From:	Elyce Harris
To:	Member Regulation Policy
Cc:	CIRO-Reporting; TradingandMarkets@osc.ca
Subject:	Comments relating to proposed adoption of an Incorporated Approved Person Compensation Option
Date:	Wednesday, July 29, 2026 4:50:40 PM
Attachments:	image001.png

[EXTERNAL EMAIL / COURRIEL EXTERNE]

Good morning,

I am writing in support of the proposed rule amendments published by CIRO on July 9, 2026, which would introduce an incorporated advisor compensation option for client-facing Approved Persons. I understand the proposal is open for comment until November 6, 2026, and that CSA approval, along with related amendments to provincial securities legislation, will be required before the changes can take effect.

I support the proposal for several reasons –

First, it would provide greater tax certainty. The current directed commission model creates inconsistency in how the portion of compensation directed to a corporation is determined. Replacing that framework with a clearly defined incorporated advisor option would reduce ambiguity for both advisors and dealers.

Second, it would promote greater harmonization across distribution channels. Extending incorporation to all client-facing Approved Persons, regardless of whether they are sponsored by an investment dealer or mutual fund dealer, would address a long-standing structural disparity between those channels.

Third, investor protection would be preserved. CIRO's proposal maintains dealer-level accountability and the regulatory obligations owed to clients, while subjecting the incorporated entity itself to oversight through the new "Incorporated Approved Person" category. This approach addresses the core investor protection concerns without sacrificing the compensation flexibility advisors are seeking.

Finally, the proposal may improve access to advice. As CIRO notes, increased flexibility may make it more financially viable for advisors to enter and remain in the profession, thereby supporting investor access to regulated advice over the long term.

For these reasons, I encourage the CSA to approve the proposed amendments and to work with provincial governments to enact the legislative changes necessary to implement them in a timely manner.

I would also like to note that, as a portfolio manager registrant, I am regulated directly by the securities regulatory authority in my jurisdiction rather than by CIRO. As currently structured, the proposed CIRO framework would not extend to registrants in my category.

Historically, compensation and regulatory framework changes applicable to CIRO-regulated advisors have often been mirrored over time in the rules governing portfolio manager registrants. Accordingly, I encourage the CSA, as part of its review of the CIRO proposal, to consider making an equivalent incorporated compensation option available to portfolio manager registrants under National Instrument 31-103.

The rationale articulated by CIRO in support of the proposal applies equally to portfolio managers. Any comparable framework for portfolio manager registrants should, in my view, be accompanied by safeguards substantially similar to those contemplated under the CIRO proposal. Investor-facing regulatory obligations, supervisory responsibilities, and accountability for client outcomes should remain with the registered firm and individual registrant, while any incorporated entity should be subject to appropriate regulatory oversight and limitations on its activities. Such an approach would preserve investor protection and regulatory accountability while providing portfolio manager registrants with access to the same compensation flexibility being considered for other registrant channels.

In addition, extending a similar framework to portfolio manager registrants would promote competitive and regulatory consistency. If incorporated compensation becomes available to advisors at CIRO dealer members but not to portfolio manager registrants, PM firms and their registrants may face a disadvantage in attracting and retaining talent relative to the CIRO channel. Harmonizing the treatment of compensation structures across registration categories would also avoid creating a new disparity while resolving an existing one.

I would welcome the opportunity to provide further comments as the CSA's review of the proposal progresses and would appreciate any indication as to whether the CSA intends to consult separately on extending an incorporated compensation option to portfolio manager registrants.

Thank you for your consideration.

Sincerely,

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