November 6, 2026

Canadian Investment Regulatory Organization (CIRO)

BY EMAIL TO:

Member Regulation Policy
Canadian Investment Regulatory Organization
Suite 2600
40 Temperance Street
Toronto, Ontario M5H 0B4
e-mail: memberpolicymailbox@ciro.ca

Canadian Securities Administrators (CSA)

Trading and Markets
Ontario Securities Commission
Suite 2200
20 Queen Street West Toronto, Ontario M5H 3S8
e-mail: TradingandMarkets@osc.ca

and

Market Oversight
Alberta Securities Commission
Suite 600
250-5th Street SW, Calgary, Alberta T2P 0R4
email: CIRO-Reporting@asc.ca

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RE: Rule amendments relating to the proposed adoption of an Incorporated Approved Person compensation option

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To whom it may concern,

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WWM Inc.'s Representatives are backed by dedicated professionals and organizations throughout Canada, all working together and with our clients to help them meet their financial objectives.

General comments

We appreciate the opportunity to provide comments on: *Rule amendments relating to the proposed adoption of an Incorporated Approved Person compensation option* (the "Amendments"), published on July 9, 2026.

We are encouraged by the Canadian Investment Regulatory Organization's (CIRO) efforts to develop a harmonized framework for Approved Person compensation that promotes greater regulatory consistency across registration categories and responds to evolving industry business models. This is an important and complex issue which CIRO demonstrably recognizes, as made evident with the time it has allotted for industry feedback and engagement. The proposed amendments demonstrate an effort to balance advisor flexibility, operational efficiency, and investor protection, while addressing longstanding disparities in the treatment of compensation arrangements among mutual fund advisors and investment advisors.

We are supportive of the policy objectives underlying the proposal, including the goal of providing all advisors with compensation options that are more consistent with those available to other professionals, and of advancing regulatory harmonization across the industry. In particular, we support:

- Delivering equitable compensation options to mutual fund advisors and investments advisors; this harmonization is long overdue and well anticipated in the industry.

- The use of a tripartite agreement between the Dealer and all parties, if CIRO can confirm that a tripartite agreement would not create tax consequences for registered individuals.
- The creation of a new "Incorporated Approved Person" (IAP) non-individual approval category within the existing "Approved Person" (AP) defined term. This will provide a clear regulatory framework for CIRO's oversight of the corporation in respect of the requirements set out in the proposed rules and the corporation's participation in the incorporated compensation arrangement.
- Making its IAP offering optional so that each Dealer Member can make that decision on its own, on its own timeline, and advisors also have that same flexibility to decide which compensation option works best for them. However, we do recognize that not offering the IAP model option may become a competitive disadvantage for Dealers in the longer-term when trying to attract and retain advisors.
- Permitting ancillary activities performed by the IAP on the Dealer's behalf or where permitted, other regulated Canadian financial services sector activities. This provision reflects the reality of multi-licensed advisors operating today in the financial services industry, however, we feel this provision should be broader. Please also see our comments in section *"Ownership and control of the Incorporated Approved Person (IAP)"*, *"Clarification of compensation payable to a corporation"* and our response to A1 for further detail.

Although we support the proposal's overall objectives, several elements require clarification or refinement to ensure that the final framework is proportionate, operationally workable, and aligned with its intended outcomes. Our principal comments concern ownership and control, the scope of permitted activities, the treatment of compensation, existing exemptions, jurisdictional implementation, and the transition period.

Ownership and control of the Incorporated Approved Person (IAP)

We agree with CIRO's objective of preventing ownership structures that could create supervision, jurisdictional or regulatory concerns, including circumstances where APs sponsored by different Dealer Members hold ownership interests in the same IAP. However, we believe the proposed ownership restrictions should be carefully calibrated, so they do not unintentionally disrupt established and legitimate collaborative financial services practices.

The proposal appears to contemplate an IAP owned by a single client-facing AP, with limited non-voting ownership by related family members. Given the prevalence of collaborative financial planning practices, and their importance to clients and the industry, we request that CIRO clarify whether these arrangements are intended to be permitted. If they are not intended to be permitted, we strongly oppose these limitations and request that CIRO explain the policy rationale for restricting ownership to a single AP and related family members, as such a restriction would significantly limit the utility of the proposed model for many existing practice structures. The dismantling or re-structuring of such collaborative models will come at great cost and significant disruption to corporations and their clients.

In our view, ownership of corporations to which commissions are directed should reasonably consider the realities of the financial services industry and current ownership structures. The framework should expressly address and allow for the following distinct models:

Corporation owned by the Approved Person (AP)

An AP should be permitted to own an IAP through which compensation from Dealer Member business is paid and through which the AP may also conduct permitted outside activities. Those activities may include life insurance, group insurance, financial planning, consulting, tax-related services, or other approved business activities, provided the AP satisfies all applicable licensing, outside activity, conflict-of-interest, disclosure, supervision, recordkeeping, and compensation requirements.

The corporation should not be restricted to activities performed on behalf of the Dealer Member. Many APs are multi-licensed professionals whose practices combine securities-related services with life insurance and other regulated or permitted services. A structure that accommodates only Dealer Member business would not reflect how these practices currently operate.

Ownership should also be permitted through customary family and estate-planning structures, including non-voting ownership by immediate family members and ownership through a holding corporation or family trust established for the benefit of the AP and related persons. CIRO should also consider whether voting control may be held through such structures where the AP remains the directing mind for the securities business and the Dealer Member retains effective oversight.

Corporation owned by the AP and others

CIRO should permit an IAP to be owned by multiple APs sponsored by the same Dealer Member and, where appropriate, by other investors, including (a) individuals employed by the IAP such as qualified financial services professionals who are not securities registrants and (b) third party investors (also referred to under the heading *"Corporation not owned by the AP"* below). Potential co-owners may include life insurance agents, financial planners, tax professionals, portfolio managers, or others who provide complementary services within the same practice and other shareholders.

Collaborative ownership models are common in integrated financial planning practices where multiple professionals collaborate to provide clients with a broad range of financial services.

These models have long been beneficial to clients by offering them coordinated services and well-rounded professional financial advice. An AP should not be prevented from directing compensation to a corporation solely because other owners participate in the practice and provide non-securities financial services, or because several APs of the same Dealer Member participate in the practice.

Some of these corporations employ multiple registrants, support client relationships and account for substantial assets administered through CIRO Dealer Members. They may also provide life insurance, group insurance, property and casualty insurance, financial planning, tax preparation, and portfolio management services. Requiring these practices to dismantle or materially restructure established arrangements could impose significant cost and disruption without a demonstrated investor-protection benefit.

Corporations owned by multiple APs and by others (in unrestricted jurisdictions) have operated successfully for many years under the MFD directed commission arrangement. Allowing employee ownership in a corporation helps attract and retain strong talent to help support the business and its clients, and allowing ownership by equity investors would level the playing field with all other types of registered firms (where ownership is not restricted), to facilitate growth as well as succession. Broad ownership is consistent with a fair and efficient capital market where owners can build value and benefit from their wealth creation through a sale.

If CIRO does not intend to permit joint ownership by APs sponsored by the same Dealer Member or ownership by other qualified financial services professionals or shareholders, it should clearly explain the policy rationale and identify the specific risks that cannot be addressed through supervision, conflict of interest controls, contractual provisions, and access restrictions.

Corporation not owned by the AP

We urge CIRO to also consider permitting compensation to be directed to corporations, that are not Dealers and not owned by registrants, that offer wholistic products to Canadians which include investments, life insurance, group insurance and financial planning and other related services.

Increasingly, within the financial services industry, APs work within collaborative practices operated through a corporation that employs, contracts with, or otherwise engages them and provides the infrastructure, staffing, technology, office space, and administrative support required to service clients. Such corporations have all the benefits espoused in the preceding section and are better positioned to hire, train, and supervise the next generation of APs, expand service capacity, and maintain continuity of advice for clients over time.

In such an arrangement, the AP would remain individually responsible for all registerable activities and subject to the sponsoring Dealer Member's supervision and oversight. The corporation would receive compensation attributable to the AP's activities because it operates and supports the broader practice. The absence of an ownership interest by the AP should not, by itself, make the arrangement impermissible where the Dealer Member can supervise the AP effectively and the parties' responsibilities are clearly documented.

Appropriate safeguards could be established through the tripartite agreement, Dealer Member policies, role-based access controls, conflict management requirements and restrictions on the corporation's involvement in registerable activities to ensure the protection of the Canadian investor.

Privacy, confidentiality, and access to client information

We do not believe that permitting broader ownership structures creates inappropriate access to client information. Corporate ownership does not, in itself, confer a right to access confidential client records or information. Access to private information should continue to be governed by applicable privacy legislation, regulatory requirements, Dealer Member policies and procedures, contractual obligations, and role-based, need-to-know principles. Individuals should only have access to information where required to perform authorized functions.

Experience under the existing directed commission arrangement

Ownership structures and the types of corporations described above already exist under the former Mutual Fund Dealers Association (MFDA) directed commission arrangement. To our knowledge, these arrangements have not, by their nature, resulted in harm to investors, Dealer Members, or the regulator. These arrangements have supported business models through which Canadians can access investments, insurance, group retirement savings, financial planning, and related services in a coordinated manner.

We therefore recommend that CIRO consider that the final framework is intended to prohibit structures that create genuine and unmanageable regulatory concerns—not legitimate, well-controlled financial services practices merely because their ownership is broader than the model described in the proposal.

Clarification of compensation payable to a corporation

The proposal states that a portion of an AP's compensation may be paid to the AP's corporation for "non-securities related activities carried out by the corporation on the sponsoring Dealer Member's behalf." It is unclear whether this language intends on limiting corporate payments to amounts attributable solely to non-registerable activities or whether some or all compensation generated by the AP's registerable activities may be paid to the corporation, provided those activities continue to be performed by the AP and supervised by the Dealer Member. CIRO should consider allowing non-securities related compensation from other regulated activities to be directed to IAPs. Further, the proposal will limit the ability of APs, who are agents of Dealers who do not partake in other activities (e.g., financial planning services, tax services, etc.) from servicing their clients.

We request that CIRO confirm the intended outcome. A narrow interpretation under which only compensation for non-securities-related services could be paid to the corporation would appear inconsistent with the broader objective of establishing an incorporated compensation option.

Existing compensation exemptions

The proposal does not address how existing exemptions or previously approved arrangements will be treated under the new framework. For example, Dealer Members who provide services to credit unions, which had been approved by the MFDA. We request confirmation as to whether CIRO will continue to recognize currently effective exemptions and, if not, what transition or grandfathering measures will apply.

Application across Canadian jurisdictions

We support a nationally harmonized framework for client-facing APs. However, greater clarity is required regarding jurisdictions in which securities legislation or regulatory requirements currently restrict corporate compensation arrangements. APs in those jurisdictions may not be able to use the IAP model fully without corresponding legislative or regulatory amendments.

CIRO should continue to work towards a consistent implementation. At the same time, the inability of one jurisdiction to make timely amendments should not delay implementation in jurisdictions where the necessary authority exists (i.e., if a jurisdiction cannot complete the required legislative or regulatory changes within the expected timeframe, that should not prevent CIRO from implementing the IAP model).

Tax considerations, corporate structuring and transition

Corporate structuring and tax implications will be significant considerations for APs adopting the IAP model and for mutual fund advisors required to restructure when the existing directed commission arrangement is discontinued. Corporate structuring and arrangements must be carefully designed to ensure that services and compensation comply with CIRO requirements and do not create unintended consequences for the AP under the rules administered by the Canada Revenue Agency or Revenu Québec. In Québec, the Taxation Act and the Civil Code of Québec may also require consideration.

We recommend a transition period of no less than 36 months after the necessary regulatory amendments have been completed. This transition period should facilitate orderly implementation and would provide Dealer Members and APs with adequate time to:

- obtain legal, tax, and accounting advice;
- consult family members and existing business partners;
- amend corporate ownership and governance arrangements;
- complete licensing, registration, and approval processes;

- negotiate and execute the required agreements;
- obtain board or other internal approvals where necessary; and
- modify supervisory structures, systems, policies, and compliance processes.

CIRO should confirm that a Dealer Member and AP may enter an IAP arrangement before the transition period expires given all applicable legislative, regulatory, registration, approval, and contractual requirements have been satisfied.

Response to the consultation 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
- 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.

We request that CIRO clarify the rationale for restricting an IAP to carrying on only financial services-related activities. While we understand the objective of ensuring effective supervision and maintaining clear regulatory oversight, it is not evident why ownership of, or participation in, other legitimate business activities would inherently create concerns where the AP remains responsible for all registerable activities and subject to the sponsoring Dealer Member's supervision.

For example, an AP may have an ownership interest in a corporation that also operates an unrelated business, such as a restaurant, real estate holding company, consulting business, or other commercial enterprise. Provided that all applicable outside business activity, conflict of interest, supervision, recordkeeping, and compensation requirements are satisfied, it is unclear what additional investor

protection concerns arise solely because the corporation engages in activities that are not financial services-related.

We therefore request that CIRO clarify the policy rationale for this restriction and consider whether a principles-based approach focused on supervision, conflicts, and investor protection would achieve the intended regulatory objectives without unnecessarily limiting legitimate business structures.

In particular, integrated financial planning practices often operate through corporations that provide a combination of securities, insurance, financial planning, tax preparation, consulting, and other services. Restricting the corporation to financial services-related activities may limit otherwise legitimate business structures without a clear corresponding investor protection benefit.

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.

Please see our response to A1.

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?

Please see our response to A1.

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?

No, there is no need for additional restrictions.

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?

We believe supervisory measures should be reasonable, outcomes-based, proportionate and captured in the tripartite agreements which will be required. Further, supervision by the Dealer Member will be supported by CIRO's own audit obligations, therefore Dealers may opt to implement oversight controls to complement those completed by CIRO.

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?

Under the current rules, Dealer Members and APs have an obligation to identify potential conflicts of interest and address them in the best interest of the client or avoid them altogether. Clients must also be advised in writing of any material conflict of interest. IAP options would not change or impact those

existing regulatory obligations. We anticipate possible conflicts of interest and the potential need for client disclosures would be determined and addressed during the approval process and potentially documented in tripartite agreements.

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 more qualified individual financial services advisors to provide other financial services to clients?

Yes, to both a-b. In our general comments we discuss integrated financial planning practices or collaborative financial services models and the importance and benefits to those arrangements for investors. Further, this would allow advisors within dual platform Dealers more flexibility as to the expertise and professional partnerships they might be able to employ within their corporation.

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?

Please see our response to A6.

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?

Please see our general comments, section "Ownership and control of the Incorporated Approved Person (IAP)".

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.

We agree with the use of "related persons" as it is used in other CIRO rules and recognized by CRA.

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?

Please see our general comments, section "Ownership and control of the Incorporated Approved Person (IAP)".

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?

Yes, we agree with allowing other client-facing APs sponsored by the same Dealer Member to do business through, and own shares in the same corporation. Our opinion does not change if the other APs are also "related persons".

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?

Yes, we agree with allowing "qualified individual financial services advisor" (as described in the rules) to do business through, and own shares in the same corporation. Our opinion does not change if the "qualified individual financial services advisor" are also "related persons".

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.

Yes, we believe it is too restrictive. In our other comments and responses, we explain the need and desire to allow APs to have the flexibility to structure their business in ways that make sense to them and their business model and allow for the continuation of service to the client following the death or retirement of an AP.

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?

We recommend a transition period of no less than 36 months after the necessary regulatory and legislative amendments have been completed. Please see our general comments, section "Tax considerations, corporate structuring and transition".

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?

Please see our response to C1, and our general comments, section "Tax considerations, corporate structuring and transition".

We thank you for the opportunity to share our thoughts on the proposed Amendments.

Sincerely,

"Doce Tomic"

Doce Tomic
UDP and President, Worldsource Wealth Management Inc.

Patrick Galarneau
Senior Director, Independent Network Distribution Compliance Department,
Risk Management, Desjardins Group

Natasa Morfesis
Senior Vice President, Dealer Compliance and Chief Compliance Officer,
Worldsource Wealth Management Inc.