

Appendix C – Impact Assessment – Bulletin 25-0218 – Rules Bulletin – Request for Comments – Disgorgement – Proposed Amendments to the Mutual Fund Dealer Rules

I. Impact Assessment Table

In the impact assessment table below, we list:

- the material aspects of the Proposed Amendments,
- a description of the intended policy benefits, and
- an assessment of its impact on investors/clients, Investment Dealer Members, Mutual Fund Dealer Members and CIRI itself.

II. Conclusions

We concluded that, if approved, the Proposed Amendments will result in added clarity and predictability of CIRI's requirements as they apply to Mutual Fund Dealer Members and their Approved Persons. We also concluded that the Proposed Amendments will strengthen CIRI's enforcement and investor protection mandate and strengthen public confidence in the investments regulatory system.

III. Cost Estimate

We do not anticipate any significant incremental cost to CIRI, Dealer Members or their clients, as this amendment merely clarifies that CIRI's current practices regarding disgorgement.

Description of proposed amendment	Related intended benefits	Impact on clients	Impact on Investment Dealer Members	Impact on Mutual Fund Dealer Members	Impact on CIRO
Include “disgorgement” as an explicit sanction in the MFD Rules	Add clarity and predictability in the MFD Rules by harmonizing the drafting across the rule sets.	<p><i>Neutral</i> – We anticipate no direct impact resulting from the proposed Rule amendment on investors/clients.</p> <p>The proposed Rule amendment will however have an indirect positive effect on investors/clients, because it will enable CIRO to implement the Disgorgement Distribution Program by 2026.</p>	<p><i>Neutral</i> – We anticipate no impact on Investment Dealer Members, as disgorgement is already explicitly provided for as a sanction under the Investment Dealer and Partially Consolidated Rules.</p>	<p><i>Minor positive</i> – We anticipate no material impact on Mutual Fund Dealer Members.</p> <p>The Proposed Amendments would incorporate disgorgement as a distinct monetary sanction that could be imposed on Mutual Fund Dealer Members, but do not alter CIRO’s Sanction Guidelines and CIRO hearing panels’ current practice to impose global monetary sanctions that explicitly make reference to disgorgement.</p> <p>The Proposed Amendments will provide clarity for Mutual Fund Dealer Members.</p>	<p><i>Minor positive</i> – The IDPC and MFD Rules will be aligned by providing the same sanctions for all dealers. This will ensure clarity, consistency, and predictability of CIRO’s requirements and strengthen CIRO’s enforcement and investor protection mandate.</p> <p>This will enable CIRO to implement the Disgorgement Distribution Program by 2026.</p>