Friday, November 6, 2026

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Market Oversight
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Trading and Markets
Ontario Securities Commission
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Re: CIRO Request for Comment on Proposed Rule Amendments Relating to the Proposed Adoption of an Incorporated Approved Person Compensation Option (26-0150), Published on July 9, 2026

The **Canadian Independent Finance and Innovation Counsel (CIFIC)** appreciates the opportunity to provide comments to CIRO on its proposed rule amendments relating to the proposed adoption of an incorporated *Approved Person* compensation option (**Advisor Incorporation** or the **Proposal**).

The Canadian Independent Finance and Innovation Counsel represents more than 40 national Investment Dealers and their industry's position on securities regulation, public policy, and industry issues. We represent notable CIRO-regulated Investment Dealers in the Canadian securities industry.

General Comments

The Investment Dealers we represent strongly support the introduction of an incorporated advisor compensation option for client-facing *Approved Persons*. In our view, extending the option to advisors across the CIRO platform would modernize the business models available to independent advisors and provide greater consistency with the business structures available to professionals in other sectors.

A consistent framework across Canada would promote regulatory clarity and strengthen investor protection. A harmonized framework can also reduce or eliminate the inconsistencies within the existing compensation framework, which can result in advisors performing substantially similar functions being compensated differently based on their registration category.

The Investment Dealers we represent believe that Advisor Incorporation could improve the attraction and retention of entrepreneurial advisors, particularly those interested in building and operating their own practices. The ability to operate through a corporation may provide greater flexibility in growing a practice, hiring and developing teams, planning for succession, and managing the financial affairs of an advisor-owned business. While the tax treatment associated with incorporation is not expected to be the sole factor determining whether an individual enters the profession, several Dealers believe that it can contribute to the overall attractiveness and competitiveness of the profession.

Advisor Incorporation could also provide meaningful financial and operational benefits for advisors, including the ability to manage eligible business expenses directly through their corporations, simplify administration, and improve efficiency. It could also provide greater flexibility in managing fluctuating income by allowing advisors to retain earnings during stronger years, better manage cash flow, and plan for periods of reduced revenue. Subject to applicable tax rules, these benefits could support greater financial stability and the long-term growth and sustainability of advisory practices.

The Investment Dealers we represent also see potential benefits for investors. Greater flexibility in the ownership and succession of advisor practices could facilitate the orderly transition of client relationships when advisors retire or transfer their practices. More broadly, by potentially improving the attractiveness of the profession and supporting the development of advisory practices, Advisor Incorporation could contribute to addressing gaps in access to financial advice, while supporting continuity of client relationships.

The Investment Dealers we represent support the reasons CIRO identifies for pursuing this initiative:

- **Improving investor access to regulated advice:** Making the advisory profession more financially viable could encourage more individuals to become advisors and existing advisors to remain in the profession.
- **Supporting investor protection:** Bringing advisor corporations within CIRO's regulatory framework would provide oversight while preserving dealer supervision and accountability.
- **Harmonizing compensation rules:** Mutual fund advisors already have access to certain corporate compensation arrangements that are generally unavailable to investment dealer advisors.
- **Treating advisors similarly to other professionals:** Allowing advisors to operate through corporations recognizes the business structures used by other professionals.

However, Dealers have identified a number of practical implementation and client-communication issues that should be addressed. These include clarity regarding the activities that may be conducted through an advisor-owned corporation; the treatment of advisor teams and other financial services professionals; ownership and succession structures; the implementation timeline; and the practical tax and operational implications of the proposed arrangements. While further guidance and refinements may be necessary as the framework evolves, the Investment Dealers we represent believe that **these considerations should not unduly delay the introduction of a workable framework that provides a clear path for eligible advisors to incorporate.**

While we recognize that the existing regulatory infrastructure and compliance supervision will remain the responsibility of the sponsoring Dealer, we believe that establishing minimum standards for advisor corporations would provide greater clarity and assist Dealers in managing and enforcing their contractual relationships with these corporations. We therefore encourage CIRO to consider developing a template agreement, or providing guidance on minimum contractual requirements, identifying the key commercial terms, responsibilities, and obligations that should be addressed in written agreements between Dealers and advisor corporations. Such guidance would promote consistency across the industry while allowing Dealers sufficient flexibility to accommodate their respective business models. Importantly, we again stress that **the development of these standards or templates should not delay the implementation of Advisor Incorporation**. As previously mentioned, additional guidance and refinements can be introduced progressively once the regulatory framework is finalized and implemented.

<u>Multiple Advisors and Financial Services Professionals</u>

The Proposal currently provides for a single client-facing *Approved Person*, and CIFIC recommends that be expanded such that an advisor corporation may employ multiple advisors who may hold shares in the single advisor's corporation. Allowing multiple advisors to operate within a single advisor corporation in this way would facilitate profit-sharing arrangements, encourage team-building and collaboration, and support more effective succession planning and continuity of client relationships. This approach would also align with established practices in other professions, such as law and accounting, where professionals routinely operate within shared

corporate structures to pool expertise, share resources, and provide comprehensive services to their clients. Importantly, such flexibility would help smaller and independent dealers attract and retain talent, achieve operational efficiencies, and ensure seamless client service, while maintaining appropriate regulatory oversight and individual accountability.

It should be noted that team-based advisory practices are already an established feature of the Investment Dealer business model. *Investment Executive*'s 2025 Dealers' Report Card found that 42.7% of surveyed dealer advisors worked as part of a team, up from 39.5% in 2024[1]. The framework should therefore accommodate these arrangements while preserving clear accountability for individual advice and transactions and enabling Investment Dealers to trace activities to the responsible *Approved Person* for supervisory purposes.

Furthermore, the Investment Dealers we represent do not believe that limiting advisor corporations to a single advisor would necessarily facilitate supervision, as some regulators have suggested. In practice, existing systems and processes already allow each transaction to be clearly attributed to an individual advisor, regardless of the corporate structure through which the advisor operates.

We recommend that the framework expressly permit multiple financial services professionals and staff to be employed by an advisor corporation, regardless of whether they are shareholders or *Approved Persons*, provided that the financial services offered through the corporation comply with the applicable restrictions. This could include associate advisors, financial planners, insurance specialists, and *Approved Persons* sponsored by different *Dealer Members* within the same financial group. In our view, the ability to support advisor teams should extend beyond the ownership structure of the corporation for the benefit of investors.

Questions

Part A - Questions relating to allowable other business activities within an advisor-owned corporation

Relevant background proposal information

For client-facing *Approved Persons* wanting to provide financial services to clients from within a corporation they own, the proposed amendments restrict the financial services that may be provided to those determined by CIRO to be:

- ancillary to the activities they perform on the sponsoring *Dealer Member*'s behalf, or

[1] Roland Inacay, "New advisors in the dealer space look to colleagues for support," *Investment Executive*, September 12, 2025, https://www.investmentexecutive.com/report-cards/dealers-report-card-2025/new-advisors-in-the-dealer-space-look-to-colleagues-for-support/. The article reports findings from *Investment Executive*'s Dealers' Report Card survey of advisors in the full-service and mutual fund dealer space. See also McKinsey & Company, *The Winning Formula Revisited: Teams in Wealth Management* (PriceMetrix, 2022), https://www.mckinsey.com/~/media/mckinsey/industries/financial%20services/pricemetrix/our%20insights/teams%20in%20retail%20wealth%20management/the%20winning%20formula%20revisited.pdf, for comparative data on team and sole-practitioner assets and revenue.

- regulated Canadian financial services sector activities, provided the client-facing *Approved Person*:
    - is a qualified individual financial services advisor in those provinces and territories in Canada in which these activities are to be performed, and
    - is not prohibited from engaging in these activities in any of the provinces or territories in Canada in which these activities are to be performed.

Questions

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.

The Investment Dealers we represent support restricting the financial services that may be offered through an advisor-owned corporation to those that are ancillary to the activities performed on behalf of the sponsoring *Dealer Member* or that constitute regulated Canadian financial services sector activities, subject to the applicable qualification and regulatory requirements.

In our view, this approach provides an appropriate framework for allowing advisors to conduct other regulated financial services through their corporations while maintaining appropriate regulatory oversight and investor protection. The framework should, however, provide sufficient clarity regarding the types of activities that fall within these categories and the circumstances in which they may be conducted through the corporation.

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.

The Investment Dealers we represent note that a number of advisors already operate corporations through which they provide other financial services, including insurance services. To the extent that those activities fall within the categories of financial services permitted under the proposed framework, we do not anticipate that the proposed restrictions would require significant changes to these existing structures.

For example, where an advisor already operates an insurance practice through a corporation, the ability to conduct investment services through the same corporation could provide greater consistency in the advisor's business structure and facilitate succession and continuity of the practice.

The Investment Dealers we represent therefore encourage CIRO to ensure that the final framework clearly permits advisors who are appropriately qualified to continue conducting such regulated financial services through the same corporation, subject to the applicable regulatory requirements.

This would support CIRO's broader objective of improving access to financial advice, particularly in rural and underserved communities. By making it more attractive and financially viable for advisors to enter and remain in the profession, advisor incorporation could help address existing gaps in access to professional financial advice.

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?

The Investment Dealers we represent support permitting appropriately licensed or registered financial services professionals to provide other regulated financial services from within an advisor-owned corporation, including insurance services; financial, estate, tax, and retirement planning; and other financial advisory services, where those activities are permitted under applicable legislation and have been approved by the sponsoring *Dealer Member*.

The framework should be sufficiently flexible to accommodate the range of regulated financial services that appropriately qualified advisors may provide to clients, without creating unnecessary distinctions between services provided through the corporation and those provided outside it.

We encourage CIRO and the CSA to provide clear guidance on the scope of activities that may be conducted within the corporation and on how existing structures can transition to the new framework.

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*?

The Investment Dealers we represent support appropriate restrictions to address investor protection, conflicts of interest, and compliance with applicable securities and other financial services legislation.

However, the restrictions should be proportionate and should neither prevent advisors from maintaining established and legitimate business structures, nor prevent Investment Dealers from imposing more restrictive standards than CIRO's minimum requirements.

In particular, where the advisor is appropriately licensed for the relevant financial service and the Investment Dealer has approved the activity, we do not believe additional restrictions should be imposed solely because the activity is conducted through a single advisor-owned corporation.

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*?

The Investment Dealers we represent support the Proposal's approach under which the Investment Dealer remains responsible for supervision of the advisor's and the corporation's activities conducted for the Investment Dealer.

For other financial services conducted within the corporation, the Investment Dealer should have appropriate oversight to address conflicts of interest and the requirements applicable to the advisor's securities-related activities. However, the framework should recognize that other financial services activities may be subject to a different regulatory regime and should not impose duplicative oversight responsibilities on the Investment Dealer.

CIRO and the CSA must also recognize that Investment Dealers will continue to supervise the activities of their advisors, including where those activities are conducted through an advisor's corporation. However, the use of a corporation may add complexity to regulatory reviews by requiring firms to distinguish between activities conducted on behalf of the Investment Dealer and other activities conducted through the corporation. CIRO should provide practical guidance regarding the scope of the sponsoring Dealer's supervisory responsibilities, particularly where advisors conduct both securities-related and other financial services activities through the same corporation. Such guidance should clarify the distinction between activities subject to the Dealer's supervision and those governed by other regulatory frameworks, **without creating additional compliance obligations or delaying implementation.**

Clear guidance from CIRO regarding the scope of the Investment Dealer's expected oversight would assist firms in implementing the framework consistently.

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?

The Investment Dealers we represent recognize that conflicts of interest may arise where an advisor provides securities and other financial services through the same corporation. These conflicts should be managed in accordance with the applicable conflict-of-interest requirements and in the best interests of clients. The advisor must remain responsible for identifying and disclosing these conflicts, and CIRO should make this expectation clear.

The fact that multiple financial services are provided through a common corporate structure should not, in itself, be treated as creating an unmanageable conflict. Appropriate disclosure, supervision, and conflict-management controls should be sufficient to address conflicts where they arise.

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 of [or] more qualified individual financial services advisors to provide other financial services to clients?

Yes: the Investment Dealers we represent strongly support revising the Proposal to permit advisor-owned corporations to employ multiple client-facing *Approved Persons* sponsored by the same or different *Dealer Members* within the same financial group as well as qualified financial services professionals who provide other financial services to these clients.

We believe the ability to support advisor teams should extend beyond the ownership structure of the corporation. An advisor-owned corporation should be permitted to employ associate advisors; financial planners; insurance specialists; *Approved Persons* sponsored by a different *Dealer Member* within the same financial group; and other appropriately qualified financial services professionals, regardless of whether those individuals are shareholders of the corporation. Administrative employees and other employees necessary to support the advisory practices should also be permitted to work within the corporation.

This multi-person approach would better reflect the team-based business models used by independent advisory firms today and would provide greater flexibility in developing and maintaining structures firms may choose to adopt in the future. It would also facilitate clients receiving comprehensive financial advice through a single provider, allowing them to consider their investment, insurance, and cash flow needs in a coordinated manner. In short, permitting a flexible structure would help advisors deliver more holistic financial advice, and better support clients' ability to reach their financial goals.

This flexibility could also help narrow Canada's growing advice gap by giving successful incorporated practices greater scope to build their advisory teams and increase their capacity to serve smaller investors and clients in rural or underserved communities, while preserving Investment Dealer oversight and accountability for securities-related activities.

A8. If the proposals are revised to permit an advisor-owned corporation to employ one of 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 different statutory duty of care standards within the advisor-owned corporation?

The Investment Dealers we represent recognize that different financial services professionals may be subject to different statutory and regulatory obligations. However, we do not believe this should prevent appropriately qualified professionals from working within the same advisor-owned corporation.

Clients should also be clearly informed of the individuals responsible for providing and overseeing the services associated with their accounts, including the respective roles and responsibilities of

those individuals. Any material change to these arrangements should be communicated to affected clients in a timely manner to ensure that they understand who is responsible for their accounts and the services they receive.

Part B - Questions relating to ownership and control of an advisor-owned corporation

Relevant background proposal information

For client-facing *Approved Persons* wanting to provide financial services to clients from within a corporation they own, the proposed amendments restrict corporation ownership to:

- a single client-facing *Approved Person*, who would own the voting shares of the corporation and who may also own non-voting shares of the corporation, and
- family members of the client-facing *Approved Person* who qualify as a "related person" (as defined within the proposals), who may own non-voting shares of the corporation.

Questions

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?

The Investment Dealers we represent support greater flexibility in the ownership structures available to advisor-owned corporations and believe these should accommodate indirect ownership such as holding companies and family trusts, where the underlying shareholders or beneficiaries satisfy the applicable requirements, to facilitate the business planning of the *Approved Person*, subject to the restriction that voting control in these entities should only be held by an *Approved Person*.

The Investment Dealers we represent believe that the rules should accommodate standard business ownership and succession structures while maintaining appropriate regulatory oversight and control by the client-facing *Approved Person*.

Greater flexibility in ownership structures should not diminish investor protection or create opportunities for an *Approved Person* to avoid accountability in cases of fraud or other misconduct. Appropriate safeguards should also be established to address internal corporate disputes, including family or matrimonial disputes involving advisors who share control of the corporation, to ensure that such disputes do not adversely affect clients or disrupt the provision of services to them.

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.

The Investment Dealers we represent support an approach that provides sufficient flexibility for family members to participate in the ownership of an advisor-owned corporation, while maintaining appropriate control by the client-facing *Approved Person*. Some of the Investment Dealers we represent support a broader definition of "related person" including such relatives as nieces, nephews, and cousins.

The rules should avoid unnecessarily restricting standard family ownership and succession structures where these structures do not undermine the regulatory objectives of the framework.

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?

The Investment Dealers we represent support permitting *related persons* to hold non-voting shares and, where appropriate, voting shares, provided that voting control remains with the client-facing *Approved Person*.

We believe the framework should provide sufficient flexibility to accommodate common family ownership and succession arrangements while ensuring that the client-facing *Approved Person* retains the appropriate level of control required by CIRO.

However, the Investment Dealers we represent do not support permitting an *Approved Person* to hold ownership interests in multiple advisor-owned corporations associated with different *Dealer Members*. Such arrangements could give rise to conflicts of interest, complicate supervisory oversight, and create additional investor protection risks. The framework should therefore establish appropriate restrictions to address these risks.

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?

The Investment Dealers we represent strongly support permitting multiple client-facing *Approved Persons* sponsored by the same *Dealer Member* to conduct business through and own shares in the same advisor-owned corporation.

The flexibility of team-based practices in which multiple advisors operate through a common corporation is particularly important for practice continuity and the development of advisor

teams. It would also allow multiple advisors to participate in the ownership of a business they operate together, rather than requiring each advisor to maintain a separate corporate structure.

The ownership requirements should also provide sufficient flexibility to accommodate the orderly transition of ownership from one advisor or advisor team to another, while maintaining appropriate regulatory control over securities-related activities. Clear and flexible succession provisions would provide greater continuity for clients while supporting the long-term sustainability of advisor practices.

The framework should provide a practical path for advisor succession and the transfer or monetization of an advisor corporation. For example, an advisor should be able to acquire another advisor's corporation within the same *Dealer Member* without creating unnecessary barriers to the corporation's re-registration or approval. It is worth noting that a key financial benefit of incorporation is an advisor's ability to transfer or sell their corporation to a successor and realize the value of the business. If the registration is not transferable, this could limit an important benefit of the structure.

The Investment Dealers we represent do not believe that the framework should impose materially different restrictions where the other client-facing *Approved Persons* are *related persons* of the original *Approved Person*. The same principles of team-based ownership, practice continuity, and succession should generally apply, subject to appropriate regulatory and conflict-of-interest requirements.

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?

The Investment Dealers we represent support permitting appropriately qualified financial services advisors to conduct their respective financial services activities through the same advisor-owned corporation and where appropriate, to hold shares in the corporation.

As mentioned, this could include insurance specialists; associate advisors; financial planners; *Approved Persons* sponsored by different *Dealer Members* within the same financial group; and other qualified financial services professionals working as part of an advisor team. The framework should not require every individual contributing to a team-based financial services practice to be a shareholder, but it should also not prevent appropriately qualified professionals from participating in ownership where the applicable requirements are satisfied. It should expressly permit multiple financial services professionals to be employed by an advisor corporation, regardless of whether they are shareholders.

The ownership requirements should provide sufficient flexibility to accommodate these team-based business models. The Investment Dealers we represent believe that non-client-facing financial services professionals should be permitted to hold non-voting shares and, where appropriate, voting shares, provided that voting control of the corporation remains with a client-facing *Approved Person* sponsored by the Investment Dealer.

This flexibility is particularly important where advisors are already incorporated for other financial services activities. For example, where advisors provide both insurance and securities services through a corporation, the ability to conduct securities services through the same corporation could facilitate the acquisition of retiring advisors' practices and the orderly transition of client relationships.

CIRO should require appropriate disclosure and transparency regarding ownership interests. We would also encourage CIRO to consider permitting non-voting ownership by other stakeholders, whether or not they are *Approved Persons*. This flexibility could facilitate ownership by employees of the corporation, as well as by investors seeking to provide financing, or by organizations seeking to integrate the corporation into a broader corporate structure.

The Investment Dealers we represent do not believe that the framework should impose materially different restrictions solely because a qualified individual financial services advisor is a *related person* of the client-facing *Approved Person*, provided the applicable qualification, regulatory, and conflict-of-interest requirements are satisfied.

Consideration should also be given to the status of an advisor corporation when its advisor becomes non-registered. Advisors should have the ability to transition the corporation to a non-registrant status, where appropriate, rather than requiring the corporation to cease to exist or undergo an unnecessarily burdensome restructuring.

The Investment Dealers we represent believe that the framework should avoid requiring an advisor to establish separate corporate structures for closely related financial services activities where the individuals involved are appropriately qualified and the activities are subject to the applicable regulatory requirements.

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.

The Investment Dealers we represent believe that the proposed requirement should be reconsidered if it prevents common and appropriate team-based ownership and governance structures.

Where multiple client-facing *Approved Persons* are permitted to own shares in, conduct business through, and serve as the directors of the same corporation, the governance framework should provide an appropriate mechanism for those advisors to participate in the management and oversight of the corporation. However, each advisor-owned corporation should be required to

designate a single individual, similar to the Ultimate Designated Person (UDP) of an Investment Dealer, who would be accountable for the corporation's compliance with applicable regulatory requirements and help ensure appropriate investor protection. We note that this role should not constitute a new registration category with additional proficiency requirements or unnecessary compliance burden but rather serve a governance and accountability function.

While we would support a requirement that the *Approved Person* retain effective control and/or that a majority of directors be individuals approved by CIRO or otherwise acceptable to the *Dealer Member*, this should not be prescribed in every case. Many existing professional corporations operate effectively with multiple directors and professional management structures, and a flexible approach would preserve appropriate accountability while allowing corporations to adopt practical and effective governance structures. Any revised requirements should continue to ensure clear accountability for securities-related activities and appropriate regulatory oversight, while avoiding unnecessary restrictions on ordinary corporate governance arrangements.

Part C - Questions relating to implementation of proposed amendments

Relevant background proposal information

We anticipate there may be significant interest in using the new incorporated advisor compensation option if approved by the CSA. As using this option would involve seeking:

- registration of the advisor-owned corporation in those CSA jurisdictions requiring corporation registration, and
- CIRO approval of the advisor-owned corporation as an "Incorporated *Approved Person*"

we are contemplating an implementation period of 12 to 18 months, once necessary regulatory and legislative amendments have been effected, to be able to ensure that those immediately interested in using this option can obtain the necessary approvals up front.

Questions

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?

The Investment Dealers we represent agree that an implementation period will be necessary. Dealers will need sufficient time to establish appropriate corporate structures, obtain the required approvals, amend agreements and compensation arrangements, make necessary technology and operational changes, and provide appropriate client communications.

We also encourage CIRO to provide clarity as early as possible regarding the expected implementation timeline and the sequencing of the CIRO and CSA requirements. In particular, Dealers would benefit from confirmation of when applications for incorporated-*Approved-Person* status may be made and when firms may begin preparing for implementation. **Although the**

Investment Dealers we represent would prefer harmonized implementation across CSA jurisdictions (to minimize operational complexity and compliance costs), if harmonization cannot be achieved within a reasonable timeframe, we recommend CIRO and the CSA consider permitting implementation in jurisdictions where the necessary requirements are in place, rather than delaying the framework in all jurisdictions.

The Investment Dealers we represent have differing views regarding early adoption. Some support flexibility to implement the option as soon as the necessary regulatory requirements are in place, while others believe that a common implementation date would provide a more level playing field, particularly for smaller Investment Dealers that may have fewer resources available to prepare for implementation.

Accordingly, CIFIC encourages CIRO to consider the competitive and operational implications of early adoption and to provide clear guidance on whether, and under what conditions, *Dealer Members* may implement the option before the general implementation date. We believe that the framework can evolve over time, with further refinements introduced as practical experience is gained and the operational needs of Dealers and advisor corporations become clearer.

The Investment Dealers we represent generally agree that the 12-to-18-month implementation period contemplated by CIRO would provide a reasonable starting point, provided that it begins once the necessary regulatory and legislative amendments have been effected. This period should allow Dealers sufficient time to adapt existing business models, establish the necessary corporate and contractual arrangements, obtain approvals, and implement operational changes without unduly delaying access to the new framework.

The Investment Dealers we represent have emphasized the importance of moving forward without unnecessary delays, recognizing that the framework can continue to evolve and improve over time. In their view, introducing a workable model, even if it is not yet fully harmonized, is preferable to delaying implementation for an extended period while seeking a perfectly harmonized framework.

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?

The Investment Dealers we represent recognize that mutual fund dealing representatives currently using the directed commission arrangement will require a transition period to move to the proposed incorporated *Approved Person* structure.

The transition should be designed to minimize unnecessary duplication of work and disruption for advisors and *Dealer Members* that are already operating through incorporated structures and to ensure client services are not impacted. Clear guidance should be provided regarding the treatment of existing corporations, agreements, compensation arrangements, and related approvals during the transition.

More generally, the Investment Dealers we represent encourage CIRO to ensure that the transition to the new framework is coordinated with the necessary CSA and securities-legislation amendments so that Dealers and advisors are not required to implement interim structures that would subsequently need to be replaced. CIRO and the CSA should also provide greater transparency regarding the regulatory and legislative steps required to implement the framework in each jurisdiction, including the anticipated sequencing and timing of those steps.

Additional Implementation Considerations

The Investment Dealers we represent also encourage CIRO to provide practical guidance on the operational and tax implications of the proposed Advisor Incorporation arrangement.

In particular, Dealers would benefit from greater clarity regarding arrangements under which a *Dealer Member* provides services or resources to an advisor-owned corporation, including office space, administrative and compliance support, technology, and other business services. Many Investment Dealers have existing office arrangements, supplier contracts, and support structures that are shared across advisors, and it may not be practical for each incorporated advisor to independently contract for these services. Guidance on how such arrangements can be structured while remaining compliant with applicable requirements would be helpful.

The Investment Dealers we represent believe that existing ownership and corporate arrangements that have been established for legitimate tax, estate, succession planning, or business purposes should generally be permitted to continue where they do not undermine investor protection or other regulatory objectives. Appropriate grandfathering and transitional measures should also be included to avoid unnecessary legal, tax, and operational disruption. However, any additional investor protection requirements, such as the designation of an individual responsible for compliance (similar to a UDP), should also apply to existing advisor-owned corporations.

CIRO should also clarify whether *Dealer Members* that introduce the incorporated advisor model would be required to undergo a material business change process or any other specific approval process as a result of implementing the model.

Finally, the Investment Dealers we represent encourage CIRO to provide clear guidance on and flexibility with respect to the proposed tripartite agreement between the *Dealer Member*, the advisor corporation, and the individual advisor, including any considerations arising from the tax treatment of the agreement and the parties to it. Many firms have established legal and operating structures in place with separate agreements governing the relationships between the Dealer, advisors, and staff. Dealers should retain the flexibility to incorporate the applicable requirements into their existing contractual arrangements, provided that the relevant obligations and accountabilities are clearly documented and enforceable. Any template agreements or minimum

contractual standards developed by CIRO should therefore serve as practical guidance rather than impose a rigid contractual structure or create additional implementation delays.

Conclusion

Thank you for considering our comments on this important proposal.

We would welcome the opportunity to engage further on this important issue.

As always, we are available to discuss the content of this submission further, address any concerns you may have, or provide additional information as needed. Your feedback is invaluable to us, and we are committed to ensuring that we all achieve our objectives effectively and efficiently.

Please feel free to contact us with any questions, comments, or to schedule a call to discuss any aspects of the letter or explore potential next steps. We look forward to our continued collaboration on this matter.

Sincerely,

A.Sinigagliese

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