WELLINGTON-ALTUS
PRIVATE WEALTH

October 28, 2026

Delivered via E-Mail

Canadian Investment Regulatory Organization (CIRO)
40 Temperance Street, Suite 2600
Toronto, Ontario M5H 0B4
Attention: Member Regulation Policy

Re: Comments on the Proposed Harmonized Advisor Compensation Rules

Wellington-Altus Private Wealth Inc. ("**Wellington-Altus**") is pleased to respond to CIRO's request for comments on its proposed harmonized advisor compensation rules (the "**Proposed Amendments**"). All capitalized terms used but not defined herein are as defined in the CIRO Investment Dealer and Partially Consolidated Rules.

Wellington-Altus remains supportive of CIRO's efforts to harmonize the compensation options available to client-facing Approved Persons and the proposed introduction of an incorporated advisor model as an important step toward providing advisors with greater flexibility in structuring their businesses.

About Us

We are one of Canada's fastest growing investment dealers, a top-rated wealth advisory company in Canada, and consistently one of Canada's Top Growing Companies. With offices across Canada, we have grown to over $50 billion in assets under administration in nine years. We have had consistent success attracting successful, entrepreneurial advisors and portfolio managers, by allowing them to best serve their high-net-worth clients.

Alignment with CIRO Commitments

Wellington-Altus has built its business by championing advisor independence and entrepreneurship. Our advisors are not seeking regulatory accommodations for their own sake; they are seeking a framework that allows them to serve clients through business models that have become standard across the former MFDA authority and in various other professions. The positions advanced in this submission reflect what we hear directly from advisors every day: a desire for practical, modern rules that support team-based service models, integrated advice, succession planning and operational efficiency, while preserving the high standards of compliance and investor protection that clients expect.

We therefore offer these comments not only as a Dealer Member, but also as a voice for the independent advisors and advisory teams who will be most directly affected by the Proposed Amendments. In our view, a successful framework should be designed around the realities of how advisors serve clients today and how they intend to grow and transition their businesses in the future.

We believe that an effective incorporated advisor framework should reflect how modern financial advisory practices operate, including the increasingly integrated nature of services provided to clients and the prevalence of team-based advisory structures.

In particular, we strongly believe that the framework should permit multiple client-facing Approved Persons sponsored by the same Dealer Member to operate through and own interests in the same advisor-owned corporation. It should also provide reasonable flexibility for family members and other qualified financial services professionals that are part of an incorporated advisor team to hold interests in the corporation, provided that voting control remains with the client-facing Approved Persons providing financial services through the corporation.

These features are important for ensuring that the incorporated advisor model can accommodate existing team-based practices and facilitate succession planning. We believe that an effective incorporated advisor framework should give incorporated advisors greater flexibility in running, staffing and managing their businesses, while preserving the supervision and investor protections that must be maintained in the wealth management industry.

Responding to the Proposed Rule Amendments

Our comments on the specific questions asked in the Proposed Amendments stem from our position as set out in the immediately preceding section. We provide these comments with the goal of ensuring that the regulatory framework supports the wealth management industry's growth and efficiency, without sacrificing the core values of investor protection and compliance.

Part A - Questions Relating to Allowable Other Business Activities within an Advisor-Owned Corporation

> **A1.** *Should the proposals restrict the financial services that may be offered from within an advisor-owned corporation to the above detailed financial services? Please also provide your response rationale.*

We generally agree that activities conducted within an advisor-owned corporation should remain connected to the provision of financial services. However, the permitted activities should be sufficiently broad to expressly include insurance, financial planning, estate and retirement planning and other activities ancillary to an integrated wealth-management practice, whether or not each such activity is independently regulated, provided that all applicable licensing requirements are satisfied and the sponsoring Dealer Member has approved the activity.

The final framework should permit appropriate segregation of different services and compensation streams, including:

- securities and advisory services;
- insurance services;
- financial planning;
- tax planning, tax compliance and tax return preparation; and

- other approved ancillary services.

This should include the ability to use separate engagement terms, invoicing, accounting records and compensation codes where appropriate. The rules should not assume that every payment has the same GST/HST or QST treatment merely because the services are provided through the same corporation or corporate group.

The prescribed agreement should also identify the parties' respective responsibilities for:

- registration;
- invoicing;
- collection and remittance;
- expense reimbursements;
- adjustments following a reassessment; and
- supporting records.

> **A2.** *Please detail any impact of prohibiting the client-facing Approved Person from providing services other than those detailed above within their corporation on existing activities or legal structures currently used by dealing representatives.*

If the proposed categories are interpreted narrowly so as to exclude insurance, financial planning, estate planning, retirement planning or similar complementary financial services, existing integrated wealth-management practices could be required to maintain multiple entities and administrative systems. This would increase complexity, costs and could cause client confusion about which entity is providing the applicable services. In addition, some of these services naturally overlap with each other and an overly restrictive approach would put a burden on advisors to have clear separation of services which may just not be practical.

> **A3.** *What types of financial services other than those listed above should be permitted to be conducted within a corporation by its client-facing Approved Person owner?*

To the extent these activities are not already captured by the proposed ancillary-activity category, insurance services, financial planning, tax preparation, estate and retirement planning should be permitted. These services are commonly provided by integrated wealth-management practices and should be permitted where advisors are qualified, applicable laws are satisfied and the sponsoring Dealer Members have approved the activities.

> **A4.** *Should there be any restrictions on the other financial services that may be offered through a corporation owned by a client-facing Approved Person owner that are performed by the same client-facing Approved Person?*

We have no recommendations beyond continuing to restrict Approved Persons from engaging in personal financial dealings with clients and from participating in material conflicts of interest that cannot be addressed in the best interests of clients.

A5. *What level of supervision or oversight over the other financial services related activities conducted by the client-facing Approved Person within their corporation should be performed by the sponsoring Dealer Member?*

We recommend that the level of Dealer Member supervision and oversight be substantially consistent with the existing framework applicable to approved outside financial services activities, including tax planning activities. This framework should focus on appropriate disclosure, avoiding client confusion, identifying and addressing conflicts of interest, and reasonable Dealer Member monitoring, without requiring the Dealer Member to assume substantive supervision of the underlying financial services activity.

A6. *Are there conflicts of interest that can arise by allowing the client-facing Approved Person to conduct other regulated financial services within their corporation? If there are conflicts, can they be managed in the best interests of their clients?*

Yes. Potential conflicts may arise where an Approved Person has a financial interest in recommending financial products or services provided through the advisor-owned corporation, including insurance or other financial services for which the corporation receives compensation. These conflicts can generally be managed through the Dealer Member's approval and monitoring process, appropriate client disclosure and existing conflict-of-interest requirements. We also note that having multiple corporate entities to conduct other regulated financial services does not, by itself, mitigate conflicts of interest.

A7. *Should the proposals be revised to permit an advisor-owned corporation to employ:*

a. *multiple client-facing Approved Persons sponsored by the same Dealer Member?*

b. *one or more qualified individual financial services advisors to provide other financial services to clients?*

Yes, to both. We strongly support permitting an advisor-owned corporation to employ multiple client-facing Approved Persons sponsored by the same Dealer Member, as well as one or more qualified individual financial services advisors.

The proposed framework does not accurately reflect the current reality of the wealth management industry, where advisory practices are commonly operated as team-based businesses involving multiple advisors, associates and other professionals. An incorporated advisor should be permitted to operate the corporation as a genuine business, including by employing associates, team members, other qualified financial services professionals and non-equity-owning staff, and by having other permitted advisors participate as partners or owners of the business.

Restrictions that prevent an advisor-owned corporation from employing the individuals required to operate the advisory practice would materially limit the ability of the corporation to function as an independent business and would undermine many of the intended benefits of permitting incorporation in the first place. The framework should therefore accommodate bona fide team-based business structures, subject to appropriate Dealer Member oversight and applicable regulatory requirements.

A framework that does not accommodate existing team-based advisory practices within a single corporation would unnecessarily limit many of the benefits those teams provide to clients, including:

- continuity of client service, including the ability for another advisor on the team to assist when a primary advisor is unavailable;
- access to a broader range of expertise, including investment, planning, insurance and other financial-services expertise, together with operational efficiencies from allocating responsibilities within the team; and
- streamlined team-based succession planning.

A8. *If the proposals are revised to permit an advisor-owned corporation to employ one or more qualified individual financial services advisors to provide other financial services to clients, are there any conflicts, or risks to clients arising from employees being subject to a different statutory duty of care standards within the advisor-owned corporation?*

Yes, different regulatory or statutory standards may apply to different financial services professionals operating within the same corporation. However, we do not believe that this should prevent the use of a team-based corporate structure. These risks can be appropriately managed through applicable licensing requirements, the Dealer Member's approval and monitoring obligations, clear client disclosure regarding the capacity in which services are provided, and appropriate contractual requirements applicable to the corporation and its personnel. The framework should preserve the Dealer Member's responsibility for activities conducted on its behalf without extending that responsibility to the substantive supervision of separately regulated activities that are not conducted on behalf of the Dealer Member.

Part B – Questions Relating to Ownership and Control of an Advisor-Owned Corporation

B1. *Should a corporation or family trust be allowed to hold shares of the corporation, if the shareholders/beneficiaries are the client-facing Approved Person or their family members? Should the family trust or holding corporation be allowed to hold only non-voting shares or also voting shares, and if voting shares, to hold sufficient voting shares to control the corporation?*

Yes, holding corporations with shareholders - or family trusts with beneficiaries - that are family members, Approved Persons or "related persons" under subsection 251(2) of the *Income Tax Act* (Canada), should be allowed to hold shares of advisor-owned corporations for family wealth and estate planning purposes. To this end, they should be able to hold voting shares and non-voting shares, so long as control of the corporation is always held by the advisors, as it would not be in the interest of the public for corporations that owe a duty to clients to be controlled by non-advisor shareholders.

B2. *Is the proposed use of the "related person" definition to determine those family members that are allowed to hold non-voting shares of the corporation too restrictive or not restrictive enough? Please provide your rationale.*

We feel that the definition of "related person" would be appropriately expanded upon by allowing shares to be held by "related persons" and family members as the language in the *Income Tax Act* (Canada) restricts "related persons" from including cousins, aunts and uncles of Approved Persons, regardless of their actual relationship to the Approved Person.

We would avoid relying too heavily on the Income Tax Act definition of "related person" as the regulatory ownership standard. Rather, we recommend that CIRO instead adopt its own defined concepts of, for example, "permitted family member" and "permitted ownership vehicle." The rules could then expressly address:

- permitted shareholders of a holding corporation;
- trustees, beneficiaries, settlors and other persons holding governance or appointment powers in respect of a trust;
- direct and indirect voting control;
- shareholder agreements and veto rights;
- options and other rights to acquire or control shares; and
- full look-through disclosure of ultimate ownership.

This should preserve the central regulatory requirement that legal and effective control remain with the sponsored client-facing Approved Persons.

B3. *Should "related persons" of the client-facing Approved Person, who are not themselves a client-facing Approved Person of the same sponsoring Dealer Member, be allowed to own shares in the corporation? Should they be allowed to hold only non-voting shares or also voting shares, and if voting shares, to hold sufficient voting shares to control the corporation?*

Similarly to our answer to question B1, above, related persons of client-facing Approved Persons should be able to hold voting and non-voting shares of advisor-owned corporations for family wealth and estate planning purposes. Control of the corporation, however, should always be held by the advisors, as corporations that owe a duty to clients should not be controlled by non-advisor shareholders.

B4. *Should other client-facing Approved Persons, sponsored by the same Dealer Member, be allowed to do business through, and own shares in the same corporation? Does your answer change if the other client-facing Approved Persons are "related person" family members operating within the corporation?*

Yes, as discussed in our answer to question A7, above, we strongly believe that corporations should be able to be owned by more than one advisor, regardless of whether those people are related persons. Allowing more than one advisor to hold shares in the same corporation would provide an effective means for advisors to structure compensation and incentive pay within their teams and allow for streamlined succession planning.

B5. *Should individuals who qualify as a "qualified individual financial services advisor" (as defined within the proposals), who are not themselves a client-facing Approved Person, be allowed to conduct business within and own shares in the same corporation? Should they be allowed to hold only non-voting shares or also voting shares, and if voting shares, to hold sufficient voting shares to control the corporation? Does your answer change if the "qualified individual financial services advisors" are "related persons" of the client-facing Approved Person operating within the corporation?*

A qualified financial services advisor who is not a client-facing Approved Person should be permitted to hold shares in and conduct approved financial services activities through an advisor-owned corporation. Voting control should, however, remain with client-facing Approved Persons sponsored by the applicable Dealer Member. This position does not change because the individual is a related person of the client-facing Approved Person.

B6. *Is the proposed requirement that the client-facing Approved Person must be the sole director of the corporation too restrictive? Please provide your rationale.*

If the client-facing Approved Person is the only voting shareholder, we agree that they should be the sole director. However, if there is more than one shareholder permitted, which we support, then the advisor-owned corporations should have the ability to have more than one member serving as a director, governed by a shareholder agreement that is approved by the applicable sponsoring Dealer Member.

Part C - Questions Relating to Implementation of Proposed Amendments

C1. *Do you agree there is a need for an implementation period for these proposals and, if so, what do you think would be an appropriate implementation period and why?*

We agree that an implementation period is necessary. The contemplated 12 to 18 month period, however, will unnecessarily delay access to the new option. A 6-month period following the necessary legislative and regulatory amendments should provide an appropriate amount of time for Dealer Members and advisors to prepare, particularly if applications can be submitted and reviewed during that period.

C2. *Please describe any issues for mutual fund dealing representatives that currently direct commissions to their corporations to transition to the proposed incorporated advisor compensation option. What would be a reasonable transition period to address those issues?*

We do not currently have mutual fund dealing representatives who direct commissions to their corporations and, accordingly, do not anticipate any specific transitional issues for us specifically. More broadly, however, we do support a transition period that provides sufficient time for Dealer Members and advisors to implement the necessary legal, operational and administrative changes without unnecessarily delaying access to the new incorporated advisor compensation option. As discussed in our answer to C1, above, we consider 6 months following the amendments coming into force to be an appropriate transition period.

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Conclusion

Wellington-Altus would like to applaud CIRO for undertaking this consultation. There is a significant opportunity here to advance the wealth management industry in Canada, and we eagerly anticipate the opportunity to collaborate and partner with CIRO in realizing this potential.

As the Proposed Amendments are finalized, we encourage CIRO to adopt a framework that recognizes both the multidisciplinary nature of modern financial advice and the legitimate business planning needs of advisors. In particular, we strongly support permitting advisors to provide investment services and other appropriately regulated financial services through the same advisor-owned corporations and recommend greater flexibility in the ownership of these corporations, so long as voting control remains with the sponsored advisors providing financial services through the corporation.

It is our view that these changes further CIRO's objective of placing financial advisors on a more comparable footing with other professionals, while preserving the accountability, supervision and investor protections that are necessary to maintain in the wealth management industry. We appreciate CIRO's consideration of these comments and welcome the opportunity to provide any additional information that may assist CIRO in its consideration of the Proposed Amendments.

Respectfully submitted by:

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Per: Shaun Hauser, Chief Executive Officer, Wellington-Altus Financial Inc.

cc

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