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Re: CIRO Request for Comment on Proposed Crypto Trading Platform Regulation Fee Model (26-0163), Published on July 30, 2026

The **Canadian Independent Finance and Innovation Counsel (CIFIC)** appreciates the opportunity to provide comments to CIRO on its proposed rule amendments relating to the proposed crypto trading platform (CTP) regulation fee model (the **Proposed Crypto Fee Model**).

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

The Investment Dealers we represent support the principle underlying CRO's proposed crypto trading platform fee model: **the regulatory and supervisory costs attributable to crypto-related activities should be borne by the CTPs that generate those costs.**

In our view, this is fundamentally a matter of fairness and appropriate cost allocation. Investment Dealers that do not conduct crypto-related activities should not be required, directly or indirectly, to subsidize the incremental regulatory infrastructure, surveillance capabilities, technology, expertise, or supervisory resources required to oversee CTPs.

Crypto Risk Profile and Regulatory Complexity

This principle is particularly important given the distinct risk profile and regulatory complexity associated with crypto assets and CTPs. As CRO itself recognizes, the regulatory framework for CTPs must address risks relating to custody, market integrity, conflicts of interest, and operational resiliency. Crypto markets can also present unique surveillance challenges.

Crypto characteristics may require CRO to devote specialized personnel, technology, and surveillance resources to the supervision of CTP activity. Where those incremental costs would not otherwise be incurred in regulating traditional Investment Dealer activities, they should be recovered from the CTPs giving rise to the need for that oversight.

Accordingly, we support CRO's statement that the broader membership should not disproportionately subsidize activities that are specific to CTP Dealer Members. We would encourage CRO to apply this principle not only to direct surveillance costs, but to all reasonably identifiable incremental costs associated with the regulation and supervision of crypto-related activities.

Full Cost Recovery

We therefore support CRO's ultimate transition toward full cost recovery for crypto-related regulatory activities.

The proposed model contemplates recovery of direct costs until March 31, 2028, followed by full cost recovery beginning April 1, 2028. We believe CRO should ensure that, once the transition period has concluded, costs that are reasonably attributable to CTP regulation are appropriately allocated to CTPs and are not absorbed through the general fees paid by CRO Dealer Members that do not participate in crypto-related activities.

This should include, where reasonably identifiable, the costs associated with dedicated supervisory personnel, market surveillance, specialized technology and systems, data acquisition and processing, regulatory policy development, compliance oversight, and other resources required specifically because CRO regulates crypto-related activities.

At the same time, CRO should ensure that only costs reasonably attributable to CTP regulation are allocated to CTPs. The objective should be neither to subsidize nor penalize the crypto sector, but rather to establish a transparent and equitable user-pay model under which regulatory costs follow the activities that generate them.

Risk-Based and Proportionate Allocation Among CTPs

We agree that costs should be allocated among CTPs in a manner that reflects the regulatory resources and supervisory effort associated with their respective activities.

A platform whose activities require significantly greater surveillance, data analysis, or regulatory intervention should appropriately bear a greater proportion of the associated costs.

Application Across Business Models and Innovation

While we support a regulatory fee model under which incremental costs are appropriately allocated to the crypto activities that generate them, one Investment Dealer we represent believes this principle should be applied consistently across CRO's broader membership and across different business models. Investment Dealers operate under a wide range of models, including order-execution-only, full-service, managed, institutional, and discretionary, and many firms choose not to offer particular products or services, such as mutual funds, debt trading, initial public offerings, or certain account types.

The Dealer noted that, if CRO moves toward a fee model that reflects the regulatory resources associated with particular products or services, that principle should be applied consistently across the broader fee structure. Firms should not be required to subsidize regulatory reviews and oversight associated with products, services, or account types they do not offer.

For example, a Dealer whose business is limited to equities and ETFs, and to cash, margin, TFSA and RRSP accounts, should generally pay fees that reflect those activities rather than the full range of products and services available across the industry. If CRO adopts this approach, the Dealer believes the rationale should therefore extend beyond any single product. A more consistent model would align fees with the products, services, and activities that each firm actually conducts, rather than applying a common base cost that assumes all Dealers benefit equally from the full range of regulatory activities.

This consideration is particularly important for new and innovative products such as crypto. Novel products or business models may initially require greater regulatory attention, including manual reviews, additional oversight, specific conditions, or a regulatory sandbox while the products and associated regulatory framework mature. If all of those incremental costs are borne exclusively by the firms that are first to market, early adopters would effectively be penalized for innovation, while firms that enter the market later would benefit from a more established framework and lower regulatory costs. We therefore encourage CRO to consider how its fee methodology can appropriately reflect incremental regulatory costs without creating unintended disincentives for

firms to introduce innovative products or business models that may ultimately benefit Canadian investors and capital markets.

Avoiding Cross-Subsidization

More broadly, the Investment Dealers we represent believe that the Proposed Crypto Fee Model provides an opportunity to reinforce an important principle within CISO's overall fee framework: Dealer Members should not be required to subsidize regulatory activities from which they do not benefit and to which they do not materially contribute.

Traditional Investment Dealers already bear significant regulatory costs associated with their own businesses and activities. Requiring these firms to additionally absorb costs arising from the development of a specialized regulatory framework for crypto activities would create an inequitable transfer of regulatory costs between different business models.

We therefore recommend that CISO maintain clear accounting and cost-allocation mechanisms that allow crypto-specific regulatory expenditures to be separately identified and recovered from CTP Dealer Members to the greatest extent reasonably practicable.

Transparency and Accountability

Finally, given the evolving nature of crypto regulation, we recommend that CISO periodically disclose aggregate information regarding the costs being recovered through the Proposed Crypto Fee Model.

This could include the total annual costs attributed to crypto supervision and surveillance, material changes from prior years, and the principal factors driving increases or decreases in those costs.

Such transparency would provide CTPs and the broader CISO membership with confidence that the model continues to operate on an appropriate cost-recovery basis and, importantly, that crypto-related regulatory costs are not migrating into the fees paid by Dealer Members that do not conduct crypto-related activities.

Conclusion

The Investment Dealers we represent therefore support the establishment of a separate crypto regulation fee model, provided that its implementation adheres to the following fundamental principle:

The incremental costs associated with regulating and supervising crypto-related activities should be borne by the CTPs that generate the need for that regulatory oversight and should not be subsidized by Investment Dealers that do not conduct crypto-related activities.

We believe this approach is equitable, transparent, and consistent with CIRO's stated principles of proportionality, sustainability, and cost recovery.

Thank you for considering our comments on this important proposal.

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 us 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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