Personal Comments on CIRO's Proposed Incorporated Approved Person Compensation Option

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Submitted in a personal capacity, independently of the sponsoring Dealer Member.

1. Executive Summary

I appreciate the opportunity to comment on CIRO's proposed Incorporated Approved Person compensation option. I support the overall direction of the proposal. Allowing advisors to operate through an appropriately regulated corporation is a reasonable step toward recognizing the professional and business responsibilities of financial advice, while maintaining the supervision and accountability investors deserve.

I have worked in financial services since approximately 2012, helping families, newcomers to Canada and business owners understand their financial choices. Clients value good advice, but they also value the availability, consistency and long-term commitment of the person providing it.

An incorporated structure may help advisors organize their businesses, invest in support services and prepare for succession. These advantages can benefit clients if the framework remains practical and responsibilities are clearly defined. My comments focus on ownership, integrated services, investor protection, business continuity and transition from existing compensation arrangements.

2. About the Author

My name is Abdolreza (Reza) Shahba. I am a practising Mutual Fund Representative in Ontario and have worked in financial services for approximately fourteen years. Before entering the industry, I spent more than twenty years in engineering and industrial projects, where planning, professional responsibility and continuity were essential.

My work includes financial education and helping individuals, families and business owners. I also have experience in insurance and other financial services, subject to their respective licensing requirements. Having immigrated to Canada, I understand the challenges newcomers face in learning a new financial system. These experiences have shaped my belief that advice should be accessible, understandable and based on long-term relationships.

3. General Comments

Independent advisors manage responsibilities beyond client meetings and investment recommendations. They maintain records, pay business expenses, invest in technology, arrange administrative support and plan for the future of their practices. Incorporation may help organize these activities and provide a more stable foundation for long-term planning.

I do not see incorporation primarily as a tax or commission issue. Its greater value may be the opportunity to build a sustainable practice. A family may work with the same advisor through education savings,

home ownership, retirement and estate-related decisions. The ability to maintain a stable practice helps support that relationship.

Incorporation alone does not improve advice or guarantee better outcomes. Dealer Member supervision and individual accountability must remain central. I also support retaining employee and individual agent arrangements: incorporation should be an additional option, not a requirement.

4. Part A — Incorporated Approved Person Framework

I support the incorporated option, subject to appropriate approval and supervision. One issue is ownership. Some advisors operate independently; others work in teams, sharing office expenses, staff and client-service responsibilities. Allowing more than one appropriately approved advisor to own and control a corporation could make the framework more practical.

I support reasonable flexibility where responsibility and Dealer Member supervision are clearly documented. I would be more cautious about unrestricted control by individuals who are not appropriately regulated. Flexibility should not create uncertainty about who is accountable for professional decisions.

I also recommend a straightforward approval process for a simple advisor-owned corporation operating through one Dealer Member. Such a structure should not face the same administrative complexity as a business with multiple owners and activities.

Recommendations for Part A: permit reasonable shared ownership among appropriately approved advisors, with safeguards; and establish a simple, standardized approval process for straightforward advisor-owned corporations.

5. Part B — Integrated Financial Services and Business Continuity

Clients rarely separate their financial needs into regulatory categories. A business owner may need investment advice, life insurance, retirement planning and business succession assistance. A family approaching retirement may need to understand investments, CPP, OAS, insurance and future income requirements. These issues are connected, even though different licences and rules apply.

The framework should accommodate appropriately licensed financial professionals working in a coordinated structure, subject to the necessary approvals. One licence must not authorize activities covered by another regulator. Clients should understand which professional and entity are responsible for each service.

Business continuity is equally important. If an advisor retires, becomes seriously ill or passes away, clients should have a clear path to continued service. A well-organized corporation may help with staffing, records and succession, but any transition involving regulated accounts must remain under Dealer Member supervision.

Recommendations for Part B: permit coordinated financial services with clear licensing, supervision and disclosure boundaries; and facilitate practical succession and continuity arrangements that protect clients from avoidable disruption.

6. Part C — Compensation and Transition

I understand CIRO's objective of harmonizing compensation arrangements across investment and mutual fund dealers. I support a consistent framework while preserving reasonable choices for advisors and Dealer Members.

My main concern is the transition from directed commissions. Advisors who have relied on permitted arrangements may need to review corporate structures, agreements, accounting procedures and tax circumstances. These changes take time and professional assistance. For a smaller practice, a rushed transition could create significant expense without improving client protection.

I encourage CIRO to provide a clear implementation period after the necessary regulatory and legislative changes and practical guidance are in place. Approval and reporting should also avoid unnecessary duplication of existing Dealer Member controls.

Recommendations for Part C: provide sufficient transition time and clear guidance; and keep corporate reporting proportionate, using existing supervisory systems where appropriate.

7. Investor Protection and Practical Outcomes

Some commenters have questioned whether incorporation will deliver meaningful investor benefits. That is a fair question. Better business organization should not be confused with guaranteed investor outcomes. Clients must continue to know who supervises their accounts, who is responsible for advice and how to make a complaint. A corporation should never become a barrier to accountability or remedies.

I also encourage CIRO to consider smaller investors. A newcomer opening a first TFSA or a young family beginning to save may need considerable education before accumulating significant assets. If incorporation creates excessive costs, it could discourage smaller practices that serve these clients. If implemented efficiently, it may instead help advisors maintain sustainable businesses and serve a wider range of households.

I suggest a review approximately two years after implementation, including effects on client complaints, continuity of service, costs and access to advice.

8. Summary of Recommendations

1. Proceed with the optional Incorporated Approved Person framework while preserving Dealer Member supervision and individual accountability.

2. Permit reasonable shared ownership among appropriately approved advisors, with safeguards.

3. Simplify approval for straightforward advisor-owned corporations.

4. Allow coordinated financial services where professionals are properly licensed and responsibilities are clear.

5. Support succession and business continuity under Dealer Member oversight.

6. Provide a practical transition from directed commissions and avoid unnecessary administrative duplication.

7. Evaluate investor protection, continuity and access to advice after implementation.

9. Conclusion

I appreciate CIRO's work on this proposal and its willingness to hear from those who work directly with investors. I support the incorporated option because it may help advisors build stable, professional and sustainable practices. Its success should be measured not only by how many advisors incorporate, but also by whether clients continue to receive accessible, reliable and well-supervised advice.

Throughout my career, I have learned that financial decisions are personal. They affect families, businesses and future generations. Every regulation eventually reaches a kitchen table, where someone is deciding how to save, protect a family or prepare for retirement. I hope the final framework supports the professionals who help Canadians make those decisions while maintaining the protections they deserve.

Thank you for considering my comments.

Respectfully submitted,

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10. Disclosure

These comments represent my personal views as a practising Mutual Fund Representative. They are not submitted on behalf of my sponsoring Dealer Member or any other organization with which I may be associated. The observations and recommendations reflect my professional experience and are provided solely to participate in CIRO's public consultation.

Appendix — Principal Reference

Canadian Investment Regulatory Organization, "Rule amendments relating to the proposed adoption of an Incorporated Approved Person compensation option," July 9, 2026. Comments due November 6, 2026.

https://www.ciro.ca/rules-and-enforcement/consultations/rule-amendments-relating-proposed-adoption-incorporated-approved-person-compensation-option