October 29, 2026

Member Regulation Policy
Canadian Investment Regulatory Organization
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Copies to the Canadian Securities Administrators (CSA):

Alberta Securities Commission (CIRO-Reporting@asc.ca);

Ontario Securities Commission (TradingandMarkets@osc.ca)

Re: Rule amendments relating to the proposed adoption of an Incorporated Approved Person compensation option
https://www.ciro.ca/newsroom/publications/rule-amendments-relating-proposed-adoption-incorporated-approved-person-compensation-option

I simply do not understand how this initiative rose to the top of CIRO's to-do list. It has jumped a queue that includes modernized complaint resolution, cleaning up abusive bank branch sales practices and obtaining dealer compliance with the client focused reforms.

As a taxpayer, I find it odd that the advice profession is promoting a structure designed to reduce its taxes when Canadians are struggling to meet basic needs, unemployment is rising and government deficits are at record highs.

The objective of harmonizing a self-employed mutual fund sales agent's compensation to a full time employee is mission impossible. CIRO has developed a complex scheme in an attempt to harmonize two completely different dealer - distributor models.

There is no attempt in this proposal to reduce client fees, reduce minimum account size or pay interest on un-invested cash.

I add that Borden Ladner Gervais (BLG), a respected law firm, has postulated that the proposal will increase Dealers' supervisory burden and require special attention to prevent unpermitted outside activities, a risk they expect may be greater under these new structures. BLG also say they expect to see an uptick in client complaints of misrepresentations related to confusion about the legal relationship among the Dealer, the Approved Person and the Incorporated Approved Person. I can certainly see that happening, given the complexity of the proposed structure. Source https://share.google/TWk4hlD0Py8enU6XW

If CIRO truly wants to harmonize the advice industry, it should require all registrant categories to provide advice on a fiduciary basis. That would be a step forward in professionalizing the advice industry, improving its image and attracting more customers.

In parallel, I strongly recommend that CIRO raise its antiquated client complaint resolution system up to international standards. That would reduce investor harm, lead to continuous improvement, decrease the flow of accounts to online discount brokers and increase trust in the financial services sector.

I do not see this proposal as being in the public interest.

It remains unclear how CIRO would react if some provinces or several large dealers do not support this proposal.

Given the time and effort that will go into realizing this complex proposal, the lack of any investor benefit and the likely increase in regulatory burden, I recommend that this proposal be subjected to a rigorous cost- benefit analysis.

D. McFadden