November 6th, 2026

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

By email: memberpolicymailbox@ciro.ca

Subject: Request for Comments – Proposed Rule Amendments Relating to the Adoption of an Incorporated Approved Person Compensation Option

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Dear Sir, Madam,

We are pleased to submit our comments in response to the request for comments on the proposed rule amendments intended to harmonize advisor compensation requirements, published by the Canadian Investment Regulatory Organization ("**CIRO**") on July 9, 2026.

For over 30 years, PEAK Financial Group ("**PEAK**") has operated in the Canadian financial services industry. With over $18 billion in assets under administration, PEAK supports a network of 1,500 independent advisors and employees working in wealth management, mutual funds, securities and insurance. PEAK Financial Group comprises four member companies: PEAK Investment Services, PEAK Financial Services, PEAK Securities and PEAK Insurance Services. Through its shared values of integrity, independence and innovation, PEAK and its network of independent financial advisors have earned the trust of 150,000 investors from coast to coast.

Overall, PEAK welcomes the objective of the proposal, namely to harmonize the compensation options available to Approved Persons and allow them to carry out their functions through a corporation approved by CIRO.

We also support creating the "Incorporated Approved Person" category, while maintaining the advisor's individual registration, the Dealer Member's responsibilities and the protections afforded to investors. We also support making the model optional for Dealer Members.

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PEAK further supports allowing certain ancillary activities, as well as other regulated Canadian financial services activities, to be carried out within the same corporation where the required registrations or licences are held. This flexibility is particularly important in a multidisciplinary business model.

That said, we consider certain aspects of the proposed model overly restrictive.

a) One Approved Person per corporation

Our principal concern is the proposal to effectively limit a corporation to a single client-facing Approved Person, who would also be its sole voting shareholder.

PEAK believes that multiple Approved Persons sponsored by the same Dealer Member should be permitted to carry out their activities within the same corporation. Team models facilitate continuity of service, resource sharing and the development of successor advisors. They also benefit investors by ensuring more consistent support and continuity in the service relationship. In particular, when an advisor is absent, temporarily steps away from practice or retires, other team members are already familiar with the clients, their financial circumstances, objectives and relationship history. This reduces the risk of service interruptions, loss of knowledge about client files or abrupt transitions.

These models also support a more gradual and better-managed succession process, allowing clients to continue receiving guidance from professionals already involved in their service relationship. By contrast, a "one Approved Person per corporation" model could fragment teams that currently serve the same clients in an integrated manner and unnecessarily complicate the continuity of client relationships. Requiring separate corporations for advisors operating within the same team would also introduce additional legal, financial and administrative complexity, both for advisors and Dealer Members. Beyond the associated costs, multiplying corporate structures could create additional layers of oversight without necessarily enhancing investor protection. Given that Dealer Members would continue to retain their supervisory and compliance responsibilities, PEAK encourages CIRO to consider whether allowing multiple Approved Persons within the same corporation, subject to appropriate safeguards, could achieve the same regulatory objectives through a simpler and more efficient structure.

Furthermore, with respect to Approved Persons sponsored by different Dealer Members, we believe they should also be permitted to operate within the same corporation where those dealers belong to the same group, as is the case, for example, with PEAK Investment Services and PEAK Securities. This option should, however, be limited to affiliated Dealer Members and subject to appropriate coordination and supervisory mechanisms, given possible differences in the policies, procedures and supervisory obligations of unaffiliated dealers.

Where Dealer Members belong to the same financial group, shared governance and coordination mechanisms can facilitate controls appropriate to a shared corporate structure. Each dealer would nevertheless remain responsible for supervising the regulated activities conducted on its behalf. Accordingly, we believe this possibility should not be ruled out solely because the individuals hold different registration categories. Rather, the framework should specify conditions for distinguishing compensation arising from regulated activities from the economic rights associated with an equity interest in the corporation, without allowing the applicable registration or compensation requirements to be circumvented.

We therefore encourage CIRO to clarify the circumstances in which such a structure could be permitted, while preserving appropriate coordination and supervisory mechanisms among affiliated dealers.

b) Ownership and corporate governance

PEAK also believes that the proposed restrictions on corporate ownership should be relaxed.

Where multiple Approved Persons sponsored by the same dealer actually conduct their activities within the same corporation, they should be permitted to hold shares in it. Certain professionals providing other regulated financial services should also be permitted to hold equity interests, with or without voting rights, subject to mechanisms ensuring appropriate regulatory control.

This flexibility can also benefit investors by bringing together, within one structure, professionals who already collaborate to provide complementary services. Share ownership can promote better alignment of interests among team members, greater stability of the structure and closer coordination of services offered to clients. We do not believe that a more flexible ownership structure, in itself, compromises investor protection, provided that Approved Persons remain individually registered and subject to applicable requirements, other professionals remain subject to their own regulatory frameworks, and the dealer retains its supervisory obligations.

PEAK also believes that, subject to appropriate conditions, holding companies and family trusts should be permitted to own non-voting shares in the corporation. PEAK considers it important to distinguish control of a corporation from participation in its economic benefits. A person or entity holding shares that confer an entitlement to a portion of the profits, without voting rights or decision-making authority, should not necessarily be subject to the same restrictions as persons who control the corporation. This distinction would, in particular, allow holding companies and family trusts to participate in ownership while keeping control of regulated activities in the hands of Approved Persons and under the Dealer Member's supervision. The identity of shareholders and beneficial owners should also be disclosed to the dealer.

More broadly, the model should permit a multidisciplinary structure in which several eligible professionals may provide the financial services for which they hold the necessary registrations or qualifications. Such a structure can offer clients a more integrated and consistent experience, reduce fragmentation across multiple entities and facilitate coordination among the professionals serving them. It can also reduce the risk of information gaps between different service providers and support a more comprehensive approach to clients' financial circumstances, while preserving the requirements applicable to each regulated activity.

In this context, the requirement that an Approved Person be the corporation's sole director also appears too restrictive. Where a corporation brings together several professionals who genuinely participate in its activities, it may be appropriate for some of them to participate in its governance. Allowing multiple directors can support greater continuity in decision-making, more balanced governance and better representation of the various areas of expertise within the corporation. This flexibility should not, however, dilute the regulatory responsibility of Approved Persons or the dealer's supervisory authority.

c) Persons subject to sanctions

The proposal provides that a person subject to a "relevant sanction" may not be a shareholder or employee of the corporation for the duration of the sanction.

We invite CIRO to clarify the rationale and scope of this restriction. An automatic prohibition could be disproportionate depending on the nature of the sanction and would create practical difficulties where the person is already a shareholder. For example, a person temporarily subject to heightened supervision, restrictions on certain functions, or a requirement to renew their qualifications by passing an examination or completing a remedial course might nevertheless remain permitted to perform certain authorized activities. It would therefore be counterintuitive to require such a person automatically to dispose of their ownership interest in the corporation. By contrast, a permanent prohibition on working in the industry could justify a more significant restriction on participation in a corporation.

In particular, a distinction should be drawn between a sanction that permits the individual to continue carrying out activities and a permanent prohibition on practicing in the industry.

d) Dealer supervision and approval of activities

PEAK understands CIRO's position regarding the requirement for a written agreement among the Dealer Member, the corporation and the individual Approved Person. However, the final rules should clearly specify the respective roles and responsibilities of the dealer, the corporation, the individual Approved Person and CIRO.

Dealer supervision should remain focused on its regulatory obligations, including securities-related activities, conflicts of interest, approved outside activities and access to the records required for compliance purposes. It should not extend to the corporation's day-to-day administration, including payment of salaries, rent or taxes.

PEAK therefore invites CIRO to clearly distinguish the dealer's supervisory responsibilities from those of the regulator, to avoid overlap and expansion of compliance obligations. This delineation is not intended to reduce oversight of regulated activities, but rather to avoid requiring the dealer to supervise aspects of corporate management that fall outside its regulatory obligations and that may already be subject to other legislative or regulatory frameworks.

The objective should be effective oversight of risks that may affect investors, without creating overlapping regulatory requirements or disproportionate responsibilities for Dealer Members.

Finally, client disclosure requirements should be clarified to establish their purpose, the information to be disclosed and how that information will help clients understand the relationship among the advisor, the corporation and the dealer.

e) Exemption process and applicable regulatory framework

PEAK invites CIRO to clarify whether exemption requests may be handled by its staff rather than systematically by its Board of Directors, to promote a more efficient process.

We also encourage CIRO to clarify why legislative amendments are truly necessary to implement this regime, when amendments to National Instrument 31-103 might sometimes suffice. We further believe that CIRO should implement the model as consistently as possible across all provinces and territories. Different or staggered implementation could recreate the disparities that the proposal is specifically intended to eliminate.

f) Tax certainty

PEAK recognizes the objective of reducing the tax uncertainty associated with the current regime. However, the actual tax treatment of the new model requires further clarification. We therefore encourage CIRO and the Canadian Securities Administrators (CSA) to continue discussions with the Canada Revenue Agency to provide further guidance on the applicable tax treatment before the proposal is implemented.

g) Implementation and transition period

PEAK agrees that an implementation period will be necessary but believes that the framework should remain sufficiently flexible to reflect dealers' different circumstances. Dealers that currently use a corporate compensation model may need a transition period longer than 12 to 18 months to adapt their structures, agreements, systems and supervisory processes to the new regime. Conversely, dealers that do not currently use such a model, or that can implement the new framework more quickly, should be able to do so as soon as they are ready.

PEAK therefore supports a transition period that gives dealers sufficient time where needed, without preventing those ready earlier from proceeding once the regulatory requirements and necessary approvals are in place.

h) Scope of ancillary activities

Finally, PEAK invites CIRO to clarify the scope of ancillary or complementary activities that may be carried out within the corporation. The current proposal would allow the corporation to carry out activities CIRO considers ancillary to activities performed on behalf of the dealer, as well as certain regulated Canadian financial services activities where the individual concerned holds the necessary registrations, licences or qualifications.

In our view, this framework remains too general regarding the nature of permitted activities and the criteria used to determine whether an activity is truly ancillary or complementary. In particular, it is unclear which activities would be automatically eligible and which would require case-by-case analysis or approval. To ensure consistent and predictable application of the regime, PEAK believes the rules should identify the categories of permitted activities and the applicable criteria as clearly as possible, rather than leaving this determination primarily to a case-by-case assessment.

This clarification is particularly important for multidisciplinary structures. Clients with complex financial needs may be served by several professionals offering complementary services within the same structure. Professionals and dealers should therefore be able to determine in advance which activities may be carried out within the corporation and under what conditions, to facilitate an integrated service offering while maintaining the regulatory protections specific to each profession.

For example, the treatment of legal or notarial services should be clarified. Where a duly qualified lawyer or notary provides services to clients who are also served by other professionals within the corporation, the framework should clearly indicate the extent to which these services may be provided within the same structure, the restrictions that apply to them and the circumstances in which they could be considered outside the scope of permitted activities. Such clarification would reduce uncertainty for advisors, other professionals and dealers, while allowing clients to benefit from more coherent and integrated services without compromising applicable regulatory protections.

Conclusion

PEAK generally supports CIRO's objective of creating a harmonized framework that allows Approved Persons to use a corporation to carry out their functions and receive their compensation.

However, for this reform to fully achieve its objectives, we encourage CIRO to adopt a sufficiently flexible framework to preserve team models, facilitate succession planning, allow ownership structures suited to industry realities and ensure a clear allocation of regulatory responsibilities.

Thank you for the opportunity to comment on this proposal. We remain available to discuss the observations set out in this letter in greater detail.

Yours sincerely,

Erika Tatiana Fernandez

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