November 5, 2026

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cc:
Market Oversight Alberta Securities Commission
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Trading and Markets Ontario Securities Commission
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Subject: Comments on Proposed Incorporated Approved Person Compensation Option (CIRO Bulletin 26-0150)

To Whom It May Concern,

Thank you for the opportunity to provide comments on the proposed rule amendments relating to the adoption of an Incorporated Approved Person compensation option.

Odlum Brown has approached this proposal principally through the lens of what best serves clients and preserves confidence in the accountability framework that underpins the delivery of regulated financial advice.

We have significant concerns about the operational complexity that advisor incorporation would introduce for dealer members. We are equally concerned that this complexity, and the substantial resources required to implement it, would divert time and attention away from serving clients.

CIRO has a fundamental mandate to protect investors, support fair and efficient capital markets, and promote confidence in Canada's investment industry. From an investor's perspective, this means ensuring that Canadians can invest with confidence, knowing that the firms and individuals providing investment services are subject to appropriate standards of conduct, oversight, and accountability. Against this mandate, the central question is whether the proposal will meaningfully strengthen investor protection and confidence while preserving clear, effective, and enforceable accountability.

We recognize that the proposal seeks to harmonize advisor compensation arrangements across dealer platforms and respond to longstanding requests from industry participants for greater flexibility in how advisory practices are structured. We also acknowledge CIRO's stated objective of maintaining existing investor protections while modernizing advisor compensation options.

At the same time, we believe several important questions remain regarding the benefits, risks, and implications of the proposed framework for investors.

Client Benefits

The consultation paper identifies potential benefits for advisors and firms, including greater flexibility, improved tax certainty, enhanced recruitment and retention opportunities, and improved succession planning. However, the direct benefits to clients are less clear.

As a firm whose primary focus is helping clients achieve their financial goals through long-term trusted relationships, we encourage CIRO to further articulate:

- What measurable client outcomes are expected from the proposal.
- Whether clients are expected to experience improvements in service, access to advice, continuity of advisor relationships, or cost.
- How the success of the framework will ultimately be assessed from an investor perspective rather than solely from an industry perspective.

We also encourage CIRO to consider whether the added demands of running a corporation, including governance, tax, and administrative obligations, could reduce the time and attention advisors devote to clients.

Accountability and Clarity of Responsibility

A foundational strength of the current regulatory framework is the clarity of accountability between the advisor, the sponsoring dealer, and the client.

While the proposal seeks to preserve existing investor protections, introducing an advisor-owned corporation adds another entity into the relationship. We encourage CIRO to carefully consider whether clients will clearly understand:

- Who is responsible for the advice they receive.
- Who bears responsibility when concerns or complaints arise.
- Whether the ownership and operating structure of an advisor's business changes the client's perception of accountability.

We believe preserving clear lines of responsibility should remain a primary consideration in any final framework.

Potential Conflicts and Governance Considerations

The consultation paper contemplates the possibility of advisor corporations engaging in additional financial services activities and raises questions regarding future ownership flexibility.

As the framework evolves, we encourage CIRO to assess:

- Whether broader ownership structures could create new conflicts of interest.
- How oversight responsibilities would be allocated when multiple regulated activities are conducted through a single corporate entity.
- Whether increasing business complexity could create challenges for clients in understanding the nature of the services being provided.

In particular, the proposal contemplates permitting additional outside business activities to be conducted through the incorporated entity. Beyond insurance, has CIRO considered the additional financial advisory services an advisor may provide independent of the dealer? We are concerned that such services could leave investors uncertain about who is providing a given service, who is responsible for overseeing it, and where they can turn if something goes wrong. Those services could also give rise to conflicts between the interests of the advisor's corporation and those of the client.

Preservation of Investor Protections

We appreciate CIRO's efforts to extend existing conduct, supervision, complaint handling, and regulatory obligations to Incorporated Approved Persons and related parties.

Nevertheless, we believe it is important to test not only whether investor protections technically remain in place, but whether the accountability framework remains equally understandable, enforceable, and effective from the client's perspective.

We encourage CIRO to consider whether there are circumstances in which the introduction of an advisor-owned corporation could create ambiguity regarding supervision, liability, complaint resolution, or client recourse.

These concerns are compounded by the registration framework itself. The current CIRO and CSA registration categories are not broadly understood by most investors, and this proposal would introduce yet another registration category, creating further opportunity for investor confusion. At a time when we should be working to simplify the registration landscape, the proposal moves in the opposite direction.

Need for Evidence-Based Evaluation

Before significant structural changes are implemented, we believe it would be beneficial for policy makers to clearly identify:

- The problems being solved from the client's perspective.
- The anticipated benefits to investors.
- The metrics that will be used to evaluate whether those benefits have been achieved after implementation.

Conclusion

Odlum Brown neither supports nor opposes the proposed framework at this stage. Rather, consistent with CIRO's mandate, we encourage CIRO to continue evaluating the proposal through the lens of investor protection, client outcomes, investor understanding, and the preservation of clear and enforceable accountability.

While modernization and harmonization may be worthwhile objectives, we believe any changes should ultimately be assessed on whether they strengthen investor confidence, improve access to quality advice, and preserve a regulatory framework that clients can readily understand and trust.

Thank you for the opportunity to provide comments on this important consultation.

Sincerely,

Trevor Short
President & Chief Executive Officer
Odlum Brown Limited