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Administrative Bulletin > Request for Comments

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Amendment to CIRO By-Law No. 1, Section 5.4, regarding term limits of Independent Directors and the Chair

Comments Due By: March 23, 2026

The Canadian Investment Regulatory Organization (**CIRO**) proposes amending Section 5.4 of By-law No. 1 (**By-law**) to extend Independent Directors' term limits from four consecutive terms to five consecutive terms. Additionally, a six consecutive term limit would apply to an Independent Director serving as Chair, if their five-year Chair appointment would exceed the proposed five-term consecutive term limit for Independent Directors. As the By-law limits a Director's term to two years, the Proposed Amendments would raise maximum Board tenure for Independent Directors from 8 to 10 years, and up to 12 years for the Chair. The purpose of the Proposed Amendment is to align with governance best practices and ensure leadership continuity.

How to Submit Comments

Comments on the Proposed Amendments should be in writing and delivered by March 23, 2026 (**30** days from the publication date of this Bulletin) to:

General Counsel's Office
Canadian Investment Regulatory Organization
Suite 2600
40 Temperance Street
Toronto, Ontario M5H 0B4
e-mail: generalcounseloffice@ciro.ca

A copy should also be delivered to the Canadian Securities Administrators (**CSA**):

Trading and Markets
Ontario Securities Commission
20 Queen Street West Toronto, Ontario M5H 3S8

e-mail: TradingandMarkets@osc.gov.on.ca

and

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

Commentators should be aware that a copy of their comment letter will be made publicly available on the CIRO website at www.ciro.ca.

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1. Background

The CIRO Board, through its Governance Committee (**GC**), regularly reviews its governance framework to ensure alignment with best practices and to support effective leadership continuity. As part of this ongoing process, and on the recommendation of the GC, the Board has identified an opportunity to enhance CIRO's approach to Board tenure and succession planning. Currently, CIRO's By-law sets a maximum consecutive service limit of eight years for all directors, structured as four consecutive two-year terms. The Board has determined that extending this limit to ten years for Independent Directors, by allowing for five consecutive two-year terms, would better reflect contemporary governance standards and provide additional flexibility for Board renewal and continuity.

Furthermore, the Board intends to implement a five-year term limit for the position of Chair through its internal governance policies. As part of this, CIRO is seeking to amend its By-law to introduce a maximum total consecutive tenure of twelve years for any Independent Director serving as Chair. This approach is intended to balance the benefits of experienced Board leadership with the need for regular renewal. For instance, it would allow the Board to appoint a senior and experienced Independent Director as Chair in their seventh year of service, enabling them to complete a full five-year term as Chair. As the maximum tenure for an Independent Director serving as Chair is proposed to be 12 years (i.e. six consecutive terms), any Independent Board member appointed Chair after their seventh year could only remain on the Board and therefore serve as Chair for the period up until the end of their sixth consecutive term. For example, if someone is appointed Chair in their ninth year, they would be able to serve as Chair for only three years.

2. Proposed Amendments and Analysis

CIRO is proposing to amend its By-law to allow:

- Independent Directors to serve a maximum of five consecutive two-year terms
- An Independent Director serving as Chair to serve a maximum of six consecutive two-year terms.

Term limits for Directors are set out in section 5.4 of CIRO's By-law. Currently section 5.4(2) states that a Director, with the exception of the President¹, shall not be eligible to serve a fifth consecutive term (i.e. a maximum of four consecutive terms). Section 5.4(2) states that the term for a Director elected at a meeting of Member Members shall expire at the dissolution or adjournment of the second annual meeting of Members following the annual meeting of Members at which the Director was elected. This results in a maximum consecutive tenure for Directors of eight years (i.e. four terms).

The Proposed Amendments maintain the maximum term for non-Independent Directors and make the following changes:

- New subsection 5.4(3) sets out a new limit of five consecutive terms for Independent Directors.
- New subsection 5.4(4) sets out a new limit of six consecutive terms for an Independent Director while they hold the office of Chair.

¹ Pursuant to the By-Law, the President serves as a Director ex officio and is not subject to election or term limits.

- New subsection 5.4(4) states that any sixth term of the Chair shall not extend beyond the date on which the Chair ceases to hold the office of Chair.
- New subsection 5.4(4) also prohibits the Board from appointing a Chair for a term that would exceed the Chair's sixth consecutive term in office as an Independent Director.
- For consistency, new subsection 5.4(5) (previously subsection 5.4(3)) relating to the calculation of term limits for Directors who served on a predecessor organization of CIRO, incorporates the new term limits set out in new subsection 5.4(3) and 5.4(4) relating to Independent Directors and the Chair, respectively.

The proposed amendments do not extend the term limit for non-Independent Directors. The rationale behind this is set out in section 6 below.

The text of the Proposed Amendments is set out in **Appendix 1**, and a blackline of the Proposed Amendments to the By-law is set out in **Appendix 2**.

3. Impacts of the Proposed Amendments

A detailed assessment of the impact of the Proposed Amendments has been prepared and is included as **Appendix 3**.

No Regional effects have been identified.

4. Implementation

Upon the completion of the public comment process the Proposed Amendments will be brought forward to the CIRO Annual General Meeting (AGM) for approval by CIRO Members. Should approval be obtained CIRO will then seek the approval of the Proposed Amendments from its Recognizing Regulators in each Province and Territory. As the CIRO AGM is scheduled for September 2026, it is expected, should the necessary approvals be received, that the new By-Law will be implemented in the fourth quarter of 2026.

5. Policy Development Process

5.1 Regulatory Purpose

The CIRO Board took the public interest into consideration when developing the Proposed Amendments which are intended to facilitate the administration of effective governance and accountability for all stakeholders and to foster public confidence in capital markets. Additionally, the proposed amendments to extend the maximum tenure of Independent Directors serve to enhance the protection of public interest, as Independent Directors are regarded as key representatives of those interests.

The proposed amendments strengthen CIRO's governance by preserving continuity of seasoned, Independent Directors while retaining renewal through defined limits. The added tenure will help ensure Independent Directors have sufficient runway to steward complex, multi-year initiatives, mentor committee leadership, and embed lessons from oversight cycles. This extension is particularly warranted in light of CIRO's unique mandate within the Canadian securities regulatory landscape, where the breadth and complexity of the organization's responsibilities demand that Independent Directors cultivate a deep grasp of CIRO's operating environment, a process that necessarily requires time and experience.

Moreover, CIRO's Recognition Order requirements to maintain independent majorities on the Board and all board committees, maintain a GC composed entirely of Independent Directors, and to appoint Independent Directors as committee chairs, place a premium on the depth of experience and institutional knowledge among those serving as Independent Directors. Given that the pool of appropriately qualified candidates who also satisfy the independence criteria is limited, CIRO will benefit from affording Independent Directors sufficient time to cultivate the expertise necessary for effective oversight of CIRO. This need is more pronounced and contrasts with non-independent directors who are drawn from a more readily defined pool of industry professionals who possess direct familiarity with CIRO and the capital markets sector and who are not subject to the strict requirements to meet the definition of an Independent Director under CIRO's Recognition Order.

The proposed amendments therefore strike an appropriate balance between continuity and renewal, ensuring that CIRO maintains a robust governance structure capable of meeting its regulatory obligations and fostering public confidence in the integrity and resilience of Canada's capital markets.

5.2 Comparison with other Organizations

To determine the appropriateness of extending the maximum tenure for Independent Directors from eight to ten years, CIRO conducted a comparative review of director term limits at other regulatory bodies, both within Canada and internationally. The review included provincial and territorial securities regulators as well as comparable international organizations. In cases where these bodies do not distinguish between independent and non-independent directors regarding maximum tenure, overall term limits were examined.

Among the Canadian provincial and territorial regulatory authorities that operate through commissions or regulatory agencies with a board structure, the maximum terms for directors range from six to twelve years. Additionally, several jurisdictions do not impose any maximum tenure at all. Among those jurisdictions that do prescribe a maximum, the mean maximum tenure is 10 years.

Internationally, practices vary. In the United States, the Financial Industry Regulatory Authority (FINRA), which serves as the self-regulatory organization for the investment industry, sets a maximum tenure of six years for all directors. Conversely, the U.S. Securities and Exchange Commission (SEC) does not impose a maximum cap on director tenure. The United Kingdom's Financial Conduct Authority (FCA) follows a "comply or explain" approach, presuming that director independence may be compromised after nine years of service. In Australia, the Australian Securities and Investments Commission (ASIC) does not specify a maximum tenure for its Commissioners.

CIRO also considered the IOSCO Final Report on Board Independence of Listed Companies², which observes that many jurisdictions across the globe incorporate tenure into independence assessments and establish limits for independent directors at listed companies. The report notes that thresholds commonly fall between seven and twelve years, with an average of approximately ten years, and that some jurisdictions require enhanced re-election procedures or reclassification after this period.

² International Organization of Securities Commissions (IOSCO) - *Final Report on Board Independence of Listed Companies*. IOSCO (2007), [Board Independence Of Listed Companies - Final Report](#) at p37.

The Proposed Amendments further align with global governance standards as identified by the OECD Corporate Governance Factbook. The Factbook reports that 63% of surveyed jurisdictions set maximum tenures for independent directors within a range of three to twelve years, with twelve years being the most common maximum period³.

5.2.1 Conclusion

Extending the maximum tenure for Independent Directors from eight to ten consecutive years, and twelve for the Chair, is well within the norms and practices observed across Canadian and international regulatory bodies and aligns with regulatory requirements relating to independent directors at listed companies internationally. While there is variation across jurisdictions, the comparative analysis demonstrates that these limits fall squarely within the accepted range. Many jurisdictions set limits between seven and twelve years, with ten years aligning closely to the global average and twelve years being a common upper bound, underscoring that CIRO's proposed approach is firmly in line with prevailing standards.

5.3 Regulatory Process

The Board of Directors of CIRO (Board) has determined the Proposed Amendments to be in the public interest and on January 21, 2026, approved them for public comment.

Under sections 4.7 and 18.1 of the By-law any amendment to the By-law shall be decided by at least two-thirds of the votes cast on the question by the Members at the next meeting of Members, and the By-law amendment shall only be effective from the date on which Members confirm the amendment.

If it is determined that no material revisions are required to the Proposed Amendments after considering the comments on the Proposed Amendments received in response to this Request for Comments together with any comments of the CSA, the CIRO Board will submit the By-law amendment to CIRO Members for consideration at the next Annual General Meeting (AGM) to be held September 23, 2026. Should the By-Law amendment be approved by the necessary two-thirds of the votes cast at the AGM by Members, CIRO will then proceed to seek final approval of the By-law from CIRO's Recognizing Regulators in each Province and Territory.

If it is determined that material revisions are necessary after considering the comments on the Proposed Amendments received in response to this Request for Comments together with any comments of the CSA, CIRO staff may recommend revisions to the Proposed Amendments and any such revisions will be submitted to the Board for approval for republication or for approval to submit the revised Proposed Amendments to the Members at the next AGM, as applicable.

6. Appendices

[Appendix 1](#) - Proposed Amendments to Section 5.4 of By-Law No. 1 (blacklined)

[Appendix 2](#) - Proposed Amendments to Section 5.4 of By-Law No. 1 (clean)

[Appendix 3](#) - Impact Assessment

³ OECD (2025), [OECD Corporate Governance Factbook 2025, OECD Publishing](#), Paris, p157.