

Notice of BCSC approval of use of CIRO Restricted Fund

As of February 19, 2026, the BCSC and Canadian Investment Regulatory Organization's (CIRO) other recognizing regulators¹ approved CIRO's request seeking approval for the use of fines or other monetary sanctions collected by CIRO (the CIRO Restricted Fund) for the proposed disgorgement distribution program (the Program).

CIRO made the application under subparagraph 16(1)(a)(v) of Appendix A of CIRO's Recognition Order that provides that all monetary sanctions collected by CIRO may only be used, directly or indirectly, in the public interest "for such other purposes as may be subsequently approved by the Commission".

Paragraph 16 under Schedule A of CIRO's Recognition Order requires that all monetary sanctions collected by CIRO be used in the public interest. As part of the request, CIRO stated that use of the CIRO Restricted Fund to distribute disgorged funds from the Program to eligible investors and pay, from the CIRO Restricted Fund, administrative costs for the Program is in the public interest and will benefit investors.

Based on the request, the BCSC and CIRO's other recognizing regulators have determined that it is in the public interest to allow CIRO limited access to the CIRO Restricted Fund. The approvals by CIRO's other recognizing regulators can be found on their respective websites. The approval is subject to the condition that CIRO complies with the terms and conditions contained in Schedule A of this Notice.

The Program will be effective April 1, 2026.

March 19, 2026

¹ Alberta Securities Commission, Financial and Consumer Affairs Authority of Saskatchewan, Manitoba Securities Commission, Ontario Securities Commission, the Autorité des marchés financiers, Financial and Consumer Services Commission of New Brunswick, Nova Scotia Securities Commission, Prince Edward Island Office of Superintendent of Securities, Office of the Superintendent of Securities, Digital Government and Service Newfoundland and Labrador, Office of the Superintendent of Securities, Northwest Territories, Office of the Superintendent of Securities, Nunavut, and Office of the Yukon Superintendent of Securities.



SCHEDULE A

CIRO Restricted Fund Application: Decision

Definition

1. In this Schedule:

“Disgorgement Distribution Program” means CIRO’s proposed program to distribute disgorged funds to harmed investors.

“Restricted Fund” means any fund resulting from Monetary Sanctions as defined in the Recognition Orders.

Representations

2. In CIRO’s request for approval and related application materials, CIRO made certain representations regarding use of the Restricted Fund for the Disgorgement Distribution Program as follows:

- a. CIRO is seeking approval from its Recognizing Regulators under the Recognition Orders to use the Restricted Fund, as described, to implement the Disgorgement Distribution Program, which was published for public consultation on February 1, 2023, and October 21, 2024,
- b. the disgorged funds collected by CIRO will be designated as a stand-alone category, segregated and accounted for separately from other funds within the Restricted Fund, tracked on a case-by-case basis, for distribution to eligible investors under the Disgorgement Distribution Program,
- c. certain administrative costs for the Disgorgement Distribution Program will be deducted from the General Restricted Fund and are not expected to be significant,
- d. these administrative costs are anticipated to include costs of notices, banking fees, external legal costs, and miscellaneous costs,
- e. only in exceptional circumstances will external legal advice be sought and due consideration will be given to minimizing reliance on such external advice,
- f. CIRO intends to rely on its existing resources and structure to provide notices to investors, assess claims and conduct most of the distributions in-house,
- g. administrative costs will not include sanction collections, which may sometimes require external counsel and/or bankruptcy trustee, as these processes will be done outside of the Disgorgement Distribution Program,
- h. to preserve, to the fullest extent possible, the designated disgorged funds available for distribution to eligible investors, CIRO intends to pay certain administrative costs as described above from the General Restricted Fund,
- i. in rare cases of complex distributions requiring an external administrator, at the administrator's reasonable discretion, such administrative costs may be deducted from the designated disgorged funds,
- j. the administrator will determine whether or not a distribution will be made, and the administrator will have discretion not to pursue a distribution if the amounts collected and administrative costs do not justify the efforts of the distribution,



- k. after all claims are received and reconsiderations are completed, the administrator will distribute the available disgorged funds on a pro rata basis, and
- l. residual amounts, if any, left after the distribution will be moved to the General Restricted Fund and made available to be used for the administrative costs of the Disgorgement Distribution Program and other purposes.

Decision

3. The Recognizing Regulators' decision to approve the use of the Restricted Fund, as described above, is based on CIRO's representations and CIRO will use the Restricted Fund in a way that is consistent with the representations above, subject to the following terms and conditions.

Terms and Conditions

Policies and Procedures

4. Prior to implementation of the Disgorgement Distribution Program, CIRO will provide the Commission with appropriate policies and procedures related to the Disgorgement Distribution Program. CIRO must not implement the Disgorgement Distribution Program until the Recognizing Regulators notify CIRO that they have no questions or comments on the policies and procedures.

Quarterly Reporting

5. Following the implementation of the Disgorgement Distribution Program, CIRO must file with the Commission, by including in its quarterly reports to the Recognizing Regulators, the following information and documents:
 - a. a list of disgorgement orders and for each case,
 - i) whether a distribution will be made, or there will be no distribution, including the reasoning for no distribution,
 - ii) whether the distribution will be performed in house or by an external administrator, including the rationale for such determination, and
 - iii) estimated administrative costs, including external legal advice, or third-party costs, if any.
 - b. a final post-distribution report for each distribution made under the Disgorgement Distribution Program, including:
 - i) total funds collected by CIRO under the disgorgement order,
 - ii) the method of distribution,
 - iii) the estimated or total number of harmed investors, if known,
 - iv) total number of applicants and type of claims,
 - v) the total number of eligible applicants who received a payment,
 - vi) total value of all approved claims,
 - vii) total funds distributed to eligible applicants, the percentage of each eligible applicant's approved claim amount paid under the distribution,
 - viii) the amount of administrative cost paid from the disgorged amount,
 - ix) the total of all administrative costs paid from the General Restricted Fund, and
 - x) reconsiderations requested by applicants and final decisions by CIRO.