial advisors have increasingly developed sophisticated businesses that employ staff, invest in technology, deliver comprehensive financial planning and serve multiple generations of Canadian families. A modern regulatory framework should recognize these evolving business models while preserving appropriate investor protections.

We support CIRO's objective of replacing the existing Directed Commission model with a more transparent and consistent regulatory framework.

At the same time, we respectfully submit the following recommendations.

1. Minimize Client Disruption

Implementation should prioritize continuity of client service.

Clients should experience no interruption in service, compensation arrangements or ongoing relationships as advisors transition to the new framework.

2. Appropriate Transition Period

Existing incorporated advisors have established their businesses based upon long-standing regulatory practices.

Transition should be gradual and supported through clear implementation guidance, educational materials and reasonable compliance timelines.

A transition period of at least two years would allow advisors and Dealer Members to make necessary legal, tax and operational adjustments.

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3. Recognition of Small and Mid-Sized Firms

Implementation requirements should remain proportionate.

Smaller and mid-sized Dealer Members should not face disproportionate administrative or compliance costs compared with larger institutions.

Standardized documentation, practical guidance and streamlined approval processes would significantly assist implementation.

4. Advisor Entrepreneurship

The proposal should continue to recognize that incorporated advisors are business owners who invest in their practices, employ staff and contribute to local communities.

The framework should preserve legitimate business flexibility while maintaining clear Dealer Member supervision and investor protection.

5. Family Business Succession

Many advisory practices are family businesses built over decades.

Restrictions on ownership should continue to accommodate reasonable succession planning involving spouses and family members, provided regulatory accountability remains with the sponsoring advisor.

Supporting orderly succession ultimately benefits clients by promoting continuity of long-term advisory relationships.

6. National Consistency

Dealer Members operating across multiple jurisdictions require a harmonized regulatory framework.

Differing provincial implementation models would increase costs, complexity and uncertainty without corresponding investor protection benefits.

7. Practical Guidance

We encourage CIRO to publish implementation guidance addressing:

- transition of existing arrangements;

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- treatment of outside business activities;
- required client disclosures;
- corporate ownership structures;
- approval processes; and
- Dealer Member supervisory expectations.

Clear guidance will promote consistent industry practices and reduce implementation risk.

Conclusion

Keybase Financial Group supports CIRO's efforts to modernize the regulatory framework governing incorporated advisors.

We believe a successful framework should balance investor protection with practical implementation, preserve advisor entrepreneurship, support family business succession, minimize administrative burden and provide national consistency for Dealer Members and advisors alike.

We thank CIRO for the opportunity to participate in this consultation and would be pleased to contribute further as the proposal progresses.

Respectfully Submitted,

Dax Sukhraj
President & Chief Executive Officer (CEO)
Keybase Financial Group Inc.