

To the Committee Members overseeing the proposed amendments to approved person compensation options, I am writing on behalf of Innova Wealth Partners & Innova Wealth Management of Aligned Capital Partners in Sudbury, Ontario, to express our support for CISO's proposed Incorporated Approved Person compensation option.

Innova is an independent financial planning firm headquartered in Sudbury, Ontario, with 9 approved CISO members, 3 licensed assistants, and more than 20 professionals serving 2,000 client households and overseeing more than \$900 million in client assets.. Our objective is to provide clients with a coordinated, multi-family-office style experience, including investment management, comprehensive financial planning and, where appropriately structured and approved, complementary services such as tax preparation and other financial services.

Our experience illustrates why the ability to use an incorporated Approved Person structure would represent a meaningful modernization of the current regulatory framework.

A team-based advisory model

Modern wealth management is increasingly delivered by teams rather than by a single advisor.

Our clients may interact with:

- A lead advisor or portfolio manager
- Financial planners and associate advisors
- Investment and insurance specialists
- Tax and estate-planning professionals
- Administrative and client-service staff

The client experiences this as one coordinated relationship, even though different services may be delivered through different regulated or approved entities.

We believe this model can result in better planning, greater specialization and stronger continuity of service.

The current compensation structure creates unnecessary complexity

Under the current framework, investment-related compensation generally must first be attributed directly to the individual Approved Person who earned it.

For a traditional individual-advisor practice, this may be relatively straightforward. For a team-based organization, however, it creates significant administrative complexity.

Where several advisors collaborate on client relationships, compensation may nevertheless be required to flow through individual Approved Persons, after which the practice must separately address the economics of the broader team-based relationship.

This becomes particularly cumbersome when the practice also provides approved complementary financial services through separate business structures. The result is additional accounting, inter-entity reconciliation and administrative work that has little relationship to investor protection.

Incorporation would support investment in better client service

An incorporated Approved Person model would allow advisory practices to manage their economics more like other professional service firms.

For firms such as ours, that would make it easier to:

- Compensate teams based on their contribution to the client relationship rather than solely on whose registration generated the revenue
- Hire and develop associate advisors, planners and service professionals
- Reinvest retained earnings in technology, compliance, cybersecurity and client-service infrastructure
- Invest in marketing and business development
- Build succession plans that provide continuity for clients
- Expand access to sophisticated planning services for households that might otherwise be uneconomic to serve

The ability to retain and reinvest capital within an incorporated operating structure is particularly important for independent firms competing against large financial institutions with significantly greater balance sheets and infrastructure.

Supporting orderly succession and continuity of advice

Succession planning is another important consideration for our firm. Our team includes service and associate advisors who are being developed with the expectation that, over time, they may acquire interests in existing books of business as part of the firm's broader succession strategy.

An incorporated Approved Person structure could make these transitions cleaner and more efficient by allowing ownership, financing and the economics of a practice to be organized through a business entity, rather than requiring transactions to be structured primarily around individual compensation streams.

Most importantly, this could support more gradual and orderly transitions between advisors, helping preserve the existing advisory team, service model and institutional knowledge surrounding each client relationship.

In our view, facilitating well-planned internal succession is ultimately in clients' best interests because it reduces disruption and provides greater continuity of advice when a senior advisor eventually transitions out of the practice.

Succession planning is not simply a business consideration; it is also an important component of client protection. A regulatory framework that makes it easier to transition ownership can help minimize disruption to client relationships and ensure that clients continue to receive consistent advice and service when an advisor retires, becomes disabled or otherwise leaves the profession.

Supporting access to advice in smaller Canadian markets

This issue is also relevant to regional access to financial advice.

Our firm is headquartered in Sudbury, Ontario. In communities such as ours, independent advisory firms often need to build capabilities internally that might otherwise be available through large institutional platforms in major metropolitan centres.

The ability to reinvest business earnings efficiently can help firms hire specialized professionals, adopt better technology and spread those resources across a larger client base.

Over time, that can make comprehensive advice available to a broader range of Canadians, rather than limiting multidisciplinary planning to only the wealthiest households.

Investor protection should remain unchanged

We do not view advisor incorporation as a means of reducing regulatory accountability.

We support a framework in which:

- Approved Persons remain individually accountable for their conduct
- Dealer Members retain appropriate supervisory responsibilities
- Client assets continue to be held by the appropriate regulated entities
- Outside activities continue to be disclosed, reviewed and approved as required
- Conflicts of interest remain subject to existing client-first obligations
- Clients clearly understand which entity is providing each service

CIRO's proposed framework appears designed to preserve these protections while modernizing the way compensation can be received and administered. CIRO has expressly proposed continuing dealer supervision and Approved Person accountability within the incorporated model.

A more neutral and competitive regulatory framework

We also support CIRO's objective of harmonizing compensation rules across registration categories.

Canadian advisors performing substantially similar work should not face materially different business-structure options solely because of the registration platform through which they operate.

CIRO has previously identified this difference between mutual fund and investment dealer channels as an issue requiring harmonization.

Providing a well-supervised incorporation option would reduce that inconsistency and allow independent practices to organize themselves in ways that better reflect how modern professional advisory businesses actually operate.

For our firm, the benefit would not simply be tax deferral. It would be the ability to **organize capital, people and compensation around the client relationship rather than around individual revenue silos.**

We believe that distinction is important.

A properly constructed incorporated Approved Person framework can support stronger advisory firms, greater investment in people and technology, improved succession planning and broader access to comprehensive financial advice, while preserving CISO's fundamental objectives of investor protection, accountability and effective dealer supervision.

We therefore encourage CISO to proceed with the proposed framework and, in its implementation, to preserve sufficient flexibility for incorporated practices to employ, compensate, reinvest in and develop multidisciplinary advisory teams, while maintaining clear dealer supervision, individual Approved Person accountability and investor-protection standards.

Thank you for the opportunity to comment on this important initiative.

Sincerely,

Jean-François Démoré

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