**From:** Eva Krasa
**To:** Member Regulation Policy
**Subject:** Rule amendments re proposed adoption of an Incorporated Approved Person compensation option
**Date:** Saturday, October 31, 2026 3:18:49 PM

[EXTERNAL EMAIL / COURRIEL EXTERNE]

October 31, 2026

Member Regulation Policy
Canadian Investment Regulatory Organization
Suite 2600, 40 Temperance Street, Toronto, Ontario M5H 0B4

Copies to the Canadian Securities Administrators (CSA): Market Oversight,

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

Ontario Securities Commission (TradingandMarkets@osc.ca )

I am pleased to respond to this game-changing consultation. Besides materially enriching CIRO advisor registrant compensation, it allows an advisor to offer a broader selection of products/services including non-registerable activities such as financial planning.

The consultation hints at investor access benefits but does not provide any substantive backup. In my view, this initiative is all about minimizing taxes paid by CIRO registrants - a not necessarily unreasonable objective for an industry self-regulator.

I assume that CIRO has reasonable evidence that the CSA, Member firms, the CRA and provincial governments stand by this proposal. If not, this is an expensive, lengthy, perilous journey.

The directed commission compensation structure for sales agents has worked for many years; is a new structure absolutely necessary? Were clients harmed?

Nothing in this proposal should increase client risk or create a corporate shield that protects the incorporated advisor from liability.

CIRO should take concrete steps to ensure client service is not disrupted in the transition to the proposed model.

Advisor incorporation raises some observations, concerns and questions for your consideration:

- Will the CSA need to amend the CIRO Recognition Order to address

the vastly increased scope of financial advisory services provided.

- The incorporated advisors' use of business titles or branding should be constrained so as not deceive clients.
- How will the incorporated advisor be depicted on Registration Check?
- Will incorporated advisors be able to determine the product shelf? Set fee schedules? If not, are they really "*in substance, a self-employed worker arrangement"?*
- Will clients have to sue both the corporation and the advisor?
- Regulatory arbitrage could take hold re sale of segregated funds vs securities products- this will require additional supervision.
- Are bank branch employee salespersons eligible for professional designation status and incorporation?
- Dealers will have to add resources, tools and time to effectively oversee corporations- will this ultimately increase client fees?
- Does remote supervision pose any material risks?
- The remote office of the corporation should be secure to prevent a data breach.
- Will dealers be responsible for the training and continuing education of corporation employees?
- The tripartite agreement is a contract, not a law passed by statutory regulators or governments.
- Off-book transactions are expected to increase- how will associated complaints be resolved?
- Outside business activities should not be under the corporation.
- Would the loss of CRA corporate tax status result in the automatic loss of CIRO advisor registration?
- Will incorporated advisors focus on family income, employee family members, succession planning, estate planning etc. instead of investor best interests add to investor risks? If so, how will the risk be addressed?
- The existing antiquated CIRO dealer complaint resolution system must be modernized to meet or exceed that imposed on AMF regulated dealers in Quebec in parallel with implementation of this proposal.

The corporation should not be used for money laundering or terror financing or any purpose in opposition to regulatory intent .

Annual corporate financial statements should be prepared and delivered to the sponsoring dealer and made available to CIRO upon request.

CIRO and the sponsoring dealer shall have unrestricted access to the premises to conduct audits and compliance reviews.

CIRO should work with the CSA to ensure OBSI will be the designated ombudservice service for all the activities and services of incorporated advisors. This is essential given the expanded scope and range of services offered to clients.
A binding decision mandate for OBSI would give investors the comfort necessary to engage with this proposal.

I hope these concerns and questions are useful to you in deciding the

status and structure of this advisor focussed initiative.

Best regards,  Eva Krasa